

Smartfund Thistledown Income (GBP)

Quarterly Review & Factsheet as at 30 June 2015

Investment Objective

To provide income while investing to provide some capital growth over the medium to long term.

Investment Policy

To achieve the investment objective, the sub-fund will seek to invest principally in equities. The Fund may also invest in exchange traded funds (ETFs), fixed income securities (bonds) and collective investment schemes (CISs). When selecting equities for the sub-fund's portfolio the Manager will apply a 'value' based policy - including an asset in the portfolio when Thistledown's analysis and expertise suggests that a total return over the full investment cycle or longer of at least 2% over the total return that could be expected from UK equity investments over the same period (i.e. between 5 and 10 year horizons) is achievable from that asset. Achieving these target returns for each equity investment or for the sub-fund's portfolio as a whole is highly uncertain as equities are volatile assets and are expected to be the principal portfolio investment. The Manager will hold ETFs, bonds, CISs and cash when it cannot identify enough opportunities to achieve a suitable spread of equity investments with the appropriate 'value' characteristics.

The Manager will also seek to reduce investment risk by diversifying the Sub-Fund's investments across industries and countries. It will not consider the size of company or market important to its investment decision provided Thistledown and it believe the investment helps to diversify risk. Investments in assets denominated in foreign currencies will not be hedged into sterling. The Manager must ensure that the Sub-Fund maintains sufficient cash for the purposes of maintaining liquidity. This portion of the sub-fund's assets must be represented by cash or similarly liquid assets (which may include money market instruments, deposits or units in collective investment schemes) at all times.

The Sub-Fund's portfolio and mix of asset classes will be rebalanced from time to time at the absolute discretion of the Manager.

Commentary by Investment Adviser: Thistledown Investment Management

INTRODUCTION

The last quarter was full of 'major' events; Greek drama/tragedy and Chinese fireworks kept spectators and players occupied. I will not add to the pages of comment except to mention one theme common to both events, the manipulation of markets. Jim Grant, a commentator on financial markets, noted wryly in the FT that if you manipulate Libor you're a criminal, if you manipulate the whole interest rate structure you're a central bank. That's what's been happening since 2008 and we are living with the consequences. Manipulated markets lead to very high valuations for US investments and influence international markets.

| Funds | 1M | 3M | 6M | 1YR | 3YR | Since Launch |
|---|-------|-------|-------|-------|-------|--------------|
| Smartfund Thistledown Income (GBP) | -3.6% | -1.0% | 0.4% | 3.9% | 32.2% | 41.7% |
| MSCI United Kingdom TR | -6.4% | -2.8% | 1.2% | -0.2% | 29.7% | 33.9% |
| Barclays Global Aggregate TR GBP Hedged | -1.2% | -2.1% | -0.1% | 3.4% | 11.0% | 20.8% |
| LIBOR GBP 3 Month | 0.0% | 0.1% | 0.3% | 0.6% | 1.7% | 3.1% |

FUND RETURN

The performance of the fund is highlighted in the table above. The fall of 1% was somewhat less than the market, which is what you'd expect given the large holdings in cash and short dated bonds.

Smartfund Thistledown Income (GBP)

Quarterly Review & Factsheet as at 30 June 2015

COMPANY COMMENTARY

The worst performing investments last quarter were Walmart and UTV as both fell nearly 20%.

Walmart returns are gradually deteriorating but its scale and superior returns, although declining, more than justify the current share price.

UTV is more concerning. It announced in late June that its new venture in Eire would lose around £11m this year despite earlier forecasting a £6m loss, itself much higher than initial plans. This deterioration will reduce group profits by around 50%.

As you would expect I have reviewed whether to keep this investment.

Warren Buffett has observed that in the competition between a good management and a bad company the company rarely loses its reputation. The reverse is also true. I believe the underlying businesses at UTV are of a high quality and valuable. These comments about value are not wishful thinking as the sale of Juice FM for £10m in June demonstrates. The accompanying press release noted;

For the year ended 31st December 2014, Juice FM reported revenues of £2.2 million and profit before tax of £408,000. As at 31st December 2014, Juice FM had gross assets of £603,000.

This small business represented just 2% of the total business, and the local radio businesses are not reckoned to be the most valuable of businesses. Yet, valuing the entire business on the basis of this deal indicates a value for the whole of around £500m or 450p per share, against a price of 139p at the end of the quarter. This value is currently concealed by the significant losses in the new venture and is why, despite great disappointment with the current events, the shares are a good investment.

TRANSACTIONS

Two investments, Glaxo Smithkline and BAE, were sold as they became fully priced.

OUTLOOK

I wrote last quarter that fixed interest markets had become exceptionally expensive. Last quarter, particularly in Europe, bond prices fell. A small success. But, with 35% of the portfolio held in cash and low risk bonds, the markets need to retrace much of the rises of the last few years for me to be right. This has not happened yet. You might think that the prospect of interest rates rising, which has become more probable in both the UK and the USA, might be the event that will undermine prices and prove me correct. This is not certain. Valuations are too high and buyers of equities today probably face a long period of low to negative returns. The impact of interest rates on these calculations is quite small. What is more important is sentiment or investors appetite for risk. If investors become more concerned about the risks then they may reflect that current valuations have been associated with dreadful long-term returns. This reflection across a broad range of investors will lead to lower prices.

The difficult choice if we do witness such a reversal will be when to reinvest. I expect that the correction from the excesses brought about by nearly 8 years of significant intervention will give the opportunity to invest with a view to double digit nominal returns. In the meantime the mining and oil industries are deeply distressed. I am spending time reviewing these industries and their suppliers and plan to visit some companies that should survive and seem attractively valued in 'normal' conditions.

Thank you as ever for your continued support.

Smartfund Thistledown Income (GBP)

Quarterly Factsheet as at 30 June 2015

Investment Objective

To provide income while investing to provide some capital growth over the medium to long term.

Investment Process

The Smartfund Thistledown Income Fund aims to provide a reasonable income while preserving the real value of the capital over the long term. The Manager believes this objective is most likely to be met by following a 'value style', and being sensibly contrarian. This means that the fund will try to invest in areas that are demonstrably cheaper than average and where the majority of other investors are not interested. However, the Manager believes it is essential that the investments have strong fundamentals and particularly that companies do not have large debts.

The fund has a bias to UK equities. It will not invest more than 4% in the equity of a single company, with the exception of collective funds. The Manager will hold cash or fixed interest when there are no suitable investments identified. The fund will also hold overseas equities that meet the 'value style' criteria as well as collective or exchange traded funds where the underlying markets meet the same criteria.

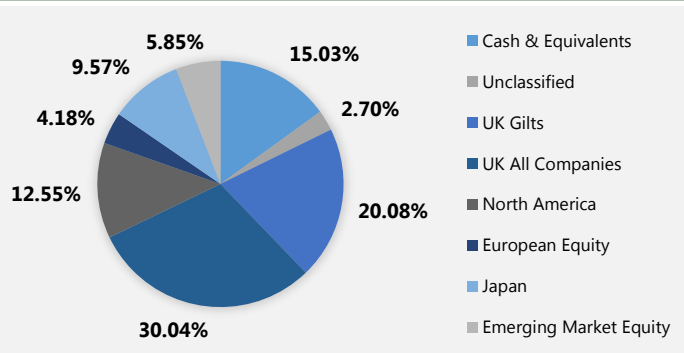
Despite the large percentage invested in equity, the process includes a 'margin of safety' to avoid a permanent loss of capital. This is provided by holdings with low valuations and a robust financial position. The Manager believes the investments held will be re-valued by the market and in the meantime provide a reasonable income. The Manager will not chase 'flavour of the month' sectors or companies and as a result is less concerned with stock market fluctuations than fundamental changes in the position of the businesses they have invested in.

Given this investment process the Manager considers their objective will be achieved if the income of the fund grows in-line with or ahead of inflation over time. This means that the fund, particularly if it holds cash in a rising market, is likely to produce returns that are significantly different to the UK equity indices.

For more information about the investment process, visit: www.thisim.com or email: funds@thisim.com

| Asset Class | Top 10 Holdings | Weights (%) |
|---------------------|------------------------------------|-------------|
| UK Gilts | iShares FTSE UK Gilts 0-5 | 20.08 |
| Cash & Equivalents | Cash | 9.82 |
| Japan | CF Morant Wright Nippon Yield | 9.57 |
| Cash & Equivalents | Legal & General Unit Trust Manager | 5.21 |
| North America | Hewlett-Packard | 3.85 |
| UK All Companies | Vodafone | 3.77 |
| UK All Companies | City of London Investment Group | 3.49 |
| Europe excluding UK | Svenska Handelsbanken | 3.48 |
| UK All Companies | Scottish and Southern Energy | 3.39 |
| North America | AT&T | 3.34 |

Asset Allocation



Annualised Volatility

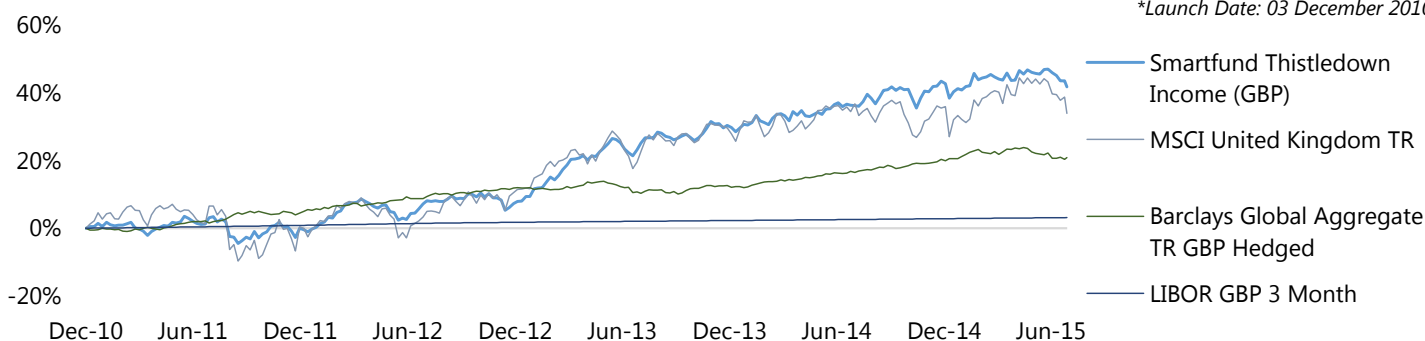
| | |
|---|--------|
| Smartfund Thistledown Income (GBP) | 7.11% |
| MSCI United Kingdom TR | 11.23% |
| Barclays Global Aggregate TR GBP Hedged | 2.55% |
| LIBOR GBP 3 Month | 0.06% |

| Discrete Performance * | Q2 2013 - 14 | Q2 2012 - 13 | Q2 2011 - 12 | Q2 2010 - 11 | Q2 2009 - 10 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Smartfund Thistledown Income (GBP) | 3.9% | 10.7% | 14.9% | 4.3% | - |

*percentage growth for the 12 month period up to the end of the full quarter.

| Cumulative Performance | 3M | 6M | 1YR | 3YR | Since Launch* |
|---|-------|-------|-------|-------|---------------|
| Smartfund Thistledown Income (GBP) | -1.0% | 0.4% | 3.9% | 32.2% | 41.7% |
| MSCI United Kingdom TR | -2.8% | 1.2% | -0.2% | 29.7% | 33.9% |
| Barclays Global Aggregate TR GBP Hedged | -2.1% | -0.1% | 3.4% | 11.0% | 20.8% |
| LIBOR GBP 3 Month | 0.1% | 0.3% | 0.6% | 1.7% | 3.1% |

*Launch Date: 03 December 2010



Past Performance is not a guide to future returns.

Smartfund Thistledown Income (GBP)

Quarterly Factsheet as at 30 June 2015

Fund Information

| | |
|--------------------|---------------------------------------|
| Fund Manager | Smartfund Administration Ltd |
| Investment Adviser | Thistledown Investment Management Ltd |
| Depositary/Trustee | HSBC Bank plc |
| Fund Launch Date | July 2014 |
| Fund Currency | GBP |
| IMA Sector | Unclassified |
| Fund Type | OEIC UCITS |
| Shares | Income |
| Minimum Initial | £3,000 |
| Minimum Additional | £500 (£250 for regular payments) |
| Minimum Withdrawal | £1,000 (£40 for regular withdrawals) |
| Income payment | Monthly |

Fees

| | AC Class | Z Class |
|--------------------------|----------|---------|
| Maximum Initial Charge | 3.00% | 0.00% |
| Annual Management Charge | 1.00%* | 1.00% |

* This represents the typical AMC a new investor would pay. This will vary depending on the adviser charging agreed between the adviser and investor.

ISIN

| | AC Class | Z Class |
|------------------------------------|--------------|--------------|
| Smartfund Thistledown Income (GBP) | GB00BNGXQY93 | GB00BNGXQZ01 |

Investment Opportunities

- Unit Trust
- ISA
- ISA Transfer
- SIPP (via 3rd party links)
- Offshore Bonds (via 3rd party links)

The Smartfund Thistledown Income Fund is available within a wide range of life and pension products, both onshore and offshore. For full details of where our range of Smartfunds is available please visit www.smartfund.co.uk.

Thistledown

Thistledown Investment Management Ltd was founded by Dominic Fisher to provide an investment management service that he would want for himself. The firm is an independently owned investment management firm that uses a 'value style' investment approach that it believes has the best chance of producing above market returns over time. The firm's principals, who have worked in financial markets for over 20 years, have a substantial personal investment in the funds managed by Thistledown, including the Smartfund Thistledown Income Fund. As such they have a strong interest in common with investors in the Smartfund Thistledown Income Fund.

Prior to Thistledown, Dominic was a Director and portfolio manager at OLIM Ltd for UK charities, individuals and investment trusts with an income bias. The bulk of his career was spent with Mercury Asset Management managing charity portfolios. Dominic is Chairman of the investment sub-committee of Armed Forces Common Investment Fund and a Director of Aberforth Geared Income Trust plc.

For more information about the investment adviser please visit:

www.thisim.com

or email:

funds@thisim.com

Performance Data

On the 14 July 2014 Smartfund Thistledown Income AUT was converted into Smartfund Thistledown Income ICVC. The fund continues to be managed to the same investment objective and policy. The performance contained in this factsheet is the historic performance of a representative unit in Smartfund Thistledown Income which was launched on 3 December 2010. This representative unit carried an ongoing Annual Management Charge of 1.00%.

Important Information

Past Performance is not a guide to future returns. The value of an investment and the income from it may fall as well as rise so you may not get back the amount invested. Potential investors in the fund should speak with their financial adviser before making any decisions.

This document relates to one share class available for a sub fund of the Smartfund Thistledown Smartfund. A free English language copy of the ICVC prospectus, the key investor and Supplementary Information documents relating to this share class are available on the website or copies can be requested from Smartfund Administration Limited at 6 Broad Street Place, London EC2M 7JH.

Smartfund Administration Limited is authorised and regulated by the Financial Conduct Authority. Smartfund Administration is a Praemium company.

Contact details

Smartfund Administration have a dedicated Client Services Team (0844 801 0700) who are available to answer any questions you may have on a day to day basis. Calls may be monitored and recorded for training purposes.