

Key Investor Information

This document provides you with the key investor information about this investment strategy. The information is provided to help you understand the nature and the risks of investing into the strategy. You are advised to read it through so you can make an informed decision about whether to invest. If in doubt, please contact Smart Capital Management Limited.



Leveraged Equity Index Investment Strategy

This investment strategy is managed by Smart Capital Management Limited (AFSA licence: AFSA-A-LA-2019-0061)

Objective and Investment strategy

Opportunity

Research by S&P Global shows 83% of actively-managed investment strategies underperformed S&P500 index over the 10-years period. No wonder legendary Warren Buffett has recommended index funds for investors targeting long-term capital preservation and growth. Along with better performance, they are also associated with lower risk (greater diversification) and lower cost (fees).

Objective

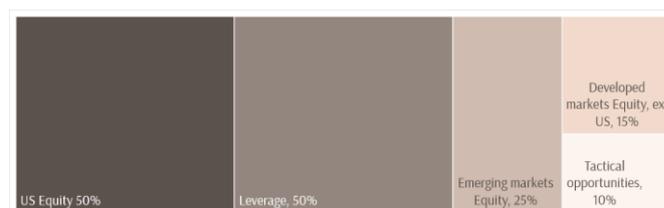
To provide institutional and individual investors with a robust index-based investment strategy designed for consistent long-term (5 years or more) capital growth with the aim to beat broad equity market.

Investment strategy

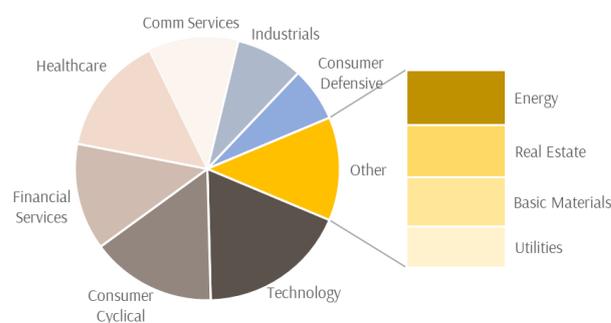
Investment objective will be achieved via moderately leveraged portfolio of broad equity indexes. Strategy will allocate at least 80% of the portfolio to highly-liquid ETFs tracking developed and emerging markets indexes. By utilising futures and/or options on equity indexes strategy will leverage up to 50% of the portfolio with the aim to achieve gains exceeding the underlying indexes. Furthermore, up to 10% of the strategy funds may be allocated to exploit tactical opportunities in the market such as investments in commodity baskets, fixed income, REITs, structured products and CISs, equity sector/factor ETFs and others.

Target portfolio allocation

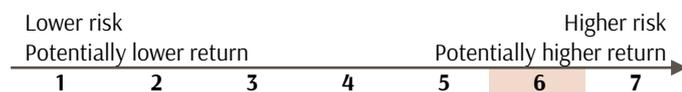
by asset class



by sector



Risk and Return profile



As this strategy is less than five years, risk-return profile is based on simulated volatility and is not a guide to the future performance. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment.

Risks

We view risk tolerance as the risk level that would cause you serious discomfort or concern. In this context, taking into account return objectives, asset allocation choices, time horizon, leverage, and other aspects of the strategy you should understand that the possible loss of the portfolio may exceed 50% or more at any particular point in time. The occurrence of one or more of the following risks may decrease the net asset value of your investments:

- **Leverage risk:** strategy utilises derivative instruments (futures) to achieve moderate leverage of the portfolio. Such instruments are highly sensitive to changes in the value of the underlying asset. This can magnify the sizes of both losses and gains.
- **Currency/Emerging markets risk:** strategy invests in international markets which means it is exposed to changes in currency rates and additional risks associated with less developed markets.
- **Counterparty risk:** the insolvency of any institutions providing services such as brokerage, custody or acting as a counterparty to derivatives or other contractual arrangements, may expose the strategy to financial loss.

- **Charges to Capital:** The Fund takes its charges from the invested capital. Investors should be aware that this has the effect of lowering the capital value of your investment and limiting the potential for future capital growth. On redemption, you may not receive back the full amount you initially invested.

Return

The expected return of the portfolio is 10-15% per annum, on average over a long-time horizon - 10 years and more. Though, no guarantee can be made that this investment objective can be met or that your investment will not have incurred a loss at the time of withdrawal.

Benchmark

Strategy will measure its performance against MSCI World Index.

Liquidity

The strategy invests into portfolio of equity instruments and derivatives with mid-to-high risk-return profile. This means that your investment can experience high short-term volatility but expected to deliver positive return over the long-term. We therefore introduced quarterly withdrawal frequency limit: all investors will be able to withdraw their investments (net of any losses/gains) at the end of each quarter, and should make a relevant request at least 2 months in advance, otherwise withdrawal date will move to the end of next quarter.

Minimum investment

Your capital is at risk. It is important to understand that investments into this strategy should not be your only investment; you should diversify it across broader portfolio. Minimum investment is \$10 000.

Fees

Our charges cover the costs of running the investment strategy, including the costs of research, staff costs, marketing and selling. Strategy is managed on a fully discretionary basis, meaning Smart Capital Management Limited has discretion over the selection of investments subject to the investment policy statement.

Management fee

1% of AUM

Performance fee

10% of return

Assets Under Management are calculated as net asset value of the portfolio on the last trading day of the respective period, net of all taxes (if any), brokerage, custody, and other third-party fees.

Management fee

We charge fixed 1% from asset under management on a quarterly basis. It is calculated as 1% times the net asset value of the portfolio as of the last working day of the quarter.

Performance fee

We charge 10% performance-based fee. It is applied on a quarterly basis and equals to 10% times the net quarterly growth of the portfolio. A high-water mark provision is applied, meaning manager needs to exceed highest historical value of the portfolio before any performance fee is received.

Past performance

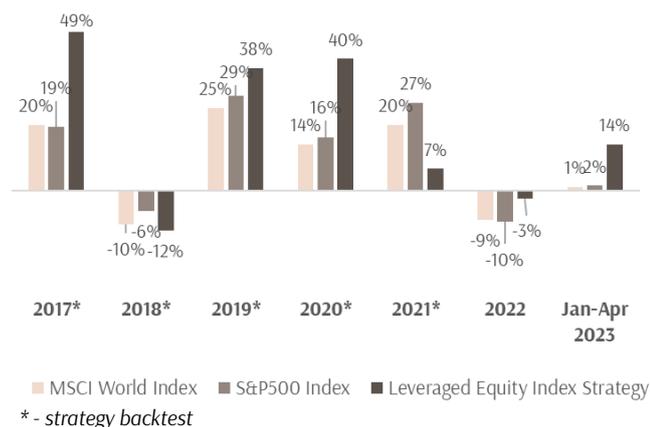


Chart shows strategy annual returns against MSCI World and S&P500 Indexes. This includes 2017-2021 strategy backtest and actual performance since April 2022 when this strategy was launched.

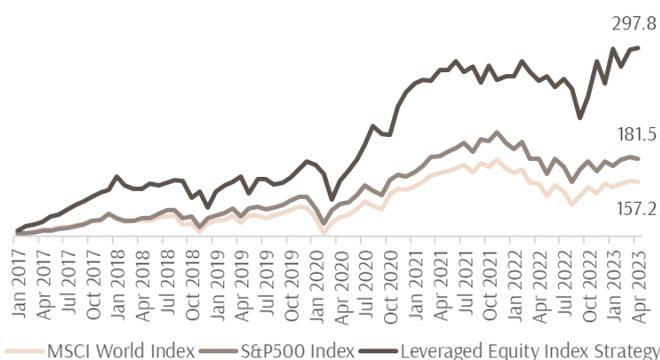


Chart shows hypothetical performance of \$100 invested in each of the strategy in January 2017 and held until end of July 2022. Past performance nor strategy back test is a guide to future performance.

Practical information

Who is Smart Capital Management?

We are a fully licensed and regulated asset manager based in Astana International Financial Center since 2019. We provide asset management, investment banking and wealth planning to institutional and individual clients. Our primary focus to date has been on tailored investment management for high-net worth individuals.

In 2022 we launched our first pre-set investment strategy 'Leveraged Equity Index' which we believe will provide many investors with a robust long-term capital growth investment solution.

How can I invest into the Strategy?

To invest you should first go through onboarding process with Smart Capital Management Limited. It includes KYC checks and survey completion (aimed to assess investment suitability, your understanding of risks and types of investments). After you sign an asset management contract you will be able to transfer funds to be invested into the strategy. This might take 3-5 days depending on outcome of KYC checks and the speed of information disclosure.

Why do I have to go through KYC?

Smart Capital Management adheres to the highest standards of ethics and compliance when doing business. Moreover, this is a legal requirement for all licenced asset management companies under Astana Financial Services Authority. Robust onboarding process minimises risks of accepting funds from clients involved in money laundering, fraud or other illegal activities such as financing terrorism.

Why do you need to assess suitability?

We believe any investment should be assessed against Client's investment objectives, financial situation, knowledge and experience. This helps to understand the types of investments that will be suitable for the Client. This is done to protect the Client from life-changing losses and maximise return at an acceptable level of risk.

What happens after I transfer funds?

Smart Capital Management adheres to the best execution approach when investing Client's funds. This means that trades will be executed as soon as possible on the best available terms at the time of the transactions. Depending on the size of the investment, trades can be spread across extended period to achieve best dollar-cost averaging.

How can I track the performance of the invested funds?

We will publish quarterly report on the strategy performance, which will be accessible via client area on our website. This will include quarterly performance of the strategy with brief report on key drivers.

Key information I should know about?

Return objective	10-15% per annum
Risk tolerance	Mid-High risk-return profile Max drawdown up to 50-75%
Investment horizon	From 5 years
Minimum investment	\$10 000
Funds withdrawal	Quarterly with 2-months' notice
Management fee	1% of AUM per annum
Performance fee	10% (high-watermark applied)