

# SMATS Protected Yield Fund

INVESTING IN HIGH QUALITY SHARES WITH DOWNSIDE PROTECTION



347 Darling Pty Ltd, a Licensee and Trustee wholly owned by SMATS Services (Australia) Pty Ltd, is pleased to offer the SMATS Protected Yield Fund, a share fund focusing on yield and with downside protection. The objectives of the Fund are to generate competitive risk adjusted returns over the medium to long term. The Fund invests in a portfolio of Australian listed shares with downside protection, and exposure up to 30% global, currency hedged, listed shares.

## AIM:

- Targeted Dividend Returns of 4 % p.a.
- Targeted Capital Returns of 6% p.a.
- Lower drawdowns than Australian equities over the medium to long term.
- Weekly liquidity in normal market conditions.

## KEY FEATURES:

<b>Trustee</b>	347 Darling Pty Ltd (ACN 604854999, AFSL 491106)
<b>Investment manager</b>	SMATS Asset Management Pty Ltd (ACN 659315554)
<b>Target fund size</b>	AUD \$1bn
<b>Minimum initial investment</b>	AUD \$50,000
<b>Investor type</b>	Wholesale clients
<b>Fund term</b>	Open-ended
<b>Management fee</b>	0.5% p.a. on funds under management (calculated daily, paid quarterly)
<b>Performance fee</b>	5% of net capital gains (i.e. gains excluding dividends and management fee)
<b>Bid/offer spread</b>	0.25% per subscription/redemption amount (based on estimated transaction cost of 0.25%)
<b>Fund currency</b>	Australian dollars
<b>Distributions</b>	Distributions paid quarterly
<b>Unit pricing</b>	On a weekly basis, published weekly
<b>Protection strategy fee</b>	An allocation will be made to units in a downside protection fund, the "SMATS DM Protection Fund" (SDMPF). A performance fee of 20% is payable on the performance of any allocation to SDMPF.
<b>Redemptions</b>	Available weekly, in normal market conditions, as outlined the fund's Information Memorandum.

The fund's Information Memorandum can be obtained by wholesale investors by contacting [SAM.Enquiry@smats.net](mailto:SAM.Enquiry@smats.net)

## STRATEGY:

Apply a rigorous screening for consistency of performance and quality of dividend yield. Further screening for strength in capital growth over the medium to long term.

Screening process	Number of Shares		
	Large Cap	Mid Cap	Small Cap
Capitalisation Pool	20	80	100
Meets minimum Length of Track record	20	61	54
Meets minimum Quality of Yield	11	30	32
Meets minimum Profitability and Growth	8	8	8



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## INVESTMENT OBJECTIVE

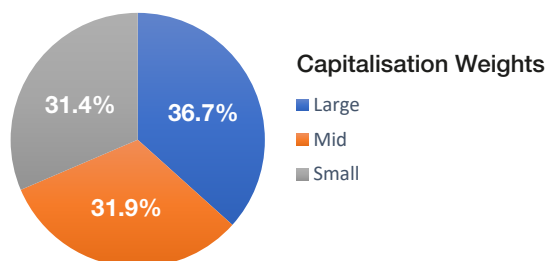
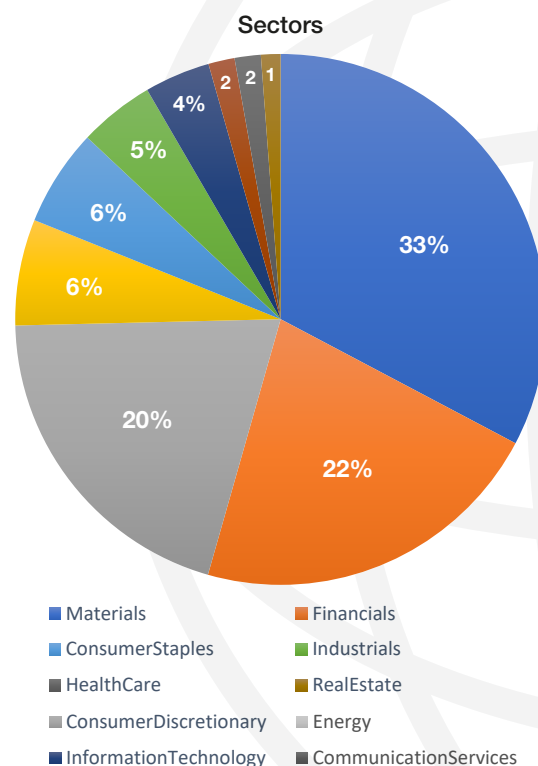
Achieve a targeted dividend yield of 4% with targeted capital growth greater than 6%. The Fund will invest in Australian and global equities with an approach enabling low turnover in shares by protecting against downside market moves. It will not be trading short positions in shares. A strict and consistent proprietary investment process will be applied by SMATS Asset Management Pty Ltd in both selecting securities and selecting the weights for those securities. Some of the factors used in this process are:

- high quality business that can sustain a high return on operating capital employed;
- businesses providing a broad diversification across market sectors;
- businesses which do not require excessive leverage to build revenue;
- businesses exhibiting consistency in both capital growth and dividend yield;
- businesses that are resilient to inflationary forces.

## PORTFOLIO CONSTRUCTION

Limit exposure to each share, sector and capitalisation group, thereby reducing concentration risk. Maintain a low turnover in share trading by employing a downside protection strategy.

Top 10 actual holdings of the fund	31 Jul 22	31 Aug 22
Fortescue Metals Group Ltd	9.1%	9.1%
Macquarie Group Ltd	9.1%	9.1%
Wesfarmers Ltd	8.2%	9.1%
Mineral Resources Ltd	8.1%	8.0%
Zimplats Holdings Ltd	7.8%	7.9%
Pinnacle Investment Management Group Ltd	5.7%	6.5%
Jb Hi-Fi Ltd	7.5%	5.8%
Metcash Ltd	5.7%	5.7%
ALS Ltd	4.6%	4.4%
Bhp Group Ltd	3.2%	4.1%
Top 10 holdings weight	68.9%	69.7%
Number of Holdings		43



**Disclaimer:** It is important to note that where return objectives are discussed and outlined in this flyer, they are targets only and may not be achievable. It is also possible that when an investment is made, capital investment may be lost. This flyer is for Wholesale Investors only and has been prepared by 347 Darling Pty Ltd, AFSL 491106, ACN 604 854 999, in its capacity as the Trustee and Licensee of the SMATS Protected Yield Fund. 347 Darling Pty Ltd is owned by SMATS Services (Australia) Pty Ltd, ACN 141112807. Neither the Licensee and Trustee, the Investment Manager, nor SMATS Services (Australia) Pty Ltd, their officers or employees, make any representations or warranties, express or implied, as to the accuracy, reliability or completeness, of the information contained in this flyer and nothing contained in this flyer is or shall be relied upon as a promise or representation whether as to the past or the future. Past performance is not a reliable indicator of future performance. All capitalized terms used herein without definition will have the meanings assigned to them in the information memorandum. This information is given in summary form and does not purport to be complete. Information in this flyer should not be considered advice or a recommendation to investors or potential investors in relation to holding purchasing or selling units in the fund and does not take into account your particular investment objectives financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters and any relevant offer document and in particular you should seek independent financial advice. For further information and before investing please read the information memorandum available on request.