

The Munro Fund (the ‘Company’)

Munro UK Fund (the “Fund”)

SIMPLIFIED PROSPECTUS

31st August 2007

This simplified prospectus contains key information in relation to the Fund, which is a sub-fund of The Munro Fund (the “Company”). It is an investment company with variable capital incorporated in England and Wales with registration number IC000551 and authorised by the Financial Services Authority (FSA) with effect from 18 July 2007. The Company has been established as an Undertaking for Collective Investment in Transferable Securities (UCITS) Scheme which complies with the New Collective Investment Scheme Sourcebook (COLL sourcebook) and also as an umbrella company (under the Open Ended Investment Companies (OEIC) regulations). Different sub-funds may be formed by the Authorised Corporate Director (ACD), subject to approval from the FSA.

The Company and Fund	<p>The Company was created on and authorised in the United Kingdom by the Financial Services Authority on 18 July 2007.</p> <p>The Company currently has one sub-fund, the Munro UK Fund, although further sub-funds may be established in due course. This simplified prospectus is prepared in respect of the Fund.</p> <p>There are net income and net accumulation shares available in each of the three share classes available in the sub fund. These are Class A shares, Class B shares and Class X shares.</p> <p>Potential investors are advised to read the full Prospectus before making an investment decision. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the full Prospectus.</p> <p>The base currency of the Fund is pounds sterling.</p> <p>The Fund is actively managed.</p>	
What is the investment objective of the Fund?	Munro UK Fund	The objective of the Fund is to maximise the overall return through investment in securities listed on the UK stock market.
Is there a performance benchmark for the Fund?	Munro UK Fund	The Fund will seek to outperform the FTSE 350 over the long term.
What is the Fund’s investment policy?	Munro UK Fund	The Fund will hold all securities, excluding Investment Trusts, in the FTSE 350 that are forecast to pay a dividend. The Fund will be constructed on the basis of the underlying fundamental financial attributes of the companies in the index rather than on their market capitalisation. The weight of each company in the Fund will be determined by the proportion that its forecast total dividend will be expected to make of the total income of all the companies held in the Fund. The data will be sourced from consensus forecasts as compiled by information providers such as Bloomberg and Reuters. Allowance will be made for securities forecast to be bought back. Such a rigorous process can be closely defined and will be insensitive to the personal preferences of the Investment Adviser.

		<p>The Fund may also invest in bonds, collective investment schemes, warrants, money market instruments, cash, deposits and other permitted investments.</p> <p>Derivatives transactions will only be used for the purposes of hedging.</p>
<p>What is the risk profile of the Fund?</p>	<p>Investors should note that details of the risk factors are set out in full in the Prospectus.</p> <p>The following risk factors apply to the Funds:</p> <p><i>Market Fluctuations</i> Investments in the Fund will involve exposure to those risks normally associated with investment in shares, money market instruments, deposits, warrants, collective investment schemes and derivative and forward transactions. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the amount he has invested. There is no assurance that the investment objectives of the Fund will actually be achieved.</p> <p><i>Credit Risk for the Fund</i> There is a risk that an issuer or counterparty will default.</p> <p><i>Settlement Risks for the Fund</i> A settlement in a transfer system may not take place as expected because a counterparty does not pay or deliver on time or as expected.</p> <p><i>Liquidity Risk for the Fund</i> There is a risk that a position cannot be liquidated in a timely manner at a reasonable price.</p> <p><i>Performance Risk</i> Investors are reminded that risk levels will depend on individual fund selections, and the existence, absence of, or restrictions on any guarantees given by third parties.</p> <p><i>Risk to Capital</i> This includes potential risk of erosion resulting from withdrawals or cancellations of units and distributions in excess of investment returns.</p> <p><i>Cancellation Issues</i> If the value of the investment falls before notice of cancellation is given, a full refund of the original investment may not be provided rather the original amount less the fall in value.</p>	
<p>What is expected to be the profile of the typical investor?</p>	<p>Class A Shares are suitable for retail investors who are advised by an Independent Financial Adviser. Class B Shares are suitable for institutional investors and private client brokers. Class X shares are suitable for retail investors who are investing direct.</p> <p>The Fund has its own investment objectives and risk rating as described above and detailed further in the full Prospectus. Therefore, although the Fund is available to some retail investors, the Fund's suitability for investors will depend on the investor's own requirements and their attitude to risk. Investors should be aware of and understand the risks associated with the Funds before investing; the risks associated with the Funds are detailed under 'What is the risk profile of the Funds'. If you have any doubt as to whether the investment is suitable for you, please consult a financial adviser.</p>	
<p>What is the Fund's distribution policy?</p>	<p>Distributions of income for the Fund are paid by cheque or by BACS on or before the annual income allocation date of 31 May and on or before the interim allocation date of 30 September in each year.</p> <p>The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Fund in respect of that period, and deducting the charges and expenses of the Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation and other necessary adjustments in accordance with the Regulations and generally accepted accounting principles. The ACD does not normally adjust distributions in order to smooth the amount of interim and final distributions within any particular accounting period. Investors should be aware that should an income distribution be unclaimed for a period of six years after it has become due, it will be forfeited and returned to the Fund.</p>	

<p>What are the charges and expenses associated with an investment in the Fund?</p>	<p>Shareholder Expenses</p> <p>Maximum Switching Fee (between Funds (when there are further funds in existence) and between share classes)</p> <p>Redemption Charge</p> <p>Stamp Duty reserve Tax (SDRT) Provision</p> <p>Dilution Levy</p> <p>ACD's Preliminary Charge</p> <p>(Payments Made From The Property Of The Fund)</p> <p>Annual Management Charge</p> <p>Depositary Fee</p> <p>Audit Fee (estimated)</p> <p>FSA Fee (estimated)</p> <p>Custody Fees</p> <p>*For full details of other charges, please refer to the full Prospectus.</p>	<p>On the switching of shares of one class for shares of another class the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Class into which shares are being switched. The switching fee is payable by the company to the ACD. Currently no switching charge will be levied.</p> <p>At present no redemption charge is levied, but this may be introduced subject to prior written notice of 60 days to the shareholders.</p> <p>It is not the ACD's intention to charge a provision to buyers or sellers of shares on normal transactions although it reserves the right to charge an SDRT provision of up to 0.5% of its value on a large deal in the following circumstances: (a) A single deal which exceeds 5% of the value of the fund itself, and in the estimation of the ACD, is likely to cause a significantly abnormal liability to SDRT falling on the fund; (b) On a non pro-rata in specie redemption and (c) On a third party transfer of shares.</p> <p>The need to charge dilution levy depends on the volume of sales or redemptions. The ACD may charge a discretionary levy on the sale and redemption of shares, if in its opinion, the existing/remaining shareholders might otherwise be adversely affected and with the aim of treating all shareholders fairly. The ACD has no intention of introducing dilution levy at present on the purchase or sale of shares except in relation to large deals. For these purposes a large deal means a deal worth 5% or more of the size of the Fund.</p> <p>A Class and B Class – 5% based on the amount invested X Class – nil</p> <p>A Class – 1.5% per annum based on the fund's Net Asset Value B Class – 1.25% per annum based on the fund's Net Asset Value X Class – 0.75% per annum based on the fund's Net Asset Value</p> <p>The current charge is 0.05% per annum based on the fund's Net Asset Value, subject to a minimum of £7,500</p> <p>£6,000</p> <p>£500</p> <p>0.0025% - 0.6%</p>
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Total Expenses Ratios and Portfolio Turnover Rates

	Fund	Portfolio Turnover Rate (%)*	Total Expense Ratio*
	Munro UK Fund	N/A	N/A
* The Munro UK Fund is a new fund which has been in existence for less than one year. The Total Expense Ratio and Portfolio Turnover Rate will be included once the Fund has been in existence for more than one year.			

Reduction in yield

Illustration of the effect of Charges on the Fund

The effect of charges on an investment of £5,000 in this Fund, assuming growth of 6% a year, is set out below. The growth rate is not guaranteed; it is purely used for the purpose of demonstrating the effect of charges and expenses on an investment of £5,000 into this Fund. The approximate net distribution yield of this Fund is listed in the table below. For the purpose of the table any income has been deemed to be distributed to the shareholders. Please note that £5,000 in relation to Class B shares is below the minimum investment for this Fund and is therefore a notional.

Fund	At end of year	Effect of deductions to date £	Income to date £	What you might get back £	Annual net investment growth after charges	Net annual yield
Munro UK Fund Class A Shares	1	337	-	4,963		
	3	536	-	5,419		
	5	775	-	5,917		
	10	1,586	-	7,371	3.96%	0.00%

The last line in the table for the Class A Share in the Munro UK Fund shows that over 10 years the effect of the total charges and expenses could amount to £1,586. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 3.96% a year.

Fund	At end of year	Effect of deductions to date £	Income to date £	What you might get back £	Annual net investment growth after charges	Net annual yield
Munro UK Fund Class B Shares	1	327	-	4,973		
	3	504	-	5,452		
	5	716	-	5,977		
	10	1,437	-	7,520	4.17%	0.00%

The last line in the table for the Class B Share of the Munro UK Fund shows that over 10 years the effect of the total charges and expenses could amount to £1,437. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 4.17% a year.

Fund	At end of year	Effect of deductions to date £	Income to date £	What you might get back £	Annual net investment growth after charges	Net annual yield
Munro UK Fund Class X Shares	1	44	-	5,256		
	3	147	-	5,808		
	5	274	-	6,418		
	10	718	-	8,239	5.12%	0.00%

The last line in the table for the Class X Share of the Munro UK Fund shows that over 10 years the effect of the total charges and expenses could amount to £718. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 5.12% a year.

	<p>Annual performance data will be provided when the fund is older than one year.</p> <p>Past performance is not an indicator of future performance. Past performance does not include the effect of subscription and redemption fees.</p> <p>Note:</p> <p>Each investor’s financial considerations are different. Investors should speak with their own financial advisers to help decide which Fund or Share Class is best for their investment.</p>
<p>How is the Fund taxed?</p>	<p>The following summary of certain relevant taxation provisions is based on current law and practice and does not constitute legal or tax advice. It does not purport to deal with all the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. The regime of taxation of the income or capital gains received by investors depends on the tax law applicable to the personal situation of each investor and/or to the place where the capital is invested. Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile and in the light of their particular circumstances.</p> <p>Bond funds and equity funds are taxed differently. A bond fund is a fund which invests more than 60% of its market value in qualifying investments which include money placed at interest and securities but do not include shares. All other funds are equity funds. The tax issues will depend on the investments held. Holdings of non-UK collective investment schemes which have not been certified as distributing funds by the Inland Revenue, may be taxed as income in the Fund.</p> <p>Equity funds – An equity fund is exempt from UK tax on capital gains but is liable to Corporation Tax at the rate of 20% on the excess of its income (excluding UK dividend income) over its expenses. An equity fund may be subject to foreign withholding tax although relief may be available.</p> <p>Bond funds – Bond funds will be liable to UK Corporation Tax on income from debt, debt related securities and cash deposits and the total taxed under Schedule D Case III. (A schedule D tax charge is classified into six cases, case III is tax in respect of interest and other annual payments). It is not expected that the Corporation Tax charge will be significant. Capital gains (except insofar as treated as Schedule D Case III income gains) will be exempt from UK tax on chargeable gains.</p> <p>A 0.5% Stamp Duty Reserve Tax is imposed on the value of any surrender of shares, where those shares are sold on to another investor and in proportion to how much of the fund invests in UK equities. The ACD reserves the right to charge a “provision” against SDRT in certain circumstances.</p> <p>Further taxation may apply to Shareholders (depending on their own circumstances) and potential investors should consult with their professional advisers in relation to the tax treatment of their holding in the Fund.</p> <p>Please see the Taxation section in the full Prospectus for further details.</p>

<p>How do you buy/ sell shares?</p>	<p>Except during periods of temporary suspension, shares can be bought on any dealing day between 9.00am until 5.00pm either by sending a completed application form to the ACD or by telephoning the ACD on 020 7131 4951. Application forms may be obtained from the ACD.</p> <p>The minimum initial investment for Class A Shares is £1,000, for Class B Shares is £100,000 and for Class X Shares is £250. The minimum subsequent investment is £1,000 for Class A and B Shares and £100 for Class X Shares. There are no minimum withdrawal amounts. The minimum holding amount for Class A Shares is £1,000, for Class B shares is £100,000 and for Class X Shares is £250.</p> <p>If applicable, a holder of shares in the Fund may at any time switch all or some of his shares of one class for shares of another class (or when further sub-funds are in existence, between sub-funds). Investors should note that a switch of shares in one sub-fund for shares in another sub-fund is treated as a redemption and sale and is a disposal for UK tax purposes. Switching may be effected either by telephone on 020 7131 4951 or in writing to the ACD and the shareholder may be required to complete a switching form. A switching shareholder must be eligible to hold the shares into which the switch is to be made. A shareholder who switches shares in one sub-fund for shares in any other sub-fund has no right by law to withdraw from or cancel the transaction.</p>
<p>What cancellation rights do I have?</p>	<p>Unless you have purchased shares through a Financial Adviser authorised under the Financial Services and Markets Act 2000, who has instructed us otherwise, we will send you a Cancellation Notice which entitles you to cancel your purchase at any time during the 14-day period after receipt of the Cancellation Notice. In the event of you wishing to cancel the contract by writing to the manager at 25 Moorgate, London EC2R 6AY, you are entitled to have repaid to you any money you have paid the company subject to a deduction (if any) by which the value of your investment has fallen at the time which your cancellation form is received. This may result in a loss on your part. If you have purchased your shares through a Financial Adviser you should contact them for further information on your cancellation rights.</p>
<p>What if something goes wrong, am I entitled to compensation?</p>	<p>In the event of default by the manager, compensation may be available under the UK Financial Services Compensation Scheme (FSCS). Maximum compensation available amounts to £48,000. This represents 100% of the first £30,000 and 90% of the next £20,000 of claim per person.</p> <p>Further information on compensation arrangements is available from FSCS Helpline on 020 7892 7300 and on the FSCS website: www.fscs.org.uk</p>
<p>What do I do if I have a complaint?</p>	<p>If you have a complaint relating to the Fund or the ACD, it should be addressed to The Compliance Officer, Smith & Williamson Fund Administration Limited, 25 Moorgate, London, EC2R 6AY. If your complaint is not dealt with to your satisfaction you may also complain to The Office of the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR, telephone no. 0845 080 1800.</p>
<p>How will I be able to follow the progress of my investment?</p>	<p>Use this link to view prices for this fund: www.investmentfunds.org.uk and go to 'Daily Fund Prices'. Search 'S' for Smith & Williamson Fund Administration Limited's funds. Please note that prices published relate to the valuation point one day before. In the event of any query, please contact the ACD. Annual and half-yearly reports will be despatched within four months and two months respectively of the OEIC's accounting dates. The latest copies of the reports are available on request from the ACD and these will tell you about each Fund's investments held within the portfolio, as well as performance and prospects for the following period.</p>
<p>Additional Important Information</p>	<p>Authorised Corporate Director Smith & Williamson Fund Administration Limited 25 Moorgate London EC2R 6AY</p> <p>Depositary The Royal Bank of Scotland Plc 36 St Andrew Square Edinburgh EH2 2YB</p>

	<p>Investment Advisers Fundamental Tracker Investment Management Limited Exchange House 50 Drymen Road Bearsden Glasgow G61 2RH</p> <p>Administrator and Registrar Smith & Williamson Fund Administration Limited 25 Moorgate London EC2R 6AY</p> <p>Auditors Deloitte & Touche Hill House 1 Little New Street London EC4A 3TR</p> <p>Supervisory Authority The Financial Services Authority 25 The North Colonnade Canary Wharf London E14 5HS</p>
<p>Where can further information be obtained?</p>	<p>For further information, please contact the Dealing and Registration Team of the ACD at the following address:</p> <p>Smith & Williamson Fund Administration Limited 25 Moorgate London EC2R 6AY</p> <p>The Fund’s full prospectus and other scheme documentation may be obtained free of charge at the offices of the ACD. The Instrument of Incorporation (and any amendment to the instrument of incorporation) may be viewed between 9.00a.m and 5.00p.m every business day at the offices of the ACD.</p>