

**The Munro Fund (the ‘Company’)**

**Munro UK Fund (the “Fund”)**

**SIMPLIFIED PROSPECTUS**

**7 October 2011**

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 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.

**Contact  
Information**

**Authorised Corporate Director, Administrator & Registrar**

Registered Office:  
Smith & Williamson Fund Administration Limited  
25 Moorgate  
London  
EC2R 6AY

Correspondence Address:  
Dealing and Registration Team  
206 St Vincent Street  
Glasgow  
G2 5SG

Telephone Numbers:  
For Dealing – 0141 222 1150  
For Prices, Registration and Other Enquiries – 0141 222 1151

**Depositary**  
National Westminster Bank plc  
135 Bishopsgate  
London  
EC2M 3UR

**Investment Advisers & Scheme Promoter**  
Fundamental Tracker Investment Management Limited  
Exchange House  
50 Drymen Road  
Bearsden  
Glasgow  
G61 2RH

**Auditors**  
KPMG Audit Plc  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

**Supervisory Authority**  
The Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

<p><b>The Company and Fund</b></p>	<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>You are advised to read the full Prospectus before making an investment decision. Your rights and duties 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>	
<p><b>What is the investment objective of the Fund?</b></p>	<p>Munro UK Fund</p>	<p>The objective of the Fund is to maximise the overall return through investment in securities listed on the UK stock market.</p>
<p><b>What is the Fund's investment policy?</b></p>	<p>Munro UK Fund</p>	<p>The Sub-fund will be constructed on the basis of the underlying fundamental financial attributes of the companies in the index rather than their market capitalisation. The weight of each company in the Sub-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 Sub-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> <p>The Sub-fund may also invest in bonds, collective investment schemes, warrants, money market instruments, cash, deposits and other permitted investments.</p> <p>It is the ACD's intention that derivatives be used for hedging purposes using efficient portfolio management style techniques.</p> <p>The ACD does not intend to have an interest in any immovable property or tangible movable property.</p> <p>The Company will be managed in a manner that maintains eligibility for the stocks and shares component of a personal equity plan or individual savings account.</p>
<p><b>Is there a performance benchmark for the Fund?</b></p>	<p>Munro UK Fund</p>	<p>FTSE 350</p>
<p><b>What is the risk profile of the Fund?</b></p>	<p>You should note that details of the risk factors are set out in the full Prospectus.</p> <p><b>The value of investments may fall as well as rise and you may get back less than you originally</b></p>	

<p><b>What are the general risks associated with this Fund?</b></p>	<p><b>invested.</b></p> <p><b>General Risks</b> The price of shares of the Fund and any income from them may fall as well as rise and you may not get back the full amount invested. Past performance is not a guide to future performance. There is no assurance that the investment objective of a Fund will actually be achieved.</p> <p><b>Pricing and Valuation Risk</b> For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Fund will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the investment adviser may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.</p> <p><b>Risk to Capital</b> This includes potential risk of erosion resulting from withdrawals or cancellations of shares and distributions in excess of investment returns.</p> <p><b>Liquidity Risk</b> There is a risk that a position cannot be liquidated in a timely manner at a reasonable price.</p> <p><b>Credit Risk</b> There is a risk that an issuer or counterparty will default.</p> <p><b>Settlement Risk</b> 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><b>Tax Risk</b> Tax laws, currently in place, may change in the future which could affect the value of the Fund's and therefore the shareholders investment. Refer to the section headed 'Taxation' in the prospectus for further details about the taxation of the fund.</p> <p><b>Inflation Risk</b> Unless the performance of your investment keeps up with or beats inflation, the real value of your investments will fall over time.</p> <p><b>Market Risk</b> The risk that the entire market of an asset class will decline thus affecting the prices and the values of the assets.</p>
<p><b>What are the specific risks associated with this Fund?</b></p>	<p><b>Equities Risk</b> The value of equities may fluctuate in response to the activities and results of individual companies or because of general market and economic conditions or other events.</p> <p><b>Warrants Risk</b> The price per share of the Fund may fluctuate more because of the greater volatility of the warrant price.</p> <p><b>Bonds and Debt Instruments (Including High Yielding Securities) Risk</b> You should also be aware that investments in higher yielding bonds issued by borrowers with lower credit ratings might result in a greater risk of default and have an adverse effect on income and capital value.</p> <p><b>Country Concentration Risk</b> If the Fund invests in essentially only one country it will have greater exposure to market, political, legal, economic and social risks of that country than if it diversifies country risk across a number of countries</p> <p><b>Lower Rated/Unrated Securities</b> Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market</p>

	<p>expectations, and consequently greater fluctuations in market values, than higher rated securities.</p> <p><b>Collective Investment Schemes Risk</b>  The Fund may make investments in collective investment schemes, which may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests which are not fully consistent with those of the Fund. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the Fund's valuation.</p>	
<p><b>What is expected to be the profile of the typical investor?</b></p>	<p>Class A Shares are intended for retail investors who are advised by an Independent Financial Adviser. Class B Shares are intended for institutional investors and private client brokers. Class X shares are intended for retail investors who are investing direct.</p> <p>Whether investing in the Trust is appropriate for you will depend on your own requirements and attitude to risk. Providing you can meet the minimum investment level, the Trust offers you the opportunity to outperform the FTSE 350 by investing in FTSE 350 assets with the expertise of the investment adviser. However, your investment capital will be at risk, so you should be prepared to commit to a long term investment in the Trust and be willing to take the risks involved in investing in the Trust. These risks are summarised above and detailed under "Risk Factors" in the full Prospectus.</p> <p><b>If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.</b></p>	
<p><b>What is the Fund's distribution policy?</b></p>	<p>Distributions of income for the Fund are paid by BACS or telegraphic transfer 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. Income may be re-invested at your request. For accumulation shares, the income allocated is credited to the capital of the Fund.</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. You 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><b>What are the charges and expenses associated with an investment in the Fund?</b></p>	<p><b>Shareholder Expenses</b></p> <p><b>Maximum Switching Fee</b> (between Funds (when there are further funds in existence) and between share classes)</p> <p><b>Redemption Charge</b></p> <p><b>Stamp Duty reserve Tax (SDRT) Provision</b></p>	<p>You may at any time switch some or all of your existing shares for shares of another class in the Fund, 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 by the ACD subject to prior written notice of 60 days to the shareholders.</p> <p>The ACD is entitled to charge a provision against SDRT to both buyers and sellers of shares. SDRT provision if charged will be added to the price of subscription shares or will be deducted from the sales proceeds on redemptions. 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 equals or</p>

		<p>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>
	<b>Dilution Levy</b>	<p>The ACD has the power to charge a dilution levy on redemptions. The need to charge dilution levy depends on the volume of sales or redemption. The ACD may charge a discretionary dilution levy in the following circumstances: (a) Where over a dealing period, the Fund have experienced a large level of net sales or redemptions relative to its size; (b) On each large deal which is worth 5% or more of the size of the Fund; (c) where the ACD considers it necessary to protect the interests of the shareholders of the Fund.</p>
	<b>ACD's Initial Charge</b>	<p>A Class and B Class – 5% based on the amount invested X Class – nil This charge may be waived in full or in part at the ACD's discretion.</p>
	<b>(Payments Made From The Property Of The Fund)</b>	
	<b>Annual Management Charge</b>	<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 From 1 August 2011, the AMC for the X Class will be 0.5% per annum based on the fund's Net Asset Value</p>
	<b>Depositary Fee</b>	<p>The current charge is 0.03% per annum plus VAT based on the fund's Net Asset Value, subject to a minimum of £7,500</p>
	<b>Audit Fee (estimated)</b>	<p>The current charge is £6,300 plus VAT per annum.</p>
	<b>FSA Fee (estimated)</b>	<p>The current charge is £500 per annum.</p>
	<b>Custody Fees</b>	<p>Custody charges vary from country to country depending on the markets and the value of stocks involved. They currently range from 0.0025% - 0.95%</p>
	<b>Transaction costs</b>	<p>Transaction charges vary from country to country, depending on the markets and the value of the stocks involved. They currently range from £12.50 to £400 per transaction.</p>
	<b>For full details of other charges, please refer to the full Prospectus.</b>	

**Total Expenses Ratios and Portfolio Turnover Rates**

Munro UK Fund	Total Expense Ratio* At 31 July 2010	Portfolio Turnover Rate (%)* At 31 July 2010
Class X Income Shares	1.73%	10.10%
Class A Income Shares	2.52%	
Class A Accumulation	2.52%	
Class X Accumulation	1.77%	
Class B Accumulation	2.27%	

\* annualised

Notes:

- (1) The Portfolio Turnover Rate (PTR) is a measure of the annual turnover in a Fund's assets which is over and above that required to invest new money in the stock market or to raise money from the stock market to meet the redemption of shares. The formula employed in calculating the PTR is as follows:

$$\frac{(\text{Purchase of securities} + \text{Sale of securities}) - (\text{Subscription of shares} + \text{Redemption of shares})}{\text{Average Fund Value over 12 months}} \times 100$$

- (2) The Total Expense Ratio (TER) shows the annual operating expenses of the scheme to its average net assets- it does not include the initial charge, which is shown separately, or transaction expenses. The TER is the internationally-accepted standard for the comparison of these costs.
- (3) TERs and PTRs from previous years may be obtained from the office of the ACD on request.

## 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 £
Munro UK Fund Class A Shares	1	368	58	4,874
	3	633	177	5,133
	5	942	301	5,406
	10	1,953	642	6,155

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 £1,953. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 1.10% a year.

Fund	At end of year	Effect of deductions to date £	Income to date £	What you might get back £
Munro UK Fund Class B Shares	1	358	58	4,884
	3	602	177	5,163
	5	887	303	5,459
	10	1,822	650	6,277

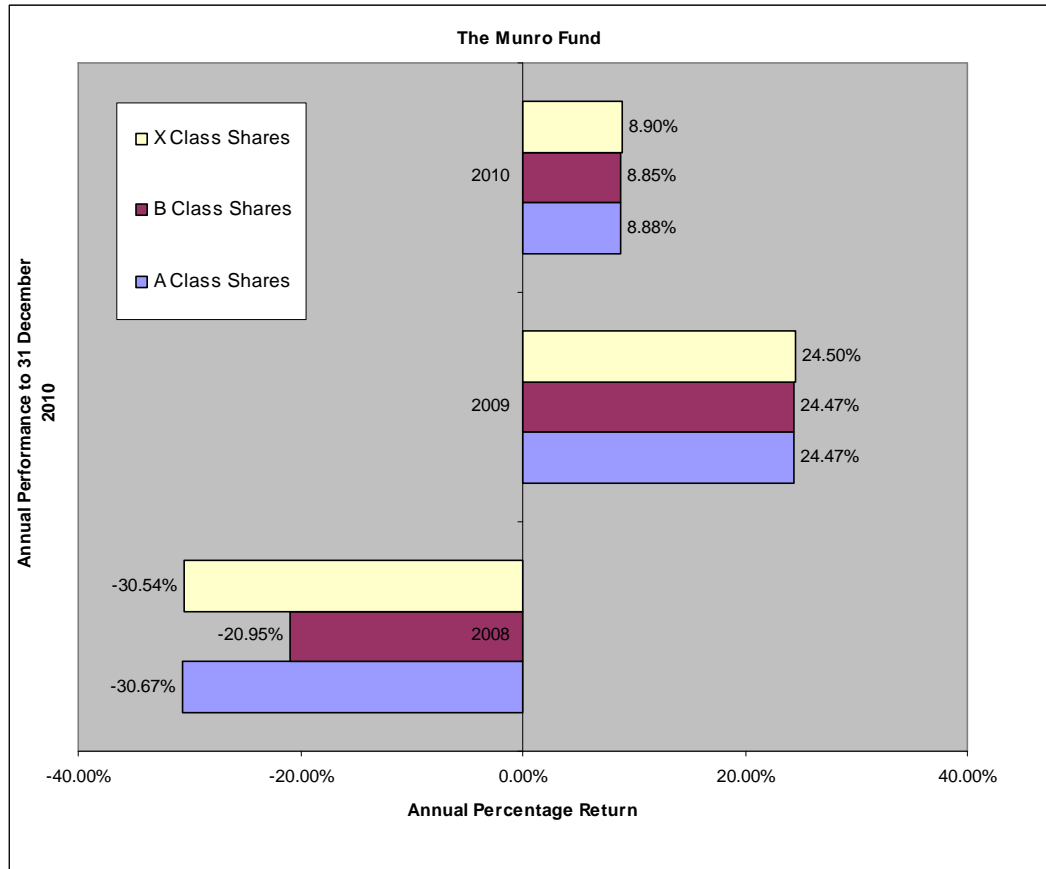
The last line in the table for the Class B Share of the Munro UK Fund shows that over 10 years the effect of the total charges and expenses could amount to £1,822. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 3.48% a year.

Fund	At end of year	Effect of deductions to date £	Income to date £	What you might get back £
Munro UK Fund Class X Shares	1	77	61	5,162
	3	252	188	5,502
	5	460	323	5,865
	10	1154	699	6,882

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 £774. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 4.47% a year.

**What is the historic performance of the Fund?**

**Annual performance data as at 31 December 2010**



**Cumulative Performance as at 31 December 2010**

The Munro Fund	Cumulative
A Class Shares	-6.03%
B Class Shares	7.10%
X Class Shares	-5.83%

\*Bid to Bid, net income reinvested, net of tax and charges. Source: Smith and Williamson Fund Administration Ltd

\*\* Prices are displayed for each calendar year. The period from launch (14 September 2007) to 31 December 2007 has been excluded from the above chart for comparison purposes.

**Past performance is not an indicator of future performance. Past performance does not include the effect of subscription and redemption fees.**

**Note:**

If you have any doubt whether the Fund is suitable for you, please contact a financial adviser.

**How is the Fund taxed?**

The Fund is exempt from UK tax on capital gains arising on the disposal of its investments but is liable to Corporation Tax at the rate of 20% on the excess of its income (excluding UK dividend income) over its expenses. The Fund may be subject to foreign withholding tax although relief may be available.

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>The regime of taxation of the income or capital gains received by the investors depends on the tax law applicable to the personal situation of each investor and/or to the place where the capital is invested. You are advised to consult your professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the shares under the laws of your country of incorporation, establishment, citizenship, residence or domicile and in the light of your particular circumstances.</p> <p>The above 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 Fund or to all categories of shareholders, who may be subject to special rules.</p> <p><b>Please see the Taxation section in the full Prospectus for further details.</b></p>
<p><b>How do you buy/ sell shares?</b></p>	<p>The Dealing and Registration Team of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each business day to receive postal requests for the purchase, sale and switching of units. The ACD may vary these times at its discretion.</p> <p>Initial requests to purchase units must be made by completing an application form and sending this together with a cheque to the Dealing and Registration Team at the correspondence address. Application forms can be obtained from the Dealing and Registration Team. The Dealing and Registration Team will accept written instructions accompanied by a cheque for subsequent investments.</p> <p>Requests to sell units may also be made by telephone on each business day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) directly to the Dealing and Registration Team (telephone: 0141 222 1150 or such other number as published from time to time).</p> <p>The Dealing Day of the Fund is any Monday to Friday at excluding UK public and bank holidays. The valuation point of the fund is 12:00 noon.</p> <p>No interest payment will be made on client money held by the Manager, prior to investment or pending a sale in the Trust. Client money will be held in a designated client money account with Royal Bank of Scotland plc or with Smith &amp; Williamson Investment Management Limited. No more than 20% of client money will be held with Smith &amp; Williamson Investment Management Limited.</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, you may at any time switch all or some of your shares of one class for shares of another class (or when further sub-funds are in existence, between sub-funds) of the fund. You 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 0141 222 1150 or in writing to the ACD and you may be required to complete a switching form (which in the case of joint shareholders must be signed by all the joint shareholders). You 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><b>What cancellation rights do I have?</b></p>	<p>You have a right to cancel your transactions within 14 calendar days of receipt of your contract note. If you cancel your contract, you will receive a refund of the amount you invested including the initial charge either in full or less a deduction to reflect any fall in unit/share price since you invested. This may result in a loss on your part. If you wish to exercise your right to cancel, please write to the Dealing and Registration team at 206 St Vincent Street, Glasgow, G2 5SG. You will not be able to exercise your cancellation rights after 14 calendar days of receipt of your contract note. Please note that in certain circumstances, there may be a delay in returning your investment.</p>

<p><b>What if something goes wrong, am I entitled to compensation?</b></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 £50,000. This represents 100% of the first £50,000 of the claim per person.</p> <p>Further information on compensation arrangements is available from FSCS Helpline on 020 7892 7300 and on the FSCS website: <a href="http://www.fscs.org.uk">www.fscs.org.uk</a></p>
<p><b>What do I do if I have a complaint?</b></p>	<p>If you have a complaint concerning the operation or marketing of the fund, it should be addressed to The Compliance Officer, Smith &amp; Williamson Fund Administration Limited, 25 Moorgate, London, EC2R 6AY, in the first instance. 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. A copy of the ACD's complaints handling procedures is available on request.</p>
<p><b>How will I be able to follow the progress of my investment?</b></p>	<p>Use this link to view prices for this fund: <a href="http://www.investmentuk.org">www.investmentuk.org</a> and go to 'Investors' followed by 'Daily Fund Prices'. Search 'S' for Smith &amp; 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.</p> <p>Annual reports (both long and short) of the Fund will be published within four months of each accounting period and half- yearly reports (both long and short) will be published within two months of each interim accounting period.</p> <p>Short 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><b>Where can further information be obtained?</b></p>	<p>For further information, please contact the Dealing and Registration Team of the ACD at the following address:</p> <p>Smith &amp; Williamson Fund Administration Limited  206 St Vincent Street  Glasgow  G2 5SG  Telephone 0141 222 1151</p> <p>The most recent annual and half-yearly reports of the Fund, the Fund's full prospectus and other scheme documentation may be obtained free of charge before the conclusion of the contract and afterwards by contacting the ACD using the address or telephone number above. 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 working day at the offices of the ACD.</p>