



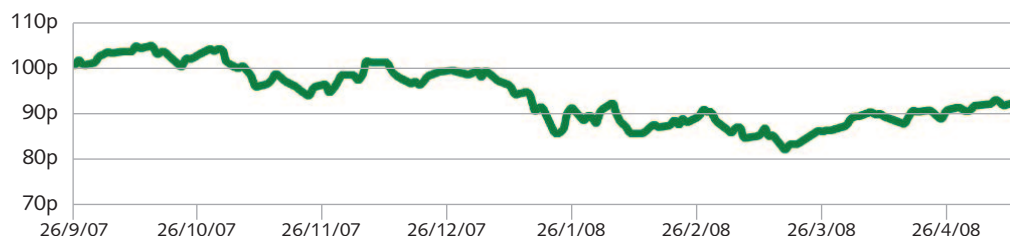
## The Munro Fund

Fact Sheet 10: May 2008

### Fund Manager's Comment

Dividend cuts and rights issues from two banks have reduced the forecast of total dividend income for companies in the FTSE 350 for 2009 by just over 1% to £70.6 billion. As the model portfolio is constructed using forecasts for 2009 the fact that some banks are paying 2008 dividends in scrip does not affect the calculations. The biggest changes to the model portfolio are a reduction in the weight for Royal Bank of Scotland by 1.13% to 4.12% and HBOS of 0.9% to 1.83%. Against the trend for banks, forecasts for HSBC have increased, taking its weight up by 0.2% to 8.9%. Analysts have cut their forecasts of dividends for DSGI reducing the model weights by 0.04% to 0.1%. Dividend forecasts for resource stocks BP, Shell, Rio Tinto and BHP Billiton have all increased leading to increased weights for them. A position was taken in Eurasian Natural Resources for the first time after its accession to the FTSE 350 index. Scottish & Newcastle has now been taken over and the restructuring of Cadbury Schweppes into Cadbury and Dr Pepper led the fund to sell its holding in US listed Dr Pepper. The fund will be gradually realigned to the new model portfolio over time using fund flows.

### Munro X Acc Prices



### Investment Objective

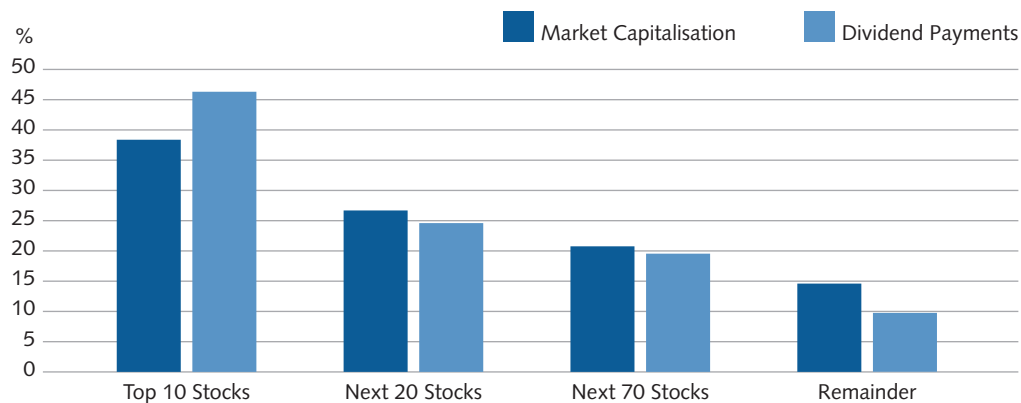
To provide a core, long term, UK equity market investment vehicle at low cost and low maintenance that will outperform a relevant tracker fund.

### Why choose this Fund?

This fund combines the best attributes of a tracker fund and an active fund, but with less risk. Because it will hold most of the companies that make up the FTSE 350 index when fully invested it will have a lower risk relative to more concentrated funds. This also helps to capture most of the returns. As the portfolio is calculated using a defined systematic investment process it removes individual bias from stock selection. It also means the process will be the same in ten years time irrespective of who is managing it. Monthly rebalancing ensures the model portfolio always incorporates the latest forecasts.

### Income Relative to Size

#### Structure of FTSE 350 by Market Capitalisation and by Total Dividend Payout



## Top 50 Holdings

Company	Holding	Company	Holding
HSBC Holdings Plc	8.53%	Carnival Plc	0.83%
BP Plc	7.87%	BG Group Plc	0.81%
Vodafone Group Plc	6.25%	BAE Systems Plc	0.81%
Royal Bank of Scotland Group	4.94%	Prudential Plc	0.78%
Royal Dutch Shell Plc-A Shs	4.17%	Reckitt Benckiser Group Plc	0.77%
GlaxoSmithKline Plc	3.77%	SABMiller Plc	0.72%
Royal Dutch Shell Plc-B Shs	3.42%	Centrica Plc	0.68%
Barclays Plc	3.25%	United Utilities Plc	0.66%
BHP Billiton Plc	3.20%	Xstrata Plc	0.59%
British American Tobacco Plc	2.95%	Legal & General Group Plc	0.58%
Lloyds TSB Group Plc	2.80%	Old Mutual Plc	0.51%
HBOS Plc	2.64%	Man Group Plc	0.49%
Rio Tinto Plc	2.07%	Land Securities Group Plc	0.46%
AstraZeneca Plc	2.02%	Marks & Spencer Group Plc	0.46%
Unilever Plc	1.60%	British Sky Broadcasting Gro	0.46%
Tesco Plc	1.59%	Eurasian Natural Resources	0.45%
Diageo Plc	1.48%	Pearson Plc	0.42%
BT Group Plc	1.46%	Standard Life Plc	0.40%
Anglo American Plc	1.43%	Reed Elsevier Plc	0.38%
Aviva Plc	1.42%	Compass Group Plc	0.36%
National Grid Plc	1.34%	Kingfisher Plc	0.36%
Standard Chartered Plc	1.20%	Cadbury Plc	0.36%
British Energy Group Plc	1.03%	Royal & Sun Alliance Ins Grp	0.35%
Imperial Tobacco Group Plc	0.98%	Drax Group Plc	0.35%
Scottish & Southern Energy	0.88%	Rolls-Royce Group Plc	0.34%

Fund Size: £982,007 Number of holdings: 81

## Prices per Unit at 14th May

	Unit	Price	Yield	Sedol
Retail	Accumulation	88.62p	n/a	B1Z8MD2
	Income	88.60p	2.28%	B1Z8LY6
Institutional	Accumulation	106.36p	n/a	B1Z8LD5
	Income	100.00p	n/a	B1Z8MB0
Direct	Accumulation	91.73p	n/a	B1Z8LM4
	Income	91.73p	2.28%	B1Z8L91

## Key Information

The fund is a UK authorised Open Ended Investment Company (OEIC) with single pricing on a forward basis at 12:00. The authorised corporate director is Smith & Williamson Fund Administration, 25 Moorgate, London, EC2R 6AY, 020 7131 4223, [www.smith.williamson.co.uk](http://www.smith.williamson.co.uk). The custodian is Bank of New York.

The investment manager is Fundamental Tracker Investment Management Limited, Suite J, Exchange House, 50 Drymen Road, Bearsden, Glasgow G61 2RH. Tel: 0141 931 7645 Email: [robert.davies@fundamentaltracker.com](mailto:robert.davies@fundamentaltracker.com)

## Distribution Allocation Dates

Finals May 31st, Interims September 30th.

## Prospectus

A simplified and a full Prospectus are available. They can be downloaded from the website.

## Website

[www.themunrofund.com](http://www.themunrofund.com)

## IMA Category

UK All Companies

## Rebalancing Date

Tenth day of the month or the next business day after.

## Telephone Dealing Number

020 7131 4223