



**Fund Objective**

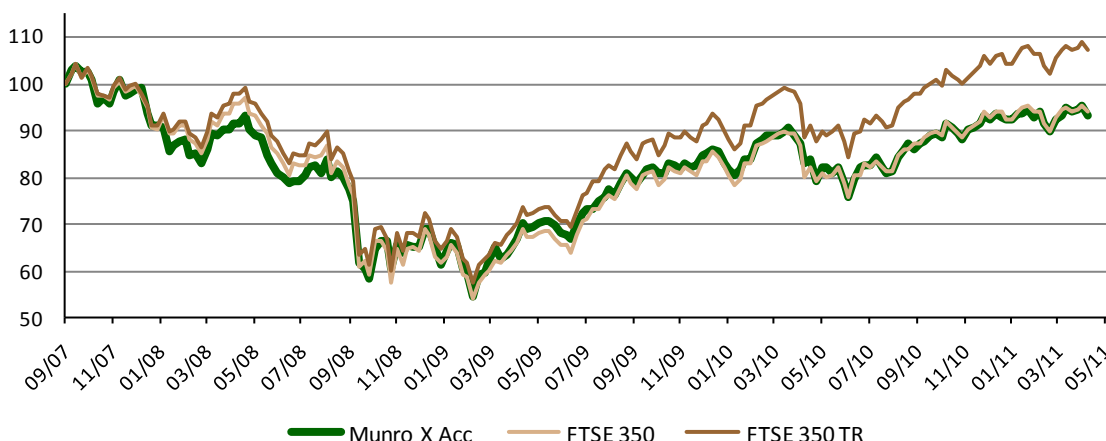
The Munro Fund seeks to deliver the total return of the FTSE 350 index at lower risk through its unique asset allocation process that uses forecast gross cash dividends to construct the portfolio.

**Fund Manager's Comment**

A 1.7% fall in the dollar over the month was the main driver in reducing the forecast dividend payout for the FTSE 350 by 0.64% to £72.7 billion. The biggest impact was seen in the dollar earners like BP and BHP Billiton. In addition dividend forecasts for the banks were trimmed back after they updated the market on trading conditions. Increases to forecasts were few and not large in the overall context but were seen at BT, Henderson, Fresnillo, Centrica, Legal and General, Old Mutual, National Grid, Prudential and Resolution. The model now uses forecasts for Tesco for the year to end February 2012 after it reported results.

Melrose, Shire and Croda were added to the portfolio during the month. The market continued to trade in a narrow range but the fund was able to take advantage of what volatility there was to maintain the model weights. Although sentiment towards value shares has improved over the last few months they are still out of favour as the graph of relative performance demonstrates.

**Munro X Acc Prices**



**Returns**

	Since Launch	3 Year	2 Year	1 Year	6 Month	3 Month
Munro X Acc	-6.2%	2.4%	33.3%	13.0%	1.9%	-0.8%
FTSE 350 Index	-5.8%	-2.2%	35.5%	17.2%	1.9%	-1.5%
FTSE 350 TR Index	7.5%	9.2%	44.8%	20.7%	3.5%	-0.6%

**Tracking Error**

**3.81%**

A measure of how closely a portfolio follows the index. It measures the standard deviation of the difference between the portfolio and index returns over one year and can be viewed as a measure of risk.

**Excess Return**

**-7.71**

The return on the fund minus the return on the benchmark. The higher the excess return the more the fund has outperformed the index. N.B. This measure takes no account of risk.

**Information Ratio**

**-1.05**

The excess return divided by the tracking error. A measure of risk adjusted performance which gives the average performance per unit of volatility against the benchmark. The higher the ratio, the higher the return of the fund for the risk taken.

**Beta**

**0.90**

A measure of a fund's volatility relative to that of its benchmark. Beta is the percent change in the price of the fund given a 1% change in the benchmark. This reveals if the fund moves in line with the benchmark with a beta of 1 indicating perfect alignment. It can also be used as a measure of risk: the higher the beta, the higher the risk.

**Alpha**

**-0.12**

The mathematical estimate of the return on a fund when the return on the benchmark is zero.

**Yield**

**2.4%**

Based on dividends paid and income received to date for future pay-out.

Source: Bloomberg and FTIM as at 09/05/11.

**Disclaimer:**

- The value of your shares and the income from them can go down as well as up and you may get back less than you invested.
- Past performance is not a guide to the future.

## Top 30 Holdings

Company	Holding	Company	Holding
HSBC Holdings Plc	7.94%	Unilever Plc	1.61%
Vodafone Group Plc	6.95%	Barclays Plc	1.56%
Royal Dutch Shell Plc-A Shs	5.34%	Imperial Tobacco Group Plc	1.55%
BP Plc	5.19%	Reckitt Benckiser Group Plc	1.30%
BHP Billiton Plc	4.49%	Scottish & Southern Energy	1.20%
GlaxoSmithKline Plc	4.46%	Centrica Plc	1.18%
Royal Dutch Shell Plc-B Shs	4.18%	Aviva Plc	1.16%
British American Tobacco Plc	3.76%	SABMiller Plc	1.13%
AstraZeneca Plc	3.46%	Anglo American Plc	1.10%
Rio Tinto Plc	2.18%	BT Group Plc	1.04%
National Grid Plc	2.00%	Prudential Plc	0.92%
Lloyds Banking Group Plc	1.92%	BAE Systems Plc	0.92%
Tesco Plc	1.89%	Carnival Plc	0.91%
Diageo Plc	1.70%	Xstrata Plc	0.87%
Standard Chartered Plc	1.64%	International Power Plc	0.80%

Fund Size: £2,274,355

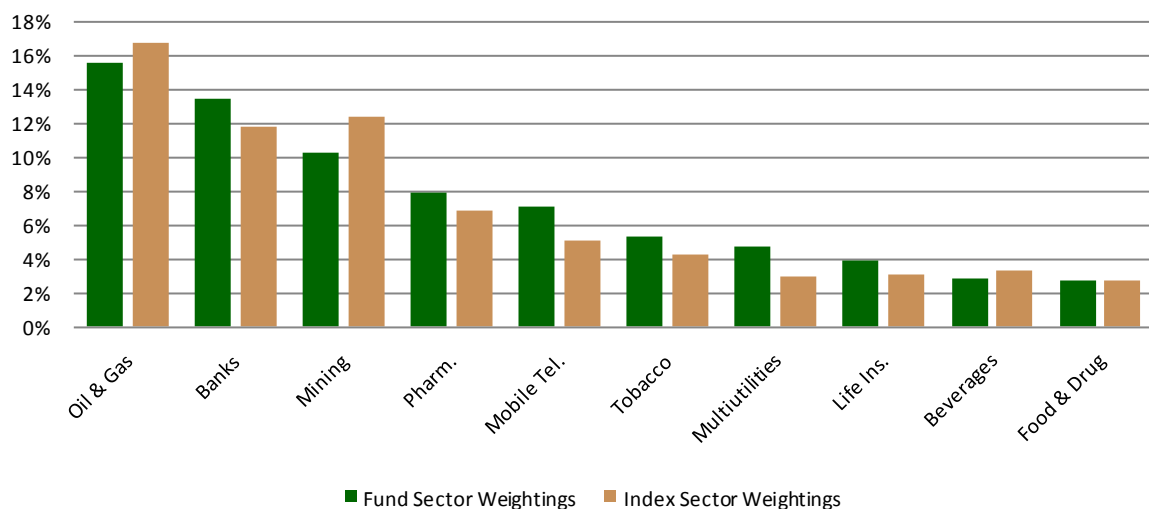
Number of Holdings: 135

## Dividends

	A Class Income	X Class Income
2009 Interim Dividend	1.303p	1.343p
2010 Final Dividend	0.807p	0.833p
2010 Interim Dividend	1.223p	1.250p

## Sector Weightings

### Top 10 Sector Weightings



## Sector

IMA Sector	UK All Companies
Benchmark	FTSE 350 Total Return Index

## Website

Fund Website	<a href="http://www.themunrofund.com">www.themunrofund.com</a>
Prices	<a href="http://www.themunrofund.com/0603_prices.html">www.themunrofund.com/0603_prices.html</a>

## Dealing

Please call: 020 7131 4223

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