



SF FUNDAMENTALS

A return to Fundamentals



Fundamentals aims to take advantage of this unique opportunity.

SF Fundamentals is an Open Ended Investment Company (OEIC) which is a company set up to invest money on behalf of its shareholders. An OEIC is very similar to a Unit Trust except rather than buying units in a fund you buy shares in a company.

SF Fundamentals is an exciting investment opportunity enabling you to benefit from a portfolio of high quality global blue chip companies.

With the global economic outlook set to remain challenging, those companies with strong fundamental characteristics should be the long term winners.

The shares and corporate debt issues of many high quality companies are now priced for a prolonged and deep recession, verging on a depression. If this can be avoided then long-term investors face a potential opportunity to benefit from this excessive pessimism; SF

Where will SF Fundamentals invest?

SF Fundamentals invests in a broad portfolio of shares and corporate bonds of predominantly large, blue chip multi-national companies.

Corporate bonds offer highly attractive returns

In a world where returns on cash have plummeted and government bond yields have spiked higher, corporate debt is offering some highly attractive returns for those willing to take more risk with their cash.

Investment grade corporate bonds continue to trade at extremely low valuations that imply companies will default on their interest payments as heavily as they did during the Great Depression of the 1930s. While many companies unfortunately present above acceptable levels of risk there are also a large number of highly attractive opportunities.

Please remember that investing in funds should be viewed as a medium to long term investment and the value and income from your investment can go down as well as up.

Income is key

The oil tycoon John D. Rockefeller once said that the only thing that gave him pleasure was to see his dividends coming in. Leading stock market analysts agree that over the long term dividends are the key driver of returns on shares and the longer one holds shares the more important dividends become.

SF Fundamentals will largely focus on investing in those large companies that have a proven

track record of maintaining and increasing their dividend payout.

The Fund seeks to balance out risk factors by maintaining a broadly-diversified portfolio. It's highest weighting will be in larger companies with strong cash flows.

Full transparency of your investment

The recent banking scandal had its origin in the willingness of banks to lend recklessly and the intricate web of opaque companies subsequently created into which the banks' poor loans were hidden.

We recognise that it is important for investors to know how and where their money is invested and therefore SF Fundamentals



provides via regular communication full details of its portfolio of investments to investors. Lehman Brothers for 4 years where he provided the structure of research product to add to their rigorous database and RoCE analysis and where his team maintained a Pan European top 3 rating. Mark is currently a consultant to Edison Investment Research Ltd.

Our senior management team

Christopher Boxall qualified as a Chartered Accountant in 1989. He was formerly with Deloitte & Touche and more recently at Washington Financial Group where he was a key member of the investment management team of the Washington US Fund, a successful equity fund. Since 2004 Chris has been joint Chief Executive of Fundamental Asset Management Ltd.

Stephen Drabwell was formerly with UBS as a sales trader on the portfolio trading desk and subsequently at Washington Financial Group where he was senior trader and a key member of the management team of the Washington US Fund. Since 2004 Stephen has been joint Chief Executive of Fundamental Asset Management Ltd.

Mark Dichlian is a highly experienced equity analyst. He was formerly with BZW (8 years) where he covered all corners of

How to invest in SF Fundamentals

Buying shares in SF Fundamentals is simple and straightforward. You can invest a lump sum and then make additional payments as and when you want. Alternatively you can invest an initial amount then make regular monthly contributions. The minimum initial lump sum investment is £1,000 and if you then wish to make regular contributions the minimum investment is just £100 per month. Shares in the Fund can be held in an ISA, SIPP or included in a non-stakeholder CTF account.

Regular monthly investing made easy

Regular investing requires a disciplined approach, along with a

commitment to continue contributions during periods of market decline. But, for those investors willing to stay the course, this strategy has the potential to provide sustained growth over time.

Regular investing allows you to benefit from the changes in the share price. If the share price falls, you will buy more shares and if it rises you will buy fewer shares. Over the long term, this smooths out your investment to even out the highs and lows. This is known as 'pound cost averaging'.

What you should consider before you invest.

However you choose to invest, you will want to make sure the Fund is right for you and that it fits in with your investment objectives. SF Fundamentals is intended as a medium to long-term investment. The value and the income from it can go down as well as up, especially over the short-term when initial charges and market volatility can make a greater impact.

The Simplified Prospectus of the SF Fundamentals is included in this

brochure. You should read it before you invest as it includes the important details you need to know about investing in the Fund, including the risks involved.

Any questions?

Sharefunds and Fundamental Asset Management Ltd are unable to advise on whether or not SF Fundamentals is right for you, so if you are in doubt we would recommend that you speak to an independent financial adviser.

If you've any questions about completing your application, making regular savings, or other similar topics, please call Fundamental Asset Management Ltd on 0845 075 0132/3.



Simplified Prospectus of The SF Fundamentals ICVC

The Financial Services Authority is the independent financial services regulator. It requires us, Sharefunds Limited, to give you this important information to help you to decide whether our SF Fundamentals ICVC is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.



The SF Fundamentals ICVC (“the Fund”) is an Open Ended Investment Company (OEIC) which complies with UCITS regulations. Any references to “the Fund” in this document refer to the SF Fundamentals ICVC.

A description of the Fund and other important information

The Aim of the Fund

The investment objective of the Fund is to achieve a reasonable level of income, together with capital growth. The Fund intends to invest primarily in companies listed in the UK, focusing on companies that in the opinion of the Investment Manager, demonstrate strong cash flows diversified across a number of sectors.

The Fund’s highest weighting will be in UK large cap companies, with market capitalisations generally greater than £1.5 billion at the time of investment. The Fund’s investments may also include warrants, collective investment schemes, deposits and other permitted investments and transactions.

To hedge out sector exposure (*e.g.* due to fluctuations in oil and gas

prices) and to manage volatility, the Fund may also invest in exchange traded commodity securities (ETCs) and other transferable securities with an embedded derivative component to create synthetic short positions in specific indices, including energy market indices.

In pursuing the investment objective and policy, the assets of the Fund will be invested so as to comply with the investment and borrowing powers and restrictions set out in the Regulations, the Instrument of Incorporation, and the Prospectus.

Your investment

Your money buys shares in the Fund at the calculated price. As the value of the Fund rises so the value of your shares rises too. The value of shares can also fall and, as a result, you could get back less than you originally invested.

Sharefunds Limited acts as the Authorised Corporate Director ('the ACD') for the Fund.

The Share Centre Limited acts as the administrator for the Fund along with providing stockbroking services for retail clients. You can open an account with The Share Centre to buy shares in the Fund.

Fundamental Asset Management Limited acts as the Investment Adviser and promoter of the fund as well as providing Investment Management Services.

The Fund was created on 9th June 2009. The Fund is authorised and incorporated in the United Kingdom.

What is the tax position of the Fund?

The Fund is exempt from UK tax on Capital Gains but is liable to Corporation Tax at the lower rate of income tax (20%) on its income, other than dividends from UK Companies, less its expenses of management.

Although Stamp Duty will not be applied on your investment, the Fund may have to make a monthly Stamp Duty Reserve Tax payment to HM Revenue & Customs depending on the transactions in the Fund. This will be paid from the Fund property.

What is the Income Tax position on dividends I receive?

Because dividends will have an associated tax credit, basic rate tax payers will have no further liability to income tax; higher rate tax payers may have a further income tax liability; non-taxpayers cannot reclaim the tax credit. If you hold your shares in a Share Account with The Share Centre, dividends paid will be included in the annual Composite Tax Certificate provided to you after 5th April.

Please remember, the bases and levels of taxation relating to the Fund, or to your chosen investment instrument (e.g. an ISA) may change and can depend on your individual circumstances.

Will my shares be liable for Capital Gains Tax ('CGT')?

Gains within the Fund itself are not liable for CGT. However, when you sell your shares any gain may give rise to a CGT liability in the normal way.

If you are unclear about which tax regime applies to yourself you should seek professional advice before making an investment.

Profile of a Typical Investor

The Fund is available to a wide range of investors seeking access to a portfolio managed in accordance with the Fund's specific investment objective and policy. Investors are advised to consult an appropriately qualified financial adviser in respect of any investment decision.

What risk factors should I bear in mind?

Many things could happen to affect the value of your investment, for instance:

- the Fund is newly formed. There can be no assurance that the Fund will achieve its investment objective;

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- the investment growth may be lower than expected;
- the Fund's charges may be higher than assumed;
- the tax treatment of the Fund, or of the investment instrument in which the shares are held (e.g. an ISA) may change;
- due to market fluctuations the value of the investments and the income from them can fall as well as rise and, particularly in the short-term, you may get back less than your original investment;
- the income from your investments cannot be guaranteed. The ACD may operate 'income smoothing' to try to alleviate large differences between the interim and final dividend paid to you;
- the Fund is intended to be a medium to long-term investment. In the short-term, any initial charge can have a higher impact on the overall value of your investment;
- the Fund does not guarantee returns and you may not get any money back, including your initial investment;
- please note that past performance should not be seen as a reliable indication of future performance and should only be used as part of your considerations before investing;
- the value of your investment can fall as well as rise due to factors such as other investors cancelling shares and charges being higher than assumed;
- the values, in Pounds Sterling terms, of investments that are not denominated in Pounds Sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of shares.

All risks associated with the Fund can be found in the full prospectus of SF Fundamentals ICVC.

Determining Risk

In forming its view of the overall risk of investments, the ACD classifies risk as follows:

“Low Risk”: The ACD classifies investments as Low Risk when they display a low volatility and offer medium to long term returns with a degree of certainty. A Low Risk classification does not indicate that any

given investment shall entail no risk, and investors' investments may still reduce in value. Cash funds and AAA rated Bond funds would generally be classified as Low Risk by the ACD.

“Medium Risk”: Funds classified as Medium Risk by the ACD would generally have risk profiles which are akin to a particular equity market as a whole. This category can be diverse and can include funds which invest in specific areas of a stock market, such as a smaller companies fund and funds which invest in the UK or overseas markets through investment trusts and collective investment schemes.

“Higher Risk”: Funds classified as Higher Risk by the ACD generally include those which the ACD considers to have a risk profile significantly more risky than an investment in a typical UK equity. Higher Risk funds will generally have substantial exposure to highly geared investments, including for example investments in derivatives, or to investments in markets or sectors which typically display high volatility, for example emerging markets.

Specific Risks

The Fund may invest in transferable securities with an embedded derivative component to create synthetic short positions in specific indices. Although the Fund is prohibited under the FSA Rules from taking actual short positions in securities or commodities comprised in an index, it can invest in transferable securities with an embedded derivative component that offer a “short” economic exposure to an index. Such securities will increase in value when the index declines and will decrease in value when the index increases.

Because the Fund has the ability to invest in overseas securities, its performance may be adversely affected if Sterling strengthens against other currencies.

The ACD views the overall risk attached to Fund as a Medium Risk (as defined above, see “Determining Risk”).

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The ACD views an investment in the Fund as being most suited to an investor seeking a medium to long term investment which is likely to be held by the investor for at least 5 years.

Performance History

There is currently no performance history available for the Fund. When the Fund has been in operation for a period of at least one year, performance information will become available.

How will I know the price of shares at any time?

The price of the shares in the Fund will be shown on the Sharefunds website (www.sharefunds.com) and is also available by calling The Share Centre on 01296 41 42 43. Remember, there is just one single price that applies to both buying and selling shares in the Fund.

How is the price of shares calculated?

The share price is calculated at noon each business day and is applied on a 'forward price' basis. Buy or sell orders received before noon will be dealt at the calculated price for that day; orders received after noon will be dealt at the price calculated on the next business day.

How do I buy shares?

Complete the application form enclosed with this brochure and return to The Share Centre at the address shown on the form together with a cheque made payable to The Share Centre Ltd.

An Initial Fee of 5% is payable on purchases of the Fund.

Will I receive a share certificate?

Shares in the Fund are held either through an account with the administrator of the Fund, The Share Centre (in which case they are held for you in the name of Share Nominees Limited) or through another stockbroker. Share certificates will not be issued but you will receive a Contract Note setting out full details of your transaction.

How do I sell shares and receive sale proceeds?

You can withdraw money by selling some, or all, of your shareholding at any time. If you are selling only some of your shares, the value of the remaining shares should be above £1000.

You can send your sale instructions to The Share Centre by post, telephone or fax. Shares will be sold at the price determined at the next valuation point following receipt of your sale instruction. You will then receive the net sale proceeds, after deduction of any dealing costs.

How is income distributed?

The SF Fundamentals Fund only issues Accumulation shares and therefore no income is distributed by this Fund.

How am I kept in touch about the performance of the Fund?

Every year you will be sent the summary annual and half-year report detailing the Fund performance and information about the underlying investments. A full annual and half year report are available, free of charge, on request.

What are the charges?

There is an initial fee of 5% payable whenever you purchase shares in the Fund, and an annual management charge of 1.5% deducted from the Fund on a quarterly basis.

These charges cover the setting up of your investment and the ongoing administration and professional management of the Fund. Any change to the level of these charges will only be made after shareholders have been given at least 60 days' notice, in writing.

A dilution charge may be made on either the purchase or sale of shares. It is envisaged this will only apply to sales in excess of £50,000 or 2.5% of the Fund value, whichever is the smaller; however the ACD does reserve the right to levy such a charge on any or all deals where this is deemed to be in the interest of shareholders.

All other costs, such as dealing commission, custody fees, audit costs, registration fees and depositary expenses are borne by the Fund and are deducted from income in respect of the Fund. Details of fees and charges incurred by the Fund are shown in the full annual report.

Where the Fund's shares are held in an Account with The Share Centre, the normal tariff for that Account will apply except that the half-yearly administration fee payable on individual stocks held in a Share Account will be waived for shares in the Fund.

What is the total expense ratio of the Fund?

The Total Expense Ratio (TER) for a fund size of £5 million is 2.74%.

The TER shows the annual operating expenses of the Fund – it does not include transaction expenses. All European funds highlight the TER to help you compare the annual operating expenses of different schemes.

How will charges and expenses affect my investment?

The tables below show the effect of charges on a lump sum investment of £1,000 and a regular monthly contribution of £100 per month in the Fund. They assume a growth rate of 6% per annum for investing directly in the Fund and 7% for investing via a tax efficient wrapper such as an ISA.

At the end of year	Investment to date		Effect of deductions to date		What you might get back at 6% growth	
	Lump Sum	Monthly Saver	Lump Sum	Monthly Saver	Lump Sum	Monthly Saver
1	£1000	£1,200	£85	£89	£972	£1,149
3	£1000	£3,600	£132	£328	£1044	£3,601
5	£1000	£6,000	£173	£648	£1130	£6,281
10	£1000	£12,000	£282	£1,625	£1391	£14,355

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £282 (Lump Sum Investment) or £1,625 (monthly saver).

Putting it another way if the growth rate were to be 6% a year, which is in no way guaranteed, this would have the same effect as reducing the investment growth from 6% a year down to 3.3% a year (lump sum investment) or 3.3% per year (monthly saver).

At the end of year	Investment to date		Effect of deductions to date		What you might get back at 7% growth	
	Lump Sum	Monthly Saver	Lump Sum	Monthly Saver	Lump Sum	Monthly Saver
1	£1,000	£1,200	£85	£101	£982	£1,144
3	£1,000	£3,600	£133	£356	£1,074	£3,629
5	£1,000	£6,000	£177	£689	£1,184	£6,407
10	£1,000	£12,000	£294	£1,947	£1,526	£14,838

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £294 (Lump Sum Investment) or £1,947 (monthly saver).

Putting it another way if the growth rate were to be 7% a year, which is in no way guaranteed, this would have the same effect as reducing the investment growth from 7% a year down to 4.3% a year (lump sum investment) or 4.2% per year (monthly saver).

Please note that The Share Centre's dealing and account costs are not included in these figures

How much will advice cost?

To ensure there are no conflicts of interest The Share Centre does not, at present, provide advice in respect of The SF Fundamentals Fund and so makes no charge.

If in doubt as to whether SF Fundamentals is suitable for you, you should seek independent financial advice. When you invest through a third-party, such as an independent financial adviser there may be a

cost; your adviser will give you details about the cost. The amount may depend on the amount of the investment.

What if I change my mind?

If, having invested in shares in the Fund, you change your mind you will need to sell those shares in the normal way. Cancellation rights, otherwise known as a 'cooling off' period, do not apply to shares in the Fund.

What if I have a complaint?

If you have a complaint you can contact The Share Centre by any means including letter, telephone or e-mail.

If we are unable to resolve your complaint to your complete satisfaction, you may be entitled to refer it to the Financial Ombudsman Service, the independent complaints body for the financial services industry. Their contact details are:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 0845 080 1800
Email: enquiries@financial-ombudsman.org.uk
Web: www.financial-ombudsman.org.uk

The Financial Ombudsman is unable to consider your complaint until we have completed our investigation and given you a final response.

We have made our complaints procedure simple to follow, so that you should not have to use a solicitor or seek professional help. If you choose to do this, you will be responsible for the costs.

A copy of our full complaints handling procedure is available on request.

What happens if the Fund or The Share Centre can't meet their liabilities?

Both The Share Centre Limited and Sharefunds Limited participate in the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if either company cannot meet its obligations. This will depend on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. This limit increases to 100% of the first £50,000 from 1st January 2010. Further information about the compensation arrangements is available from the FSCS at www.fscs.org and their telephone number is 020 7892 7300

Enquiries

If you have any queries or require additional information please contact The Share Centre's Customer Service team on 01296 41 41 41.

If you would like a copy of the full prospectus, annual or half yearly report please contact the ACD. These can be provided free of charge at any time.

The Authorised Corporate Director of the Fund is:

Sharefunds Limited

Oxford House, Aylesbury, Bucks, HP21 8SZ.

Tel: 0800 800 008, E-Mail: info@sharefunds.com

The Investment Manager and Promoter of the Fund is:

Fundamental Asset Management Limited

Langwood House, 63-81 High Street, Rickmansworth, Herts, WD3 1EQ.

The Depositary of the Fund is:

BNY Mellon Trust & Depositary plc,

160 Queen Victoria Street, London, EC4V4LA.

The Auditor of the Fund is:

Deloitte LLP

3 Rivergate, Temple Quay, Bristol, BS1 6GD

The Fund is authorised by the Financial Services Authority

25 The North Colonnade, Canary Wharf, London, E14 5HS.

This Simplified Prospectus was issued on 9th June 2009.

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