



Simplified Prospectus of The SF Fundamental Energy 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 Fundamental Energy 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 Fundamental Energy 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 Fundamental Energy ICVC.

The Aim of the Fund

The investment objective of the Fund is to achieve capital appreciation and a low level of income of approximately 1.5% to 2% per annum predominantly through investment in equity securities quoted on UK, US and European markets.

It is the Fund’s investment policy to focus on investment in companies that the Investment Manager anticipates will be key beneficiaries of a drive for energy around the world. The Fund may have exposure to any or all of the following core energy industry sectors:

- Oil and gas producers
- Oil and gas equipment and services;
- Industrial Engineering;
- Transportation;
- Agriculture;
- Commercial Services;
- Electronics;
- Renewable energy and
- Utilities

The Fund’s highest weighting will be in UK and US large cap companies, with market capitalisations generally greater than £1.5 billion or above at the time of investment. The Fund’s investments may also include companies quoted on AIM (the London Stock Exchange’s secondary market), warrants, collective investment schemes and deposits.

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 this 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.

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.

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.

What risk factors should I bear in mind?

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

- There can be no assurance that the Fund will achieve its investment objective;
- 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 as a result 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 the SF Fundamental Energy 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 the Fund as Medium to Higher Risk (as defined above, see “Determining Risk”).

Performance History

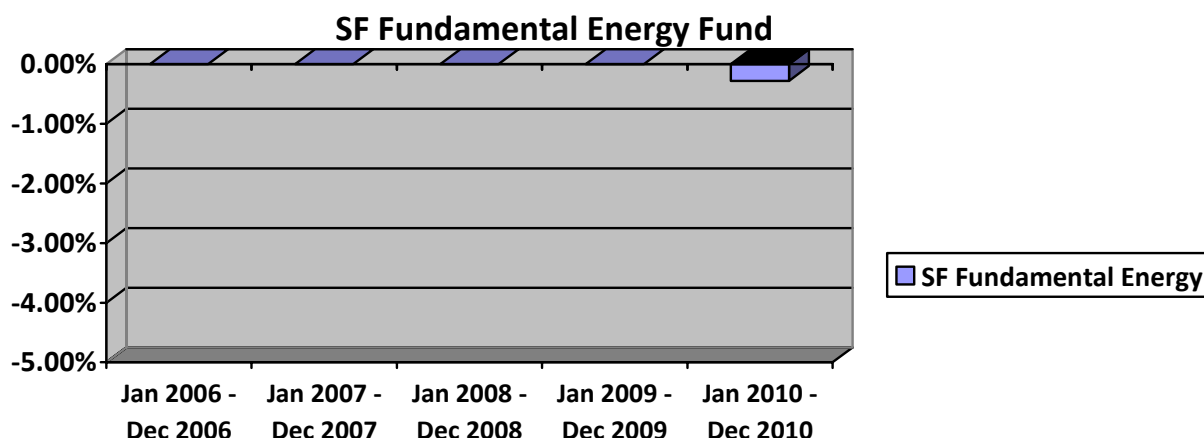
Figures shown are on a single priced basis including income re-invested and charges levied on the Fund except any initial or redemption charge which may apply. Past Performance is not a reliable indication of future performance. Please note that the information is up to date as of 31st January 2011.

Please note that the performance data detailed relates to the previous investment objective where the Fund invested in a higher proportion of corporate bonds and income yielding equities. Also, as the Fund was only launched in September 2009 it is not possible to provide any earlier performance data.

Since its launch in September 2009, the fund has achieved cumulative performance of -2.36%



The graph below shows the discrete annual performance of the Fund from 1st January 2010 to 31st December 2010.



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 Fundamental Energy 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 actual Total Expense Ratio (TER) for the fund will be calculated at the end of each fiscal year starting in December 2010. 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.

What is the Portfolio Turnover Rate of the Fund?

The Portfolio Turnover Rate for the year to 31st December 2010 was 30.30%. The Portfolio Turnover Rate is calculated by the following formula:

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

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 Fundamental Energy 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 scheme if either company cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £50,000. Further information about the compensation scheme arrangements is available on request from the FSCS at: www.fscs.org.uk, telephone number: 0207 892 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 in March 2011.

Fundamental Asset Management Ltd

(Authorised and regulated by the FSA)

Langwood House,

63-81 High Street.

Rickmansworth, Herts WD3 4DZ UK

Tel: +44(0)845 075 0130

www.fundamentalasset.com

enquiries@fundamentalasset.com

