

S&W Matterley Investment Funds (the “Company”)

S&W Matterley Undervalued Returns Fund (the “Fund”)

SIMPLIFIED PROSPECTUS

12 August 2008

This simplified prospectus contains key information in relation to the Company and the Fund. The Company is an open-ended investment company with variable capital (ICVC) incorporated in England and Wales with registration number IC000694 and authorised by the Financial Services Authority (FSA) with effect from 7 August 2008. The Company has been established as a Non-UCITS retail scheme which complies with the Collective Investment Schemes Sourcebook (COLL Sourcebook) and also as an umbrella company (under the Open-Ended Investment Companies Regulations 2001) and therefore different sub-funds may be formed by Smith & Williamson Fund Administration Limited, the Authorised Corporate Director of the Company (ACD), subject to approval from the FSA.

The Fund	<p>The Fund was created on and authorised in the United Kingdom by the Financial Services Authority on 7 August 2008.</p> <p>The Company currently has one Fund, the S&W Matterley Undervalued Returns Fund. This simplified prospectus is prepared in respect of the Company and the Fund.</p> <p>There are two classes of Shares available, Retail and Institutional Accumulation Shares. Further Share classes may be available in due course as the Authorised Corporate Director (ACD) shall decide.</p> <p>Potential investors are advised to read the latest full Prospectus before making an investment decision. The rights and duties of the investor 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>
What is the investment objective of the Fund?	<p>The investment objective of the Fund is to achieve long-term capital growth.</p>
Is there a performance benchmark for the Fund?	<p>No</p>
What is the Fund’s investment policy?	<p>The Fund aims to invest in the securities of UK companies either directly or indirectly via derivatives. The Fund may also invest in other transferable securities, units or Shares in collective investment schemes, money market instruments, deposits, cash, near cash and derivatives and forward transactions.</p>
What is the risk profile of the Fund?	<p>Investors should note that details of the risk factors are set out in full in the Prospectus.</p> <p>The following risk factors apply to the Fund:</p> <p><i>Market Fluctuations</i></p> <p>The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of any Fund will actually be achieved and no warranty or representation is given to this effect.</p>

Effect of initial charge or redemption charge

Where an initial charge or redemption charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. The Shares therefore should be viewed as medium to long term investments.

Dilution levy and SDRT provision

Investors should note that in certain circumstances a dilution levy may be charged in addition to the price payable on the purchase or redemption of their Shares or a provision for SDRT may be charged on the purchase, redemption or transfer of Shares. Where a dilution levy is not applied, the Fund in question may incur dilution which may constrain capital growth.

Charges to Capital

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee and other expenses may be charged against capital instead of against income. Currently the Fund does not charge any fees or expenses against capital.

Suspension of dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended.

Pricing and liquidity

Where a Fund has exposure to alternative asset classes there is a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to a lack of liquidity in the relevant market. As a result, at times, the ACD may have to delay acting on instructions to sell investments, and the proceeds on redemption may be materially less than the value implied by the Fund's price.

Liabilities of the Company

Although each Fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, in the unlikely event that its assets are not sufficient to meet these the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Funds of the Company in a manner which it believes is fair to the Shareholders generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant Funds. If there is any such re-allocation the ACD will advise Shareholders of it in the next succeeding annual or half yearly report to Shareholders.

Notwithstanding the above, however, Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

Currency exchange rates

Currency fluctuations may adversely affect the value of a Fund's investments and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

	<p><i>Smaller Companies</i></p> <p>Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.</p> <p><i>Sub investment grade bonds</i></p> <p>The Funds may hold sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.</p> <p><i>Overseas bonds and currencies</i></p> <p>From time to time, a Fund may invest in overseas bonds and currencies. These markets may respond to different influences to those that affect the underlying funds and accordingly carry a higher degree of risk.</p> <p><i>Derivatives and volatility</i></p> <p>Derivatives will be used in the Funds for the purposes of investment. Where the ACD invests in derivatives and forward transactions in the pursuit of a Fund's objectives, the net asset value of that Fund may at times be volatile (in the absence of compensating investment techniques). However, it is the ACD's intention that the Fund will not have volatility over and above the general market volatility of the markets of the Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. It is not the ACD's intention that the use of derivatives and forward transactions in the pursuit of a Fund's objective will cause its risk profile to change.</p>	
<p>What is expected to be the profile of the typical investor?</p>	<p>The S&W Matterley Undervalued Returns Fund is suitable for investment by all types of investor. Although the S&W Matterley Undervalued Returns Fund is available to all retail investors, its suitability for investors will depend on the investor's own requirements and their attitude to risk. Investors should be aware of and understand the risks associated with the Fund before investing; the risks associated with the S&W Matterley Undervalued Returns Fund is detailed under 'Risk Factors'. If you have any doubt as to whether the investment is suitable for you, please consult a financial adviser.</p>	
<p>What is the Fund's distribution policy?</p>	<p>Income will become part of the capital property of the Fund and will be reflected in the price of each such accumulation Share as at the end of the annual allocation date of 31 January and at the end of the interim allocation date of 31 May.</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 relevant Fund in respect of that period, and deducting the charges and expenses of the relevant 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 Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.</p>	
<p>What are the charges and expenses associated with an investment</p>	<p>Shareholders' Expenses</p> <p>Maximum Switching Fee (between Share Classes)</p>	<p>A holder of Shares may switch all of some of the existing Shares for Shares of another class of the Fund. On the switching of Shares of one class for Shares of another</p>

<p>in the Fund?</p>	<p>Redemption Fee</p> <p>Stamp Duty Reserve Tax (SRDT) Provision</p> <p>Dilution Levy</p> <p>ACD's Initial Charge</p> <p>(Payments Made From The Property Of The Fund)</p> <p>Annual Management Charge</p> <p>Depository Fee</p> <p>Audit Fee (estimated)</p> <p>FSA Fee (estimated)</p>	<p>class, the Instrument of Incorporation authorises the Fund 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 Fund to the ACD. The ACD may at its discretion charge this switching fee. Currently, no switching charge is levied.</p> <p>The ACD may make a charge on the redemption of Shares. At present no redemption charge is levied, but this may be introduced subject to prior written notice of 60 days' to the Shareholders.</p> <p>SDRT provision, if charged, will be added to the purchase price of Shares when they are bought or will be deducted from the sales proceeds on redemptions of Shares. It is not the ACD's intention to charge a SDRT 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 deal in the following circumstances: (a) A single deal which 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> <p>The ACD has the power to charge a dilution levy on sales and redemptions. The need to charge dilution levy depends on the volume of these transactions. The ACD may charge a discretionary levy in the following circumstances: (a) Where over a dealing period, the Fund has experienced a large net of sales or redemptions relative to their sizes; (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> <p>The ACD imposes a charge on the sale of Shares to investors which is based on the amount invested. The current charge is 5% per transaction.</p> <p>Retail Share class: 1.25%</p> <p>Institutional Share class: 0.75%</p> <p>The annual management charge is subject to a minimum payment of £33,000 per Fund, per annum for the first year from its launch and £38,000 per Fund, per annum thereafter.</p> <p>The current charge is 0.05% of the value of the Fund, subject to a minimum fee of £7,500 per annum, per Fund.</p> <p>The current charge is £6,000 per annum.</p> <p>The current charge is £500 per annum.</p> <p>They currently range from 0.0025% to 0.6% per annum.</p>
----------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Custody Fees Transaction Costs *For full details of other charges, please refer to the full Prospectus.	They currently range from £12.50 to £400 per transaction.																																
Total Expense Ratios and Portfolio Turnover Rates																																	
Fund	Portfolio Turnover Rate (%)*	Total Expense Ratio (%)*																															
S&W Matterley Undervalued Returns Fund	N/A	N/A																															
* S&W Matterley Undervalued Returns Fund is a new fund which has been in existence for less than one year. The Total Expense Ratio and Portfolio Turnover Rate will be included once the Fund has been in existence for more than one year.																																	
<p>Reduction in yield</p> <p>Illustration of the effect of charges on the Fund.</p> <p>The effect of charges on an investment of £5,000 in this particular 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 particular Fund. The approximate net distribution yield of the 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 is below the minimum investment for the Fund and is therefore a notional.</p> <table border="1" data-bbox="375 1151 1445 1406"> <thead> <tr> <th data-bbox="375 1151 576 1274">S&W Matterley Undervalued Returns Fund</th> <th data-bbox="576 1151 722 1274">At end of year</th> <th data-bbox="722 1151 890 1274">Investment to date £</th> <th data-bbox="890 1151 1043 1274">Income £</th> <th data-bbox="1043 1151 1227 1274">Effect of deduction to date £</th> <th data-bbox="1227 1151 1445 1274">What you might get back £</th> </tr> </thead> <tbody> <tr> <td></td> <td data-bbox="576 1274 722 1308" style="text-align: center;">1</td> <td data-bbox="722 1274 890 1308" style="text-align: center;">5,000</td> <td data-bbox="890 1274 1043 1308" style="text-align: center;">-</td> <td data-bbox="1043 1274 1227 1308" style="text-align: center;">358</td> <td data-bbox="1227 1274 1445 1308" style="text-align: center;">4,942</td> </tr> <tr> <td></td> <td data-bbox="576 1308 722 1341" style="text-align: center;">3</td> <td data-bbox="722 1308 890 1341" style="text-align: center;">5,000</td> <td data-bbox="890 1308 1043 1341" style="text-align: center;">-</td> <td data-bbox="1043 1308 1227 1341" style="text-align: center;">605</td> <td data-bbox="1227 1308 1445 1341" style="text-align: center;">5,351</td> </tr> <tr> <td></td> <td data-bbox="576 1341 722 1375" style="text-align: center;">5</td> <td data-bbox="722 1341 890 1375" style="text-align: center;">5,000</td> <td data-bbox="890 1341 1043 1375" style="text-align: center;">-</td> <td data-bbox="1043 1341 1227 1375" style="text-align: center;">899</td> <td data-bbox="1227 1341 1445 1375" style="text-align: center;">5,793</td> </tr> <tr> <td></td> <td data-bbox="576 1375 722 1406" style="text-align: center;">10</td> <td data-bbox="722 1375 890 1406" style="text-align: center;">5,000</td> <td data-bbox="890 1375 1043 1406" style="text-align: center;">-</td> <td data-bbox="1043 1375 1227 1406" style="text-align: center;">1,893</td> <td data-bbox="1227 1375 1445 1406" style="text-align: center;">7,065</td> </tr> </tbody> </table> <p>The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £1,893. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 4.75%.</p>				S&W Matterley Undervalued Returns Fund	At end of year	Investment to date £	Income £	Effect of deduction to date £	What you might get back £		1	5,000	-	358	4,942		3	5,000	-	605	5,351		5	5,000	-	899	5,793		10	5,000	-	1,893	7,065
S&W Matterley Undervalued Returns Fund	At end of year	Investment to date £	Income £	Effect of deduction to date £	What you might get back £																												
	1	5,000	-	358	4,942																												
	3	5,000	-	605	5,351																												
	5	5,000	-	899	5,793																												
	10	5,000	-	1,893	7,065																												
<p>Annual Performance Data will be provided when the Fund is older than one year.</p> <p>Past performance is not an indicator of future performance. Past performance does not include the effect of subscription and redemption fees.</p> <p>Note:</p> <p>If you have any doubt whether the Fund is suitable for you, please contact a financial adviser.</p>																																	
How is the Fund taxed?	The following summary is based on current United Kingdom (“UK”) law and Inland Revenue practice. It is intended to offer guidance to persons (other than dealers in securities) on the UK taxation of the Fund and its individual Shareholders. However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.																																

Bond funds and equity funds are taxed differently. A bond fund is a fund which invests more than 60% of its market value in qualifying investments which include money placed at interest and securities but do not include shares. All other funds are equity funds. The tax issues will depend on the investments held. Holdings of non UK collective investment schemes which have not been certified as distributing funds by the HM Revenue & Customs, may be taxed as income in the fund.

Equity funds – An equity fund is exempt from UK tax on capital gains but is liable to Corporation Tax at the rate of 20% on the excess of its income (excluding UK dividend income) over its expenses. An equity fund may be subject to foreign withholding tax although relief may be available.

Bond funds – Bond funds will be liable to UK Corporation Tax on income from debt, debt related securities and cash deposits and the total taxed under Schedule D Case III. It is not expected that the Corporation Tax charge will be significant. Capital gains (except insofar as treated as Schedule D Case III income gains) will be exempt from UK tax on chargeable gains.

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.

Further taxation may apply to Shareholders (depending on their own circumstances) and potential investors should consult with their professional advisers in relation to the tax treatment of their holding in the Fund.

Please see the Taxation section in the full Prospectus for further details.

<p>How do you buy/ sell Shares?</p>	<p>The dealing office of the Administrator is normally open from 9am to 5pm (London time) on each Dealing Day to receive requests by post or by telephone (for subsequent purchases only) on 0207 131 4951 for the purchase, sale and switching of Shares. The Administrator may vary these times with the consent of the ACD. The initial purchase must, at the discretion of the ACD, be accompanied by an application form and a cheque in all cases.</p> <p>No interest payment will be made on client money held by the ACD, prior to investment in the Funds, client money will be held in an account with Smith & Williamson Investment Management Limited.</p> <p>The minimum initial and subsequent investments and minimum holdings per Share class are showed in the following table.</p> <table border="1" data-bbox="375 566 1449 954"> <thead> <tr> <th data-bbox="375 566 794 640">Classes of Shares:</th> <th data-bbox="794 566 1094 640">Retail Class</th> <th data-bbox="1094 566 1449 640">Institutional Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 640 794 714">Type of Shares:</td> <td data-bbox="794 640 1094 714">Accumulation</td> <td data-bbox="1094 640 1449 714">Accumulation</td> </tr> <tr> <td data-bbox="375 714 794 788">Minimum initial investment:</td> <td data-bbox="794 714 1094 788">£1,000</td> <td data-bbox="1094 714 1449 788">£100,000</td> </tr> <tr> <td data-bbox="375 788 794 880">Minimum subsequent investment:</td> <td data-bbox="794 788 1094 880">£1,000</td> <td data-bbox="1094 788 1449 880">£25,000</td> </tr> <tr> <td data-bbox="375 880 794 954">Minimum holding:</td> <td data-bbox="794 880 1094 954">0</td> <td data-bbox="1094 880 1449 954">0</td> </tr> </tbody> </table> <p>If applicable, a holder of Shares in the Fund may at any time switch all or some of his Shares for Shares of another Fund. Investors should note that a switch of Shares in one Fund for Shares in another Fund is treated as a redemption and sale and is a disposal for UK tax purposes but an exchange of Shares for Shares of another class in the same Fund is not. Switching may be effected either by telephone on 020 7131 4951 or in writing to the ACD and the Shareholder may be required to complete a switching form. A switching Shareholder must be eligible to hold the Shares into which the switch is to be made. A Shareholder who switches Shares in one Fund for Shares in any other Fund has no right by law to withdraw from or cancel the transaction.</p>	Classes of Shares:	Retail Class	Institutional Class	Type of Shares:	Accumulation	Accumulation	Minimum initial investment:	£1,000	£100,000	Minimum subsequent investment:	£1,000	£25,000	Minimum holding:	0	0
Classes of Shares:	Retail Class	Institutional Class														
Type of Shares:	Accumulation	Accumulation														
Minimum initial investment:	£1,000	£100,000														
Minimum subsequent investment:	£1,000	£25,000														
Minimum holding:	0	0														
<p>What cancellation rights do I have?</p>	<p>Shareholders have a right to cancel their transaction within 14 calendar days of receipt of the contract note. If a Shareholder cancels his/her contract, he/she will receive a refund of the amount invested including the initial charge either in full or less a deduction to reflect any fall in Share price since you invested. This may result in a loss on that Shareholder's part. To exercise the right to cancel, Shareholders should write to the Dealing and Registration team at 25 Moorgate, London EC2R 6AY. Shareholders will not be able to exercise his/her cancellation rights after 14 calendar days of receipt of his/her contract note. Please note that in certain circumstances, there may be a delay in returning a Shareholder's investment.</p>															
<p>What if something goes wrong, am I entitled to compensation?</p>	<p>In the event of default by the ACD, compensation may be available under the UK Financial Services Compensation Scheme (FSCS). Maximum compensation available amounts to £48,000. This represents 100% of the first £30,000 and 90% of the next £20,000 of claim per person.</p> <p>Further information on compensation arrangements is available from FSCS Helpline on 020 7892 7300 and on the FSCS website: www.fscs.org.uk.</p>															
<p>What do I do if I have a complaint?</p>	<p>If you have a complaint relating to the Fund or the ACD, it should be addressed to The Compliance Director, Smith & Williamson Fund Administration Limited, 25 Moorgate, London, EC2R 6AY. 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.</p>															

<p>How will I be able to follow the progress of my investment?</p>	<p>The prices of all Share Classes are available on the Investment Manager's website at: www.matterley.com and also on the Investment Managers Association website at: www.investmentuk.org. The prices of Shares may also be obtained by calling 0207 131 4951 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.</p> <p>Short annual and half-yearly reports will be despatched within four months and two months of the Fund's accounting dates respectively. The latest copies of the long reports are available on request from the ACD and these will tell you about the Fund's investments held within the portfolio, as well as performance and prospects for the following period.</p>
<p>Additional Important Information</p>	<p>Authorised Corporate Director Smith & Williamson Fund Administration Limited 25 Moorgate London ECR2 6AY</p> <p>Depository The Royal Bank of Scotland Plc 36 St Andrew Square Edinburgh EH2 2YB</p> <p>Investment Advisers Matterley LLP 14 Buckingham Street London WC2N 6DF</p> <p>Administrator and Registrar Smith & Williamson Fund Administration Limited 25 Moorgate London ECR2 6AY</p> <p>Auditors Saffery Champness Lion House Red Lion Street London WC1R 4GB</p> <p>Supervisory Authority The Financial Services Authority 25 The North Colonnade Canary Wharf London E14 5HS</p>

Where can further information be obtained?	<p>For further information, please contact the Dealing and Registration team at the following address:</p> <p>Smith & Williamson Fund Administration Limited 25 Moorgate London ECR2 6AY Telephone: 0207 131 4951</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 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 day at the offices of the ACD.</p>
---------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------