



**Querns Income First Fund
Simplified Prospectus**

This Simplified Prospectus contains key information that you need to know before considering an investment in the Querns Income First Fund (the "Fund")

This document is dated 2 September 2011. This Simplified Prospectus is designed to give you the key information about the Querns Income First Fund and you should keep this for future reference. Please read the contents of this document carefully before deciding to invest. Additional information about the fund can be obtained by visiting our website www.querns.co.uk or by calling 0845 305 4212.

Key Facts

Launch date: 14 June 2010

Currency: UK Sterling

Annual Accounting Period: 1 April – 31 March

Interim Accounting Period: each calendar month

Annual Income distribution dates: 30 April

Interim Income distribution dates: Last Business Day of each calendar month immediately following the Interim Accounting Period

Minimum investment levels: Lump sum investment - initially £1,000, subsequently £500
Monthly savings amount £100

About the Fund

The Fund is a sub-fund of the Querns Investment Funds ICVC, an ICVC incorporated in England and Wales on 4 June 2010 and authorised and registered by the Financial Services Authority. The Fund is currently the only sub-fund of the ICVC. The manager of the Fund is Querns Asset Managers LLP (the "Manager").

What is an ICVC?

An ICVC (Investment Company with Variable Capital) is a collective investment scheme similar to a unit trust that allows you to pool your money with other investors.

Who is the Fund designed for?

A retail or institutional investor who is prepared to accept some risk and whose primary goal is the receipt of a high level of income but who wishes to have the potential for capital growth. The investor understands that the value of their investment and the income from it will fluctuate, as an investment in equity and bond markets will always involve an element of risk.

What is the Fund's objective?

The objective of the Fund is to achieve a high level of income, together with some long term capital growth.

What is the Fund's investment policy?

The Fund aims to invest primarily in equities

listed on the UK stock exchange and in Sterling corporate bonds, but may also invest internationally. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, warrants, deposits and other permitted investments, as detailed in the Prospectus. No more than 10% of the Scheme Property of the Fund will be invested in other collective investment schemes.

What is the investment split between Shares and Bonds?

The Fund has a variable split for investment. The Manager will adjust the split between UK equities and Sterling corporate bonds based on its view of the market.

What is the tax status of the Fund?

The fund falls under the new Tax Elected Fund ("TEF") regime. TEFs make two types of income distribution - a dividend and a non-dividend (interest) distribution. UK dividend income, which has attracted a tax credit of 10%, is non-taxable in the fund and is distributed as a dividend. All other income is distributed as a non-dividend (interest) distribution.

This means that investors are in broadly the same position as if they have invested directly in the underlying investments of the Fund and makes them as or more tax efficient (depending on the level of fixed

interest investments held from time to time) for tax exempt investors such as pension funds, charities and ISA savers than investing in a non-tax elected fund with the same underlying investments.

What risks should I be aware of?

Past Performance Past performance is no guide to the future.

Stock Market Fluctuations The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.

Inflation Inflation may erode the value of investments.

Charges to Capital The fees and charges in respect of the Fund are charged against capital rather than income, this will enhance income returns but may constrain future capital growth.

Fixed Interest Securities Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates increase, capital values may fall and vice versa. In addition, Companies may not be able to honour repayment on bonds they issue.

Liquidity and Settlement Risks The Company is exposed to a credit risk on parties with whom it trades and bears the risk of settlement default. Shareholders should note that some of the markets in which the Company may invest may be insufficiently liquid or highly volatile from time to time and this may result in fluctuations in the price of the Shares and may mean that investments cannot be realised in a timely manner.

Management Risk The investment performance of the Company is substantially dependent on the services of the investment managers of the Manager. In the event of the death, disability, departure, insolvency or withdrawal of the Manager's key personnel or the investment managers, the performance of the Company may be adversely affected.

Risks Associated with Derivative Instruments Derivatives may be used for the purposes of efficient portfolio management. The use of derivatives for efficient portfolio management will generally not increase the risk profile of the Fund. Full details of the risks are set out in the full Prospectus.

How can I invest?

You can invest with a lump sum, a regular monthly amount or a combination of both. If you invest monthly by Direct Debit you must pay your first month's contribution by cheque. The cheque must be drawn from the same bank or building society account that the Direct Debit will be collected from. The investment will be made at the first valuation point after receipt. Direct Debits will be collected on the 1st of the month (or next Business Day) from the month following the first investment. You can suspend your monthly payments whenever you wish with no penalty.

When will my shares be bought?

The Fund is valued at 12 noon on each Business Day (the 'valuation point'). For applications before 12 noon on a Business Day, your shares will be bought at that valuation point. For those received after 12 noon, your shares will be bought at the next valuation point.

What will I receive to confirm I have invested?

A contract note will be issued to you by the close of business on the day following the purchase of your Shares. You will not receive a certificate for your investment. The ownership of your Shares is evidenced by an entry on the register of Shareholders. Your contract note should be retained as a record of your transaction.

What happens if I change my mind?

If you invest via an authorised Financial Adviser who has given you advice, a cancellation form will be sent to you along with either your contract note or acknowledgement letter. This will tell you when the cancellation period begins and ends, and how to exercise your cancellation rights. You can exercise your cancellation rights by returning the signed cancellation form (or a written equivalent) to us. If you decide to cancel, we will refund any amount we have received but, where you have made a lump sum investment, we will deduct any amount by which the value of that investment has fallen, calculated at the next valuation point after we receive your cancellation instructions. These cancellation rights will not apply if you do not invest via an authorised Financial Adviser.

When and how can I sell?

You can sell your investment at any time on

any Business Day by phoning or by writing to us, your shares will be sold at the next valuation point after receipt of your instructions. Confirmation will be sent to you by post. The proceeds of the sale will be paid to you by cheque to your registered address, normally within four Business Days after receipt of all documentation including the form of renunciation we will send you. In the case of joint account holders, the cheque will be made out to the first named account holder only. Querns Asset Managers reserves the right to sell all of your holdings in the Fund, if the balance is less than £1,000. The minimum amount you can take out is £500.

How is income paid?

Holders of Income Shares receive income transferred monthly into their bank account. For holders of Accumulation Shares the income is automatically transferred to (and retained as part of) the capital assets of the Fund each month.

What are the Manager's charges for the Fund?

Initial charge: 0%

Annual management charge: 0.75% a year (charged to capital)

There is no exit charge if you sell.

There is a single price for the Fund, at which shares can be purchased and sold.

What is the Total Expense Ratio (TER) of the Fund?

The total expense ratio is 2.76%, annualised based on the operating expenses incurred during the accounting period from incorporation on 14 June 2010 to 31 March 2011. The total expense ratio includes legal costs totalling £32,199 relating to the set up of the Fund which will not recur. The Fund size has increased from its average over the accounting period, and any subsequent increases will reduce the total expense ratio further. Based on the size of the Fund on 31 August 2011 and the current expenses of the fund, the TER of the Fund, if there were no changes to the Fund would, going forward, be 1.84%.

The operating expenses include the Fund's annual management charge, along with the following charges, deducted directly from the Fund: Registration Fee, Depositary Fee, Custody Fee, Audit Fee, FSA Fee, and Report production. They do not include transaction expenses.

The Total Expense Ratio (TER) is the

internationally accepted standard for the comparison of the annual operating expenses of the scheme.

How much will any advice cost?

If you have a Financial Adviser they will tell you the cost of their advice. Querns does not pay any commission to Financial Advisers, neither initial commission on investments made nor renewal commission on investments held.

Fund Performance

As the Fund was only launched on 14 June 2010, and we are only able to show performance for full calendar years in this document, no performance figures are included.

Will I receive statements?

In April and October each year we will send you full statements detailing all investments to 5 April and 5 October, respectively. The statements will show details of all transactions during the previous six months and the value of your investment in the Fund. In addition to the half yearly statements, we will also provide you with a copy of the relevant Manager's Short Report every six months. This will provide you with key information outlining details of how the fund has been managed during the reporting period.

Where can I check the latest price for the Fund?

The prices can be checked at www.querns.co.uk or www.fundlistings.com, or by calling 0845 305 4212.

What about tax?

Any income from your investment will be subject to UK income tax. Taxpayers liable at basic rate or starting rate will have no further liability, but higher rate taxpayers will have an additional liability.

Dividend distributions attract a tax credit of 10%. UK non-tax payers are not able to reclaim the amount of any tax credit from the HMRC.

Interest distributions from the fund are paid after deduction of 20% income tax and if you are a non-taxpayer or liable at the starting rate you may reclaim all or part of this tax using the tax vouchers which we send to you.

If you are not resident in the UK you may be able to reclaim part or all of the tax deducted.

When you switch funds or sell shares, any capital returns may be subject to capital gains tax if your overall gains for the tax year are over the current limit (£10,600 for 2011/12 tax year).

Tax vouchers issued to shareholders in association with distributions/accumulations should be retained by shareholders to assist in the completion of any tax return.

The taxation of the income and capital gains received by individual investors depends on the tax law applicable to the personal situation of each individual investor and/or the place the capital is invested.

More detailed information about taxation is available in the Full Prospectus. If you have queries on tax issues you should seek professional advice from a tax adviser.

Current tax levels and reliefs may change. Depending on individual circumstances, this may affect investment returns.

Will I be charged Stamp Duty Reserve Tax (SDRT)?

SDRT is payable at 0.5% on the value of Shares in the Fund that are sold. The Manager's policy is that SDRT will normally be paid from the Fund. The Manager does not normally charge SDRT to the investor but may charge the investor an SDRT provision in respect of large deals. Typically a large deal will be a transaction with a total value in excess of either 1% of the value of the Fund or £500,000.

What is the Portfolio Turnover Rate (PTR)?

The PTR is 26.15%, annualised based on the trading activity during the accounting period from incorporation on 14 June 2010 to 31

March 2011. The PTR is a measure of a funds trading activity for the period covered by its most recent annual report.

What are the Depositary and Auditor contact details?

Depositary: National Westminster Bank PLC, 135 Bishopgate, London, EC3M 3UR

Auditor: Deloitte LLP, 3 Rivergate, Temple Quay, Bristol, BS1 6GD

How do I contact you?

Further details, together with a free of charge copy of the Full Prospectus or the Report and Accounts of the Fund, can be obtained from our website,

www.querns.co.uk, or by contacting us at: PO Box 10770, Chelmsford, Essex CM1 9QD
Telephone: 0845 305 4212 (Monday to Friday 8:30am-5:00pm)

Facsimile: 0845 280 0058

E-mail: enquiry@querns.co.uk

What is the effect of charges on an investment in the Fund?

To show the effect of charges and expenses on an investment in the Fund, we have taken two examples: a lump sum investment of £1,000 and a monthly savings investment of £100. Calculations are based on an assumed rate of growth of 6% a year. The figures in the table are not guaranteed and only show what you might get back based on an assumed standardised growth rate. You could get back more or less than this. All fund managers use the same assumed standardised rates of growth for these examples but their charges and expenses will vary.

Effect of Charges Table

At End of Year	Investment to Date		Effect of Deductions to Date		Income to Date	What you Might Get Back (6%)	
	Lump Sum	Monthly Savings	Lump Sum	Monthly Savings		Lump Sum	Monthly Savings
1	1,000	1,200	19	12	55	985	1,226
3		3,600	59	112	162	956	3,831
5		6,000	103	329	266	927	6,653
10		12,000	232	1,547	512	860	14,780

Over 10 years the effect of the charges and expenses on an investment in the Fund could amount to £232 for a £1,000 lump sum investment and £1,547 for monthly savings of £100 per month. This would have the same effect as bringing investment growth from 6% a year down to 4.1% for a lump sum investment and for monthly savings. The table is based on income shares for lump sum investments and accumulation shares for monthly savings.

This Simplified Prospectus

This Simplified Prospectus is prepared in respect of Net Shares in the Fund. Gross Shares are shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted

for by the fund. Gross Shares are available only to those investors in respect of whom distribution or allocation of income may be made without any tax being deducted or accounted for by the fund, for example UK pension funds and ISAs. All other investors will hold Net Shares.

About You

Will you assess whether an investment is appropriate for me?

No, we will not assess your needs. We always recommend that investors seek professional advice before making any investment decisions.

How and why will you confirm my identity?

We are legally obliged to confirm your identity for anti-money laundering purposes. This may include us obtaining information from a credit reference agency. If you do not use a Financial Adviser in relation to your first transaction, we will request an original or a certified copy of your passport or photo-style driving licence and proof of address (utility bill or bank statement). We will only use this information for confirmation of your identity and not for any other purpose. Sale proceeds will not be issued to you unless we have successfully confirmed your identity. Where confirmation of identity is outstanding, we will be unable to accept further investments from you, including those made by direct debit.

Will I receive tax vouchers?

We will send you a tax voucher annually. If you hold income shares we will also send you a notification monthly of the income paid unless you inform us that you do not require such notification.

What if something goes wrong – will I be entitled to compensation?

The Financial Services Compensation Scheme offers compensation when an authorised firm is unable to pay claims against it, usually because the firm has gone out of business. We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. Most types of investment business are covered for 100% of the first £50,000 only.

What if I have a complaint?

Under the Financial Services Authority (FSA) Conduct of Business rules you will be classified as a retail client. Provided you are investing as an individual, you will be entitled to certain rights under the Financial Ombudsman Service or the Financial Services Compensation Scheme. Retail clients who are not investing as individuals, or who are individuals that represent entities, may not have these rights.

If you have a complaint you should write to us in the first instance at PO Box 10770, Chelmsford, Essex CM1 9QD. If your complaint is not resolved by us to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, UK. We will inform you of your rights when answering your complaint.

About Us

Who are we?

Querns Asset Managers was established in 2009 as a limited liability partnership, to offer collective investment schemes for retail and institutional investors. The first product offering from Querns Asset Managers is the Querns Income First Fund.

When would we "swing" the single price?

The quoted price may be adjusted, or "swung" upwards or downwards from its mid value where, for example, the Fund is expanding or contracting, or over a dealing period the Fund has experienced a large level of net issues or redemptions relative to its size or whenever we consider it necessary to protect the interests of Shareholders in the Fund. This is done to counteract any material costs, such as dealing costs, which result from the investment transactions that may be the consequence of material net client dealing and that would otherwise have been borne by the Fund and therefore by all investors in it.

How do we deal with conflicts of interest?

In the normal course of business, circumstances resulting in conflicts of interest may arise. We are required to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between ourselves and our clients and between one client and another.

Where a potential conflict arises, we will manage these to prevent abuse and protect our employees, clients and other parties.

We will ensure that transactions and services are effected on terms which are not materially less favourable to the client than if the potential conflict had not existed.

How do we deal with unrepresented cheques?

Cheques we send out which remain unrepresented (i.e. are not paid into a customer's bank or building society account), may be cancelled and alternative payment arrangements may be made.

What about Data Protection?

Unless you have invested with Querns Asset Managers via a Financial Adviser, we will add your name to our mailing list and we may write to you from time to time to keep you informed of new products or developments. If you notify us of your email address we may contact you by email. If you prefer to be excluded, please inform us in writing.

What is the Direct Debit Guarantee?

This Guarantee is offered by all banks and building societies that take part in the Direct Debit Scheme. The efficiency and security of the scheme is monitored and protected by your own bank or building society. If the amounts to be paid or the payment dates change, Querns Asset Managers LLP will notify you 10 working days in advance of your account being debited or as otherwise agreed. If an error is made by Querns Asset Managers LLP or your bank or building society, you are guaranteed a full and immediate refund from your branch of the amount paid. You can cancel a Direct Debit at any time by writing to your bank or building society. Please also send a copy of your letter to us.

Querns Asset Managers LLP

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