



LAWRENCE HOUSE FUND MANAGERS

Date of Launch

20.12.2004

Fund Managers

Mike Sargeant
Alan Stokes

Fund Size

£2,482,878

Benchmark

APCIMS Income

NAV Price

A Class £1.0000

B Class £0.9916

Latest Yield

A Class 3.910%

B Class 3.940%

Dividend Dates

A Class 31.07, 31.01

B Class 31.07, 31.01

Minimum Investment

A Class £50,000

B Class £2,500

Initial Charge

A Class 1%

B Class 5%

Annual Management Charge

A Class 1%

B Class 1.5%

Investment Advisers

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Sedol No

A Class B054QL9

B Class B054QN1

ISIN No

A Class GB00B054QL91

B Class GB00B054QN16

All data as at 31.03.2005

Compliance Statement

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Lawrence House Cautious Managed Fund

April 2005

Fund Objective

The Cautious Managed Fund aims to provide a combination of income and capital growth through investment in a diversified portfolio of collective investment schemes investing in UK equities and fixed interest securities. The fund's benchmark is the Financial Times/Association of Private Client Investment Managers and Stockbrokers Income Index (FT/APCIMS).

Investment Comment

Last month saw another positive inflow of new money, to supplement the existing portfolio. No new holdings have been added to the portfolio, as we feel comfortable with the current structure.

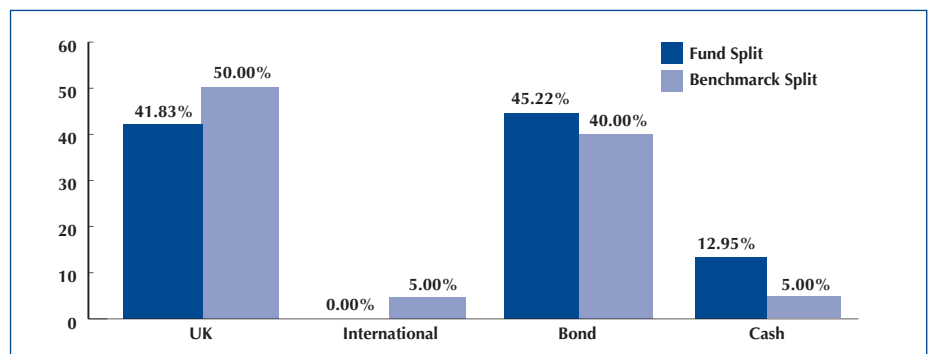
The influx of new money has been added to both the fixed interest and equity content. However, given the sell-off in UK equities over recent days we have used this opportunity to increase our UK equity exposure by pound cost averaging our existing holdings.

Fixed interest funds have come under considerable pressure as high yield bonds experienced a sell-off after a profit warning by General Motors, one of the world's biggest bond issuers. Even after the recent decline, the difference in yield between high yields bonds and government bonds remains too narrow in the view of many commentators. This does not bode well and it is possible that the high yield or junk end of the market could suffer additional falls in the months to come.

Our own funds have a relatively small exposure to this area as we have deliberately structured the Cautious Managed Fund to focus on including funds that traditionally have over three quarters of their investments in stocks rated BBB or better. The exception being the Gartmore High Yield Corporate Bond Fund, which has a little over 30% invested in stocks rated BBB or better. Never the less, we intend to retain this fund in view of its attractive yield and because it makes up a small part of our overall fixed interest exposure.

If as expected Corporate Bonds continue to decline, then it would not be sensible to assume that the lower end of the market alone will be affected. AAA to BBB stocks will undoubtedly also take a hit. In our opinion this is likely to be short-term, as the requirements of the large financial institutions to match liability to assets will remain a long-term consideration.

Asset Allocation



Portfolio Composition

Lincoln Corporate Bond	9.53	Invesco Perpetual High Income	7.22
Royal London Income	9.52	Mellon Newton Higher Income	6.94
Gartmore High Yield Corporate Bond	8.76	Jupiter Income	6.57
Old Mutual Corporate Bond	8.72	Standard Life UK Equity High Income	6.49
Allianz PIMCO Sterling Total Return	8.69	Cash	12.95
Rathbone Income	7.32	TOTAL	100
Rensburg UK Equity Income	7.29		