



LAWRENCE HOUSE FUND MANAGERS

Date of Launch

20/12/2004

Fund Managers

Mike Sargeant
Alan Stokes

Fund Size

£4,430,054

Benchmark

APCIMS Income

NAV Price

A Class £1.00

B Class £1.023

Latest Yield

A Class 3.91%

B Class 3.67%

Dividend Dates

A Class 31.07, 31.01

B Class 31.07, 31.01

Minimum Investment

A Class £50,000.00

B Class £2,500.00

Initial Charge

A Class 1.0%

B Class 5.0%

Annual Management Charge

A Class 1.0%

B Class 1.5%

Investment Advisers

Lawrence House
Fund Managers

Lawrence House
Summer Hill

Harbledown

Canterbury

Kent CT2 8GT

T: 01227 819820

E: info@lhfm.co.uk

W: www.lhfm.co.uk

Authorised Corporate Director

Elite Fund

Administration

Cedar House

Cobham Road

Wimbourne

Dorset BH21 7SB

T: 01202 855850

Sedol No

A Class B054QL9

B Class B054QN1

ISIN No

A Class

GB00B054QL91

B Class

GB00B054QN16

All data as at 31/07/2005

Compliance Statement

Issued by Lawrence House Fund Managers Limited, which is authorised and regulated by the Financial Services Authority.

This document is not intended as an offer to acquire or dispose of any security. Information given in it has been obtained from sources believed by us to be reliable and accurate although Lawrence House does not accept liability for the accuracy of the contents. This information is not intended to constitute a basis for any specific investment decision. The price of units/shares and the income from them may go down as well as up and you may get back less than you invested. Past performance is not necessarily a guide to the future to the future investment returns. Lawrence House does not offer investment advice or make recommendations regarding investments.

For Financial Advisers only, not for onward distribution. No other persons should rely on any information contained in this document.

Lawrence House Cautious Managed Fund

August 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).

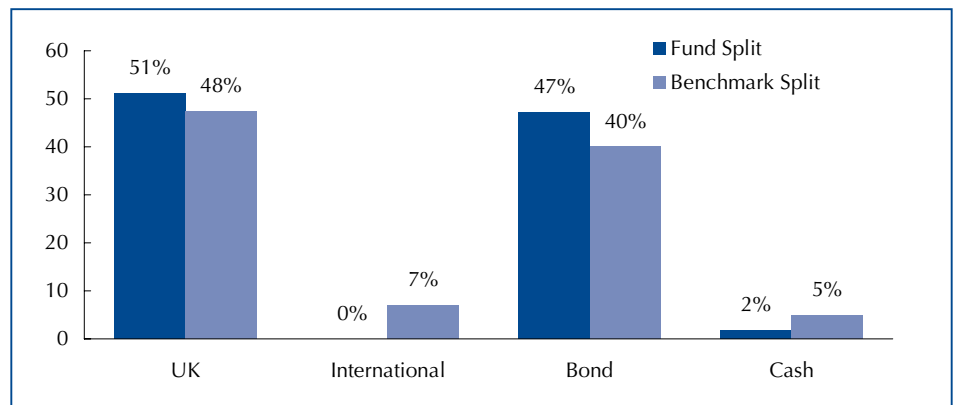
Investment Comment

July was a tough month for the Chancellor, Gordon Brown. After spending the last two terms of office riding along on the crest of an economic wave, New Labour's golden principals looked decidedly tarnished. On the 19th July the Chancellor announced that he was to stretch the economic cycle from seven years to nine, effectively starting the current cycle in 1997 instead of 1999 in order to benefit from the inclusion of a surplus of £12bn. The true importance of this change in cycle start date became apparent the next day, when the Treasury released figures showing the Public Sector Net Cash requirement at £12.30bn. This is the highest recorded figure since records began in 1984.

With GDP figures continuing to point to a slowdown and the manufacturing sector now in recession, the amount of capital expected from taxation, can only be revised down. The Chancellor therefore faces a dilemma; either cuts must be made in future spending plans, or taxes must be raised. If the latter option is pursued, it will put further strain on the consumer, who is already showing signs of distress. The level of this distress was hinted at in Lloyds TSB's figures last week, which showed a rise in bad debts with further evidence provided by the dramatic rise in home repossessions in the first half of this year.

There may be some relief for the consumer this month as the Bank of England's Monetary Policy Committee is expected to reduce interest rates by 25 basis points at its next meeting, with the possibility of further cuts to come. However they are treading a fine line between preventing a recession and stoking the consumer fire. Because of this possible reduction Corporate Bonds are expected to receive further support this month, consequently we are maintaining an even split between equity and bond holdings to provide an attractive level of rising income, with the potential for capital growth.

Asset Allocation



Fund Performance

| | 1 Mth Return | 2 Mths Return | 3 Mths Return | 4 Mths Return | 5 Mths Return | 6 Mths Return | Since Launch |
|--------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Lawrence House Cautious Managed Fund | 1.17% | 3.09% | 5.39% | 4.38% | 3.90% | 4.05% | 3.50% |
| Quartile | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| S&P UT FD Caut Mgd Sect Ave | 1.61% | 3.65% | 5.91% | 4.86% | 4.19% | 5.38% | 6.58% |

Source: Micropal 01/08/05, Lump, % Chg, Init £100, B/B, Basic Rate Tax

Portfolio Composition

| | |
|-------------------------------------|------|
| Invesco Perpetual High Income | 8.62 |
| Rensburg UK Equity Income | 8.60 |
| Standard Life UK Equity High Income | 8.60 |
| Rathbone Income | 8.51 |
| Jupiter Income | 8.41 |
| Mellon Newton Higher Income | 8.27 |
| Gartmore High Yield Corporate Bond | 8.25 |

| | |
|-------------------------------------|------------|
| Allianz PIMCO Sterling Total Return | 7.91 |
| Schroder Strategic Bond | 7.84 |
| Royal London Income | 7.75 |
| Lincoln Corporate Bond | 7.71 |
| Old Mutual Corporate Bond | 7.71 |
| Cash | 1.82 |
| TOTAL | 100 |