



LAWRENCE HOUSE FUND MANAGERS

Date of Launch

20/12/2004

Fund Managers

Mike Sargeant
Alan Stokes

Fund Size

£4,978,905

Benchmark

APCIMS Income

NAV Price

A Class £1.069

B Class £1.082

Latest Yield

A Class 3.99%

B Class 3.88%

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

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Fund Managers
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Authorised Corporate Director

Elite Fund

Administration

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Sedol No

A Class B054QL9

B Class B054QN1

ISIN No

A Class

GB00B054QL91

B Class

GB00B054QN16

All data as at 31/12/2005

Compliance Statement

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Lawrence House Cautious Managed Fund

January 2006

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).

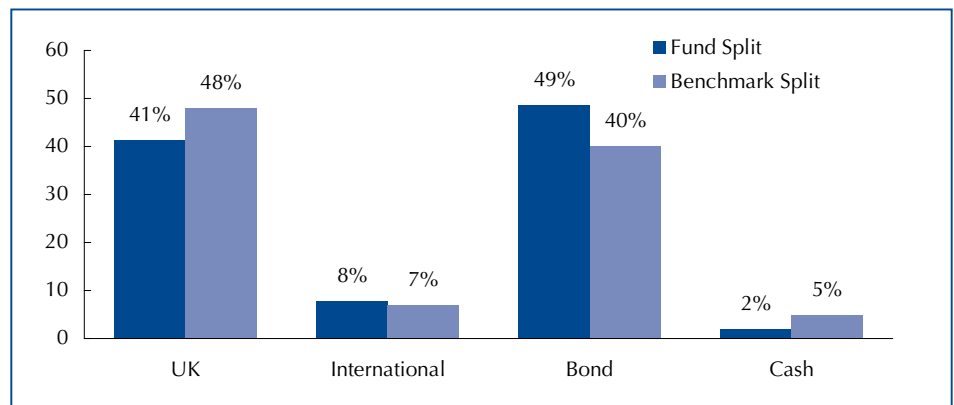
Investment Comment

This fund takes a low risk approach to investment. It is our policy to provide investors with capital growth plus a rising level of income and so at the end of the first full year it is pleasing to report positive initial results. The fund rose 8% over the last year, excluding the dividend, which is due to be distributed at the end of this month. When viewed from a total return basis this is encouraging, given the current rate of inflation and the yield available from building society deposits.

The capital return has come largely from the fund's equity content, although the fixed interest funds have contributed an element of growth besides their high yield. In particular, the recent acquisition of the Newton Global Higher Income Trust has already produced a small but significant capital gain of 3% during its first month.

Looking ahead, we remain optimistic for equity funds and look forward to further gains as the year progresses. Last year saw the UK equity market rise by double figure amounts and whilst we believe that further gains will be forthcoming; a lower growth rate of 7-9% is probably realistic. There is a need to consider what catalysts might exist to drive equity prices further. Certainly, the decision by the Chancellor of Exchequer to reverse the rules regarding property in pension funds should be positive for equity prices, but the merger and acquisition activity experienced in 2005 cannot go on forever. Whatever the outcome, we feel that investors should see positive returns on an absolute basis.

Asset Allocation



Fund Performance

	01/01/2005 to 31/12/2005	1 Month Return	3 Months Return	6 Months Return	Since Launch
Lawrence House Cautious Managed Fund	10.55%	2.24%	3.68%	7.83%	10.32%

Source: Lipper/ARC 01.01.06, Lump, % Chg, B/B, Net Income Reinvested

Portfolio Composition

Invesco Perpetual High Income	8.49
Standard Life UK Equity High Income	8.30
Rathbone Income	8.28
Jupiter Income	8.26
Rensburg UK Equity Income	8.07
Mellon Newton Global Higher	7.90
Gartmore High Yield Corporate Bond	7.36
Allianz PIMCO Sterling Total Return	7.15

Schroder Strategic Bond	7.10
Royal London Income	6.97
Lincoln Corporate Bond	6.97
Old Mutual Corporate Bond	6.96
Legal & General High Income Trust	6.17
Cash	2.02
TOTAL	100