



LAWRENCE HOUSE FUND MANAGERS

Date of Launch

20/12/2004

Fund Managers

Mike Sargeant
Alan Stokes

Fund Size

£4,383,459

Benchmark

APCIMS Income

NAV Price

A Class £1.00

B Class £1.023

Latest Yield

A Class 3.91%

B Class 3.48%

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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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 30/06/2005

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Lawrence House Cautious Managed Fund

July 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

The UK Equity Market remained dull until the publication of the minutes of the Bank of England's Monetary Policy Committee [MPC] meeting. These confirmed the slowdown in both consumer spending and the housing market, recording calls to lower interest rates by 25bps in stark contrast to the suggestion in May to raise them by the same amount.

This change of stance cheered the markets with a rise across all main UK indices. The rally continued and saw the FTSE 250 Index hit another all time high of 7386.90, and the FTSE 100 Index breach the psychologically important barrier of 5100 before the price of oil breached \$60 per barrel (pb) and the spectre of prices reaching \$100 pb resurfaced.

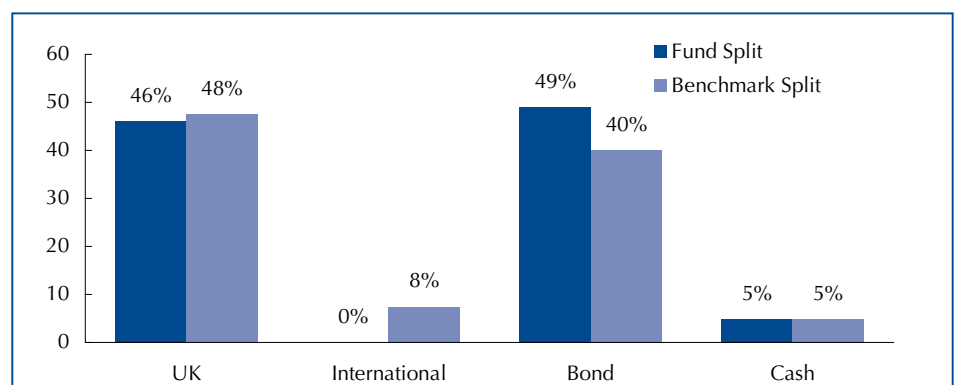
Gilts and Bonds also received further support with the publication by the Government of details surrounding the Pension Protection Fund, which is the new safety net for insolvent employers under funded pension schemes. The investment mandate given ensures that equities will not be held, as 50% of the funds assets have to be held in Gilts and the balance invested between Bonds, Cash and Derivatives.

Turning to the fund, we have continued to invest new monies roughly 50/50 across both equities and bonds. This is to maintain a balance between an attractive level of initial income and the potential for income growth.

The equity content of the fund continues to favour income funds that employ managers who have easily defined management styles. This enables us to avoid a bias towards one particular management style.

The strong rises seen in the equity markets have not been at the expense of bonds, with High Yield Corporates continuing to lead the way. Therefore we continue to favour a mix of high yield and investment grade paper, plus Gilts, through the use of active managers.

Asset Allocation



Portfolio Composition

Invesco Perpetual High Income	8.50
Rensburg UK Equity Income	8.26
Standard Life UK Equity High Income	8.18
Mellon Newton Higher Income	8.13
Gartmore High Yield Corporate Bond	8.09
Jupiter Income	8.05
Rathbone Income	7.99

Schroder Strategic Bond	7.67
Allianz PIMCO Sterling Total Return	7.63
Royal London Income	7.61
Lincoln Corporate Bond	7.60
Old Mutual Corporate Bond	7.54
Cash	4.75
TOTAL	100