



LAWRENCE HOUSE FUND MANAGERS

Date of Launch

20/12/2004

Fund Managers

Mike Sargeant
Alan Stokes

Fund Size

£3,996,339

Benchmark

APCIMS Income

NAV Price

A Class £1.00

B Class £1.004

Latest Yield

A Class 3.91%

B Class 3.54%

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 31/05/2005

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Lawrence House Cautious Managed Fund

June 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

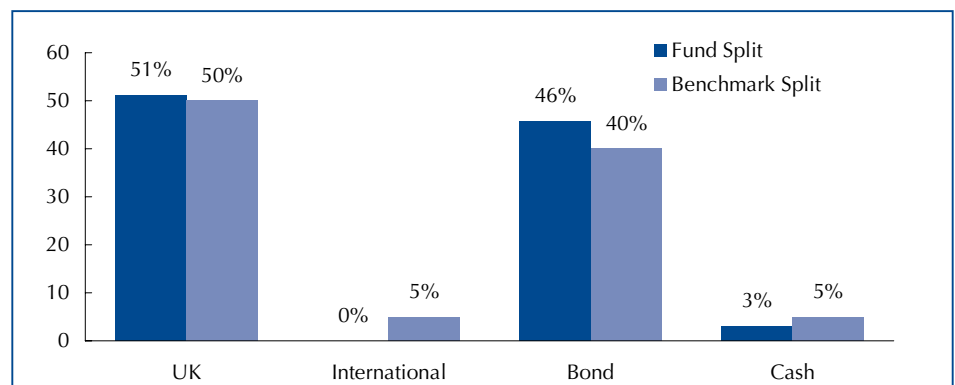
The UK equity market has been firm since the General Election with optimism creeping in that interest rates may start to fall soon. With high street sales remaining depressed the pressure to cut rates may intensify. Whilst Marks & Spencer may no longer be the bell weather of the high street, their recent results do little to comfort the retail industry. This may help influence the members of the Bank of England's interest rate committee.

The fund itself continues to grow and has increased in size by in excess of 30% over the last month. We believe this is partly because of the increased confidence now that the political scene has become clearer and partly the high demand for investment products that offer an attractive yield. With inflation remaining benign, locking into a high income is an attractive proposition for many investors.

We have maintained the balance between an attractive initial income level and scope for that income to rise. This balance will maintain investors long-term spending power. We have maintained our bias towards UK equities, which continue to offer the only long-term solution for a rising dividend yield. This has conversely meant that we have purposely avoided investing in funds that offer exceptionally high yields. Whilst an element of high yield is acceptable, as provided by the Gartmore fund, the intention is to keep the bulk of the fixed income content biased in favour of rated paper, which historically has had a lower default rate.

At current levels we continue to remain optimistic that the UK stock market has further upside although the summer months may see the market trade sideways. If so we will use this opportunity to continue to add to our equity exposure.

Asset Allocation



Portfolio Composition

Standard Life UK Equity High Income	8.66
Invesco Perpetual High Income	8.65
Rensburg UK Equity Income	8.59
Jupiter Income	8.57
Rathbone Income	8.54
Old Mutual Corporate Bond	8.13
Mellon Newton Higher Income	8.07

Royal London Income	7.69
Schroder Strategic Bond	7.69
Lincoln Corporate Bond	7.63
Gartmore High Yield Corporate Bond	7.53
Allianz PIMCO Sterling Total Return	7.12
Cash	3.13
TOTAL	100