



LAWRENCE HOUSE FUND MANAGERS

Date of Launch

20/12/2004

Fund Managers

Mike Sargeant
Alan Stokes

Fund Size

£4,682,324

Benchmark

APCIMS Income

NAV Price

A Class £1.00

B Class £1.064

Latest Yield

A Class 3.91%

B Class 3.83%

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%

All data as at 30/09/2005

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.

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

Lawrence House Cautious Managed Fund

October 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

September has proved to be a month of contradictions on the state of the economy and consumer sentiment.

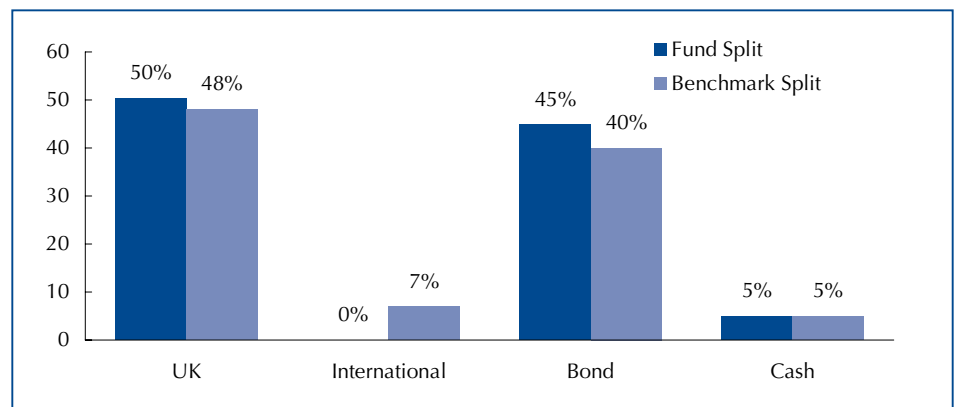
The month began with the Bank of England (BoE) issuing a report, which showed that mortgage lending was rising at its slowest rate since January 2002, although ended with a statement that mortgage approvals had surged to 107,000 in August the highest level in over a year. As a result, the Bank of England's Monetary Policy Committee (MPC) voted unanimously at their September meeting to hold interest rates at 4.50%, making further near term interest rate cuts unlikely.

The manufacturing sector offered differing views on prospects. The Engineering Employers Federation (EEF) reported that employment prospects hit their weakest levels in two years and went on to say that most areas of the sector cut jobs in the last three months. Conversely, the Office for National Statistics maintained that manufacturing output rose for the fourth month in a row, marking the first unbroken period of expansion for five years and indicating a gradual recovery. The British Chamber of Commerce viewed these figures more cautiously, implying that they were mediocre, and growth over the past three months was 0.60% lower than for the same period last year.

The National Association of Pension Funds (NAPF) issued a report in September, recommending that means testing should be abolished and everyone should be entitled to a citizen's pension starting at £109 per week, which should rise in line with average earnings rather than inflation, as is the current practice. The association believes this can be achieved by increasing the age of retirement. The EEF also joined in the pension debate by calling for some pension contributions to be made compulsory for both employers and employees. These reports were both submitted to the Pension Commission for consideration and proposals should be announced later this month.

No changes have been made to the fund this month, as we are happy that the asset allocation remains suited to the current economic environment.

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	1.62%	2.80%	4.01%	5.98%	8.34%	7.30%	6.40%

Source: Micropal 01.10.05, Lump, % Chg, Init £100, B/B, Basic Rate Tax

Portfolio Composition

Invesco Perpetual High Income	8.65	Schroder Strategic Bond	7.51
Standard Life UK Equity High Income	8.42	Allianz PIMCO Sterling Total Return	7.45
Rathbone Income	8.42	Royal London Income	7.34
Jupiter Income	8.39	Lincoln Corporate Bond	7.33
Rensburg UK Equity Income	8.24	Old Mutual Corporate Bond	7.31
Mellon Newton Higher Income	8.14	Cash	4.96
Gartmore High Yield Corporate Bond	7.84	TOTAL	100