



## LAWRENCE HOUSE FUND MANAGERS

<b>Date of Launch</b> 20/12/2004	<b>Investment Advisers</b> 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
<b>Fund Managers</b> Mike Sargeant Alan Stokes	
<b>Fund Size</b> £778,806	
<b>Benchmark</b> FTSE All Share Index	
<b>NAV Price</b> A Class £1.00 B Class £1.049	
<b>Latest Yield</b> A Class 0.00% B Class 2.57%	<b>Authorised Corporate Director</b> Elite Fund Administration Cedar House Cobham Road Wimboune Dorset BH21 7SB T: 01202 855850
<b>Dividend Dates</b> A Class 31.07, 31.01 B Class 31.07, 31.01	<b>Sedol No</b> A Class B054QH5 B Class B054QK8
<b>Minimum Investment</b> A Class £50,000.00 B Class £2,500.00	<b>ISIN No</b> A Class GB00B054QH55 B Class GB00B054QK84
<b>Initial Charge</b> A Class 1.0% B Class 5.0%	
<b>Annual Management Charge</b> A Class 1.0% B Class 1.5%	

All data as at 31/08/2005

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## Lawrence House UK Equity Fund

September 2005

### Fund Objective

The UK Equity 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. The fund's benchmark is the FTSE All Share Index.

### Investment Comment

August began with the UK stock market as measured by the FTSE All Share at a four year high and with expectations of an interest rate cut in prospect, the outlook was positive. However, as the month wore on, the UK economy continued to produce conflicting data and therefore ended the month down.

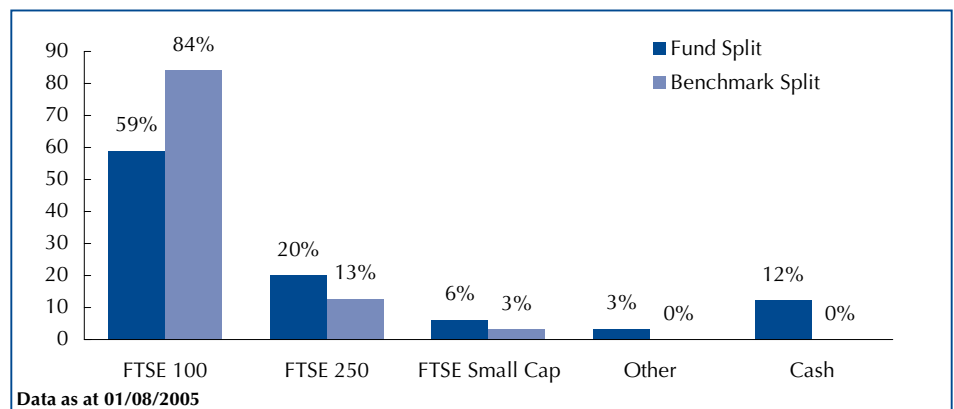
This month's meeting by the Bank of England's Monetary Policy Committee (MPC) was the 100th to be held and resulted in the widely expected reduction in the cost of borrowing of 25 basis points. It was a close call though with five members in favour of a cut, with four against.

Data from the Office of National Statistics showed that the UK Consumer Price Index for July leapt to 2.30% up from 2.00% in June and was the highest level since records began in 1997. This does not auger well for further interest rate cuts, as controlling inflation and stimulating the economy do not normally go hand in hand.

Data released by the CBI, post the MPC meeting suggested that confidence amongst businesses was falling in all parts of the UK for the first time in two years. The survey, which polled 750 firms, found that 18,000 manufacturing jobs were cut in the three months leading up to July and that London and the South East were not exempt. This caused the Director General of the CBI to call for further interest rate cuts, which the Bank of England may choose to ignore following the unfavourable inflationary outlook.

With the worldwide ramifications for inflation following Hurricane Katrina's devastation to parts of the USA still uncertain, the Bank of England may well follow a cautious path for the next month or so.

### 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 UK Equity Fund	0.87%	4.07%	7.06%	9.59%	6.65%	4.27%	4.90%

Source: Micropal 01.09.05, Lump, % Chg, Init £100, B/B, Basic Rate Tax

### Portfolio Composition

Artemis Capital	10.22	Framlington Monthly Income	8.35
Rathbone Income & Growth	9.35	Norwich Union UK Equity Income	8.17
Royal London Equity Income	9.28	Axa UK Equity Income	8.03
Lazard UK Alpha	9.02	New Star Higher Income	7.94
Gartmore UK Focus	8.65	Cash	12.35
Merrill Lynch UK Dynamic	8.64	<b>TOTAL</b>	<b>100</b>