



## LAWRENCE HOUSE FUND MANAGERS

### Date of Launch

February 1999

### Portfolio Managers

Alan Stokes  
Mike Sargeant

### Funds Under Management

£7,862,774

### Latest Estimated Yield

6.18%

### Minimum Investment

£50,000.00\*

### Initial Charge

4.00% + VAT

### Annual Management Charge

1.25% + VAT

### Fund Managers

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### Administrators and Custodians

BNP Paribas Fund Services UK Limited  
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### All data as at 30<sup>th</sup> September 2008

\*Minimum portfolio investment can be £25,000, when part of a total investment of £50,000.

### Compliance Statement

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# Lawrence House Portfolio Management Service

## Income Portfolio

October 2008

### Portfolio Objective

The Portfolio aims to provide investors with a combination of income and capital growth through investment in a diversified portfolio of Unit Trusts and Open Ended Investment Companies investing in equity income, fixed income and property funds. The portfolio aims to offer a yield of 120% of the yield of the FTSE All Share Index.

The portfolio's benchmark is the IMA Cautious Managed Sector Average and may be considered suitable for cautious or low risk investors seeking income.

### Portfolio Commentary

Throughout September, the extreme turmoil of recent months continued unabated, resulting in the dominance of cash and sovereign debt.

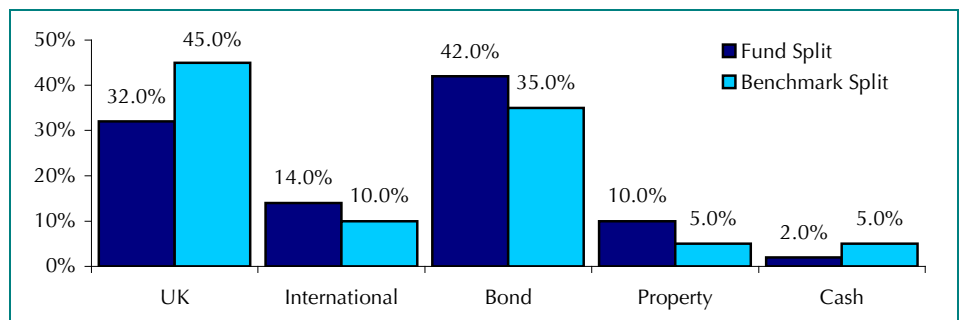
The contagion from the US banking crisis spread globally as HBOS became the first bank to succumb in the UK. The subsequent Lloyds TSB takeover approach prompted swift action from the government to ensure that the Competition Commission did not intervene and thereby fail to prevent another banking failure. However, despite the government's efforts, a further failure eventually presented itself by the end of the month, as Bradford and Bingley was nationalised, resulting in the government becoming the country's third largest mortgage lender. Whilst the government took on the mortgage book, the remaining assets were sold off to Spain's Grupo Santander.

With sentiment affected by all the bad news, UK interest rates were left unchanged at 5%, although most economists expect rates to fall in the coming months as the MPC recognises that the UK is now heading for recession. Inflationary pressures are subsiding as the price of oil recedes from the record highs of mid July, although the CPI figure increased once again to reach a 16-year high.

With all the gloom surrounding equity markets coupled with current expectations for interest rates, it was perhaps unsurprising that government debt remained in demand (especially short dated paper).

During the month, the Old Mutual Corporate Bond holding was sold and the proceeds used to establish a holding in the Fidelity Money Builder Income Fund. This fund invests in an even split between corporate and government debt and consequently offers better defensive qualities combined with the potential for capital appreciation when markets recover.

### Asset Allocation



### Portfolio Performance

#### Discrete

Lawrence House Income Portfolio	01/10/07 to 30/09/08	01/10/06 to 30/09/07	01/10/05 to 30/09/06	01/10/04 to 30/09/05	01/10/03 to 30/09/04
	-17.91	4.09	9.80	16.22	9.60

#### Cumulative

Lawrence House Income Portfolio	1 Month Return	3 Months Return	6 Months Return	1 Year Return	3 Year Return	5 Year Return
	-8.53	-6.93	-9.87	-17.91	-6.18	19.50

Source: Lawrence House Fund Managers 30/09/08, Lump, % Chg. B/B, Net Income Reinvested

### Model Portfolio Composition %

L&G UK Property	10.00	Resolution Argonaut European Income	8.00
Schroder Income	10.00	Artemis High Income	7.00
Fidelity MoneyBuilder Income	9.00	Gartmore UK Equity Income	7.00
Gartmore High Yield Corporate Bond	9.00	Schroder Income Maximiser	7.00
L&G High Income	9.00	Newton Global Higher Income	6.00
M&G Strategic Corporate Bond	8.00	Cash	2.00
Rathbone Income	8.00	<b>Total</b>	<b>100.00</b>