

## Lowes Wealth Management April 2007 - Performance Update

April was another very strong month for markets around the world. The (somewhat irrelevant) Dow closed at record highs. The German DAX continued to outperform with a rise of 7.11%, followed by the French CAC which rose by 5.79%. The S&P grew by 4.33% and the MSCIW returned 4.2%. The FTSE and Nikkei were positive but relative laggards with gains of 0.24% and 0.65% respectively.

Our LWM portfolio turned in solid returns of 3.86% for the month, taking our total return since launch to 63.22%. Our strongest performing stocks were Latecore (18.32%) and Volvo (15.70%) in Europe, Chesapeake (9.29%) in the US, HSBC (4.33%) in the UK and Kyocera (3.56%) in Asia.

Our worst performers were Toyota Motors (-5.26%) in Asia, Persimmon (-4.20%) in the UK and Stewart Information Services (-3.76%) in the US. All of our European stocks were positive for the month.

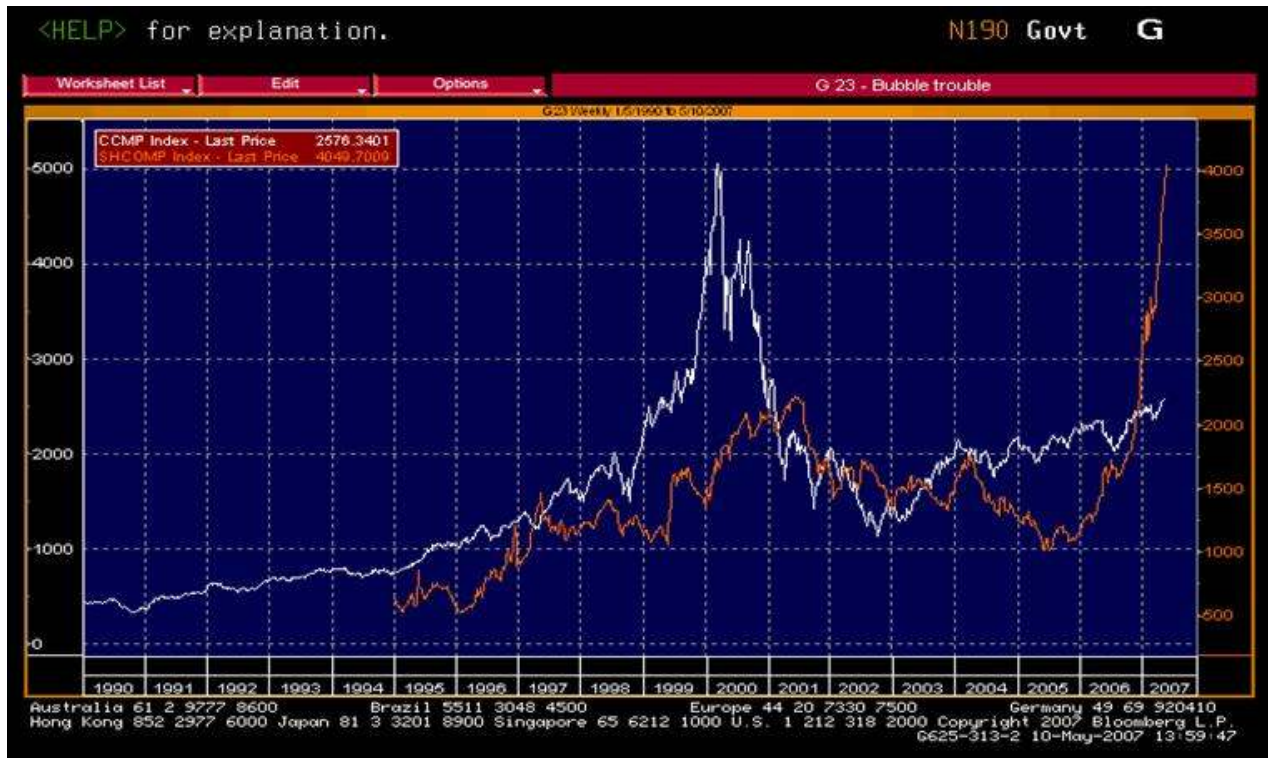
Overall, data from the US economy suggested a deterioration in some of the fundamentals. Annualized GDP growth dropped to 1.3% for the first quarter, with the housing market slump a major factor. US home sales fell dramatically. The US Dollar continued to weaken against most currencies but strengthened against the Yen on the back of reports that Japanese investors were increasing their purchases of foreign assets.

Europe, in particular Germany, continued to power ahead. German business confidence remains high. However, Spanish construction firms suffered dramatically (share price falls in the region of 50% for some companies) as evidence of a glut of unsold houses broke into the public consciousness. The worry is that Spain's economy has been so driven by a massive construction boom that it is heavily weighted towards construction and therefore very vulnerable should this sector suffer a serious and prolonged downturn.

In China, shares continued to shoot up and signs of a bubble abound. Anecdotal evidence of people madly rushing into the markets is everywhere. I gave a presentation last night about market bubbles and I was talking to several

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attendees about their tales of China-market madness. They told me of an Ayi (this means 'maid' in Chinese) who didn't turn up for work because she was trading, plus a family entrusting their 14-year old son's education fund to him to play the markets! I think that the graph below says it all... (Thanks to Tim Price for this.).



Given the enthusiasm for share trading that has gripped the public, the worry is that an awful lot of people are going to lose an awful lot of money when this bubble bursts. Quite what impact that might have is anyone's guess...

At LWM, we try to steer well clear of market madness. We recognise that, whilst it is possible to profit from this kind of insanity, it's much more difficult and risky than most people realise, and the chances of catastrophic loss are far too real.

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Our philosophy of investment is about as low risk as you can get for an equity strategy, focussing as it does on undervalued tangible assets, established companies and strong dividends. By purchasing companies at a substantial discount to their intrinsic value, we reduce risk and maintain the possibility of generating superior returns. Since we began trading, we have been able to generate superb performance, whilst being able to protect our clients from losses when markets have underperformed.

Please forward this to any friends or colleagues for whom you feel this may be of interest. If this has been forwarded to you and you would like to receive monthly performance updates, please let me know.

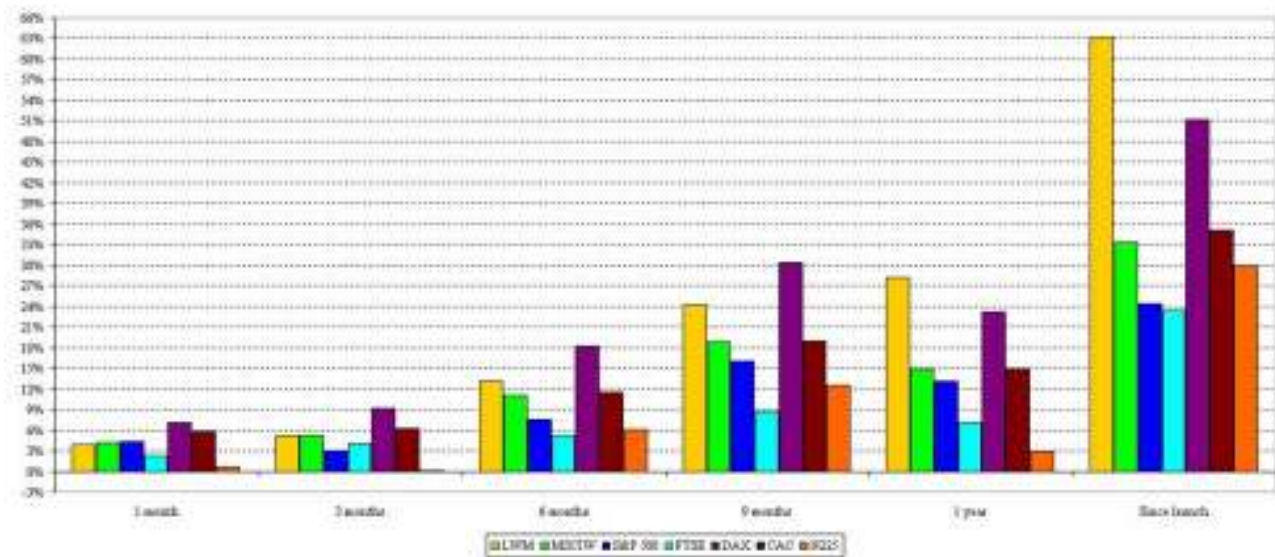
Kind regards,

Justin Lowes

Managing Director

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Performance as of April 30, 2007



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	LWM	MSCIW	S&P 500	FTSE	DAX	CAC	N225
1 month	3.86%	4.20%	4.33%	2.24%	7.11%	5.79%	0.65%
3 months	5.19%	5.17%	3.06%	3.96%	9.13%	6.28%	0.10%
6 months	13.13%	11.05%	7.57%	5.22%	18.19%	11.43%	6.10%
9 months	24.24%	18.88%	16.11%	8.78%	30.40%	18.98%	12.57%
1 year	28.25%	14.88%	13.10%	7.07%	23.28%	14.88%	2.92%
Since launch	63.22%	33.38%	24.42%	23.36%	51.18%	35.07%	29.90%

## Key

LWM – Lowes Wealth Management

MSCIW – Morgan Stanley Global Index

S&P 500 – US Standard and Poor's Index

FTSE – UK Index

DAX – German Index

CAC – French Index

N225 – Japanese Nikkei Index

## \* An explanation of how we derive our performance figures.

The performance figure that we quote is the total return on our entire equity portfolio. Thus, it measures the performance of all stocks that we actually own on behalf of our clients. This is a gross return (no charges are calculated) and is expressed in US Dollars. (Which is the currency most commonly invested by our clients.). We measure only the performance of the equity that we hold – we do not factor in any cash that is held. (Which will tend to dilute performance when our stocks rise in value, but dilute losses when our stocks fall.).

Whilst this is, therefore, an accurate indication of the performance of the stocks that we hold on behalf of all our clients, each individual clients' returns will be different due to charges, the cash that we hold on their behalf, depending upon when they invested and in which currency.

Please note: As always, I've tried to ensure that this will go out only to those who will be interested in this information. If you don't want to receive this in future please let me know and I'll take you off the list immediately

### Disclaimer

*Stated performance reflects equity gains, exclusive of any fees.*

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