

Lowes Wealth Management January 2007 - Performance Update

January was a mixed month for stock markets. The best performing market was the German DAX at 2.91%, whereas the UK FTSE posted a small loss of -0.27%. For the Lowes Wealth portfolio it was a case of everything changes, but everything remains the same. Our strongest performing stocks were all from the UK. Wm. Morrison (11.0%) led the way, followed by Sony (8.17%) in Asia, Alcoa (7.63%) in the US and BMW (7.56%) in Europe. Our worst performers were Fremont General (-16.10%) in the US, Liberty International (-9.03%) in the UK, Munich Re (-7.22%) in Europe and Kyocera (-2.32%) in Asia. We ended the month with a tiny loss of -0.1%.

The Bank of England, viewing early inflation figures putting inflation at nearly 3%, surprised markets with an increase in interest rates. German business confidence remains high (reflected in the performance of the DAX, which was the best performing major index of 2006). Data showed that the US economy was stronger than had been expected. Fourth-quarter GDP rose at a seasonally adjusted rate of 3.5%, surpassing expectations. The US dollar's slide reversed, although for how long remains to be seen. Oil prices fell to the low \$50's per barrel, which we took as an opportunity to add to some of our holdings, before recovering somewhat. US Consumers spent freely on the back of falling oil prices and the Dow Jones industrial Average ended January 31 just below its record high.

As ever, we prefer to put caution first in our investment strategy. Much of the global economy's strength over the last 5 years has been based on strong consumer spending funded by rapidly rising housing markets. Although arguments can be made that the continuing development in emerging markets, supported by enhanced confidence in perpetual major-market-laggards Germany and Japan, has reduced the reliance on consumer spending in the US, substantial risks remain. To list some of the main potential catalysts: consumer spending reductions caused by falling housing markets; inflation leading to higher interests rates followed by a growing inability of over-indebted consumers to meet their financial obligations, (again leading to a fall in consumer spending); budget deficits in the US; Avian 'Flu; geopolitical issues; rising oil prices (especially should the US

decide to act against Iran); growing protectionism and anti-globalisation feelings that could create a trade backlash etc.

Whilst none of these particular chickens may come home to roost in the short term, we believe that risks to the downside should not be forgotten, and that a cautious approach is pertinent. The best way to achieve superior returns from investment is to first of all avoid making major losses.

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,

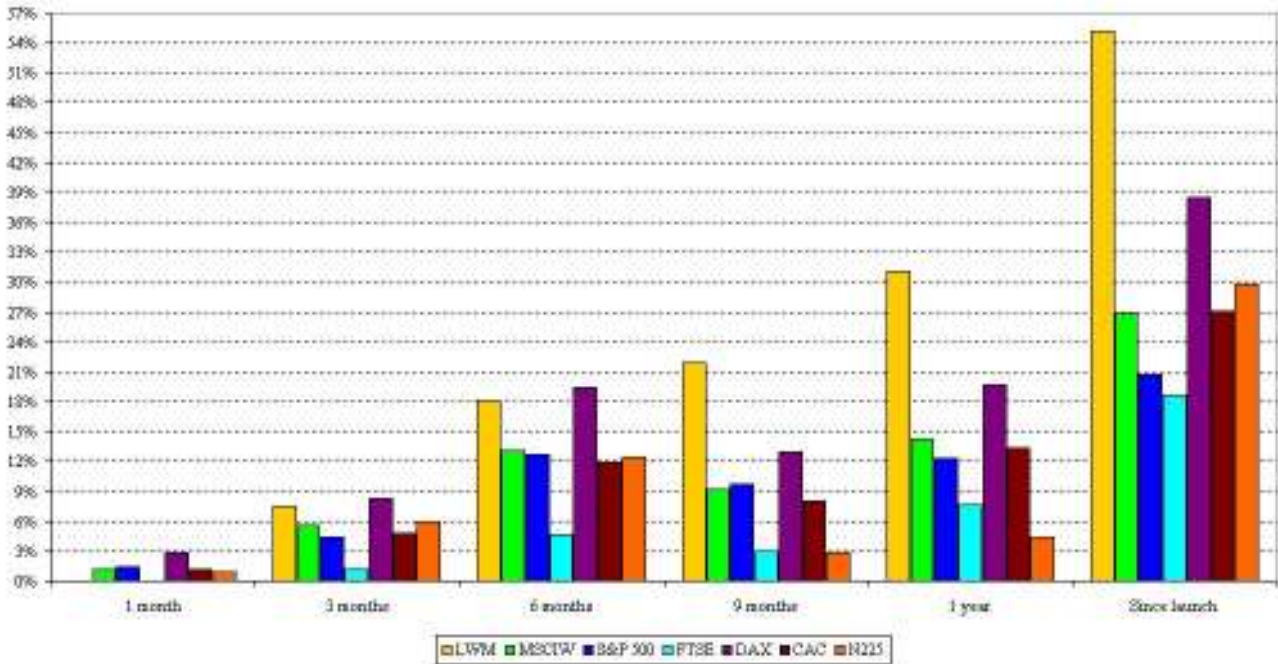
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Lowes Wealth Management – January Performance Graph

Performance as of Jan 31, 2007



	LWM	MSCIW	S&P 500	FTSE	DAX	CAC	N225
1 month	-0.10%	1.13%	1.40%	-0.28%	2.91%	1.20%	0.91%
3 months	7.55%	5.59%	4.38%	1.21%	8.30%	4.85%	6.00%
6 months	18.11%	13.03%	12.66%	4.64%	19.49%	11.96%	12.46%
9 months	21.93%	9.24%	9.74%	2.99%	12.97%	8.09%	2.82%
1 year	31.09%	14.24%	12.36%	7.69%	19.65%	13.35%	4.41%
Since launch	55.17%	26.82%	20.72%	18.66%	38.53%	27.09%	29.78%

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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