

Lowes Wealth Management September 2006 - Performance Update

Here is our full performance update for September. We'll be staging a number of events in the next few months to celebrate our first year's performance so we'll keep you updated.

In September, our portfolio returned 1.4%, taking our total return to 37.98% since launch in October. We began live trading on October 27th 2005, which means that our annualized return is currently 40.94%!

Our top performing stock for the month was Puerto Rican bank W Holdings Inc (WHI), which gained 17.3% in September. Our European portfolio continued its incredible performance (up more than 63% since launch in December!) with Michelin (ML) returning 9.06% after its 11.4% gain in August. A number of stocks in our UK portfolio did extremely well, including Hanson (HNS) and Wm. Morrison (MRW), growing 16.84% and 9.94% respectively, whereas the FTSE returned only 0.93% over the same period. Wm. Morrison (which we have often used as a case study as a superb example of a value stock), has now returned 43.72% since our first purchase on 24th November 2005.

Markets continued their strong performance overall, with only the Nikkei failing to post a positive return. The S&P500 had its best third quarter in nine years, the Dow its best for 11 years.

My belief is that the pessimistic / optimistic switch that was flipping back and forth is currently firmly set to the optimistic position. US investors have decided that the world is rosy. They are cheered by falling oil prices, historically high corporate profits, historically reasonable price / earnings ratios, steady interest rates that may have peaked, believe that a weakening housing market will not have a too-terrible impact on consumer spending, have gotten used to the carnage in Iraq, believe that possible sanctions with Iran have subsided, have totally forgotten about the likes of Avian flu' etc.

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Although many of the signs from the US economy are very positive, I think it extremely likely that we will have a reversal in sentiment in the near future. Should this occur, we believe that investor perception will tilt too far in the pessimist direction and will provide an excellent opportunity to buy back into the markets. Over the October holidays, we have sold a number of the stocks that have performed very strongly and that we now believe are no longer excellent value. We have also purchased some oil and gas companies that had fallen dramatically as we believe investors have become used to oil at \$60, and consider anything less cheap. This is nonsense and, given that even the most optimistic forecasts suggest that oil will not fall below \$50 for several years, the companies that we have purchased will make huge profits, even should the most optimistic forecasts prove correct. Of course, these companies will do even better should oil prices surge once more.

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 live trading in October, 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,

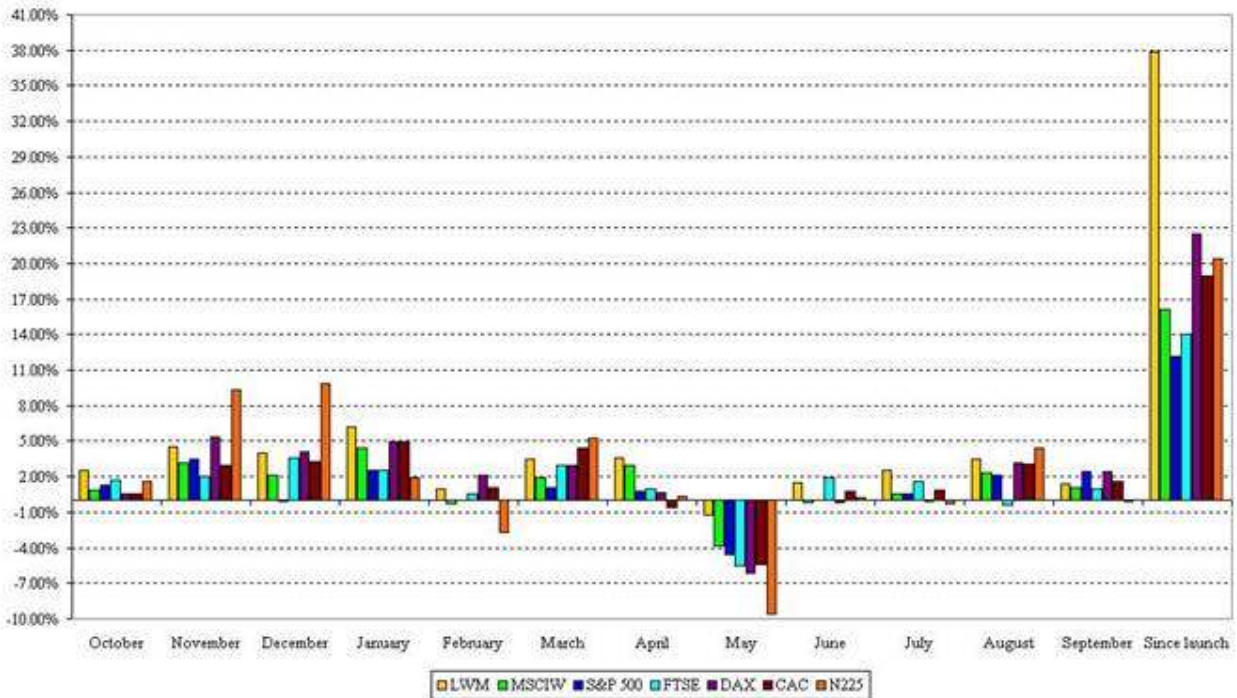
Justin

www.loweswealth.com



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Lowes Wealth Management –September Performance Graph



	Month	October	November	December	January	February	March	April	May	June	July	August	September	Since launch
LWM		2.52%	4.54%	3.98%	6.22%	0.99%	3.46%	3.60%	-1.23%	1.47%	2.55%	3.51%	1.40%	37.89%
MSCIW		0.92%	3.15%	2.14%	4.40%	-0.29%	1.96%	2.96%	-3.80%	-0.18%	0.56%	2.38%	1.07%	16.10%
S&P 500		1.31%	-3.52%	-0.10%	2.55%	0.04%	1.11%	0.80%	-4.52%	0.01%	0.51%	2.13%	2.46%	12.13%
FTSE		1.71%	1.99%	3.61%	2.51%	0.54%	2.99%	0.98%	-5.55%	1.91%	1.63%	-0.38%	0.93%	14.02%
DAX		0.58%	5.36%	4.14%	4.92%	-2.15%	3.00%	0.66%	-6.18%	-0.16%	-0.03%	3.12%	2.47%	22.52%
CAC		0.54%	2.95%	3.24%	4.94%	1.06%	4.41%	-0.62%	-5.43%	0.72%	0.87%	3.11%	1.65%	18.98%
N225		1.58%	9.30%	9.91%	1.87%	-2.67%	5.27%	0.32%	-9.63%	0.24%	-0.31%	4.43%	-0.08%	20.40%

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

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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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