

Lowes Wealth Management

December 2007 - Performance Update

I hope that you are well.

Looking back, the major story for 2007 has been sub-prime and the resulting credit crunch. We now enter 2008 with talk of the US economy teetering on recession and with some of the world's biggest financial institutions having seen their value halved over the last 6 months.

Where now for the world economy? Expect volatility! At LWM we think that things will get worse before they get better – that the easy money, easy credit love-fest that led to the TMT and housing bubbles could be very painful in its unwinding. In some ways, a recession is probably warranted. The Fed has managed to put back cathartic market pain for too long. Structural distortions need to be worked out of the system. US (and UK) consumers need to stop spending as much and save more. Home prices need to get back in touch with reality. The US government needs to start balancing its books.

But, no matter what occurs in the near future, things will recover. And it is through these sorts of volatile times that the seeds are sown for great returns going forward. Markets will always move too far in both directions. Many strong companies will have their share prices beaten down to levels totally unjustified by their future prospects.

We currently hold 45% of our total client assets in cash, precisely in anticipation of this eventuality. We will gradually buy in as certain stocks become too attractive to ignore.

During December markets were mixed. The LWM portfolio registered a gain of 0.52%. The best performer across major markets was once again the German DAX which gained 2.5%. The FTSE was



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the only other marker to post a gain with 0.38%. The Nikkei continued a woeful run with -2.38%. The S&P returned -0.86%, the Dow -0.80% and the French CAC -0.77%.

For LWM our best performing stocks from around the world for December were Fremont (39.44% - US), Munich Re (6.76% - Europe) WM Morrison (4.38% - UK) and Matsushita (0.49% - Asia).

Our worst performing stocks were Bank of America (-10.56% - US), Aero Inventory (-5.94% - UK), Unibail Rodamco (-5.77% - Europe) and Posco (-4.73% - Asia).

At LWM we operate according to a strict value-based investment methodology. We focus on undervalued tangible assets, established companies and strong dividends. By seeking to purchase companies trading at a substantial discount to their intrinsic value, we look to reduce risk and maintain the possibility of generating superior returns.

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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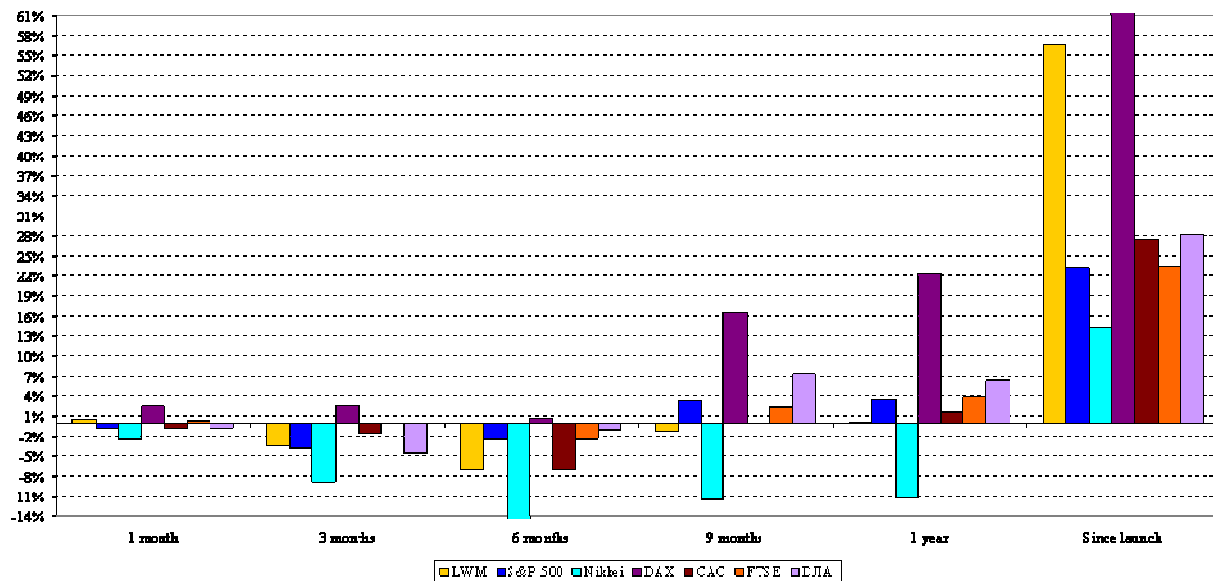
Lowes Wealth Management Monthly Performance Table

													2005
2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	-	-	-	-	-	-	-	-	-	2.52	4.56	4.08	11.56

													2006
2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	6.00	1.30	3.61	3.10	-0.17	0.94	2.36	3.97	1.61	4.52	3.70	3.65	40.41

													2007
2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	-0.21	-0.53	2.10	4.21	5.92	-3.78	-5.09	-1.93	3.39	0.98	-4.83	0.52	0.06

Performance as of December 31, 2007



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	LWM	S&P 500	Nikkei	DAX	CAC	FTSE	DJIA
1 month	0.52%	-0.86%	-2.38%	2.50%	-0.77%	0.38%	-0.80%
3 months	-3.40%	-3.82%	-8.80%	2.62%	-1.55%	-0.15%	-4.54%
6 months	-7.04%	-2.33%	-15.61%	0.75%	-7.07%	-2.29%	-1.08%
9 months	-1.26%	3.34%	-11.45%	16.63%	-0.13%	2.36%	7.37%
1 year	0.06%	3.53%	-11.13%	22.29%	1.54%	3.79%	6.43%
Since launch	56.73%	23.25%	14.28%	64.61%	27.52%	23.51%	28.22%

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 figures that we quote are the returns on our entire equity portfolio. Thus, it measures the performance of all stocks that we have bought on behalf of our clients. This is a gross return (no charges are calculated) and is expressed in US Dollars, the currency most commonly invested by our clients. We measure only the performance of the equities that we hold – we do not factor in any cash that is held.

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

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.

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Disclaimer

Stated performance reflects equity gains, exclusive of any fees.

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