



Stock Codes	Capital Shares	Income Shares	Warrants
Topic	EQPC	EQPI	EQPW
Bloomberg	EQPC LN	EQPI LN	EQPIW LN
Reuters	EQPL	EQPIL	EQP_t.L
ISIN	GB0030735483	GB0030735376	GB0030735269

30 April 03	Capital Shares	Income Shares	Warrants
Mid Price	60.5p	90.5p	9.5p
NAV	85.6p	N/A	N/A

Issue five

April 2003

Fund Manager: The Equity Partnership Limited (EPL)



Fund Manager Profile
Jo Welman

Jo Welman graduated in economics from Exeter University in 1979. He joined Baring Brothers where he managed several large segregated UK and US public company pension funds and The Barings UK Smaller Companies Unit Trust.

In 1989 he was recruited by Rea Brothers to be the Managing Director of their investment management subsidiary. He resigned as a director of Rea Brothers Group plc in August 1999 following the bank's takeover by Close Brothers. He is now chief executive of EPL and a non-executive director of a number of public and private companies including Brit Insurance Holdings PLC (resigned as Chairman in September 2002), London Town plc, Cathedral Capital PLC and non-executive chairman of the Close FTSE 100 Investment Trust plc. Jo is also chairman of EPIC Asset Management, the fixed income and structured product fund management subsidiary of EPL.

Corporate Details

Launch Date:	17 August 2001
Launch Assets:	£67.63m (net of expenses)
Current Assets:	£67.15m
Capital Structure:	Capital Shares: 34,561,666 Income Shares: 20,736,333 Warrants: 6,912,333
Bank Loan:	£13.75m over 5.5 years fixed at 6.70% pa
Year End:	31 July
NAV:	Monthly
Directors:	DC McCrickard (Chairman) DL Adamson, V Campbell M Richardson, JMP Welman
Winding up Provisions:	31 July 2011
Annual Management Fee:	1%
Brokers:	Teather & Greenwood

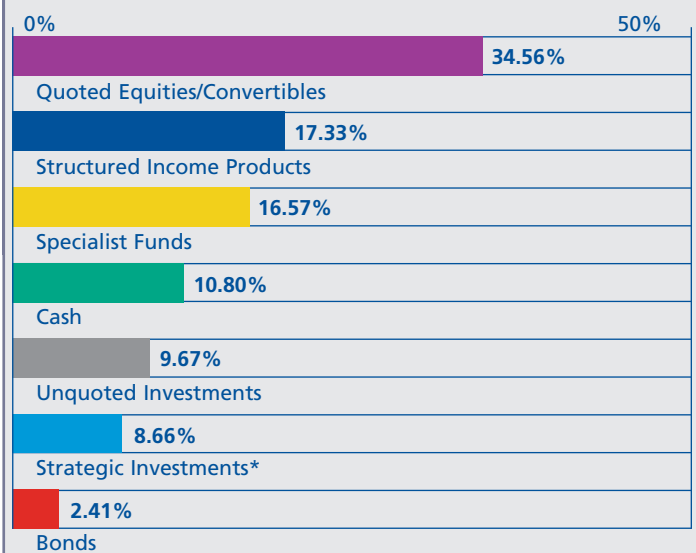
Investment Objective

The Company invests in quoted and unquoted equities, bonds and structured income products and investment funds to generate capital growth for capital shares and an initial 10% yield for income shares.

Benchmark

Capital Share NAV: Libor + 3% per annum
Income Shares: Entitled to 10% per annum with annual RPI increases (capped at 5% per annum)

Asset Allocation as at 30 April 2003



*The Equity Partnership Limited, Strand Partners Limited, EPIC Specialist Investments Limited

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Manager's Commentary

Having dipped to below 3,300 on the evening of the Iraq invasion, the FTSE 100 Index closed up 7.3% during the quarter at 3,926. A successful outcome in Iraq, combined with a less attractive outlook for government bonds and reduced pressure on pension funds to sell equities, allowed good share price recoveries in many second line stocks within the **quoted equity** portfolio. The manager used this strength to reduce the very substantial position built up in Davis Service Group last autumn by a third.

During the quarter no new investments were made in **private equity**. On the whole portfolio companies continue to perform well with the exception of Varga which unexpectedly lost a major contract in February. Of particular note during the quarter was Storm Digital's launch of PharmacyLive which broadcasts to 1,300 Lloyds pharmacies across the UK. PharmacyLive complements Storm's other point of sale, radio station News Agents Radio.

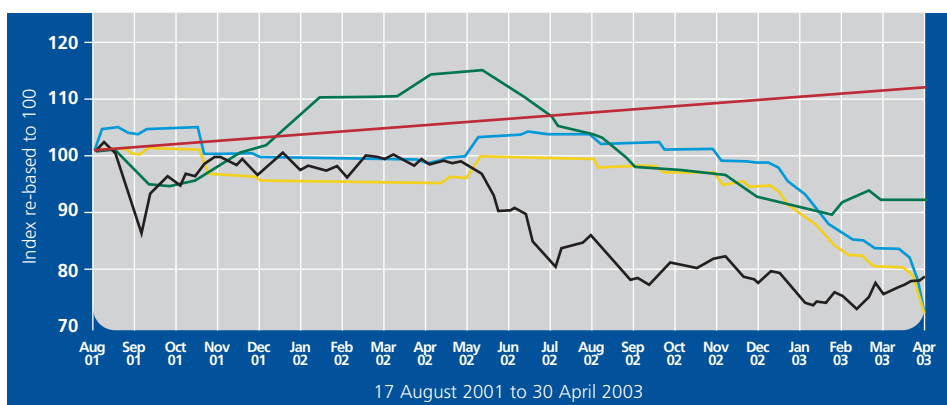
The **Equity Partnership** continues to grow strongly with funds under management approaching \$2 billion. However, the annual review of the company's valuation has led to a decrease in the formula from 1.5% to 1% of funds under management. This reflects the equity markets' downrating of quoted fund management companies over the past year.

We believe that the **Sunrise I CDO** is performing better than anticipated at this stage of its existence. Some individual credits

are, however, encountering difficulties and the average quality of the underlying portfolio continues to deteriorate, albeit marginally. Yet, despite the unhelpful economic environment, there have been no defaults in the portfolio to date, and the debt continues to be serviced.

Activity in the fund's **fixed income** allocation meanwhile has been limited, mirroring the narrow range within which Gilt and other bond market yields have traded during much of the last quarter. With the conflict in Iraq apparently over, investor attention has already turned to gauging the strength and durability of the world's post war economic recovery. In the UK, growth prospects have been boosted by an interest rate cut which should partly offset forthcoming tax rises and reduce the potential for cooling property prices to dent consumer spending. Looking ahead, we believe that the need to bolster demand will remain, meaning that rate cuts cannot be ruled out even though inflation remains above target.

Share Price and NAV Performance vs Benchmark (from 17 August 2001 to 30 April 2003 - re-based to 100)



Source: Bloomberg

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PO Box 174, St James's Chambers, Athol Street, Douglas, Isle of Man IM99 1PP. Telephone: +44 (0)1624 661020 Fax: +44 (0)1624 617823. Registered in The Isle of Man Number 103447C at the above address. The Equity Partnership Investment Company PLC is listed on the London Stock Exchange and is managed by The Equity Partnership Limited.

Market Data

	20.5 months since launch
Capital Shares:	
FTSE All Share Index	- 26.99%
NAV	- 10.89%
Benchmark	+ 13.57%
Share Price*	- 38.89%
Share Price + Warrants	- 36.97%
*Opening share price net of commission at 99p	

Largest Investments

	% of total investments
Sunrise CDO I Preference Shares Class 2 Reg S 1000*	8.93%
Credit Suisse First Boston (USA) Inc 0% 14 Nov 2013	8.40%
EPIC Brand Investments	5.38%
Equity Partnership Limited†	4.99%
Pinnacle-psg Limited	4.16%
Davis Service Group Plc	3.71%
Strand Partners Limited	3.68%
Gleeson (MJ) Group Plc	3.59%
Diploma PLC	3.38%
EPIC Student Accommodation 20pct 28 February 2003	3.33%
Jupiter Hyde Park Hedge Fund	3.20%
SIG Plc	3.16%
Heywood Williams Group Plc	2.86%
ABB Intl Finance 10pct 29 May 2009	2.41%
VT Group Limited	2.03%
Total of 15 largest investments	63.22%

* The investment has been split into Sunrise Preference Shares and the CSFB (USA) Notes

† Directors' Valuation of 1% of Funds under Management