

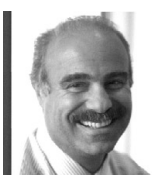
Stock Codes	Capital Shares	Income Shares	Warrants
Topic	EQPC	EQPI	EQPW
Bloomberg	EQPC LN	EQPI LN	EQPIW LN
Reuters	EQPL	EQPIL	EQP_t.L
ISIN	GB0030735483	GB0030735376	GB0030735269

30 April 2004	Capital Shares	Income Shares	Warrants
Mid Price	64.5p	108.75p	11.00p
NAV	89.88p	N/A	N/A

Issue seven

April 2004

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 take-over 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), Cathedral Capital PLC and non-executive chairman of the Close FTSE 100 Investment Trust plc. Jo is also chairman of EPIC Specialist Investments and 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:	£69.18m
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

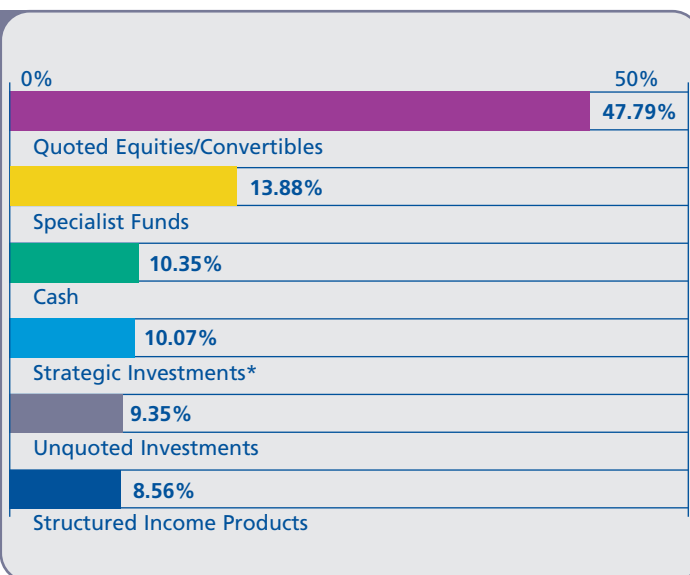
Investment Objective

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 2004



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

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Manager's Commentary

Expectations of global growth have continued to firm throughout the quarter driven by unrelenting strength in production indicators and in the US this has led to some important labour market gains. As such, prospects for concerted interest rate rises have increased and have triggered a significant sell-off in bond markets over the period. The response of the MPC to raise UK base rates by a quarter of a percent in light of a similar pick-up in the UK, has thus vindicated the Manager's decision to limit the Fund's fixed income component to cash.

Looking ahead, the housing market's continued buoyancy coupled with the strength in the wider economy leads us to expect that there will be further monetary tightening over the balance of the year. Against this backdrop the portfolio will remain defensively positioned until such time that bonds promise to provide a greater total return than cash.

Equity markets struggled to make progress during the quarter as better economic news was tempered by worries about terrorism, rising oil prices and interest rates. Agreed bids were received from property developer Chelsfield and software specialist Staffware. A major new position was taken in BT. The dual threats of competition and regulation had depressed the share price to a level that does not reflect the cash generative qualities of this telecoms giant.

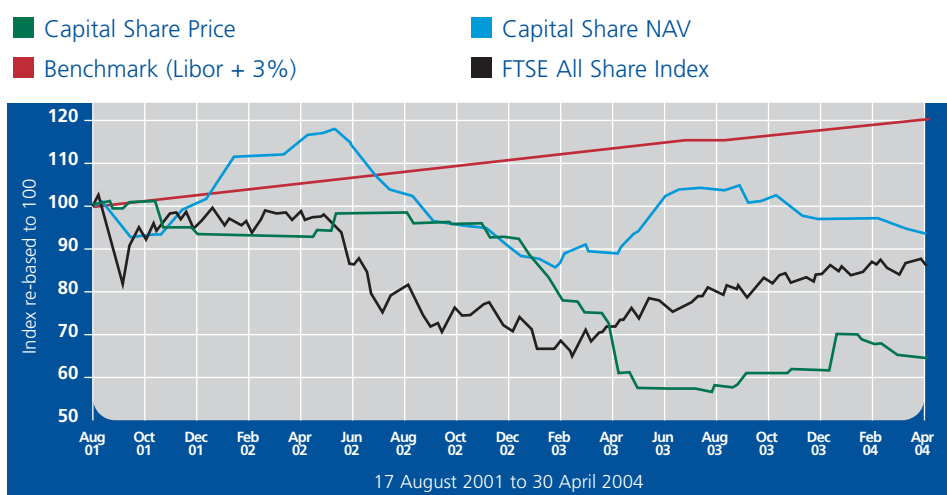
The past quarter has been a quiet one for new private equity investments although discussions that may lead to a realisation of one core investment are at an advanced stage and a second has engaged brokers to handle its flotation in the second half of the year. A number of potentially attractive opportunities to reinvest the proceeds are currently under review.

During the first four months of 2004 the Equity Partnership has shown continued progress with funds under management increasing to above \$3.25 billion at the end of April and fees significantly ahead of budget. It is often difficult to time with any degree of accuracy the arrival of new fixed income clients but we remain confident of securing further mandates in time to make a meaningful contribution to this year's profits.

As a matter of prudence we will write down the value of the Sunrise CDO to nil at the end of May based upon our estimation of the impairment of the underlying collateral at present. Notwithstanding this, we believe that there remains value within the CDO and that over time the excess interest being generated could retrieve some of the written-down value.

As a consequence of further rating downgrades amongst the underlying collateral it is anticipated that income generated by the CDO will continue to be used to repay debt - effectively capitalising that income. We are exploring ways in which the CDO might be restructured in order to maximise value for EPIC in the short term.

Share Price and NAV Performance vs Benchmark (from 17 August 2001 to 30 April 2004 - re-based to 100)



Source: Bloomberg

Market Data

	32.5 months since launch
Capital Shares:	
FTSE All Share Index	- 13.64%
NAV	- 6.41%
Benchmark	+ 20.32%
Share Price*	- 34.85%
*Opening share price net of commission at 99p	

Largest Investments

	% of total investments
Credit Suisse First Boston (USA) Inc 0% 14 November 2013	8.56%
BT Group PLC	6.49%
Equity Partnership Limited**	6.43%
Diploma PLC	5.06%
EPIC Brand Investments plc	4.13%
Gleeson (MJ) Group PLC	3.93%
Strand Partners Limited	3.64%
Lloyds TSB Group PLC	3.25%
Jupiter Hyde Park Hedge Fund	2.93%
JSS Pinnacle Group Limited	2.91%
VT Group PLC	2.85%
Davis Service Group PLC	2.52%
Heywood Williams Group PLC	2.42%
Uniq PLC	2.41%
DTZ Holdings PLC	2.27%
Total of 15 largest investments	59.80%

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

**Directors' Valuation of 1% of Funds under Management

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