LAWRENCE PARTNERS FUND

Apr 30th and First Quarter update

Performance Overview*

NAV per share	Monthly Performance	Performance Year-to-Date	Performance Since Inception
$129.55	9.8%	11.6%	220.4%

Shares of Lawrence Partners Fund were up 1.7% net of all fees and accruals in the first quarter of 2006, and 11.6% year-to-date as at April 30th. This compares to 3.7% for the quarter and 5% year-to-date on the S&P 500 and 7.4% for the quarter and 8.2% year-to-date on the TSX.

Our returns trailed the index significantly for the first 3 months of 2006. We have remained un-levered with significant short and cash positions for the last several months. The fund overtook the index performance-wise in April however with strong showings from our energy services holdings in particular. We are pleased that we were able to produce such a material outperformance year-to-date with only about 70% exposure to the market, our two largest positions being market neutral, and while carrying a significant cash position.

Market Update – 2006 Year-to-Date

The S&P/TSX Composite Index has had an impressive start to the year – up 8.2% year-to-date. The primary driver has been energy and base metals stocks. In April, the weighting in the index to Energy surpassed that of Financials for the first time ever. Energy stocks now comprise 30.2% of the S&P/TSX Index and over 40% of the S&P/TSX Income Trust Index. The Energy sub-index is up 10.25% year-to-date and is second only to the Materials sub-index up 21.8% year-to-date.

At first glance the Canadian economy appears to support the stellar performance of it's flagship equity index, but perhaps storm clouds loom on the horizon with the Canadian dollar approaching par with the USD and the manufacturing-dependent economy of southern Ontario scrambling to adjust. There is no question that we are seeing the tale of two economies: stratospheric energy prices are causing a liquidity windfall on a federal basis and creating tremendous wealth in the western part of the country while exporters and manufacturers of all sorts spend more and more time staring at foreign exchange quotes and trying to figure out how to deal with the new reality of a soaring Canadian dollar.

The energy story appears to be entirely intact with the high-cost, long reserve-life oil sands assets set to benefit the most. Last year we saw the first major oil sands project sold to a foreign buyer: Deer Creek to Total in a multiple-bidder sale process. This year is likely to see numerous such transactions with Opti Canada, Synenco, and UTS Energy as likely targets. Conversely, the picture is not so clear for the materials stocks and in particular the base metals stocks that are so important to the TSX. Every major commodity is now trading significantly above both its average and marginal cost of production. In the case of copper, the cost per marginal pound is approximately $1.30 versus a spot price of $3.25 per pound. There is no question that hedge funds and other speculative market participants are contributing to the pricing of commodities – they are surprisingly small markets and easily manipulated by large global hedge funds. Similarly, there is no doubt that prices are due for a significant correction. It would appear

*Please note, performance numbers refer to Series 1 Shares. For exact figures relating to their Series of Shares, investors should refer to their quarterly statements.

as though the supply side of the market for most commodities will be unable to react to continued increases in global demand in the near future and that 'high' prices in a historical sense will persist for some time to come. However, it would be foolish to think we will continue to see the appreciation we have seen in the last several years. It is highly unlikely that we will see copper double again, at least before retreating significantly first.

With the materials sub-sector appearing to be significantly over-extended and the beneficiary of tremendous capital inflows, both domestic and foreign as international investors chase commodities and the Canadian dollar, and the energy sub-sector weighting at its greatest ever relative weight to financials, the traditional lynch-pin of the TSX, it is our belief that the TSX takes a pause going into the summer and we are likely to see a period of mediocre and perhaps even negative returns from the index before it marches higher in the back half of the year, again driven by energy and perhaps financials.

Income trusts, often a significant component of our portfolio, continue to perform well with the index being driven by the Oil & Gas trusts. The non-energy income trust market has been lackluster and we believe is likely to register near zero total returns for the balance of year as valuations are already stretched and the interest-rate environment is conspiring against them.

Lawrence Partners Fund Featured Position – Pengrowth Energy Trust Arbitrage

The Lawrence Partners Fund continues to carry a significant hedged position in Pengrowth Energy Trust – long Class B shares and short the same number of Class A shares at a significant premium to the B's. This long-suffering position is now showing the potential for a profitable end.

In February, Lawrence Asset Management filed a preliminary prospectus for the IPO of "PGB Trust" – Pengrowth B Trust. PGB Trust was a new single-purpose income trust designed to hold one share of Pengrowth Class B share for each share of PGB Trust outstanding. PGB Trust was seeded with almost $50 million of PGF.B shares tendered by the Lawrence Partners Fund and several other local hedge funds. The structural value-add provided by PGB Trust was that it was eligible for up to 100% foreign ownership whereas the Class B shares that it owned were restricted to Canadian ownership. It was our belief that PGB Trust units would trade to the premium price that Pengrowth Class A shares which are listed on the NYSE and themselves eligible for unlimited foreign ownership trade at.

Subsequent to filing to go public, the Ministry of Finance retracted the law that required Pengrowth to maintain its unwieldy dual-class share structure. This prompted Pengrowth to form a special committee to assess their capital structure and subsequently hire Nesbitt Burns and Merrill Lynch to advise on the potential collapse of the dual class structure. This in turn prompted us to withdraw our IPO. It is our firm belief that Pengrowth will elect to collapse its A/B structure. If and when this occurs, the fund's hedged position will benefit and provide a material contribution to the performance of the fund.

Current Strategy

The Lawrence Partners Fund exited April with a higher level of investment than during most of the first quarter – approximately 90% net invested. We do not anticipate having any higher exposure to the market in the near future. It is our belief that we will be presented with superior buying opportunities over the summer months and the Fund will be positioned to participate aggressively should these materialize.

Our exposure to the resource market continues to be in small and medium-cap companies that we believe to have high-quality resources attractive to strategic buyers. M&A activity in the resource sector has tripled in the past 3 years from approximately $90 billion in deals in 2003 to over $280 billion in 2005. We believe the greatest opportunity for capital gains continue to be in the long reserve-life small and medium cap companies.

While we have a below market weighting in energy and materials stocks, we have maintained heavy exposure to oil and gas and mining services companies which we believe represent a risk-reward more consistent with our investment objectives. Energy services stocks in particular continue to be an area of expertise.

As the fund has grown in size, we have made several small investments in private companies which we believe to represent significant value. Specifically, we have invested in a private energy services company, a private oil sands company, and a private traditional Oil& Gas exploration company. All three have very clear and short paths to public markets. We believe we are identifying exceptional value in these opportunities and they justify the additional risk associated to private company investments.

For the past several quarters we have spent a great deal of time looking for opportunities in technology, healthcare, and related services companies. We already have several positions in technology companies and believe that there are further opportunities in the Canadian marketplace. These companies have virtually no following and there are no capital inflows into this sector, presenting us with potential buying opportunities and inefficiently priced stocks.

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