



October 6, 2008

**RE: LAWRENCE PARTNERS FUND UPDATE**

Dear Partners Fund Shareholder,

The past several weeks have seen unprecedented uncertainty in global banking, credit, and equity markets resulting in dramatic political action to reinstate stability. Understanding that this is of growing concern to all of us, I want to provide you with an update on the Lawrence Partners Fund which, unfortunately, has suffered in tandem with the performance of other financial players and is down 53% on a year-to-date basis. I feel that an explanation as to what has transpired is appropriate given the circumstances.

Before discussing what occurred in September, I'd first like to touch our investment strategy dating back several months within the Fund which has been to i) reduce our exposure to small cap equities, and ii) move capital into what we perceived to be lower risk opportunities in otherwise volatile times. BCE, Fording Canadian Coal Trust, Teranet Income Trust, and Sleep Country Canada are examples of companies that we invested the Fund in – all of which represent high quality companies, with highly liquid shares that were the subject of take-over bids at the time of investment.

Despite the Fund's significant exposure to these aforementioned names, the first couple of weeks in September saw the value of the Partners Fund portfolio decline by roughly 20% as global markets plunged in response to the credit crisis and the emergence of real and near bank failures. The Dow Jones itself fell approximately 1,000 points (or 8%) as Lehman Brothers filed for bankruptcy and AIG teetered on the brink. The environment suddenly became chaotic and the seriousness of mounting liquidity concerns in the global financial system forced the Partners Fund to reduce the size of some core portfolio positions at significantly inopportune levels.

This unforeseen outcome is very disappointing for both me and my partners at Lawrence Asset Management Inc. (LAMI). We hope, however, that you will maintain confidence in our continuing commitment to create value for the Fund in the coming months, especially because we are significant investors in the Fund ourselves. LAMI's largest corporate asset is its holding in the Partners Fund, and we will continue to receive payment for our fees in the form of Fund shares going forward. Personally, the Partners Fund is my largest investment and I remain dedicated to creating shareholder value for years to come. Each member of LAMI's management team is adding to his/her respective personal investment in the Fund to demonstrate our collective ongoing commitment to shareholders.

Our core portfolio positions have been maintained albeit at a reduced size, and we are focused on delivering a return to positive performance for our shareholders. We cannot restore all of this year's loss to date in the next few months or quarters, but we are confident that we will get there.

In the meantime, I think its worth noting that despite the performance year-to-date, Lawrence Partners Fund has compounded at 28% since its inception in 2004; while the TSX Composite Index has delivered a 8.3% compounded rate of return over the same period.

In the coming days and weeks we will be in touch with investors and investment advisors who have invested in the Partners Fund to discuss the market and to keep everyone updated on our strategies during these challenging times. I ask for your patience in this difficult market and ongoing support while LAMI works towards restoring the value that has been lost.

Thank you for your support.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Sood', with a stylized flourish at the end.

Ravi Sood  
President & Chief Operating Officer  
Lawrence Asset Management Inc.