



Quarterly Fact Sheet

Issue one

January 2002

Stock Codes	Capital Shares	Income Shares	Warrants	31 Jan 02	Capital Shares	Income Shares	Warrants
Topic	EQPC	EQPI	EQPW	Mid Price	92.5p	99.5p	22.5P
Bloomberg	EQPC LN	EQPI LN	EQPIW LN	NAV	106.75p	N/A	N/A
Reuters	EQPL	EQPi.L	EQP_t.L				
ISIN	GB0030735483	GB0030735376	GB0030735269				

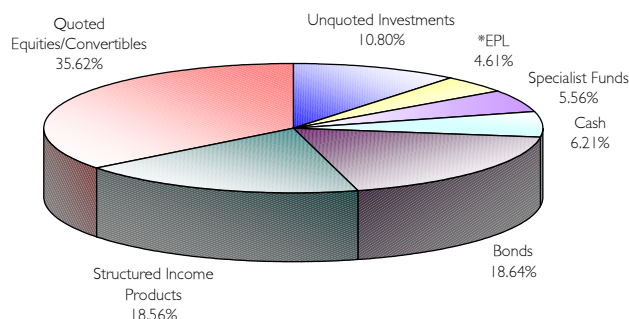
Investment Objective:

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 31 January 2002:

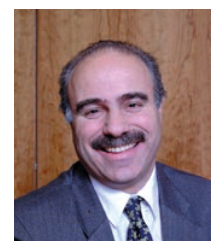


*Directors' Valuation of 1.5% of Funds under Management

Fund Manager

The Equity Partnership Limited (EPL)

Fund Manager Profile



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 become the Managing Director of the 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, chairman of Brit Insurance Holdings PLC and a non-executive director of a number of public and private companies including 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.

Corporate Details

Launch Date:	17 August 2001
Launch Assets:	£67.63m (net of expenses)
Current Assets:	£72.75m
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:	D C McCrickard (Chairman) D L Adamson, V Campbell R King, J M P Welman
Winding up Provisions:	31 July 2011
Annual Management Fee:	1%
Brokers:	Teather & Greenwood

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Market Data

5½ months
since launch

Capital Shares: NAV	+11.15%
Benchmark	+3.48%
Share Price*	-6.57%
Share Price + Warrants	-2.02%

*Opening share price net of commission at 99p

Largest Investments

% of Total
Investments

Sunrise Capital	
Principal Protected Income Note	18.56
UK Government 9.5% 18 April 2005	14.36
Equity Partnership Limited	4.61
Davis Service Group PLC	3.48
Strand Partners Limited	3.44
SIG PLC	3.20
Jupiter Hyde Park Hedge Fund	2.82
JSSPinnacle Group Limited	2.75
Gleeson (MJ) Group PLC	2.54
Brit Insurance Holdings	
8.5% Convertible	2.43
Heywood Williams PLC	2.08
Novar PLC	1.95
Provident Financial PLC	1.88
Varga Holdings	1.85
Greene King PLC	1.84

Total of 15 largest investments 67.79

Manager's Commentary

Within the **quoted equity** portfolio we have invested in companies with above market yields where there is a prospect of dividend growth. Many provide the additional comfort of substantial asset backing. We believe that in a low growth and low interest rate environment these shares will remain in demand. The "bottom-up" stock picking approach has resulted in several large sectors of the market such as natural resources, telecoms and pharmaceuticals being unrepresented.

The largest quoted investment is Davis Services, a company with a consistent track record, a below market multiple and good cash flow which produced interims in September showing double digit increases in both profits and dividends.

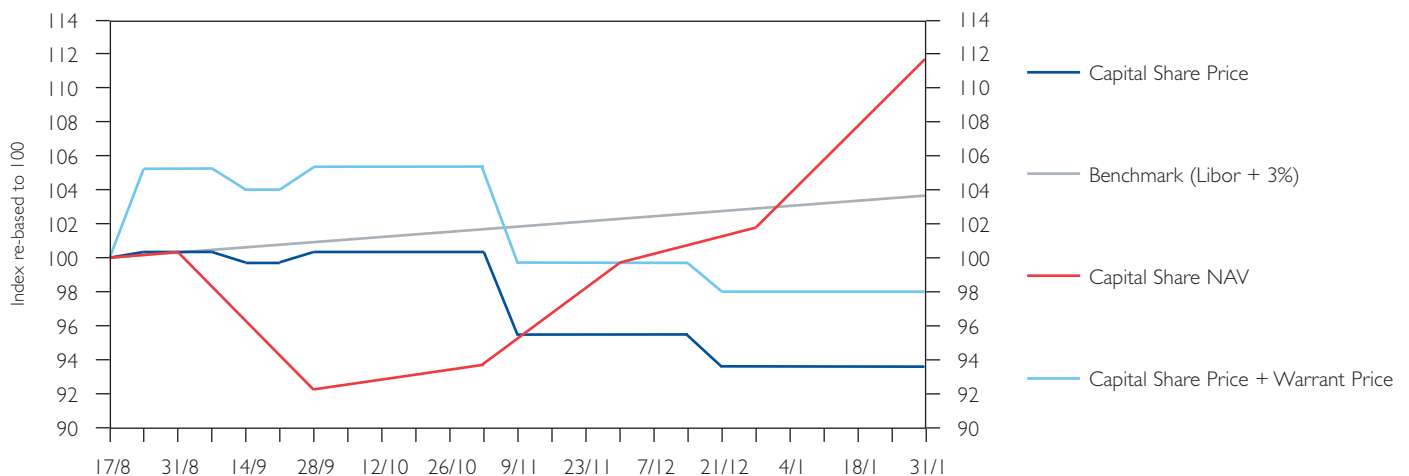
We took a full weighting in the insurance sector looking to benefit from rate rises following the difficult conditions of the late 1990's. The WTC losses resulted in this sector being the worst performer in the Index over the six month period but the events of September 11 have put further upward pressure on insurance pricing.

Over the last six months we have made a strong start on the **unquoted equity** portfolio. Core investments made include JSSPinnacle Group, a provider of social housing management services with over 70,000 homes in London, Strand Partners, a corporate finance boutique and Varga, an Anglo-Hungarian animation company. We aim to invest in companies with a leading market position that have strong incumbent management, historic financials and growth potential.

Sunrise CDO I Ltd is a USD 300 million Collateralised Debt Obligation (CDO) structure, secured on USD denominated fixed and floating rate debt securities issued predominantly by US issuers. The underlying portfolio consists of 25% Residential Mortgage Backed Securities, 8% Commercial Mortgage Backed Securities, 33% (other) Asset Backed Securities, 17% CDOs and 17% Corporate Securities.

Fixed income markets first rallied and then sold off as more signs of US recession were gradually replaced by data suggestive of US and global economic recovery. Increases in UK yields were limited by a lingering perception that there may yet be one more base rate cut, insulating shorter dated securities from the worst of the bond market sell-off. The improving economic outlook boosted corporate profit prospects to the benefit of the fund's non-government bond holdings.

Share Price and NAV Performance vs Benchmark (from 17 August 2001 to 31 January 2002) – re-based to 100

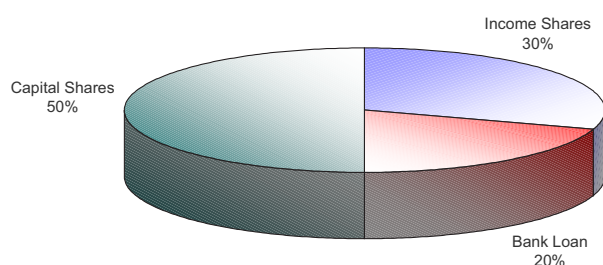


Source: Bloomberg



Share Classes

Capital Structure



Capital Shares

Capital Shares will, at the end of the Company's life, have the right to all capital growth and accumulated income after all debt, other liabilities and Income Share obligations are satisfied. The holders of Capital Shares also benefit from the Company's initial 29.9 per cent shareholding in EPL which is valued at 1.5% of Funds under Management.

Warrants

Each Capital Shareholder who subscribed under the Placing was issued Warrants (on the basis of 1 Warrant for every 5 Capital Shares subscribed) entitling the Warrantholder to subscribe for Capital Shares on any Subscription Date at a subscription price of 100p per Capital Share. The Warrants are separately listed and expire in 2006.

Income Shares

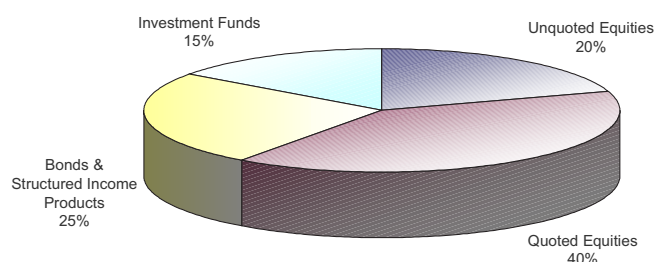
The Income Shares carry the entitlement to cumulative preferential dividends, the annual rate of which will be increased annually in proportion to any increase in the Retail Price Index (RPI), capped at a maximum 5 per cent increase for any year. The first RPI increase will apply to the payment due in November 2002.

Dividends

1st Interim	- November 2001	1.5p paid
2nd Interim	- February 2002	2.5p announced (xd)
3rd Interim	- May 2002	2.5p forecast
4th Interim	- August 2002	3.5p forecast

Investment Policy

Target Asset Allocation



Quoted Equities

The performance of the major UK equity market indices has become increasingly influenced by a small number of very large companies. Many smaller companies find it difficult to generate interest from the investment community and that, as a result, can remain under-researched and trade at low valuations. EPIC will exploit opportunities where share ratings do not reflect a company's value or growth prospects.

Unquoted Equities

The Directors intend to invest in companies that have established business models where there is the opportunity for a significant uplift in market value, for example in companies that are actively seeking a listing.

Bonds

Bonds and structured income products include a range of asset classes such as investment grade bonds, high yield bonds, convertible bonds and Collateralised Debt Obligations (CDOs). A CDO is a repackaged security whose underlying collateral is a diversified portfolio of bonds and or loans.

Investment Funds

EPIC will invest in specialist sector funds, closed ended funds traded on deep discounts, funds that are investing in new asset classes, and hedge funds. The Company is prohibited from investing in the ordinary income and income share capital of split capital funds.



Key Investment Team

Ravi Shankar - Bonds/Structured Income Products



Born 1960, Ravi joined EPL from Benfield Greig Asset Management where he was Managing Director and Chief Investment Officer. He was previously an Investment Director and a member of the Investment Policy Committee at Norwich Union. Ravi spent nearly four years as Director of Fixed Income Strategy at Kemper (Zurich) Investment Management and four years as Head of Investments at the Ministry of Finance in the Sultanate of Oman. He holds an MBA in Finance from Drexel University in Philadelphia and a BE in Mechanical Engineering from the National Institute of Engineering, India.

John Lee - Quoted Equities



Born 1950, graduated in Economic History from the New University of Ulster in 1972. During the 1970's he was a financial analyst with Phillips Petroleum working on various North Sea projects. In 1979 he joined London stockbroker Fielding Newson Smith as a specialist oil analyst and institutional salesman. In 1984 he joined Hoare Govett as an institutional general equity salesman. After similar roles with BZW, Credit Lyonnais and Greig Middleton he left stockbroking in 1998 to focus on smaller company investments.

Giles Brand - Unquoted Equities



Born 1974, Giles joined ING Barings from Bristol University in 1997. After a year as part of the London Mergers and Acquisition team he moved to Paris where he focused on the Retail, Luxury Goods and Transport sectors advising companies such as Delhaize, Michelin, Gucci and Arianespace. On his return to London in 1999 he joined the Transport and Logistics advisory group working with clients such as LOT, Sabena and Malev. During the year before he joined EPL, Giles worked in the e-Business Group advising on private equity investments in financial service businesses on behalf of ING Group and ING Barings.

The Equity Partnership Investment Company PLC (EPIC)

EPL manages EPIC's assets and provides investment and corporate finance expertise to group companies.

29.9%

The Equity Partnership Limited (EPL)

EPL will further develop its financial services business by recruiting teams with complementary skills to operate through joint ventures and subsidiaries.

70.0%

EPIC Asset Management (EPAM) (Regulated by the FSA)

EPAM specialises in the management of fixed income portfolios including multi currency and structured products to institutional investors. EPAM also provides asset allocation services.

Risk Warning

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