

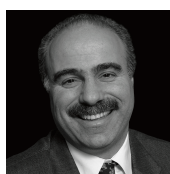


Stock Codes	Capital Shares	Income Shares	Warrants
Topic	EQPC	EQPI	EQPW
Bloomberg	EQPC LN	EQPI LN	EQPIW LN
Reuters	EQPL	EQPiL	EQP_t.L
ISIN	GB0030735483	GB0030735376	GB0030735269

31 July 02	Capital Shares	Income Shares	Warrants
Mid Price	97.5p	100.0p	24.5p
NAV	100.9p	N/A	N/A

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, 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 of EPL.

Corporate Details

Launch Date:	17 August 2001
Launch Assets:	£67.63m (net of expenses)
Current Assets:	£71.17m
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

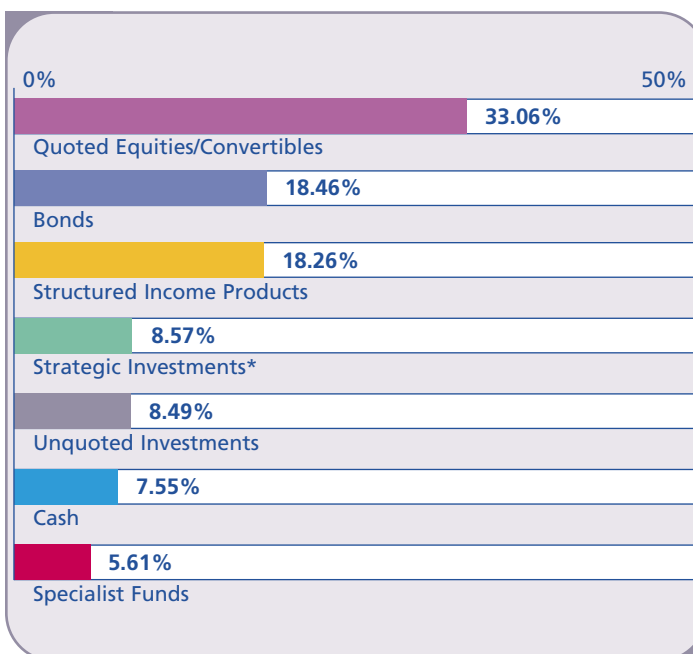
The Company invests in quoted and unquoted equities, bonds and structured income products and investment funds to generate capital growth for capital shares and an initial 10% yield for income shares.

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 31 July 2002



*The Equity Partnership Limited, Strand Partners Limited

Contact:

Jo Welman – The Equity Partnership Limited Tel: +44 (0)20 7984 8660
Fax: +44 (0)20 7984 8525 e-mail: jo.welman@epic-am.com
Emma Ayton – Teather & Greenwood Tel: +44 (0)20 7426 3240
Fax: +44 (0)20 7426 9545 e-mail: emmaa@teathers.com

Manager's Commentary

At the beginning of the quarter worries about the strength of any US economic recovery and the US dollar prompted us to raise liquidity from the **equity portfolio**. The holding in Standard Chartered was sold and profits were taken in Davis Services and Ockham after a period of strong out-performance.

During the severe market turbulence of late June and July this liquidity was redeployed at lower market levels with a particular emphasis on the beneficiaries of the strong Euro such as the cement and concrete giant RMC whose unprofitable German operations are likely to be sold or returned to profitability over the next eighteen months.

We have made no new **unquoted equity** investments during the fourth quarter.

We continue to review strategy and financing options with Varga where current trading remains encouraging and in anticipation of growing the production side of the business there has been a reorganisation of the management structure. We are also examining opportunities for EPIC to co-invest in the production of a new animated TV series.

More generally within the portfolio the current market conditions have delayed the IPO of Sense-Sonic - one of EPIC's smaller holdings.

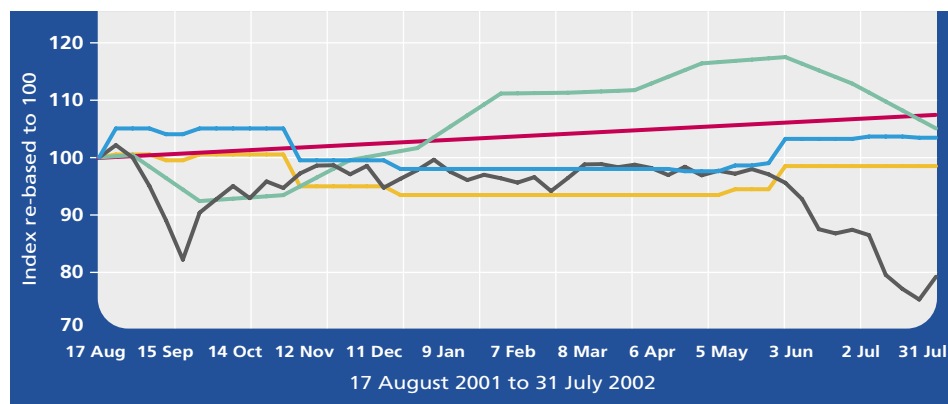
We continue to research new opportunities and are currently looking at a number of potential investee companies in the electrical, pharmaceutical and retail sectors.

Sunrise CDO I Ltd is performing satisfactorily although CDO and ABS markets in the US are still experiencing difficult conditions.

Deterioration in collateral quality in these markets is manageable but depends on the recovery of the US economy. The overall collateral quality of Sunrise CDO is still well within the investment grade boundaries and the over-collateralisation and interest coverage tests are comfortably met. The first distributions of the transaction (on 29th July 2002) exceeded expectations and led to higher than projected deleveraging.

Fixed income markets meanwhile took much of their direction from equities this quarter, the move by investors to scramble for the sanctity of government bonds causing prices to rise almost 3%. Additional impetus to the bond market's rally came near quarter's end when economic data also suggested that growth was moderating in both the UK and the USA. In anticipation of these events, we took a more aggressive fixed income position in the period, culminating in the purchase of medium dated investment grade corporate bonds at yields in excess of 10%.

Share Price and NAV Performance vs Benchmark (from 17 August 2001 to 31 July 2002 – 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 661298. 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

	11.5 months since launch
Capital Shares:	
FTSE All Share Index	-20.84%
NAV	+5.06%
Benchmark	+7.74%
Share Price*	-1.52%
Share Price + Warrants	+3.43%

*Opening share price net of commission at 99p

Largest Investments

	% of total investments
UK Government 9.5% 18 April 2005	14.59%
Sunrise CDO I Ltd Class 2 Preference Shares*	11.04%
CSFB (USA) Inc 0% Notes due November 2013	7.22%
Equity Partnership Limited [†]	5.16%
Davis Service Group Plc	3.71%
Gleeson (MJ) Group Plc	3.70%
Strand Partners Limited	3.41%
Jupiter Hyde Park Hedge Fund	3.02%
SIG Plc	2.98%
Pinnacle-psg Limited	2.81%
ABB Intl Finance Ltd 10% 29 May 2009	2.37%
Diploma PLC	2.13%
RMC Group Plc	1.94%
Varga Group Limited	1.89%
Heywood Williams Group PLC	1.61%
Total of 15 largest investments	67.58%

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

[†]Directors' Valuation of 1.5% of Funds under Management