

NEWTON BRIDGE FUND

Newton Investment Management

UK authorised unit trust

Report Issued: July 2009

Peer Group:

Active Managed

Fund Manager/Adviser:

Caroline Lindsay (since November 2004), Julie-Ann Ashcroft (since April 2009)

Location:

London

Launch Date:

February 1994

Fund Size (May 2009):

£245m

Group Contact No:

+44 500 440 000

Website:

www.newton.co.uk

S&P ID Number:

SB064411

Share Class screened:

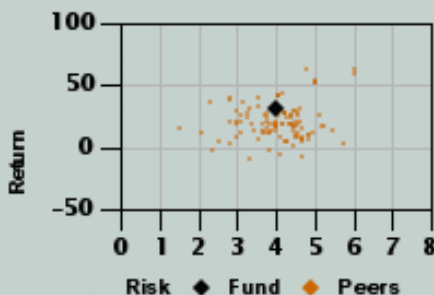
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INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

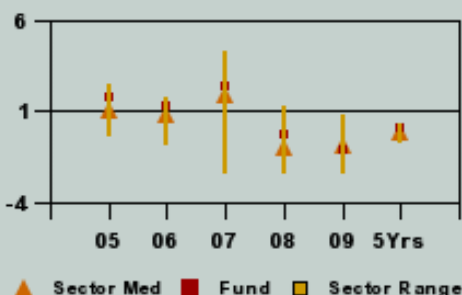
RISK RETURN (STD DEVIATION) OVER 5 YEARS



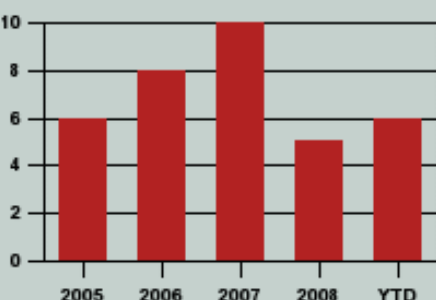
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown	Medium	-29.2
Volatility	Medium	16.2
Correlation	High	0.7

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at

www.FundsInsights.com

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STANDARD & POOR'S OPINION (JULY 2009)

The Newton Bridge Fund is designed as a medium-risk product for wealthy UK-based private clients. Benchmarked against the WM Private Client Growth Indicator, it has a structural bias to UK equities, principally blue chips. However, it has scope to invest both in international equities and, to a limited extent, in alternative asset classes, such as funds-of-hedge-funds and structured products, to diversify the portfolio and mitigate volatility.

The fund continues to be run by Caroline Lindsay, now with the assistance of Julie-Ann Ashcroft after the transfer of previous co-manager Robert Hay to the global team in March 2009. Under Lindsay's tenure the fund has established a strong and consistent track record, ranking clearly top quartile over five years cumulatively with a return of 31%

(nearly 13% in excess of the peer median) with lower than average volatility.

Performance has been driven by stock selection, with Lindsay making astute and effective use of Newton's in-house analytical resource, which impresses with the consistency and quality of its process. Portfolio construction is disciplined, with the fund based around Newton's high net-worth private client growth model. Lindsay has input into the model, adding her ideas over and above this in a risk-aware fashion, drawing on Newton's well-established thematic approach.

We are impressed both by the strength of the in-house resource and the consistency and discipline of approach applied by a skilful manager. The fund achieves an upgrade to S&P AAA status.

FACT FILE

Group: Newton is part of the Bank of New York Mellon Corporation, a leading financial services company based in New York, USA. It was Bank of New York Mellon's first substantial acquisition outside the USA.

Team: Lindsay works with co-manager Ashcroft to implement the strategy set by Newton Private Investment Management, drawing on the global analyst and the institutional/retail fund teams.

Fund Manager: Lindsay has 10 years' investment experience and has run this fund since November

2004. She is supported by Ashcroft, who was appointed co-manager on 1 April 2009.

Style: Aimed at investors with a minimum of £100,000 to invest, the fund aims to provide wealthy private clients with a portfolio of holdings similar to those managed for high net worth clients.

Performance: Over the five years to 30/06/2009, the fund has returned 31.9%, compared with 19.0% for the sector median, ranking 18/111.

FUND MANAGER & TEAM

Newton's investment strategy is reviewed at formal monthly meetings of the investment strategy group (ISG), which includes various economists and senior representatives from the private client, institutional and retail teams. The private client team adapts these recommendations for their clients through a number of live models, ensuring that Newton's global themes are applied consistently.

Lindsay draws heavily on Newton's team of global research analysts as well as the specialists on the private client team. She is supported by Ashcroft, who was recently appointed co-manager following the transfer of Hay (previous co-manager) to the global equity team.

Caroline Lindsay - economics (Cambridge University), CFA, began her investment career on joining Newton in 1998.

Julie-Ann Ashcroft - fund manager - BSc pharmacology (University of Sheffield), IMC, joined Newton's private investment management division as a fund manager in 2007, specialising in smaller pension schemes and private client portfolios. Before this she was a performance analyst at Mellon Global Investments. She was appointed co-manager on this fund on 1 April 2009.

PORTFOLIO CHARACTERISTICS

No. of holdings	95
Turnover ratio (%)	28.95
% in top 10	23

TOP 10 HOLDINGS (01/05/09)

	%
Vodafone	3.8
GlaxoSmithKline	3.2
BP	3.0
Treasury 2.5% Index-Linked 16/08/2013	2.2
BHP Billiton	2.1
Royal Dutch Shell	2.0
BG	1.6
Centrica	1.6
Roche	1.6
Standard Chartered	1.6

* In top 10 holdings a year ago

ALLOCATION BREAKDOWN (01/05/09)

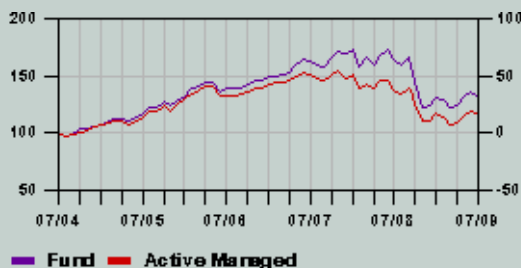
	Fund %
EQUITY	
North America	13
United Kingdom	33
Europe ex UK	16
Japan	3
Pacific ex Japan	4
Others	6
FIXED INTEREST	11
PROPERTY	0
ALTERNATIVES / OTHERS	7
CASH	7

Units III permits net fund exposure to be less or greater than 100%.

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	-5.2%	31.9%
Standard & Poor's Peer Median	-10.5%	19.0%
Fund Rank	42/149	18/111
Standard Deviation	16.2	-
Relative Standard Deviation	1.1	-
Volatility Adjusted Ranking	34/149	-

CUMULATIVE PERFORMANCE



NEWTON BRIDGE FUND

Peer Group: Active Managed



MANAGEMENT STYLE

The fund is managed as a medium-risk product for wealthy UK-based private clients. It is benchmarked against the WM Private Client Growth Indicator.

The private client team adapts the Newton strategy group's recommendations to the risk tolerance of their clients through a number of live models, all of which draw heavily on the global sector analyst team's research.

This fund is based around the growth model that comprises 60-70 stocks and allows deviations of +/-10% at the asset allocation and main regional equity market

levels relative to the WM index. Global sectors are limited to +/-5%. Although the fund has some flexibility around these levels, the managers' focus is on monitoring downside risk, and they will make limited use of put options and structured products to that end.

The fund targets 90-100 holdings so is able to include ideas from specialists within the private client team, including limited exposure to instruments such as structured products, specialist collectives, options (puts) and lower risk hedge funds. The focus of the portfolio, however, remains on blue chips.

PORTFOLIO REVIEW

The portfolio retained its UK bias (reflecting both its client base and the structure of its benchmark, the WM Private Client Growth Indicator). Most of the top 10 holdings comprised UK large-caps. In the equity portion of the portfolio, UK exposure rose from 38% to 44% over the period but was still underweight against benchmark (63%) as a consequence of low exposure to banks (the fund only held HSBC and Standard Chartered).

Stock additions in 2008 reflected an overall cautious stance, with areas deemed

defensive (pharmaceuticals and telecoms) reinforced. Favoured names included Novartis, Wyeth, Deutsche Telecom and Sprint Nextel. These additions led to an increase in the overweight to both Continental Europe (21%) and the US (17%).

At review the stance was still cautious. Cash was about 7%. Alternatives (mostly hedge funds, but also including a gold ETF) totalled 7% and fixed interest exposure (UK gilts and corporate bonds) was raised from 4% to 11%.

PERFORMANCE ANALYSIS (JULY 2009)

2008 looked a disappointing year for the fund as it undershot its own benchmark and the S&P median fund by nearly 2%. However, the underperformance was concentrated in the second half of the year, with the fund hurt by its positioning in oil and gas stocks (a long-term favoured Newton theme) and by falls in specific stocks such as Sprint, Incheape and Gildan.

Although the fund moved to reduce equity exposure in favour of bonds, the move into corporate rather than government bonds

proved negative. However, H1 2009 has seen an encouraging improvement, with the fund ahead of the peer group median as at end June 2009.

The longer-term track record shows strong and consistent returns achieved with below average volatility. Over five years cumulatively the fund ranks clearly top quartile. It returned 31%, nearly 13% in excess of the peer group median, with performance driven by consistently solid stock selection.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2005		2006		2007		2008		YTD 30/06/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	23.4	60/126	11.8	38/133	15.7	7/154	-23.8	95/162	0.5	79/169
Median	22.8		9.8		5.3		-22.5		-0.2	

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