



Newton Bridge Fund

Investment Report
Second Quarter 2007

Contents

Your Fund	2
Fund Analysis	3
Investment Themes	5
Fund Manager's Report	6
Investment Style and Other Information	7
Portfolio Valuation	8

Statutory Disclosure of Discrete Past Performance - Percentage Change

From To	30/06/02 30/06/03	30/06/03 30/06/04	30/06/04 30/06/05	30/06/05 30/06/06	30/06/06 30/06/07
Newton Bridge Fund	-4.9%	14.5%	16.8%	18.6%	16.5%

Source: Lipper, as at 30 June 2007, total return, bid to bid, net income reinvested, without initial charges, net of management fees. Lipper fund returns are based on midday prices.

Risk Factors

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. If the portfolio invests in sub-investment grade bonds that typically have a low credit rating these carry a high degree of default risk, which can affect the capital value of your investment. If the portfolio has exposure to hedge funds, gold, private equity and property via publicly quoted transferable securities, there are additional risks associated with these sectors.

Your Fund

Newton Bridge Fund

Objective

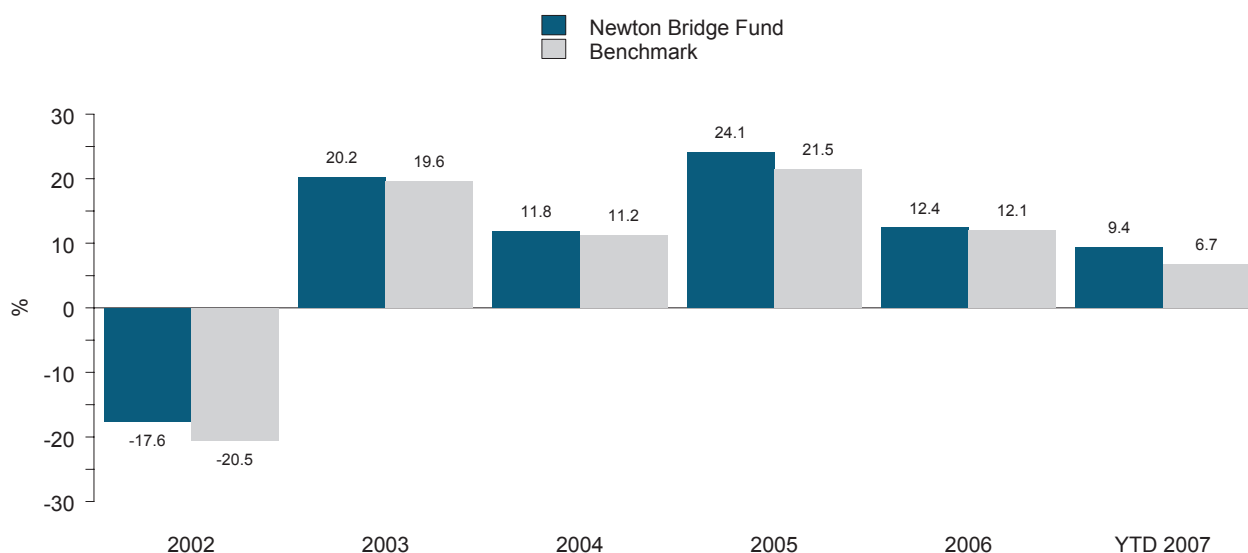
The investment objective of the Scheme is to achieve capital growth through investment principally in UK and international securities. The Scheme may also invest in warrants, deposits, money market instruments, collective investment schemes, derivative instruments and forward transactions.

Investment Philosophy

Over the long term the total return from equities has normally beaten cash and bonds by a significant margin: the major part of the Fund is therefore invested in equities. The bias is towards UK quoted shares balanced by international exposure and fixed interest holdings.

The benchmark is the WM Private Client Growth Indicator.

Performance



Please see Risk Factors and Discrete Past Performance on previous page.

	Latest Quarter (%)	Since Re-Launch end November 1996 (%)
Fund Return (after fees)	5.8	154.6
Fund Return (before fees)	6.0	177.0
Benchmark Return	4.1	114.5
FTSE All-Share	4.5	134.2
FTSE W World Ex UK	4.9	103.0
FTSE Government All Stocks	-2.3	88.5

Dividend Yield: 1.6% as at 30 June 2007

| Last Distribution: 1.0130p per unit on 28 March 2007

Fund Size (millions): GBP 316.18 as at 30 June 2007

| Currency: GBP

Ex Dates: 31 Jan, 31 Jul

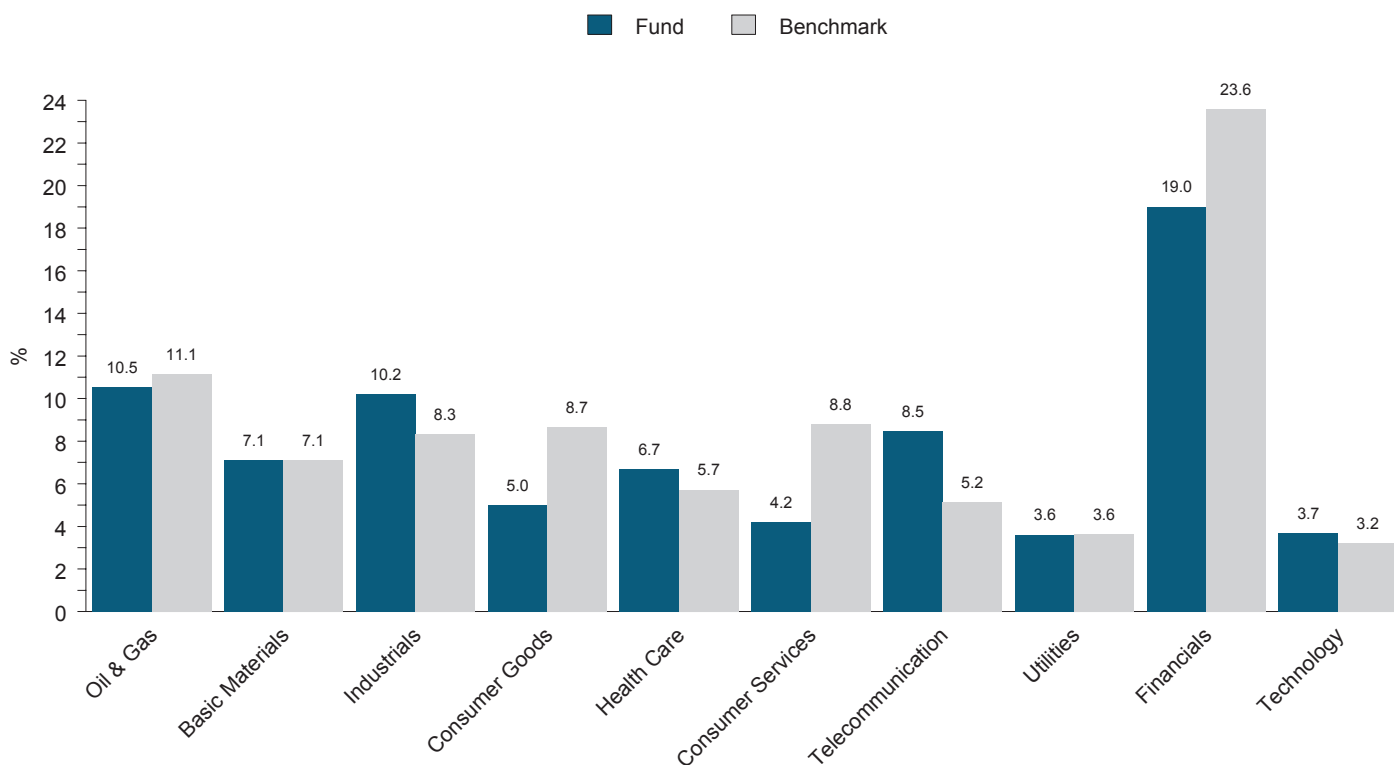
| Pay Dates: 28 Mar, 27 Sep

Source: Lipper, as at 30 June 2007, total return, bid to bid, net income reinvested, without initial charges, unless otherwise stated figures are gross of management fees. Lipper fund returns are based on midday prices, whereas the index is priced at the close of the relevant markets.

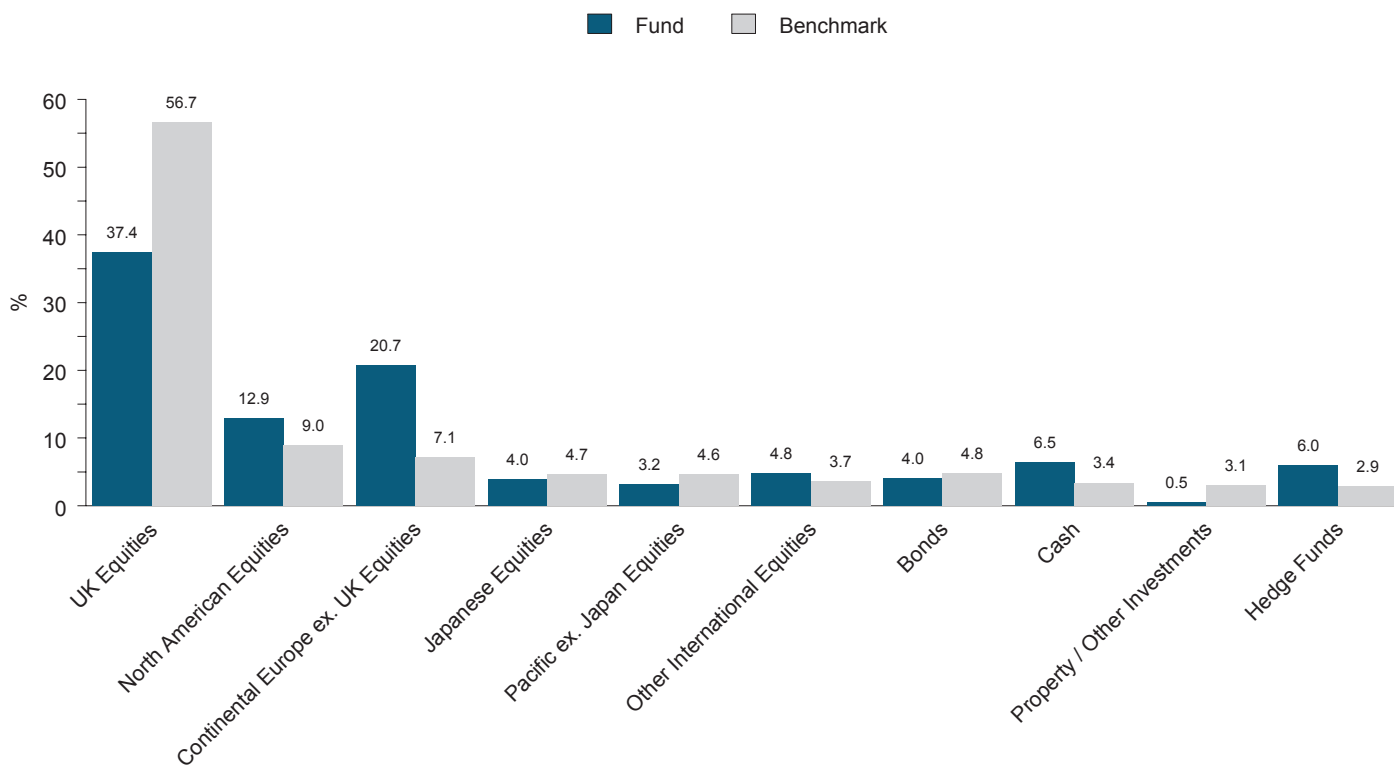
Fund Analysis

Newton Bridge Fund

Industrial Weightings versus Benchmark



Regional and Asset Class Weightings versus Benchmark



Fund Analysis

Newton Bridge Fund

Top 10 Holdings as at 30 June 2007

UK Equities	%	Overseas Equities	%
Vodafone Group PLC	3.5	Acciona SA	1.5
BP PLC	2.7	Panalpina Welttransport AG	1.5
GlaxoSmithKline PLC	2.5	ConocoPhillips	1.4
HSBC Holdings PLC	2.2	Companhia Vale do Rio Doce	1.4
BHP Billiton PLC	2.0	Total SA	1.3
Barclays PLC	1.9	Deutsche Boerse AG	1.3
Royal Dutch Shell PLC	1.8	Gildan Activewear Inc	1.2
Standard Chartered PLC	1.7	Allianz SE	1.2
Prudential PLC	1.3	Air Liquide SA	1.1
Cable & Wireless PLC	1.2	Accor SA	1.1

Major Contributors to Relative Performance During the Quarter

Positive	%	Negative	%
Panalpina Welttransport AG	0.25	Royal Dutch Shell PLC	-0.29
Hanson PLC	0.24	Rio Tinto PLC (Not Held)	-0.24
Acciona SA	0.24	ICAP PLC	-0.13
BHP Billiton PLC	0.23	Accor SA	-0.12
Air Liquide SA	0.22	Land Securities Group PLC	-0.12

Significant Transactions

Acquisitions

Reynolds American Inc
Anglo American PLC
Symphony FTSE Absolute Return
Elders (Merrill Lynch Intl) Japan Accel Growth II 25B
FTSE 100 Index Sep 07 Put Option

Disposals

UBS AG
BP PLC
BHP Billiton PLC
Serco Group PLC
Prudential PLC

Investment Themes

Newton Bridge Fund

The identification of global themes is a key component of our investment philosophy. Individual economies, industries or companies should not be analysed in isolation. Only by understanding events, trends and competitive pressures worldwide can investment prospects be properly evaluated. We have approximately a dozen investment themes, some of which have changed little over the past few years whilst others are fairly recent additions. A number of these themes are illustrated below with examples of individual holdings.

Population Dynamics

A nation's demographic profile has profound implications for its ongoing economic development influencing its patterns of growth, consumption and savings, fiscal policy, healthcare regimes and competitive advantage. Industrialised economies have broadly ageing populations while some developing economies have significantly different profiles.

Beneficiaries: Allianz, GlaxoSmithKline, Novartis, Prudential, Smith & Nephew

Global Realignment

Stronger growth and increasing economic influence of the developing world is challenging the western industrialised nations' domination in terms of wealth, consumption of both natural resources and finished goods and market capitalisation of global stock markets. Some realignment over time is inevitable reflecting the

developing world's accumulation of foreign exchange reserves and trade surpluses.

Beneficiaries: BHP Billiton, Cemex, Deutsche Post, Panalpina, Millicom

Debt and Credit

The transition from high to low inflation and interest rates has triggered a super-cycle of credit growth which has boosted economic activity in the West. It has extended the economic cycle and left households, corporations and administrations increasingly highly indebted. This contrasts with a developing world where households and, increasingly, corporations are significantly less indebted. In sectors such as banking (among others), we favour companies with exposure to the developing world.

Beneficiaries: DBS, EFG, Siam Commercial, Standard Chartered

Energy Supply

Following decades of underinvestment in oil and gas infrastructure, surplus production and refining capacity is limited. Strong current and forecast demand for energy implies a structurally higher real oil price. This has implications for the oil industry, infrastructure, and alternative energy sources as well as significant macro effects.

Beneficiaries: Acciona, BP, ConocoPhillips, Neste Oil, Terna Participacoes

Fund Manager's Report

Newton Bridge Fund

The relentless rain in June put a slight dampener on equity markets, but they proved resilient and we completed another successful quarter with the strength of the global economy being confirmed by recent economic data. Your fund returned 5.8% for the quarter and 9% for the six months, on an after fees basis. This compares favourably with the benchmark returns of 4.1% and 6.7%.

Nevertheless, continuing global economic expansion and inflationary pressures, which have now spread beyond oil and industrial commodities to basic foods, have caught the eye of central bankers. Interest rates have continued to rise in the US and Europe. The Bank of England, for example, has increased base rate five times by a quarter point in the last twelve months to 5.75% in July. Against this backdrop, UK government bonds have struggled, falling by 3.1% in the first six months of this year, as represented by the FTA Government All Stocks index. We took advantage of expected rate rises by placing a portion of the fund's cash holding on fixed deposit for three months, enhancing the yield.

Caution is the main theme behind the transactions that have taken place within the fund this quarter. We have purchased some protection for the portfolio through the use of Put Options on the FTSE 100, bought two structured products and increased the emphasis on companies who can demonstrate stable earnings growth in uncertain economic conditions, such as Reynolds American. Serco, Hanson and Prudential were reduced following good performance and UBS was sold.

The two structured products purchased were the Symphony FTSE Absolute Return and Elders Japan Accelerated Growth. Symphony will provide a positive return (capped at 75%) of 1.5 times the change in the FTSE 100 index after 6 years, regardless of whether the index has risen or fallen, provided that the index does not fall by more than 50%. In this case, investors will receive their initial investment back at the end of the term. The Elders Japan Accelerated Growth holding's return over the next three and a half

years has partial downside protection whilst offering upside return of twice the movement in the Topix index.

Reynolds American is a tobacco company whose brands include Camel and Dunhill. The stock had been weak on the back of concerns surrounding increases in taxation and rising bond yields. However, it is highly cash generative, has been innovative in the development of smokeless products, has seen an improvement in the premium brands market and is in a position to consider returning cash to shareholders via share buybacks. Therefore we added it to the portfolio, looking beyond the current short-term concerns.

UBS had been a long standing holding within the fund and we liked the exposure that it provided to the growth in wealth management and private banking. However, its increasing focus on investment banking and hedge funds, combined with a rising interest rate environment has increased the volatility of earnings and the potential for negative earnings surprises. In the light of the removal of their CEO, reputedly for the losses incurred in the recently closed hedge fund unit, senior staff losses and declining revenues, the sale appears well timed.

The rising cost of credit across the globe has removed some of the support for asset markets. Notable casualties have been domestic property investment in the US, Spain and Ireland and investment products linked to the mortgages of less creditworthy (sub-prime) borrowers. Our oft repeated concerns of the effects of higher interest rates on highly indebted consumers are still valid and we continue to be wary of companies which are dependent upon robust consumer spending and a continued appetite for borrowing such as retailers, house builders and the banks within the western world.

Fund Management Team:

Caroline Lindsay and Robert Hay

Investment Style and Other Information

Newton Bridge Fund

- There are three components of the investment process at Newton: the strategic framework, global research, and portfolio management. The basis of our investment philosophy is that no industry, market or economy can be considered in isolation. Only by understanding events, trends and competitive pressures worldwide can prospects for shares and bonds be properly evaluated. We conduct our research and invest globally.
- The Bridge Fund is invested in the same manner as segregated high net worth private clients of Newton in line with the private client growth model managed in accordance with agreed asset allocation guidelines.
- The Fund holds around 90-100 equities compared to 60-70 holdings for the model with the additional holdings consisting of other strong Newton ideas and taking into account other in-house model portfolios.
- The core of the Fund is primarily invested in large, international blue chip companies which are held for the long term although from time to time it actively participates in new issues, public offerings and underwriting on a short-term view.
- The fixed interest element is biased towards investment grade corporate bonds and government issues.
- Investment trusts are used to a limited extent to gain exposure to specialist areas including hedge funds, and may be switched to take advantage of changes in price relative to net asset value.

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Newton Bridge Fund	100.00
Equities	82.84
Oil & Gas	10.54
Oil & Gas Producers	10.54
BP PLC	2.65
ConocoPhillips	1.39
Neste Oil Oyj	0.86
Newfield Exploration Co	0.45
Occidental Petroleum Corp	1.06
Royal Dutch Shell PLC	1.81
Statoil ASA	0.97
Total SA	1.35
Basic Materials	7.09
Chemicals	1.32
Air Liquide SA	1.11
Symrise AG	0.21
Industrial Metals	2.15
Companhia Vale do Rio Doce	1.36
Teck Cominco Ltd	0.80
Mining	3.62
Anglo American PLC	0.51
BHP Billiton PLC	2.02
Xstrata PLC	1.09
Industrials	10.21
Construction & Materials	3.51
Acciona SA	1.46
Cemex SAB de CV	1.01
Hanson PLC	1.03
Aerospace & Defence	1.42
Cobham PLC	0.95
QinetiQ Group PLC	0.46
General Industrials	0.74
Smiths Group PLC	0.74
Industrial Transportation	2.37
Deutsche Post AG	0.92
Panalpina Welttransport AG	1.45

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Support Services	2.17
Bunzl PLC	1.00
Eaga PLC	0.29
Serco Group PLC	0.88
Consumer Goods	4.98
Beverages	0.95
Diageo PLC	0.95
Household Goods	0.60
Woong Jin Coway Co	0.60
Personal Goods	1.18
Gildan Activewear Inc	1.18
Tobacco	2.25
Japan Tobacco Inc	0.71
KT&G Corp	0.49
Reynolds American Inc	1.05
Health Care	6.71
Health Care Equipment & Services	1.75
Beckman Coulter Inc	0.46
Medtronic Inc	0.73
Smith & Nephew PLC	0.56
Pharmaceuticals & Biotechnology	4.96
GlaxoSmithKline PLC	2.45
Lilly (Eli) & Co	0.89
Novartis AG	0.83
Roche Hldgs AG	0.78
Consumer Services	4.19
Food & Drug Retailers	1.11
Tesco PLC	1.11
General Retailers	0.30
eBay Inc	0.30
Media	1.67
McGraw-Hill Cos Inc	0.95
Reuters Group PLC	0.72
Travel & Leisure	1.10
Accor SA	1.10

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Telecommunication	8.45
Fixed Line Telecommunications	2.77
Cable & Wireless PLC	1.25
France Telecom SA	0.64
Telstra Corp Ltd	0.66
Telstra Corp Ltd Installment Rcpts (29/5/08 PP)	0.22
Mobile Telecommunications	5.68
Advanced Info Service PCL	0.53
Millicom Intl Cellular	1.08
MTN Group Ltd	0.57
Vodafone Group PLC	3.50
Utilities	3.61
Electricity	1.48
Fortum Oyj	0.63
Scottish & Southern Energy PLC	0.85
Gas Water & Multiutilities	2.13
Centrica PLC	0.59
Terna Participacoes SA	0.60
Veolia Environnement	0.94
Veolia Environnement EUR5 (Sub Rights 27/06/2007)	0.01
Financials	19.01
Banks	10.22
Barclays PLC	1.89
DBS Group Holdings Ltd	0.75
EFG Eurobank Ergasias SA	1.10
HSBC Holdings PLC	2.18
KBC Group NV	0.90
Siam Commercial Bank PCL	0.73
Standard Chartered PLC	1.69
Unicredito Italiano SpA	0.97
Nonlife Insurance	1.81
Allianz SE	1.18
Hartford Financial Services Gp	0.63
Life Insurance	3.89
Irish Life & Permanent PLC	0.90
Old Mutual PLC	0.82
Prudential PLC	1.31
Resolution PLC	0.87

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Real Estate	0.69
Land Securities Group PLC	0.69
General Financial	2.41
Deutsche Boerse AG	1.25
ICAP PLC	1.16
Technology	3.68
Software & Computer Services	1.52
Amdocs Ltd	0.30
Microsoft Corp	0.42
SAP AG	0.51
VeriSign Inc	0.29
Technology Hardware & Equipment	2.16
Canon Inc	0.80
Cisco Systems Inc	0.93
High Tech Computer Corp	0.43
Unitised / Structured Investments (Equities)	4.36
UK Equity Funds	1.22
MFM Newton UK Smaller Cos Cls 'X'	1.22
Pan European	0.68
Symphony Eurostoxx50 Autocall	0.68
Japan	2.46
Capita Financial Managers Morant Wright Japan B (Acc)GBP	1.05
Elders (Merrill Lynch Intl) Japan Capital Protected II 13C	0.97
Elders (Merrill Lynch Intl) Japan Accel Growth II 25B	0.44
Bonds	4.03
Government Bonds	0.62
UK Bonds	0.62
Treasury 5% Stk 7/09/2014 5% Stk 7/09/2014	0.62
Index Linked	0.53
UK Index Linked	0.53
British Telecommunications PLC 3.5% Idx Lkd 25/04/2025 GBP	0.53
Corporate Bonds	2.88

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
UK Corporate Bonds	2.88
Barclays Bank PLC 6% Bds 29/06/2049 GBP10000	0.90
Daily Mail & General Trust PLC 7.5% Bds 29/3/2013 GBP10000	0.37
France Telecom SA 8% EMTN 20/12/2017 GBP1000	0.36
HBOS Treasury Services PLC 6.475% Non Cum Prf GBP1	0.67
Iron Mountain Inc 7.25% Bds 15/04/14 Reg'S'	0.25
Kelda Group PLC 6.875% Gtd Bds 23/4/2010 GBP	0.32
Cash	6.48
Derivative Instruments	0.18
Options	0.18
FTSE 100 Index Sep 07 UKX 6325 PBT (Put Option)	0.18
Hedge Funds	5.98
AcenciA Debt Strategies Ltd	0.75
Alternative Inv Strategies Ltd	0.69
Close Allblue Fund Ltd	0.84
Dexion Absolute Ltd	0.80
Dexion Alpha Strategies Ltd	0.65
Dexion Trading Ltd	0.49
Gottex Market Neutral Tst Ltd	0.57
Signet Gbl Fxd Inc Strategies	0.64
Tapestry Investment Co PCC Ltd	0.54
Unitised/Structured Investments (Other)	0.49
Other / Non Region Specific	0.49
Symphony FTSE Absolute Return	0.49

Risk Factors

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Newton Investment Management Limited (NIM)
Mellon Financial Centre
160 Queen Victoria Street
London EC4V 4LA

Mellon Fund Managers Limited (MFM)
Mellon Financial Centre
160 Queen Victoria Street
London EC4V 4LA

Telephone: 020 7163 9000
Fax: 020 7163 5063
e mail: privateclients@newton.co.uk
www.newton.co.uk/pim

Registered office for NIM and MFM: Mellon Financial Centre
160 Queen Victoria Street, London EC4V 4LA
Registered in England No.1371973 (NIM) and No.1998251 (MFM).
Authorised and regulated by the Financial Services Authority.

A Mellon Financial CompanySM

NIM Edinburgh

2 Festival Square
Edinburgh EH3 9SU

NIM Leeds

No. 1 Whitehall Riverside
Leeds LS1 4BN