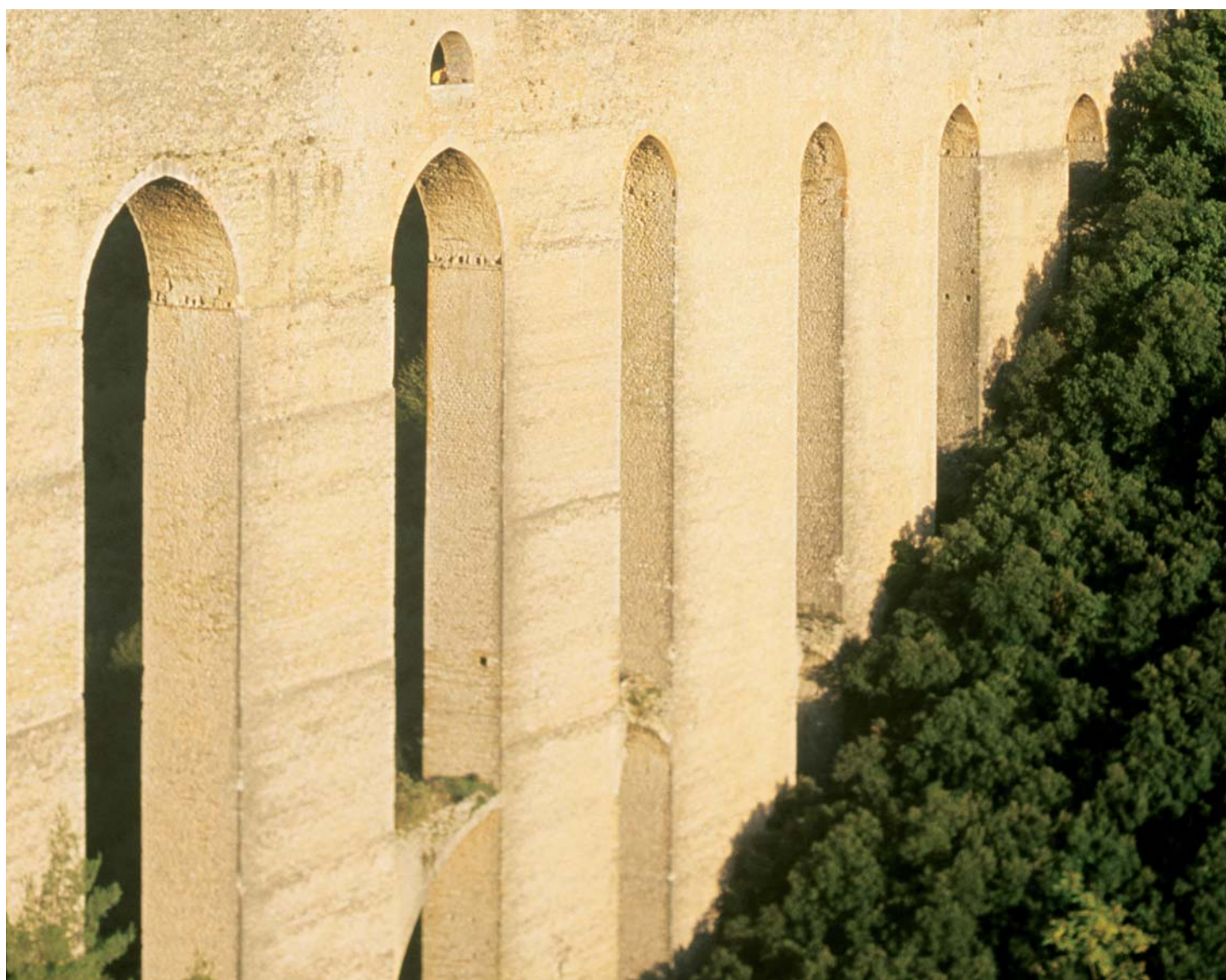


Newton Bridge Fund

Investment Report - Third Quarter 2009

► A BNY MELLON ASSET MANAGEMENT COMPANYSM

NEWTON
The Power of Ideas



Contents

Fund information	1
Focus on the latest quarter	2
Long-term performance	4
Long-term performance - risk and reward	5
Newton's investment process	6
Fund analysis	7
Glossary	8

Fund information

Long-term track record

The Newton Bridge Fund has returned 135.8% since launch (30 November 1996), which is equivalent to 6.9% per annum. This is an outperformance of 1.6% per annum compared to the fund's benchmark. For more detail on the fund's long-term performance, please refer to page 4.

Aim

To achieve capital growth over the long term through a portfolio that is predominantly invested in equities, across a wide range of industries and countries. The equity element is balanced by cash, bonds and exposure to alternative assets, such as hedge funds, to reduce the overall volatility of the portfolio.

The fund is managed in line with the Newton Private Investment Management Growth Model. The central asset allocation for the model is 70% invested in global equities and 30% invested in other asset classes which may include bonds, cash, hedge funds, structured products and property.

Expected characteristics

Return: Significantly above cash over the long term; variable in the short term.

Volatility of return: Medium. Investors can expect to experience significant fluctuations in the value of their holding, driven to a large extent by rises and falls in equity markets.

Income: Low, but the dividend is likely to grow over the long term.

Performance references

Central Asset Allocation Growth (benchmark), ARC Sterling Equity Risk, WM Private Client Growth Indicator.

Risk profile

Suitable for investors with a medium risk profile.

Fund facts

Fund size (millions):	GBP 280	Ex dividend dates:	31 Jan, 31 Jul
Annual management charge:	0.8%	Pay dates:	2 business days before 31 Mar, 30 Sep
Total expense ratio:	0.83%	Last distribution:	2.7885p per unit
Base currency:	GBP	ISIN	GB0006441181
Dividend yield:	2.6%	Sedol	0644118

Focus on the latest quarter

Performance over three months

Newton Bridge Fund	14.7%				
Central Asset Alloc (Gwth)	16.8%	ARC £ Equity Risk (est)	16.5%	WM PCI Growth	18.1%
FTSE All Share	22.4%	FTSE W World (ex UK)	21.7%	FTA Govt All Stocks	3.1%

Source: Lipper, WM, ARC & Datastream, as at 30 September 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

Major contributors to relative performance

Positive	%
Prudential PLC	0.16
AstraZeneca PLC	0.16
Deutsche Post AG	0.16
Millicom Intl Cellular	0.16
Vale SA	0.14

Negative	%
Sprint Nextel Corp	-0.59
HSBC Holdings PLC	-0.55
ICAP PLC	-0.22
China Railway Construction Co	-0.16
ETFS Physical Gold	-0.15

Significant transactions

Acquisitions
QBE Insurance Group Ltd
Bilfinger Berger AG
China Railway Construction Corp. Ltd
Agilent Technologies Inc.
HTC Corp.

Disposals
Norway (Kingdom of) 4.25% Bds 19/05/17
Terna Participacoes SA
K+S AG
Telstra Corp. Ltd
Imperial Tobacco Fin. 6.875% 13/06/12

Note: Portfolio holdings are subject to change at any time without notice and should not be construed as investment recommendations.

Fund manager report

In the third quarter, equity markets continued their strong recovery from the March lows to put indices back in the same position that they had been a year ago. This reflects the success, so far, of the multitude of initiatives to pump liquidity into the world's financial system with the result that corporate and investment sentiment have so improved as to inspire (with a little help from consumer confidence and industrial activity surveys) a revival in demand for financial assets, a renewal of equity and loan issuance, a rebound in merger and acquisition activity and the achievement of the best quarterly returns for over 25 years. Whilst we have increased the equity weighting to 77%, above that of the central asset allocation of 70%, our cautious view on the strength of the economic recovery, which we have explored in previous quarterly reports, has resulted in a more muted double digit portfolio return than was achieved by the comparator indices.

The increase in the equity weighting has been driven by additions to the technology and non bank financial sectors and through beneficiaries of growth in emerging markets.

New technology names include HTC (makers of smartphones), Agilent Technologies (electronic testing), Ariba (procurement software) and Capcom (computer games). Agilent is the leading technology provider in the Test and Measurement market and has tested more than half of the world's mobile phones. In our opinion the firm has a strong management team which focuses on high returns on investment and generating positive cash flows, even under difficult economic conditions. It has demonstrated this with a quick response to the economic downturn, cutting head count. Ariba's procurement software enables companies to manage their purchases more efficiently providing

cost savings which are welcome in the current environment.

Notwithstanding the strong performance from the UK clearing banks, which we do not hold in your fund and which has contributed to short term underperformance, we remain wary on their longer term profitability. Our preference remains for banks with opportunities in under leveraged economies such as in the Far East. We have been supplementing the existing holdings in Bangkok Bank, HSBC, DBS and Standard Chartered with non-bank financials where we can see opportunities for growth. Jardine Lloyd Thomson has been increased and QBE Insurance and Lazard have been introduced. Lazard is a diversified financial services firm. Two thirds of the business is made up of a financial advisory boutique, with the remaining third comprising asset management. The company is well placed in an environment where we expect resurgence in strategic mergers and acquisitions, alongside an increased demand for advice regarding financial restructuring. The company trades on a significant discount to its peer, Greenhill.

Pockets of growth are appearing around the globe, such as in China, which is demonstrating how effective their credit expansion and stimuli policies have been. Demand for raw materials continues apace and we have added exposure to natural gas through Inpex and Oil Search. Another traditional area where the government is supporting the economy is by increasing expenditure on infrastructure projects. China Railway Construction is one of the main beneficiaries of a shift towards railway spend.

Sales during the quarter included Terna Participacoes, which had received a take over approach, the Norwegian government bond which benefited from the strength of the Norwegian Krone and K&S, the potash manufacturer. A decline in demand for potash-based fertilizers is anticipated for a short period and is exacerbated by a lack of credit availability/cash flow problems for farmers, thereby pushing them away from using high cost fertilizers. K&S has the greatest leverage to the commodity price and, therefore, if the potash price falls the company will be impacted the most in the sector: hence we have sold the holding.

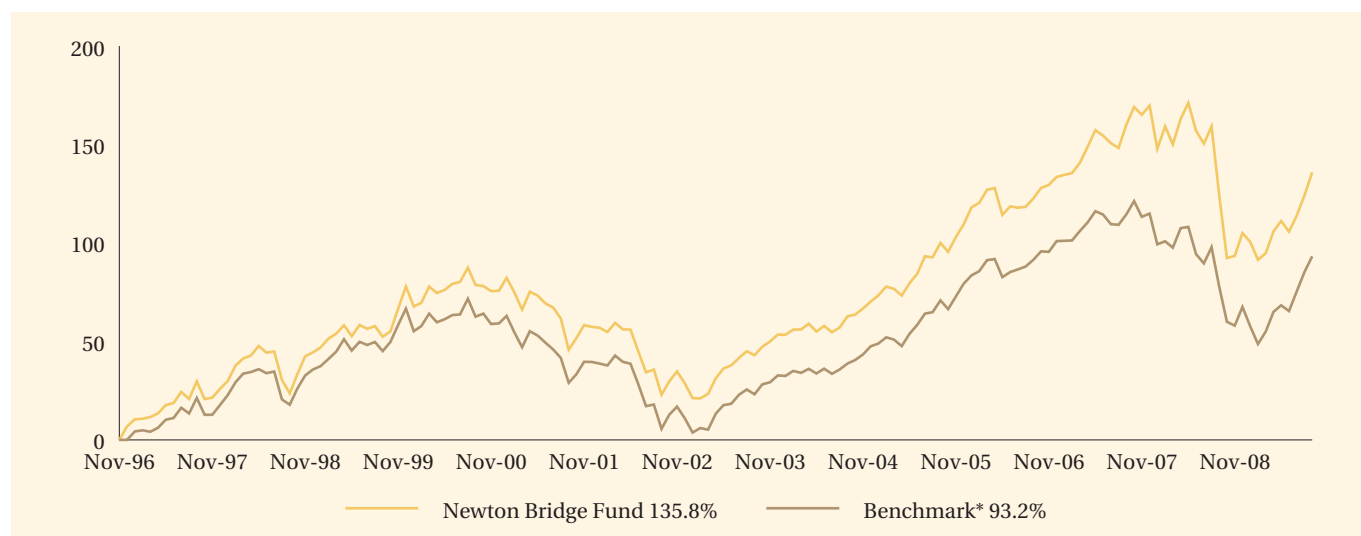
It seems premature to have conviction about the shape and the durability of the economic recovery. The recapitalisation of the global banking system is by no means complete: easy money has only helped the healing process and rising unemployment will temper any consumer recovery. Currencies also remain unpredictable: whilst the Japanese authorities seem indifferent to strength against the US dollar, other Asian policies are wedded to weakness. The effects of the fiscal and monetary stimuli: increased liquidity flowing into financial assets, mounting government debts, long term low returns for savers, in combination with a weak sterling currency and foreseeable structural constraints in commodities create the conditions for a potentially significant future increase in inflation. We therefore retain our exposure to gold given it may be a more reliable store of value in that environment.

Fund management team:

Caroline Lindsay and Julie-Ann Ashcroft

Long-term performance

Performance since launch



	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD 2009
Newton Bridge Fund	-1.2	-10.5	-18.2	19.2	10.9	23.0	11.5	15.5	-24.0	15.0
Benchmark*	-4.5	-12.3	-20.5	19.6	11.2	21.5	12.1	6.9	-22.1	15.3

Discrete past performance - percentage change

From	30/09/04	30/09/05	30/09/09	30/09/07	30/09/08
To	30/09/05	30/09/09	30/09/07	30/09/08	30/09/09
Newton Bridge Fund	22.9%	11.3%	16.8%	-13.8%	5.2%

Source: Lipper, WM & Datastream, as at 30 September 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

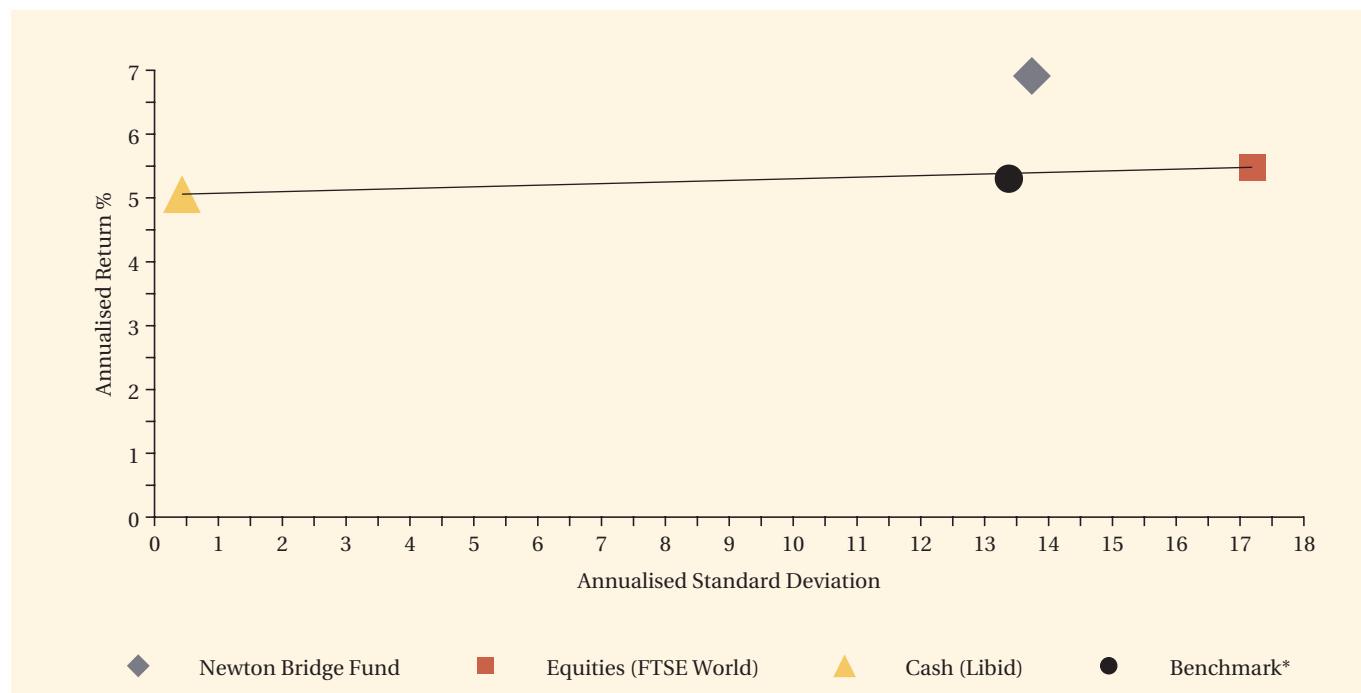
*The benchmark to 31 March 2009 was WM PCI Growth. Thereafter it is the Central Asset Allocation Growth.

Risk factors

This is a financial promotion and is not intended as investment advice. 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.

Long-term performance - risk and reward

Fund return and volatility since launch



This chart shows both return and volatility. The Newton Bridge Fund has given a higher return than cash, world equities and the benchmark with slightly higher volatility than that of the benchmark. The launch date of the fund was 30 November 1996.

Risk and return since launch

	Annualised Return	Volatility	Sharpe ratio
Newton Bridge Fund	6.9%	13.7%	0.1%
Benchmark*	5.3%	13.4%	0.0%

Source: Lipper, WM & Datastream, as at 30 September 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

*The benchmark to 31 March 2009 was WM PCI Growth. Thereafter it is the Central Asset Allocation Growth.

Newton's investment process

Newton is a global thematic stock picking company. Our style is inclusive and relies on effective communication between all of our investment personnel.

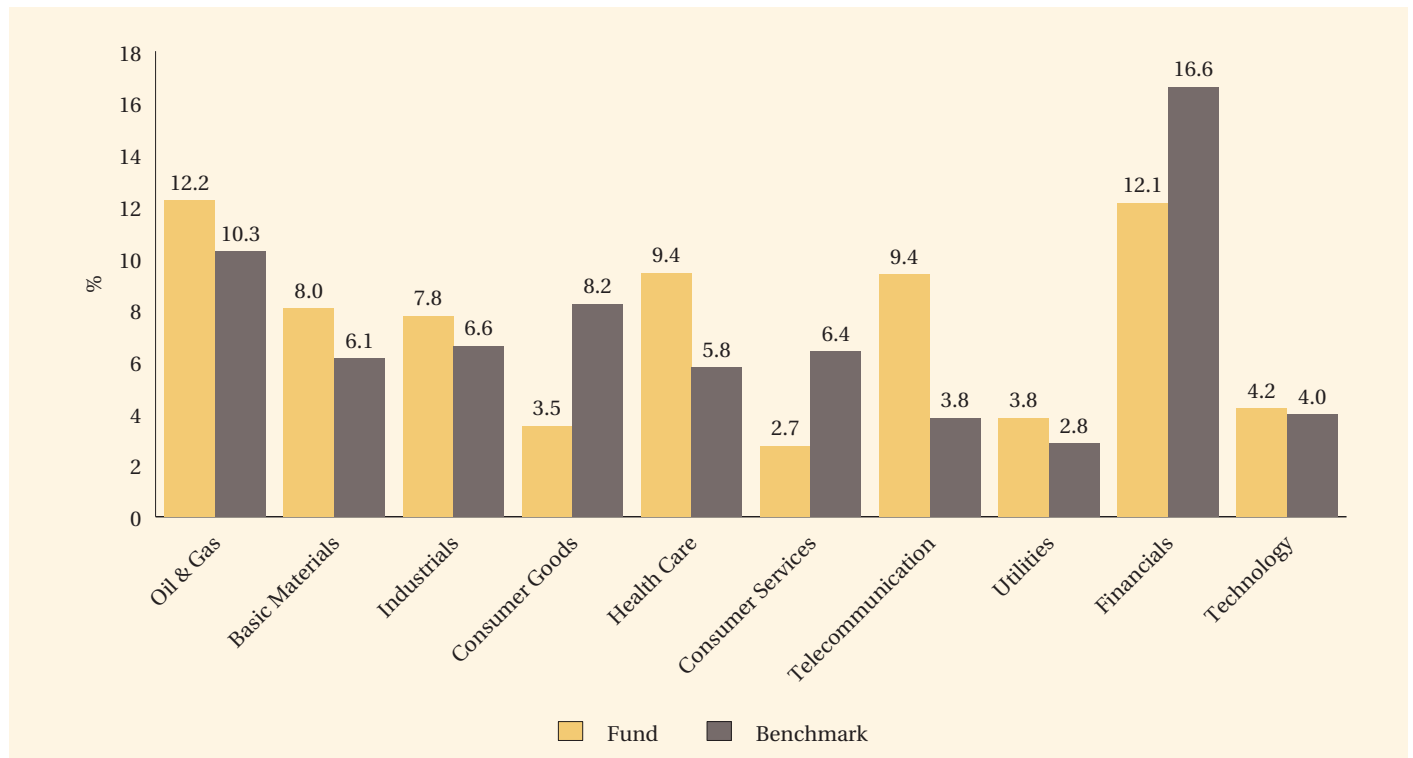
Strategy groups	Representatives from the strategy team, fund managers and research analysts identify global themes and formulate our economic view.
Research team	Global sector analysts, supported by fund managers, identify investment opportunities within the thematic backdrop.
Fund management	Fund managers debate with analysts the appropriate valuations for purchases and sales, then construct portfolios to match up Newton's investment thinking with client objectives and risk profile.

Several of these themes are listed below, along with examples of individual holdings.

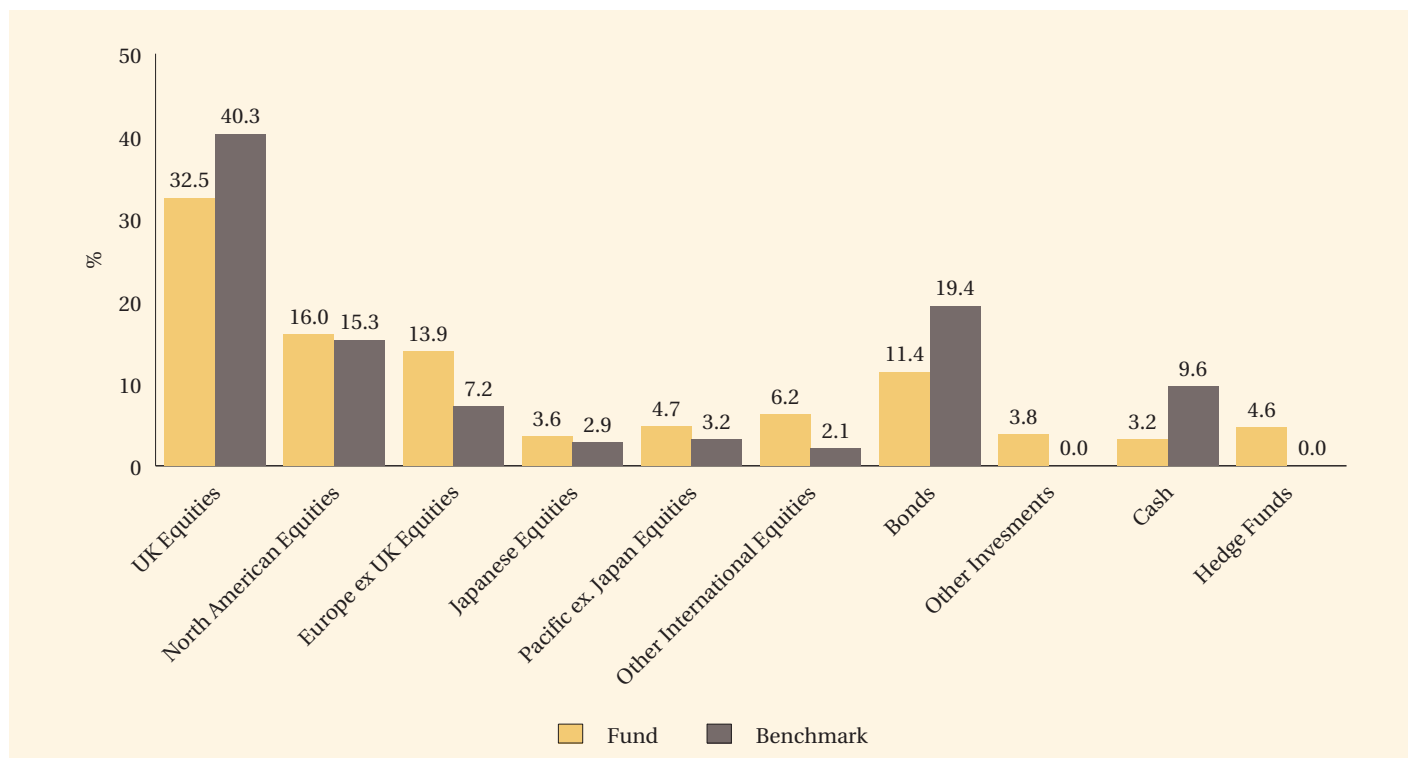
Theme	Factors	Investments
All Change	The previously benign period of stable growth, low inflation, and easy credit, which allowed private sector debt and financial leverage to grow to unsustainable levels (as described in a previous theme, "Becalmed") has come to an end. When assessing investments we assume that access to credit will remain difficult, which favours companies with limited financing requirements and argues against exposure to highly-indebted customers.	Barrick Gold, Centrica, Cobham, corporate bonds, DBS Group Holdings, Microsoft, Novartis, Tesco
Developing Economies	The influence of the developing world on the global economy continues to grow, and developing economies ultimately are on a convergence course, in terms of demographics and consumption trends, with the industrialised world. This long-term secular trend will depend on the development of Western-style health and social security systems and will involve significant cyclical influences as well as frictions regarding trade policies.	China Railway Construction, Cia Saneamento de Minas Gerais, Millicom, Newcrest Mining, Petroleo Brasileiro, Tele Norte Leste Participacoes, Vale
Energy Supply	Following decades of underinvestment in oil and gas infrastructure, surplus production and refining capacity is limited. Despite weak demand currently, forecast supply of energy implies a structurally higher real oil price.	Acciona, BG, Halliburton, Petroleo Brasileiro, XTO Energy
More Government	The financial crisis and the recession that has followed in its wake have sharply reversed the trend of reducing the role of the state in the economy, especially in the developed world. With bigger government comes more regulation, higher taxes and the prospect, ultimately, of slower growth and higher economic volatility; local interests will take priority over global. The magnitude of the recent stimulatory policies may have sown the seeds for future inflationary pressures and the unpredictable nature of state intervention increases the risks in all asset classes.	Barrick Gold, Bilfinger Berger, China Railway Construction, Index-linked Gilts Avoid state-controlled banks e.g. RBS, LloydsTSB

Fund analysis

Equity weightings by industry



Regional and asset class weightings



Source for all charts: Newton, as at 30 September 2009.

Glossary

ARC Private Client Indicators

ARC Private Client Indicators are unique in that they are based on actual (as opposed to model) client portfolio returns provided by various investment management companies. These portfolio returns are allocated to one of four categories ("Cautious", "Balanced Asset", "Steady Growth" and "Equity Risk", in order of increasing volatility) based on the volatility of the returns relative to world equities, and an average return is calculated for each category. This is a departure from the traditional approach of comparing the performance of portfolios with similar asset allocations. It assumes that investment managers may use whatever asset allocation they deem appropriate to achieve the desired levels of return and volatility.

Bonds

Tradable debt issued by governments, quasi government bodies or companies. Interest is usually fixed until maturity and paid either annually or semi-annually. The bond (debt) is repaid by the issuer at maturity.

Derivatives

Instruments of a fixed maturity, the price of which is dependent upon the price of an underlying asset or variable: most commonly an interest rate, an index, a currency, an equity, a bond or a commodity. Depending on the type of instrument used, derivatives can provide the opportunity to benefit from a fall in the price of the underlying asset or from a rise. Different derivative strategies can therefore be used to hedge exposure to the underlying and to gain exposure to the underlying. Derivatives include futures, forwards, options and swaps.

Dividend yield

The annual income (dividend) received from an equity or an investment fund divided by the price of the equity or the fund, expressed as a percentage. Dividends are typically paid semi-annually.

Equity

Also known as a company share. A security that gives the holder fractional ownership of a company. Equities usually confer the right to vote at shareholder meetings and to receive a dividend if one is paid.

Hedge funds

Unregulated funds with wide investment powers, which typically include the ability to hold short positions (ie, selling an asset the fund does not own in order to profit from a fall in the asset's value), and to use leverage (ie, borrowing to invest, which magnifies profits and losses). There are an enormous number of possible investment strategies. For our clients Newton gains exposure to these funds mainly by investing in listed investment trusts and companies that invest in hedge funds.

IMA sector averages

The Investment Management Association (IMA) classifies pooled funds with similar objectives into broad sectors (eg, Global Growth, Active Managed, UK All Companies). The average performance of all the funds within a sector is calculated over various time periods to provide investors with a performance comparator.

Index-linked bonds

Bonds with interest and capital repayment linked to inflation.

Performance reference

In the context of investment funds, a measure or measures against which the performance of a fund or portfolio can be compared. These tend to be either an index, a combination of indices, or a peer group of comparable funds.

Glossary

Property

In this context we are referring to investment in commercial property. Exposure to this asset class is achieved through investment in property investment trusts and REITs.

Risk

In this context we define risk as the volatility (ie, variability) of returns, as measured by standard deviation.

Risk profiles – Newton definitions

Medium risk: appropriate for clients who are seeking a return in excess of inflation over the long term and are willing to take capital risk to achieve objectives. Portfolios are well diversified (directly, or indirectly through pooled funds) but may contain a high allocation to a single asset class, such as equities.

High risk: appropriate for clients who are willing to take significant capital risk to achieve objectives. This category includes portfolios containing only equities, and those containing significant exposure to high-risk funds, smaller companies, venture capital or private equity. It also includes portfolios that are made up of concentrated lines of stock, which reduces the level of diversification.

Sharpe ratio

A measure of risk-adjusted return. The excess return (in this case, the return above cash) is divided by the standard deviation of returns. A higher number suggests a more efficient mix of returns and volatility.

Standard deviation

A statistical measure of the variability of returns. The higher the number, the greater the variability of returns. For a normally distributed set of data, 68% of the returns are forecast to occur within one standard deviation of the average, 95% within two times the standard deviation. For example, two investments have an average return of 5%, investment A has a standard deviation of 5% and investment B has a standard deviation of 2%. In 68% of cases, we would expect investment A to return between 0% and +10% (average return of 5% +/- 5% standard deviation) and investment B to return between 3% and 7% (5% +/- 2% standard deviation).

Total expense ratio

The total costs of the fund, made up principally of the annual management charge, but also including operating costs such as legal, administration, trustee and audit fees.

Volatility

In this context the variability of investment returns, as measured by the standard deviation. The higher the figure the more variable the return of an investment.

WM private client indicators

The WM Company surveys investment companies to ascertain the exposure of their principal private client model portfolios by asset class (eg, equities, bonds, hedge funds, etc) and geography. From this they derive an average portfolio in each of the categories “growth”, “balanced” and “income”. The appropriate market index return (eg, FTSE All Share, FTSE Government All Stocks) is then applied to the various elements of the three representative portfolios to generate a benchmark return for each category.

Issued by Newton Investment Management Limited (NIM). The Newton Bridge Fund is an authorised unit trust operated by BNY Mellon Fund Managers Limited (BNY MFM). Registered office for NIM and BNY MFM: The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No.1371973 (NIM) and No. 1998251 (BNY MFM). NIM and BNY MFM are authorised and regulated by the Financial Services Authority.

Newton Bridge Fund

Newton Investment Management Limited (NIM)

Telephone: 020 7163 9000

Fax: 020 7163 5063

email: privateclients@newton.co.uk

NIM London

The Bank of New York Mellon Centre

160 Queen Victoria Street

London EC4V 4LA

NIM Edinburgh

2 Festival Square

Edinburgh EH3 9SU

NIM Leeds

No.1 Whitehall Riverside

Leeds LS1 4BN

