

## Objective

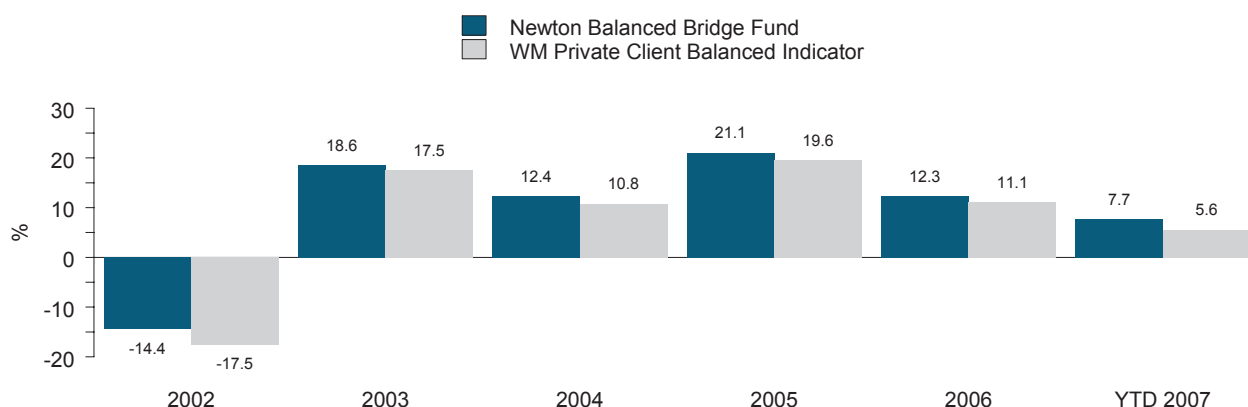
The investment objective of the Scheme is to provide a combination of income and growth through a portfolio of UK and international securities. The Scheme may also invest in warrants, deposits, money market instruments, collective investment schemes, derivative instruments and forward transactions.

## 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 Balanced Indicator.

## Performance



	Latest Quarter (%)	Since Launch 23 December 1998 (%)
Fund Return (after fees)	4.6	87.2
Fund Return (before fees)	4.8	103.0
Benchmark Return	3.3	59.2
FTSE All-Share	4.5	63.7
FTSE W World Ex UK	4.9	47.8
FTSE Government All Stocks	-2.3	39.8

**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.

## 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 Balanced Bridge Fund	-3.0%	13.4%	16.4%	16.5%	14.9%

**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.

## Investment Themes

The identification of global themes is a key component in our investment strategy. Some of the themes that we are currently following in this portfolio are illustrated here as well as 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**

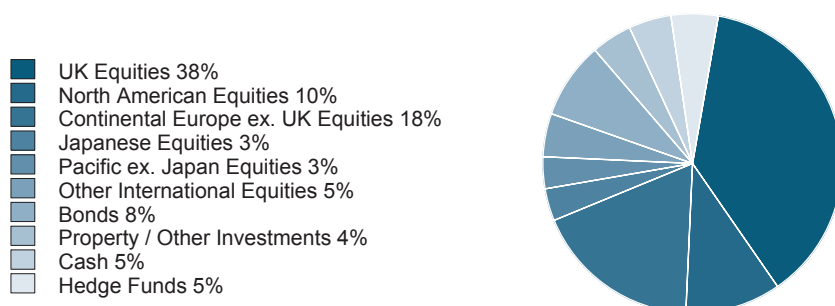
## Global Realignment

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**

## Asset Allocation

### Breakdown as % of total market value



Source: Newton. All data as at 30 June 2007  
Figures are approximate and subject to rounding differences

## Significant Transactions

### Acquisitions

Reynolds American Inc

Deutsche Telekom Intl Finance.6.25%  
EMTN 9/12/10 GBP1000

Matrix European Real Estate IT

Symphony FTSE Absolute Return

Anglo American PLC

### Disposals

Hanson PLC

Rodamco Europe NV

UBS AG

BP PLC

Telecom Italia SpA Di Risp EUR 0.55

Dividend Yield: 2.8% as at 30 June 2007

| Last Distribution: 1.3735p per unit on 28 March 2007

Fund Size (millions): GBP 199.39 as at 30 June 2007

| Currency: GBP

Issued by Newton Investment Management Limited. The Balanced Bridge Fund is an authorised unit trust operated by Mellon Fund Managers Limited. Newton Investment Management Limited and Mellon Fund Managers Limited are authorised and regulated by the Financial Services Authority and are members of the IMA.  
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