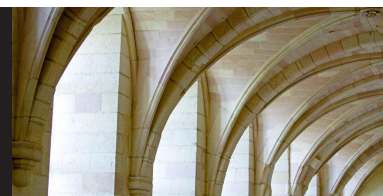


Newton Falcon Fund

Third quarter 2008



Fund information

Aim

To achieve capital growth over the long term from a portfolio invested in UK and overseas equities across a wide range of industries and countries. The manager of the fund is expected to invest with limited reference to the composition of the benchmark, and as a result the fund's performance may differ from the benchmark by a wide margin. For most of the time the fund will be fully or almost fully invested in equities, but it is permitted to hold other assets.

Fund facts

Fund structure	Unit Trust
Base currency	GBP
Benchmark	50% FTSE All Share, 50% MSCI World ex UK
Fund launch date	13 November 1998
Fund domicile	UK
Pay dates	Two business days before 30 Apr, 31 Oct
ISIN	GB0032585050
SEDOL	3258505

Fund data

Volatility	14.4
Dividend yield	1.3%
Sharpe ratio	0.2
Information ratio	1.3

Fees and charges

Annual management charge	1.5%
Total expense ratio	1.57%

All figures correct as at 30 September 2008

Focus on the latest quarter

Performance over three months

Newton Falcon Fund	-12.8%		
Benchmark	-8.4%	ARC £ Equity Risk (est)	-10.5%
		IMA Global Growth	-11.7%
FTSE All Share	-12.2%	MSCI World ex UK	-4.5%

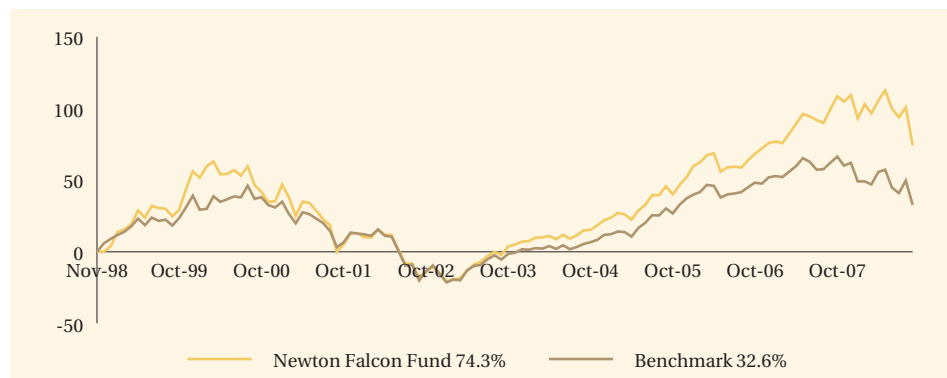
Significant transactions

Aquisitions	Disposals
ETFS Physical Gold	Total SA
UK Treasury Bill 0% 27/10/2008	Diageo PLC
Devon Energy Corp	HTC Corporation
Microsoft Corp	Constellation Energy Group Inc
Dana Petroleum PLC	K&S AG

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

Long-term performance

Performance since launch



	1999	2000	2001	2002	2003	2004	2005	2006	2007	YTD 2008
Newton Falcon Fund	50.3	-13.4	-16.3	-24.8	26.0	14.0	24.6	15.7	19.0	-16.7
Benchmark	27.6	-6.0	-13.9	-25.2	20.8	9.9	22.8	10.6	6.6	-18.1

Discrete past performance - percentage change

From	30/09/03	30/09/04	30/09/05	30/09/06	30/09/07
To	30/09/04	30/09/05	30/09/06	30/09/07	30/09/08
Newton Falcon Fund	17.3%	26.7%	12.6%	21.6%	-12.6%

Source: Lipper, ARC & Datastream, as at 30 September 2008. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

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.

Newton's themes

Newton is a global thematic stock picking company. Our style is team oriented and relies on effective communication between all of our investment personnel. Two of our themes are listed below, along with examples of individual holdings.

Earth Matters

Factors

Environmental issues have moved to centre stage in the minds of the public and policy makers. Current growth trends in the developing world suggest significant additional stress on resources and the environment.

Investments

Acciona, Bayer, K&S, Makhteshim-Agan

Global Realignment

Factors

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.

Investments

Anglo American, Bangkok Bank, Copasa, Millicom, Standard Chartered, Terna Participacoes

Newton

Private investment management:
Telephone: 0800 917 6594
Email: privateclients@newton.co.uk
www.newton.co.uk/pim

London

160 Queen Victoria Street, London
EC4V 4LA

Edinburgh

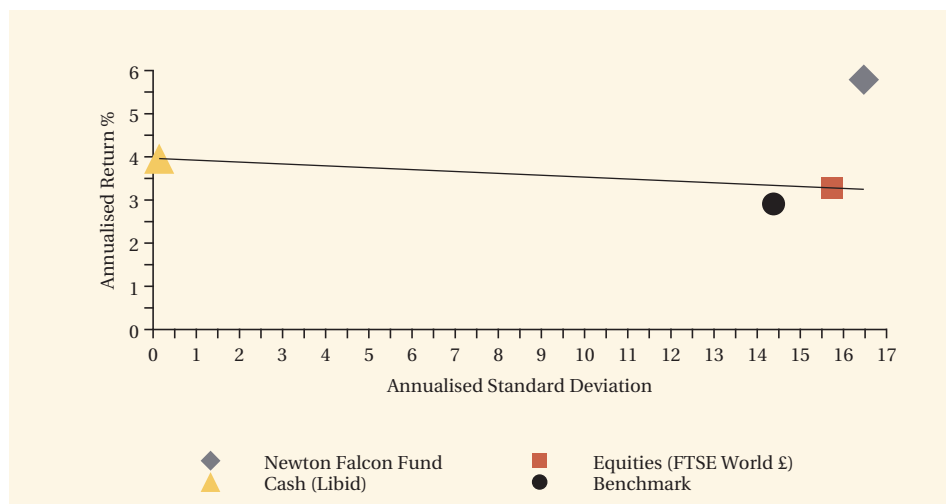
2 Festival Square, Edinburgh EH3 9SU

Leeds

1 Whitehall Riverside, Leeds LS1 4BN

Long-term performance - risk and reward

Fund return and volatility since launch

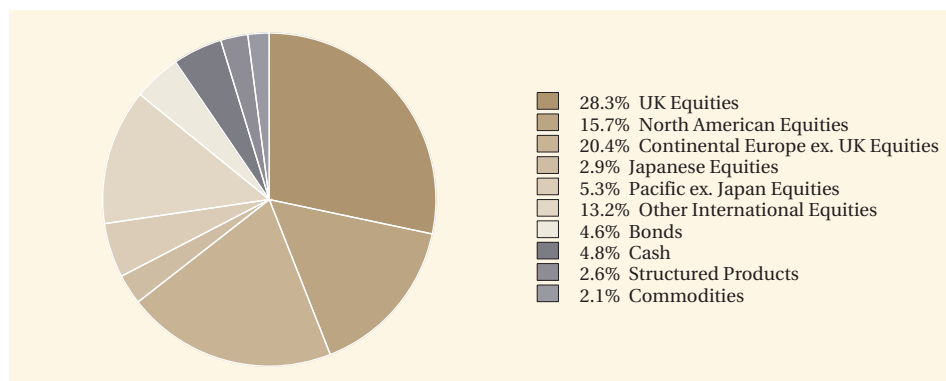


This chart shows both return and volatility. The Newton Falcon Fund has given a higher return than cash, the benchmark and world equities, but with higher volatility. The launch date of the fund was 13 November 1998.

Source: Lipper & Datastream, as at 30 September 2008. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

Fund analysis

Breakdown as % of total market value



Source: Newton as at 30 September 2008.