

Newton Offshore Strategy Fund | September 2007

Global Fixed Interest

Objective

The objective of the Fund is to maximise the total return of both capital and income provided to investors through investment in a diversified portfolio of fixed interest securities, with some cash or near cash holdings from time to time.

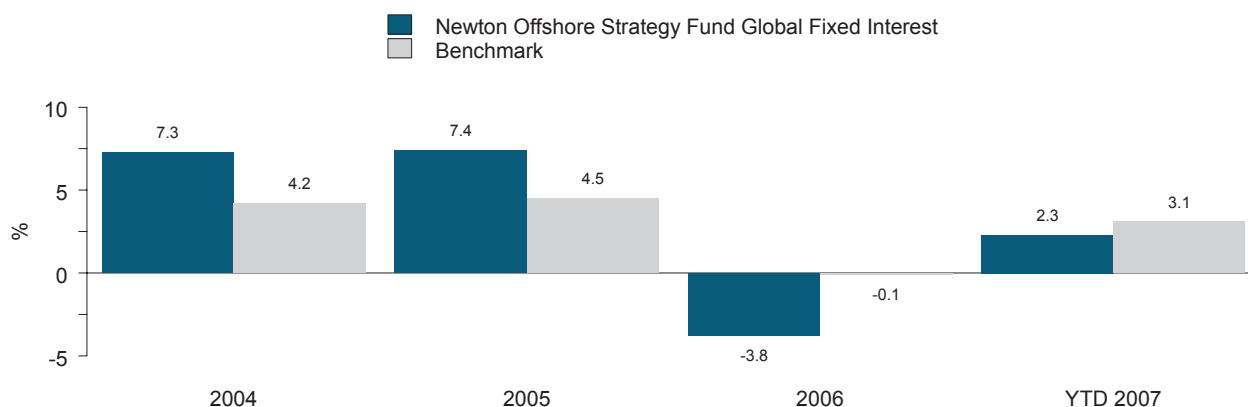
The Benchmark changed on 31 July 2006 to 25% Merrill Lynch Global Broad Market Corporates, 25% Merrill Lynch Global Emerging Sovereigns, 25% Merrill Lynch Global High Yield Constrained and 25% JP Morgan Global Government Bond Index (all Indices are Hedged into Sterling).

Investment Philosophy

The Newton Offshore Strategy Fund (NOSF) has been designed by the Private Investment Management (PIM) department as an efficient and cost-effective alternative to direct portfolio management through individual stocks and shares. The Fund is invested in line with Newton's global thematic investment process, the same process that PIM uses for directly invested portfolios. Clients of PIM receive the same high level of service whether they invest in NOSF or directly.

All stock selection decisions are made by the manager of the NOSF fund within guidelines agreed by the board in consultation with PIM. However, asset allocation changes are made by the PIM fund manager through the purchase or sale of units in the relevant NOSF fund.

Performance



	Latest Quarter (%)	Since Inception (%)
NOSF Global Fixed Interest (after fees)	1.3	9.6
NOSF Global Fixed Interest (before fees)	1.5	13.4
Benchmark	1.9	12.1

Source: Lipper, as at 30 September 2007, total return, bid to bid, gross 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	30/09/02	30/09/03	30/09/04	30/09/05	30/09/06
To	30/09/03	30/09/04	30/09/05	30/09/06	30/09/07
Newton Offshore Strategy Fund Global Fixed Interest	n/a	n/a	7.3%	-3.0%	2.2%

Source: Lipper, as at 30 September 2007, total return, bid to bid, gross 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.

Asset Allocation

Breakdown as % of total market value



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

Credit quality breakdown

	%
AAA	27.8
AA	10.8
A	16.5
BBB	15.9
BB	18.2
B	8.5
CCC	2.3

Significant Transactions

Acquisitions

EIB 4.75% 6/6/2012
UK Treasury 4.75% 2010
US Treasury 3.375% 2008
Mexico 8% 2008
US Treasury TIPS 3% 2012

Disposals

UK Treasury 5% 2008
UK Treasury 4.75% 2010
US Treasury 4.375% 2036
KFW 4.375% 21/7/2015
US Treasury 3.375% 2008

Gross Redemption Yield: 6.14% as at 30 September 2007

Dividend Yield: 6.31% as at 30 September 2007

| Last Distribution: 1.3686p per unit as at 31 August 2007

Fund Size (millions): GBP 48 as at 30 September 2007

| Currency: GBP

The NOSF Global Fixed Interest Fund is a sub-fund of the Newton Offshore Strategy Fund which is an open ended investment company operated by Newton Fund Managers C.I. Limited (NFM C.I.). Regulated by the Jersey Financial Services Commission. This report is approved for issue in the UK by Newton Investment Management Limited (NIM). Authorised and regulated by the Financial Services Authority. Registered office for NIM: The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No.1371973.