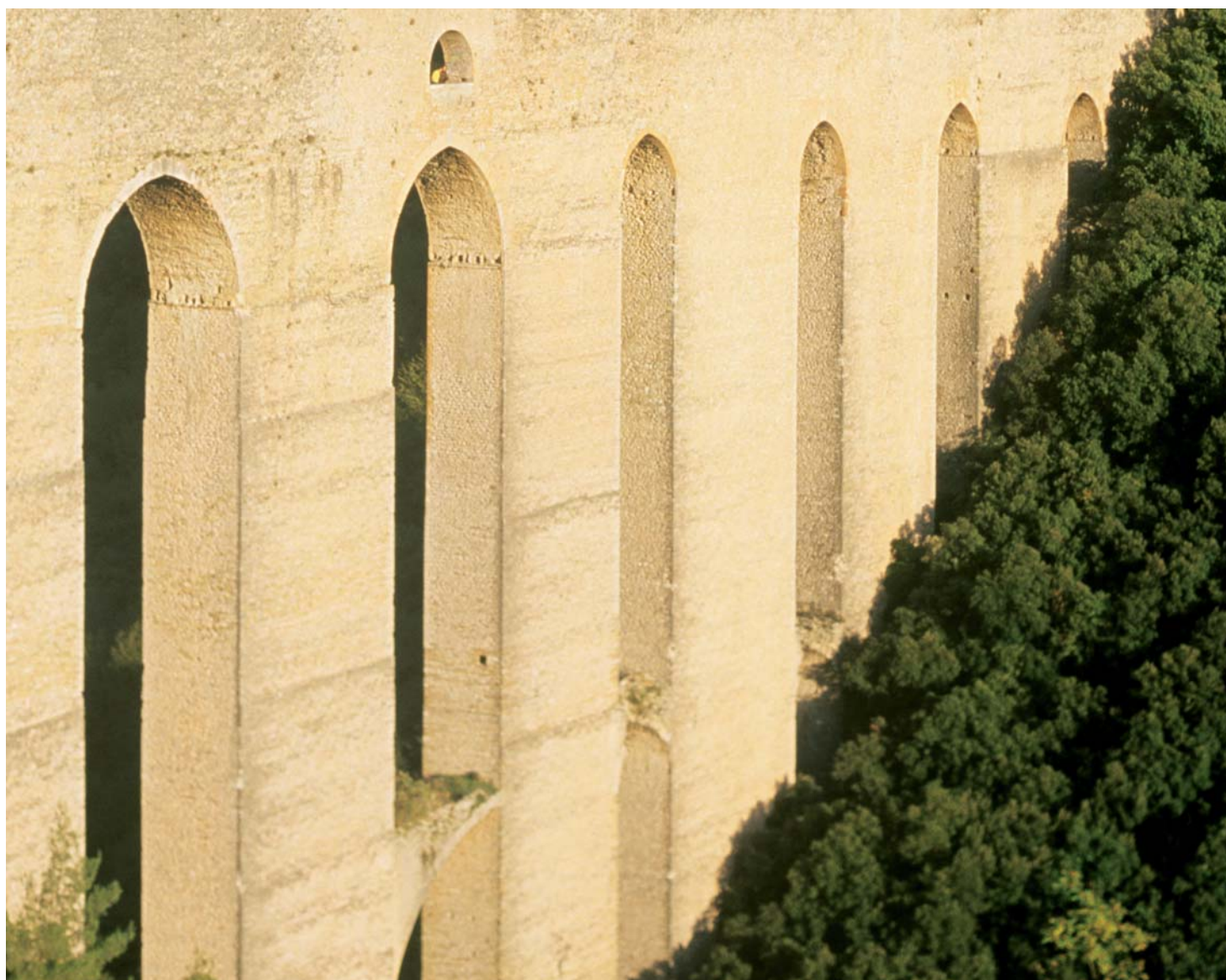


Newton Bridge Fund

Investment Report - First Quarter 2010

► A BNY MELLON COMPANYSM

NEWTON
The Power of Ideas



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Fund information

Long-term track record

The Newton Bridge Fund has returned 157.6% since launch (30 November 1996), which is equivalent to 7.4% 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

Newton Growth Composite (benchmark), ARC Sterling Equity Risk, WM Private Client Growth Indicator. The Newton Growth Composite benchmark comprises 40% FTSE All Share, 30% FTSE World ex UK, 10% FTA Govt All Stocks, 10% ML Sterling Non-Gilts & 10% 1 month £ LIBOR.

Risk profile

Suitable for investors with a medium risk profile.

Fund facts

Fund size (millions):	GBP 300	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:	1.2149p per unit
Base currency:	GBP	ISIN	GB0006441181
Dividend yield:	2.1%	Sedol	0644118

Focus on the latest quarter

Performance over three months

Newton Bridge Fund	4.8%				
Newton Growth Index	6.2%	ARC £ Steady Growth est.	5.1%	WM PCI Growth	6.6%
FTSE All Share	6.4%	FTSE W World (ex UK)	10.3%	FTA Govt All Stocks	1.1%

Source: Lipper, WM, ARC & Datastream, as at 31 March 2010. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

Major contributors to relative performance

Positive	%
Millicom Intl Cellular	0.24
Bangkok Bank PCL	0.23
Principal Financial Group	0.21
Parkway Holdings Ltd	0.20
Bank of America Corp	0.18

Negative	%
Barclays PLC (not held)	-0.19
Bayer AG	-0.19
Rossi Residencial SA	-0.18
Prudential PLC	-0.18
Tele Norte Leste Participacoes	-0.16

Significant transactions

Acquisitions
Parkway Holdings Ltd
L'Oreal S.A.
Treasury 2.25% Stk 07/03/2014
Taiwan Semiconductor Manufacturing Co. Ltd
Abengoa SA 8.5% Bds 31/03/2016

Disposals
Treasury 2.5% Index-Linked 26/07/2016
Nestle S.A.
Treasury 4.25% Stk 07/12/2027
DBS Group Holdings Ltd
BT 3.5% I-L 25/04/2025

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

Fund manager report

Equity markets continued their upwards path this quarter, despite initial concerns over the Chinese central bank's decision to increase banking reserve requirements twice in the first two months of the year. Markets continued generally to prosper from the maintenance of ultra-low interest rate policies in the major economic regions, and investors were encouraged by further comments from US policymakers to preserve 'exceptionally low' rates for an 'extended period'. These favourable conditions underpinned companies with high growth prospects (predominantly emerging market focused), which registered stronger returns than those with more defensive, lower growth characteristics (represented by high dividend yield stocks in developed markets) as sentiment focused on the ongoing economic recovery over the longer term structural issues caused by too much debt.

The portfolio is constructed to have a balance between stocks which will benefit from, for example, our themes of Global Realignment and Developing Economies and the concerns highlighted by our All Change and Fire Risks themes. L'Oreal, Taiwan Semiconductor Manufacturing Company (TSMC) and Parkway are beneficiaries of growth in emerging markets and were added to the Bridge Fund over the quarter, increasing our focus on these areas. Valuation is always an important consideration when looking at any stock and the increased market volatility over the past few years has provided opportunities to buy stocks on historically low valuations, none more so than L'Oreal. The company has generated consistently strong growth and therefore grown lax on cost control, and the financial crisis has precipitated a change in attitude. They have now begun to make good headway in cutting excess costs to increase profit margins, despite

maintaining R&D and advertising spend throughout the recession, in order to retain their strong position in the faster growing emerging markets as well as the West.

This pull between optimism over the recovery and caution with regards to the long term outlook is evident in the returns from many sectors. In the healthcare sector, the growth prospects for Fresenius Medical Care (kidney dialysis) and Parkway (Singapore based hospital provider) were rewarded with double digit returns. Parkway is a Singapore based healthcare group that operates hospitals and clinics, a direct beneficiary of an ageing population and rising GDP per capita in Asia, it also benefits from the growing trend of Western medical tourism. With competent management, the company is expanding across the region and is set to achieve strong growth for a number of years. The stock was purchased on a historically low valuation.

The gradual improvement in economic data helped corporate bonds rally during the quarter. While credit performed well, modestly positive economic data also helped reassure government bond holders, despite a sell-off in some peripheral markets. We still favour corporate debt over government bonds, although we are trimming exposure to some individual bonds as appropriate, given the ongoing recovery in credit. To this end, following a recovery in its market value, the BT index linked bond was sold. We remain cautious on the outlook for the Gilt market and reduced our exposure here selling the 2016 index linked and 2027 Gilt, reinvesting the proceeds into the 2014 Gilt. The 2014 Gilt has a yield to maturity of approximately 2% per annum, a better return than that available on cash.

At the end of January, the Societe General defensive auto-call matured after two years, returning 25% over a period that included the recent financial crisis, and in which the FTSE 100 fell 3.9% (total return).

Sterling is at a historically low valuation against major currencies and although the UK economy faces headwinds to growth, there is the potential for Sterling to appreciate upon either the resolution of how the next government will address the growing fiscal deficit following the UK election, and potentially improving economic data. To lessen

this risk, we have reduced our Sterling currency underweight position by using September dated Euro and US Dollar currency forwards.

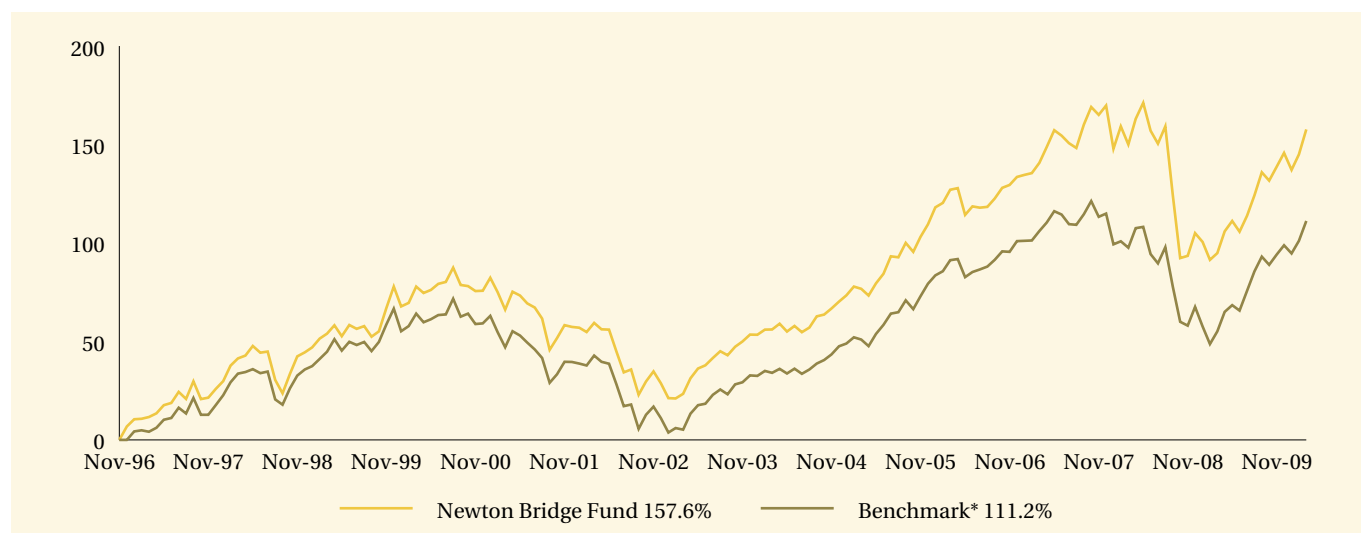
Markets have responded to the loose financial conditions in place globally, asset prices have recovered and 'fire sales' of distressed assets have, so far, largely been avoided by state involvement in the financial sector. Whilst these conditions exist, the healing process in financial markets will likely continue but withdrawal of stimulus, more regulation and higher taxation remain threats to the sustainability of this recovery.

Fund management team:

Caroline Lindsay and Julie-Ann Ashcroft

Long-term performance

Performance since launch



	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD 2010
Newton Bridge Fund	-10.5	-18.2	19.2	10.9	23.0	11.5	15.5	-24.0	19.9	4.8
Benchmark*	-12.3	-20.5	19.6	11.2	21.5	12.1	6.9	-22.1	18.7	6.2

Discrete past performance - percentage change

From	31/03/05	31/03/06	31/03/07	31/03/08	31/03/09
To	31/03/06	31/03/07	31/03/08	31/03/09	31/03/10
Newton Bridge Fund	28.5%	6.0%	3.9%	-22.1%	32.2%

Source: Lipper, WM & Datastream, as at 31 March 2010. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

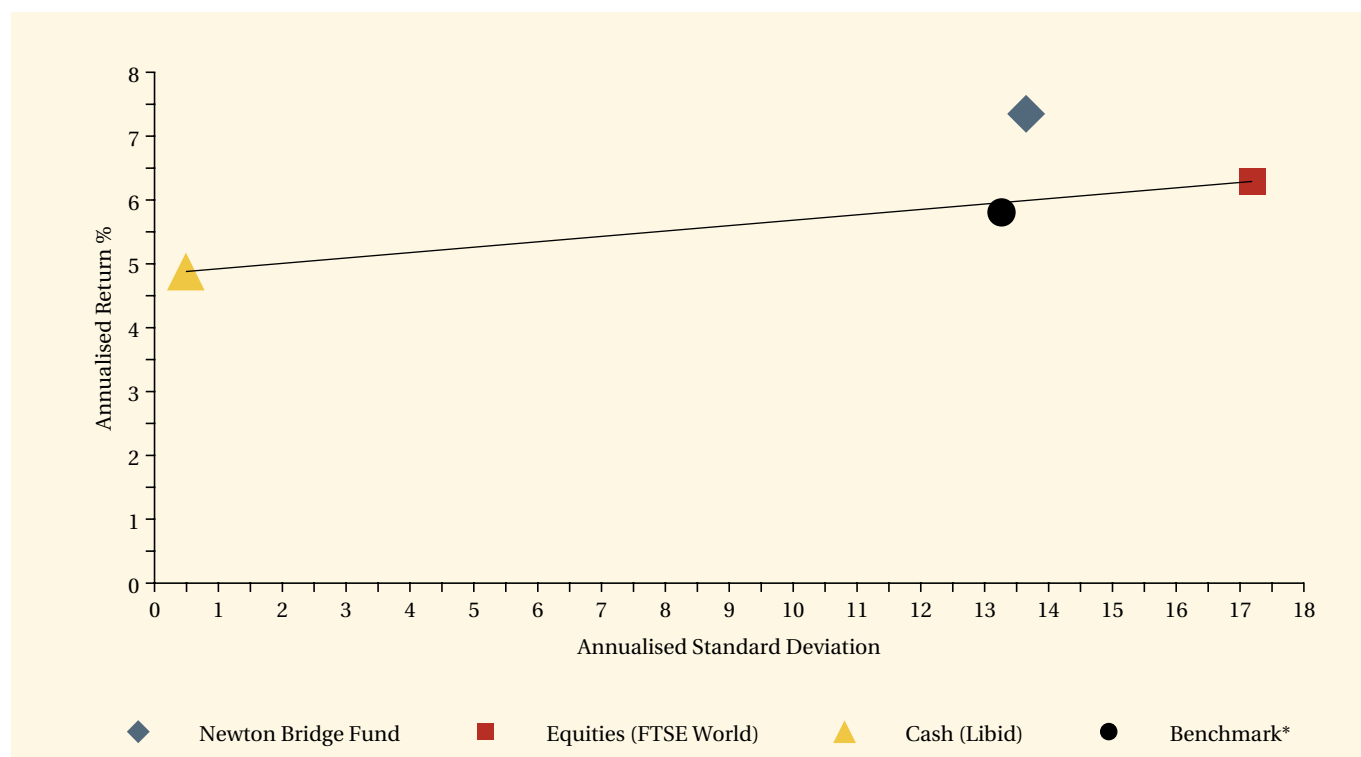
*The benchmark to 31 March 2009 was WM PCI Growth. Thereafter it is the Newton Growth Composite. The Newton Growth Composite benchmark comprises 40% FTSE All Share, 30% FTSE World ex UK, 10% FTA Govt All Stocks, 10% ML Sterling Non-Gilts & 10% 1 month £ LIBOR.

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	7.4%	13.6%	0.2%
Benchmark*	5.8%	13.3%	0.1%

Source: Lipper, WM & Datastream, as at 31 March 2010. 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 Newton Growth Composite. The Newton Growth Composite benchmark comprises 40% FTSE All Share, 30% FTSE World ex UK, 10% FTA Govt All Stocks, 10% ML Sterling Non-Gilts & 10% 1 month £ LIBOR.

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.

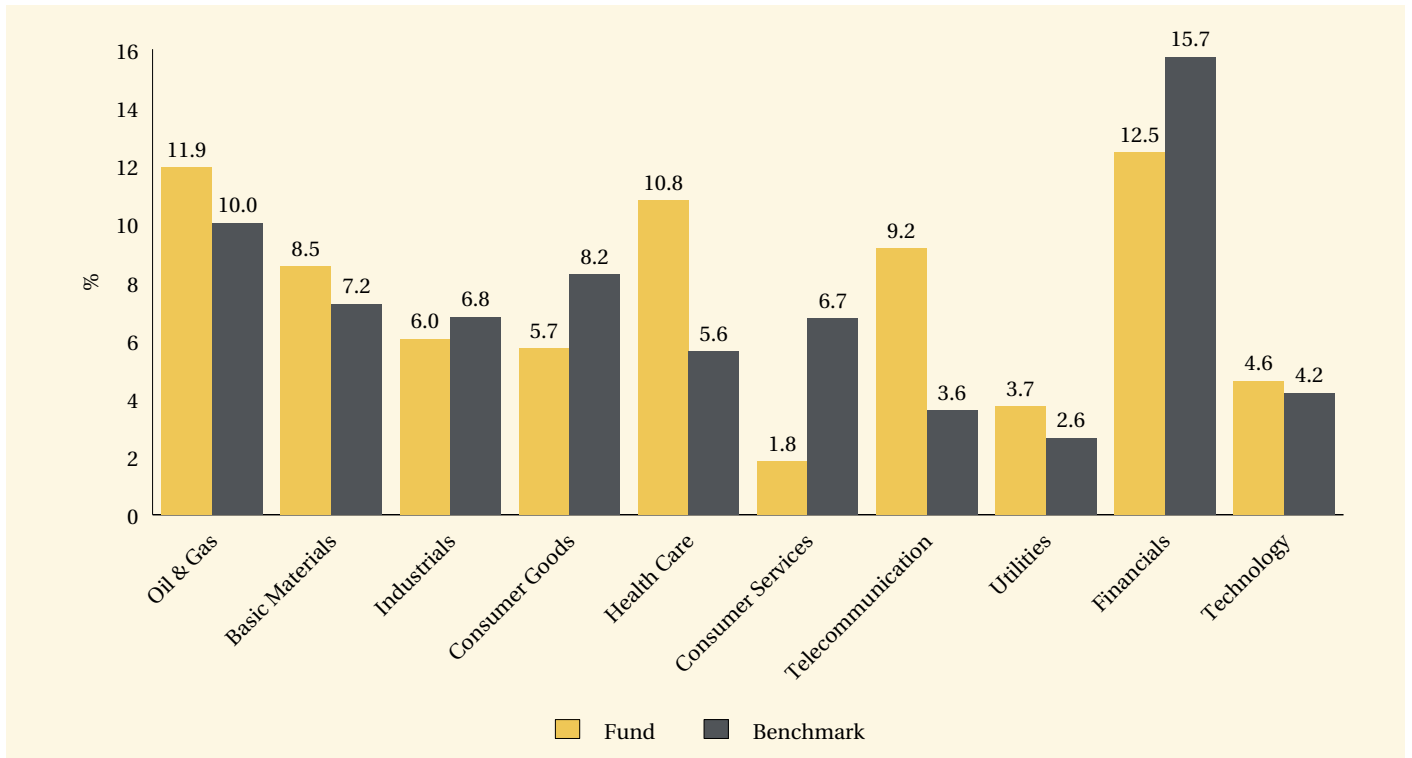
Strategy groups	Representatives from the strategy team, fund managers and research analysts identify global themes and formulate our economic view.
Research team	Global sector analysts, supported by fund managers, identify investment opportunities within the thematic backdrop.
Fund management	Fund managers 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.

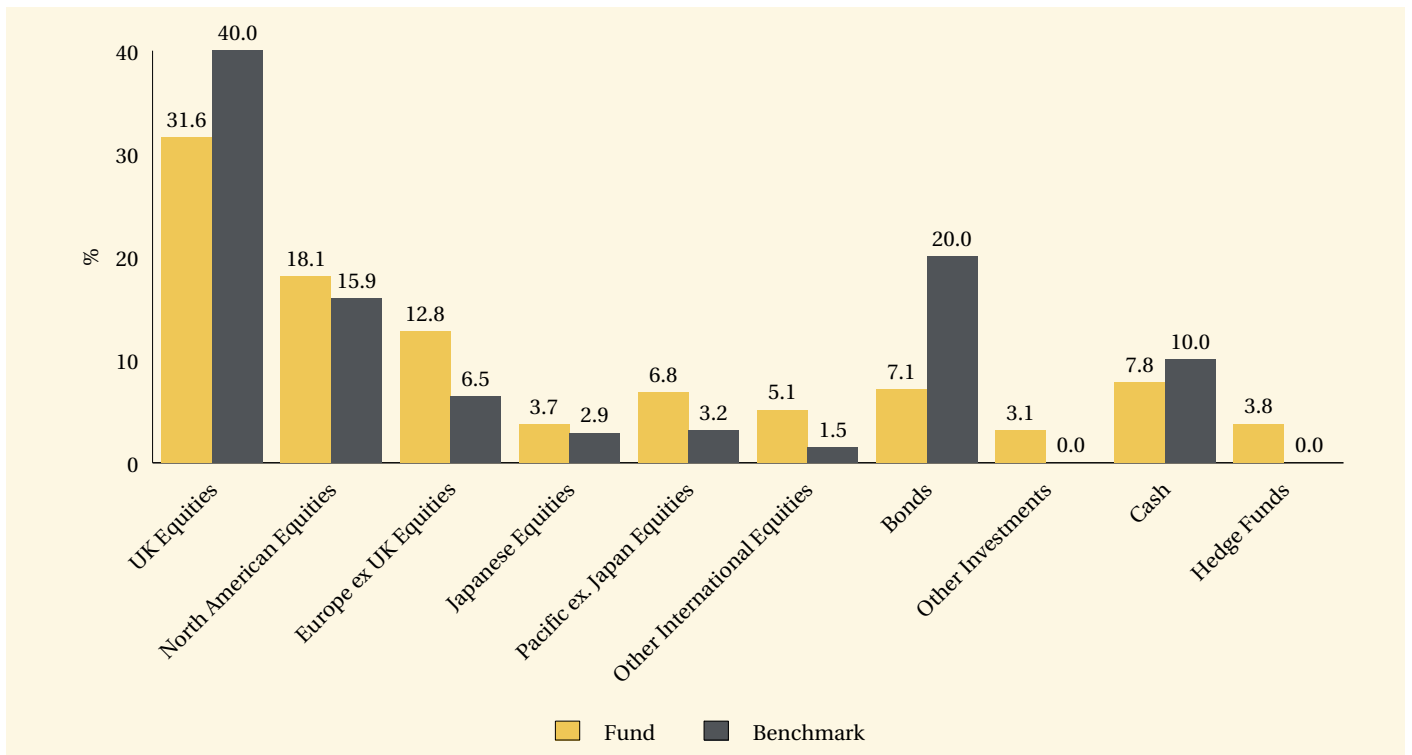
Theme	Factors	Investments
All Change	The previously benign period of stable growth, low inflation, and easy credit, which allowed private sector debt and financial leverage to grow to unsustainable levels (as described in a previous theme, "Becalmed") has come to an end. When assessing investments we assume that access to credit will remain difficult, which favours companies with limited financing requirements and argues against exposure to highly-indebted customers.	Amlin, Barrick Gold, Cobham, L'Oreal, Microsoft, Novartis, Scottish & Southern
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.	Parkway, Bangkok Bank, Hypermarcas, Millicom, Tele Norte Leste
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, Denbury Resources, Suncor Energy, Transocean
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, QBE Insurance Group, Rossi Residencial, Currency hedging

Fund analysis

Equity weightings by industry



Regional and asset class weightings



Source for all charts: Newton, as at 31 March 2010.

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.

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