

Newton Offshore Strategy Fund | September 2007

Sterling Fixed Interest

Objective

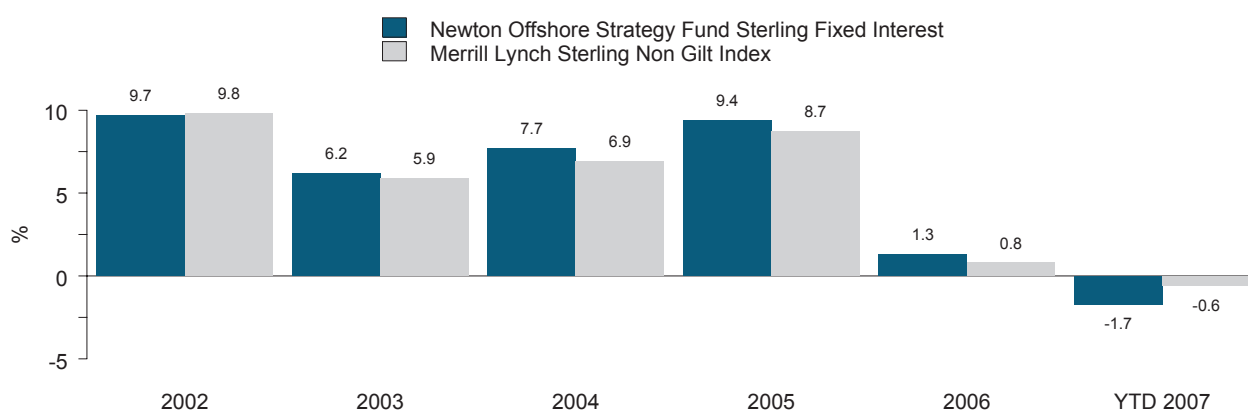
The objective of the Fund is to provide investors with a mixture of both capital preservation and an income from a portfolio of predominantly sterling denominated fixed interest securities. This Fund will focus on maximising the total return to the investor.

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.

Performance



	Latest Quarter (%)	Since Inception (%)
NOSF Sterling Fixed Interest (after fees)	0.1	46.2
NOSF Sterling Fixed Interest (before fees)	0.3	57.8
Merrill Lynch Sterling Non Gilt Index	1.8	59.6

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 Sterling Fixed Interest	4.6%	3.0%	10.2%	2.9%	-2.8%

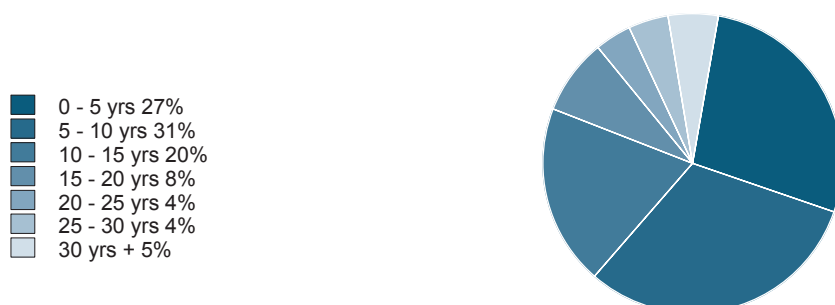
Source: Lipper, as at 30 September 2007, total return, bid to bid, gross income reinvested, without initial charges, net of management fees. Lipper fund returns are based on midday prices.

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	16.0
AA	31.9
A	30.6
BBB	16.2
BB	2.9
B	1.1
Cash	1.2

Significant Transactions

Acquisitions

Lasmo Plc 10.375% 22/6/2009

Institut De Credito Oficial 5% 07/12/2012
Reg'S

Chester Asset Rec Dealing 5 6.625% 17/
03/2008

Gaz Capital SA 6.58% 31/10/2013

SLM Corp 4.875% 17/12/2012

Disposals

Dexia Municipal Agency 4.875% 30/12/
2008

Network Rail Infra Finance 4.75% 29/11/
2035

ICO 4.5% 7/3/2013

Nederlandse Waterschapsbank 5.75%
27/04/2009

ITV Plc 6.125% 5/01/2017

Gross Redemption Yield: 6.45% as at 30 September 2007

Dividend Yield: 6.3% as at 30 September 2007

| Last Distribution: 1.2659p per unit as at 31 August 2007

Fund Size (millions): GBP 49 as at 30 September 2007

| Currency: GBP

The NOSF Sterling 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.