

Newton Absolute Intrepid Fund

Investment Report
Fourth Quarter 2007

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Statutory Disclosure of Discrete Past Performance - Percentage Change

From	31/12/02	31/12/03	31/12/04	31/12/05	31/12/06
To	31/12/03	31/12/04	31/12/05	31/12/06	31/12/07
Newton Absolute Intrepid	28.3%	14.2%	16.4%	7.9%	14.9%

Source: Lipper, as at 31 December 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

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. Current yields are not indicative of future yields. 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.

Your Fund

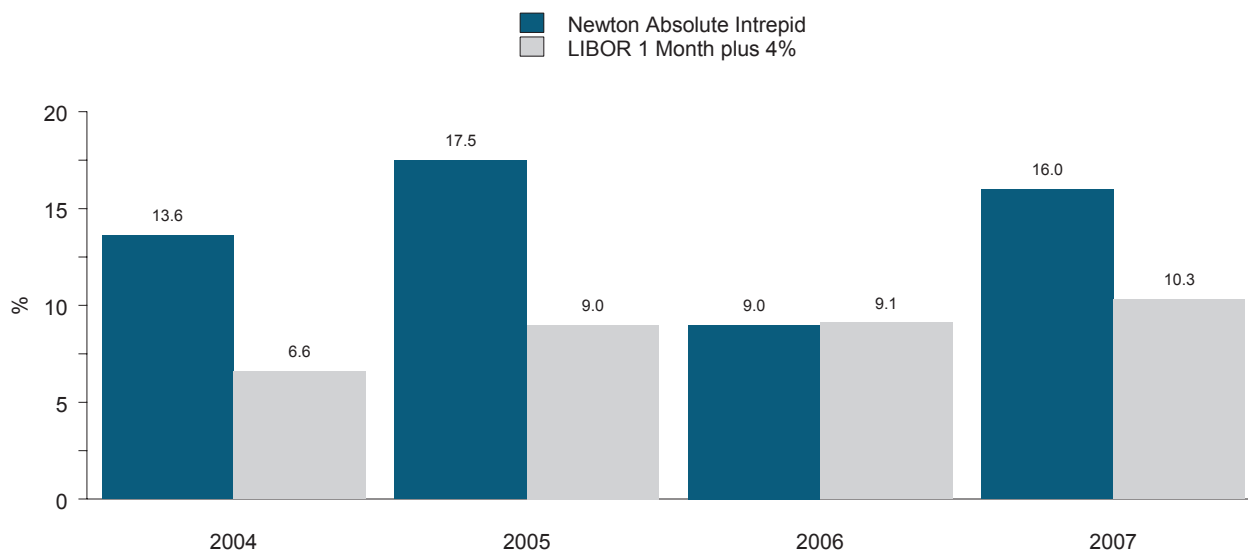
Newton Absolute Intrepid

Objective

The objective of the Sub-Fund is to achieve significant real rates of return in sterling terms predominantly from a portfolio of UK and international securities.

The Sub-Fund may also invest in deposits, money market instruments, derivative instruments and collective investment schemes.

Performance



Please see Risk Factors and Discrete Past Performance on previous page.

	Latest Quarter (%)	Since Re-Launch 31 March 2004 (%)
Fund Return (after fees)	4.3	62.7
Fund Return (before fees)	4.6	68.9
Benchmark Return	2.6	39.8

Dividend Yield: 3.0% as at 31 December 2007

| Last Distribution: 3.6451p per unit on 28 September 2007

Fund Size (millions): GBP 343 as at 31 December 2007

| Currency: GBP

Source: Lipper, as at 31 December 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.

Fund Analysis

Newton Absolute Intrepid

Top 20 Holdings as at 31 December 2007

	%		%
Vodafone Group PLC	5.3	Smith & Nephew PLC	1.7
GlaxoSmithKline PLC	4.7	Gold Fields Ltd	1.6
Royal Bank of Scotland Grp PLC CD 6.45%	2.3	Minas Buenaventura SA	1.4
ETFS Agriculture DJ-AIGSM	2.3	Telstra Corp Ltd	1.3
BP PLC	2.0	Syngenta AG	1.3
Veolia Environnement	1.9	Bunge Ltd	1.3
Standard Chartered PLC	1.9	Medtronic Inc	1.2
Millicom Intl Cellular	1.9	Bursa Malaysia Berhad	1.2
Advanced Info Service PCL	1.8	Cable & Wireless PLC	1.2
Petroleo Brasileiro SA	1.8	France Telecom SA	1.2

Significant Transactions

Acquisitions

FTSE 100 Index Mar 08 UKX 6025 PBT
(Put Option)

Telefonica SA

Sistema JSFC

Elisa Corp Oyj

Advanced Info Service PCL

Disposals

Tele2 AB

Companhia Vale do Rio Doce

Telefonica O2 Czech Republic

United Overseas Bank Ltd

Millicom Intl Cellular

Investment Themes

Newton Absolute Intrepid

The identification of global themes is a key component of our investment philosophy. Individual economies, industries or companies should not be analysed in isolation. Only by understanding events, trends and competitive pressures worldwide can investment prospects be properly evaluated. We have approximately a dozen investment themes, some of which have changed little over the past few years whilst others are fairly recent additions. A number of these themes are illustrated below with examples of individual holdings.

Earth Matters

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.

Beneficiaries: Bunge, Syngenta, ETFs Agriculture

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: Taiwan Mobile, Millicom, Gold Fields, Telefonica

Debt and Credit

The transition from high to low inflation and interest rates has triggered a super-cycle of credit growth which has boosted economic activity in the West. It has extended the economic cycle and left households, corporations and administrations increasingly highly indebted. This contrasts with a developing world where households and, increasingly, corporations are significantly less indebted. In sectors such as banking (among others), we favour companies with exposure to the developing world.

Beneficiaries: Bangkok Bank, Standard Chartered

Energy Supply

Following decades of underinvestment in oil and gas infrastructure, surplus production and refining capacity is limited. Strong current and forecast demand for energy implies a structurally higher real oil price. This has implications for the oil industry, infrastructure, and alternative energy sources as well as significant macro effects.

Beneficiaries: Acciona, BP, Occidental Petroleum, Petroleo Brasileiro, Syngenta

Performance summary

Newton Absolute Intrepid

Performance summary

Over the review period, the Fund returned +4.3% compared to +2.6% for the benchmark of 1 month LIBOR +4%.

Performance review

During the quarter, the Fund strongly outperformed both its target and peer group sector. The Fund benefited from its defensive positioning with strong contributions from equities across a range of sectors. In particular, the Brazilian oil company Petrobras rallied on news of a significant offshore oil field discovery. In telecoms, the global mobile group Millicom International and the Russian mobile company Sistema benefited from their exposure to fast growing markets. Meanwhile, steep increases in food prices helped the Fund's position in agriculture and crop protection related companies, with stocks such as the agricultural products company Syngenta performing strongly. Also doing well was the Fund's position in ETFS Agriculture, an exchange traded fund that tracks the price of futures contracts on a basket of 'soft' commodities.

Poorer macroeconomic newsflow saw government bond yields fall, and thus fixed interest outperformed equities over the quarter.

Although we have no direct exposure to government bonds, we gained from our positions in US Treasury Bond call options, which we have preferred as the most efficient means of gaining exposure to rising bond prices. Meanwhile, we benefited from the weaker economic outlook in the UK and the ensuing interest rate cuts as sterling fell during the quarter, allowing the Fund to profit from forward currency positions in the euro and Singapore dollar.

Review of activity

Given our conviction that the global economy is facing a more challenging environment, we took profits in certain cyclical stocks, such as the Brazilian mining company CVRD, which we sold, and the global supply company Noble Group, where we reduced our position. Meanwhile, we also reduced our exposure to financials, where we sold Malayan Banking and United Overseas Bank. We increased exposure to the more defensive telecoms sector. New additions included Spain-listed Telefónica, which has significant operations in Latin America, as well as Russia's Sistema, with both companies giving us exposure to fast growing mobile telecoms in emerging markets.

Portfolio Valuation

Newton Absolute Intrepid

	% WEIGHT
Newton ICVC - Absolute Intrepid	100.00
Equities	65.36
Oil & Gas	6.92
Oil & Gas Producers	6.92
BP PLC	2.04
Occidental Petroleum Corp	1.10
Petroleo Brasileiro SA	1.79
Royal Dutch Shell PLC	0.96
StatoilHydro ASA	1.02
Basic Materials	5.29
Chemicals	1.30
Syngenta AG	1.30
Mining	3.98
Gold Fields Ltd	1.63
Minas Buenaventura SA	1.38
Newmont Mining Corp	0.97
Industrials	8.63
Construction & Materials	0.94
Acciona SA	0.94
Aerospace & Defence	1.08
BAE Systems PLC	1.08
General Industrials	1.85
Noble Group Ltd	1.03
Smiths Group PLC	0.82
Electronic & Electrical Equipment	1.05
Siemens AG	1.05
Industrial Transportation	2.57
A P Moller-Maersk A/S	0.80
Bangkok Expressway PCL	0.90
Transurban Group	0.88
Support Services	1.13
Eaga PLC	0.21
Serco Group PLC	0.92

Portfolio Valuation

Newton Absolute Intrepid

	% WEIGHT
Consumer Goods	2.78
Food Producers	1.97
Bunge Ltd	1.30
OLAM International Ltd	0.67
Seaperfect PLC	0.00
Tobacco	0.81
Reynolds American Inc	0.81
Health Care	11.25
Health Care Equipment & Services	3.50
Amplifon SpA	0.59
Medtronic Inc	1.21
Smith & Nephew PLC	1.69
Pharmaceuticals & Biotechnology	7.75
GlaxoSmithKline PLC	4.67
Lilly (Eli) & Co	0.80
Novartis AG	1.12
Wyeth	1.16
Consumer Services	1.05
Food & Drug Retailers	0.99
Tesco PLC	0.99
Media	0.06
Bonton A.S.	0.00
Bonton Book A.S.	0.01
Bonton Music A.S.	0.01
Bonton New Film Ent. A.S.	0.03
Bonton Pictures A.S.	0.01
Telecommunication	18.92
Fixed Line Telecommunications	6.79
Cable & Wireless PLC	1.21
Elisa Corp Oyj	1.03
France Telecom SA	1.20
Tele Norte Leste Participacoes	0.85
Telefonica SA	1.18
Telstra Corp Ltd Installment Rcpts (29/5/08 PP)	1.34
Mobile Telecommunications	12.13
Advanced Info Service PCL	1.83

Portfolio Valuation

Newton Absolute Intrepid

	% WEIGHT
LG Telecom Ltd	0.88
Millicom Intl Cellular	1.89
Sistema JSFC	1.01
Taiwan Mobile Co	1.19
Vodafone Group PLC	5.33
Utilities	1.93
Gas Water & Multiutilities	1.93
Veolia Environnement	1.93
Financials	7.61
Banks	2.83
Bangkok Bank PCL	0.93
Standard Chartered PLC	1.90
Life Insurance	0.94
Prudential PLC	0.94
Real Estate	0.31
Deutsche Wohnen AG	0.31
General Financial	1.21
Acom Co Ltd	0.00
Bursa Malaysia Berhad	1.21
Equity Investment Instruments	2.32
ETFS Agriculture DJ-AIGSM	2.32
Technology	1.00
Technology Hardware & Equipment	1.00
Cisco Systems Inc	1.00
Other Investments	4.65
Abbey National Treasury Servs CP 07/12/07 - 07/03/08 (6.5)	2.31
Royal Bank of Scotland Grp PLC CD 6.45% 10/12/07 - 10/03/08	2.34
Derivative Instruments	1.05
Futures	1.05
Euro - Bund Future Mar 08 RXH8C 117 EUX (Call Option)	0.00
FTSE 100 Index Mar 08 UKX 6025 PBT (Put Option)	0.60
OTC Currency Option Mar 08 GBP Put / JPY Call 215	0.04
Cash	28.94

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Issued by Newton Investment Management Limited. The Absolute Intrepid Fund is an authorised unit trust operated by Mellon Fund Managers Limited.

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