



Newton Bridge Fund

Investment Report

Third Quarter 2007



BNY MELLON
ASSET MANAGEMENT

NEWTON
The Power of Ideas

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Statutory Disclosure of Discrete Past Performance - Percentage Change

From To	30/09/02 30/09/03	30/09/03 30/09/04	30/09/04 30/09/05	30/09/05 30/09/06	30/09/06 30/09/07
Newton Bridge Fund	16.4%	13.8%	22.9%	11.3%	16.8%

Source: Lipper, as at 30 September 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

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.

Your Fund

Newton Bridge Fund

Objective

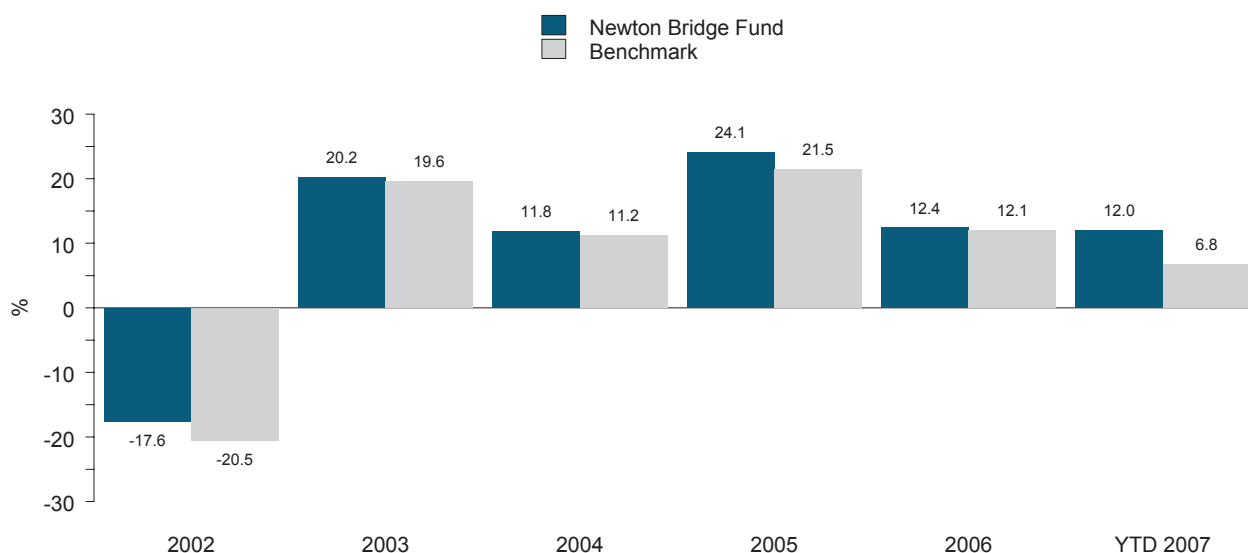
The investment objective of the Scheme is to achieve capital growth through investment principally in UK and international securities. The Scheme may also invest in warrants, deposits, money market instruments, collective investment schemes, derivative instruments and forward transactions.

Investment Philosophy

Over the long term the total return from equities has normally beaten cash and bonds by a significant margin: the major part of the Fund is therefore invested in equities. The equity element is then balanced by fixed interest, hedge funds and cash in order to reduce the overall portfolio volatility.

The benchmark is the WM Private Client Growth Indicator.

Performance



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

	Latest Quarter (%)	Since Re-Launch end November 1996 (%)
Fund Return (after fees)	2.2	160.1
Fund Return (before fees)	2.4	183.6
Benchmark Return	0.1	114.6
FTSE All-Share	-1.8	130.1
FTSE W World Ex UK	1.8	106.6
FTSE Government All Stocks	4.1	96.1

Dividend Yield: 1.8% as at 30 September 2007

| Last Distribution: 2.3708p per unit on 26 September 2007

Fund Size (millions): GBP 318 as at 30 September 2007

| Currency: GBP

Ex Dates: 31 Jan, 31 Jul

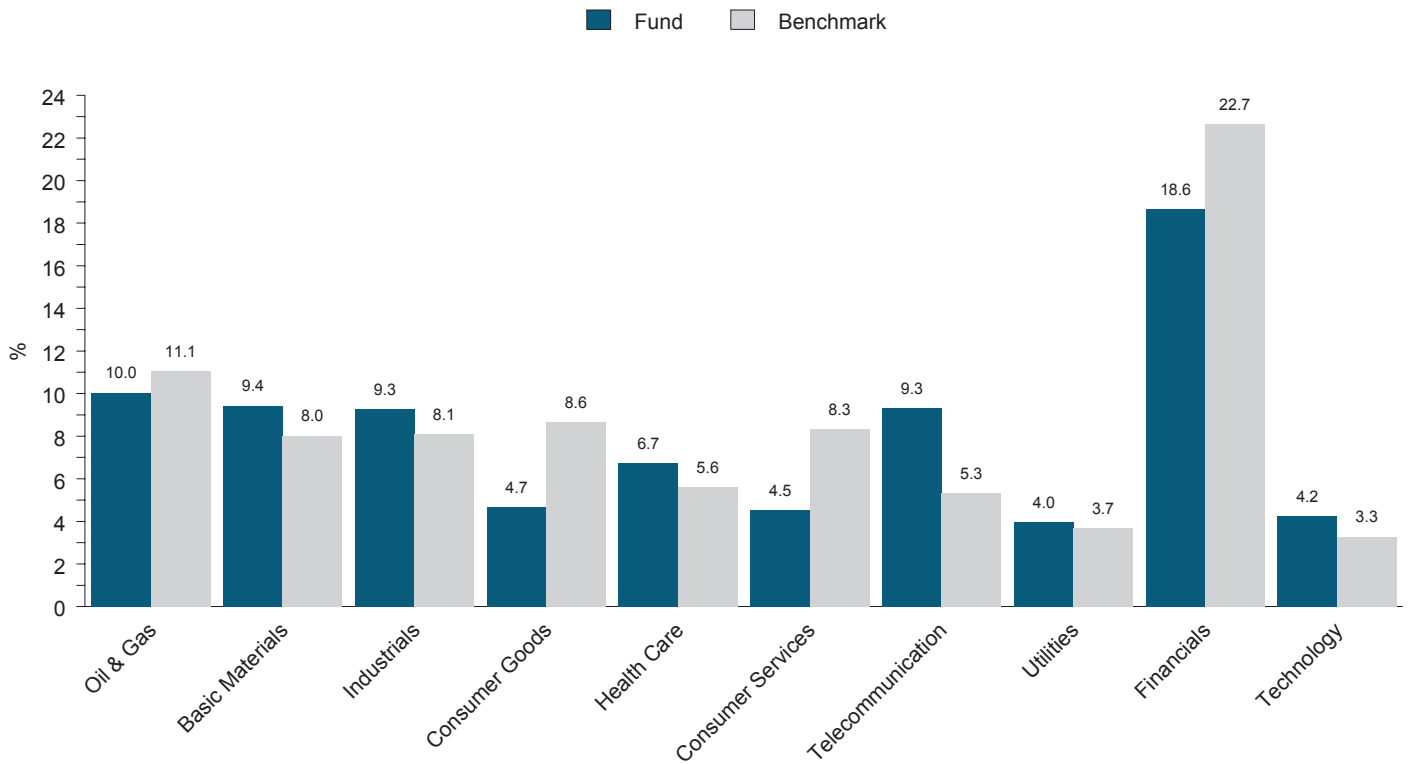
| Pay Dates: 29 Mar, 26 Sep

Source: Lipper, as at 30 September 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.

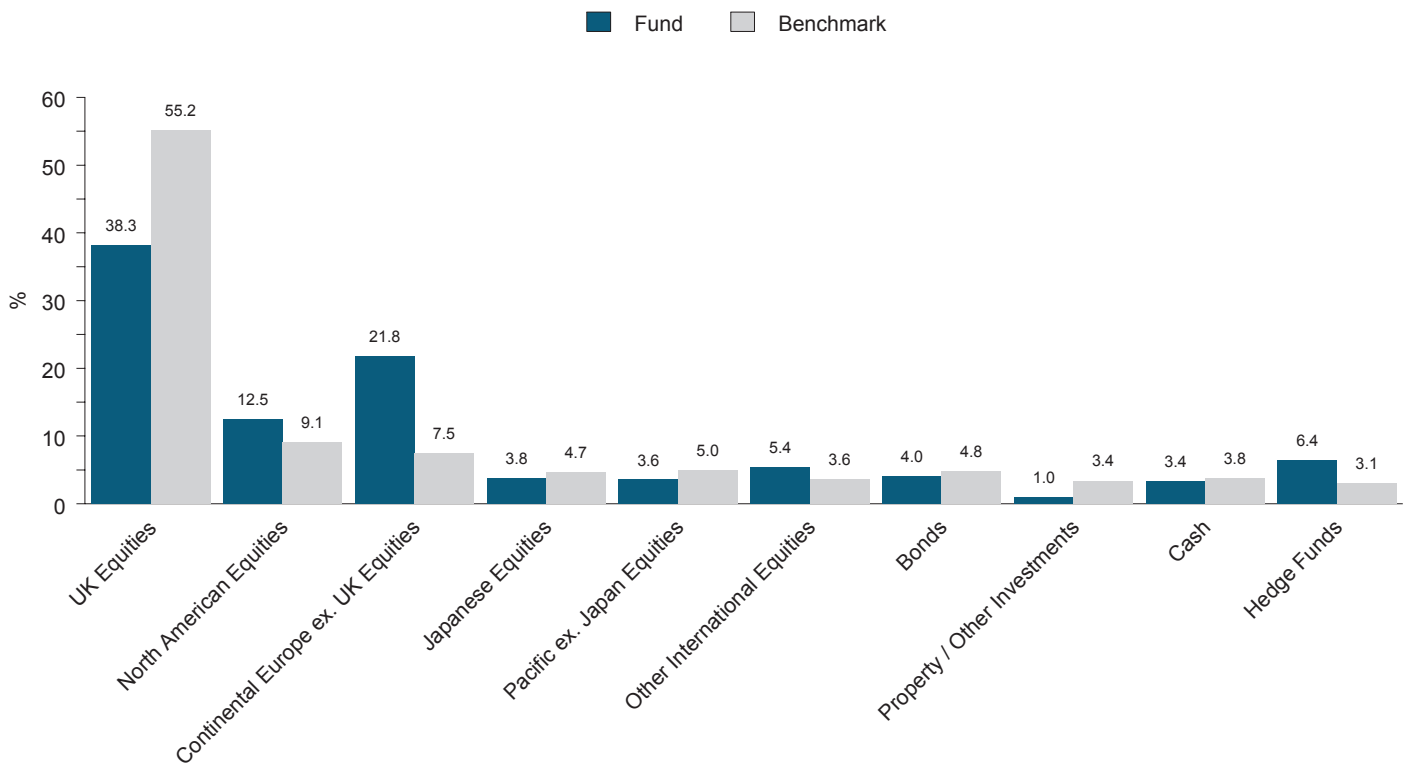
Fund Analysis

Newton Bridge Fund

Industrial Weightings versus Benchmark



Regional and Asset Class Weightings versus Benchmark



Fund Analysis

Newton Bridge Fund

Top 10 Holdings as at 30 September 2007

UK Equities	%	Overseas Equities	%
Vodafone Group PLC	3.7	Companhia Vale do Rio Doce	1.5
BP PLC	2.5	ConocoPhillips	1.5
GlaxoSmithKline PLC	2.4	Deutsche Boerse AG	1.5
HSBC Holdings PLC	2.2	Acciona SA	1.4
BHP Billiton PLC	2.1	Gildan Activewear Inc	1.3
Royal Dutch Shell PLC	1.7	Total SA	1.3
Standard Chartered PLC	1.7	EFG Eurobank Ergasias SA	1.3
Barclays PLC	1.6	Allianz SE	1.2
Prudential PLC	1.4	Occidental Petroleum Corp	1.1
ICAP PLC	1.2	Veolia Environnement	1.1

Major Contributors to Relative Performance During the Quarter

Positive	%	Negative	%
Companhia Vale do Rio Doce	0.66	Panalpina Welttransport AG	-0.34
Royal Bank of Scotland Grp (not held)	0.28	McGraw-Hill Cos Inc	-0.25
BHP Billiton PLC	0.28	Cemex SAB de CV	-0.17
Deutsche Boerse AG	0.23	Irish Life & Permanent PLC	-0.13
Gildan Activewear Inc	0.17	Rio Tinto PLC (not held)	-0.13

Significant Transactions

Acquisitions

ABC Learning Centres Ltd
Inchcape PLC
Tele Norte Leste Participacoes
K&S AG
Makhteshim-Agan Industries Ltd

Disposals

Hanson PLC
Cemex SAB de CV
McGraw-Hill Cos Inc
KT&G Corp
Newfield Exploration Co

Investment Themes

Newton Bridge Fund

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.

Population Dynamics

A nation's demographic profile has profound implications for its ongoing economic development influencing its patterns of growth, consumption and savings, fiscal policy, healthcare regimes and competitive advantage. Industrialised economies have broadly ageing populations while some developing economies have significantly different profiles.

Beneficiaries: ABC Learning Centres, GlaxoSmithKline, Medtronic, Novartis, Prudential

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: BHP Billiton, CVRD, Deutsche Post, Panalpina, Millicom

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: DBS, EFG, Siam Commercial, 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, ConocoPhillips, Neste Oil, Terna Participacoes

Fund Manager's Report

Newton Bridge Fund

Turbulence returned to global asset markets in late July highlighting the links between different markets and seemingly unconnected participants caused by sophisticated financial innovation and the growth of derivative based instruments. The ramifications of rising defaults on sub-prime mortgages in the United States included the collapse of the short term money markets (where even the major high street banks were reputedly reluctant to lend to each other over night), a run on and subsequent government led bail out of Northern Rock, and a rapid sell off in global equity markets. Calm was restored to equity markets quickly however, after the Federal Reserve cut interest rates in the United States by 0.5% and central banks provided liquidity by acting as lender of last resort.

Apart from the United Kingdom and Japan, major markets finished the quarter in positive territory in sterling terms, with the FTSE W World Ex UK (£) rising by 1.8% and the FTSE All Share falling by 1.8%. Gilts performed well returning 4.1% as investors sought a safe haven from the turmoil in the credit and equity markets, although their total return for 2007 to date is only just into positive territory at 0.9%. Against this backdrop, your fund returned 2.4%, bringing the nine-month return to 12.0%, significantly out-performing the benchmark over both periods.

The strong performance this year continues to be driven by stock selection drawing on our global thematic process and output from our research analysts. The two biggest sectoral contributors to performance were Banks and Industrial Metals. Global Realignment and the excess growth of demand over that of supply has helped to drive up and sustain the price of industrial commodities. This in turn has resulted in strong profit and cash flow growth for mining companies. The holdings in CVRD and BHP Billiton were reduced towards the quarter's end, following strong share price movements that resulted in CVRD increasing in value by nearly 70% in fewer than 6 weeks!

The banking sector's contribution to performance may seem at odds with the recent turmoil illustrated by the queues of depositors

outside Northern Rock waiting to withdraw their money. We have been concerned for some time about the outlook for investment banks (see sale of UBS in previous quarterly commentary) and those retail banks with heavy exposure to highly indebted consumers. Our Debt and Credit theme has led us away from the UK high street banks (voids in RBS, HBoS and Northern Rock which all fell in value during the quarter) and towards European and Emerging market banks (EFG, DBS, Siam Commercial) where opportunities for earnings and profit growth appear stronger.

A new area that we have been focussing on is the potential for structural changes within the global agricultural market. Demand is being driven by two distinct movements: firstly the increasing wealth of consumers within developing countries, such as China and India, leading to more consumption of meat and dairy products; and secondly by the growing political focus on climate change and the use of biofuels as a green solution. Supply cannot adjust immediately to intensifying demand and we have witnessed substantial increases in the prices of soft commodities, which should result in higher agricultural incomes. Higher agricultural incomes and visibility over the sustainability of higher prices is likely to encourage greater use of yield enhancing products and to this end we have purchased crop protection manufacturer Makhteshim-Agan, and the potash producer, K&S.

The recovery in equity markets masks the obstacles that are still inherent within the financial system and the extent of the impact on the real economy of rising borrowing rates and tighter lending criteria is unclear. Volatility in equity markets has risen and protection in the form of Put options has become more expensive. Nevertheless, having sold the existing Put options in early August, we re-purchased some more following the market recovery given our concerns about short term movements.

Fund Management Team:

Caroline Lindsay and Robert Hay

Investment Style and Other Information

Newton Bridge Fund

- There are three components of the investment process at Newton: the strategic framework, global research, and portfolio management. The basis of our investment philosophy is that no industry, market or economy can be considered in isolation. Only by understanding events, trends and competitive pressures worldwide can prospects for shares and bonds be properly evaluated. We conduct our research and invest globally.
- The Bridge Fund is invested in the same manner as segregated high net worth private clients of Newton in line with the private client growth model managed in accordance with agreed asset allocation guidelines.
- The Fund holds around 90-100 equities compared to 60-70 holdings for the model with the additional holdings consisting of other strong Newton ideas and taking into account other in-house model portfolios.
- The core of the Fund is primarily invested in large, international blue chip companies which are held for the long term although from time to time it actively participates in new issues, public offerings and underwriting on a short-term view.
- The fixed interest element is biased towards investment grade corporate bonds and government issues.
- Investment trusts are used to a limited extent to gain exposure to specialist areas including hedge funds, and may be switched to take advantage of changes in price relative to net asset value.

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Newton Bridge Fund	100.00
Equities	84.90
Oil & Gas	10.04
Oil & Gas Producers	10.04
BP PLC	2.49
ConocoPhillips	1.53
Neste Oil Oyj	0.79
Occidental Petroleum Corp	1.15
Royal Dutch Shell PLC	1.74
Statoil ASA	1.04
Total SA	1.32
Basic Materials	9.43
Chemicals	2.84
Air Liquide SA	1.11
K&S AG	0.68
Makhteshim-Agan Industries Ltd	0.56
Symrise AG	0.49
Industrial Metals	2.41
Companhia Vale do Rio Doce	1.54
Teck Cominco Ltd	0.87
Mining	4.18
Anglo American PLC	0.91
BHP Billiton PLC	2.10
Xstrata PLC	1.18
Industrials	9.25
Construction & Materials	1.43
Acciona SA	1.43
Aerospace & Defence	1.34
Cobham PLC	0.91
QinetiQ Group PLC	0.43
General Industrials	1.05
Smiths Group PLC	1.05
Industrial Transportation	1.92
Deutsche Post AG	0.81
Panalpina Welttransport AG	1.12
Support Services	3.51

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
ABC Learning Centres Ltd	0.97
Bunzl PLC	1.01
Eaga PLC	0.27
Serco Group PLC	0.81
Shanks Group PLC	0.46
Consumer Goods	4.68
Beverages	0.98
Diageo PLC	0.98
Household Goods	0.57
Woong Jin Coway Co	0.57
Personal Goods	1.34
Gildan Activewear Inc	1.34
Tobacco	1.78
Japan Tobacco Inc	0.78
Reynolds American Inc	1.00
Health Care	6.73
Health Care Equipment & Services	1.83
Beckman Coulter Inc	0.52
Medtronic Inc	0.78
Smith & Nephew PLC	0.54
Pharmaceuticals & Biotechnology	4.89
GlaxoSmithKline PLC	2.43
Lilly (Eli) & Co	0.89
Novartis AG	0.79
Roche Hldgs AG	0.78
Consumer Services	4.54
Food & Drug Retailers	1.16
Tesco PLC	1.16
General Retailers	1.30
eBay Inc	0.36
Inchcape PLC	0.93
Media	1.01
Reuters Group PLC	1.01
Travel & Leisure	1.08
Accor SA	1.08

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Telecommunication	9.30
Fixed Line Telecommunications	3.52
Cable & Wireless PLC	1.18
France Telecom SA	0.76
Tele Norte Leste Participacoes	0.73
Telstra Corp Ltd	0.64
Telstra Corp Ltd Installment Rcpts (29/5/08 PP)	0.21
Mobile Telecommunications	5.78
Advanced Info Service PCL	0.53
Millicom Intl Cellular	0.97
MTN Group Ltd	0.61
Vodafone Group PLC	3.67
Utilities	3.97
Electricity	1.60
Fortum Oyj	0.72
Scottish & Southern Energy PLC	0.89
Gas Water & Multiutilities	2.37
Centrica PLC	0.57
Terna Participacoes SA	0.67
Veolia Environnement	1.13
Financials	18.64
Banks	10.03
Barclays PLC	1.61
DBS Group Holdings Ltd	0.72
EFG Eurobank Ergasias SA	1.31
HSBC Holdings PLC	2.15
KBC Group NV	0.90
Siam Commercial Bank PCL	0.78
Standard Chartered PLC	1.66
Unicredito Italiano SpA	0.91
Nonlife Insurance	1.73
Allianz SE	1.15
Hartford Financial Services Gp	0.58
Life Insurance	3.51
Irish Life & Permanent PLC	0.77
Old Mutual PLC	0.77
Prudential PLC	1.37
Resolution PLC	0.60

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
Real Estate	0.66
Land Securities Group PLC	0.66
General Financial	2.71
Deutsche Boerse AG	1.48
ICAP PLC	1.23
Technology	4.23
Software & Computer Services	1.96
Amdocs Ltd	0.49
Microsoft Corp	0.41
SAP AG	0.57
VeriSign Inc	0.49
Technology Hardware & Equipment	2.27
Canon Inc	0.73
Cisco Systems Inc	1.09
High Tech Computer Corp	0.45
Unitised / Structured Investments (Equities)	4.08
UK Equity Funds	1.11
MFM Newton UK Smaller Cos Cls 'X'	1.11
Pan European	0.69
Symphony Eurostoxx50 Autocall	0.69
Japan	2.27
Capita Financial Managers Morant Wright Japan B (Acc)GBP	1.00
Elders (Merrill Lynch Intl) Japan Capital Protected II 13C	0.87
Elders (Merrill Lynch Intl) Japan Accel Growth II 25B	0.40
Bonds	4.00
Government Bonds	0.63
UK Bonds	0.63
Treasury 5% Stk 7/09/2014 5% Stk 7/09/2014	0.63
Index Linked	0.55
UK Index Linked	0.55
British Telecommunications PLC 3.5% Idx Lkd 25/04/2025 GBP	0.55
Corporate Bonds	2.82

Portfolio Valuation

Newton Bridge Fund

	% WEIGHT
UK Corporate Bonds	2.82
Barclays Bank PLC 6% Bds 29/06/2049 GBP10000	0.90
Daily Mail & General Trust PLC 7.5% Bds 29/3/2013 GBP10000	0.38
France Telecom SA 8% EMTN 20/12/2017 GBP1000	0.37
HBOS Treasury Services PLC 6.475% Non Cum Prf GBP1	0.58
Iron Mountain Inc 7.25% Bds 15/04/14 Reg'S'	0.25
Kelda Group PLC 6.875% Gtd Bds 23/4/2010 GBP	0.33
Cash	3.36
Derivative Instruments	0.40
Options	0.40
FTSE 100 Index Dec 07 UKX 6375 PBT (Put Option)	0.40
Hedge Funds	6.36
AcenciA Debt Strategies Ltd	0.74
Alternative Inv Strategies Ltd	0.66
Close Allblue Fund Ltd	0.79
Dexion Absolute Ltd	0.83
Dexion Alpha Strategies Ltd	0.65
Dexion Trading Ltd	0.51
Gottex Market Neutral Tst Ltd	0.55
Signet Gbl Fxd Inc Strategies	0.60
Tapestry Investment Co PCC Ltd Red Ptg Pref Shs NPV	0.55
Tapestry Investment Co PCC Ltd 'C' Ord Shs	0.47
Unitised/Structured Investments (Other)	0.99
Other	0.99
Other / Non Region Specific	0.99
Merrill Lynch Intl & Co CV Call Wts (30/08/12 SX5E)	0.50
Symphony FTSE Absolute Return	0.49

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.

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