

Newton inSight

Q1 2008 www.newton.co.uk/us



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¹ Newton Capital Management LLC provides marketing services in the U.S. for Newton Capital Management Limited. 'Newton' refers to the Newton group of companies that include Newton Investment Management Limited and Newton Capital Management Limited. Assets under management include assets managed by Newton Investment Management Limited, Newton Capital Management Limited, Newton International Investment Management Limited and Newton Fund Managers (CI) Limited. Newton Capital Management LLC, Newton Capital Management Limited, Newton Investment Management Limited, Newton International Investment Management Limited and Newton Fund Managers (CI) Limited are affiliated entities.



Welcome

Welcome to “Newton inSight” our newsletter specifically prepared for North American institutional investors. As this is our first missive of 2008, I think it is appropriate to reflect on the events of the last year and to update you on the progress of our U.S. business.

2007 was characterized by sharply higher volatility in financial markets than investors have been accustomed to in recent years. Disruption in credit and money markets, as well as concerns about the ramifications of such disruption for the global economy, continue to have profound implications for global asset prices. At Newton our thematic investment approach has been key to our ability to retain focus in the midst of such volatility. Without a doubt our thematic analysis helped us retain perspective in seeking to meet our clients’ investment objectives throughout the year.

The short and long-term results we have achieved for our clients have been impressive. We detail the performance of a number of our equity and fixed income strategies that are of most interest to U.S. investors on pages 9 through 11. We also outline our investment outlook for the coming year (page 3) and highlight how our thematic process is applicable in the world of global bonds (page 6).

On the commercial front we passed a number of milestones in the development of Newton’s U.S. business during 2007. Building on our initial success with our international equity strategy, we introduced our global equity and global bond products to the market. We now offer all three strategies to U.S. investors in both separate and commingled accounts. Additionally, our sister company Dreyfus launched the Dreyfus Premier Global Equity Income Fund which debuted our global higher income equity strategy on this side of the Atlantic. At Newton we believe that equity income strategies will become a

more important part of investors’ portfolios in coming years – something I’m sure we will be talking about with you in more detail before too long.

I am happy to report that the feedback from the market to the Newton story has been very positive. We have added assets in all of the above-mentioned products, and during the fourth quarter our assets under management for North American clients passed through the \$1 billion mark. We have been gratified to gain mandates from U.S. institutional investors across the spectrum. We now count public, corporate and Taft-Hartley pension funds as clients, and in January we added our first U.S.-based foundation.

As our business grows, we have also been adding to our resources on the ground in the U.S.. In November, Randy Lierman joined Jon Ritz and me on Newton’s U.S. team as a portfolio strategist focused on our growing Managed Account business.

I hope you find this edition of Newton inSight useful. I’d love to hear from you about any topics you’d like us to address in future issues. If you are interested in learning more about our investment capabilities please let me know.

Best wishes for a healthy and prosperous 2008.

A handwritten signature in cursive script that reads "Ciarán Spillane".

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Investment outlook



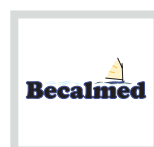
The debt super-cycle

Newton has had concerns for a number of years about the exponential growth of debt in the world's developed economies. Our *debt and credit* theme, which encapsulates those concerns, has led to our being highly cautious about exposure to the financial sector, and to U.S. and UK banks in particular. In addition, our concerns have meant that we have held underweight positions in discretionary consumer sectors, real estate and other credit-related areas.

There are two important factors in explaining the growth of indebtedness in the developed economies in recent years. First, the cost of credit has been historically low; globalization and technological change have precipitated lower inflation and, consequently, lower interest rates. Secondly, and probably more importantly, there has been a revolution in the availability of credit. 'Excess' savings in the developing world have poured into the western world, regulatory changes have encouraged banks to take more risk, and innovation in the financial sector, such as securitization (a process in which assets, receivables or financial instruments are acquired, classified into pools, and sold as new investment products), has driven the expansion of credit.

The key development in this growth of credit has been the change in the role of banks. Traditionally, banks made loans and retained them on their balance sheets; when their balance sheet capacity was exhausted, they were held back from making further loans. Now, however, banks operate an 'origination and distribution' model of lending which means that, via securitization for example, they are no longer

constrained by their balance sheets. It is only the numbers of borrowers and of buyers of securitized loans that limit the growth in banks' lending; the fact that asset prices have been strong and bond yields have remained relatively low means that banks have had burgeoning demand from both borrowers and bond investors.



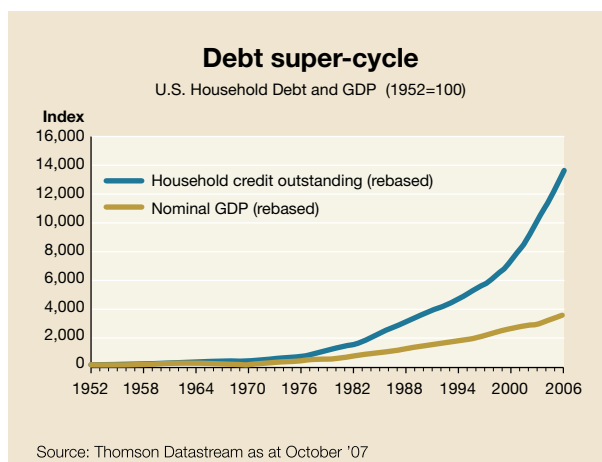
A becalmed environment

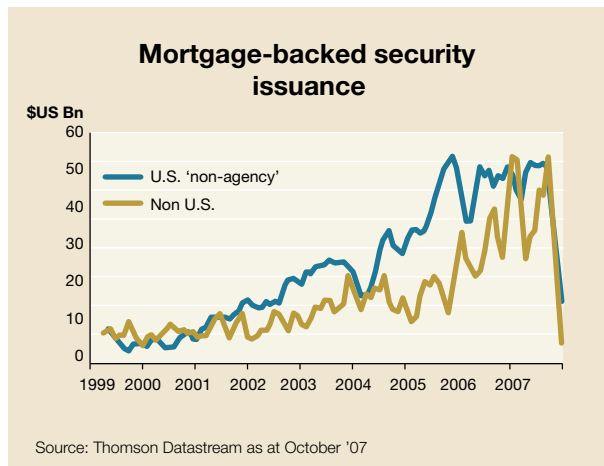
We have argued through our *becalmed* theme that the behaviour of developed-world borrowers in recent years suggested that they believed that the economic cycle had ceased to exist and that they regarded the growth in global asset prices over the last five years and low costs of borrowing as permanent features of a becalmed investment landscape which encouraged the taking of risk. In relation to U.S. assets, and to the U.S. housing market in particular, investors appeared to assume that debt costs would stay relatively low, that there would be an abundant supply of funding, and that house price growth was entrenched. In this becalmed world, asset-backed types of securities became highly fashionable and ever-more complex 'collateralised debt obligations' (CDOs) were held out as suitable products for a wide range of investors, even for (low-risk) government bond investors to whom the triple-A ratings of some such products proved enticing.

The growth of CDO issuance has been extraordinary, with about \$40-\$50 billion of CDOs estimated to have been sold per month throughout 2006 and 2007 (a magnitude more akin to manufacturing than to conventional banking). Amid that growth, lending standards fell and mortgage finance was provided increasingly to borrowers of highly dubious creditworthiness.

With house prices having fallen and interest rates having risen, the rate of mortgage defaults has escalated, the issuance of mortgage-backed securities has collapsed (see chart overleaf), rating agencies have downgraded the ratings applied to those securities and investment banks have undertaken a series of write-downs in the values of their mortgage-related assets. The purportedly low volatility of CDOs proved not to mean that they were low-risk investments.

The parties concerned with CDOs (CDO managers, rating agencies, hedge funds and investment banks) relied upon relatively favorable history, but they





omitted to expect the unexpected and they lost perspective in the becalmed environment; gauging future prospects by looking backwards proved to be a poor substitute for a reliable long-term strategy. CDOs are highly unlikely to resurface in anything like their previously-constructed form and the provision of capital to the global financial system is likely to diminish as the crisis in credit markets leads to a general tightening of lending standards.

Predicting the future

The temptation to use backward-looking models to foretell the future, whilst flawed, is perhaps understandable given that making predictions in any context tends generally to be rather unreliable. In so far as there is consensus on the outlook for global economic growth, it is that the boom in activity that we have seen over the last four or five years is likely to moderate. While we agree broadly with that assumption, there are good reasons to suppose that economic growth may be either weaker or stronger than anticipated.

Tighter credit standards around the world are likely to constrain activity, and a sharp decline in the U.S. housing market could bring about a recession which would change materially the outlook for economic activity around the world. If the Chinese authorities are successful in slowing their rapidly-expanding economy, this may threaten further the wellbeing of the world economy. By contrast, however, the developing world may continue to make an increasingly significant contribution to overall economic activity.



A second key area of uncertainty in the global economy is inflation. The 'consensus' continues to believe that globalization will keep inflation low, but there are risks to such a benign

outcome which merit scrutiny; our *fire risks* theme, which we introduced in 2007, underscores the risk of mounting inflation. Although slower economic growth may serve to scotch inflation pressures, we believe that the era of disinflation that has been driven most obviously by the 'China price' (via the country's low-cost manufacturing base) may be coming to an end. Import prices from China to the U.S. have begun to rise (following a decade of falls) and a number of structural factors threaten also to drive inflation higher, most notably higher oil and food prices. Food inflation is relatively unimportant in the western world but is highly significant in many of the developing economies in which food is a large constituent of consumer price indices. Inflation rates in some of those economies are rising relatively swiftly.

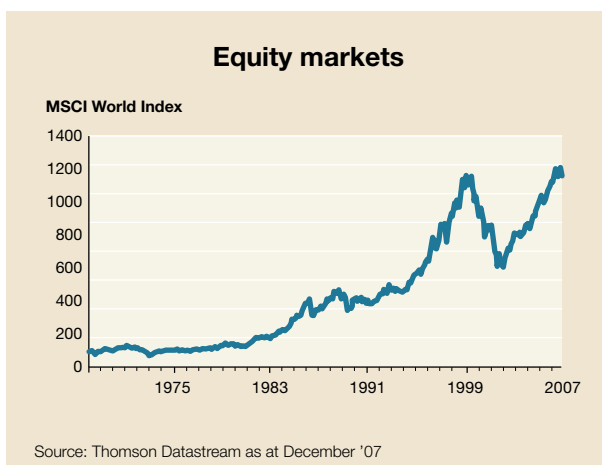
On the other hand, the risk of deflation cannot be ruled out. Should global economic activity slow sharply and credit markets continue to weaken, the (over-) capacity that has been introduced in a number of developing economies in recent years may deepen the threat of deflation.

The outlook for both economic growth and inflation is uncertain. It seems increasingly unlikely that the 'Goldilocks' environment of robust growth with low inflation, which has been key to the positive fortunes of asset markets over the last decade, can be preserved. However, the polarized risks of slower/faster economic growth and of deflation/inflation make it difficult to make accurate forecasts about the near-term performance of equity markets.

“The purportedly low volatility of CDOs proved not to mean that they were low-risk investments.”

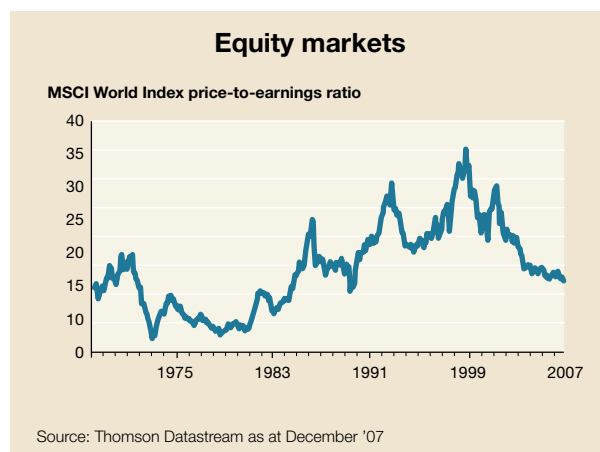
Equity markets

Stock markets, in aggregate at least, have recovered from the technology-led falls of the early part of this decade.



Despite strong rises in share prices since 2003, we remain positive about equities and we believe that equity investment in well-chosen companies is preferable to investment in other asset classes, most of which have relied for their fortunes in some way upon now-challenged credit markets. We have some concerns that the level of corporate earnings is far in excess of its long-term trend and we believe that earnings growth (most notably in the financial sector) is likely to slow in the coming months. However, the overall valuation of equity markets is broadly reasonable, particularly compared with the late 1990s and early part of this decade when valuations became stretched amid the growth of the technology 'bubble'.

“It seems increasingly unlikely that the ‘Goldilocks’ environment of robust growth with low inflation, which has been key to the positive fortunes of asset markets over the last decade, can be preserved.”



The growth in financial sector earnings (compared with non-financial earnings) over the last half a century has been astonishing and has tracked closely the growth in debt over the period; financial earnings now represent just under 40% of total U.S. profits, having accounted for 10% in the late 1950s.



Innovations in the supply of credit (chiefly securitization and structured finance) have been highly lucrative for the financial sector, but we anticipate that the growth of financial earnings will slow against a backdrop of troubled credit markets, a weakening U.S. housing market and tighter controls by regulators to curb reckless lending practices.

It is likely that some non-financial sectors will also be affected by the tightening of lending standards and the waning availability of credit. However, we believe there are considerable opportunities for investment in sectors in which credit is not a prerequisite of corporate prosperity and that the liquidity made available by central bank interest-rate cuts will be supportive of well-financed companies.

Using themes in the management of fixed income

The starting point in Newton's investment process is the identification of investment themes, which represent our ideas about the likely forces of change in the world. The *debt and credit* theme, which identified the risk to financial earnings from the highly-indebted nature of households and corporations in developed economies following excessive credit growth, is an example of one such theme.

Although themes are generally long-term in character, they can be highly relevant in the short term. For example, an understanding of the way in which debt and credit have been taken on/provided in recent years has been important in the near term given the pace at which credit and money market difficulties have materialized.

It should be recognized that investment themes themselves do not equate to profitable investment ideas; they provide instead a proven framework for focusing our research. Using this framework, Newton's analysts undertake fundamental research in order to identify the investment ideas which are responsible for generating performance.

Newton's use of themes is applied to investment in bonds, just as it is to other asset classes including equities. A number of themes are being used currently in the management of bonds for Newton's clients and some of these are discussed below.



Global realignment

The *global realignment* theme recognizes the vast scale of new wealth being created by the emerging nations of the world, including the two formerly-communist nations of China and Russia. The chart on the left shows the growth of China's and Russia's foreign exchange reserves, achieved via the selling of goods and services (including oil) to the rest of the world.

These reserves stand at about U.S.\$1.7 trillion and, in the Middle East, owing chiefly to rising oil prices, reserves may amount additionally to as much as U.S.\$1 trillion dollars. To put these sums into perspective, the United States has just U.S.\$50 billion in its foreign exchange and gold reserves. In other words, for every dollar that the 'newly-wealthy' nations have in reserves, the United States has less than one cent.



This reorganization of global wealth is occurring at a remarkable rate and has some significant implications for investors. In terms of currencies, the reorganization of emerging-market reserves is stimulating the descent of the once-great U.S. dollar.

The chart above depicts the falling value of the trade-weighted dollar and, with the continuing diversification of reserves around the world, it is likely that the currency will continue to weaken.

The restructuring of reserves will be generally negative for bonds as the reserves of the emerging nations are switched increasingly out of bonds and into other assets such as equities. For a quarter of a century, the developed world's financial markets have

investments

been bankrolled in part by the demand of the reserve-accumulating nations for developed-market sovereign bonds. This demand has driven developed-world interest rates and fixed-income yields lower and fuelled thereby a long-term bull market in bonds.



In the absence of reform by western governments to rein-in spending or to reduce borrowing, developed-world economies will have to compete with the rest of the world to attract finance. In order for the attention of the newly-wealthy nations (who have many alternatives as to where to invest their reserves) to be retained, bond yields are likely to have to rise in developed economies. In a portfolio context, we believe that underweight-dollar, low-duration and short-maturity exposure is appropriate in order to capture the prospective decline in the dollar and the probable rise in bond yields.

“The reorganisation of global wealth is occurring at a remarkable rate and has some significant implications for investors.”

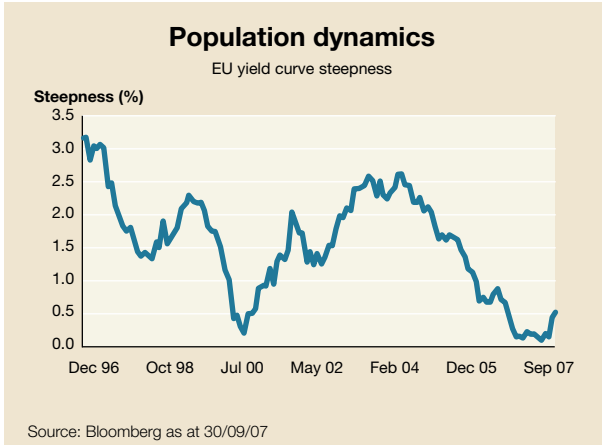


Population dynamics

The challenges presented by population dynamics have been well discussed by market commentators and those challenges have major implications for bond markets. As populations age, dependency ratios rise; in Japan, about seven million people will retire from the workforce over the next three years and, in Vietnam, there is an entire generation of people ‘missing’, which means the very old must be supported by the very young. The effect of the ageing of these populations is to turn savers (who used to export their capital to western capital markets) into spenders.

Coupled to the buying of developed-world bonds by emerging-market savers over the last 25 years was the fact that governments, the United States and UK in particular, were not supplying the longer-dated bonds that savers wanted to buy. Long-dated bonds had a rarity value attached to them which meant that yield curves (which illustrate the yields available on bonds with different maturities) became less steep in the developed economies. This trend had little to do with fundamental economics, but rather it was attributable to the imbalance of supply and demand in fixed-income markets.

As populations age, demand for longer-dated bonds is likely to fall and yield curves are likely to reassert their upward-sloping shape. In an investment context, the prospect of rising yields on long-dated bonds leads to our favoring generally shorter-dated debt in portfolios.





Earth matters

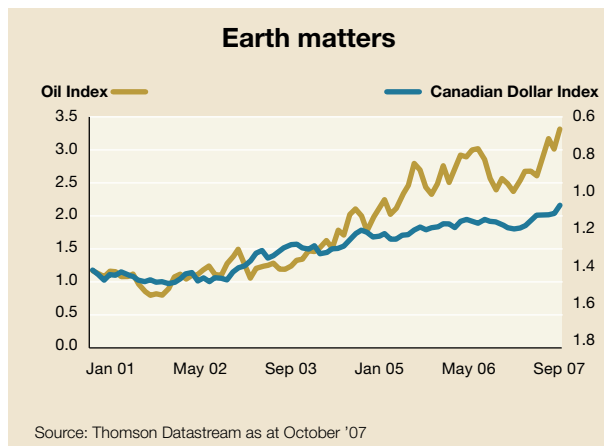
The price of oil has been approaching \$100 a barrel and, with developing nations generating more and more demand for food, energy, and hard commodities such as copper and aluminum, the prices of oil and other commodities are likely to continue to rise. The pull on the food chain is likely to be profound as China, in particular, develops a taste for western food. It is interesting to note that China imports rice already and that an outbreak of a virulent swine disease during 2007 prompted the country to buy up half of all pork production in the United States.

In a portfolio context, such trends highlight the rationale for gaining exposure to commodity-related currencies. We are positive, for example, about the New Zealand dollar and the Australian dollar (Australia has extensive resources of hematite, the highest quality iron ore in the world); and we favor the Canadian dollar and the Norwegian kroner as well, both of which should benefit from higher oil prices.

Converting themes into portfolios

Themes influence the construction of bond portfolios at Newton in much the same way that they influence the selection of equities. Newton's proprietary research is, we believe, highly effective in generating the ideas that underpin the long-term achievement of clients' objectives across a range of asset classes.

In a bond context, the application of the *global realignment*, *population dynamics* and *Earth matters* themes encourages the construction of portfolios to benefit from the trends inherent in those themes. The *global realignment* theme gives rise to underweight exposure to the U.S. dollar and low 'duration'; the *population dynamics* theme leads to a preference for shorter-dated bonds over longer-dated bonds; and the *Earth matters* theme encourages overweight exposure to commodity-related currencies.

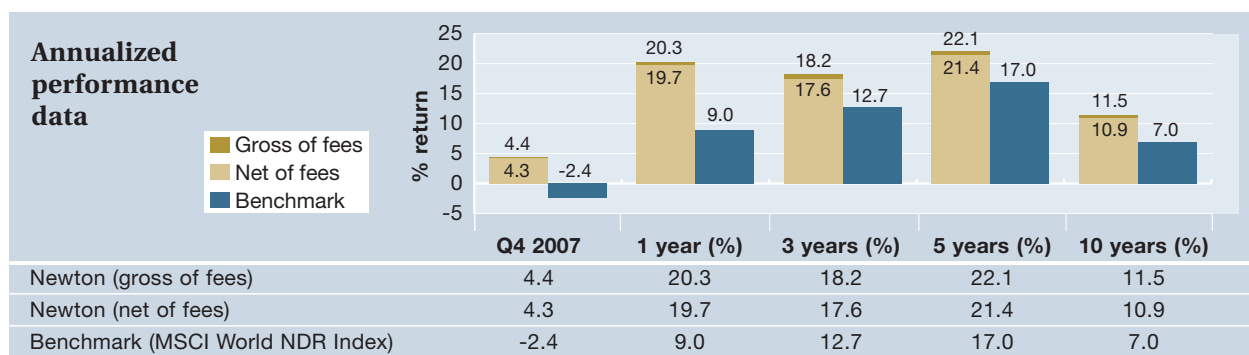


“The Earth matters theme encourages overweight exposure to commodity-related currencies.”

Fund performance summaries

Newton global equity strategy

Global equity mandates are invested in broadly diversified portfolios of global equities against benchmarks including the MSCI World NDR Index. Portfolios typically have 80-95 stocks and Newton has over \$14bn in global equities under management*.



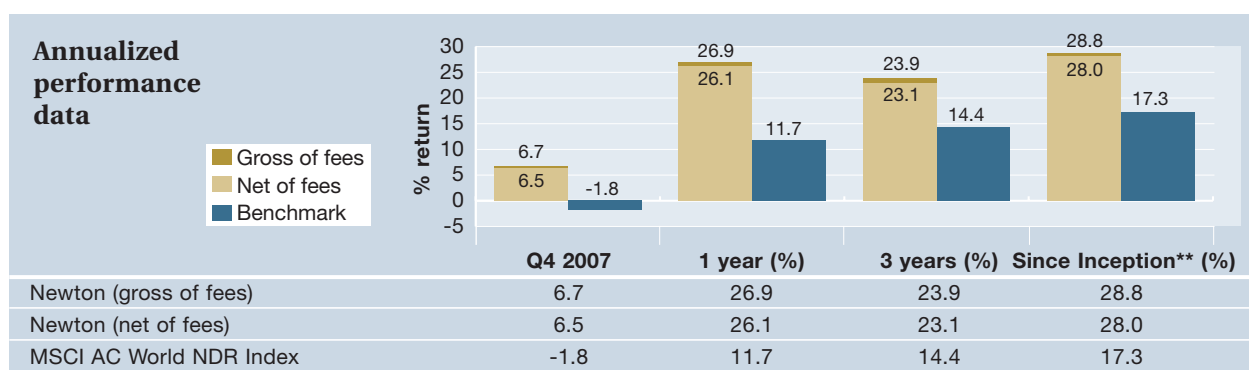
Portfolio statistics 3 years to 31 December 2007

Composite Volatility (Ann. SD)	8.3	Beta	1.0	Tracking Error	5.1	Information Ratio	1.1
Benchmark Volatility (Ann. SD)	6.8	Alpha	5.9			Sharpe Ratio	1.6

*Source: Newton

Newton global opportunities strategy

Global opportunities portfolios are invested in broadly diversified portfolios of global equities comprising 40-60 stocks. Newton's global opportunities strategy is not restricted by adherence to a benchmark or performance target. Although performance is nominally measured against the MSCI AC World NDR Index, Newton is not constrained by its sector or regional weights. However, portfolios will have a minimum of 30 global equities, with a maximum of 5% absolute weight in any one holding, and a maximum of 20% absolute weight in any global sector.



Portfolio statistics 3 years to 31 December 2007

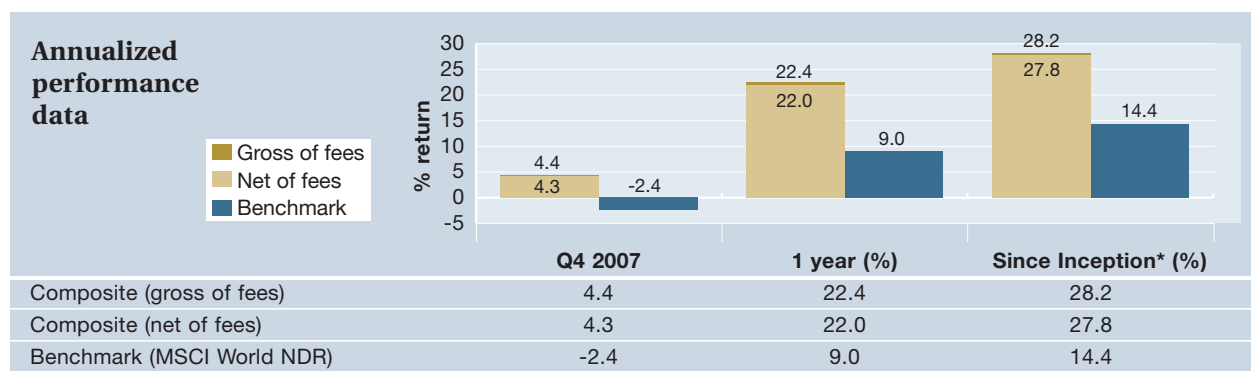
Composite Volatility (Ann. SD)	11.1	Beta	1.3	Tracking Error	6.8	Information Ratio	1.4
Benchmark Volatility (Ann. SD)	7.1	Alpha	5.7			Sharpe Ratio	1.7

Newton's Global opportunities strategy is not restricted by adherence to a benchmark or performance target although performance is nominally measured against the MSCI AC World NDR Index. ** Inception date October 2004.

Newton global higher income strategy

The aim of the strategy is to achieve increasing annual distributions together with long-term capital growth from investing predominantly in global securities. This is a globally diversified equity income strategy aiming for increasing annual distributions with long-term capital growth. The strategy has a disciplined investment process with strict buy and sell criteria.

Newton's global higher income Composite has out-performed the MSCI World NDR Index over 1 year and since inception.



Portfolio statistics 3 years to 31 December 2007

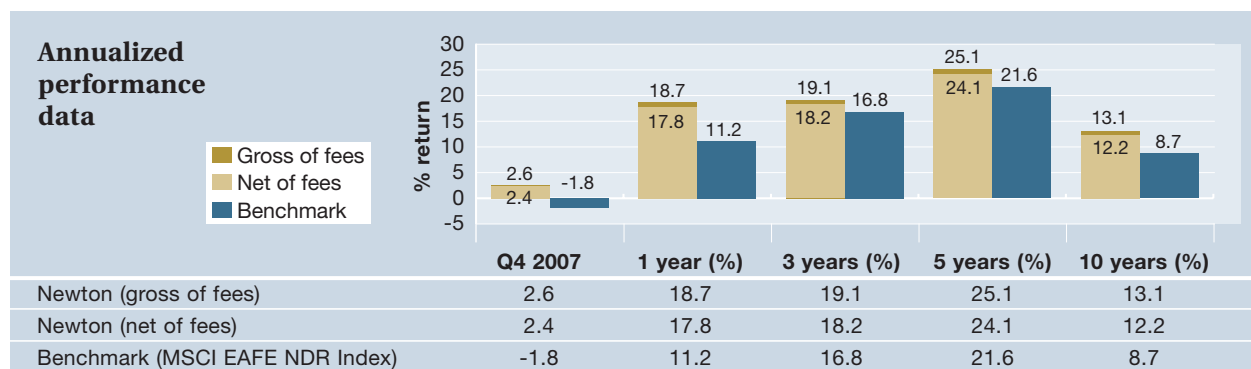
Composite Volatility (Ann. SD)	8.0	Beta	1.0	Tracking Error	4.4	Information Ratio	3.1
Benchmark Volatility (Ann. SD)	7.0	Alpha	14.4			Sharpe Ratio	2.9

* Inception date August 2006.

Newton international equities (EAFE plus) strategy

International equity mandates are invested in broadly diversified portfolios of global (ex. U.S.) equities against a range of benchmarks (usually the MSCI EAFE Index) and performance targets from +1 to +3% over rolling 3 to 5 year periods. Typically portfolios comprise of 80-95 stocks.

Newton's international equity (EAFE plus) Composite has out-performed the MSCI EAFE NDR Index over 1, 3, 5 and 10 years annualized.



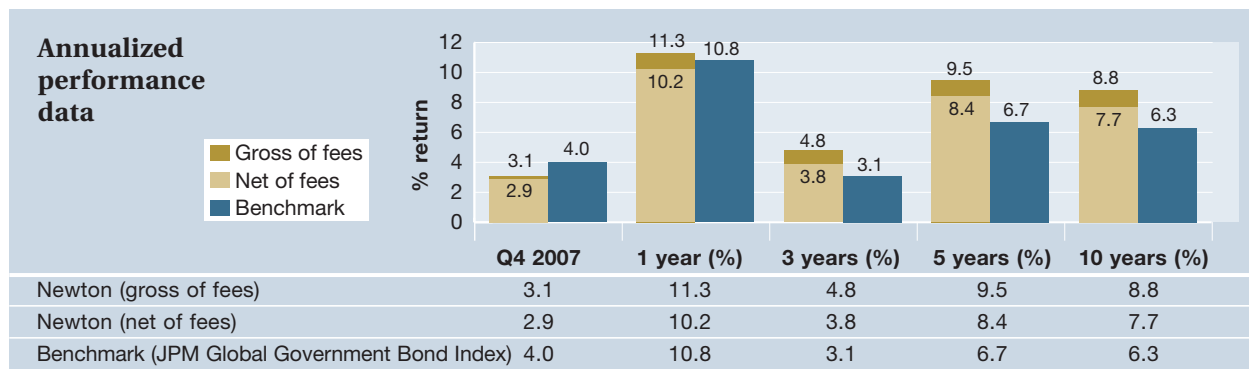
Portfolio statistics 3 years to 31 December 2007

Composite Volatility (Ann. SD)	9.7	Beta	1.0	Tracking Error	4.8	Information Ratio	0.5
Benchmark Volatility (Ann. SD)	8.3	Alpha	2.0			Sharpe Ratio	1.4

Newton global bonds strategy

The aim of the strategy is to maximise total returns from income and capital growth through investment primarily in portfolios of international sovereign, government, agency, corporate, bank and asset based debt and debt related securities.

Newton's global bond Composite has out-performed the JP Morgan Global Government Bond Index over 1, 3, 5 and 10 years annualized.



Portfolio statistics 3 years to 31 December 2007

Composite Volatility (Ann. SD)	4.5	Beta	0.8	Tracking Error	2.2	Information Ratio	0.7
Benchmark Volatility (Ann. SD)	5.5	Alpha	2.4			Sharpe Ratio	-0.1

Annualised performance data as at 12/31/08.

Please refer to important information on page 12.

About Newton

Investment process description

- Bottom-up stock selection within a clear global thematic framework

Key features and benefits of investment process

- Because we do not follow a 'growth' or 'value' style, we believe we have the potential to generate strong performance for our clients at all times and in any economic cycle. Our global thematic approach means that we are not limited by the prevailing market environment.
- In our view, success relies on free-flowing communication and constant debate among our investment professionals. This is why they work closely together in an open-plan environment in London. This structure also enables our ideas to be implemented in client portfolios swiftly and effectively.
- We believe that each client portfolio gets the best ideas that Newton's entire 60-strong investment team has to offer, not just their portfolio manager's best ideas.

* Please refer to important information regarding 'Newton' overleaf.

Newton at a glance

Established in 1978

Acquired by Mellon Financial Corporation in 1998

Over \$78.6 billion in assets, with \$42.6 billion in institutional assets as at December 2007*

Specialist in global strategies, accounting for over 70% of institutional mandates

More information?

Contact our Head of North American Business, Ciarán Spillane, in New York at (516) 338 3521 or ciarán_spillane@newton.co.uk
Alternatively, visit www.newton.co.uk/us

Important information

The Newton Group' refers to the following group of affiliated companies: Newton Investment Management Limited, Newton Capital Management Limited, Newton International Investment Management Limited, Newton Capital Management LLC and Newton Fund Managers (CI) Limited. Assets under management include assets managed by all of these companies except Newton Capital Management LLC, which provides marketing services in the U.S. for Newton Capital Management Limited. Except for Newton Capital Management LLC and Newton Capital Management Limited, none of the other Newton companies offer services in the U.S.. Newton Capital Management Limited is an investment management firm, authorized and regulated in the UK by the Financial Services Authority in the conduct of investment business and is a wholly owned subsidiary of The Bank of New York Mellon Corporation. Registered in England no. 2675952.

Newton has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). For each of the years from 1996 to 2005, Newton has been verified by an independent verifier. Copies of the verification reports are available upon request. Additional information regarding the firm's policies and procedures for calculating and reporting performance results and a complete list and description of Composites is also available by contacting Ciarán Spillane (516) 338 3521. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in this Composite. Capital gains, dividend and interest received may be subject to withholding tax imposed by the country of origin and such taxes may not be recoverable.

This is a financial promotion and not intended as investment advice.

The U.S. Dollar is the currency used to express performance. Returns include the effect of foreign currency exchange rates. Further information regarding the exchange rates used is available upon request. Returns are presented gross and net of management fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account.

All indices are calculated gross of withholding taxes.

Past performance is not indicative of future results.

Newton global equity strategy

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results		
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite	MSCI World	Composite Dispersion
2006	69,694	5,535	8%	20.9%	23.6%	20.6%	1.4%
2005	49,370	2,700	5%	13.6%	15.2%	10.0%	N.A.
2004	41,737	1,936	5%	18.9%	25.8%	15.3%	N.A.
2003	37,824	131	Less than 1%	37.9%	44.0%	33.8%	N.A.
2002	30,039	84	Less than 1%	(19.5%)	(14.3%)	(19.5%)	N.A.
2001	30,993	81	Less than 1%	(13.9%)	(19.4%)	(16.5%)	N.A.
2000	33,101	90	Less than 1%	(8.2%)	(14.2%)	(12.9%)	N.A.
1999	29,662	103	Less than 1%	35.2%	50.0%	25.3%	N.A.
1998	21,995	76	Less than 1%	27.4%	25.5%	24.8%	N.A.
1997	17,658	96	Less than 1%	21.1%	3.7%	16.2%	N.A.

Newton Global Equity Institutional Composite contains fully discretionary equity portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark and for comparison purposes is measured against the FTSE World and MSCI World indices. Carve outs are included in this Composite and performance reflects registered total segment plus cash using a predetermined cash allocation percentage. The Newton Global Equity institutional Composite was created in Q3 00.

Newton global opportunities strategy

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results		
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite	FTSE All World	Composite Dispersion
2006	69,694	2,251	3%	Five or fewer	26.9%	22.2%	N.A.
2005	49,370	128	Less than 1%	Five or fewer	18.1%	11.7%	N.A.
2004	41,737	8	Less than 1%	Five or fewer	19.6%	12.3%	N.A.

Newton Global Opportunities Composite contains fully discretionary portfolios that invest in global equity markets but are not constrained by investment restrictions and for comparison purposes is measured against the FTSE All World Index. This Composite comprises portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark. The Newton Global Opportunities Composite was created in Q4 04.

Newton global higher income strategy

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results		
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite	MSCI World NDR	Composite Dispersion
2006	69,694	230	Less than 1%	Five or fewer	34.4%	20.1%	N.A.

Newton Global Higher Income Composite contains fully discretionary segregated portfolios that invest in global equity markets with which have a yield greater than 15% of the global market and for comparison purposes is measured against the MSCI World Index. This Composite comprises portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark. The Newton Higher Income Composite was created in Q1 06.

Newton international equities (EAFE plus) strategy

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results		
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite	MSCI EAFE	Composite Dispersion
2006	69,694	439	Less than 1%	Five or fewer	23.6%	26.9%	N.A.
2005	49,370	116	Less than 1%	Five or fewer	15.2%	14.0%	N.A.
2004	41,737	100	Less than 1%	Five or fewer	25.8%	20.7%	N.A.
2003	37,824	108	Less than 1%	Five or fewer	44.0%	39.2%	N.A.
2002	30,039	62	Less than 1%	Five or fewer	(14.3%)	(15.7%)	N.A.
2001	30,993	134	Less than 1%	Five or fewer	(19.4%)	(21.2%)	N.A.
2000	33,101	16	Less than 1%	Five or fewer	(14.2%)	(14.0%)	N.A.
1999	29,662	19	Less than 1%	Five or fewer	50.0%	27.3%	N.A.
1998	21,995	7	Less than 1%	Five or fewer	25.5%	20.3%	N.A.
1997	17,658	<1	Less than 1%	Five or fewer	3.7%	(0.1%)*	N.A.

Newton EAFE (Global Equity ex U.S.) Plus Composite contains fully discretionary segregated portfolios that invest in global equity markets with the exception of North America and for comparison purposes is measured against the MSCI EAFE Index. This Composite comprises portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark. The Newton EAFE (Global Equity ex U.S.) Plus Composite was created in Q4 04.

Newton global bonds strategy

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results		
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite	JP Morgan Global Gov.	Composite Dispersion
2006	69,694	2,679	4%	Five or fewer	6.7%	5.9%	N.A.
2005	49,370	1,567	3%	Five or fewer	-3.0%	-6.5%	N.A.
2004	41,737	842	2%	Five or fewer	14.0%	10.1%	N.A.
2003	37,824	626	2%	Five or fewer	19.9%	14.5%	N.A.
2002	30,039	364	1%	Five or fewer	23.3%	20.1%	N.A.
2001	30,993	188	Less than 1%	Five or fewer	2.4%	(1.4%)	N.A.
2000	33,101	124	Less than 1%	Five or fewer	7.8%	2.3%	N.A.
1999	29,662	108	Less than 1%	Five or fewer	(9.3%)	(5.1%)	N.A.
1998	21,995	135	Less than 1%	Five or fewer	19.3%	15.3%	N.A.
1997	17,658	63	Less than 1%	Five or fewer	7.6%	1.4%	N.A.

Newton Global Bond Unhedged Composite contains fully discretionary portfolios which invest in international Government debt and for comparison purposes is measured against the JP Morgan Global Government Bond Index. The Newton Global Unhedged Composite was created Q3 03.

‘Constant interaction and free-flowing communication between Newton’s investment professionals underpins our investment approach. Newton strives to create a culture where the best ideas can emerge in our pursuit of out-performance for our clients. At Newton, it is our belief in the Power of Ideas which distinguishes us.’

Helena Morrissey, CEO, Newton Capital Management



For further information on any of Newton's capabilities available on a segregated basis or through a mutual or pooled fund please contact either Ciarán Spillane, Head of North American Business on 516 338 3521 or John Ritz, Senior Sales Executive on 412 234 3781 or visit us at www.newton.co.uk/us



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