



Newton Investment Services for Charities



Tomatoes

Aside from being packed full of Vitamins A, C and E, it is the tomato's natural red pigment, lycopene, that has had the medical profession mooting its role as a "miracle fruit" most recently. The Cancer Research Campaign has recommended people increase the amount of fresh, ripe tomatoes they eat. Evidence suggests that a high intake of lycopene (an effective antioxidant) can reduce the risk of cancer and other serious diseases. About 85 per cent of lycopene in a typical western diet comes from tomatoes and, according to the British Tomato Growers' Association, ripe British tomatoes have a much higher lycopene content than imported, long-life varieties.

Exploring innovative ideas such as this drives major changes in the way we live and the advances we can make. At Newton, ideas are generated through a thematic approach. We believe that in today's world, no industry, market or economy should be seen in isolation and only by understanding events, trends and competitive pressures worldwide, can prospects for different asset classes be properly evaluated.

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*We have a single aim at Newton:
to increase the real wealth of all our clients.*

Good reasons to choose Newton

Newton has a single aim: to increase the real wealth of all of its clients. Our sole business is discretionary investment management. This means our focus is to deliver investment performance by managing your money to achieve the best return according to your investment objectives and expectations.

The right credentials to deliver strong investment returns

Founded in 1978, Newton manages assets on behalf of private investors, charities, trusts, pension funds and institutions.

Newton was a pioneer of thematic investing and this has been fundamental in delivering consistently strong performance in both rising and falling markets. Thematic investing identifies themes and trends that are influencing, or likely to influence, economies or stock markets across the globe.

It is not an approach that can be achieved by individuals. The collegiate culture at Newton encourages individual thinking and this ideas-based approach is crucial in identifying the companies that offer the very best prospects for growth.

The success of our investment approach has been recognised with a number of investment awards in recent years* and we have become one of the largest managers of charitable funds in the UK.

Investment autonomy

Newton is part of BNY Mellon Asset Management, which incorporates a number of specialist asset managers that each have autonomous investment processes and philosophies. This unique model enables Newton to focus entirely on managing investments and providing investment excellence.

BNY Mellon Asset Management is the global asset management arm of The Bank of New York Mellon, one of the world's major financial services groups with operations in 37 countries serving more than 100 markets.

The Bank of New York Mellon was established in 2007 from the merger of Mellon Financial Corporation and The Bank of New York Company Inc.

* Awards include Private Asset Manager Award 2006 and UK Pensions Award – Multi Asset Manager 2006.

Newton's investment approach

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.

The strategic framework is set by a team that identifies and forecasts the following:

- Trends in key global economic variables
- Investment themes as they emerge and expand across the globe: for example, the impact of new technologies, the speed of communication, changing demographics and the globalisation of industries and brands
- Long-term winners at both sector and stock level, identified by our in-house analysts.

This framework establishes the company characteristics which we believe will deliver future outperformance.

Our global research team conducts independent, fundamental research across the world in all major industries. The analysts focus on key companies which they believe offer the best prospects.

As well as conducting financial analysis, our research analysts are central to our ability to add value through specific stock selection.

Newton's investment approach is suited ideally to charities, which have predominantly a long-term approach and are risk averse by nature. Many of the themes and trends identified within our investment framework reflect our long-term approach to investment. By working closely with our analysts, we can ensure that the investment ideas they generate are consistent with the quality and timescales expected by our clients.

Your fund manager is responsible for portfolio construction: their task is to translate the recommendations made by Newton's experienced analysts into a portfolio which meets your charity's particular investment requirements, objectives and restrictions as established in the Trustees' Statement of Investment Policy. Fund management teams construct and review a number of 'model' portfolios, designed to meet various client objectives. These are then adapted to suit the detailed requirements and constraints of each client.

The services we offer charities

Newton provides specialist investment management. We focus purely on the management of our clients' portfolios. Markets can move at speed and we need to be able to react promptly to a changing environment. We ask therefore for discretion in the management of your portfolio. We believe that a relationship based on mutual trust allows us to make investment decisions on your behalf in accordance with your charity's objectives.

The process of building trust starts at your first meeting with us, before we begin to invest. We will define the most suitable investment strategy with you and explore your attitude to risk whilst bearing in mind your charity's commitments and plans.

Segregated fund management

Newton offers a bespoke fund management service for charities. Portfolios are tailored to our clients' specific objectives and requirements, and to this end our areas of expertise include:

- Traditional balanced management of equities, bonds and cash
- Portfolios with absolute return objectives
- Global equity mandates
- UK higher income mandates
- Ethical/socially responsible investment mandates
- Bond and cash management
- Property, private equity, hedge funds and structured products.

Newton's distinctive approach is brought to bear on the management of equities and bonds. We recognise also the need for high quality specialist management on certain asset classes,

and have in place a robust selection process for third party managers where appropriate.

The 'Global Growth & Income Fund for Charities'

Investment through pooled funds may be appropriate for some charities, particularly those who can achieve improved diversification from investment in a larger fund, coupled with simplified administration. The investment management services of the Newton charities team are therefore also available through a charity 'common investment fund' (CIF).

A CIF is a unitised fund authorised by the Charity Commission. The fund incorporates all the tax advantages applicable to charity investors.

The **Global Growth & Income Fund for Charities** is designed to meet the investment objectives of many charities, with the dual aim of achieving capital growth and of generating a reasonable level of income. The minimum target yield of the fund is 3%, with dividend income paid (gross) on a quarterly basis.

Charities with a minimum of £5,000 available for investment may purchase units in the fund and there are no upper limits.

Full details and an application form are available on request (please see details at the back of this brochure).

Cash management service

If trustees require assistance with the management of short-term assets and liabilities, Newton provides a comprehensive cash management service. This is designed to offer a highly competitive rate of interest, with emphasis on the security and liquidity of the funds in question. Our fixed interest team is also able to offer specialist bond fund management.

Understanding trustees

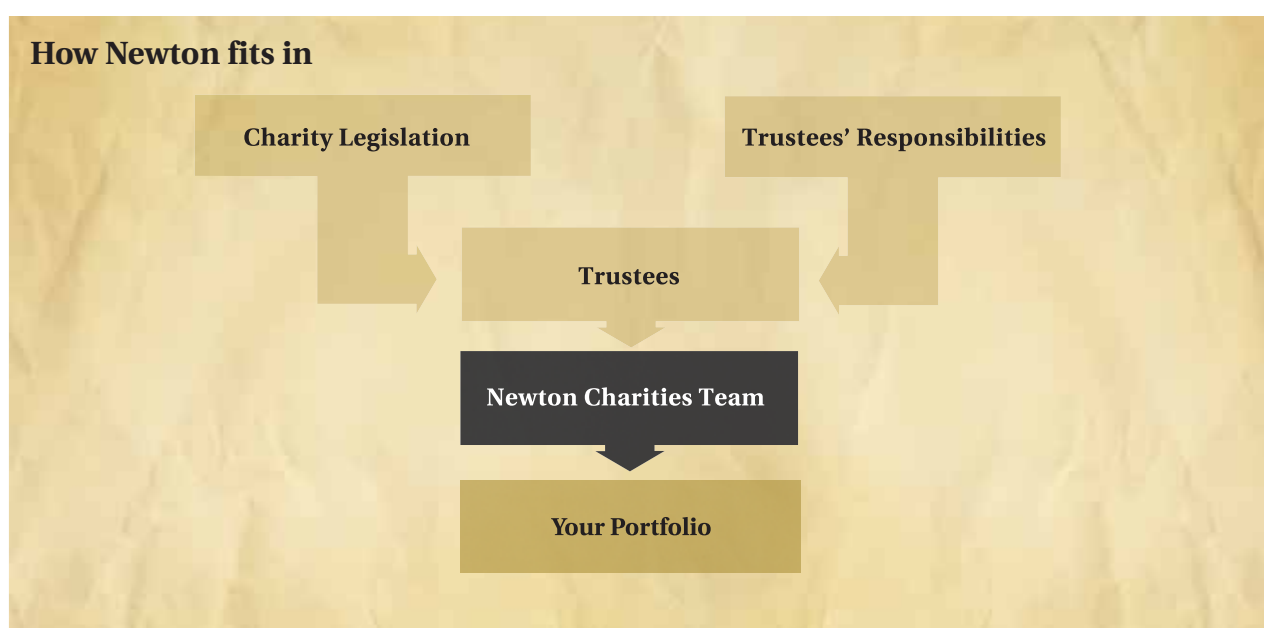
Trustees of charities are facing ever-increasing demands. The calls on charities' limited resources are growing. The sources of income are under constant pressure, not least as a consequence of taxation changes. Public scrutiny is more critical and legal responsibilities have become more onerous. With so much at stake, it is important that trustees select an investment manager who understands and is responsive to their changing requirements.

At Newton, charities are managed within the Private Investment Management division by our specialist charities team. This reflects our understanding that trustees and their staff favour a combination of investment management expertise, coupled with a personal service from a charities team with an appreciation of the priorities of the charitable sector.

Members of Newton's specialist charities team have considerable charity fund management experience and, since some of them act personally as charitable trustees*, they are sensitive to the range of demands and responsibilities.

Our aim at Newton is twofold:

- to offer straightforward investment solutions to satisfy trustees' objectives
- to relieve trustees of the work and worry associated with investment.



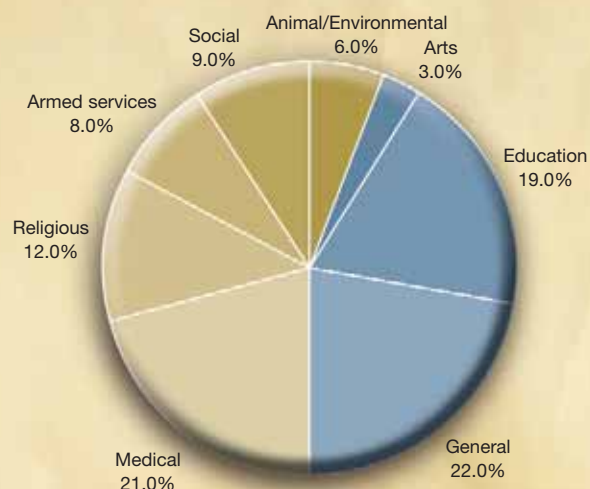
* Newton implements procedures to ensure that no conflicts of interest occur when a fund manager takes on the role of independent trustee.

Tailored investment policy

How does Newton work on your behalf?

- We understand and work within the legal restrictions which may affect your charity and recognise our 'duty of care'
- We assist with the formulation of an investment policy that is appropriate to your charity's objectives
- We ensure that the chosen investment policy remains relevant to your charity's aim
- From the outset we agree with you an appropriate measure of performance
- We make provision for safe custody of your securities
- We manage the administration associated with investment transactions by undertaking:
 - Settlement of purchases and sales of securities
 - Production of contract notes
 - Collection of dividend income
 - Dealing with capital changes and the production of monthly income and capital statements
 - Assistance in preparing reclaims in respect of tax deducted on dividends.

Our range of charity clients



*As at 30/09/07
Source: Newton

Accountability

Protecting your assets

Our clients' assets are segregated from corporate assets and the decisions taken by our investment professionals are solely in our clients' best interests.

All client securities and cash are held by top-rated custodian banks, which are independently regulated. We have also established a strong and independent compliance department to protect client interests.

Keeping you fully informed

We understand that our clients require regular and comprehensive information from us and that charitable bodies must produce accounts, which state clearly their policies both on investment and reserves. The quarterly and annual reports we provide

for trustees contain all the information required by auditors, administrators and advisers and are supported by efficient administrative and computer systems managed by dedicated teams. An additional level of security is provided by the independent FRAG* Review which is carried out regularly.

First-class service

At Newton, we are focused on maintaining our high standards. The appointment of a named administrator as part of your team is a reflection of this objective. We recommend that regular meetings take place and your fund manager is happy to discuss any matters which arise in the interim.

* FRAG is Financial Reporting Audit Group which is sponsored by the UK Accountancy Bodies to produce independent standards.

Making contact

The next step

The best way for us to understand your charity's investment requirements in greater detail is in person. We will happily visit you, or you may prefer to visit one of our offices. Our charity specialists are based in London, Edinburgh and Leeds.

Charities enquiries

Telephone: 0800 917 6594

Email: charities@newton.co.uk

www.newton.co.uk/pim

Important information

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 part of the portfolio is invested in sub-investment grade bonds, which typically have a low credit rating and carry a high degree of default risk, then please be aware that this 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, then there are additional risks associated with these sectors. The information contained within this document should not be construed as a recommendation to buy or sell a security. It should not be assumed that a security has been - or will be - profitable. There is no assurance that a security will remain in the portfolio.

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