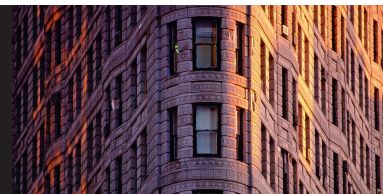


Newton Offshore Strategy Fund Diversified Assets

Fourth quarter 2008



Fund information

Aim

To achieve long-term growth in excess of cash returns from a balanced portfolio diversified across a range of assets. The Fund is intended to have significantly lower absolute volatility than traditional equity biased funds, but will exhibit volatility relative to its benchmark.

Fund facts

Fund structure	OEIC
Base currency	GBP
Benchmark	1 month £ Libor +2.0% p.a.
Fund launch date	16 May 2005
Fund domicile	Jersey
Pay dates	End Feb, May, Aug & Nov
ISIN	GB00B08SQD01
SEDOL	B08SQD0

Fund data

Fund size (millions)	GBP 25
Volatility	10.4
Dividend yield	4.2%
Sharpe ratio	-0.8

Fees and charges

Annual management charge	1.0%
Total expense ratio	1.08%

All figures correct as at 31 December 2008

Risk and performance statistics sourced from Newton using 36 months of data to 31 December 2008

Focus on the latest quarter

Performance over three months

NOSF Diversified Assets -12.5%					
1 month £ Libor +2% p.a.	1.6%	ARC Bal Asset (est)	-2.7%	IMA Cautious Managed	-5.3%
FTSE W World	-3.2%	ML £ Non-Gilt Index £	2.0%	FTSE All Share	-10.2%

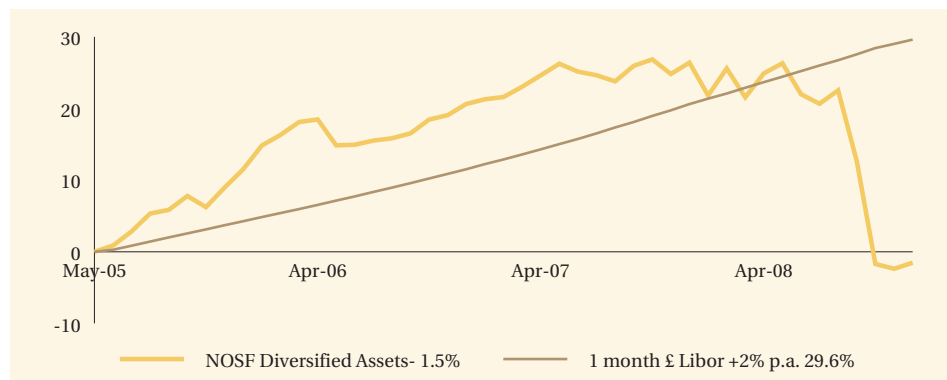
Significant transactions

Aquisitions	Disposals
Treasury 4.75% Stk 7/09/2015	RWE Finance BV 6.125% Bds 26/10/2012
USA Treasury Notes 1.875% TII 15/07/2013	BH Global Limited
BH Global Limited	Wells Fargo & Co 4.75% Bds 30/11/2010
BAT Intl Finance PLC 5.75% EMTN 9/12/2013	E.ON AG
Virgin Media Finance PLC 9.75% Nts 15/04/14	Gold Bullion Ltd

Note: Portfolio holdings are subject to change at any time without notice and should not be construed as investment recommendations.

Long-term performance

Performance since launch



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
NOSF Diversified Assets	-	-	-	-	-	-	-	8.2	4.8	-22.1
1 Month £ Libor + 2% p.a.	-	-	-	-	-	-	-	7.0	8.2	7.5

Discrete past performance - percentage change

From	31/12/03	31/12/04	31/12/05	31/12/06	31/12/07
To	31/12/04	31/12/05	31/12/06	31/12/07	31/12/08
NOSF Diversified Assets	-	-	8.2%	4.8%	-22.1%

Performance sourced from: Lipper, WM, ARC & Datastream, as at 31 December 2008. Calculation basis: Sterling, total return, bid to bid, without initial charges, gross income reinvested, net of management fees.

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. 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.

Newton's themes

Newton is a global thematic stock picking company. Our style is team oriented and relies on effective communication between all of our investment personnel. Two of our themes are listed below, along with examples of individual holdings.

Earth Matters

Factors

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.

Investments

Acciona, K&S, Bayer, Harewood Agrinvest

All Change

Factors

The previously benign period of stable growth, low inflation, and easy credit, which allowed private sector debt and financial leverage to grow to unsustainable levels (as described in a previous theme, "Becalmed") has come to an end. When assessing investments we assume that access to credit will remain difficult, which favours companies with limited financing requirements and argues against exposure to highly-indebted customers.

Investments

BP, GlaxoSmithKline, Roche, Vodafone

Newton

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160 Queen Victoria Street, London
EC4V 4LA

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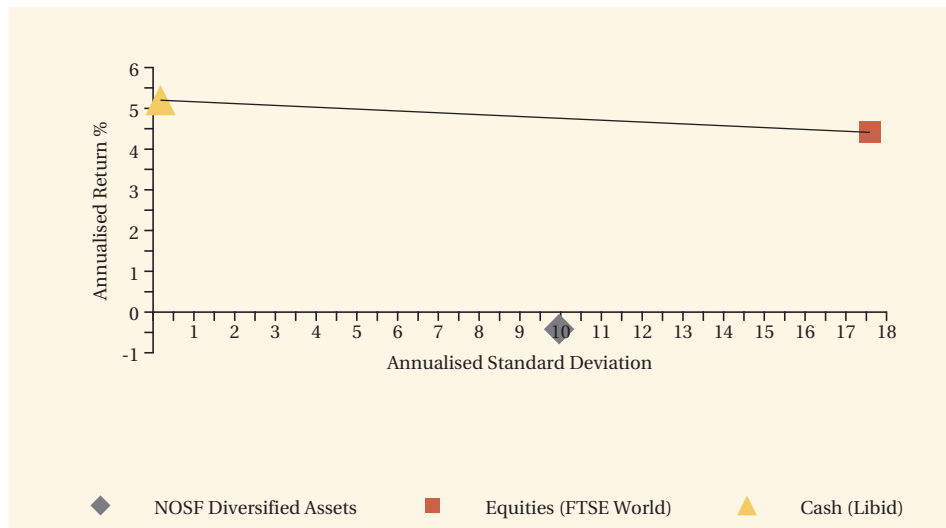
2 Festival Square, Edinburgh EH3 9SU

Leeds

1 Whitehall Riverside, Leeds LS1 4BN

Long-term performance - risk and reward

Fund return and volatility since launch

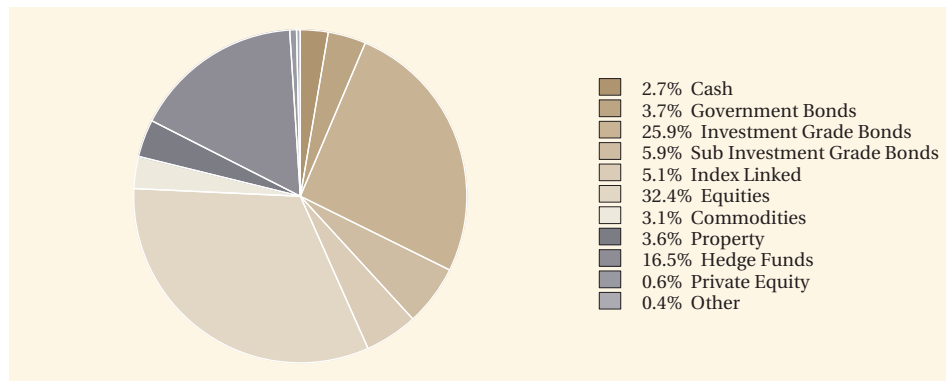


This chart shows both return and volatility. The launch date of the fund was 16 May 2005.

Performance sourced from: Lipper, WM & Datastream, as at 31 December 2008. Calculation basis: Sterling, total return, bid to bid, without initial charges, gross income reinvested, net of management fees.

Fund analysis

Breakdown as % of total market value



Source: Newton as at 31 December 2008.