

Newton Offshore Strategy Fund | September 2007

Diversified Assets

Objective

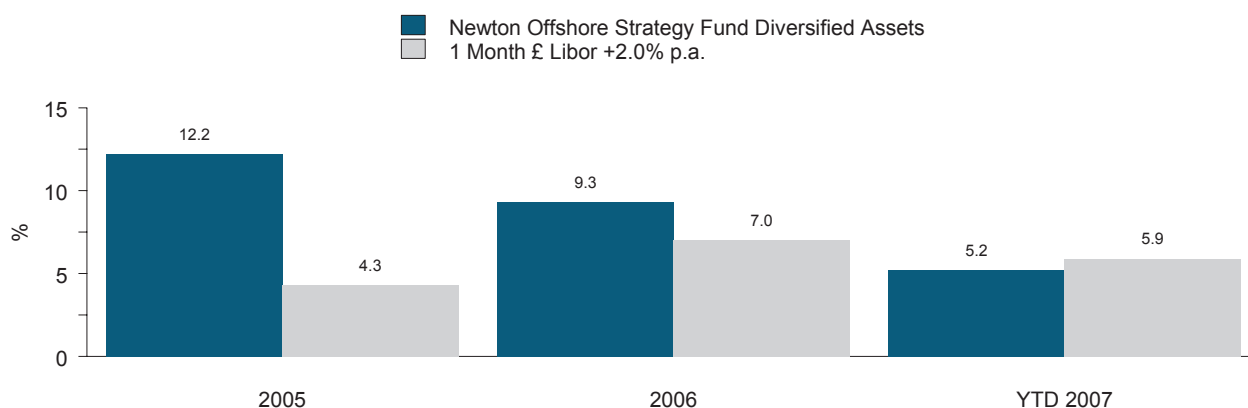
The objective of the Fund is to provide investors with long term growth in excess of cash returns from a balanced portfolio diversified across a range of assets. The investment strategy of the class fund is a balanced portfolio of equity and fixed interest securities (including where appropriate, investment funds) in a range of international markets.

Investment Philosophy

The Newton Offshore Strategy Fund (NOSF) has been designed by the Private Investment Management (PIM) department as an efficient and cost-effective alternative to direct portfolio management through individual stocks and shares. The Fund is invested in line with Newton's global thematic investment process, the same process that PIM uses for directly invested portfolios. Clients of PIM receive the same high level of service whether they invest in NOSF or directly.

All stock selection decisions are made by the manager of the NOSF fund within guidelines agreed by the board in consultation with PIM.

Performance



	Latest Quarter (%)	Since Inception (%)
NOSF Diversified Assets (after fees)	0.6	25.9
NOSF Diversified Assets (before fees)	0.9	29.0
1 Month £ Libor +2.0% p.a.	2.1	18.1

Source: Lipper, as at 30 September 2007, total return, bid to bid, gross 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.

Statutory Disclosure of Discrete Past Performance - Percentage Change

From To	30/09/02	30/09/03	30/09/04	30/09/05	30/09/06
	30/09/03	30/09/04	30/09/05	30/09/06	30/09/07
Newton Offshore Strategy Fund Diversified Assets	n/a	n/a	n/a	8.1%	8.1%

Source: Lipper, as at 30 September 2007, total return, bid to bid, gross 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.

Investment Themes

The identification of global themes is a key component in our investment strategy. Some of the themes that we are currently following in this portfolio are illustrated here as well as 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: Allianz, GlaxoSmithKline, Medtronic, Novartis, Smith & Nephew

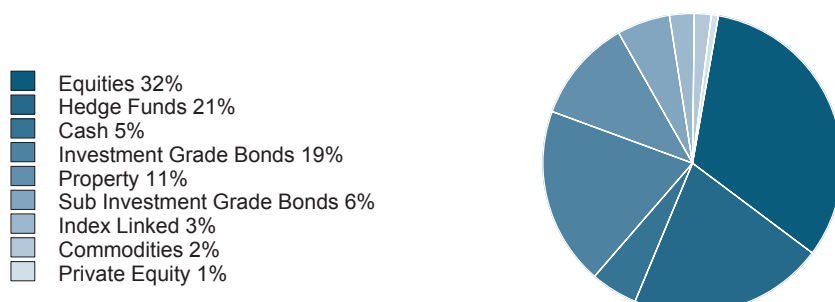
Global Realignment

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, Xstrata, Deutsche Post, CVRD, Gold Bullion Ltd

Asset Allocation

Breakdown as % of total market value



Source: Newton. All data as at 30 September 2007
Figures are approximate and subject to rounding differences

Significant Transactions

Acquisitions

Dexia Bank Belgium SA CD 6.2%

Merrill Lynch Autocall 18.2%

Tapestry Investment Co PCC Ltd

Goldman Sachs Dynamic Opps Ltd

Barclays Bank PLC.IDX Cert 31/3/09
(Prop Idx)

Disposals

Close Man Hedge Fund Ltd

BH Macro Ltd

Aberforth Smaller Cos Tst PLC

Teesland Advant Prop Inc Trust

Cemex SAB de CV

Dividend Yield: 2.9% as at 30 September 2007

| Last Distribution: 0.9406p per unit as at 31 August 2007

Fund Size (millions): GBP 38 as at 30 September 2007

| Currency: GBP

The NOSF Diversified Assets Fund is a sub-fund of the Newton Offshore Strategy Fund which is an open ended investment company operated by Newton Fund Managers C.I. Limited (NFM C.I.). Regulated by the Jersey Financial Services Commission. This report is approved for issue in the UK by Newton Investment Management Limited (NIM). Authorised and regulated by the Financial Services Authority. Registered office for NIM: The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No.1371973.