

Newton In Perspective

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NEWTON
The Power of Ideas



3

Using themes to manage risk

We look at how our themes are enabling us to manage risk in our clients' portfolios, with particular emphasis upon our more government and fire risks themes.

6

The respective merits of absolute-return and relative-return investing

We debate whether investors should move from relative-return investing towards an 'absolute-return' approach.

10

Performance updates

Up-to-date comment on our main strategies.

www.newtoncapitalmanagement.com

¹ 'Newton' refers to the Newton group of companies that include Newton Investment Management Limited, Newton Capital Management Limited, Newton International Investment Management Limited and Newton Fund Managers (CI) Limited which are all affiliated companies. Newton Capital Management LLC provides marketing services in the U.S. for Newton Capital Management Limited. Only Newton Capital Management Limited and Newton Capital Management LLC offer services in the United States.

Performance

Newton exists primarily to increase the wealth of its clients by aiming to deliver strong and transparent investment performance

Perspective

Newton uses a distinctive global, thematic approach to maintain perspective and to generate strong and durable investment ideas

Teamwork

Newton uses a coherent, collaborative and enduring team-based investment approach

Consistency

Newton seeks to achieve consistent and stable growth in its business, maintain strong investment performance and to manage portfolios that are appropriate to the fulfilment of clients' objectives



Using themes to manage risk

At Newton, we employ a global, thematic approach that allows us to gain perspective on financial markets. That perspective directs our analysts and portfolio managers towards profitable investment opportunities around the world, but it serves also to identify areas of risk. In this article, we look at how our themes are enabling us to manage risk in our clients' portfolios, with particular emphasis upon our *more government* and *fire risks* themes.



More Government

More government

Our *more government* theme

explores the ways in which governments are becoming more influential in all aspects of economies and society. The increasing role of governments can be seen most obviously in the heightened regulation of the financial sector, but also in a number of other areas, such as the healthcare sector and the environment. Other clear features of more government are heightened public spending and associated changes in taxation.

In the pharmaceutical sector, regulation is vital to ensure the safety of new drugs. In the last 15 years, there has been a significant increase in this regulation, which has led to a doubling in the number of patients required to be involved in clinical trials and a quadrupling in the costs of running such trials. For pharmaceutical companies, such an escalation of costs is highly significant and explains partly why

the average number of yearly drug approvals has fallen sharply over the last decade. As investors, we like the attributes of the pharmaceutical sector, and the lower rate of overall drug approvals focuses our attention on identifying companies that can be innovative despite more onerous regulation.

The *more government* theme is also evident in the increasing scope of climate-change-related legislation and regulation. Amid a growing conviction that global warming is linked to increased levels of carbon dioxide in the atmosphere, governments around the world have moved to reduce greenhouse gas emissions, for example via free-market measures such as carbon trading. Government legislation on carbon allowances is likely to have a significant impact on the carbon price in the future and is likely to drive changes in corporate behavior as companies attempt to reduce additional costs. In short, we think that the trend towards more complex regulation is

likely to continue in relation to a number of different industries.

Increasing government ownership is most obvious in the financials sector, but it is also highly relevant in the oil sector. Recent estimates indicate that 90% of the world's oil is now controlled by national oil companies, which are controlled in turn by national governments. This represents a dramatic shift in power away from the big oil companies like Shell and Exxon towards nationalized equivalents.

In the financial sector, authorities have had to deploy enormous sums in support of their banking sectors. In the UK, it seems staggering that the government has had to commit a sum greater than half of national income to support ailing banks and it is noteworthy, given that the U.S. was felt to be at the epicenter of difficulties in financial markets, that the UK's commitment to the banking sector is actually twice that made in the U.S.. The UK economy is, compared with the U.S. economy, relatively small but has a very large banking sector and we believe that will curb UK economic activity in the years ahead.

Government spending has risen fast, not simply in the aftermath of the crisis in credit markets and the associated recession of the world's leading economies, but also in the decade preceding the crisis. The corollary of higher spending is higher taxation, and higher taxes are being implemented across the world.



Fire risks

Our *fire risks* theme looks at the potential for inflation to rise in the future. Historically, there have been a number of times when the printing of money by authorities has led to inflation; Germany in the 1920s, the UK in the 1970s, Hungary in the 1950s and Zimbabwe at the moment are all good examples. At Newton, we are mindful of the risk that higher inflation may once again reappear in the global economy in the wake of central banks' and governments' stimulus measures.

In the U.S., for example, the Federal Reserve pumped \$1.1tn into the financial system in response to the global credit crisis, an amount equivalent to 20 times the scale of its monetary expansion at the turn of the Millennium and in the period following the September 11, 2001 terrorist attacks. It is not certain that policymakers' actions will stoke inflation, but we believe nonetheless that those actions give reason for investors to be watchful.

The other area of interest in relation to our *fire risks* theme is commodity prices. In the oil industry, for example, the volume of discoveries has been declining over recent decades, with the largest discoveries occurring between the end of the Second World War and the end of the 1970s. Discoveries are likely to remain modest in the years ahead and oil production costs are likely to rise as it is becoming more and more challenging to extract oil from the ground. Simultaneously, oil demand will continue to rise.

In relation to another commodity, food, rising populations, increased urbanisation and climate change have put greater pressure on arable land; the amount of land available for agriculture has fallen markedly over the last 60 years and is forecast to continue to decline over the next decade. There has been a lack of investment in agriculture in recent decades, and changing diets in developing economies have also exacerbated the shortage of agricultural land in relation to global demand for agricultural commodities. At Newton, we are optimistic that the world can tackle its agriculture-related challenges, but in order to do so there will be a requirement, among other things, for improved seed technology and for the greater use of fertilisers. All such developments are likely to push up the price of food

Applying themes to portfolio construction

Our *fire risks* and *more government* themes, like many of our other themes, are proving to be highly useful in identifying risks. With government ownership being highly relevant in the oil sector, for example, we want to invest in companies with strong reserves and to avoid investing in those that lack reserves (or control of their reserves). We want also to avoid companies that may become involved in conflicts with governments because politics is becoming more important in resource allocation, and we are highly cautious therefore about competition with 'national champions'; those outline preferences lead us to be cautious in particular about exposure to the large oil 'majors'.

Instead, we favour exposure to oil companies whose interests are aligned with those of governments, and which are operating in countries with stable regulation. It would be imprudent to think that governments will not tax the oil sector, but we are focused upon companies that operate in a framework which is stable, and which allows investors to achieve returns in a stable and comprehensible fashion.

We are also mindful of *fire risks* (the risk of inflation) in relation to the oil sector, and particularly in terms of the cost of extracting oil from the ground. In seeking to manage that risk, we are looking at companies that we believe are going to benefit from rising costs. Among the likely beneficiaries of rising costs are the oil service companies, the companies that help producers extract oil.

Our *fire risks* theme also entails our preference, where mandates allow, for exposure to gold. We gain such exposure via investing in mining companies (which is where the proprietary work of our global industrial research analysts is so valuable), through gold ETFs and in exchange-traded funds.

In conclusion, our thematic approach provides the perspective that allows our portfolio managers, in conjunction with our research analysts, to select the securities that are appropriate in seeking to meet our clients' investment objectives. We believe those themes are highly effective, both in terms of identifying areas in which we want to invest and in highlighting areas of risk.





The respective merits of absolute-return and relative-return investing

Following the turbulent events in financial markets in recent years, the debate about whether investors should move from relative-return investing towards an 'absolute-return' approach has intensified. In this article, we consider the respective merits of absolute-return and relative-return approaches to investment.

Relative-return investing is, as its name suggests, the management of an investment portfolio relative to an industry-standard benchmark. Absolute return investing, by contrast, is the management of investments to achieve an attractive 'real' return without reference to a benchmark. At our investment briefing, we considered the respective investment approaches in relation to a number of key aspects of decision-making, including time, transparency, accountability and risk, and macro-environmental considerations.

Time horizons

Until the 1970s, investors were generally preoccupied with achieving absolute returns; only when inflation started to rise in the 1970s did investors start to adopt benchmarks in order to differentiate between the returns that came simply from the market in which they were invested and the value added to those returns by investment managers. The 20-year equity bull market which began in the early 1980s cemented the role of 'relative' investing as the central approach of the investment industry. However, the last decade has been a highly challenging time for investors and, following disappointing returns from equity markets, the debate about the

movement from relative-return investing towards absolute-return investing has intensified.

In bond markets, yields have declined steadily since the mid-1980s as inflation has fallen. A relative-return investor would have made a return of 653% (in US dollar terms) by investing in U.S. government debt between June 1984 and December 2009¹. Within the overall trend of declining yields, however, there have also been some significant periods of negative returns, during which yields have risen (principally amid concerns about rising economic growth and mounting inflation).

Government bond yields can not decline (or prices rise) indefinitely; indeed, as they fall closer to zero, there is a greater chance that they stop declining. During the 20 years before the 30-year 'bull' market in government bonds began, yields rose dramatically against a backdrop of rising inflation, strong growth and the authorities' loss of control of money supply. That period would have been a very good time to be an 'absolute-return' investor.

Time allows investors to take risks by affording them the opportunity to recoup the losses they may incur in a volatile

portfolio. It may be that investors are simply not prepared to suffer such losses, either because the maturity of their scheme is such that funds are going to be required soon, or because their risk appetites are not sufficiently large. Trustees may also be concerned about their ability to adhere to their long-term strategy in the teeth of capital losses; if they feel unduly threatened in seeking to do so, it may be appropriate for them to pursue an absolute-return-orientated strategy.

Transparency

Investors who follow an absolute-return approach will have a very clear reference point for the kind of assets that are held in their portfolios. An index-based, relative-return strategy has the benefit of having a degree of clarity about both what the manager is seeking to achieve and how he or she is seeking to achieve it, and there is simplicity in measuring its returns as well.

However, it is questionable whether investors should strive to achieve such clarity and simplicity when they set investment managers their objectives. Instead, investors might prefer to choose a benchmark that is more closely aligned with the objectives of their portfolio. If, for example, pension scheme trustees wish growth in the assets of their scheme to match or exceed the level of employment-cost inflation, they might choose to adopt a benchmark or target linked to that level.

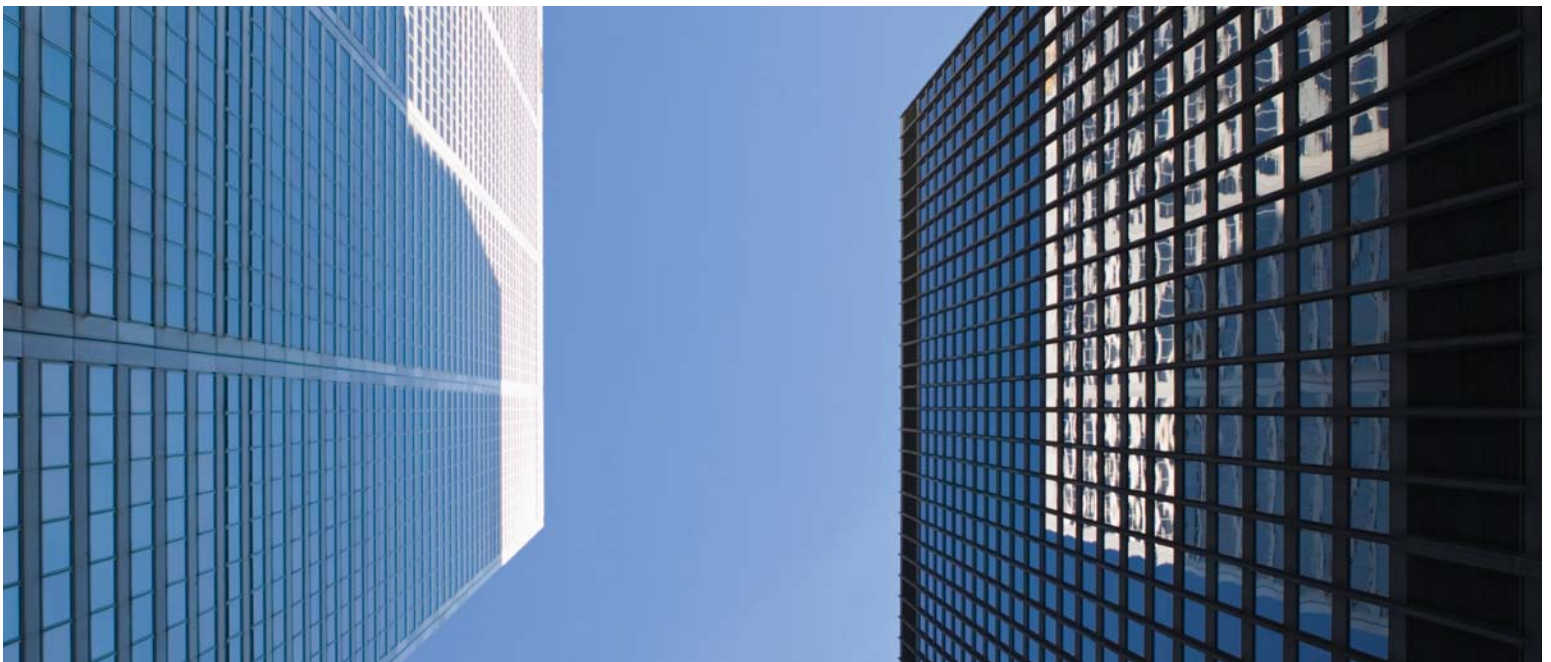
Accountability and risk

In looking at the returns from an absolute-return portfolio, it is easy to assess the 'risks' that were taken to achieve those returns. In relation to absolute-return portfolios, the assessment of risk (certainly relative risk) may appear to be less straightforward. Risk might be defined simply as the risk of losing money. In order to conclude that risk relates instead to performance versus

a benchmark, one needs to make the leap that the index or the benchmark itself is risk-free, or that it embodies risk that investors are happy to take (regardless of the composition or valuation of that index or benchmark). Investors might prefer, however, to charge their investment managers with the task of generating a 'real' return, which will encourage those managers to focus to a greater extent upon capital preservation.

Macro environment

In relation to absolute-return strategies, investors should be mindful of the risk of inflation; the risk may not be imminent, but it is salient to recognise its existence nonetheless. Higher inflation might also render cash-plus strategies less useful, and employment-cost inflation, which historically has outstripped generalized inflation for long periods, may also be a major concern for pension scheme trustees.





The most powerful consideration, however, is the fact that markets have generated strong real returns in the long run. Following a decade of poor returns, it might seem like an attractive time to be investing in a relative-return, equity-biased portfolio. The difficulty with this conclusion, however, is that the backdrop to equity investment remains highly challenging.

We would argue that the fundamental attributes of many of the developed-world economies remain rather weak. Although financial markets do not seem too perturbed at present by the challenges that remain in those economies, we believe it remains imperative for investors to adopt strategies that take account of risks as well as the pursuit of returns (and particularly strategies that allow investment managers to harness value across a company's capital structure).

Summary

Investors' preference for a relative-return or absolute-return approach clearly depends on their time horizons, and it is also dependent on their objectives and risk appetites. Where investors have a long-term time horizon, it may well be advantageous for them not to restrict their investment manager(s) to a relative-return arrangement that is unnecessarily shackled by the imposition of an 'off-the-peg' benchmark.

In terms of transparency and accountability, using a market universe as a comparator is likely to lead to ease of analysis, but investors need to make sure that the comparator they use is relevant to them in the pursuit of their objectives.

We believe that relative-return and absolute-return approaches are complementary and that they can be managed by the same investment house (not least where both approaches harness the same investment process, as they do at Newton). In relation to the management of both approaches, we contend that achieving perspective through the use of long-term themes, and using judgment rather than historical models, can help investors navigate their way through challenging financial-market conditions.

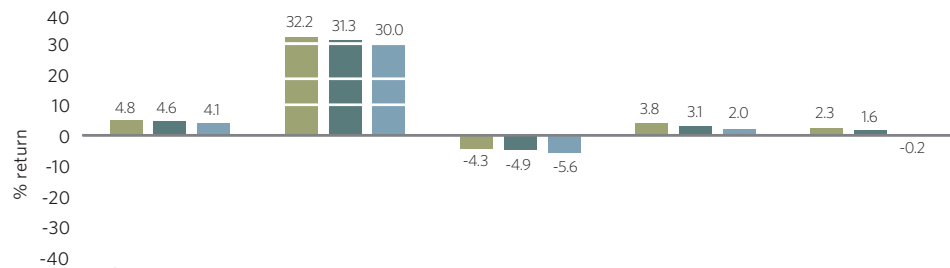
At Newton, we manage both relative-return and absolute-return portfolios and, while we recognise the differences that exist between those portfolios, we contend that they should share some characteristics; most importantly, the investment manager of a relative-return portfolio should not be oblivious to the importance of capital preservation or to the generation of an attractive return (which may not derive simply by exceeding the return from a benchmark). We believe that the appropriate way to manage both strategies is to found the investment decisions within them upon theme-based investing and sound judgment.



Performance updates

NEWTON GLOBAL EQUITY STRATEGY—ANNUALIZED PERFORMANCE DATA AS AT DEC 31, 2009

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 \$18bn in global equities under management*.



	Q4 2009	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Newton (gross of fees)	4.8	32.2	-4.3	3.8	2.3
Newton (net of fees)	4.6	31.3	-4.9	3.1	1.6
Benchmark (MSCI World NDR Index)	4.1	30.0	-5.6	2.0	-0.2

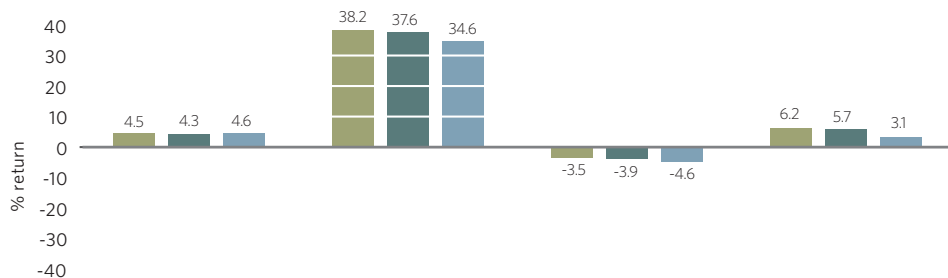
Portfolio statistics 5 years to Dec 31, 2009

Composite Volatility (Ann. SD)	22.78	Beta	1.01	Tracking Error	7.44	Information Ratio	0.18
Benchmark Volatility (Ann. SD)	21.40	Alpha	1.39			Sharpe Ratio	-0.36

*Source: Newton. Please see important information at the end of this publication.

NEWTON GLOBAL OPPORTUNITIES STRATEGY—ANNUALIZED PERFORMANCE DATA AS AT DEC 31, 2009

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.



	Q4 2009	1 year (%)	3 years (%)	Since Inception** (%)
Newton (gross of fees)	4.5	38.2	-3.5	6.2
Newton (net of fees)	4.3	37.6	-3.9	5.7
MSCI AC World NDR Index	4.6	34.6	-4.6	3.1

Portfolio statistics 3 years to Dec 31, 2009

Composite Volatility (Ann. SD)	24.25	Beta	1.00	Tracking Error	9.23	Information Ratio	0.12
Benchmark Volatility (Ann. SD)	22.34	Alpha	1.14			Sharpe Ratio	-0.31

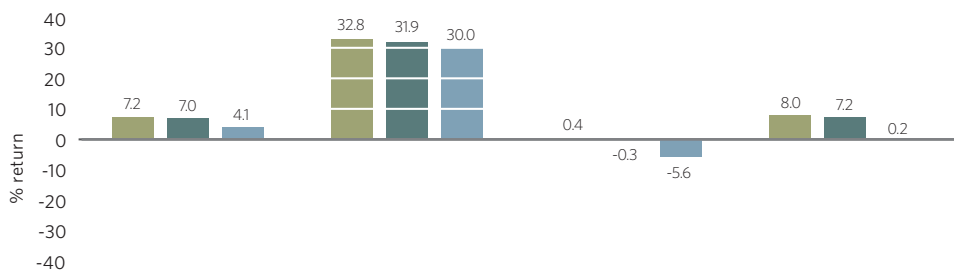
*Source: Newton. Please see important information at the end of this publication.

** Inception date October 2004.

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 GLOBAL HIGHER INCOME STRATEGY—ANNUALIZED PERFORMANCE DATA AS AT DEC 31, 2009

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



	Q4 2009	1 year (%)	3 years (%)	Since Inception** (%)
Composite (gross of fees)	7.2	32.8	0.4	8.0
Composite (net of fees)	7.0	31.9	-0.3	7.2
Benchmark (MSCI World NDR Index)	4.1	30.0	-5.6	0.2

Portfolio statistics 3 years to Dec 31, 2009

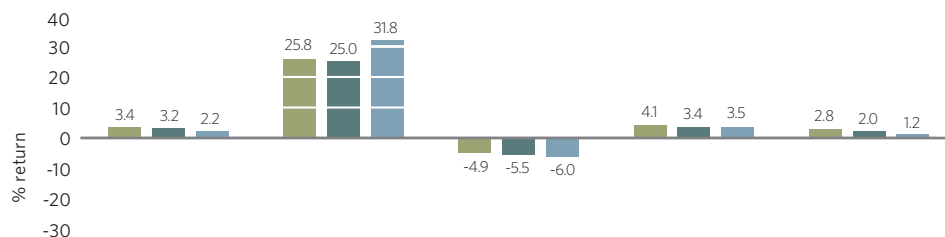
Composite Volatility (Ann. SD)	22.56	Beta	1.01	Tracking Error	6.64	Information Ratio	0.91
Benchmark Volatility (Ann. SD)	21.40	Alpha	6.09			Sharpe Ratio	-0.16

*Source: Newton. Please see important information at the end of this publication.

** Inception date January 2006.

NEWTON INTERNATIONAL EQUITY STRATEGY—ANNUALIZED PERFORMANCE DATA AS AT DEC 31, 2009

International equity mandates are invested in broadly diversified portfolios of global (ex. U.S.) equities against 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.



	Q4 2009	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Newton (gross of fees)	3.4	25.8	-4.9	4.1	2.8
Newton (net of fees)	3.2	25.0	-5.5	3.4	2.0
Benchmark (MSCI EAFE NDR Index)	2.2	31.8	-6.0	3.5	1.2

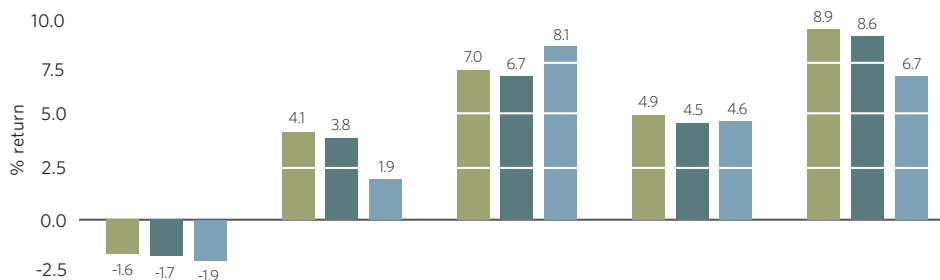
Portfolio statistics 5 years to Dec 31, 2009

Composite Volatility (Ann. SD)	22.97	Beta	0.94	Tracking Error	5.77	Information Ratio	0.20
Benchmark Volatility (Ann. SD)	23.58	Alpha	0.83			Sharpe Ratio	-0.39

*Source: Newton. Please see important information at the end of this publication.

NEWTON GLOBAL BONDS STRATEGY—ANNUALIZED PERFORMANCE DATA AS AT DEC 31, 2009

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



	Q4 2009	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Newton (gross of fees)	-1.6	4.1	7.0	4.9	8.9
Newton (net of fees)	-1.7	3.8	6.7	4.5	8.6
Benchmark (JPM Global Government Bond Index)	-1.9	1.9	8.1	4.6	6.7

Portfolio statistics 5 years to Dec 31, 2009

Composite Volatility (Ann. SD)	9.81	Beta	1.08	Tracking Error	3.17	Information Ratio	-0.35
Benchmark Volatility (Ann. SD)	8.65	Alpha	-1.73			Sharpe Ratio	0.31

*Source: Newton. Please see important information at the end of this publication.



About Newton

- Established in 1978
- Acquired by Mellon Financial Corporation in 1998
- Approximately \$67.9 billion in assets, with \$36.1 billion in institutional assets as at December 2009[†]
- Specialist in global strategies, accounting for over 70% of institutional mandates

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' on the back page.



GIPS[®] disclosures

NEWTON GLOBAL EQUITY STRATEGY

Year End	Total Firm	Composite Assets			Annual Performance Results				
	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Gross Composite	Net Composite	FTSE World	MSCI World NDR	Composite Dispersion
2009	67,986	10,368	15%	28	32.20%	31.28%	34.38%	29.99%	1.9%
2008	50,742	8,026	16%	29	(44.9)%	(45.3)%	(40.9)%	(40.7)%	0.8%
2007	78,698	9,685	12%	18	20.5%	19.6%	11.3%	9.0%	2.0%
2006	69,694	5,535	8%	13	20.9%	20.1%	21.5%	20.1%	1.4%
2005	49,370	2,700	6%	8	13.7%	12.9%	11.3%	9.5%	N.A.
2004	41,737	1,936	5%	9	18.9%	18.0%	16.0%	14.7%	N.A.
2003	37,824	131	Less than 1%	Five or fewer	37.9%	37.0%	33.9%	33.1%	N.A.
2002	30,039	84	Less than 1%	Five or fewer	(19.5)%	(20.1)%	(19.1)%	(19.9)%	N.A.
2001	30,993	81	Less than 1%	Five or fewer	(13.9)%	(14.5)%	(16.1)%	(16.8)%	N.A.
2000	33,101	90	Less than 1%	Five or fewer	(8.2)%	(8.9)%	(11.1)%	(13.2)%	N.A.
1999	29,662	103	Less than 1%	Five or fewer	35.2%	34.3%	26.0%	24.9%	N.A.
1998	21,995	76	Less than 1%	Five or fewer	27.4%	26.5%	23.0%	24.3%	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. The FTSE World and MSCI World Index are free float-adjusted market capitalization indices that are designed to measure global developed market equity performance. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The fee schedule appropriate for this presentation starts at 0.30% per annum subject to a minimum of £100,000, however, individual fees are negotiated on an account by account basis. The Newton Global Equity Institutional Composite was created in Q3 00.

NEWTON GLOBAL OPPORTUNITIES STRATEGY

Year End	Total Firm	Composite Assets			Annual Performance Results				
	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Gross Composite	Net Composite	FTSE All World	MSCI AC World NDR	Composite Dispersion
2009	67,986	2,621	4%	8	38.20%	37.58%	36.17%	34.63%	0.4%
2008	50,742	2,159	4%	9	(48.64)%	(48.87)%	(41.76)%	(42.20)%	0.4%
2007	78,698	3,656	5%	8	26.8%	26.2%	12.7%	11.7%	N.A.
2006	69,694	1,001	1%	Five or fewer	26.9%	26.4%	22.2%	21.0%	N.A.
2005	49,370	128	Less than 1%	Five or fewer	18.1%	17.5%	11.7%	10.8%	N.A.
2004	41,737	8	Less than 1%	Five or fewer	19.6%*	19.5%*	12.3%*	12.2%*	N.A.

*Part period return—composite inception 1 October 2004. 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 & MSCI AC World indices. The FTSE All World and MSCI AC World Index are free float-adjusted market capitalization indices that are designed to measure global developed market equity performance. This Composite comprises portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The fee schedule appropriate for this presentation starts at 0.45% per annum subject to a minimum of £265,000, however, individual fees are negotiated on an account by account basis. The Newton Global Opportunities Composite was created in Q4 04.

NEWTON GLOBAL HIGHER INCOME STRATEGY

Year End	Total Firm	Composite Assets			Annual Performance Results				
	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Gross Composite	Net Composite	FTSE World	MSCI World NDR	Composite Dispersion
2009	67,986	1,472	2%	Five or fewer	32.83%	31.90%	34.38%	29.99%	N.A.
2008	50,742	698	1%	Five or fewer	(37.8)%	(38.2)%	(40.9)%	(40.7)%	N.A.
2007	76,698	623	Less than 1%	Five or fewer	22.3%	21.4%	11.3%	9.0%	N.A.
2006	69,694	230	Less than 1%	Five or fewer	34.4%	33.4%	21.5%	20.1%	N.A.

Newton Global Higher Income Composite contains fully discretionary portfolios that invest in global equities which have a yield greater than 15% of the local market, and for comparison purposes is measured against the FTSE World and MSCI World indices. The FTSE World and MSCI World Index are free float-adjusted market capitalization indices that are designed to measure global developed market equity performance. This Composite comprises portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The fee schedule appropriate for this presentation starts at 0.30% per annum subject to a minimum of £100,000, however, individual fees are negotiated on an account by account basis. The Newton Global Higher Income Composite was created in Q1 06.

NEWTON INTERNATIONAL EQUITY STRATEGY

Year End	Total Firm	Composite Assets		Annual Performance Results				
	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Gross Composite	Net Composite	MSCI EAFE NDR	Composite Dispersion
2009	67,986	1,195	2%	6	25.83%	24.95%	31.78%	N.A.
2008	50,742	438	Less than 1%	6	(42.4)%	(43.4)%	(43.4)%	N.A.
2007	78,698	699	Less than 1%	Five or fewer	18.7%	17.9%	11.2%	N.A.
2006	69,694	439	Less than 1%	Five or fewer	23.6%	22.7%	26.4%	N.A.
2005	49,370	116	Less than 1%	Five or fewer	15.2%	14.4%	13.5%	N.A.
2004	41,737	100	Less than 1%	Five or fewer	25.8%	24.9%	20.2%	N.A.
2003	37,824	108	Less than 1%	Five or fewer	44.0%	43.0%	38.6%	N.A.
2002	30,039	62	Less than 1%	Five or fewer	(14.3)%	(14.9)%	(15.9)%	N.A.
2001	30,993	134	Less than 1%	Five or fewer	(19.4)%	(20.0)%	(21.4)%	N.A.
2000	33,101	16	Less than 1%	Five or fewer	(14.2)%	(14.8)%	(14.2)%	N.A.
1999	29,662	19	Less than 1%	Five or fewer	50.0%	49.0%	27.0%	N.A.
1998	21,995	7	Less than 1%	Five or fewer	25.5%	24.6%	20.0%	N.A.

Newton International Equity 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. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance, excluding the U.S. & Canada. This Composite comprises portfolios that invest in global equities including emerging markets, which may include stocks that do not form part of the benchmark. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The fee schedule appropriate for this presentation starts at 0.30% per annum subject to a minimum of £100,000, however, individual fees are negotiated on an account by account basis. The Newton International Equity Composite was created in Q4 04. The Newton International Equity Composite was previously called the Newton EAFE (Global Equity ex US) Plus Composite.

NEWTON GLOBAL BONDS STRATEGY

Year End	Total Firm	Composite Assets		Annual Performance Results				
	Assets (millions)	U.S. Dollars (millions)	% Firm Assets	Number of Accounts	Gross Composite	Net Composite	JP Morgan Global Gov.	Composite Dispersion
2009	67,986	1,911	3%	Five or fewer	4.11%	3.77%	1.90%	N.A.
2008	50,742	2,908	6%	Five or fewer	6.0%	5.7%	12.0%	N.A.
2007	78,698	3,465	4%	Five or fewer	11.1%	10.7%	10.8%	N.A.
2006	69,694	2,679	4%	Five or fewer	6.7%	6.3%	5.9%	N.A.
2005	49,370	1,567	3%	Five or fewer	(3.0) %	(3.3)%	(6.5) %	N.A.
2004	41,737	842	2%	Five or fewer	14.0%	13.6%	10.1%	N.A.
2003	37,824	626	2%	Five or fewer	19.9%	19.5%	14.5%	N.A.
2002	30,039	364	1%	Five or fewer	23.3%	22.8%	20.1%	N.A.
2001	30,993	188	Less than 1%	Five or fewer	2.4%	2.1%	(1.4) %	N.A.
2000	33,101	124	Less than 1%	Five or fewer	7.8%	7.4%	2.3%	N.A.
1999	29,662	108	Less than 1%	Five or fewer	(9.3) %	(9.6) %	(5.1) %	N.A.
1998	21,995	135	Less than 1%	Five or fewer	19.3%	18.9%	15.3%	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 JPM Global Government Bond Index is a market capitalization weighted index that is designed to measure global bond market performance. Actual returns will be reduced by investment advisory fees and other expense that may be incurred in the management of the account. The fee schedule appropriate for this presentation starts at 0.12% per annum subject to a minimum of £100,000, however, individual fees are negotiated on an account by account basis. The Newton Global Bond Unhedged composite was created Q3 03.

Explanation of indices

JPM Global Government Bond Index. The GBI Global index is J.P. Morgan's flagship index for fixed rate government debt. The index measures the total return from investing in 13 developed government bond markets - Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, UK, and US. The index is market capitalization weighted and bonds enter and leave at the monthly rebalance. There are no size criteria for inclusion, but bonds must have a minimum remaining maturity of one year.

ML Global Broad Corporate Index. The BofA Merrill Lynch Global Corporate Index tracks the performance of investment grade corporate debt publicly issued in the major domestic and eurobond markets. Qualifying securities must have an investment grade rating. For Canadian dollar securities only, Fitch is replaced by DBRS in the rating calculation. In addition, qualifying securities must have an investment grade rated country of risk. Qualifying currencies and their respective minimum size requirements (in local currency terms) are: AUD 100 million; CAD 100 million; EUR 250 million; JPY 20 billion; GBP 100 million; and USD 250 million. Qualifying securities must have at least one year remaining term to final maturity and a fixed coupon schedule. Original issue zero coupon, "global" securities (debt issued simultaneously in the eurobond and domestic bond markets), 144a securities, pay-in-kind securities and toggle notes qualify for inclusion in the Index. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. Taxable and tax-exempt US municipal, US DRD-eligible, euro legacy currency and defaulted securities are excluded from the Index.

ML High Yield Constrained Index. The BofA Merrill Lynch Global High Yield Constrained Index contains all securities in The BofA Merrill Lynch Global High Yield Index but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the Index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis.

ML Global Emerging Sovereigns Index. The BofA Merrill Lynch Global Emerging Markets Sovereign Plus Index tracks the performance of USD and EUR denominated emerging market and cross-over sovereign debt publicly issued in the eurobond, euro domestic or US domestic markets. Qualifying countries must have a BBB1 or lower foreign currency long-term sovereign debt rating. Countries that are not rated, or that are rated "D" or "SD" by one or several rating agencies qualify for inclusion in the index but individual non-performing securities are removed. Qualifying securities must have at least one year remaining term to final maturity, a fixed, floating or fixed-to-floating rate coupon and a minimum amount outstanding of USD 250 million or EUR 250 million. Local currency and euro legacy currency debt is excluded from the Index.

MSCI World NDR Index. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of June 2007 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. NDR means that net dividends are reinvested.

MSCI EAFE NDR Index. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of June 2007 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

CONTACTS



Ciarán Spillane
Head of North
American Business
Newton Capital Management

516-338-3521

ciaran_spillane@newton.co.uk

Contact Ciarán for all matters regarding
Newton in North America.



Jon Ritz
Senior Sales Representative
Newton Capital Management
412-234-3781

jon_ritz@newton.co.uk

Contact Jon if you are an institutional
fund or consultant in the U.S.



Randy Lierman
Portfolio Strategist
Newton Capital Management
636-778-0094

randy_lierman@newton.co.uk

Contact Randy Lierman if you are a
financial intermediary or want to know
more about how Newton works in the
separately managed (wrap) account
space.



Carlos Rodriguez
Business Development
Associate
Newton Capital Management
516-338-3610

carlos_rodriguez@newton.co.uk

Contact Carlos if you require product
information or assistance.



Richard J. Terres
Senior Vice President,
BNY Mellon Asset
Management Canada Ltd
416-643-6354

richard.terres@bnymellon.com

BNY Mellon Asset Management Canada
Ltd represents Newton in Canada.

Please contact Richard to find out more
about Newton if you are a Canadian
investor.

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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 and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The FTSE All World, FTSE World and JP Morgan Global Government Bond indices used for comparative purposes are calculated gross of withholding taxes. The MSCI AC World, MSCI World and MSCI EAFE indices used for comparative purposes are calculated net of withholding taxes.

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