

Q4 2007

Responsible Investment

Corporate Governance and SRI



Contents

Voting Profile | pages 2 – 10

Examples of Corporate Governance Engagement | pages 11 – 12

SRI Activity | pages 13 – 14

Company Meeting Log | page 15 – 16

Corporate Governance and SRI

Voting Profile for Q4 2007

During the quarter, Newton exercised its clients' voting rights at a total of 317 company meetings. 146 of the meetings were for companies domiciled in the UK and 171 related to companies outside of the UK. Votes were instructed against one or more resolutions at 16.4% of UK meetings and at 28.7% of ex-UK meetings

Disappointingly, during the quarter decisions were made in the US and Europe, which Newton considered to be contrary to shareholders' best interests. Currently, unlike in Europe, shareholders of US companies have very limited power over investee companies' boards. However, the SEC Commissioner

postponed, indefinitely, the decision on a policy that would better enable shareholders to appoint, dismiss and propose directors of US companies. In Europe, many investors lobbied the European Commission in order to seek fair and equal treatment of all shareholders invested in European companies. It was hoped that a one-share-one-vote principle would be introduced for companies listed on stock exchanges across all EU member states. However, in October 2007, the European Commission ruled against incorporating such a principle.

The following table below illustrates, in aggregate, Newton's voting activity during Q4 2007.

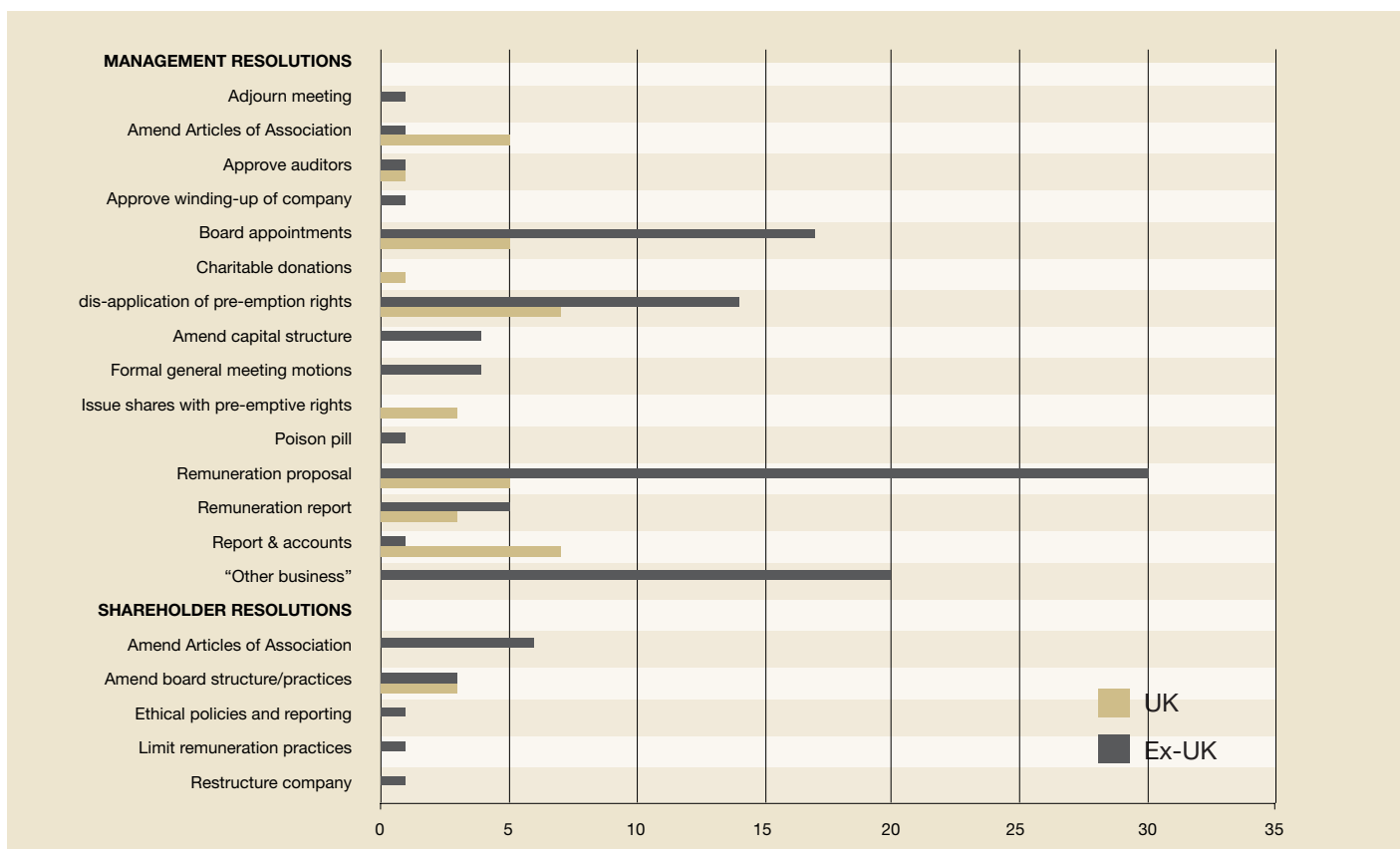
Complete voting summary – Q4 2007	Total	UK	Ex-UK
AGMs	203	97	106
Voted in favour of all resolutions	132	75	57
Voted against one or more resolutions	66	22	44
Took no action	5	0	5
Abstained	0	0	0
EGMs	108	44	64
Voted in favour of all resolutions	96	42	54
Voted against one or more resolutions	7	2	5
Took no action	5	0	5
Abstained	0	0	0
Court Meetings	6	5	1
Voted in favour of all resolutions	6	5	1
Voted against one or more resolutions	0	0	0
Took no action	0	0	0
Abstained	0	0	0
Totals	317	146	171
Voted in favour	234	122	112
Voted against	73	24	49
Took no action	10	0	10
Abstained	0	0	0
Totals	317	146	171

Breakdown of resolutions where votes against were instructed during Q4 2007

During the quarter, over 25% of the total votes instructed against resolutions related to shareholder approval being sought for remuneration reports and remuneration proposals. Almost 40% of these votes were instructed against such resolutions proposed by Australian companies. Following the requirement for Australian companies to put their remuneration reports to an advisory shareholder vote, there has been greater insight into the methodology used to incentivise management. Newton noted, in a number of its investee companies, concerns over the adopted remuneration methodologies, which, it could be argued, were not aligned with shareholders' interests. Specific areas, where

Newton was uncomfortable with remuneration policies, included executive contracts providing in excess of 12 months base salary on termination of employment, and large share-based incentive awards vesting too early and not being subject to the achievement of challenging performance conditions. Newton also noted that improved disclosure, within Australian companies' remuneration reports, could avoid some of the controversies seen during this quarter.

The chart below shows the nature of the resolutions where votes were instructed against their approval.



UK Companies

Advance Visual Communications – AGM – 28th December 2007

Newton instructed votes against all five of the proposed resolutions. This decision was taken as a result of the company failing to publish its report and accounts for the period. It was also noted that no recent filings had been made to Companies House for the period. Without suitable information provided by the company, Newton was unable to assess the appropriateness of the proposed resolutions.

Air Partner PLC – AGM – 28th November 2007

The company's executive chairman, who controls 17.6% of the shares, was a member of the remuneration committee and the audit committee. Given his position at the company and level of shareholding, Newton did not consider him to be an appropriate member of these committees. As a result, votes were instructed against the resolution seeking shareholder acceptance of the company's Statements and Statutory reports.

Votes were also instructed against the remuneration report. Apart from the executive chairman being a member of the remuneration

committee, this reflected the significant levels of share options being awarded, where no performance hurdles would govern their vesting.

Baillie Gifford Japan Trust PLC – AGM – 5th December 2007

Newton instructed votes against the re-election of a non-executive director, who was a member of the remuneration committee and chair of the audit committee. This non-executive director had been a board member for 10 years and was selected by the board as its senior independent director. The question of independence was further exacerbated by its chairman not being deemed to be independent, due his 26 year tenure. Newton felt that a more appropriate non-executive director, who is unequivocally independent, would better fulfil the role of senior independent director.

Dechra Pharmaceuticals PLC – AGM – 17th October 2007

Newton instructed votes against a non-independent member of the remuneration and audit committees, who was seeking re-election to the board. In contrast to established best practice, the audit committee has consistently included a non-independent member. Newton believes that it to be important for all members of an audit committee to be considered independent.

Eaglet Investment Trust PLC – AGM – 11th December 2007

A concert party of shareholders, representing nearly 30% of the company's share capital, proposed three nominees for election to the Trust's board. Newton instructed votes against each of the three nominees. The proponent shareholders, who were seeking to re-organise the investment trust, failed to address the issue of divestment or tax mitigation in detail. Conversely, the board had made a commitment to liquidate the Trust in such a way that would allow shareholders to divest fully in a tax efficient manner.

Genus PLC – AGM – 15th November 2007

Newton did not consider the company's chairman to be sufficiently independent to warrant membership of the audit committee. During the year, the chairman also chaired the Salamander Organisation, which has an ongoing relationship with the company to provide professional IT consultancy services. Despite contacting the company, no information was provided that could allay Newton's concerns. Votes were instructed against the resolution seeking shareholder acceptance of the company's Financial Statements and Statutory Reports.

The company also failed to provide any rationale for its resolution seeking shareholder approval to issue 20% of its share capital, whilst dis-applying existing shareholders' pre-emption rights. Newton felt that the potential level of dilution was excessive and instructed votes against the resolution.

Hays PLC – AGM – 15th November 2007

Newton declared a conflict of interest with regard to Hay's AGM

and outsourced the voting decision to an independent third party, Research Recommendation and Electronic Voting (RREV). Votes were instructed in line with RREV's recommendations. This led to Newton, on behalf of its clients, voting against the company's remuneration report, which revealed that the newly appointed CEO had been awarded a guaranteed bonus equating to 50% of his salary.

Helphire Group PLC – AGM – 15th November 2007

The company proposed a resolution requesting shareholders' authority for the company to award up to 5% of its issued share capital to a recognised charity. Whilst Newton is not against companies making charitable donations, the proposed level of donation was considered too high without a full explanation being provided by the company. Votes were instructed against the proposal.

James Halstead PLC – AGM – 7th December 2007

It was recognised and appreciated that the company was listed on the Alternative Investment Market, where corporate governance expectations of companies is lower than for those with a listing on the main London Stock Exchange. However, Newton still expected this company to have appointed independent non-executive directors. In the absence of any independent board members, votes were instructed against the resolution that sought shareholders' acceptance of the company's Financial Statements and Statutory Reports.

Kopane Diamond Developments PLC – AGM – 7th December 2007

Newton instructed votes against a resolution requesting shareholders' acceptance of the company's Financial Statements and Statutory reports. This was due to the company's board not consisting of any independent non-executive directors.

The company requested the shareholders' authority to issue shares, equivalent to 20% of its share capital, whilst dis-applying existing shareholders pre-emption rights. Without a clear and justified explanation from the company, this level of dis-application is against established best practice. Newton instructed votes against this resolution.

Max Petroleum PLC – AGM – 6th December 2007

Only one of the four members of the company's audit committee was deemed to be an independent non-executive director. The other three members were the company's executive chairman, the chief operating officer and the chief executive officer. Votes were instructed against the company's Financial Statements and Statutory Reports.

Mears Group PLC – EGM – 16th November 2007

A single resolution was proposed for shareholder approval at the company's EGM, which was a special incentive plan designed for the company's CEO. The incentive plan would see 10% of the company's shares being awarded to the CEO. Newton felt that

the performance conditions attached to the nil-cost share award were not sufficiently stretching to warrant the proposed level of award to company's CEO. Votes were instructed against the plan.

Medicsight PLC – AGM – 18th December 2007

The company requested shareholder approval to issue up to 35% of its issued share capital, whilst dis-applying the pre-emption rights enjoyed by existing shareholders. Due to the company's failure to provide any comfort as to why shareholders should accept such a level of dilution, Newton voted against the resolution.

A further resolution, which Newton voted against, sought shareholder approval to extend the exercise period of share options awarded to four former employees of the company. The company failed to provide any explanation or information relating to the number of shares under option, the vesting terms of the share options or even why shareholders should accept that the exercise period should be extended and, in effect, re-priced.

Merrill Lynch Greater Europe Investment Trust PLC – AGM – 28th November 2007

Newton instructed votes against a proposed special resolution that would enable the Trust to issue shares, whilst dis-applying existing shareholders' pre-emption rights. It was proposed that shares, equating to 5% of the Trust's issued shares, could be issued and that they could be either new shares or those held in the Trust's treasury account. Newton's concern centred on the ability for shares to be issued at a discount to their Net Asset Value and even at a discount to the trading price of the existing shares.

Murray Income Trust PLC – AGM – 30th October 2007

A non-executive director of the Trust was a partner of a law firm that provided legal services to the company. Newton felt that this relationship meant that this non-executive director should not have been a member of the company's audit committee. Votes were instructed against the re-election of this non-executive director.

Reckitt Benckiser PLC – EGM – 4th October 2007

At the company's EGM, shareholder approval was sought for a proposed scheme of arrangement. This would see a reorganisation of the company's capital structure and a one-for-one share exchange into a new line of ordinary shares, after which the existing ordinary shares would be cancelled. Newton was supportive of the proposed scheme of arrangement. However, in carrying out this arrangement, the company had to seek shareholder approval to convert the company's existing share-based incentive arrangements into the new ordinary shares. Historically, Newton has formally lodged its disapproval of the company's Senior Executive Share Ownership Policy and its Long Term Incentive Plan. This reflects the potential for significant rewards being available for achieving low performance thresholds as well as excessive dilution to existing shareholders. Votes were instructed against two resolutions seeking shareholder approval for the conversion of the two executive incentive schemes.

Starvest PLC – AGM – 12th December 2007

The company provided no rationale in relation to two resolutions that sought shareholder approval to issue 557% of its share capital. Authority was sought for this level of issuance to be achieved by either applying or dis-applying existing shareholders' pre-emption rights. Without suitable justification, Newton felt that the potential level of dilution was excessive and instructed votes against the resolution.

The Alumasc Group PLC – AGM – 25th October 2007

The re-election of a non-executive director to the company's remuneration and audit committees was voted against. This individual had been a board member for 23 years and owned c. 8.5% of the company's outstanding share capital. Newton believed that he was not sufficiently independent to warrant membership of the remuneration and audit committees.

Town Centre Securities PLC – AGM – 21st November 2007

Newton was concerned over the company's failings with regard to a number of fundamental corporate governance principles. These included combining the roles of chairman and chief executive, executives retaining two-year service contracts and the chairman/CEO being a member of the audit committee. Newton instructed votes against the company's report & accounts.

Votes were also instructed against the company's remuneration report and the introduction of a new share option plan. The company had failed to provide the necessary rationale for the award of significant wage increases and also for the vesting of share option awards for achieving low performance targets.

New Articles of Association

The following companies sought to amend their Articles of Association pursuant to their interpretation of certain sections of the new UK Companies Act 2006.

Barratt Developments PLC – AGM – 27th November 2007

Bluebay Asset Management PLC – AGM – 14th November 2007

British Sky Broadcasting PLC – AGM – 2nd November 2007

Keystone Investment trust – AGM – 20th December 2007

Wolseley PLC – AGM – 28th November 2007

New Articles of Association were proposed that included a provision that would limit the power of corporate representatives when attending and exercising voting rights at General Meetings. Should representatives of the same nominee account, but representing different clients, vote in different directions, their votes would be cancelled and not counted towards the aggregate vote of all shareholders.

This provision is a result of companies taking certain legal advice relating to the new UK Companies Act 2006 and an interpretation of sections 323(4) and 152. However, the Department for Business Enterprise and Regulatory Reform, the government department responsible for the Companies Act 2006, stated that

this was not the intended interpretation of these sections.

Certain assurances were provided that their Articles of Association or practices would be amended should the law be clarified on this matter. However, such assurances did not allay Newton's concern given the timeliness and cost of reversing amendments to a company's Articles of Association. Votes were instructed against the resolution seeking shareholder approval to adopt the company's new Articles of Association.

Ex-UK Companies

APA Group – AGM – 30th October 2007

Votes were instructed against the election of a non-executive director. This nominee was an executive of the company's largest shareholder, Petronas Australia. Newton felt that this appointment was unnecessary, especially given that a former director and advisor of Petronas Australia was a board member.

Australian and New Zealand Banking Group Ltd – AGM – 18th December 2007

At the company's AGM, there was a proxy contest between five nominees, who were seeking election to the four board seats available. One of the candidates nominated himself and was a former employee of the company. From the five nominees, Newton considered that this self-nominated candidate would be the least suitable board member.

Bookham Inc – AGM – 23rd October 2007

The company sought shareholder approval to increase the number of shares available for share-based incentive awards. The proposed increase could result in dilution to existing shareholders of c.12%. Newton did not consider that the incentive plans were sufficiently well structured to warrant such a transfer of value away from the company's shareholders. The company had failed to disclose any performance conditions that would govern the vesting of awards, the rules explicitly allow awards to be re-priced and the company's average annual share awards, over the past three years, has been 6.6% of its issued share capital. Votes were instructed against the proposed amendment.

Bermuda Capital Co Ltd – AGM – 19th November 2007

At its AGM, the company sought shareholder approval of 12 separate resolutions. No information was provided relating to any of these proposed resolutions, which included a resolution to approve the company's Financial Statements and Statutory reports. Newton exercised a level of prudence and voted against eleven of the twelve resolutions proposed. Newton supported one resolution, which sought the election of a chairman for the meeting.

DaimlerChrysler AG – EGM – 4th October 2007

Early this year, at the company's AGM on 4th April 2007, two of the company's shareholders proposed a total of seventeen resolutions. Again, at this EGM, the same two shareholders requisitioned seventeen resolutions. Six resolutions requested amendments to the company's Articles of Association, seven sought shareholder authorisation to conduct special auditor reports, three resolutions concerned changes to the company's board structure and the final resolution asked for the preparation of a vote for the company to convert to a European "SE" structure.

In the absence of any evidence of fraud, misconduct or abuse of shareholders' rights by the board, Newton did not believe that any of these shareholder resolutions warranted support. Votes were instructed against all seventeen shareholder proposed resolutions.

Espro Information Technologies Ltd – AGM – 18th December 2007

The company sought shareholder approval to re-price share options that had been awarded to two employees. Newton believes that re-pricing share based awards undermines the reason for making such awards, which should be to incentivise management to perform for the company and its shareholders. Also, Newton did not consider this to be appropriate given that shareholders had already experienced a 14.5% dilution by way of the company issuing share options. Votes were instructed against this resolution.

FKP Property Group – AGM – 30th November 2007

Newton had concerns with a number of matters relating to the CEO's new contract. His salary was initially increased by 49% and his contract guaranteed a 3% per annum increase thereafter. Newton believes that any increase should be awarded on merit. Newton was also concerned that no performance conditions govern the vesting of the proposed award of five million share options to the CEO and that these options may be retained, or vest early, in the event of his employment being terminated. In addition, and in contrast to the guidelines of the Australian Council of Super Investors, the CEO's contract provides for 24 months compensation on cessation of employment. Finally, the CEO was a member of the remuneration committee. Votes were instructed against the resolutions seeking approval of the remuneration report and the grant of share options to the company's CEO.

Focus Media Holding Ltd – AGM – 27th December 2007

The company sought shareholder approval of its 2007 Share Option plan. Newton voted against this resolution and against the re-election, to the board, of two members of the compensation committee. This was a result of no performance hurdles determining the vesting of awards, excessive shareholder dilution and the inclusion of non-executive directors as recipients of share option awards.

Gold Fields Limited – AGM – 2nd November 2007

Newton instructed votes against three resolutions proposed at the company's AGM. These resolutions sought to facilitate an issue of one thousand preference shares in the company. However, the price and the coupon paid on these shares would be entirely at the discretion of the company's directors. Given the potentially high debt levels and unknown cost to the company of servicing this debt, Newton did not consider the proposals to be in shareholders' best interests.

Henderson Horizon Funds – AGM – 11th October 2007

- Continental European Equity Fund
- Japanese Equity Fund
- Pacific Equity Fund

A bundled resolution was proposed to shareholders for the election or re-election of directors. Ahead of the AGM, no information was provided relating to the structure of the board. Votes were instructed against this resolution.

Newton also voted against a resolution that sought approval of "Other Business". The unknown content of this resolution meant that Newton had to exercise a level of prudence by voting against its approval.

Hologic Inc – EGM – 18th October 2007

The company sought to amend its Omnibus Stock Plan by reserving additional shares for making awards under its Equity Incentive Plan. Three key factors led to Newton instructing votes against this resolution. First, total dilution to existing shareholders would be excessive at 17%. Secondly, non-executive directors participate in the awards of share-based incentives. Thirdly, the company failed to disclose any performance criteria that would govern the vesting of awards.

Should any of the meeting resolutions not be passed, shareholder approval was sought for Management to adjourn the meeting to enable the solicitation of additional votes in favour. Newton considered that this would not be an efficient or appropriate use of resources and instructed votes against this resolution.

Hopewell Highway Infrastructure Ltd – AGM – 4th October 2007

If passed, two separately proposed resolutions would allow the company to issue up to 30% of its issued share capital, whilst dis-applying existing shareholders' pre-emption rights. As the company did not provide any comfort as to why shareholders should accept such a level of dilution or at what price shares could be issued, Newton voted against the two resolutions.

IRSA Inversiones y Representaciones SA – AGM – 10th October 2007

In the event of an Argentinean company issuing shares on a pre-emptive basis to existing shareholders, Corporate Law has established a period of 30 days in which shareholders are able to exercise their subscription rights. If minority shareholders have not exercised these rights within the time period, a majority

shareholder has the right to acquire any unsubscribed shares. Bearing this in mind, Newton voted against a resolution at the company's AGM. This resolution sought to reduce the subscription period for minority shareholders to 10 days. Newton considered that this would be unduly restrictive on minority shareholders wishing to exercise their subscription rights.

In addition, the company bundled together, within a single resolution, the election of non-executive directors. The company failed to disclose any details of the nominees. As a result, Newton instructed votes against the resolution seeking the election of non-executive directors to the company's board.

Leyshon Resources Ltd – AGM – 29th November 2007

By way of three separate resolutions, the company sought shareholder approval to grant significant awards of share options to a non-executive director, the non-executive chairman and an executive director. Combined, the proposals would see a grant of options representing c. 4% of the company's issued shares. Newton is fundamentally against incentivising non-executive in this way, believing that it compromises their ability to act independently for shareholders. Concern was also had over the award of share options to the executive director. This award would not be subject to the achievement of performance hurdles. Votes were instructed against the three proposed grants of share options.

Makhteshim-Agan Industries Ltd – EGM – 13th December 2007

Newton voted against the single resolution proposed at the company's EGM. It was the company's intention for its chairman to also serve as its CEO. The company failed to provide any justification for why shareholders should support one individual having such a controlling position at the company. Additionally, despite contacting the company, little information was made available that would allow Newton to fully assess the structure and terms of reference for the board.

Marvell Technology Group Ltd – AGM – 19th October 2007

An investigation into the company's share option award practices, for the period between June 2000 and July 2006, led to a pre-tax profit restatement of US\$327 million, which was c. 85% of the pre-tax profit achieved in 2006. A director, who was seeking re-election to the board, was a member of the company's compensation committee for a majority of this period. Given this individual's apparent lack of control over compensation practices at the company, Newton instructed votes against his re-election to the company's board.

Votes were also instructed against the 2007 Director Stock Incentive Plan. It was the company's intention to make large share incentive awards to the company's non-executive directors.

Microsoft Corp – AGM – 13th November 2007

A shareholder submitted a resolution requesting that Microsoft implement policies to protect freedom of access to the Internet. Newton believes that it is important for policies to be developed that clearly address the complex issues associated with free access to the Internet. However, a coordinated approach between all relevant stakeholders, including Governments, NGOs and companies, is needed. Additionally, it is important that companies develop policies that effectively address human rights concerns without damaging the ability to operate in specific markets. Microsoft has already developed policies that relate to Internet monitoring, censorship and human rights. Further, the company states it has been actively working with stakeholders to develop global principles and operating procedures on freedom of expression and privacy. Therefore, Newton felt the company was taking significant actions to address the proponents concerns and instructed votes against this shareholder resolution.

A further resolution, relating to the topic of human rights, was proposed by another shareholder. This resolution requested the company amend its Bylaws to establish a board committee on human rights. Alongside the company's policies relating to privacy and freedom of expression, Microsoft's existing human rights codes and policies include a Code of Conduct and a Vendor Code of Conduct. The company also actively engages stakeholders with regard to human rights. Newton did not believe that the resolution warranted shareholder support and instructed votes against the resolution.

Moly Mines Ltd – AGM – 27th November 2007

A number of features of the company's remuneration arrangements caused concern. Share option awards may fully vest in less than three years from the date of grant, while no performance conditions govern the exercise of option awards. In addition, retesting is permitted should the price hurdle not be achieved at the initial vesting point. Also, non-executive directors receive significant awards of share options. Most worrying, dilution to existing shareholders' value could be as much as c.25%. Votes were instructed against the remuneration report and against an award of share options to a non-executive director.

Murchison Metals – AGM – 30th November 2007

Newton instructed votes against the company's remuneration report and against the proposed grant of share options to a non-executive director. Newton does not support the award of share options to non-executive directors, believing that such awards undermine independence. In addition, elements of the company's remuneration structure for executive directors caused concern. These elements included a three-year service contract for the CEO, lack of performance hurdles governing the vesting of share option awards and full vesting at the date of grant for share option awards.

NWS Holdings Limited – AGM – 26th November 2007

By way of two separate resolutions, the company requested shareholder approval to issue up to 30% of its issued share capital, whilst dis-applying existing shareholders' pre-emption rights. Given that the company did not provide any comfort as to why shareholders should accept such a level of dilution, Newton voted against the resolution.

OLAM International Ltd – AGM – 29th October 2007

The company provided no rationale in relation to its resolution seeking to issue 20% of its share capital, whilst dis-applying the pre-emption rights enjoyed by existing shareholders. Newton felt that the potential level of dilution was excessive and instructed votes against the resolution.

Newton also voted against a resolution that sought shareholder authorisation to issue shares for granting options pursuant to its Employee Share Option Scheme. Newton felt that the structure of the Scheme did not warrant the potential dilution to shareholders 15%.

Additionally, Newton instructed votes against eight further resolutions, which requested shareholder approval to issue market priced share options to four non-executive directors. Issuing incentives to non-executive directors is considered inappropriate due to a concern that their independence would be undermined by an award of market-priced share options.

Oracle Corp – AGM – 2nd November 2007

By way of a shareholder resolution, it was requested that the company amend its corporate Bylaws to establish a board committee on human rights. Oracle's management believe that its existing policies, practices and procedures, which relate to human rights, effectively address the concerns raised by the proponent of this shareholder resolution. The company also states that it is an active participant in intergovernmental initiatives that seek to improve the state of privacy protection and develop industry-wide policy solutions and best practice guidance in this area. Whilst Newton believes further disclosure on this issue would be useful for shareholders, it does not feel that establishing a separate board committee, specifically to address human rights pressures, would be appropriate. Newton instructed votes against this resolution.

Votes were instructed against a further shareholder resolution. This sought for the company to issue an Open Source Social Responsibility Report that would discuss the social and environmental impacts of third parties having access to the company's software codes. The company, on its corporate website, already describes its commitment to Open Source practices. Additionally, the open source initiatives that the company has developed are also described. Newton did not believe such a report would provide additional value to shareholders.

Oryx International Growth Fund Limited – AGM – 9th November 2007

In accordance with the company's Articles of Association, a resolution was put to shareholders asking if they would approve the winding-up of the company. In 2005, the board stated that it would propose such a resolution at least every two years. Newton agreed with the board that, given the Fund's prospects, it would be inappropriate for such a resolution to be passed and instructed votes against its approval.

Pacific Basin Shipping Limited – EGM – 29th November 2007

The company sought to dis-apply existing shareholders' pre-emption rights when increasing its share capital by 20%. Newton felt that such a policy was unacceptable, especially given that shares could be issued at a discount to their trading price and that the company had not stated its intended use for the increase in capital. Votes were instructed against this resolution.

Pernod Ricard – AGM – 7th November 2007

Votes were instructed against the election of a non-executive director. It was felt that the nominee's connections with the company's CEO made her an inappropriate member of the non-executive board, where only five of the fourteen members could be considered independent. The nominee's husband was the CEO of a company where Pernod Ricard's CEO was a non-executive director.

The company provided no rationale in relation to its resolution that sought shareholder approval to issue 20% of its share capital, whilst dis-applying the pre-emption rights enjoyed by existing shareholders. Newton felt that the potential level of dilution was excessive and instructed votes against the resolution.

Under the company's Restricted Stock Plan, no performance hurdles would determine the vesting of awards. Additionally, necessary disclosure relating to the structure of the plan was not provided. Newton instructed votes against a request to authorise 1% of the company's share capital to be awarded under its restricted Stock Plan.

Newton instructed votes against a further resolution. If passed, the company could successfully fend off a third party's hostile bid or even deter such a bid from ever materialising. Newton considers that such self-protectionist measures are not necessarily in the best interests of shareholders.

Seagate Technology – AGM – 25th October 2007

A proposal was put to shareholders seeking approval of amendments to the company's 2004 Stock Compensation Plan. Newton disapproved of the proposed automatic grants of share options to non-executive directors and the dilution to shareholders was considered excessive at 15%. It was also noted that, on average, over the past three years, 2.5% of the company's share capital had been awarded annually by way of share-based incentive arrangements. Newton voted against the

proposed amendments. Votes were also instructed against three members of the remuneration committee, who were seeking re-election to the board.

Singapore Press Holdings Ltd – AGM – 5th December 2007

The company requested shareholder approval to issue up to 20% of its issued share capital, whilst dis-applying existing shareholders' pre-emption rights. Due to the company's failure to provide any comfort or rationale as to why shareholders should accept such a level of dilution, Newton voted against this resolution.

Shareholder approval was also sought for the company to conduct "other business" that may arise at its General Meeting. Open-ended resolutions of this type, with no additional supporting information or shareholder protection measures, are generally considered to be unhelpful by institutional investors and other shareholders who vote by way of proxy. No explanation of this resolution or the motivation behind the proposal was disclosed. Therefore, Newton instructed votes against the resolution seeking shareholder approval of "other business".

Sylvania Resources Ltd – AGM – 26th October 2007

An Incentive Share Plan and an Incentive Option Plan for directors and employees were proposed for shareholder approval. Concern centred on the vesting of incentive awards not being subject to the achievement of performance hurdles. Further concern was had with two more resolutions proposed at the company's AGM. These two resolutions sought shareholder approval to make significant share awards to the company's two non-executive directors. It was considered that such awards would undermine the requirement for these non-executives to be independent. Newton instructed votes against the four resolutions described above.

Talent2 International Ltd – AGM – 7th November 2007

A significant award of share options to the company's independent non-executive chairman was proposed. This method of remuneration is considered inappropriate for an independent chairman. Votes were instructed against the resolution seeking shareholder approval of this award and also against the company's remuneration report.

The Procter & Gamble Company – AGM – 9th October 2007

The proponent of a shareholder requisitioned resolution sought for the board to take the necessary steps to cease future awards of share options. Newton considered that the board's compensation committee was best placed to recommend, for shareholder approval, the use of share options should it feel they are an appropriate form of incentive. Newton voted against this resolution.

A shareholder submitted a proposal requesting the company report on its policies and activities that are intended to promote free enterprise, improve the general business environment and

prevent anti-business activists from harming shareholder value. Newton believes that a company should assess all risks and opportunities that have the potential to materially impact its business. Further, Newton believes that a company should publicly report on such issues, thereby enabling shareholders to make informed decisions regarding their investments. However, Newton did not feel that a report, such as that proposed by the proponent of the resolution, would provide additional value to shareholders. Votes were instructed against the resolution.

A group of shareholders requisitioned a resolution that sought for the company to report on the feasibility of phasing out funding for, and use of, all laboratory tests on animals in the formulation of dog and cat food products. Instead, the proponents requested the use of scientifically reliable in-home testing methods. Procter & Gamble states that products are only tested on animals when, by law, it is necessary to do so and when there is no alternative. Additionally, the company commits to independent reviews of its standards and inspection of its facilities by leaders in the field of animal care. Newton does not believe that the requested report would provide shareholders with additional meaningful information. Further, such a report may be imprudent given the potential lack of viable alternative product testing methods and given the possibility for product safety liability exposure.

Troy Resources NL – AGM – 28th November 2007

Shareholder approval was requested for the company to award share options to its CEO. The options would be equivalent to 1.7% of the company's outstanding share capital and, contrary to best practice, would not be subject to the achievement of any performance hurdles. Newton was also concerned that vesting would begin after just twelve months, rather than after three years. Newton instructed votes against the resolutions seeking shareholder approval of the share option award to the CEO and also against the company's remuneration report.

Waterford Wedgewood PLC – AGM – 11th October 2007

Newton noted that the average tenure of the company's non-executive directors was in excess of 14 years and that only one non-executive director was deemed to be independent. Newton instructed votes against the re-election of a non-executive who, until August 2005, was the company's CEO.

Other Business

The companies below all included a resolution at their meetings entitled "other business". For each company below, this was the only resolution that Newton considered to be sufficiently against shareholders' best interests to warrant instructing votes against.

Fidelity Funds Sicav – AGM – 4th October 2007

- America Fund
- Asian Special Situations Fund
- European Growth Fund
- Pacific Fund
- US Dollar Bond Fund
- Pacific Fund

First Bangkok Bank – AGM – 25th December 2007

Invu Inc – EGM – 5th December 2007

JPMorgan Funds – AGM – 19th December 2007

- Euroland Equity Fund
- Japan Equity fund
- UK Equity Fund
- American Equity Fund
- American Small Cap Fund
- Asia Equity Fund

Nova Biosource Fuels Inc – AGM – 30th October 2007

Shareholder approval was sought for the company to conduct "other business" that may arise at its General Meeting. Open-ended resolutions of this type, with no additional supporting information or shareholder protection measures, are generally considered to be unhelpful by institutional investors and other shareholders who vote by way of proxy. Newton instructed votes against the resolution seeking shareholder approval of "other business".

Examples of Corporate Governance Engagement – Q4 2007

Where clients provide Newton with discretion over the exercise of their voting rights, Newton undertakes corporate governance engagement activity in relation to their underlying investments. Below are examples of corporate governance engagement carried out during the quarter. This is not an exhaustive list of engagement activity.

Australian Support Services company – October 2007

Contact: Chair of the Remuneration Committee

Newton had a detailed conversation with the chairman of the remuneration committee to discuss new remuneration structures for the company's executive and non-executive directors. Proposals included increased salaries, a Short-Term Incentive Plan, a Long-Term Incentive Plan and a Salary Sacrifice Scheme. Following discussions over the structures of these arrangements and the incentive methodology, Newton felt that the remuneration committee had successfully orchestrated a remuneration structure that would align better the interests of management and shareholders. Newton was also comforted by the company's incorporation of established Australian remuneration best practice, which was reflected throughout its remuneration arrangements.

UK Insurance company – October 2007

Contacts: Chair of the Remuneration Committee
Director of Group Reward & Recognition

The company sought Newton's view on a newly proposed remuneration structure for the CEO of one of its companies. Newton felt certain elements were an improvement on existing arrangements, such as an increased deferral element of the individual's annual bonus award. Despite this, a number of concerns were highlighted to the company relating to its award of annual bonuses and long-term incentives. The company stated that its methodology for calculating the level of bonus and long-term incentive awards would be based on those awarded at competitor companies. In practice, this would mean that shareholders would have to support uncapped remuneration arrangements. Newton appreciated that the company has to remain competitive against its peers. However, it was felt that the company should start from a point of making incentive awards based on the individual's performance and contribution to creating shareholder value. A further concern was expressed to the company. This was in relation to the structure of the proposed Long-Term Incentive Plan (LTIP). The LTIP would allow for awards to vest if the company underperformed the majority of its peers, providing that it continued to generate a profit. The company accepted Newton's comments regarding this proposed remuneration structure. The scheme is expected to be finalised in time for making awards in 2008.

South African Mining company – October 2007

Contacts: Company Secretary
Assistant Company Secretary

Two areas of concern led to Newton contacting the company.

The first area of concern related the company's intention to issue 10% of its share capital, whilst dis-applying existing shareholders'

pre-emption rights. Newton sought justification from the company as to why its shareholders should accept their value being diluted by such an amount. The company justified this potential issuance of new ordinary shares by stating that this would only occur in the event of a suitable acquisition or growth strategy, which would enhance shareholders' value. Newton was comforted that the company would not be using the proposed issuance to facilitate share incentive awards.

Secondly, Newton was apprehensive about supporting a proposal for the company to issue up to 1,000 non-convertible preference shares. On this matter, concern related to the discretion afforded to management in relation to the subscribers, the price and the interest payable on the preference shares. The company explained that preference shares would be issued to gain access to cheap finance. However, Newton was uncomfortable with the fact that the company could take-on unspecified levels of debt, for which no parameters would be in place as to the potential interest costs of maintaining the issuance of such shares. The company accepted that Newton was concerned over the proposed issuance of preference shares.

Australian Telecommunications company – October 2007

Contacts: Chair of the Remuneration Committee
Investor Relations

Contact was made with the company in connection with a proposed Transformation Remuneration Structure. Further detail was required in order to support the proposal, which, as the name suggests, was being put in place to incentivise management to take the company to the next stage of its strategy. The proposed Transformation Remuneration Structure was perceived to be controversial and was criticised, publicly. However, after discussing the detail of the structure with the chairman of the remuneration committee, it was Newton's opinion that a majority of the criticism could have been avoided with better disclosure of the structure and the company's rationale for putting it in place. Newton was comforted that the plan would be extended to c. 260 of the company's Key Management Personnel and that the performance targets were considered to be stretching, even at the initial vesting stage. Newton was left with only one concern, which was that awards could vest after two years for the company's CEO, rather than established best practice guidelines, which suggest that vesting for such awards should occur after three years.

Tokyo Stock Exchange – November 2007

Together with a ten other UK-based institutional investors, Newton wrote to the Tokyo Stock Exchange (TSE). Whilst being supportive of some of the positive steps taken by Japanese companies on matters of good corporate governance, the letter

requested that companies, listed on the TSE, disclose their proxy voting results to the market. The motivation behind the letter was to improve transparency, accountability and to enable investors to measure the effectiveness of their vote.

UK Equity Investment Trust – November 2007

Contacts: **Chairman**
Fund Manager

In a meeting with the chairman and fund manager of this property Trust, Newton raised a number of concerns. Of fundamental concern was the Trust's trading price, which had been at a very steep discount to its Net Asset Value for a considerable period of time. Newton's concern centred on the Trustee's apparent lack of motivation to address this issue; evidenced by little action being taken by the Trustees to rectify the situation. Newton explored a number of possible strategies with the chairman and the Trust's fund manager. The strategies discussed included share buy backs, tender offers, converting into a balanced unit trust and selling the Trust. During these discussions, no firm commitment was provided as to the likelihood of the adoption of any of these strategies but it was evident that the board had explored these options. A further concern was raised that related to Newton's view that the Fund Manager's fees for managing the Trust were poorly structured. Should the Trust continue trading, it was stated that an assessment would be made as to the appropriateness of the fee structure. Newton is confident that its concerns will be addressed in the near future.

UK Non-Equity Investment Trust – November 2007

Contact: **Broker**

The Investment Trust sought shareholders' authority to issue new shares and to re-issue shares from its treasury account. On contacting the company, it was stated that any issuance of shares would be made at or above their Net Asset Value. However, the circular to shareholders failed to include such wording. The company agreed that, for future requests to dis-apply existing shareholders' pre-emption rights, it would detail the price at which shares may be issued.

Israeli Chemical company – November 2007

Contact: **Investor Relations**

It was the company's intention to combine the roles of CEO and chairman. Given this move away from corporate governance best practice, Newton contacted the company to gain further insight into its rationale for seeking shareholder approval to combine these roles. Information was also requested relating to the company's board structure, the constituents of any board committees, how executive directors' are incentivised to perform for shareholders and the role on the board of the company's three controlling shareholders. Newton believes that this information is essential for assessing the likely effectiveness of a board, particularly when a company is seeking to concentrate power within one individual board member.

Whilst the company provided Newton with the names of the board members and the various committees on which they sit, little further information was provided. Newton remained concerned over the company's unwillingness to disclose information pertaining to basic corporate governance matters. At the time of engagement with the company, Newton could not justify supporting the company's intention to combine the roles of chairman and CEO.

SRI Activity – Q4 2007

Please note that this activity log shows examples of SRI activity and engagement undertaken during the quarter. It is not an exhaustive list of all engagement. A complete list of how Newton voted on securities during the period is available upon request.

Carbon Disclosure Project (CDP) – October 2007

CDP5 results launch

Newton attended an investor update on the results of the fifth Carbon Disclosure Project (CDP). The CDP is a coordinating secretariat for investor collaboration relating to climate change. The aim of the CDP is twofold. First, to inform investors of the significant risks and opportunities presented by climate change and, secondly, to inform companies of shareholders' concerns relating to the impacts of these issues on company value. Including Newton, the CDP now has the support of 315 signatories, representing over \$41 trillion in assets under management.

The project involves sending a questionnaire to companies and collating the responses. The questions relate to climate change risks, opportunities and strategy. Detail relating to the quantification of reduction targets is also requested. In 2007, the questionnaire was sent to 2,400 companies and generated the highest response rate since the project began in 2000. 77% of the FT Global 500 completed the questionnaire, compared to 72% in CDP4. Of the FT Global 500 companies that responded to the questionnaire, 95% had implemented a greenhouse gas reduction programme with a specific target and timeline. Despite these positive results, there are still companies that are disregarding shareholder requests for disclosure. In Asia, for example, only 26% of the companies contacted responded to the questionnaire.

At the results launch, the CDP announced a new initiative. In 2008, as an extension to the project, the CDP plans to question some key supply chain companies about their emissions. The secretariat will work in conjunction with Tesco, Unilever, Procter & Gamble, Nestle, Imperial Tobacco and Cadbury Schweppes. The initiative aims to improve the accuracy of carbon calculation for large companies and identify those suppliers that are leaders in the area of climate change management.

Tesco – November 2007

Investor update

Newton attended a meeting, held by Tesco, to update investors on its corporate responsibility strategy. Tesco has recently added a fifth pillar, entitled 'Community', to its overall corporate strategy. This pillar reflects Tesco's committed approach towards being a responsible corporate citizen. The pillar encompasses, amongst other matters, key themes relating to climate change, health and nutrition, local sourcing and engaging with communities. Tesco has now launched Community Plans in eight of the countries in which it operates. The company aims, by 2010, to have in place a Corporate Responsibility Committee, a Corporate Responsibility Strategy and a Community Plan for each of its international businesses.

Tesco also announced that it is seeking to improve reporting on Ethical Trading in its 2008 Corporate Responsibility Review. The

company aims to provide greater transparency to increase stakeholder confidence in the work it is doing to improve and monitor working conditions in its supply chain.

During the update, the company outlined some of the significant efforts it is undertaking to minimise its contribution to climate change. The group's climate change strategy revolves around providing leading examples of actions to minimise greenhouse gas emissions. The company is also attempting to influence its supply chain to use lower carbon technologies and to empower customers to be aware of actions that can be taken. Tesco has also launched a Sustainable Consumption Institute at the University of Manchester. The company has committed to investing £25million over the next five years. The aim of the institute is to answer pressing questions about moving towards a lower carbon economy and lifestyle.

The meeting highlighted Tesco's strong commitment towards Corporate Responsibility. The company indicated that it does not believe there is any other choice but to take actions to operate in a less carbon intense manner. Additionally, it believes such an approach can help it to continue growing its business.

Supply chain performance reporting – November 2007

Newton involvement

Despite the progress made in recent years by companies and other stakeholders to address labour standards in the supply chain, abuse allegations continue to mar the clothing industry. There is an ongoing concern as to whether the efforts taken by companies to responsibly manage working conditions in supply chains are really making a difference. This has prompted Newton to assist in the formation of a working group, which aims to address the issue of performance reporting on supply chain labour standards. Newton is committed to being an active member of this group and will report on the progress made.

BHP Billiton – December 2007

Sustainability briefing

Newton attended a sustainability briefing held by BHP Billiton. The company acknowledged the importance of managing its operations in a sustainable manner. An outline of Health, Safety, Environment and Community (HSEC) governance and performance was provided.

The company also gave an overview of its approach to climate change. Climate change is a priority issue for the company, particularly because its operations and products are greenhouse gas intensive. Additionally, 24% of the company's operating costs are related to energy usage. Therefore, alongside protection of the environment, there is a strong incentive for BHP Billiton to improve its energy efficiency. The company's climate change strategy takes a 4-pronged approach:

- 1) Improving understanding of greenhouse gases emitted from production through to consumption of its products.

- 2) Reducing emissions by supporting research and developing low emissions technologies that are relevant to the business.
- 3) Influencing policy development by working with governments and other stakeholders in the design of effective climate change policies.
- 4) Managing emissions from production by improving energy and greenhouse gas emission management. Emissions abatement and energy saving considerations are also being built into the company's decision-making process.

After the recent allegations surrounding BHP Billiton's intentions to mine in Indonesia (see Q3 2007 SRI Activity Log), Newton took the opportunity to ask the company about its biodiversity policy. BHP Billiton is implementing a new 'Biodiversity Standard' in 2008. The key objective of the standard is to ensure that the company's operations do not contribute to the destruction of species. The standard will centre on the World Conservation Union's (IUCN) Red List of Threatened Species. BHP Billiton stated that if any biodiversity monitoring indicated that species are being impacted by a project then it would be modified accordingly. BHP Billiton's new Biodiversity Standard is a consolidation of the existing biodiversity policies across its businesses and should ensure a consistent approach to managing this matter. The company continues to be committed to avoiding mining in properties on the World Heritage list of properties with outstanding cultural and natural heritage. Newton looks forward to seeing the final version of BHP Billiton's Biodiversity Standard and will monitor its roll-out across the business.

Sudan – December 2007

Engagement with companies with operations in Sudan

For all but 10 years since the country gained independence from the UK in 1956, Sudan has been embroiled in a civil war. This has been a result of economic, social and political domination of the, mostly, Arab Muslim Northern Sudanese people over the non-Muslim, non-Arab, Southern Sudanese people. Alongside the civil war, the area of Darfur in Sudan has faced ethnic-driven conflict. This dates back to February 2003 when black Africans from Darfur rebelled against the country's Arab Muslim leadership, demanding a power-sharing government. The Sudanese government retaliated by sending in government forces to quell the rebellion. In September 2006, UN officials estimated that "over 400,000 people have lost their lives and some 2 million more have been driven from their homes."

Investing in Sudan provides a moral quandary. On one hand, investment can be positive. For example, the Sudanese economy is dependent on revenues for progress in post-war construction and development of infrastructure and services. On the other hand, investment has also shown to contribute towards increasing tensions.

In December, on behalf of its clients, Newton contacted three companies in relation to their operations in Sudan. The companies contacted were Alstom (France), Harbin Power Equipment (China) and Weir Group (UK). The objective was to

gain a better understanding of the current and expected exposure that these companies have to Sudan. Additionally, Newton requested information regarding the Corporate Responsibility initiatives being implemented by these companies. Newton wanted to ensure that the operations of these companies are responsibly managed in light of the difficult situation within Sudan. Newton believes that constructive engagement with investee companies, together with compliance to global standards and regulations, can encourage positive progress. At the time of going to print, both Alstom and Weir Group had replied to Newton's request for information.

Alstom's main project in Sudan is for the supply, construction and commissioning of electro-mechanical equipment for the Merowe Dam. The Ministry of Irrigation and Water Resources of the Republic of Sudan awarded the contract to Alstom in November 2003. The project is located in northern Sudan, around 700 kilometers from the Darfur region. Alstom stated that the lack of available electrical power is a clear bottleneck for the economic and social development of the country. Therefore, the Merowe Dam project is contributing towards the economic progress of Sudan. On completion, the power generation capacity of the country will be more than doubled.

With regard to Corporate Responsibility initiatives, Alstom applies standard Environmental, Health and Security procedures that would apply in any equivalent project, globally. The company is firmly committed to complying with the laws, regulations or similar mandatory requirements that apply to the conduct of its business in all countries in which it operates. Additionally, Alstom stated that it is committed to complying with the United Nations Universal Declaration of Human Rights.

Alstom's only other operation in Sudan involves a 'Customer Service Activity' relating to repair of generators and turbines at the Khartoum North Power Plant. The Group also has several experts working at the Khartoum North Power Plants on an assignment basis in a supervisory capacity.

In Weir Group's response, the company clarified that it does not have any assets or employees in Sudan. In 2007, the company did supply a small number of spare parts for old pumps used mainly by water and oil & gas companies with operations in Sudan. However, no new equipment was sold and no future sales are planned. The company stated that, given the political situation in Sudan, the Board has taken the view not to do any further business in the country.

Newton will continue in its efforts to engage with Harbin Power Equipment.

Attendance at corporate responsibility updates – Q4 2007 Investor updates

During the quarter, Newton attended investor updates on corporate responsibility by Alliance & Leicester, RWE, Tesco and BHP Billiton.

Company Meeting Log – Q4 2007

During the quarter, Newton analysts and fund managers had individual meetings with the management of 307 companies to initiate or maintain dialogue around financial performance and/or responsible investment matters. The insights gained through this engagement are used when making investment decisions. Meetings were held with the following companies:

3i Infrastructure Fund	Bolsa de Mercadorias & Futuros	Encana
3PAR	Bolsa de Valores de São Paulo	EnergySolutions
3SBio	Brewin Dolphin	Eni
Abbott Laboratories	British Energy	Entropic Communications
ABC Learning Centres	Britvic	ERG
Activision	Brulines	Evraz
Addax Petroleum	BT	Exelixis
Advanced Info Service	Bursa Malaysia	eXpansys
AECOM Technology	BYD	First Quantum Minerals
Aeon	Cable & Wireless	FKI
Afren	Care UK	FKP Property
Agile Property	Carphone Warehouse	Florida Power & Light
Agilent Technologies	Catlin	Fortune Electric
Agnico-Eagle Mines	China Medical Technologies	Foxconn International
Ahava	China Mobile	Fresenius Medical Care
Alibaba.com	China National Building Material	Funai Zaisan Consultants
Alliance Global	China Railway	Future Capital
Alumina	China Sports International	Galaxy Entertainment
Ambac Financial	Chloride	Gamuda
Amdocs	Church & Dwight	General Electric
Amil Participacoes	City National	Genus
Anadarko Petroleum	CJ	Giant Interactive
Aozora Bank	Clapham House	Gildan Activewear
Archer Daniels Midland	Climate Exchange	GlaxoSmithKline
Arena Pharmaceuticals	Coffeeheaven International	Golden Telecom
Ariba	Companhia de Bebidas das Américas	Gooch & Housego
ASOS	Companhia de Saneamento Basico do	GRD
Associated British Foods	Estado de Sao Paulo	Grupo Clarin
Atkins	Companhia de Saneamento de Minas	Grupo Financiero Inbursa
Australia & New Zealand Banking	Gerais	Guangzhou R&F Properties
Aventine Renewable Energy	Compass	GVT
AVerMedia Technologies	Cooper Companies	Haemonetics
Aviva	Corporación Dermoestética	Halfords
AXA	COSCO Pacific	Hargreaves Lansdown
Axtel	Cranswick	Homeserve
Babcock & Brown Wind Partners	Credicorp	Honda Motor
BAE Systems	CVS	Hopson Development
Banco Santander	Daishin Securities	Hornby
Banco Santander-Chile	Dawnay Day Carpathian	HSBC
Bangkok Bank	Debenhams	Huabao International
Bango	DENSO	Iberdrola
Bank of Ayudhya	Detica	Iberdrola Renovables
Bank of Yokohama	Dimension Data	ICAP
Barclays	Discover Financial Services	Imagination Technologies
Bavarian Nordic	Donaldson	Imperial Tobacco
Beckman Coulter	Doosan Construction & Engineering	Independent News & Media
Best Buy	Doosan Infracore	Indosat x 2
BG Group	Dynavax Technologies	Intermediate Capital
Bharat Heavy Electricals	Dyson	Israel Chemicals
Bharat Petroleum	Elisa	J.E.S. International
Bio Beauty	Emap	Japan Tobacco

K + S	Opsec Security	Smith & Nephew
KASIKORNBANK	Optos	Smiths
KazMunaiGas Exploration & Production	Ormat Industries	Sony
Kenexa	Oxford BioMedica	Sophos
Kewill Systems	PA Resources	Sotheby's
Kingdee International Software	Pacific Management	Standard Bank
Kolon Industries	Paddy Power	Staples
KT & G	Pan Australian Resources	StatoilHydro
Laboratorios Farmacéuticos ROVI	Parker Hannifin	STRABAG
Lanco Infratech	Parkson Retail	Straits Asia Resources
Latchways	PayPoint	Suncor Energy
Lee & Man Paper Manufacturing	Pharmacy Chain 36.6	Sunland
Lenta	Phoenix IT	Sunrex Technology
LG Electronics	Plasmon	Supporta
Liberty Global	Plastics Capital	Suzlon Energy
Lincoln Electric	Porto Seguro	Svenska Handelsbanken
Link REIT	Portugal Telecom SGPS	Swisscom
Lipoxen	PPG Industries	Symrise
Live Nation	Praktiker	Synergy Healthcare
Lojas Renner	Premier Farnell	Synexus Clinical Research
Lowe's Companies	Provident Financial	Take-Two Interactive Software
M.Video	Prudential Corporation Asia	Tate & Lyle
Makhteshim-Agan Industries	PT Tambang Batubara Bukit Asam	Teck Cominco
Man Group	Quantmetriks Research	Tele2
Maxcom Telecomunicaciones	QXL ricardo	Telecom Egypt
MBF	Randgold Resources	Terna Participacoes
Meadville	RCS & RDS	Thai Airways International
MediaTek	Redecard	Thanachart Capital
MEITEC	Reliance Capital	Thomson Intermedia
Mercator Lines	Research In Motion	ThyssenKrupp
Mettler-Toledo International	Reynolds American	Toshiba
Minara Resources	Rhodia	Toyota Motor
Mizuho Financial	RM	Transurban
Modetour Network	Roc Oil	Tyco International
Mothercare	Royal Bank of Canada	United Air Lines
Nabtesco	RWS	United Overseas Bank
National City	Sage	VancelInfo Technologies
National Grid	Saizen REIT	Verizon Communications
Neste Oil	Samsung Electronics	Victrex
NetSuite	Samsung Fire & Marine Insurance	Vodafone
New World Department Store China	Samsung Securities	VT
Nomura	SAP	Vyke Communications
Northern Petroleum	Scottish & Newcastle	Wagamama
Novatek Microelectronics	Sekisui House	Weatherford International
Novell	Severn Trent	Whitbread
Novorossiysk Commercial Sea Port	Shanks	Wincanton
Novozymes	Shimao Property	Workspace
NWS	Shionogi	Wuyi International Pharmaceutical
Nyrstar	Showa Denko Kabushiki Kaisha	Xstrata
NYSE Euronext	Silverdell	Yell
OCBC	Silverjet	Zenergy Power
Oil & Gas Development	Sistema Joint Stock Financial	Zions Bancorporation

In addition, the analysts and fund managers attended a large variety of external meetings arranged by the companies or by brokers and other research providers.

Ian Burger, Director of Investment Management, Corporate Governance Officer
Katie Swanston, Associate Director of Investment Management, SRI Officer

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