

Peer Group:

Cautious Managed

Fund Manager/Adviser:

Philip Collins (since launch)

Location:

London

Launch Date:

November 2006

Fund Size (April 2007):

£103m

Group Contact No:

0500 660 000

Website:

www.bnymellonam.com

S&P ID Number:

UT219327

Share Class screened:

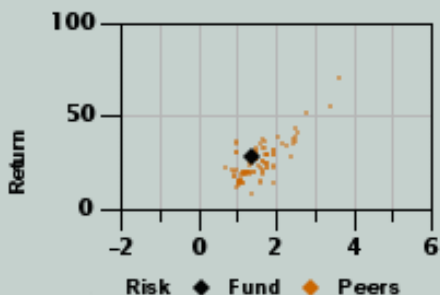
Inc



INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

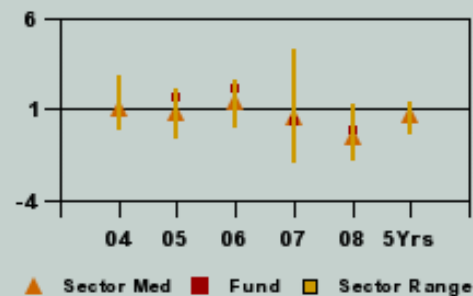
RISK RETURN (STD DEVIATION) OVER 3 YEARS



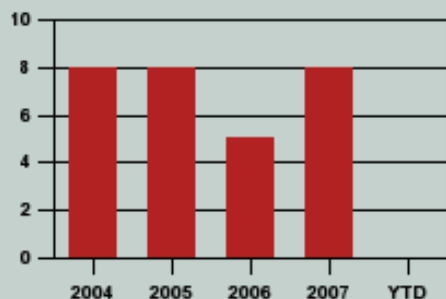
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown	Low	-3.4
Volatility	Low	4.7
Correlation	Medium	0.6

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Further information on S&P's fund coverage can be found at www.funds.standardandpoors.com

Performance Data Source - © 2007 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 31/12/2007 on NAV to NAV basis, with gross income reinvested, in UK sterling.

STANDARD & POOR'S OPINION (FEBRUARY 2008)

This fund aims to achieve 2% above cash over three-year rolling periods by maintaining a broadly equally weighted exposure to equities, bonds and alternatives and allowing industry, sector and security selection to add most of the value.

Manager Philip Collins is an experienced investor whose background in running private client money is well suited to this product. He is responsible for both stock selection and asset allocation but - in keeping with the house approach - tends to rely on the input from the broader team. Collins actively engages the managers and analysts at Newton to discuss their views and how these can be implemented in this portfolio. His role is mostly that of a caretaker, although a highly knowledgeable one, making sure that counterparty risk is kept within reasonable levels and that the portfolio closely reflects the house view.

This remains an unusual product, which does not sit comfortably in any of the S&P peer groups. It is nonetheless managed in a highly competent fashion and has so far easily achieved its goal of outperforming its benchmark while maintaining a lower risk profile than a pure equity vehicle. Performance in 2007 is a testament to the group's strong resources, as all bar one of the strategies have generated good returns and added value through successful cross sectors moves and good stock selection. Although the success of this product is not yet proven over periods of protracted market falls, our confidence in the group's resources is unchanged and comfortably supports the retention of the S&P A rating.

FACT FILE

Group: BNY Mellon Asset Management International distributes the investment capabilities of 15 asset management subsidiaries to a wide range of investors globally. Total assets under management at June 2007 exceeded \$1.1 trillion.

Team: The Phoenix team of 10 includes managers and alternative assets specialists who actively draw on the input from Newton's global bond and equity teams.

Fund Manager: Philip Collins has run the fund since it was re-launched in this highly diversified

form in November 2006. He has 23 years' experience, mostly in private client fund management.

Style: The fund targets 2% more than cash over three-year rolling periods by maintaining a fairly fixed allocation to equities, bonds and alternatives. Most of the added value comes from security selection.

Performance: Over the three years to 31/12/2007 the fund has returned 28.8%, compared with 23.8% for the sector median, ranking 34/97.

FUND MANAGER & TEAM

The Phoenix products draw on the input from all Newton's desks. Manager Philip Collins leads the debate and works more closely with the global thematic research team on equities and with Stewart Cowley and his team on fixed income. Alternative assets specialists include Gemma Woodward and Will White who focus on hedge funds, Aidan Butler and Peter Hensman on commodities, Helen Bayley on private equity and John Hair and Julie-Ann Ashcroft on property.

Philip Collins - began his career in 1985 at Leopold Joseph. He moved to Capital House as a fund manager in 1990 and to Newton in 1994 when the two firms merged. He heads the team of private client asset managers and is lead manager of the multi asset Phoenix product range.

PORTFOLIO CHARACTERISTICS

No. of holdings	176
Turnover ratio (%)	N/A
% in top 10	22

TOP 10 HOLDINGS (01/01/08)

	%
FRM Credit Alpha Ltd	3.1
Tapestry Investment Co PCC Ltd	2.5
Close Allblue Fund Ltd	2.3
USA Treasury Notes.3% TII 15/07/2012 USD1000	2.3
Dexia Bank Belgium SA	2.2
Nationwide Building Society FRN 03/2008	2.0
Treasury.4% Stk 7/03/2009	2.0
Acencia Debt Strategies Ltd	1.9
Alliance & Leicester PLC	1.8
Irish Life & Permanent	1.8

* In top 10 holdings a year ago

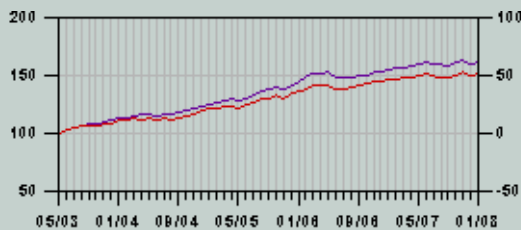
ALLOCATION BREAKDOWN (01/01/08)

EQUITY	
North America	4
United Kingdom	24
Europe ex UK	7
Japan	2
Pacific ex Japan	3
Others	31
FIXED INTEREST	
United Kingdom	20
Others	6
CASH	
	3

PERFORMANCE STATISTICS

	3 Years
Fund	28.8%
Standard & Poor's Peer Median	23.8%
Fund Rank	34/97
Standard Deviation	4.7
Relative Standard Deviation	0.9
Volatility Adjusted Ranking	14/97

CUMULATIVE PERFORMANCE



— Fund — Cautious Managed

Ucits III permits net fund exposure to be less or greater than 100%.

NEWTON PHOENIX MULTI-ASSET FUND

Peer Group: Cautious Managed



MANAGEMENT STYLE

• Based on Newton's diversified private client model, the fund aims to deliver 2% over cash (net fees) on a three-year rolling basis. Volatility is minimised by diversification through multiple asset classes with low intercorrelation. The normal position is one-third invested in each of equities, cash and bonds and alternatives (including funds of hedge funds, private equity, property and commodities). There is latitude of +/-5% around this neutral position.

• Collins retains final responsibility for all stock selection and asset allocation, but draws heavily on input from specialists within Newton including the global equity and bond

teams and the five alternative asset class specialists within the private client team.

• Strategic asset allocation is considered quarterly, but positions tend not to be aggressive. Individual asset classes are reviewed monthly. Stocks are selected bottom-up (equities up to 1%, investment-grade bonds 3%). There is a bias to the UK, but geographical and sector exposure comes from stock selection. Bonds are held for yield and consistency. Currency exposure is hedged back to sterling. Alternatives exposure is mainly through external funds (maximum 3%).

PORTFOLIO REVIEW

The broadly equally weighted nature of the portfolio remains intact but there have been some moves within each of the three asset classes making up this fund. Within bonds, Collins has continued to reduce credit risk and duration and bought some auto callable structured products on the Eurostoxx index. Cash has also been raised, through one-year CDs.

The equity positioning has seen little change and continues to favour East/West, overweight telecoms and underweight banks, retailers and consumer discretionary.

Within alternatives, exposure to funds-of-hedge-funds has gone up steadily (21.5%), favouring less correlated non directional instruments and in particular focusing on those trading at a discount to NAV. Exposure to commodities has also gone up (3.5%) through precious metals and agricultural instruments. The increase in fund of hedge funds and commodities has been funded through the reduction of property and private equity on concerns about valuations and high levels of debt.

PERFORMANCE ANALYSIS (JANUARY 2008)

Launched in November 2006, this fund was allowed to carry the performance record of Newton Phoenix fund which has been run in this approach since April 2003. Since then, performance has been consistently strong and volatility low, although this strategy is still untested in a phase of protracted market falls.

After initially being too cautious, equities became the main driver of returns in late 2006, with bonds providing yield and stability. Alternative asset classes were mixed. Within funds-of-hedge-funds Dexion and Tapestry did badly.

2007 was a very positive year for Newton, as all bar one (the fund was too early out of private equities) of their strategies added value. Within equities, the focus on Asia telecoms and out of banks proved correct, as was the move to reduce risk in the bond portion of the portfolio. Within alternatives, playing the discount game on funds-of-hedge-funds and increasing the exposure to agricultural commodities were among the main drivers of returns.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 31/12/2007	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	10.7	20/79	15.3	28/97	7.0	61/102	4.3	31/103		/
Median	8.3		13.3		7.9		2.3			

All of the views expressed in this research report accurately reflect our committee's views regarding any and all of the subject securities or issuers. No part of the committee's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. © [2007] The McGraw-Hill Companies, Ltd trading as Standard & Poor's ("S&P") 20 Canada Square, Canary Wharf, London, E14 5LH. Tel: +44 (0)20-7176 3800. All rights reserved. No part of this publication shall be reproduced, stored in any retrieval system or transmitted in any form electronic or otherwise without the prior written consent of S&P. Any part of the publication by S&P of which this page is a part is made accessible subject to the terms and conditions which are accessible at the url address below ("S&P Terms") - by accessing and viewing this page and/or and pages associated with or attached to it you accept the S&P Terms. Go to <http://www.funds-sp.com/terms.cfm?langid=1> Performance Data Source - © 2007 Morningstar, Inc. All Rights Reserved. The performance information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

1456080228

The McGraw-Hill Companies