

BNY MELLON INVESTMENT FUNDS

PROSPECTUS

30 January 2010

PROSPECTUS
OF
BNY MELLON INVESTMENT FUNDS

This document constitutes the Prospectus for BNY Mellon Investment Funds (the "Company"), formerly Mellon Investment Funds ICVC, which has been prepared in accordance with the rules contained in the FSA's Collective Investment Schemes (COLL) Sourcebook (the "Sourcebook").

BNY Mellon Investment Funds is an Investment Company with Variable Capital, and is a UCITS scheme for the purpose of Chapter 5 of the FSA Regulations.

Copies of this Prospectus have been sent to the FSA and the Depositary.

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

The Shares have not been and will not be registered in the United States under the Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws, and neither the Sub-Funds nor the Company has been or will be registered in the United States under the Investment Company Act of 1940, as amended (the "1940 Act"), and shareholders will not be entitled to the benefits of such registration. Shares may not be offered or sold, directly or indirectly, in the United States, any state thereof or its territories or possessions or to any U.S. Person. The ACD may, however, authorise the offer and sale of Shares to a limited number or category of U.S. Persons and, if so authorised, Shares will be offered and sold only to such persons and in such manner as will not require registration of the Company, any Sub-Fund, or the Shares under the securities laws of the United States or any state thereof. The Shares have not been

approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor has any such authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus as may be amended or supplemented from time to time. Any representation to the contrary is unlawful.

Applicants will be required to certify that they are not U.S. Persons precluded from purchasing, acquiring or holding Shares.

The ACD and the Company are exempt from registration with the U.S. Commodity Futures Trading Commission as a commodity pool operator and therefore, unlike a registered commodity pool operator, are not subject to requirements of the U.S. Commodity Exchange Act to deliver a commodity pool disclosure document or certified annual report to shareholders. The ACD and the Company qualify for such exemption from registration as a commodity pool operator on the basis that (i) the Shares are exempt from registration under the Securities Act, (ii) beneficial interests in such Shares are offered and sold exclusively to Non-United States Persons (as defined in CFTC Rule 4.7(a)(1)(iv)), (iii) no funds or other capital are contributed to the Company, directly or indirectly, from U.S. Persons, (iv) no person affiliated with the ACD or the Company has undertaken or will undertake any marketing activity for the purpose of, or that could reasonably have the effect of, soliciting participation from U.S. Persons, (v) no marketing activities in connection with the Company will be conducted from the United States, and (vi) the Shares are not owned, directly or indirectly, by U.S. Persons.

DEFINITIONS

“ACD”	BNY Mellon Fund Managers Limited, (the Authorised Corporate Director of the Company);
“Administrator”	The Bank of New York Mellon (International) Limited;
“Approved Bank”	in relation to a bank account opened by the Company: (a) if the account is opened at a branch in the UK: (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: (i) a bank in (a); or (ii) a credit institution established in an EEA State other than the UK and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (c) a bank supervised by the South African Reserve Bank.
“Company”	BNY Mellon Investment Funds;
“Dealing Day”	9 am until 5 pm on each weekday excluding UK public holidays;
“Depository”	The Royal Bank of Scotland plc;
“Eligible Institution”	one of certain eligible institutions (being a BCD credit institution authorised by its Home State regulator or

	an ISD investment firm authorised by its home state regulator, as defined in the glossary of definitions to the FSA Handbook);
“Exempt Shares”	Exempt Shares 1 (Net Accumulation), Exempt Shares 2 (Net Accumulation), Exempt Shares 3 (Net Accumulation), Exempt Shares 1 (Gross Accumulation), Exempt Shares 2 (Gross Accumulation), Exempt Shares 3 (Gross Accumulation), Exempt Shares 1 (Net Income), Exempt Shares 2 (Net Income) and Exempt Shares 3 (Net Income), and Exempt Shares 1 (Gross Income), Exempt Shares 2 (Gross Income) and Exempt Shares 3 (Gross Income);
“the FSA”	the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS;
“the FSA Regulations”	the rules contained in the Collective Investment Schemes Sourcebook published by the FSA as part of their handbook of rules made under the Financial Services and Markets Act 2000 which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebook;
“the Instrument”	the instrument of incorporation of the Company as amended from time to time;
“Investment Advisers”	Newton, Walter Scott and Standish;
“Net Asset Value” or “NAV”	the value of the Scheme property of the Company (or of any Sub-Fund as the context requires) less the liabilities of the Company (or of the Sub-Fund concerned) as calculated in accordance with the Company’s Instrument;
“Newton”	Newton Investment Management Limited;
“Scheme property”	the property of the Company to be given to the Depositary for safe-keeping, as required by the FSA Regulations;
“SDRT”	stamp duty reserve tax;

“Shares”	shares of no par value in the capital of the Company which may be designated as different classes of shares in one or more Sub-Fund;
“Standish”	Standish Mellon Asset Management Company LLC;
“Sub-Fund” or “Sub-Funds”	a sub-fund of the Company (bearing part of the Scheme property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to that sub-fund;
“Treasury Regulations”	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
“United States”	the United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction;
“U.S. Person”	<p>means a person who is in either of the following two categories: (a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the Securities Act or (b) a person excluded from the definition of a "Non-United States person" as used in Commodity Futures Trading Commission (“CFTC”) Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if such person does not satisfy any of the definitions of "U.S. person" in Rule 902 and qualifies as a "Non-United States person" under CFTC Rule 4.7(a)(1)(iv).</p> <p>"U.S. person" under Rule 902 generally includes the following:</p> <ul style="list-style-type: none"> (a) any natural person resident in the United States; (b) any partnership or corporation organised or incorporated under the laws of the United States;

- (c) any estate of which any executor or administrator is a U.S. person;
- (d) any trust of which any trustee is a U.S. person;
- (e) any agency or branch of a non-U.S. entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
 - (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and
 - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, "U.S. person" under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or

administrator is a U.S. person, if (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the Securities Act.

CFTC Rule 4.7(a)(1)(iv) currently provides in the relevant part that the following persons are considered “Non-United States persons”:

- (a) a natural person who is not a resident of the United States;
- (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (c) an estate or trust, the income of which is not subject to United States income tax

regardless of source;

- (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten percent of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-United States persons; and
- (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

"VAT"

value added tax;

"Walter Scott"

Walter Scott & Partners Limited; and

"X Shares"

X Shares (Net Accumulation), X Shares (Gross Accumulation), X Shares (Net Income) and X Shares (Gross Income).

1 THE COMPANY

- 1.1 BNY Mellon Investment Funds is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC 27 and authorised by the FSA with effect from 13 April 1999.
- 1.2 The Company qualifies as an undertaking for collective investment in transferable securities (a “UCITS”) and may obtain recognition under the EC Council Directive 85/611 for marketing in certain member states of the European Economic Area.
- 1.3 The head office of the Company is at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA which is also the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.
- 1.4 The base currency of the Company is pounds Sterling.
- 1.5 The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company’s current net asset value.
- 1.6 Shareholders in the Company are not liable for the debts of the Company.
- 1.7 The Company has been established as an “umbrella company” (as defined in the FSA Regulations) and therefore different Sub-Funds may be formed by the ACD, subject to approval from the Depositary and the FSA. On the establishment of a new Sub-Fund or Share class an updated Prospectus will be prepared setting out the relevant information concerning the new Sub-Fund.

2 COMPANY STRUCTURE

- 2.1 As explained above the Company is an umbrella company. The assets of each Sub-Fund are treated as separate from those of every other Sub-Fund and will be invested in accordance with that Sub-Fund’s own investment objective and policy.
- 2.2 At present, the Sub-Funds available for investment are:

BNY Mellon Global Strategic Bond Fund
BNY Mellon Long-Term Global Equity Fund
Newton 60/40 Global Equity Fund
Newton American Fund
Newton Asian Income Fund
Newton Balanced Fund
Newton Continental European Fund
Newton Corporate Bond Fund
Newton Cautious Managed Fund
Newton Global High Yield Bond Fund
Newton European Higher Income Fund

Newton Global Balanced Fund
 Newton Global Dynamic Bond Fund
 Newton Global Higher Income Fund
 Newton Global Opportunities Fund
 Newton Growth Fund
 Newton Higher Income Fund
 Newton Income Fund
 Newton Index Linked Gilt Fund
 Newton International Bond Fund
 Newton International Growth Fund
 Newton Japan Fund
 Newton Long Corporate Bond Fund
 Newton Long Gilt Fund
 Newton Managed Fund
 Newton Oriental Fund
 Newton Overseas Equity Fund
 Newton Pan-European Fund
 Newton Phoenix Multi-Asset Fund
 Newton Real Return Fund
 Newton UK Equity Fund
 Newton UK Opportunities Fund

- 2.3 Details of the Sub-Funds, including their investment objectives and policies are set out in Appendix 1.
- 2.4 Each Sub-Fund has a specific portfolio of assets and investments to which the Sub-Fund's assets and/or liabilities are attributable and each investor should view each Sub-Fund as a separate investment entity.
- 2.5 Investors should be aware that the Company's creditors may however look to all the Company's assets for payment regardless of the Sub-Fund in respect of which the debt has arisen. Assets may be re-allocated to and from other Sub-Funds if it is necessary to do so to satisfy any creditor proceeding against the Company. In the event that any assets are so re-allocated, the ACD will advise shareholders in the next report to shareholders.
- 2.6 Each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-Fund and within the Sub-Funds charges will be allocated between Share Classes in accordance with the terms of issue of those Share Classes.
- 2.7 Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all Sub-Funds pro rata to the value of the net assets of the relevant funds.

3 SHARES

3.1 Classes of Share (s) within the Sub-Funds

One or more class of Share(s) may be created in respect of each Sub-Fund. The classes of Share(s) in issue for each Sub-Fund together with the details for each Sub-Fund are set out in Appendix 1 to this Prospectus.

In addition to the classes of Shares listed in Appendix 1, the Instrument allows for the creation of additional classes of Shares in respect of Sub-Funds.

Investment in each class of Share(s) is restricted to meeting certain requirements ("Share Class Restrictions") as set out in Appendix 1:

There are also other Share Class Restrictions in relation to minimum holdings set out in Appendix 1.

- Sterling Income Shares, Sterling Income A Shares, Sterling Accumulation P Shares & Sterling Accumulation Shares - are Shares which are available to any retail or institutional investor.
- Exempt Shares 1 (Net Accumulation), Exempt Shares 2 (Net Accumulation), Exempt Shares 2 (Net Income) & Exempt Shares 3 (Net Accumulation) – are net paying Shares which are available only to institutional investors who are wholly exempt from UK taxation otherwise than by reason of non-residence
- Exempt Shares 1 (Gross Accumulation) & Exempt Shares 2 (Gross Accumulation) – are gross paying Shares which are available only to institutional investors who are wholly exempt from UK taxation otherwise than by reason of non-residence.
- Euro Accumulation Shares – are Euro denominated Shares which are available to any retail or institutional investors.
- Institutional Shares (Accumulation), & Institutional Shares (Income) - are Shares which are available primarily to institutional investors.
- X Shares (Net Accumulation), X Shares (Gross Accumulation) & X Shares (Net Income) - are Shares which are available exclusively to institutional investors who are clients of or who otherwise have an investment management arrangement with the ACD or its associates. There is no specific minimum initial investment level however institutional investors will be subject to minimum account maintenance or other qualifications established from time to time by the ACD.

The ACD has the right to waive the Share Class Restrictions for any class of Share in one or more Sub-Funds at any time.

The Instrument permits the issue of Exempt Shares 3 (Gross Accumulation), Euro Income Shares, Exempt Shares 1 (Net Income), Exempt Shares 1 (Gross Income), Exempt Share 2 (Gross Income), Exempt Shares 3 (Net Income), Exempt Share 3 (Gross Income) and X Shares (Gross Income). At present there are no plans to issue any of these additional Share classes.

- 3.2. Holders of Accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-Fund on the relevant interim and/or annual accounting dates and is reflected in the price of an Accumulation Share.

- 3.3 Holders of income Shares are entitled to be paid the income attributed to such Shares on the relevant interim and annual allocation dates. Income will be paid directly to the bank or building society account of such holders of Income Shares or by such other method as determined by the ACD.

If a holder of Income Shares does not provide bank or building society details, income will be automatically reinvested to purchase further shares.

- 3.4 Where a Sub-Fund has different classes, each class may attract different charges and expenses and so monies may be deducted from classes in unequal proportions. In these circumstances the proportionate interests of the classes within a Sub-Fund will be adjusted accordingly.

- 3.5 When available, shareholders are entitled (subject to the Share Class Restrictions and certain other requirements) to switch all or part of their Shares in a class of a Sub-Fund for Shares in another class within the same Sub-Fund or for Shares of the same or another class within a different Sub-Fund. Details of this switching facility and the restrictions are set out in Section 13.

4 MANAGEMENT AND ADMINISTRATION

4.1 ACD

- 4.1.1 The ACD of the Company is BNY Mellon Fund Managers Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985 on 11 March 1986 and is a wholly owned subsidiary of BNY Mellon Asset Management International Holdings Limited (a private company limited by shares, incorporated in England and Wales), the ultimate holding company of which is The Bank of New York Mellon Corporation, a corporation registered in the state of Delaware, USA.

4.1.2 Registered Office and Head Office:

The Bank of New York Mellon Centre,
160 Queen Victoria Street
London
EC4V 4LA

Share Capital:	Authorised	£1,625,000
	Issued	£1,625,000
	Paid up	£1,625,000

Directors: Greg Brisk, Paul Feeney, Ian Harvey, Alan Mearns and Simon Pryke.

- 4.1.3 None of the directors have any significant business activities which are not connected with the business of the ACD. The ACD is responsible for managing and administering the Company's affairs in compliance with the FSA Regulations and the Treasury Regulations. The ACD may delegate its management and administration functions to third parties including associates subject to the FSA Regulations. The ACD has delegated the investment management of the Company to the Investment Adviser and part of the administration to the Administrator each associates of the ACD.

- 4.1.4 The ACD is the authorised fund manager in respect of the following authorised unit trusts:

Newton Balanced Bridge Fund
Newton Bridge Fund
Newton Discovery Fund
Newton Falcon Fund
Newton Ilex Fund
Newton Maiden Fund
Newton Merlin Fund
Newton Osprey Fund
Newton Phoenix Fund
Newton Phoenix Income Fund
Newton Securities Fund
Newton UK Smaller Companies Fund
The Notts Trust
The Norfolk Trust
Newton Capital Strategy Fund

In addition to the aforementioned funds, the ACD is also the authorised corporate director of the Newton Oak Fund, the Newton Acer Fund and BNY Mellon Managed Funds I (investment companies with variable capital).

4.2 Terms of Appointment

- 4.2.1 The agreement between the ACD and the Company dated 16 June 1999 (the “ACD Agreement”) provides that the appointment of the ACD is for an initial period of three years and thereafter may be terminated upon six months’ written notice by either the ACD or the Company, although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FSA has approved the change of director.
- 4.2.2 The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the agreement. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.
- 4.2.3 Under the ACD Agreement, the ACD is responsible for the provision of administration services and shall act as registrar to the Company.
- 4.2.4 The ACD is under no obligation to account to the Depositary or the shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed. The fees to which the ACD is entitled are set out in Section 27.
- 4.2.5 The ACD is authorised and regulated by the FSA.

5 THE DEPOSITARY

The Depositary is The Royal Bank of Scotland plc a public limited company incorporated in Scotland on 31 October 1984. The appointment of the Depositary has been made under an agreement dated 7 February 2003 between the Company, the ACD and the Depositary.

5.1 Registered Office;

36 St Andrew Square, Edinburgh EH2 2YB, Scotland

5.2 Head Office

Gogarburn, PO Box 1000, Edinburgh EH12 1HQ, Scotland

5.3 Ultimate Holding Company

The Royal Bank of Scotland Group plc, incorporated in Scotland

5.4 Principal Business Activity

The Depositary's principal business is that of banking.

5.5 Terms of Appointment

5.5.1 Subject to the FSA Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary.

5.5.2 The Depositary Agreement may be terminated on three months' written notice by the Depositary or the Company.

5.5.3 The Depositary Agreement provides indemnities to the Depositary (except in respect of its failure to exercise due care and diligence or where recovery is made from another person) and (to the extent permitted by the Treasury Regulations and the FSA Regulations) exempts it from liability for special, indirect or consequential loss or damage.

5.5.4 The fees to which the Depositary is entitled are set out in Section 29.

5.5.5 The Depositary is authorised and regulated by the FSA.

6 THE INVESTMENT ADVISERS

6.1 The ACD has appointed Newton to provide investment management and advisory services to the ACD for the following Sub-Funds; Newton 60/40 Global Equity Fund, Newton Real Return Fund, Newton American Fund, Newton Balanced Fund, Newton Continental European Fund, Newton Cautious Managed Fund, Newton Global High Yield Bond Fund, Newton Global Balanced Fund, Newton Growth Fund, Newton Corporate Bond Fund, Newton Higher Income Fund, Newton Income Fund, Newton Index Linked Gilt Fund, Newton International Bond Fund, Newton International Growth Fund, Newton Japan Fund, Newton Long Corporate Bond Fund, Newton Long Gilt Fund, Newton Managed Fund, Newton Oriental Fund,

Newton Overseas Equity Fund, Newton Pan-European Fund, Newton UK Equity Fund, Newton UK Opportunities Fund, Newton Global Opportunities Fund, Newton Global Higher Income Fund, Newton Asian Income Fund, Newton Global Dynamic Bond Fund, Newton Phoenix Multi-Asset Fund and Newton European Higher Income Fund.

- 6.1.1 The ACD has appointed Walter Scott to provide investment management and advisory services to the ACD for the following Sub-Fund:- BNY Mellon Long-Term Global Equity Fund.
- 6.1.2 The ACD has appointed Standish to provide investment management and advisory services to the ACD for the following Sub-Fund:- BNY Mellon Global Strategic Bond Fund.
- 6.2 Terms of Appointment for Newton
 - 6.2.1 Newton was appointed by an investment management agreement between the Company, the ACD and Newton Investment Management Limited dated 16 June 1999 (and amended on 11 March 2004).
 - 6.2.2 Under the investment management agreement with Newton the ACD provides indemnities to Newton (except in the case of any matter arising as a direct result of Newton's own fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the investment management agreement with Newton.
 - 6.2.3 Newton is in the same group of companies as the ACD. Its registered office is at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. The principal activity of Newton is acting as an investment manager and it does not act as a broker fund adviser.
 - 6.2.4 Newton is authorised and regulated by the FSA.
- 6.3 Terms of Appointment for Walter Scott
 - 6.3.1 Walter Scott was appointed by an investment management agreement between the Company, the ACD and Walter Scott and Partners Limited dated 17 August 2007.
 - 6.3.2 Under the investment management agreement with Walter Scott the ACD provides indemnities to Walter Scott (except in the case of any matter arising as a direct result of Walter Scott's own fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the investment management agreement with Walter Scott.
 - 6.3.3 Walter Scott is in the same group of companies as the ACD. Its registered office is at One Charlotte Square, Edinburgh EH2 4DZ. The principal activity of Walter Scott is acting as an investment manager and it does not act as a broker fund adviser.
 - 6.3.4 Walter Scott is authorised and regulated by the FSA.

- 6.4 Terms of Appointment for Standish
- 6.4.1 Standish was appointed by an investment management agreement between the Company, the ACD and Standish Mellon Asset Management Company LLC which will take effect from and including 9 April 2009.
- 6.4.2 Under the investment management agreement with Standish the ACD provides indemnities to Standish (except in the case of any matter arising as a direct result of Standish's own fraud, negligence or wilful default). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the investment management agreement with Standish.
- 6.4.3 Standish is in the same group of companies as the ACD. Its registered office is at BNY Mellon Center, 201 Washington Street, Boston, MA 02108-4408, USA. The principal activity of Standish is acting as an investment manager and it does not act as a broker fund adviser.
- 6.4.4 Standish is registered as an "investment adviser" with the US Securities and Exchange Commission.

7 THE AUDITOR

The Auditors of the Company are Ernst & Young LLP, whose registered office is at 1 More London Place, London, SE1 2AF.

8 REGISTER OF SHAREHOLDERS

The ACD is responsible for the maintenance of the Register of Shareholders.

However, the ACD has delegated the maintenance of the Register of Shareholders to the Administrator.

The Register of Shareholders may be inspected at the offices of the ACD at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London, EC4V 4LA, during normal business hours by any shareholder or any shareholder's duly authorised agent.

9 TYPICAL INVESTOR PROFILE

Share(s) in the Company are available to retail and institutional investors, subject to Share Class Restrictions.

10 BUYING, SELLING AND SWITCHING SHARES

The dealing office of the ACD is open from 9 am until 5 pm on each weekday excluding UK public holidays (a "Dealing Day") to receive requests for the issue, redemption and switching of Shares.

11 BUYING SHARES

11.1 Procedure

11.1.1 Sterling Income Shares, Sterling Income A Shares, Sterling Accumulation Shares, Sterling Accumulation P Shares, Euro Accumulation Shares, Institutional Shares (Accumulation) and Institutional Shares (Income) can be bought either by sending a completed application form to the ACD at BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG or by telephoning the ACD on 0500 440 000. Application forms may be obtained from the ACD

11.1.2 Exempt Shares and X Shares can be bought by sending a completed application form to the ACD at BNY Mellon Pooled Funds, BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG. Application forms may be obtained from the ACD

11.1.3 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

11.1.4 Any subscription monies remaining after a whole number of Shares has been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued in such circumstances. A smaller denomination Share is equivalent to one ten-thousandth (0.0001) of a larger denomination Share.

11.2 The following additional requirements apply to investors seeking to buy Exempt Shares.

11.2.1 Investors who satisfy the relevant Share Class Restrictions may apply for Exempt Shares by sending a completed application form to the ACD together with a copy of their exemption certificate or other evidence satisfactory to the ACD of their tax exempt status. Subsequent investments may be made without submitting an application form. Exempt shareholders are also required to notify the ACD immediately should their tax exempt status be amended or revoked.

11.3 Documentation

11.3.1 A contract note giving details of the Shares purchased and the price used will be issued by the end of the business day following the later of receipt of the application to purchase Shares or the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Where appropriate (typically where advice has been received from a qualified financial advisor), a notice of the applicant's right to cancel will be issued with the contract note.

11.3.2 Settlement is generally due on receipt by the purchaser of the contract note. Settlement is the relevant Dealing Day plus four business days for all share classes in all sub-funds with the exception of the Exempt and X share classes of Newton Index Linked Gilt Fund and Newton Long Gilt Fund which is the relevant Dealing Day plus one business day.

- 11.3.3 Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient. Individual statements of a shareholder's (or, when Shares are jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.
- 11.3.4 The Company has power to issue bearer shares, but there are no present plans to do so.
- 11.4 Minimum subscriptions and holdings
 - 11.4.1 The minimum initial and subsequent subscription levels for each Sub-Fund is set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.
 - 11.4.2 If a holding is below the minimum holding (see Section 12.4), the ACD has the discretion to require redemption of the entire holding.
- 11.5 Where subscription monies are received by the ACD during an initial offer period, the ACD will not calculate or pay to the investor any interest that might arise on those monies.
- 11.6 Unless specifically permitted by the ACD either generally or in respect of specific applications, Shares may not be held by or for the account of any U.S. Person.

12 SELLING SHARES

- 12.1 Every shareholder has the right to require that the Company redeem his Shares on any Dealing Day unless the value of Shares which a shareholder wishes to redeem will mean that the shareholder will hold Shares with a value less than the required minimum holding for the Sub-Fund concerned, in which case the shareholder may be required to redeem his entire holding.
- 12.2 Procedure
 - 12.2.1 Requests to redeem Sterling Income Shares, Sterling Income A Shares, Sterling Accumulation P Shares, Sterling Accumulation Shares, Euro Accumulation Shares, Institutional Shares (Accumulation) and Institutional Shares (Income) may be made to the ACD by telephone on freephone 0500 440 000 or in writing to the ACD. However, requests to redeem Exempt Shares and X Shares must be made in writing to the ACD at BNY Mellon Pooled Funds, BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG..
- 12.3 Documents the Seller will receive
 - 12.3.1 A contract note giving details of the number and price of Shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not

later than the end of the business day following the later of the request to redeem Shares or the valuation point by reference to which the redemption price is determined. Cheques or, where specifically requested, telegraphic transfers (however the ACD reserves the right to settle by cheque) in satisfaction of the redemption monies will be issued and/or despatched by post (as applicable) within four business days of the later of:

12.3.2 receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; and

12.3.3 the valuation point following receipt by the ACD of the request to redeem.

12.4 Minimum Holding

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request or require the entire holding to be sold if the value of the Shares remaining falls below the minimum holding for the appropriate Share Class, as detailed in Appendix 1

13 SWITCHING

13.1 A holder of Shares in a Sub-Fund may at any time switch all or some of his Shares of one class or Sub-Fund ("Old Shares") for Shares of another class or Sub-Fund ("New Shares") subject to meeting the Share Class Restrictions for the New Shares. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

13.2 Switching may be effected either by telephone on freephone 0500 440 000 or in writing to the ACD and the shareholder may be required to complete a switching form (which, in the case of joint shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD. However, requests to switch Exempt Shares and X Shares must be made by submitting an application form to the ACD at BNY Mellon Pooled Funds, BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG..

13.3 The ACD may at its discretion charge a fee on the switching of Shares between Sub-Funds or between different classes of Shares within the same Sub-Fund.. These fees are set out in Section 14.3 and Appendix 1.

13.4 If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Share class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of their Shares is suspended. The general provision on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the valuation point on a Dealing Day in the Sub-Fund or Sub-Funds concerned to be dealt with at the prices at those valuation points on that Dealing Day, or at such other date as may be approved by the ACD.

Switching requests received after a valuation point will be held over until the next day which is a Dealing Day in the relevant Sub-Fund or Sub-Funds.

- 13.5 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FSA Regulations.
- 13.6 Please note that a switch of Shares in one Sub-Fund for Shares in any other Sub-Fund is treated as a redemption and sale and will, for persons subject to UK taxation, be a realisation for the purposes of capital gains taxation although a switch of Shares between different Share classes in the same Sub-Fund will not be deemed to be a realisation for the purposes of capital gains taxation.
- 13.7 A shareholder who switches Shares in one Sub-Fund for shares in any other Sub-Fund will not be given a right by law to withdraw from or cancel the transaction.

14 DEALING CHARGES

14.1 Initial Charge

The ACD may impose a charge on the sale of Shares. The initial charge is payable to the ACD.

The current initial charge which may be levied in respect of the available classes of Share in each Sub-Fund is set out in Appendix 1 as a percentage of the amount invested by the prospective shareholders.

14.2 Redemption Charge

14.2.1 The ACD may make a charge on the redemption of Shares. At present no redemption charge is levied. Shares issued while this Prospectus is in force will not be subject to any redemption charge in the future.

14.2.2 The ACD may introduce a redemption charge on Shares only in accordance with the FSA Regulations and after it has made available the Prospectus to reflect the introduction and the date of its commencement.

14.2.3 In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

14.3 Switching Fee

On the switching of Shares of a Sub-Fund for Shares of another Sub-Fund or between different classes of Shares within the same Sub-Fund the Instrument authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing initial charge for the class into which Shares are being switched as set out in Appendix 1. The switching fee is payable to the ACD.

14.4 Administration Charge- In Specie Redemptions

Where an in specie redemption is instructed by a shareholder, the ACD reserves the right to make a charge per line of stock which is to be transferred. The charge will be deducted from the cash balance of the in specie redemption. Further details are available from the ACD.

15 OTHER DEALING INFORMATION

15.1 Dilution Adjustment

The price of a Share in a Company is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates (see Sections 20 and 21). The Company's investments are valued on a mid-market basis in accordance with the FSA Regulations and Instrument.

However, the actual cost of purchasing or selling investments for a Sub-Fund may deviate from the mid-market value used in calculating the price of Shares in the Sub-Fund, due to dealing costs such as broking charges, taxes, and any spread between the buying and selling prices of the underlying investments.

These dealing costs can have an adverse effect on the value of the Sub-Fund, known as "dilution".

The FSA Regulations allow the cost of dilution to be met directly from the relevant Sub-Fund's assets or to be recovered from investors on the purchase or redemption of Shares in the Sub-Fund *inter alia* by means of a dilution adjustment to the dealing price, which is the policy which has been adopted by the ACD.

To mitigate the effects of dilution the ACD therefore has the discretion to make a dilution adjustment in the calculation of the dealing price and thereby adjust the dealing price of Shares in the Sub-Fund to take account of the dealing costs.

The need to make a dilution adjustment will depend on the volume of purchases or redemptions of Shares on any given day.

The ACD may make a discretionary dilution adjustment if in its opinion the existing (for net purchases) or remaining shareholders (for net redemptions) might otherwise be adversely affected. The ACD therefore reserves the right to impose a dilution adjustment in the following circumstances;

- I. where a Sub-Fund is in continual decline (is suffering a net outflow of investment);
- II. where a Sub-Fund is experiencing large levels of net sales relative to its size;
- III. where a Sub-Fund is experiencing net sales or net redemptions on any day equivalent to 1% or more of the size of the Sub-Fund;
- IV. in any other circumstances where the ACD believes it will be in the

interests of shareholders to make a dilution adjustment.

This policy to swing the dealing price will be subject to regular review and may change.

The ACD's decision on whether or not to make a dilution adjustment, and at what level this adjustment might be made in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances in the future.

Where a dilution adjustment is applied, it will increase the dealing price when there are net inflows into the relevant Sub-Fund and decrease the dealing price when there are net outflows. The dealing price of each class of Share in a Sub-Fund will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of Shares of each class identically.

As dilution is directly related to the inflows and outflows of monies from a Sub-Fund, it is not possible to predict accurately whether dilution will occur at any future point in time. Consequently it is also not possible to predict accurately how frequently the ACD will need to make such a dilution adjustment.

However, estimates of the dilution adjustments based on assets held in each Sub-Fund and market conditions at the time of this Prospectus as well as the number of occasions on which the dilution adjustment was applied in the 6 month period 30 June 2008 to 31 December 2008, are set out below.

Sub-Fund	Estimated Dilution Adjustment applicable to sales	Estimated Dilution Adjustment applicable to redemptions	Number of days on which dilution adjustment was applied in the 6 month period
BNY Mellon Global Strategic Bond Fund *	N/A	N/A	N/A
BNY Mellon Long-Term Global Equity Fund	0.15	0.11	4
Newton 60/40 Global Equity Fund	0.55	0.27	1
Newton American Fund	0.23	0.23	16
Newton Asian Income Fund	0.64	0.70	4
Newton Balanced Fund	0.49	0.29	0
Newton Continental	0.24	0.25	0

European Fund			
Newton Corporate Bond Fund	1.54	1.56	0
Newton Cautious Managed Fund	0.76	0.51	0
Newton European Higher Income Fund	0.29	0.29	2
Newton Global Balanced Fund	0.51	0.31	0
Newton Global Dynamic Bond Fund	0.97	0.96	5
Newton Global High Yield Bond Fund	2.28	2.28	3
Newton Global Higher Income Fund	0.50	0.44	1
Newton Global Opportunities Fund	0.40	0.32	2
Newton Growth Fund	0.70	0.23	3
Newton Higher Income Fund	0.67	0.20	0
Newton Income Fund	0.63	0.21	0
Newton Index Linked Gilt Fund	0.02	0.02	13
Newton International Bond Fund	0.04	0.04	2
Newton International Growth Fund	0.33	0.28	3
Newton Japan Fund	0.09	0.09	5
Newton Long Corporate Bond Fund	1.00	1.01	7

Newton Long Gilt Fund	0.07	0.07	8
Newton Managed Fund	0.47	0.27	0
Newton Oriental Fund	0.66	0.67	2
Newton Overseas Equity Fund	0.31	0.30	3
Newton Pan-European Fund	0.36	0.22	5
Newton Phoenix Multi-Asset Fund	1.14	1.09	1
Newton Real Return Fund	0.41	0.31	6
Newton UK Equity Fund	0.63	0.19	8
Newton UK Opportunities Fund	0.61	0.20	3

*The BNY Mellon Global Strategic Bond Fund is newly established and as such no estimate of the rate or amount of any dilution adjustment is currently available.

15.2 Calculation of Dilution Adjustment

As explained above, the ACD may make a dilution adjustment when calculating the price of a Share. In deciding whether to make a dilution adjustment the ACD must use the following bases of valuations:

- a) When by reference to any valuation point the aggregate value of the Shares of all classes in the Sub-Fund issued exceeds the aggregate value of Shares of all classes cancelled i.e. the Sub-Fund is experiencing a net inflow of investment; any adjustment must be upwards; and

The dilution adjustment must not exceed the ACD's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the Scheme property had been valued on the best available market offer basis plus dealing costs; or

- b) When by reference to any valuation point the aggregate value of the Shares of all classes in the Sub-Fund cancelled exceeds the aggregate value of Shares of all classes issued i.e. the Sub-Fund is experiencing a net outflow of investment any adjustment must be downwards; and

The dilution adjustment must not exceed the ACD's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the Scheme property had been valued on the best available market bid basis less dealing costs.

15.3 Issue and cancellation of Shares in the Company

The ACD will issue and cancel Shares in the Company by making a record of the issue or cancellation of such Shares and the number of Shares in each class concerned. Subject to and in accordance with the FSA Regulations the issue or cancellation of Shares may take place through the Company directly.

15.4 In Specie Redemptions

If a shareholder requests the redemption or cancellation of Shares the ACD may arrange that, in place of payment of the price of the Shares in cash, the Company cancels the Shares and transfers Scheme property or, if required by the shareholder, the net proceeds of sale of relevant Scheme property, to the shareholder.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the shareholder, not later than the close of business on the second day following the day of receipt of the request, that the Scheme property or the proceeds of sale of Scheme property will be transferred to that shareholder. Where such a notice is served on a shareholder, the shareholder may serve a further notice on the ACD not later than the close of business on the fourth business day following the day of receipt by the shareholder of the first mentioned notice, requiring the ACD instead of arranging for a transfer of Scheme property, to arrange for a sale of that property and the payment to the shareholder of the net proceeds of that sale.

The ACD will select the Scheme property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the shareholder requesting cancellation/redemption than to the continuing shareholders. The Company may retain out of the Scheme property to be transferred (or the proceeds of sale) property or cash of value or amount equivalent to any stamp duty or SDRT to be paid in relation to the cancellation of the Shares.

15.5 In specie issue and cancellation

The Depositary may arrange for the Company to issue or redeem Shares in exchange for assets other than money, but will only do so where it is satisfied that the Company's acquisition or redemption of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of shareholders.

In relation to the issue of Shares, the Depositary will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The Depositary will not issue Shares in any fund in exchange for assets the holding of which would be inconsistent with the investment objective of that fund.

16 MONEY LAUNDERING

As a result of legislation in force in the UK to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures we may need to undertake an electronic identity verification process. In certain circumstances investors may be asked to provide additional documentation when buying Shares. Until satisfactory proof of identity is obtained, the ACD reserves the right to refuse to sell Shares or pay out money in respect of redemptions or distributions.

17 RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in circumstances:

- which may constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, including without limitation, any applicable exchange control regulation or by a U.S. Person; or
- which would (or would if other shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation, withholding tax or suffering any other adverse consequence (including a requirement to register under any securities, investment or similar laws or governmental regulation of any country or territory); or
- where the dealing activities of the person concerned may cause detriment to continuing holders of Shares in the Company.

In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale or switching of shares and shall be entitled compulsorily to redeem and cancel any Shares held or beneficially owned by such a shareholder in contravention of these restrictions.

Where a person becomes aware that he is holding Shares in contravention of the restrictions set out above, such person shall forthwith redeem his Shares or transfer them to a person eligible to hold the Shares.

18 SUSPENSION OF DEALINGS IN THE COMPANY

- 18.1 The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, temporarily suspend, without notice to Shareholders, the issue, cancellation and redemption of Shares in the Company, if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders. The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FSA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

- 18.2 Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

19 GOVERNING LAW

All deals in Shares are governed by English law.

20 VALUATION OF THE COMPANY

- 20.1 The price of a Share in the Company is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates. The Net Asset Value per share of each Sub-Fund is currently calculated at 12 noon (UK Time) on each Dealing Day.
- 20.2 There must be only a single price for any unit as determined from time to time by reference to a particular valuation point. The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

21 CALCULATION OF THE NET ASSET VALUE

- 21.1 The value of the Scheme property of the Company or of a Sub-Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 21.2 All the Scheme property (including receivables) of the Company (or the Sub-Fund) is to be included, subject to the following provisions:
- 21.3 Property which is not cash (or other assets dealt with in paragraph 21.4) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:-
- 21.3.1 units or shares in a collective investment scheme:
- 21.3.1.1 if a single price for buying and selling units or shares is quoted, at that price; or
- 21.3.1.2 if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- 21.3.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
- 21.3.2 any other transferable security:
- 21.3.2.1 if a single price for buying and selling the security is quoted, at that price; or

- 21.3.2.2 if separate buying and selling prices are quoted, the average of the two prices; or
- 21.3.2.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
- 21.3.3 property other than that described in 21.3.1 and 21.3.2 above:
 - 21.3.3.1 at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 21.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 21.5 Property which is a contingent liability transaction shall be treated as follows:
 - 21.5.1 if a written option, (and the premium for writing the option has become part of the Scheme property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and the Depositary;
 - 21.5.2 if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - 21.5.3 if any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, the method of valuation shall be agreed between the ACD and the Depositary.
- 21.6 In determining the value of the Scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 21.7 Subject to paragraphs 21.8 and 21.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 21.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 21.7.
- 21.9 All agreements are to be included under paragraph 21.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 21.10 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, VAT, stamp duty and SDRT.
- 21.11 Deduct an estimated amount for any liabilities payable out of the Scheme property and any tax thereon treating periodic items as accruing from day to

day.

- 21.12 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 21.13 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 21.14 Add any other credits or amounts due to be paid into the Scheme property.
- 21.15 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 21.16 Add the total amount of any cost determined to be, but not yet amortised relating to the authorisation and incorporation of the Company and of its initial offer or issue of Shares.
- 21.17 Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a Sub-Fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

22 PRICE PER SHARE IN EACH SUB-FUND AND EACH CLASS

The price per Share at which Shares are sold is the sum of the Net Asset Value of a Share and any initial charge. The price per Share at which Shares are redeemed is the Net Asset Value per Share less any applicable redemption charge. In addition, there may, for both purchases and sales, be a dilution adjustment, as described in Section 15.1 above. For the avoidance of doubt, the Net Asset Value of a Share will be calculated to four (4) decimal places and on redemption, this value to four (4) decimal places will be used in the calculation of redemption monies payable. After this calculation cheques for redemption monies payable will be issued to two (2) decimal places.

23 PRICING BASIS

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

24 PUBLICATION OF PRICES

UK Investors:

The ACD will make available the daily prices of shares on its website at: www.bnymellonam.com and by freephone telephone on 0500 330 000. The ACD may also, at its sole discretion, decide to publish certain share prices in third party websites or publications.

The most recent prices for the Exempt Shares and X Shares will only be available on the website.

Non-UK Investors:

The most recent prices of the Euro Accumulation Shares, which are marketed outside of the UK, will be available at www.bnymellonam.com and may also be published in a recognised national newspaper in each overseas jurisdiction, in accordance with the regulatory requirements of those jurisdictions where the shares are registered and marketed.

25 RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company (or in the case of specific risks applying to specific Sub-Funds in those Sub-Funds).

25.1 General

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Company. There is no assurance that the investment objectives of any Sub-Fund will actually be achieved.

25.2 Effect of Initial Charge or Redemption Charge

Where an initial charge or redemption charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Shares in any of the Sub-Funds. Therefore, the Shares should be viewed as a long term investment.

25.3 Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of Dealings in the Company" in Section 18).

25.4 Currency Exchange Rates

Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment.

25.5 Emerging Markets

25.5.1 Where Sub-Funds invest in overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

25.5.2 Investment in emerging markets may involve a higher than average risk.

25.5.3 Investors should consider whether or not investment in such Sub-Funds is either suitable for or should constitute a substantial part of an investor's portfolio.

25.5.4 Companies in emerging markets may not be subject:

25.5.4.1 to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;

25.5.4.2 to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

25.5.5 Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

25.5.5.1 Restrictions on foreign investment in certain securities may be imposed on certain Sub-Funds and, as a result, may limit investment opportunities for the Sub-Funds. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.

25.5.5.2 The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

25.5.5.3 Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

Dilution and SDRT provision

Investors should note that where a dilution adjustment is not made, the Sub-Fund in question may incur dilution which may constrain capital growth. In certain circumstances a provision for SDRT may be applied on the purchase, redemption or transfer of Shares (see paragraph 32.7 "Stamp Duty Reserve Tax").

Investment in Smaller Companies

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

Sub-Investment Grade Bonds

The Newton Corporate Bond Fund and the Newton Global Dynamic Bond Fund may invest in sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and so a higher risk of default and carry a higher degree of risk both to the income and capital value of these Sub-Funds.

25.6 Charges to Capital

Where the investment objective of a Sub-Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's annual management charge and performance fee (where applicable) may be charged against capital instead of against income. This may constrain capital growth. At present the ACD's annual management charge and performance fee (where applicable) in respect of the BNY Mellon Global Strategic Bond Fund, Newton Asian Income Fund, the Newton Balanced Fund, the Newton Cautious Managed Fund, the Newton Global High Yield Bond Fund, the Newton Global Higher Income Fund, the Newton Higher Income Fund, the Newton Corporate Bond Fund, the Newton Global Dynamic Bond Fund, and the Newton European Higher Income Fund are charged to capital. Since 15 November 2005, the annual management charge of the Newton Real Return Fund has also been charged to capital. Since 01 August 2009, the Annual Management Charge of the Newton Income Fund has also been charged to capital.

25.7 Liabilities of the Company

25.7.1 Although each Sub-Fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Sub-Funds in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant Sub-Funds. If there is any such re-allocation the ACD will advise shareholders of it in the next succeeding annual or half-yearly report to shareholders.

25.7.2 Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

25.8 Derivatives

The Newton Global High Yield Bond Fund, the Newton Corporate Bond Fund, the Newton International Bond Fund, the Newton Long Corporate Bond Fund, the Newton Real Return Fund, the Newton Balanced Fund, the Newton Global Balanced Fund, the Newton Global Dynamic Bond Fund, the Newton Phoenix Multi-Asset Fund and the BNY Mellon Global Strategic Bond Fund may invest up to 100% in derivatives. An investment in derivatives may be volatile, but the volatility of these Sub-Funds is not expected to be any greater than that of the underlying

stock market.

All Sub-Funds may use derivatives for Efficient Portfolio Management (EPM) purposes.

Any investment in derivatives is not expected to materially change the risk profile of the Sub-Funds. Derivative use is not intended to increase the volatility of the Sub-Funds and may indeed reduce volatility.

25.9 Techniques in relation to derivatives

The FSA Rules permit the ACD to use certain techniques when investing in derivatives in order to manage a Sub-Fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to OTC derivatives. For example, a Sub-Fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The FSA Rules also permit a Sub-Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

25.10 Bond Holdings

The Newton Corporate Bond Fund, the Newton Global High Yield Bond Fund, the Newton International Bond Fund, the Newton Global Dynamic Bond Fund, the Newton Phoenix Multi-Asset Fund and the BNY Mellon Global Strategic Bond Fund may hold high yield bonds. With high yield bonds there is an increased risk of capital erosion through default or where the redemption yield is below the income yield, and economic conditions and changes to interest levels may significantly impact the value of such bonds.

26 FEES AND EXPENSES

All fees or expenses payable out of the property of the Company are set out in this section.

26.1 General

26.1.1 Except as mentioned below, the fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the ACD or other companies in its group.

26.1.2 Each Sub-Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

26.1.3 The Company may also pay out of Scheme property charges and expenses incurred by the Company, which will include the following expenses:

26.1.3.1 the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Adviser and to the Administrator) and to

the Depositary;

- 26.1.3.2 broker's commission, fiscal charges (including stamp duty and/or SDRT) and other disbursements which are necessary to be incurred in effecting transactions for the Sub-Funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 26.1.3.3 taxation and duties payable in respect of the property of the Sub-Funds or the issue or redemption of Shares;
- 26.1.3.4 the audit fees of the Auditors and any expenses of the Auditors;
- 26.1.3.5 the fees of the FSA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Company are or may be marketed;
- 26.1.3.6 the Depositary will also be reimbursed out of the property of the Company expenses incurred in performing the following activities and duties:
 - Delivery of stock to the Depositary or custodian;
 - Custody of assets;
 - Collection of income and capital;
 - Submission of tax returns;
 - Handling tax claims;
 - Preparation of the Depositary's annual report;
 - Arranging insurance;
 - Calling shareholder meetings and otherwise communicating with shareholders;
 - Dealing with distribution warrants;
 - Taking professional advice;
 - Conducting legal proceedings;
 - Such other duties as the Depositary is permitted or required by law to perform.
- 26.1.3.7 any VAT or similar tax relating to any charge or expense set out herein.
- 26.1.4 VAT is payable on these charges where appropriate.
- 26.1.5 Expenses are allocated between capital and income in accordance with the FSA Regulations.

27 CHARGES PAYABLE TO THE ACD

- 27.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual management charge out of each Sub-Fund, calculated on a mid-market basis.
- 27.2 The annual management charge is calculated and accrued daily. Each accrual is based on the NAV of the Sub-Fund applicable for the previous day plus/minus the current day's issues/cancellations and is payable monthly in arrears on the first business day of each month. Accrual periods run to the last business day of each month, except in the case of the last month of each of the quarterly, interim and annual accounting periods when it is the last calendar day of those months. In addition, accrual periods run to the last

calendar day of each month for monthly distributing funds. The current management charges for the current Share classes available in the Sub-Funds are set out in Appendix 1.

- 27.3 In addition to the annual management charge ACD will be entitled to a performance fee (the “Performance Fee”) payable attributable to Sterling Accumulation P Share and classes from the scheme property of certain sub-funds (as identified in Appendix 1).

How is the Performance Fee calculated?

The Performance Fee per Share will be calculated on a daily basis and is equal to 15% of the difference between the Share class return and the benchmark, measured over each calculation period, subject to a high water mark.

The Share class return (“Share Class Return”) is calculated daily as the percentage difference between the adjusted net asset value (“Adjusted NAV”) for that day and the Adjusted NAV for the previous day. The Adjusted NAV is based on the published daily Share price of the relevant Share class (which includes an accrual for all fees and expenses including the annual management charge and the operating and administrative expenses to be borne by the Share class) after adjustment to add back any Performance Fee accrued since the start of the calculation period.

The Performance Fee will accrue daily on a cumulative basis throughout each calculation period, with the accrued amount either increasing or decreasing depending on the Share class performance.

What is the Calculation Period?

The calculation period (“Calculation Period”) is one year (30 June to 29 June) in line with the Company’s accounting year adjusted for a one day lag. The first Calculation Period will be the period commencing on the Dealing Day on which the initial offer period closes in respect of each relevant Share class, and ending on the following 29 June.

What is the Benchmark?

The benchmark, (the “Benchmark”) is 1 month GBP Libor (London Inter-Bank Offered Rate). Libor is the interest rate at which banks can borrow money from other banks. It is the most widely used benchmark or reference rate for short-term interest rates worldwide.

What is the High Water Mark?

The high water mark (“HWM”) is used to ensure that the Performance Fee is only charged once on actual performance above the HWM and to prevent any “double counting”. The HWM is the higher of:

- (i) the highest Adjusted NAV of the Share class on the last day of any previous Calculation Period; and
- (ii) the launch price per Share class.

If the Adjusted NAV is less than the HWM on the last day of the Calculation Period, the HWM will remain unchanged for the following Calculation Period. If the Adjusted NAV is above the HWM on the last day of the Calculation Period, the HWM will be reset to the level of the Adjusted NAV on the last day of that Calculation Period. This resetting will happen even if no

Performance Fee is payable on that day. Where there is outperformance of the Benchmark, the resetting upwards ensures that a Performance Fee will not be paid twice for the same performance; and where there is underperformance against the Benchmark, the resetting upwards will ensure that no Performance Fee will be payable until the Adjusted NAV is higher than the HWM.

How is the Performance Fee accrued?

On a daily basis, if the Share Class Return exceeds the Benchmark, and the Adjusted NAV for that day is greater than the HWM, a Performance Fee will accrue by an amount equal to the number of Shares in issue in the relevant share class multiplied by the difference between the Share Class Return and the Benchmark, multiplied by 15% multiplied by the Adjusted NAV for that day.

However, if on a daily basis, the Share Class Return is less than the Benchmark, any Performance Fee accrual will be reduced by an amount equal to the number of Shares in issue in the relevant Share class multiplied by the difference between the Share Class Return and the Benchmark, multiplied by 15% multiplied by the Adjusted NAV for that day. Once any Performance Fee accrual has been reduced to zero, a Performance Fee will not begin to accrue again until the cumulative Share Class Return exceeds the total cumulative Benchmark since the beginning of the Calculation Period, and the Adjusted NAV exceeds the HWM.

Please note that for administrative reasons, the daily Performance Fee accrual will not be reflected in the published daily Share price until the next dealing day. The lag of one dealing day between the calculation of the Performance Fee and the accrual for the Performance Fee in the Adjusted NAV may be to the benefit or the disadvantage of shareholders buying and selling Shares.

Crystallisation

The Performance Fee accrual will crystallise on the last day of the Calculation Period and be paid in arrears to the ACD. Once a Performance Fee has been paid out, there will be no refund of any part of this fee.

Notes

Unrealised capital gains and losses will be included in the calculation of the Performance Fee. Consequently, a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

Where the Performance Fee accrual is reduced due to the Share Class Return underperforming the Benchmark, such reduction may not exactly match a previous positive accrual. This is due to the total Performance Fee calculation being based on the number of Shares in issue at that point in time, therefore if there are any subscriptions/redemptions this may affect the total fee.

There is no maximum annual cap on the amount of Performance Fee that may be charged.

By giving not less than 60 days notice, the ACD may increase the Performance Fee rate.

The calculation of the Performance Fee shall be verified by the Depositary.

Example 1 – Outperformance of Benchmark and HWM

On day 1 of the first Calculation Period, the Share price is £1.00. At this point the HWM and the Adjusted NAV are also £1.00.

At the end of the first Calculation Period, the Adjusted NAV has increased to £1.10, an increase of 10%. Throughout the first Calculation Period 1 month Libor was 5%.

As the Share Class Return (10%) is greater than the Benchmark (5%) and the Adjusted NAV (£1.10) is greater than the HWM (£1.00), a Performance Fee is payable on the difference between the Share Class Return and the Benchmark which is 5% (10% less 5%).

The Performance Fee accrued per Share is, therefore, equal to 15% (the fee rate) multiplied by 5% (the outperformance) multiplied by £1.10 (the Adjusted NAV at the end of the period) = £0.01 per Share.

As this is the end of the first Calculation Period, £0.01 per Share is paid to the ACD resulting in a Share price of £1.09.

The Adjusted NAV at the end of the first Calculation Period is greater than the launch price of £1.00; therefore the HWM for the second Calculation Period is reset to the Adjusted NAV at the end of the first Calculation Period of £1.10.

Example 2 – Underperformance of Benchmark (negative Share class performance) and HWM

On day 1 of the second Calculation Period, the Share price is £1.09. At this point the Adjusted NAV is also £1.09* and the HWM is £1.10.

At the end of the second Calculation Period, the Adjusted NAV has fallen to £1.05, a decrease of 3.7%. Throughout the second Calculation Period 1 month Libor was 5%.

As the Share Class Return (-3.7%) is less than the Benchmark (5%) and the Adjusted NAV (£1.05) is less than the HWM, no Performance Fee is due to be paid.

The Adjusted NAV at the end of the second Calculation Period is not greater than the HWM, so the HWM is not reset and remains at £1.10 for the third Calculation Period.

*Note: The Adjusted NAV on day 1 of the second Calculation Period of £1.09 is not the same as the Adjusted NAV on the last day of the first Calculation Period of £1.10. As no Performance Fee has yet been accrued for in the new Calculation Period, the Adjusted NAV on day 1 of the new Calculation Period will equal the Share class price on day 1 of the new Calculation Period.

Example 3 – Underperformance of Benchmark (positive Share class performance) and HWM

On day 1 of the third Calculation Period, the Share class price is £1.05. At this point the Adjusted NAV is also £1.05 and the HWM is £1.10.

At the end of the third Calculation Period the Adjusted NAV has increased to £1.08, a positive increase of 2.9%. Throughout the third Calculation Period 1 month Libor was 1%.

However despite the positive Share Class Return (2.9%) being in excess of the Benchmark (1%), as the Adjusted NAV at the end of the third Calculation Period is less than the HWM, no Performance Fee is due to be paid.

The Adjusted NAV at the end of the third Calculation Period is not greater than the HWM so the HWM is not reset and remains at £1.10 for the fourth

Calculation Period.

Example 4 – Highest Share price mid-period

On day 1 of the fourth Calculation Period, the Share class price is £1.08. At this point the Adjusted NAV is also £1.08 and the HWM is £1.10.

During the fourth Calculation Period, the Adjusted NAV increases in the first half of the Calculation Period to £1.20, an increase of 11.1%. Throughout the first half of the fourth Calculation Period 1 month Libor was 2.5%.

As the Share Class Return (11.1%) is greater than the Benchmark (2.5%), and the Adjusted NAV (£1.20) is greater than the HWM, a Performance Fee for this period is accrued. However, as a Performance Fee only accrues when the Adjusted NAV is greater than the HWM, the Performance Fee will only accrue on the difference between the HWM of £1.10 and the Adjusted NAV of £1.20 and not on the difference between the Adjusted NAV at the beginning of the fourth Calculation Period (£1.08) and the Adjusted NAV of £1.20. The Performance Fee, therefore, is not accrued on the basis of the total Share Class Return of 11.1%, but on the percentage increase in the Adjusted NAV above the HWM which is 9.1%. A Performance Fee will, therefore, accrue on the difference between 9.1% and the Benchmark of 2.5%, which is 6.6%.

The Performance Fee accrued per Share is therefore equal to 15% (the fee rate) multiplied by 6.6% (the outperformance) multiplied by £1.20 (the Adjusted NAV at the end of the period) = £0.01 per Share.

By the end of the fourth Calculation Period, however, the Adjusted NAV has fallen to £1.09 i.e. below the HWM of £1.10. As the Adjusted NAV is now less than the HWM, the Performance Fee previous accrual per Share of £0.01* is added back (or rebated) to the Share price to give a Share price at the end of the fourth Calculation Period of £1.10 with no Performance Fee being paid to the ACD for the fourth Calculation Period.

The Adjusted NAV at the end of the fourth Calculation Period is not greater than the HWM, so the HWM is not reset and remains at £1.10 for the fifth Calculation Period.

*Note: The Performance Fee accrual cannot be less than zero. The Share Class Return for the second half of the fourth Calculation Period is negative, but as a Performance Fee equal to £0.01 per Share has been accrued, the maximum amount which can subsequently be added back to the Share price (i.e. rebated) at the end of the fourth Calculation Period is limited to £0.01 per Share.

Example 5 – Outperformance of HWM but not Benchmark

On day 1 of the fifth Calculation Period, the Share price is £1.10. At this point the Adjusted NAV is also £1.10 and the HWM are also £1.10.

At the end of the fifth Calculation Period, the Adjusted NAV has increased to £1.15, so that the Share Class Return is 4.8%. Throughout the fifth Calculation Period, 1 month Libor was 6%.

Although the Adjusted NAV (£1.15) is greater than the HWM (£1.10), the Share Class Return (4.8%) is less than the Benchmark (6%), so no Performance Fee is payable. At the end of the fifth Calculation Period the HWM is reset to £1.15; this resetting prevents the underperformance during the fifth Calculation Period, being taken into account in the calculations for the next Calculation Period.

The examples above are shown at the Share class level rather than at individual shareholder level. The following example however reflects the individual shareholder's position.

Example 6 – Shareholder redeems mid-Calculation Period

A shareholder invests on day 1 of the fourth Calculation Period at the Share price of £1.08. The shareholder subsequently redeems half way through the Calculation Period at a Share price of £1.19, the point at which a Performance Fee of £0.01 per Share has been accrued in the Share price. The shareholder has therefore borne the cost of a Performance Fee equal to £0.01 per Share. Following the redemption, the Share price subsequently falls in the second half of the fourth Calculation Period. For those shareholders still invested in the sub-fund, the previously accrued Performance Fee is added back (or rebated) to the Share price. The remaining shareholders therefore, unlike the redeeming shareholder, have not in fact borne the cost of the Performance Fee accrual. The remaining shareholders also benefit from the one shareholder having redeemed, as the accrued Performance Fee of £0.01 per Share relating to that redeemed shareholder's holding is now taken into account in the Share price of the remaining Shares in issue. The redeeming shareholder cannot reclaim this Performance Fee.

- 27.4 Until 14 October 2005, the ACD was also entitled to a fee in respect of its duties in establishing and maintaining the Register of Shareholders and any sub-register of shareholders of £5 plus VAT per shareholder per Sub-Fund per annum for most of the Sub-Funds with the exception of the Newton Income Fund, Newton Cautious Managed Fund, Newton Corporate Bond Fund (previously Newton Strategic Corporate Bond Fund and prior to that Newton High Yield Bond Fund), Newton Global High Yield Bond Fund (previously Newton European High Yield Bond Fund) and Newton Long Gilt Fund where the charge was £8 plus VAT per shareholder per Sub-Fund per annum.

The registration fee accrued daily and was payable monthly and was subject to a maximum of £40 plus VAT per shareholder per Sub-Fund per annum subject to a minimum annual charge of £1,100 + VAT per Sub-Fund per annum with the exception of the Newton Income Fund, Newton Cautious Managed Fund, Newton Corporate Bond Fund (previously Newton Strategic Corporate Bond Fund and prior to that Newton High Yield Bond Fund), Newton Global High Yield Bond Fund (previously Newton European High Yield Bond Fund) and Newton Long Gilt Fund where the minimum annual charge was £2,200 + VAT per Sub-Fund per annum.

- 27.5 Since 14 October 2005, instead of collecting a registration fee as set out in the preceding two paragraphs to pay the registration expenses of each Sub Fund, the ACD or companies in its group has paid, on behalf of the Company, the following ongoing registration and general expenses:

- 27.5.1 fees and expenses in respect of establishing and maintaining the Register of Shareholders and any sub-register of shareholders (as defined in the FSA Regulations);

- 27.5.2 any costs incurred in or about the listing of Shares in the Company on any

Stock Exchange, and the issue, conversion and cancellation of Shares;

- 27.5.3 any costs incurred by the Company in publishing the price of the Shares;
- 27.5.4 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 27.5.5 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 27.5.6 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 27.5.7 any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD and otherwise communicating with shareholders in accordance with FSA Regulations;
- 27.5.8 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-Funds in consideration for the issue of Shares as more fully detailed in the FSA Regulations;
- 27.5.9 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 27.5.10 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 27.5.11 any payments otherwise due by virtue of the FSA Regulations; and
- 27.5.12 any value added or similar tax relating to any charge or expense set out herein.

In return for paying or satisfying (27.4.1) to (27.4.12), the ACD will collect from the Company a charge as follows: in respect of the Sterling Income Shares, Sterling Income A Shares, Sterling Accumulation Shares, Sterling Accumulation P Shares and Euro Accumulation Shares share classes, the current charge is a rate per annum of 0.10%; in respect of Institutional Shares (Accumulation), Institutional Shares (Income) and all Exempt Share share classes the rate is 0.03%; in respect of all X Shares the rate is 0.03%. By giving not less than 60 days notice before the change, the ACD may increase these rates. The charge is calculated and accrued daily and payable monthly. Such a charge provides greater transparency for investors and certainty as to the level of such costs which they will bear as well as providing for simpler administration on the part of the ACD.

Charges and expenses are allocated between capital and income in accordance with FSA Regulations.

- 27.6 The ACD is also entitled to all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and SDRT on transactions in Shares.
- 27.7 Where the investment objective of a Sub-Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income

and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income available for distribution to shareholders in the Sub-Fund concerned, but may constrain capital growth. At present the ACD's fee in respect of the BNY Mellon Global Strategic Bond Fund, the Newton Real Return Fund, the Newton Asian Income Fund, the Newton Balanced Fund, the Newton Cautious Managed Fund, the Newton Global High Yield Bond Fund, the Newton Global Higher Income Fund, the Newton Higher Income Fund, the Newton Corporate Bond Fund, the Newton Global Dynamic Bond Fund, and the Newton European Higher Income Fund are charged to capital. With effect from 1 August 2009, the Annual Management Charge for the Newton Income Fund will be charged to Capital.

- 27.8 If a Share class's expenses in any period exceed the income the ACD may take that excess from the capital property attributable to that Share class
- 27.9 The ACD may only increase the current rate or amount of its remuneration payable out of the Scheme property or the preliminary charge or the registration fee in accordance with the FSA Regulations and after the ACD has made available the Prospectus to reflect the new rate and the date of its commencement.
- 27.10 The ACD may only introduce a new category of remuneration for its services payable out of the Scheme property in accordance with the FSA Regulations and after it has made available a revised prospectus to reflect the introduction and the date of its commencement.

28 INVESTMENT ADVISER'S FEES

The Investment Adviser's fees and expenses (plus VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement.

29 DEPOSITARY'S FEE

- 29.1 The Depositary receives for its own account a periodic fee which will accrue monthly on the last day in each calendar month in respect of that day and the period since the last day in the preceding month and is payable within seven days after the last day in each month. The fee is calculated by reference to the value of each Sub-Fund on the last business day of the preceding month except for the first accrual which is calculated by reference to the first valuation point of each Sub-Fund. The fee is payable out of the property attributable to each Sub-Fund. The rate of the periodic fee is agreed between the ACD and the Depositary in accordance with the FSA Regulations and is subject to a current maximum of 0.5% per cent per annum of the value of the relevant Sub-Fund. The current charge is calculated on a sliding scale for each Sub-Fund on the following basis:

- 0.025% per annum of the first £40 million of the Scheme property
- 0.015% per annum of the next £40 million of the Scheme property
- 0.005% per annum of the next £420 million of the Scheme property
- 0.0025% per annum of the next £500 million of the Scheme property
- 0.00% per annum of the balance.

- 29.2 In addition to the periodic fee referred to above, the total amount payable to the Depositary out of the Scheme property attributed to each Sub-Fund for its services also include transaction charges and custody charges. Transaction charges vary from country to country, dependent on the markets and value of the stock involved, and, where levied, currently range from £8.50 to £45 for existing funds and for new funds investing in emerging markets the maximum charge will be £74 per transaction. These charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges again vary from country to country depending on the markets and the value of the stock involved, and, where levied currently range from 0.002% per annum to 0.35% for existing funds. For new funds investing in emerging markets the maximum charges will increase to 0.45% per annum. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.
- 29.3 The Depositary's current rate of remuneration, transaction charges and custody charges may only be increased in accordance with the FSA Regulations and after the ACD has made available a revised Prospectus showing the new charge and its commencement date.
- 29.4 The Company will also pay to the Depositary out of the Scheme property such transaction fees and bank charges as the ACD and the Depositary shall from time to time agree.
- 29.5 In addition to the above fee payable to the Depositary, the amount payable to the Depositary out of the property by way of remuneration for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the FSA Regulations) referable to the maintenance of distribution accounts. The current rate of such charge is £1.25 per income shareholder per Sub-Fund and may only be increased in accordance with the FSA Regulations and after the shareholders have been given 60 days or more written notice of the increase.
- In addition, expenses and disbursements of the Depositary arising from the following may be reimbursed to the Depositary out of the property of the Scheme
- 29.5.1 the collection of dividends, interest and any other income;
- 29.5.2 the conversion of foreign currency;
- 29.5.3 expenses in relation to borrowings, stocklending or other permitted transactions;
- 29.5.4 communications with any parties (including telex, facsimile, SWIFT and electronic mail);
- 29.5.5 expenses in relation to taxation matters;
- 29.5.6 expenses in relation to insurance matters;
- 29.5.7 reasonable legal costs and expenses incurred in preparing the Depositary's

annual report to Shareholders;

- 29.6 On a winding up of the Company, termination of a Sub-Fund or the redemption of all outstanding Shares of a class, the Depositary is entitled to its pro rata fees and expenses to the date of such winding up, termination or redemption and any additional expenses necessarily realised in settling or receiving any outstanding obligations.
- 29.7 Subject to current HM Revenue & Customs' regulations, VAT at the prevailing rate may be payable in addition to the Depositary's remuneration and these expenses.

30 ALLOCATION OF FEES AND EXPENSES BETWEEN SUB-FUNDS

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro-rata to the value of the Net Assets of the Sub-Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

31 SHAREHOLDER MEETINGS AND VOTING RIGHTS

31.1 Requisitions of Meetings

- 31.1.1 The ACD may requisition a general meeting at any time. However, the Company has dispensed with the requirement to hold annual general meetings.

- 31.1.2 Shareholders may also requisition a general meeting of the Company. A requisition by shareholders must state the objects of the meeting, be dated, be signed by shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

31.2 Notice of Quorum

Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy at the meeting. The quorum for an Adjourned Meeting is one shareholder entitled to be counted in a quorum present in person or by proxy. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

31.3 Voting Rights

- 31.3.1 At a meeting of shareholders, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

- 31.3.2 On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting is sent out. In the case of joint shareholders, only the vote of the first named in the Register can be taken.
- 31.3.3 A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 31.3.4 Except where the FSA Regulations or the Instrument require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the FSA Regulations will be passed by a simple majority of the votes validly cast for and against the resolution.
- 31.3.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FSA Regulations) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.
- 31.3.6 "Shareholders" in this context means shareholders on the relevant Sub-Fund register(s) on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.
- 31.4 Class and Sub-Fund Meetings
- The above provisions, unless the context otherwise requires, apply to class meetings and meetings of Sub-Funds as they apply to general meetings of shareholders.
- 31.5 Variation of Class Rights
- The rights attached to a class or Sub-Fund may not be varied without the sanction of a resolution passed at a meeting of shareholders of that class or Sub-Fund by a seventy-five per cent majority of those votes validly cast for and against such resolution.

32. TAXATION

32.1 General

The information below is a general guide based on current UK law and practice, both of which are subject to change. It summarises the tax position of the Company and of investors who are UK resident and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.

32.2 The Company

- 32.2.1 Each Sub-Fund will be treated as a separate entity for UK tax purposes.
- 32.2.2 The Sub-Funds are exempt from UK tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within them.
- 32.2.3 Dividends from UK companies are received by a Sub-Fund with a tax credit and no further tax is payable by the Sub-Fund on that income. The Sub-Funds will each be subject to corporation tax at 20% on other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where a Sub-Fund suffers foreign tax on income received, this may normally be deducted from the UK tax due on that income.
- 32.2.4 The Sub-Funds will make dividend distributions except where over 60% of a Sub-Fund's property has been invested throughout the distribution period in interest-paying investments, in which case it will make interest distributions.

32.3 Shareholders

32.3.1 Income - Equity Funds

Newton 60/40 Global Equity Fund, Newton Real Return Fund, Newton American Fund, Newton Balanced Fund, Newton Continental European Fund, Newton Cautious Managed Fund, Newton Global Balanced Fund, Newton Growth Fund, Newton Higher Income Fund, Newton International Growth Fund, Newton Japan Fund, Newton Managed Fund, Newton Oriental Fund, Newton Overseas Equity Fund, Newton Pan-European Fund, Newton UK Equity Fund, Newton UK Opportunities Fund, Newton Global Opportunities Fund, Newton Global Higher Income Fund, Newton Asian Income Fund, Newton Phoenix Multi-Asset Fund, Newton European Higher Income Fund and BNY Mellon Long-Term Global Equity Fund will pay any distributable income as dividend distributions (which will be automatically retained in the Sub-Fund in the case of Accumulation Shares).

Dividend distributions will be paid with a tax credit. UK resident individuals liable to income tax at the starting or basic rate will have no further liability to tax. Higher rate taxpayers will have to pay additional income tax (equivalent to 25% of their net receipt). Non-taxpayers may not reclaim the tax credits on dividend distributions.

Corporate shareholders who receive dividend distributions may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a UK company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the lower rate, and corporate shareholders may, depending on their circumstances, be liable to tax on the grossed up amount with the benefit of the income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher otherwise provided by the ACD on request.

Non UK resident shareholders will generally not be entitled to reclaim any part of the tax credit on a dividend distribution from HM Revenue & Customs although it will normally satisfy their UK tax liability on that income. They

may also be able to offset the tax credit against their liability to tax in their own country. This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the UK.

32.3.2 Income – Bond Funds

Newton Global High Yield Bond Fund, Newton Corporate Bond Fund, Newton Index Linked Gilt Fund, Newton International Bond Fund, Newton Long Corporate Bond Fund, Newton Long Gilt Fund, Newton Global Dynamic Bond Fund and BNY Mellon Global Strategic Bond Fund currently pay interest distributions (which will be automatically retained in the Fund in the case of accumulation Shares).

Interest distributions are made after income tax has been deducted and paid to HM Revenue & Customs (except as described below). A tax voucher showing the total interest distribution before the deduction of tax (gross interest), the tax deducted and the amount of the interest distribution after tax has been deducted (net interest) will be supplied to shareholders.

For individual shareholders, the tax deducted will satisfy in full the tax liability on the interest of shareholders subject to basic rate income tax. For shareholders who are starting rate income tax payers part of the tax deducted will satisfy their tax liability and part may be reclaimed from HM Revenue & Customs. Shareholders who are higher rate tax payers will have to pay additional income tax (equivalent to 25% of their net receipt). Non-taxpayers may reclaim the tax deducted from HM Revenue & Customs. Where Shares are held through ISAs the ISA manager may reclaim any tax deducted.

Shareholders subject to UK corporation tax may, depending on their circumstances, be liable to tax on the gross interest in which case they will receive credit for any income tax deducted, or they may reclaim any deducted.

The ACD may pay or accumulate interest distributions without deducting income tax from them in the case of certain types of investor. These include companies, ISA managers, shareholders who are not ordinarily resident in the UK, pension funds and charities. Any eligible investor who wishes to benefit from this should contact the ACD who will provide an appropriate form to be completed and returned to it.

Non UK resident shareholders may be entitled to a refund from HM Revenue & Customs of the tax deducted from their interest distributions (or a proportion of it). This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the UK.

32.4 Reporting requirements

The Company may be required to report details of interest paid to residents of the European Union and certain other jurisdictions to HM Revenue & Customs each year.

32.5 Income equalisation

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. This amount should be deducted from the cost of the Shares when calculating the gain for capital gains tax purposes.

32.6 Gains

Shareholders who are resident in the UK for tax purposes may, depending on their personal circumstances, be liable to capital gains tax on gains arising on the sale or other disposal of Shares (but not on switches between classes within a Sub-Fund).

Part of any increase in value of accumulation Shares represents accumulated income (including income equalisation but excluding any tax credits). These amounts may be added to the allowable cost when calculating the capital gain realised on their disposal.

Individual shareholders will find further information, including details of indexation allowance and taper relief, in the HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

32.7 Stamp Duty Reserve Tax

The ACD is liable to pay SDRT in respect of each Sub-Fund at the rate of 0.5% of the value of Shares surrendered to the ACD and on certain other transfers of Shares. The amount of SDRT for which the ACD is liable may be reduced depending on the numbers of Shares issued and Shares surrendered in the relevant Sub-Fund in the week in which such surrender occurs and in the following week. The amount of SDRT for which the ACD is liable will also be reduced to the extent that the relevant Sub-Fund holds exempt assets, that is, broadly, anything other than UK equities.

The ACD has decided that any SDRT payable will normally be paid out of the capital of the Sub-Fund in question. The ACD considers that paying SDRT out of a Sub-Fund will not have a significant effect on its performance.

However, in exceptional cases where other investors may be adversely impacted (typically transactions over 1% of the net asset value of the sub-fund or in instances of persistent active trading) the ACD may require a shareholder or prospective shareholder to pay any SDRT incurred in relation to this transaction up to a maximum of 0.5%, in which case the Share proceeds will be reduced or cost of Shares increased.

Transfers of Shares from one shareholder to another may be exempt from SDRT. Shareholders transferring Shares should complete a stock transfer form in the normal way including any appropriate certificate that would be required for exemption from stamp duty. Where there is no appropriate certificate, evidence of an exemption from SDRT should be submitted with the transfer. In other cases any SDRT payable will normally be paid out of the Sub-Fund in question but in exceptional cases (as described above), the ACD may require the parties to the transaction to pay a provision of up to 0.5% for the SDRT before the transfer is registered.

Based on the level of transactions in the Sub-Funds in the year to 31 December 2008 the ACD expects to require an SDRT provision on the occasions;

BNY Mellon Global Strategic Bond Fund = N/A. Where a SDRT provision is applied on large deals or on transfer the rate will be up to 0.5%

BNY Mellon Long-Term Global Equity Fund = £42.01: 12 times per annum

Newton 60/40 Global Equity Fund = £14,454.54: 12 times per annum

Newton American Fund = £12.91: 12 times per annum

Newton Asian Income Fund = £0: nil times per annum

Newton Balanced Fund = £ 10,885.04: 12 times per annum

Newton Continental European Fund = £0: nil times per annum

Newton Corporate Bond Fund = £0: nil times per annum

Newton Cautious Managed Fund = £1,007.36: 12 times per annum

Newton European Higher Income Fund = £0: nil times per annum

Newton Global Balanced Fund = £5,224.61: 12 times per annum

Newton Global Dynamic Bond Fund = £0.78: 12 time per annum

Newton Global High Yield Bond Fund = £0: nil times per annum

Newton Global Higher Income Fund = £3,309.39: 12 times per annum

Newton Global Opportunities Fund = £864.77: 12 times per annum

Newton Growth Fund = £1,012.50: 12 times per annum

Newton Higher Income Fund = £213,379.23: 12 times per annum

Newton Income Fund = £32,269.52; 12 times per annum

Newton Index Linked Gilt Fund = £0: nil times per annum

Newton International Bond Fund = £0: nil times per annum

Newton International Growth Fund = £4,200.47: 12 times per annum

Newton Japan Fund = £0: nil times per annum

Newton Long Corporate Bond Fund = £0: nil times per annum

Newton Long Gilt Fund = £0: nil times per annum

Newton Managed Fund = £23,032.95: 12 times per annum

Newton Oriental Fund = £6,110.50: 12 times per annum

Newton Overseas Equity Fund = £116.79: 12 times per annum

Newton Pan-European Fund = £143.79: 12 times per annum

Newton Phoenix Multi-Asset Fund = £1,753.64: 12 times per annum

Newton Real Return Fund = £5,150.63: 12 times per annum

Newton UK Equity Fund = £1,847.42: 12 times per annum

Newton UK Opportunities Fund = £6,916.66: 12 times per annum

33 INCOME EQUALISATION

33.1 Income equalisation applies in relation to all the Sub-Funds in the Company.

33.2 Part of the purchase price of a Share in the Company reflects accrued income received or to be received in the current distribution period. This is a capital amount and is returned to a shareholder with the first allocation of income.

33.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share, or the average of all the amounts included in the price of all Shares issued or sold to shareholders during the distribution period.

34 WINDING UP OF THE COMPANY OR A SUB-FUND OF THE COMPANY

- 34.1.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FSA Regulations. A Sub-Fund may only be wound up under the FSA Regulations.
- 34.1.2 Where the Company or a Sub-Fund are to be wound up under the FSA Regulations, such winding up may only be commenced following approval by the FSA. The FSA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FSA Regulations if there is a vacancy in the position of ACD at the relevant time.
- 34.1.3 The Company or a Sub-Fund may be wound up under the FSA Regulations if:
- 34.1.3.1 an extraordinary resolution to that effect is passed by shareholders; or
 - 34.1.3.2 the period (if any) fixed for the duration of the Company or a particular Sub-Fund by the Instrument expires, or the event (if any) occurs on the occurrence of which the Instrument provides that the Company or a particular Sub-Fund is to be wound up (for example, if the Share capital of the Company is below its prescribed minimum or (in relation to any Sub-Fund) the Net Asset Value of the Sub-Fund is less than £10 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-Fund); or
 - 34.1.3.3 on the date of effect stated in any agreement by the FSA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the Sub-Fund.
- 34.1.4 on the occurrence of any of the above:
- 34.1.4.1 Chapters 5 and 6.3 of the FSA Regulations relating to Investment and Borrowing and Valuation and Pricing will cease to apply to the Company or the Sub-Fund;
 - 34.1.4.2 the Company will cease to issue and cancel Shares in the Company or the Sub-Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the Sub-Fund;
 - 34.1.4.3 no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;
 - 34.1.4.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
 - 34.1.4.5 the corporate status and powers of the Company and, subject to the provisions of 34.1.4.1 and 34.1.4.4 above, the powers of the ACD shall remain until the Company is dissolved.

- 34.1.5 The ACD shall, as soon as practicable after the Company or the Sub-Fund falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to shareholders proportionately to their rights to participate in the Scheme property of the Company or the Sub-Fund. When the ACD has caused all of the Scheme property to be realised and all of the liabilities of the Company or the Sub-Fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company or the Sub-Fund.
- 34.1.6 As soon as reasonably practicable after completion of the winding up of the Company or the Sub-Fund, the ACD shall notify the FSA that it has done so.
- 34.1.7 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.
- 34.1.8 Following the completion of the winding up of the Company, the Depositary shall notify the FSA that it has done so.
- 34.1.9 Following the completion of a winding up of either the Company or a Sub-Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FSA, to each shareholder and, in the case of the winding up of the Company, to the FSA within two months of the termination of the winding up.
- 34.1.10 As the Company is an umbrella company, any liabilities attributable or allocated to a Sub-Fund under the FSA Regulations shall be met first out of the Scheme property attributable or allocated to that Sub-Fund.
- 34.1.11 If the liabilities of a Sub-Fund are greater than the proceeds of the realisation of the Scheme property attributable or allocated to the Sub-Fund, the deficit shall be met out of the Scheme property attributable or allocated to Sub-Funds in respect of which the proceeds of realisation exceed liabilities and will be divided between the Sub-Funds in a manner which is fair to shareholders in those Sub-Funds.

35 GENERAL INFORMATION

35.1 Accounting Periods

- 35.1.1 The annual accounting period of the Company ends each year on 30 June (the accounting reference date). The interim accounting period ends each year on 31 December.

35.2 Income Allocations

35.2.1 Allocations of income are made in respect of the income available for allocation in each accounting period.

35.2.2 Distributions of income for each Sub-Fund are paid on or before the annual income allocation date of 31 October and (in the case of certain Sub-Funds with net income shares in issue) on or before the interim allocation date of 28 February in each year. Distributions of income in respect of the Newton Asian Income Fund, Newton Cautious Managed Fund, Newton Global Higher Income Fund, the Newton Global Dynamic Bond Fund, Newton Higher Income Fund, Newton Long Gilt Fund and the Newton European Higher Income Fund take place quarterly and in respect of the Newton Global High Yield Bond Fund and the Newton Corporate Bond Fund take place monthly. The relevant distribution dates are shown in Appendix 1.

35.2.3 A reinvestment facility is available. If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

35.2.4 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-Fund in respect of that period, and deducting the charges and expenses of the relevant Sub-Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments (including for amortisation) which the ACD considers appropriate after consulting the auditors.

35.3 Fewer than two Funds

If for a period of 24 consecutive months beginning at any time after the first issue of shares in the Company Shares in respect of fewer than two Sub-Funds are in issue, the Directors must take such action as is necessary to change the category of the Company or cause shares in respect of more than one Sub-Fund to be in issue. This does not apply if winding up of the Company has begun on or before the expiry of the 24 month period.

35.4 Annual Reports

The annual reports of the Company will be published within four months of each annual accounting period and half-yearly reports will be published within two months of each interim accounting period and both will be available to shareholders on request. Shareholders will receive copies of the annual and half yearly short report on publication.

35.5 Documents of the Company

35.5.1 The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every business day at the registered offices of the ACD at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London

EC4V 4LA and at the offices of the Administrator at BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG.

35.5.1.1 the most recent annual and half-yearly reports of the Company; and

35.5.1.2 the Instrument (and any amending Instrument).

35.5.2 Shareholders may obtain copies of the above documents from either address. The ACD may make a charge at its discretion for copies of documents.

35.6 Complaints

Complaints concerning the operation or marketing of the Company may be referred to the Customer Services Department, BNY Mellon Fund Managers Limited at BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG or, if preferred, direct to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Complaints concerning Exempt Shares and X Shares should be referred to BNY Mellon Pooled Funds, BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG.

35.7 Risk Management

A statement on the methods used for risk management in connection with the Sub-Funds and the quantitative limits used together with the current risk yields of the main categories of investment is available from the ACD on request.

35.8 Past Performance Details

Details of the past performance of the Sub-Funds of the Company are contained in Appendix 5.

APPENDIX 1

Investment objectives, policies and other details of the Sub-Funds

Investment of the assets of each of the Sub-Funds must comply with the FSA Regulations as set out in the FSA Regulations and its own investment objective and policy. The Company is a UCITS scheme and each Sub-Fund would be classified as a UCITS scheme if separately authorised. Details of each Sub-Fund's investment objective and policy are set out in this Appendix 1 together with information regarding available share classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is set out in Appendix 2. The additional eligible securities and derivatives markets on which the Sub-Funds may invest are contained in Appendices 3 and 4 respectively. Appendix 5 contains the past performance details for each Sub-Fund.

BNY MELLON GLOBAL STRATEGIC BOND FUND

Investment Objective and Policy

The objective of the sub-fund is to maximise the total return from income and capital growth from a globally diversified multi-sector fixed income portfolio of bonds and other debt instruments issued by corporations, agencies and governments in developed and emerging market economies.

The sub-fund may also invest in certain permitted deposits, approved money market instruments, permitted derivative instruments and forward transactions and units in collective investment schemes.

At least 80% of the Sub-Fund's assets shall be invested in Sterling denominated assets or assets that are hedged back to Sterling.

Classes of shares	Sterling Income Shares Institutional Shares (Accumulation) Institutional Shares (Income) Exempt Shares 2 (Gross Accumulation) X Shares (Net Income) X Shares (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£1,000 Sterling Income Shares £250,000 Institutional Shares (Accumulation) £250,000 Institutional Shares (Income) £500,000 Exempt Shares 2 (Gross Accumulation)

	<p>Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£50,000 Institutional Shares (Income)</p> <p>£1,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	<p>None, provided minimum holding remains</p>
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p>

	<p>£200,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Institutional Shares (Income)</p> <p>4%</p> <p>Exempt Shares 2 (Gross Accumulation)</p> <p>0%</p> <p>X Shares (Net Income)</p> <p>As Agreed</p> <p>X Shares (Net Accumulation)</p> <p>As Agreed</p>

Annual management charge *	<p>Sterling Income Shares – 1.25% per annum</p> <p>Institutional Shares (Accumulation) – 0.75% per annum</p> <p>Institutional Shares (Income) – 0.75% per annum</p> <p>Exempt Shares 2 (Gross Accumulation) – 0.40%</p> <p>X Shares (Net Income) – To be Advised</p> <p>X Shares (Net Accumulation) - To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets Listed
Terms of initial offer period:	
Length	The initial offer period will be from 16 March 2009 to 8 April 2009 or such later date as the ACD may determine in its sole discretion, provided that the initial offer period shall not be extended to a date later than 22 April 2009.
Initial price	£1.00

Unit currency	Pounds Sterling only
Issue of units during the initial offer period	Shares can be bought by sending a completed application form to the ACD at BNY Mellon House, Ingrave Road, Brentwood Essex, CM15 8TG. Shares will be issued following the close of the initial offer period. Subscription monies will not be invested during the initial offer period and will not accrue interest.

- * The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

BNY MELLON LONG-TERM GLOBAL EQUITY FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve long-term capital appreciation through investments in predominantly equity securities of companies located throughout the world.

The Sub-Fund may also invest in collective investment schemes and warrants.

Classes of shares available	Sterling Income shares Institutional Shares (Accumulation) Exempt Shares 2 (Net Accumulation) X Shares (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	Sterling Income Shares £1,000 Institutional Shares (Accumulation) £250,000 Exempt Shares 2 (Net Accumulation) £500,000 X Shares (Net Accumulation) As Agreed
Minimum subsequent investment	Sterling Income Shares £250 Institutional Shares (Accumulation) £50,000 Exempt Shares 2 (Net Accumulation) £1,000 X Shares (Net Accumulation) As Agreed
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	Sterling Income Shares £1,000

	Institutional Shares (Accumulation) £250,000 Exempt Shares 2 (Net Accumulation) £500,000 X Shares (Net Accumulation) As Agreed
Regular Savings Plan Available	Yes, Sterling Income Shares only
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares)
ACD's preliminary charge	Sterling Income Shares 4% Institutional Shares (Accumulation) 4% Exempt Shares 2 (Net Accumulation) 0% X Shares (Net Accumulation) As Agreed
Annual management charge	Sterling Income Shares 1.5% per annum Institutional Shares (Accumulation) 1.00% per annum Exempt Shares 2 (Net Accumulation) 0.75% X Shares (Net Accumulation) To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 2b	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 2c	All Markets Listed

NEWTON 60/40 GLOBAL EQUITY FUND

Investment Objective and Policy

The objective of the Sub-Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term.

The Sub-Fund will be managed to a benchmark of approximately 60% UK equities and 40% international equities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	Institutional Shares (Accumulation) Exempt Shares 1 (Net Accumulation) Exempt Shares 2 (Net Accumulation) X Shares (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£250,000 Institutional Shares (Accumulation) £50,000,000 Exempt Shares 1 (Net Accumulation) £500,000 Exempt Shares 2 (Net Accumulation) As Agreed - X Shares (Net Accumulation)
Minimum subsequent investment	£50,000 Institutional Shares (Accumulation) £1,000 Exempt Shares 1 (Net Accumulation) £1,000 Exempt Shares 2 (Net Accumulation) As Agreed - X Shares (Net Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£250,000 Institutional Shares (Accumulation) £200,000 Exempt Shares 1 (Net Accumulation) £200,000 Exempt Shares 2 (Net Accumulation)

	As Agreed - X Shares (Net Accumulation)
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	Institutional Shares (Accumulation) 4% Exempt Shares 1 (Net Accumulation) 7% Exempt Shares 2 (Net Accumulation) 0% X Shares (Net Accumulation) As Agreed
Annual management charge	Institutional Shares (Accumulation) - 1% per annum Exempt Shares 1 (Net Accumulation) – 0.50% per annum Exempt Shares 2 (Net Accumulation) – 0.60% per annum X Shares (Net Accumulation) - To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	30 September
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

NEWTON AMERICAN FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth from a portfolio of predominantly US and Canadian securities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares available	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>Euro Accumulation Shares</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	<p>Sterling Income Shares UK sterling</p> <p>Institutional Shares (Accumulation) UK sterling</p> <p>Exempt Shares 1 (Net Accumulation) UK sterling</p> <p>Exempt Shares 2 (Net Accumulation) UK sterling</p> <p>Euro Accumulation Shares Euro</p> <p>X Shares (Net Accumulation) UK Sterling</p>
Minimum initial investment	£1,000 Sterling Income;

	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 1 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p>

	Institutional Shares (Accumulation) 4% Exempt Shares 1 (Net Accumulation) 7% Exempt Shares 2 (Net Accumulation) 0% Euro Accumulation Shares 4% X Shares (Net Accumulation) –As Agreed
Annual management charge	Sterling Income Shares - 1.5% per annum Institutional Shares (Accumulation) – 1.0% per annum Exempt Shares 1 (Net Accumulation) – 0.50% per annum Exempt Shares 2 (Net Accumulation) – 0.75% per annum Euro Accumulation Shares - 2.0% per annum X Shares (Net Accumulation)- To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA	Yes

State	
Invest in additional Eligible Markets in Appendix 3	3, 4, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	8-13

NEWTON ASIAN INCOME FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve income together with long-term capital growth predominantly through investments in securities in the Asia Pacific ex. Japan (including Australia & New Zealand) region.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Institutional Shares (Income)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>X Shares (Net Income)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p>

	<p>£50,000 Institutional Shares (Income)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Institutional Shares (Income)</p> <p>4%</p> <p>Exempt Shares 2 (Net</p>

	Accumulation) 0% X Shares (Net Income) As Agreed X Shares (Net Accumulation) As Agreed
Annual management charge*	Sterling Income Shares - 1.5% per annum* Institutional Shares (Accumulation) – 1.0% per annum* Institutional Shares (Income) – 1.0% per annum* Exempt Shares 2 (Net Accumulation) – 0.75% per annum* X Shares (Net Income)- To be Advised * X Shares (Net Accumulation)- To be Advised *
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation dates	28 February, 31 May, 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	1, 6-11, 17, 18, 20-22, 25, 26, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	1, 3, 7, 8-13

- * The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON BALANCED FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve a balance between capital growth and income predominantly from a portfolio of UK and international securities.

The Sub-Fund may also invest in derivative instruments, forward transactions and collective investment schemes.

Classes of shares available	Sterling Income shares Institutional Shares (Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	Sterling Income Shares £1,000 Institutional Shares (Accumulation) £250,000
Minimum subsequent investment	Sterling Income Shares £250 Institutional Shares (Accumulation) £200,000
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	Sterling Income Shares £1,000 Institutional Shares (Accumulation) £250,000
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	Sterling Income Shares 4% Institutional Shares (Accumulation) 4%
Annual management charge *	Sterling Income Shares 1.5% per annum * Institutional Shares (Accumulation)

	1.00% per annum *
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

* The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON CONTINENTAL EUROPEAN FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth from a portfolio of predominantly European securities.

The sub-fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>Euro Accumulation Shares</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	<p>Sterling Income Shares UK sterling</p> <p>Institutional Shares (Accumulation) UK sterling</p> <p>Exempt Shares 1 (Net Accumulation) UK sterling</p> <p>Exempt Shares 2 (Net Accumulation) UK sterling</p> <p>Euro Accumulation Shares Euro</p> <p>X Shares (Net Accumulation) UK Sterling</p>
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares</p>

	<p>(Accumulation)</p> <p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income;</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 1 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)

Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>Exempt Shares 1 (Net Accumulation) 7%</p> <p>Exempt Shares 2 (Net Accumulation) 0%</p> <p>Euro Accumulation Shares 4%</p> <p>X Shares (Net Accumulation)- As Agreed</p>
Annual management charge	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Exempt Shares 1 (Net Accumulation) – 0.50% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.75% per annum</p> <p>Euro Accumulation Shares - 2.0% per annum</p> <p>X Shares (Net Accumulation)- To be Advised</p>
Annual accounting date	30 June

Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	24, 27
Invest in additional Eligible Derivatives Markets in Appendix 4	None

NEWTON CORPORATE BOND FUND

Investment Objective and Policy

The objective of the Sub-Fund is to provide a high yield through a flexible allocation between investment grade and sub-investment grade corporate bonds and other predominantly fixed interest-securities.

The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>X Shares (Net Income)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income Shares

	<p>£250,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>X Shares (Net Income)</p> <p>As Agreed</p> <p>X Shares (Net Accumulation)</p> <p>As Agreed</p>
Annual management charge *	<p>Sterling Income Shares - 1% per annum *</p> <p>Institutional Shares (Accumulation) – 0.5% per annum *</p> <p>X Shares (Net Income) – To be Advised *</p> <p>X Shares (Net Accumulation) - To be Advised *</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 July
Interim income allocation date	The second last business day of each month

Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed except 6, 7, 25
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

- * The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON CAUTIOUS MANAGED FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve income and capital growth from a portfolio of equities and fixed interest securities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>X Shares (Net Income)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income Shares

	<p>£250,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>X Shares (Net Income) As Agreed</p> <p>X Shares (Net Accumulation) As Agreed</p>
Annual management charge *	<p>Sterling Income Shares - 1.25% per annum *</p> <p>Institutional Shares (Accumulation) – 0.75% per annum *</p> <p>X Shares (Net Income) – To be Advised *</p> <p>X Shares (Net Accumulation) – To be Advised *</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August

Interim income allocation dates	28 February, 31 May, 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

- * The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON EUROPEAN HIGHER INCOME FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve income together with long-term capital growth predominantly through investments in European securities (excluding UK).

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Institutional Shares (Income)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>X Shares (Net Income)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>As agreed - X Shares (Net Income)</p> <p>As agreed - X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£50,000 Institutional Shares (Income)</p>

	<p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>As agreed - X Shares (Net Income)</p> <p>As agreed - X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>As agreed - X Shares (Net Income)</p> <p>As agreed - X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares – 4%</p> <p>Institutional Shares (Accumulation) - 4%</p> <p>Institutional Shares (Income) – 4%</p> <p>Exempt Shares 2 (Net Accumulation)- 0%</p> <p>X Shares (Net Income) –</p>

	As agreed X Shares (Net Accumulation) – As agreed
Annual management charge*	Sterling Income Shares - 1.5% per annum* Institutional Shares (Accumulation) – 1.0% per annum* Institutional Shares (Income) – 1.0% per annum* Exempt Shares 2 (Net Accumulation) – 0.75% per annum* X Shares (Net Income) – To be Advised * X Shares (Net Accumulation) – To be Advised *
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation dates**	28 February, 31 May, 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	24, 27, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	8-13

* The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON GLOBAL BALANCED FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximize returns by investing predominantly in a worldwide portfolio of equities and fixed interest securities. The Sub-Fund may also invest in derivative instruments, forward transactions and collective investment schemes.

Classes of shares	Institutional Shares (Accumulation) Exempt Shares 1 (Net Accumulation) Exempt Shares 2 (Net Accumulation) X Shares (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£250,000 Institutional Shares (Accumulation) £50,000,000 Exempt Shares 1 (Net Accumulation) £500,000 Exempt Shares 2 (Net Accumulation) As Agreed - X Shares (Net Accumulation)
Minimum subsequent investment	£50,000 Institutional Shares (Accumulation) £1,000 Exempt Shares 1 (Net Accumulation) £1,000 Exempt Shares 2 (Net Accumulation) As Agreed - X Shares (Net Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£250,000 Institutional Share (Accumulation) £200,000 Exempt Shares 1 (Net Accumulation) £200,000 Exempt Shares 2 (Net Accumulation) As Agreed - X Shares (Net Accumulation)

Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	Institutional Shares (Accumulation) 4% Exempt Shares 1 (Net Accumulation) 7% Exempt Shares 2 (Net Accumulation) 0% X Shares (Net Accumulation) As Agreed
Annual management charge	Institutional Shares (Accumulation) - 1% per annum Exempt Shares 1 (Net Accumulation) – 0.50% per annum Exempt Shares 2 (Net Accumulation) – 0.60% per annum X Shares (Net Accumulation) – To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	30 September
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

NEWTON GLOBAL DYNAMIC BOND FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximise the total return from income and capital growth from a globally diversified portfolio of predominantly higher yielding corporate and government fixed interest securities.

The Sub-Fund may also invest in deposits, derivative instruments, forward transactions, approved money market instruments and collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Institutional Shares (Income)</p> <p>Exempt Shares 2 (Gross Accumulation)</p> <p>X Shares (Net Income)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£500,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£50,000 Institutional Shares (Income)</p> <p>£1,000 Exempt Shares 2 (Gross Accumulation)</p>

	As Agreed - X Shares (Net Income) As Agreed – X Shares (Net Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income Shares £250,000 Institutional Shares (Accumulation) £250,000 Institutional Shares (Income) £ 200,000 Exempt Shares 2 (Gross Accumulation) As Agreed – X Shares (Net Income) As Agreed – X Shares (Net Accumulation)
Regular Savings Plan Available	Yes (Sterling Income Shares)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares)
ACD's preliminary charge	Sterling Income Shares 4% Institutional Shares (Accumulation) 4% Institutional Shares (Income) 4% Exempt Shares 2 (Gross Accumulation) 0% X Shares (Net Income) As Agreed X Shares (Net Accumulation)

	As Agreed
Annual management charge *	Sterling Income Shares 1.25% per annum * Institutional Shares (Accumulation) 0.75% per annum * Institutional Shares (Income) 0.75% per annum * Exempt Shares 2 (Gross Accumulation) 0.40% per annum* X Shares (Net Income) To be Advised * X Shares (Net Accumulation) To be Advised *
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation date	30 November, 28 February, 31 May
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

* The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON GLOBAL HIGH YIELD BOND FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve a high yield from a globally diversified portfolio which may include but is not limited to fixed interest bonds and other debt

instruments (such as floating rate notes and index-linked notes).

The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes. At least 80% of the Sub-Fund's assets should be in Sterling denominated assets or hedged back to Sterling

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>X Shares (Net Income)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>

Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>X Shares (Net Income) As Agreed</p> <p>X Shares (Net Accumulation) As Agreed</p>
Annual management charge *	<p>Sterling Income Shares - 1.0% per annum *</p> <p>Institutional Shares (Accumulation) – 0.5% per annum *</p> <p>X Shares (Net Income) – To be Advised *</p> <p>X Shares (Net Accumulation) – To be Advised *</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 July
Interim income allocation date	The second last business day of each month
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	1, 3, 4, 23, 24, 27-36
Invest in additional Eligible Derivatives Markets in Appendix 4	8-13

* The ACD and Depositary have agreed that 100% of the annual management

charge may be charged to capital.

NEWTON GLOBAL HIGHER INCOME FUND

Investment Objective and Policy

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The objective of the Sub-Fund is to achieve increasing annual distributions together with long-term capital growth from investing predominantly in global securities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Institutional Shares (Income)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Income)</p> <p>X Shares (Net Accumulation)</p> <p>X Shares (Net Income)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£50,000 Institutional Shares (Income)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p>

	As Agreed – X Shares (Net Income)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares - 4%</p> <p>Institutional Shares (Accumulation) - 4%</p> <p>Institutional Shares (Income) - 4%</p> <p>Exempt Shares 2 (Net Accumulation) - 0%</p> <p>Exempt Shares 2 (Net Income) - 0%</p> <p>X Shares (Net Accumulation)- As Agreed</p> <p>X Shares (Net Income) - As Agreed</p>
Annual management charge*	<p>Sterling Income Shares - 1.5% per annum*</p> <p>Institutional Shares (Accumulation) – 1.0% per annum*</p> <p>Institutional Shares (Income) – 1.0% per annum*</p> <p>Exempt Shares 2 (Net Accumulation)</p>

	– 0.75% per annum* Exempt Shares 2 (Net Income) – 0.75% per annum* X Shares (Net Accumulation)- To be Advised * X Shares (Net Income)- To be Advised *
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation dates	28 February, 31 May, 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

* The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON GLOBAL OPPORTUNITIES FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve long-term capital growth from a concentrated portfolio predominately invested in the securities of companies located worldwide. The Sub-Fund does not have a bias towards any economic sector or company size.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p>

	As Agreed – X Shares (Net Accumulation)
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>0%</p> <p>X Shares (Net Accumulation) – As Agreed</p>
Annual management charge	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.75% per annum</p> <p>X Shares (Net Accumulation) – To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA State	Yes

Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

NEWTON GROWTH FUND

Investment Objective and Policy

The objective of the Sub-Fund is to secure long term capital growth. The Sub-Fund will invest principally in the UK with a small exposure to international equity and bond markets.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p>

	4%
Annual management charge	<p>Sterling Income Shares - 1.25% per annum. With effect from 31 August 2007, the annual management charge for this share class will be increased to 1.50%.</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	30 September
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	1, 3, 4, 8, 12-17, 19, 20, 22-24, 26, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

NEWTON HIGHER INCOME FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve increasing distributions on a calendar year basis with long term capital growth.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Institutional Shares (Income)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>X Shares (Net Accumulation)</p> <p>X Shares (Net Income)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£50,000 Institutional Shares (Income)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p>

	<p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£200,000 Exempt Shares 1 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed – X Shares (Net Income)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Institutional Shares (Income)</p> <p>4%</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>7%</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>0%</p> <p>X Shares (Net Accumulation)</p>

	As Agreed X Shares (Net Income) As Agreed
Annual management charge *	Sterling Income Shares 1.50% per annum * Institutional Shares (Accumulation) – 1.0% per annum * Institutional Shares (Income) – 1.0% per annum * Exempt Shares 1 (Net Accumulation) – 0.50% per annum * Exempt Shares 2 (Net Accumulation) – 0.75% per annum * X Shares (Net Accumulation)-* To be Advised X Shares (Net Income)* To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation date	28 February, 31 May, 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	None
Invest in additional Eligible Derivatives Markets in Appendix 4	None

* The ACD and Depositary have agreed that 100% of the annual management charge may be charged to capital.

NEWTON INCOME FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth and income from a portfolio of predominantly UK securities.

The Sub-fund may also invest in collective investment schemes.

Classes of shares	Sterling Income Shares Institutional Shares (Accumulation) Institutional Shares (Income) Exempt Shares 2 (Net Accumulation) X Shares (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£1,000 Sterling Income Shares £250,000 Institutional Shares (Accumulation) £250,000 Institutional Shares (Income) £500,000 Exempt Shares 2 (Net Accumulation) As Agreed – X Shares (Net Accumulation)
Minimum subsequent investment	£250 Sterling Income Shares £50,000 Institutional Shares (Accumulation) £50,000 Institutional Shares (Income) £1,000 Exempt Shares 2 (Net Accumulation) As Agreed – X Shares (Net Accumulation)
Minimum withdrawal	None, provided minimum holding

	remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Institutional Shares (Income)</p> <p>4%</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>0%</p> <p>X Shares (Net Accumulation)</p> <p>As Agreed</p>

Annual management charge*	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Institutional Shares (Income) – 1.0% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.75% per annum</p> <p>X Shares (Net Accumulation - To be Advised)</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation dates	28 February, 31 May and 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

* The ACD and Depositary have agreed that from 1 August 2009 100% of the annual management charge may be charged to capital

NEWTON INDEX LINKED GILT FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximise returns by investment in a portfolio of predominantly sterling index linked gilts.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 2 (Gross Accumulation)</p> <p>X Shares (Gross Accumulation)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£500,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p>

	As Agreed – X Shares (Net Accumulation)
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	Institutional Shares (Accumulation) 4% Exempt Shares 2 (Gross Accumulation) 0% X Shares (Gross Accumulation) As Agreed X Shares (Net Accumulation) As Agreed
Annual management charge	Institutional Shares (Accumulation) - 0.5% per annum Exempt Shares 2 (Gross Accumulation) – 0.20% per annum X Shares (Gross Accumulation)- To be Advised X Shares (Net Accumulation) - To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation dates	31 August
Interim income allocation dates	28 February
Invest in any Regulated Market in an EEA State	No
Invest in additional Eligible Markets in Appendix 3	1, 3, 4, 12-16, 23, 29-36
Invest in additional Eligible Derivatives	1, 2, 4-6, 8-13

Markets in Appendix 4	
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NEWTON INTERNATIONAL BOND FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximise the total return from income and capital growth in the world bond markets through investment predominantly in Government and other public securities.

The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Institutional Shares (Income)</p> <p>Exempt Shares 2 (Gross Accumulation)</p> <p>Euro Accumulation Shares</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	<p>Sterling Income Shares UK sterling</p> <p>Institutional Shares (Accumulation) UK sterling</p> <p>Institutional Shares (Income) UK sterling</p> <p>Exempt Shares 2 (Gross Accumulation) UK sterling</p> <p>Euro Accumulation Shares Euro</p>

	X Shares (Net Accumulation) UK Sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p> <p>£500,000 Exempt Shares 2 (Gross Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As agreed- X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£50,000 Institutional Shares (Income)</p> <p>£1,000 Exempt Shares 2 (Gross Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p> <p>As agreed- X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income;</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£250,000 Institutional Shares (Income)</p>

	<p>£200,000 Exempt Shares 2 (Gross Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As agreed- X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes – (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 - (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Institutional Shares (Income)</p> <p>4%</p> <p>Exempt Shares 2 (Gross Accumulation)</p> <p>0%</p> <p>Euro Accumulation Shares</p> <p>4%</p> <p>As agreed- X Shares (Net Accumulation)</p>
Annual management charge	<p>Sterling Income Shares - 1.0% per annum</p> <p>Institutional Shares (Accumulation) – 0.5% per annum</p> <p>Institutional Shares (Income) – 0.5% per annum</p> <p>Exempt Shares 2 (Gross Accumulation) – 0.30% per annum</p> <p>Euro Accumulation Shares - 1.5% per annum</p>

	annum As agreed- X Shares (Net Accumulation)
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation date	28 February
Additional income allocation date	29 June 2000.
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

NEWTON INTERNATIONAL GROWTH FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth from a portfolio of international securities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>Exempt Shares 3 (Net Accumulation)</p> <p>Euro Accumulation Shares</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	<p>Sterling Income Shares</p> <p>UK sterling</p> <p>Institutional Shares (Accumulation)</p> <p>UK sterling</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>UK sterling</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>UK sterling</p> <p>Exempt Shares 3 (Net Accumulation)</p> <p>UK sterling</p> <p>Euro Accumulation Shares</p> <p>Euro</p> <p>X Shares (Net Accumulation)</p>

	UK Sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p> <p>£50,000,000 Exempt Shares 2 (Net Accumulation)</p> <p>£500,000 Exempt Shares 3 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>£1,000 Exempt Shares 3 (Net Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 1 (Net Accumulation)</p>

	<p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>£200,000 Exempt Shares 3 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>7%</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>7%</p> <p>Exempt Shares 3 (Net Accumulation)</p> <p>0%</p> <p>Euro Accumulation Shares</p> <p>4%</p> <p>X Shares (Net Accumulation)</p> <p>As Agreed</p>
Annual management charge	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Exempt Shares 1 (Net Accumulation) – 0.50% per annum</p>

	<p>Exempt Shares 2 (Net Accumulation) – 0.60% per annum</p> <p>Exempt Shares 3 (Net Accumulation) – 0.75% per annum</p> <p>Euro Accumulation Shares - 2.0% per annum</p> <p>X Shares (Net Accumulation)- To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

NEWTON JAPAN FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth from a portfolio of predominantly Japanese securities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>Euro Accumulation Shares</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	<p>Sterling Income Shares</p> <p>UK sterling</p> <p>Institutional Shares (Accumulation)</p> <p>UK sterling</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>UK sterling</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>UK sterling</p> <p>Euro Accumulation Shares</p> <p>Euro</p> <p>X Shares (Net Accumulation)</p> <p>UK Sterling</p>
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p>

	<p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 1 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p>

	Institutional Shares (Accumulation) 4% Exempt Shares 1 (Net Accumulation) 7% Exempt Shares 2 (Net Accumulation) 0% Euro Accumulation Shares 4% X Shares (Net Accumulation) As Agreed
Annual management charge	Sterling Income Shares - 1.5% per annum Institutional Shares (Accumulation) – 1.0% per annum Exempt Shares 1 (Net Accumulation) – 0.50% per annum Exempt Shares 2 (Net Accumulation) – 0.75% per annum Euro Accumulation Shares - 2.0% per annum X Shares (Net Accumulation) – To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	12-16, 24, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	4-6, 7, 8-13

NEWTON LONG CORPORATE BOND FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximise returns through investment in predominantly sterling denominated fixed interest securities excluding gilts.

The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

Classes of shares	Institutional Shares (Accumulation) Exempt Shares 1 (Gross Accumulation) Exempt Shares 2 (Gross Accumulation) X Shares (Gross Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£250,000 Institutional Shares (Accumulation) £50,000,000 Exempt Shares 1 (Gross Accumulation) £500,000 Exempt Shares 2 (Gross Accumulation) As Agreed – X Shares (Gross Accumulation)
Minimum subsequent investment	£50,000 Institutional Shares (Accumulation) £1,000 Exempt Shares 1 (Gross Accumulation) £1,000 Exempt Shares 2 (Gross Accumulation) As Agreed – X Shares (Gross Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£250,000 Institutional Shares (Accumulation)

	<p>£200,000 Exempt Shares 1 (Gross Accumulation)</p> <p>£200,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p>
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	<p>Institutional Shares (Accumulation) 4%</p> <p>Exempt Shares 1 (Gross Accumulation) 7%</p> <p>Exempt Shares 2 (Gross Accumulation) 0%</p> <p>X Shares (Gross Accumulation) As Agreed</p>
Annual management charge	<p>Institutional Shares (Accumulation) - 0.5% per annum</p> <p>Exempt Shares 1 (Gross Accumulation) – 0.20% per annum</p> <p>Exempt Shares 2 (Gross Accumulation) – 0.30% per annum</p> <p>X Shares (Gross Accumulation)- To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 August
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in	28-36

Appendix 3	
Invest in additional Eligible Derivatives Markets in Appendix 4	None

NEWTON LONG GILT FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximise returns through investment in securities issued or guaranteed by the UK Government or the Governments of foreign countries or corporate bodies.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 2 (Gross Accumulation)</p> <p>X Shares (Gross Accumulation)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£500,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 2 (Gross Accumulation)</p> <p>As Agreed – X Shares (Gross Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>

Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	Institutional Shares (Accumulation) 4% Sterling Income Shares 4% Exempt Shares 2 (Gross Accumulation) 0% X Shares (Gross Accumulation) As Agreed X Shares (Net Accumulation) As Agreed
Annual management charge	Institutional Shares (Accumulation) - 0.5% per annum Exempt Shares 2 (Gross Accumulation) – 0.20% per annum X Shares (Gross Accumulation)- To be Advised X Shares (Net Accumulation)- To be Advised
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation dates	31 August
Interim income allocation dates	28 February 31 May 30 November
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed

Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed
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NEWTON MANAGED FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth and income from a portfolio of UK, EC and international securities.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	Sterling Income shares
	Institutional Shares (Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£1,000 Sterling Income Shares
	£250,000 Institutional Shares (Accumulation)
Minimum subsequent investment	£250 Sterling Income Shares
	£50,000 Institutional Shares (Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income Shares
	£250,000 Institutional Shares (Accumulation)
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	Sterling Income Shares - 4% Institutional Shares (Accumulation) – 4%
Annual management charge	Sterling Income Shares - 1.5% per annum
	Institutional Shares (Accumulation) – 1.0% per annum
Annual accounting date	30 June

Interim accounting date	31 December
Annual income allocation date	30 September
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All Markets Listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All Markets Listed

NEWTON ORIENTAL FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve capital growth by investing in securities predominantly Asian and in Pacific markets including Australia and New Zealand but excluding Japan.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>Euro Accumulation Shares</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	<p>Sterling Income Shares UK sterling</p> <p>Institutional Shares (Accumulation) UK sterling</p> <p>Exempt Shares 1 (Net Accumulation) UK sterling</p> <p>Exempt Shares 2 (Net Accumulation) UK sterling</p> <p>Euro Accumulation Shares Euro</p> <p>X Shares (Net Accumulation) UK Sterling</p>
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p>

	<p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 1 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p>

	<p>€5,000 Euro Accumulation Funds</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>Exempt Shares 1 (Net Accumulation) 7%</p> <p>Exempt Shares 2 (Net Accumulation) 0%</p> <p>Euro Accumulation Shares 4%</p> <p>X Shares (Net Accumulation) As Agreed</p>
Annual management charge	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Exempt Shares 1 (Net Accumulation) – 0.50% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.75% per annum</p> <p>Euro Accumulation Shares - 2.0% per annum</p> <p>X Shares (Net Accumulation)- To be Advised</p>

Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	1, 6-11, 17, 18, 20-22, 25, 26, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	1, 8-13

NEWTON OVERSEAS EQUITY FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve long term growth by investing in stocks and shares quoted on major stock markets of the world, excluding the UK.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	Institutional Shares (Accumulation) Exempt Shares 1 (Net Accumulation) Exempt Shares 2 (Net Accumulation) Exempt Shares 3 (Net Accumulation) X Shares (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£250,000 Institutional Shares (accumulation) £50,000,000 Exempt Shares 1 (Net Accumulation) £50,000,000 Exempt Shares 2 (Net Accumulation) £500,000 Exempt Shares 3 (Net Accumulation) As Agreed – X Shares (Net Accumulation)
Minimum subsequent investment	£50,000 Institutional Shares (Accumulation) £1,000 Exempt Shares 1 (Net Accumulation) £1,000 Exempt Shares 2 (Net Accumulation) £1,000 Exempt Shares 3 (Net Accumulation) As Agreed – X Shares (Net Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£250,000 Institutional Shares (Accumulation)

	<p>£200,000 Exempt Shares 1 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>£200,000 Exempt Shares 3 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	<p>Institutional Shares (Accumulation) 4%</p> <p>Exempt Shares 1 (Net Accumulation) 7%</p> <p>Exempt Shares 2 (Net Accumulation) 7%</p> <p>Exempt Shares 3 (Net Accumulation) 0%</p> <p>X Shares (Net Accumulation) As Agreed</p>
Annual management charge	<p>Institutional Shares (Accumulation) - 1% per annum</p> <p>Exempt Shares 1 (Net Accumulation) – 0.50% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.60% per annum</p> <p>Exempt Shares 3 (Net Accumulation) – 0.75% per annum</p> <p>X Shares (Net Accumulation)- To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	30 September

Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed except 9,12,16
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

NEWTON PAN-EUROPEAN FUND

Investment Objective and Policy

The objective of the Sub-Fund is to provide capital growth from a portfolio of predominantly European securities, including the UK and Eastern Europe, with a bias towards larger, blue chip companies.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Euro Accumulation Shares</p>
Currency of denomination	<p>Sterling Income Shares UK sterling</p> <p>Institutional Shares (Accumulation) UK sterling</p> <p>Euro Accumulation Shares Euro</p>
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>€5,000 Euro Accumulation Shares</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>€1,000 Euro Accumulation Shares</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income;

	£250,000 Institutional Shares (Accumulation)
	€5,000 Euro Accumulation Shares
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>Euro Accumulation Shares 4%</p>
Annual management charge	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Euro Accumulation Shares - 2.0% per annum</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	24, 27, 28-36
Invest in additional Eligible Derivatives Markets in Appendix 4	8-13

NEWTON PHOENIX MULTI-ASSET FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve long-term capital growth in excess of cash* returns from a balanced portfolio diversified across a range of assets. The Sub-Fund may invest in equities, fixed interest securities, collective investment schemes, warrants, derivative instruments, deposits and approved money market instruments.

The Manager does not intend to have an interest in any immovable property or tangible movable property.

* 'cash' being Libor.

Classes of shares	Sterling Income Shares Sterling Accumulation Shares Institutional Shares (Accumulation) Exempt Shares 2 (Net Accumulation)
Currency of denomination	UK sterling
Minimum initial investment	£1,000 Sterling Income Shares £1,000 Sterling Accumulation Shares £250,000 Institutional Shares (Accumulation) £500,000 Exempt Shares 2 (Net Accumulation)
Minimum subsequent investment	£250 Sterling Income Shares £250 Sterling Accumulation Shares £50,000 Institutional Shares (Accumulation) £1,000 Exempt Shares 2 (Net Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income Shares

	<p>£1,000 Sterling Accumulation Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£ 200,000 Exempt Shares 2 (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares and Sterling Accumulation Shares)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares and Sterling Accumulation Shares)
ACD's preliminary charge	<p>Sterling Income Shares</p> <p>4%</p> <p>Sterling Accumulation Shares</p> <p>4%</p> <p>Institutional Shares (Accumulation)</p> <p>4%</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>0%</p>
Annual management charge	<p>Sterling Income Shares</p> <p>1.50% per annum</p> <p>Sterling Accumulation Shares</p> <p>1.50% per annum</p> <p>Institutional Shares (Accumulation)</p> <p>1.00% per annum</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>0.75% per annum</p>
Annual accounting date	30 June
Interim accounting date	31 December

Annual income allocation date	31 August
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

NEWTON REAL RETURN FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve significant real rates of return in sterling terms predominantly from a portfolio of UK and international securities.

The Sub-Fund may also invest in deposits, approved money market instruments, derivative instruments, forward transactions and collective investment schemes.

Classes of shares	, Sterling Accumulation P Shares Sterling Income A Shares Sterling Income Shares Institutional Shares (Accumulation) Exempt Shares 2 (Net Accumulation) Exempt Shares 2 (Net Income) X Shares (Net Accumulation) X Shares (Net Income)
Currency of denomination	UK sterling
Minimum initial investment	£1,000 Sterling Accumulation P Shares £1,000 Sterling Income A; £20,000 Sterling Income £250,000 Institutional Shares (Accumulation) £500,000 Exempt Shares 2 (Net Accumulation) £500,000 Exempt Shares 2 (Net Income) As Agreed – X Shares (Net Accumulation)

	As Agreed- X Shares (Net Income)
Minimum subsequent investment	<p>£250 Sterling Accumulation P Shares</p> <p>£250 Sterling Income A;</p> <p>£1,000 Sterling Income</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed- X Shares (Net Income)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>£1,000 Sterling Accumulation P Shares</p> <p>£1,000 Sterling Income A;</p> <p>£20,000 Sterling Income</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Income)</p> <p>As Agreed – X Shares (Net Accumulation)</p> <p>As Agreed- X Shares (Net Income)</p>

Regular Savings Plan Available	Yes (Sterling Accumulation P Shares and Sterling Income A Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Accumulation P Shares and Sterling Income A Shares only)
ACD's preliminary charge	<p>Sterling Accumulation P Shares 4%</p> <p>Sterling Income A Shares 4%</p> <p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>Exempt Shares 2 (Net Accumulation) 0%</p> <p>Exempt Shares 2 (Net Income) 0%</p> <p>X Shares (Net Accumulation) As Agreed X Shares (Net Income) As Agreed</p>
Annual management charge*	<p>Sterling Accumulation P Shares 1.25 % per annum</p> <p>Sterling Income A Shares - 1.5% per annum</p> <p>Sterling Income Shares - 1.0% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.75% per annum</p> <p>Exempt Shares 2 (Net Income) – 0.75% per annum</p> <p>X Shares (Net Accumulation) To be Advised – X Shares (Net Income) As Agreed</p>

Performance fee rate	Sterling Accumulation P Shares 15%
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	30 September
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

- The ACD and Depositary have agreed that from 15 November 2005 100% of the annual management charge may be charged to capital
The performance fee is also charged to Capital.

NEWTON UK EQUITY FUND

Investment Objective and Policy

The objective of the Sub-Fund is to achieve long-term growth. The Sub-Fund will invest in a carefully selected portfolio of UK securities. An equal emphasis will be placed on the generation of income and capital growth.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 1 (Net Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£50,000,000 Exempt Shares 1 (Net Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 1 (Net Accumulation)</p>

	£1,000 Exempt Shares 2 (Net Accumulation) As Agreed – X Shares (Net Accumulation)
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£250,000 Institutional Shares (Accumulation) £200,000 Exempt Shares 1 (Net Accumulation) £200,000 Exempt Shares 2 (Net Accumulation) As Agreed – X Shares (Net Accumulation)
Regular Savings Plan Available	No
Regular Savings Plan Minimum Monthly Investment	N/A
ACD's preliminary charge	Institutional Shares Accumulation 4% Exempt Shares 1 (Net Accumulation) 7% Exempt Shares 2 (Net Accumulation) 0% X Shares (Net Accumulation) As Agreed
Annual management charge	Institutional Shares (Accumulation) -

	<p>1% per annum</p> <p>Exempt Shares 1 (Net Accumulation) – 0.50% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.60% per annum</p> <p>X Shares (Net Accumulation)- To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	30 September
Interim income allocation date	28 February
Invest in any Regulated Market in an EEA State	Yes
Invest in additional Eligible Markets in Appendix 3	None
Invest in additional Eligible Derivatives Markets in Appendix 4	None

NEWTON UK OPPORTUNITIES FUND

Investment Objective and Policy

The objective of the Sub-Fund is to maximise long-term capital growth from a concentrated portfolio primarily invested in the securities of UK companies. The Sub-Fund does not have a bias towards any economic sector or company size.

The Sub-Fund may also invest in collective investment schemes.

Classes of shares	<p>Sterling Income Shares</p> <p>Institutional Shares (Accumulation)</p> <p>Exempt Shares 2 (Net Accumulation)</p> <p>X Shares (Net Accumulation)</p>
Currency of denomination	UK sterling
Minimum initial investment	<p>£1,000 Sterling Income Shares</p> <p>£250,000 Institutional Shares (Accumulation)</p> <p>£500,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum subsequent investment	<p>£250 Sterling Income Shares</p> <p>£50,000 Institutional Shares (Accumulation)</p> <p>£1,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	£1,000 Sterling Income Shares

	<p>£250,000 Institutional Shares (Accumulation)</p> <p>£200,000 Exempt Shares 2 (Net Accumulation)</p> <p>As Agreed – X Shares (Net Accumulation)</p>
Regular Savings Plan Available	Yes (Sterling Income Shares only)
Regular Savings Plan Minimum Monthly Investment	£50 (Sterling Income Shares only)
ACD's preliminary charge	<p>Sterling Income Shares 4%</p> <p>Institutional Shares (Accumulation) 4%</p> <p>Exempt Shares 2 (Net Accumulation) 0%</p> <p>X Shares (Net Accumulation) As Agreed</p>
Annual management charge	<p>Sterling Income Shares - 1.5% per annum</p> <p>Institutional Shares (Accumulation) – 1.0% per annum</p> <p>Exempt Shares 2 (Net Accumulation) – 0.75% per annum</p> <p>X Shares (Net Accumulation)- To be Advised</p>
Annual accounting date	30 June
Interim accounting date	31 December
Annual income allocation date	31 October
Interim income allocation date	N/A
Invest in any Regulated Market in an EEA	Yes

State	
Invest in additional Eligible Markets in Appendix 3	All markets listed
Invest in additional Eligible Derivatives Markets in Appendix 4	All markets listed

APPENDIX 2

PART 1

1 INVESTMENT AND BORROWING POWERS OF THE BNY MELLON LONG-TERM GLOBAL EQUITY FUND, NEWTON 60/40 GLOBAL EQUITY FUND, NEWTON AMERICAN FUND, NEWTON ASIAN INCOME FUND, NEWTON CONTINENTAL EUROPEAN FUND, NEWTON CAUTIOUS MANAGED FUND, NEWTON EUROPEAN HIGHER INCOME FUND, NEWTON GLOBAL HIGHER INCOME FUND, NEWTON GLOBAL OPPORTUNITIES FUND, NEWTON GROWTH FUND, NEWTON HIGHER INCOME FUND, NEWTON INCOME FUND, NEWTON INDEX LINKED GILT FUND, NEWTON INTERNATIONAL GROWTH FUND, NEWTON JAPAN FUND, NEWTON LONG GILT FUND, NEWTON MANAGED FUND, NEWTON ORIENTAL FUND, NEWTON OVERSEAS EQUITY FUND, NEWTON PAN EUROPEAN FUND, NEWTON UK EQUITY FUND, NEWTON UK OPPORTUNITIES FUND.

The Scheme property of each of the above Sub-Funds will be invested with the aim of achieving the investment objective of that Sub-Fund but subject to the limits on investment set out in chapter 5 of the FSA Regulations that are applicable to UCITS schemes.

These limits apply to each Sub-Fund as summarised below:

1. Prudent spread of risk

- 1.1 The ACD must ensure that, taking account of the investment objectives and policy of each Sub-Fund, the Scheme property of each Sub-Fund aims to provide a prudent spread of risk.
- 1.2 The ACD's investment policy may mean that at times, where it is considered appropriate, the property of each Sub-Fund will not be fully invested and that prudent levels of liquidity will be maintained.

2. Valuation

- 2.1 The value of the Scheme property of each Sub-Fund means the net value of the Scheme property of that Sub-Fund determined in accordance with the FSA Regulations, after deducting any outstanding borrowings, whether immediately due to be repaid or not.
- 2.2 When valuing the Scheme property of each Sub-Fund:
 - 2.2.1 the time as at which the valuation is being carried out ("the relevant time") is treated as if it were a valuation point, but the valuation and the relevant time do not count as a valuation or a valuation point for the purposes of the FSA Regulations;
 - 2.2.2 initial outlay is regarded as remaining part of the Scheme property of the Sub-Fund; and

- 2.2.3 if the ACD, having taken reasonable care, determines that the Sub-Fund will become entitled to any unrealised profit which has been made on account of a transaction in derivatives, that prospective entitlement is regarded as part of the Scheme property of that Sub-Fund.

3. Cover

- 3.1 Where the FSA Regulations allow a transaction to be entered into or an investment to be retained only if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in the FSA Regulations, it must be assumed that the maximum possible liability of the Sub-Fund under any other of those rules has also to be provided for.
- 3.2 Where a rule in the FSA Regulations permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
- 3.2.1 it must be assumed that in applying any of those rules, the Sub-Fund must also simultaneously satisfy any other obligation relating to cover; and
- 3.2.2 no element of cover must be used more than once.

4. Transferable Securities

- 4.1 A transferable security is an investment which is any of the following:
- 4.1.1 a share;
- 4.1.2 a debenture;
- 4.1.3 a government and public security;
- 4.1.4 a warrant; or
- 4.1.5 a certificate representing certain securities.
- 4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 4.3 In applying paragraph 4.1 to an investment which is issued by a body corporate, and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

5. UCITS schemes - general

- 5.1 The Scheme property of each Sub-Fund must, subject to its investment objective and policy and except where otherwise provided in the FSA Regulations only consist of any or all of:
- 5.1.1 transferable securities;

- 5.1.2 permitted units in collective investment schemes;
- 5.1.3 approved money market instruments;
- 5.1.4 permitted derivatives and forward transactions; and
- 5.1.5 permitted deposits.
- 5.2 Transferable securities and approved money market instruments held within a Sub-Fund must (subject to paragraphs 5.3 and 5.4) be;
 - 5.2.1 admitted to or dealt on an eligible market as described below; or
 - 5.2.2 for an approved money market instrument not admitted to or dealt on an eligible market, within paragraph 11.1; or
 - 5.2.3 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).
- 5.3 Not more than 10% in value of the Scheme property of a Sub-Fund is to consist of transferable securities, which are not approved securities and approved money market instruments (other than those that are referred to in paragraph 5.2.2).
- 5.4 The requirements on spread and investment in government and public securities do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of a Sub-Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.
- 5.5 It is not intended that a Sub-Fund will have an interest in any immovable property or tangible movable property.
- 6. **Investment in transferable securities**
 - 6.1 A Sub-Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
 - 6.1.1 the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 6.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder under the FSA Regulations;
 - 6.1.3 reliable valuation is available for it as follows:
 - 6.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

- 6.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 6.1.4 appropriate information is available for it as follows:
 - 6.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 6.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- 6.1.5 it is negotiable; and
- 6.1.6 its risks are adequately captured by the risk management process of the ACD.
- 6.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
 - 6.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder; and
 - 6.2.2 to be negotiable.
- 6.3 Not more than 5% in value of a Sub-Fund is to consist of warrants.

7. Closed end funds constituting transferable securities

- 7.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 6, and either:
 - 7.1.1 where the closed end fund is constituted as an investment company or a unit trust:
 - 7.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
 - 7.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
 - 7.1.2 where the closed end fund is constituted under the law of contract:

- 7.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
- 7.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

8. Transferable securities linked to other assets

- 8.1 A Sub-Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-Fund provided the investment:
 - 8.2 fulfils the criteria for transferable securities set out in paragraph 6; and
 - 8.3 is backed by or linked to the performance of other assets, which may differ from those in which a Sub-Fund can invest.
- 8.4 Where an investment in paragraph 6 contains an embedded derivative component (see paragraph 18.5), the requirements of this section with respect to derivatives and forwards will apply to that component.

9. Approved Money Market Instruments

- 9.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 9.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
 - 9.2.1 has a maturity at issuance of up to and including 397 days;
 - 9.2.2 has a residual maturity of up to and including 397 days;
 - 9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
 - 9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraphs 9.2.1 or 9.2.2 or is subject to yield adjustments as set out in paragraph 9.2.3.
- 9.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder.
- 9.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
 - 9.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

9.4.2 based either on market data or on valuation models including systems based on amortised costs.

9.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

10. Eligible markets regime: purpose

10.1 To protect investors, the markets on which investments of the Sub-Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

10.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

10.3 A market is eligible for the purposes of the rules if it is:

10.3.1 a regulated market; or

10.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.

10.4 A market not falling within paragraph 10.3 is eligible for the purposes of the FSA Regulations if:

10.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme property;

10.4.2 the market is included in a list in the Prospectus; and

10.4.3 the Depositary has taken reasonable care to determine that:

10.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

10.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

10.5 In paragraph 10.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

11. Money-market instruments with a regulated issuer

11.1 In addition to instruments admitted to or dealt in on an eligible market, a Sub-Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

- 11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
- 11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12.
- 11.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
 - 11.2.1 the instrument is an approved money-market instrument;
 - 11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13; and
- 11.3 the instrument is freely transferable.

12. Issuers and guarantors of money-market instruments

- 12.1 A Sub-Fund may invest in an approved money-market instrument if it is:
 - 12.1.1 issued or guaranteed by any one of the following:
 - 12.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
 - 12.1.1.2 a regional or local authority of an EEA State;
 - 12.1.1.3 the European Central Bank or a central bank of an EEA State;
 - 12.1.1.4 the European Union or the European Investment Bank;
 - 12.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
 - 12.1.1.6 a public international body to which one or more EEA States belong; or
 - 12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
 - 12.1.3 issued or guaranteed by an establishment which is:
 - 12.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
 - 12.1.3.2 subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by European Community law.
 - 12.1.4 An establishment shall be considered to satisfy the requirement in paragraph 12.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
 - 12.1.4.1 it is located in the European Economic Area;
 - 12.1.4.2 it is located in an OECD country belonging to the Group of Ten;
 - 12.1.4.3 it has at least investment grade rating;

- 12.1.4.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

13. Appropriate information for money-market instruments

- 13.1 In the case of an approved money-market instrument within paragraph 12.1.2 or which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.6 but is not guaranteed by a central authority within paragraph 12.1.1.1, the following information must be available:

- 13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

- 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

- 13.1.3 available and reliable statistics on the issue or the issuance programme.

- 13.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 12.1.3, the following information must be available

- 13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument updates of that information on a regular basis and whenever a significant event occurs; and

- 13.2.2 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

- 13.3 In the case of an approved money-market instrument:

- 13.3.1 within paragraphs 12.1.1.1, 12.1.1.4 or 12.1.1.5; or

- 13.3.2 which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.6 and is guaranteed by a central authority within paragraph 12.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

14. Spread: general

- 14.1 This rule on spread does not apply to government and public securities.

- 14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.

- 14.3 Not more than 20% in value of the Scheme property of a Sub-Fund is to consist of deposits with a single body.

- 14.4 Not more than 5% in value of the Scheme property of a Sub-Fund is to consist of transferable securities or approved money market instruments issued by any single body.
- 14.5 The limit of 5% in paragraph 14.4 is raised to 10% in respect of up to 40% in value of the Scheme property of a Sub-Fund. Covered bonds need not be taken into account for the purposes of applying the limit of 40%.
- 14.6 The limit of 5% in paragraph 14.4 is raised to 25% in value of the Scheme property in respect of covered bonds, provided that when a Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme property.
- 14.7 In applying paragraph 14.5 and 14.6 certificates representing certain securities are to be treated as equivalent to the underlying security.
- 14.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme property of a Sub-Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 14.9 Not more than 10% in value of the Scheme property of a Sub-Fund is to consist in the units of any one collective investment scheme.
- 14.10 Not more than 20% in value of the Scheme property of a Sub-Fund is to consist of transferable securities or approved money market instruments issued by the same group (as referred to in paragraph 14.2).
- 14.11 In applying the limits in paragraphs 14.3 to 14.8 and subject to paragraph 14.6, not more than 20% in value of the scheme property is to consist of any combination of two or more of the following:
 - 14.11.1 transferable securities or money market instruments issued by; or
 - 14.11.2 deposits made with; or
 - 14.11.3 exposures from OTC derivatives transactions made with;
 - a single body.
- 14.12 For the purpose of calculating the limits in paragraphs 14.8 and 14.11, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified in paragraph 14.13.
- 14.13 The conditions referred to in paragraph 14.12 are that the collateral:
 - 14.13.1 is marked-to-market on a daily basis and exceeds the value of the amount at risk;
 - 14.13.2 is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
 - 14.13.3 is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
 - 14.13.4 can be fully enforced by a Sub-Fund at any time.

- 14.14 For the purpose of calculating the limits in paragraphs 14.8 and 14.11, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 14.14.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to Directive 2000/12/EC; and
 - 14.14.2 are based on legally binding agreements.
- 14.15 In applying this rule, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 14.15.1 it is backed by an appropriate performance guarantee; and
 - 14.15.2 it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.
- 15. Spread: Government and public securities**
- 15.1 The following paragraph applies to government and public securities ("such securities").
- 15.2 Where no more than 35% in value of the Scheme property of a Sub-Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 15.3 A Sub-Fund may invest more than 35% in value of its Scheme property in such securities issued by any one body provided that:
- 15.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;
 - 15.3.2 no more than 30% in value of the Scheme property of the Sub-Fund consists of such securities of any one issue;
 - 15.3.3 the Scheme property of the Sub-Fund includes such securities issued by that or another issuer, of at least six different issues; and
 - 15.3.4 the disclosures required by the FSA have been made.
- 15.4 In relation to such securities:
- 15.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
 - 15.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 15.5 The rules in paragraph 15.3 are intended to apply to the following Sub-Funds and accordingly more than 35% of the Scheme property of those Sub-Funds is or may be invested in such securities.

15.5.1 The Instrument provides that for the Newton Index Linked Gilt Fund, and the Newton Long Gilt Fund, up to 100% of the assets of those Sub-Funds may be invested in government and public securities issued by or on behalf of the Government of the UK, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales, or the governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and the United States or by one of the following international organisations: African Development Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), and the Nordic Investment Bank (NIB).

15.6 Notwithstanding paragraph 14.1 and subject to paragraphs 15.2 and 15.3, in applying the 20% limit in paragraph 14.11 with respect to a single body, government and public securities issued by that body shall be taken into account.

16. Investment in collective investment schemes

16.1 A Sub-Fund may invest in units in a collective investment scheme ("second scheme") provided the second scheme satisfies all of the conditions of paragraph 16.2, and provided that no more than 10% of the value of the Scheme property of the Sub-Fund is invested in second schemes within paragraphs 16.2.1 to 16.2.4:

16.2 The second scheme must be one that:

16.2.1 complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

16.2.2 is recognised under the provisions of section 270 of the Act (Schemes authorised in designated countries or territories); or

16.2.3 is authorised as a non-UCITS retail scheme (provided the requirements of article 19(1)(e) of the UCITS Directive are met); or

16.2.4 is authorised in another EEA State (provided the requirements of article 19(1)(e) of the UCITS Directive are met);

16.2.5 be authorised by competent authority of an OECD member country (other than another *EEA State*) which has:

(i) signed the IOSCO Multilateral Memorandum of Understanding; and

(ii) approved the *scheme's* management company, rules and *depository/custody* arrangements; (provided the requirements of article 19(1)(e) of the *UCITS Directive* are met);

16.3 the second scheme complies where relevant with paragraph 16.6;

- 16.4 the second scheme has terms which prohibit more than 10% in value of the Scheme property consisting of units in collective investment schemes; and
- 16.5 for the purposes of paragraphs 16.3 and 16.4 a Sub-Fund of an umbrella scheme is to be treated as if it were a separate scheme but no Sub-Fund of an umbrella scheme may invest in another Sub-Fund of that umbrella scheme.
- 16.6 A Sub-Fund must not invest in or dispose of units in a second scheme, which is managed or operated by (or in the case of an OEIC, whose authorised corporate director is), the ACD, or an associate of the ACD, where there is a charge in respect of such investment or disposal unless the ACD pays the amounts referred to in paragraph 16.7 to the Sub-Fund by the close of business on the fourth business day next after the agreement to buy or to sell.;
- 16.7 On investment, the amount referred to in paragraph 16.6 is either:
 - 16.7.1 any amount by which the consideration paid by the Sub-Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
 - 16.7.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;
 - 16.7.3 on disposal, the amount referred to in paragraphs 16.7.1 and 16.7.2 is the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal; and
- 16.8 In this clause 16
 - 16.8.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made is to be treated as part of the price of the units and not as part of any charge; and
 - 16.8.2 any switching charge made in respect of an exchange of units in one fund or separate part of the second scheme for units in another fund or separate part of that scheme is to be included as part of the consideration paid for the units.
- 17. **Investment in nil and partly paid securities**
 - 17.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-Fund, at the time when payment is required, without contravening the FSA Regulations.
- 18. **Derivatives**
 - 18.1 **Each Sub-Fund will not invest in derivatives, except for purposes of efficient portfolio management (“EPM”), as described below.**

Any investment in derivatives is not expected to materially change the risk profile of the Sub-Funds. Derivative use is not intended to increase the volatility of the Sub-Funds and may indeed reduce volatility.

- 18.2 A transaction in derivatives or a forward transaction must not be effected for a Sub-Fund unless the transaction is of a kind specified in paragraph 19; and the transaction is covered, as required by paragraph 31.
- 18.3 Where a Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 14 and 15, except for index based derivatives where the rules below apply.
- 18.4 Where a transferable security or an approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 18.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
 - 18.5.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - 18.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - 18.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 18.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 18.7 Where a scheme invests in an index based derivative, provided the relevant index falls within paragraph 20 the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 14 and 15. The relaxation is subject to the ACD continuing to ensure that the scheme properly provides a prudent spread of risk.

Please refer to Section 25 (Risk Factors) above for a description of the risk factors associated with investments in derivatives.

19. Permitted transactions (derivatives and forwards)

- 19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 23.
- 19.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:
 - 19.2.1 transferable securities permitted under paragraphs 5.2.1 and 5.2.3,
 - 19.2.2 approved money market instruments permitted under paragraphs 5.2.1 to 5.2.3,
 - 19.2.3 permitted deposits,

- 19.2.4 permitted derivatives under this paragraph,
- 19.2.5 collective investment scheme units permitted under paragraph 16
- 19.2.6 financial indices which satisfy the criteria set out in paragraph 20,
- 19.2.7 interest rates,
- 19.2.8 foreign exchange rates and currencies.
- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 19.4 A transaction in a derivative must not cause a Sub-Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money market instruments, units in collective investment schemes, or derivatives.
- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 19.7 A derivative includes an instrument which fulfils the following criteria:
 - 19.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 5.1 including cash;
 - 19.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 23;
 - 19.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 19.8 A Sub-Fund may not undertake transactions in derivatives on commodities.
- 20. **Financial indices underlying derivatives**
 - 20.1.1 The financial indices referred to in paragraph 19.2.6 are those which satisfy the following criteria:
 - 20.1.1.1 the index is sufficiently diversified;
 - 20.1.1.2 the index represents an adequate benchmark for the market to which it refers; and
 - 20.1.1.3 the index is published in an appropriate manner.

20.1.2 A financial index is sufficiently diversified if:

20.1.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

20.1.2.2 where it is composed of assets in which a Sub-Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

20.1.2.3 where it is composed of assets in which a Sub-Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

20.1.3 A financial index represents an adequate benchmark for the market to which it refers if:

20.1.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

20.1.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

20.1.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

20.1.4 A financial index is published in an appropriate manner if:

20.1.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

20.1.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

20.2 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 20.1.2 be regarded as a combination of those underlyings.

21. Transactions for the purchase of property

21.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-Fund may be entered into only if that property can be held for the account of the Sub-Fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the FSA Regulations.

22. Requirement to cover sales

22.1 No agreement by or on behalf of a Sub-Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar

obligation could immediately be honoured by the Sub-Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Sub-Fund at the time of the agreement. This requirement does not apply to a deposit.

22.2 Paragraph 22.1 does not apply where:

22.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

22.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the scheme property which falls within one of the following asset classes:

(i) cash;

(ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

(iii) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

22.3 In the asset classes referred to in paragraph 22.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

23. **OTC transactions in derivatives**

23.1 Any transaction in an OTC derivative under paragraph 19 must be:

23.1.1 in a future or an option or a contract for differences;

23.1.2 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

23.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with a Sub-Fund: to provide at least daily and at any other time at the request of the Sub-Fund, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and that it will, at the request of the Sub-Fund, enter into a further transaction to close out that transaction at any time, at a fair value arrived at under the reliable market value basis or pricing model agreed under the following paragraph; and

23.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that,

throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

- 23.2 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

24. Risk management

- 24.1 The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-Fund's positions and their contribution to the overall risk profile of the Sub-Fund. Before using the process, the ACD will notify the FSA of the methods for estimating risks in derivative and forward transactions and the types of derivatives and forwards to be used within the Sub-Fund together with their underlying risks and any relevant quantitative limits. A copy of the risk management process is available on request from the ACD.

25. Investment in deposits

- 25.1 A Sub-Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

26. Significant influence

- 26.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
 - 26.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to influence significantly the conduct of business of that body corporate; or
 - 26.1.2 The acquisition gives the Company that power.
- 26.2 For the purpose of paragraph 26.1.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this

purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

27. Concentration

The Company:

- 27.1 must not acquire transferable securities (other than debt securities) which:
 - 27.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
 - 27.1.2 represent more than 10% of those securities issued by that body corporate;
- 27.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 27.3 must not acquire more than 25% of the units in a collective investment scheme;
- 27.4 must not acquire more than 10% of the money market instruments issued by any single body; and
- 27.5 need not comply with the limits in paragraphs 27.2 to 27.4 of this part of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

28. Schemes replicating an index

- 28.1 Notwithstanding paragraph 14, a Sub-Fund may invest up to 20% in value of the scheme property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 29.
- 28.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 28.3 The limit in paragraph 28.1 can be raised up to 35% in value of the scheme property, but only in respect of one body and where justified by exceptional market conditions.

29. Relevant indices

- 29.1 The indices referred to in paragraph 28 are those which satisfy the following criteria:
 - 29.1.1 The composition is sufficiently diversified;
 - 29.1.2 The index represents an adequate benchmark for the market to which it refers; and
 - 29.1.3 The index is published in an appropriate manner.

29.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

29.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

29.4 An index is published in an appropriate manner if:

29.4.1 it is accessible to the public;

29.4.2 the index provider is independent from the index-replicating Sub-Fund; this does not preclude index providers and the Sub-Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

30. Derivatives exposure

30.1 A Sub-Fund may invest in derivatives and forward transactions as long as the exposure to which the Sub-Fund is committed by that transaction itself is suitably covered from within its scheme property. Exposure will include any initial outlay in respect of that transaction.

30.2 Cover ensures that a Sub-Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the scheme property. Therefore, the Sub-Fund must hold scheme property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Sub-Fund is committed. Paragraph 31 sets out detailed requirements for cover of a Sub-Fund.

30.3 Cover used in respect of one transaction in derivatives or a forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

31. Cover for transactions in derivatives and forward transactions

31.1 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.

31.2 Exposure is covered globally if adequate cover from within the scheme property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

31.3 Cash not yet received into the scheme property of a Sub-Fund but due to be received within one month is available as cover.

31.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

- 31.5 The total exposure relating to derivatives held in a Sub-Fund may not exceed the net value of the scheme property of a Sub-Fund.

32. Cover and borrowing

- 32.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 31 as long as the normal limits on borrowing (see below) are observed.
- 32.2 Where, for the purposes of this paragraph a Sub-Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the scheme property, and the normal limits on borrowing under paragraph 34 do not apply to that borrowing.

33. Cash and near cash

- 33.1 Cash and near cash must not be retained in the Scheme property of a Sub-Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 33.1.1 the pursuit of the Sub-Fund's investment objectives; or
 - 33.1.2 redemption of units; or
 - 33.1.3 efficient management of the Sub-fund in accordance with its investment objectives; or
 - 33.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-Fund.
- 33.2 During the period of any initial offer, the Scheme property of a Sub-Fund may however consist of cash and near cash without limitation.

34. General power to borrow

- 34.1 The Company may in accordance with this paragraph and paragraph 35 borrow money for the use of a Sub-Fund on terms that the borrowing is to be repayable out of the Scheme property of that Sub-Fund. This power to borrow is subject to the obligation of the Sub-Fund to comply with any restriction in the Instrument.
- 34.2 The Company may borrow under paragraph 34.1 only from an Eligible Institution or an Approved Bank.
- 34.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:
- 34.3.1 the duration of any period of borrowing; and

- 34.3.2 the number of occasions on which resort is had to borrowing in any period.
- 34.4 The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary. The Depositary may only give its consent as required under this paragraph on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 34.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.
- 34.6 A Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with this paragraph 34.
35. **Borrowing limits**
- 35.1 The ACD must ensure that a Sub-Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme property of that Sub-Fund.
- 35.2 This paragraph does not apply to "back to back" borrowing for currency hedging purposes.
- 35.3 In this paragraph 35, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme property in the expectation that the sum will be repaid.
- 35.4 In this paragraph 35, "borrowing" does not include any arrangement for the Company to pay to a third party (including the ACD) any costs which the Company is entitled to amortise under the FSA Regulations and which were paid on behalf of the Company by the third party.
36. **Restrictions on lending of money**
- 36.1 None of the money in the Scheme property of a Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by a Sub-Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 36.2 Acquiring a debenture is not lending for the purposes of paragraph 36.1; nor is the placing of money on deposit or in a current account.
- 36.3 Paragraph 36.1 does not prevent the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.
37. **Restrictions on lending of property other than money**
- 37.1 The Scheme property of a Sub-Fund other than money must not be lent by way of deposit or otherwise.
- 37.2 Transactions permitted by paragraph 43 are not lending for the purposes of paragraph 37.1.

- 37.3 The Scheme property of a Sub-Fund must not be mortgaged.
- 37.4 This paragraph does not prevent the Company or the Depositary at the request of the Company, from lending, depositing, pledging or charging Scheme property of a Sub-Fund for margin requirements where transactions in derivatives or forward transactions are used for the account of a Sub-Fund in accordance with chapter 5 of the FSA Regulations.
- 38. General power to accept or underwrite placings**
- 38.1 Any power in Chapter 5 of the Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument.
- 38.2 This section applies, subject to paragraph 38.3, to any agreement or understanding:
- 38.2.1 which is an underwriting or sub-underwriting agreement; or
- 38.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-Fund.
- 38.3 Paragraph 38.2 does not apply to:
- 38.3.1 an option; or
- 38.3.2 a purchase of a transferable security which confers a right:
- (i) to subscribe for or acquire a transferable security; or
- (ii) to convert one transferable security into another.
- 38.3.3 The exposure of a Sub-Fund to agreements and understandings within paragraph 38.2 must, on any business day:
- (i) be covered in accordance with the requirements of paragraph 31; and
- (ii) be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the Sourcebook.
- 39. Underwriting**
- 39.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the FSA Regulations, be entered into for the account of the Company.
- 40. Guarantees and indemnities**
- 40.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 40.2 None of the Scheme property of a Sub-Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

- 40.3 Paragraphs 40.1 and 40.2 do not apply in respect of a Sub-Fund to:
- 40.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FSA Regulations;
 - 40.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the Treasury Regulations;
 - 40.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the Treasury Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the scheme property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the scheme property; and
- 40.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Sub-Fund and the holders of units in that scheme become the first shareholders in the Sub-Fund.
- 41. Efficient Portfolio Management**
- 41.1 The ACD may use the Scheme property of a Sub-Fund for the purposes of “Hedging” using EPM style techniques:
- 41.2 To achieve EPM the ACD will use derivative transactions or forward currency transactions as appropriate. However such transactions must be:
- 41.2.1 economically appropriate;
 - 41.2.2 fully covered by assets within the Sub-Fund; or
 - 41.2.3 used to achieve one or more of the following:-
 - 41.2.3.1 a reduction in risk,
 - 41.2.3.2 a reduction in cost,
 - 41.2.3.3 the generation of additional capital or income with no, or an acceptable low level of risk.
 - 41.2.4 Therefore, no transaction may be undertaken under these provisions if it could reasonably be regarded as speculative.
- 41.3 Transactions deemed to offer an acceptable low level of risk under paragraph 41.2.3.3 above are those where the:
- 41.3.1 transactions take advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights in relation to the same or equivalent property; or
 - 41.3.2 transactions where the Sub-Fund receives a premium for the writing of a covered call or put option, even if the benefit arising is obtained at the expense of the chance of greater possible future benefit.
- 42. General**

- 42.1 It is not intended that any Fund will have an interest in any immovable property or tangible movable property.
- 42.2 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Sub-Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.
43. **Stock Lending**
- 43.1 The Company or the Depositary at the request of the Company, may enter into certain stocklending transactions in respect of the Company when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for a Sub-Fund with an acceptable degree of risk. Briefly, such transactions are those where the Company or the Depositary delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount should be redelivered to the Company or the Depositary at a later date. The Company or the Depositary at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on the value of Scheme property which may be the subject of stocklending transactions.
- 43.2 Such transactions must always comply with the requirements of the Income and Corporation Taxes Act 1988 and any secondary legislation made under that Act. The transactions must also comply with the requirements of the FSA Regulations and the guidance on Stocklending issued by the FSA as amended from time to time.

APPENDIX 2

PART 2

INVESTMENT AND BORROWING POWERS OF THE NEWTON GLOBAL HIGH YIELD BOND FUND, THE NEWTON CORPORATE BOND FUND THE NEWTON INTERNATIONAL BOND FUND, THE NEWTON LONG CORPORATE BOND FUND, THE NEWTON REAL RETURN FUND, THE NEWTON BALANCED FUND, THE NEWTON GLOBAL BALANCED FUND, THE NEWTON GLOBAL DYNAMIC BOND FUND, THE NEWTON PHOENIX MULTI-ASSET FUND AND THE BNY MELLON GLOBAL STRATEGIC BOND FUND.

The Scheme property of each of the above Sub-Funds will be invested with the aim of achieving the investment objective of that Sub-Fund but subject to the limits on investment set out in chapter 5 of the FSA Regulations that are applicable to UCITS schemes.

These limits apply to each Sub-Fund as summarised below:

1. Prudent spread of risk

- 1.1 The ACD must ensure that, taking account of the investment objectives and policy of each Sub-Fund, the Scheme property of each Sub-Fund aims to provide a prudent spread of risk.
- 1.2 The ACD's investment policy may mean that at times, where it is considered appropriate, the property of each Sub-Fund will not be fully invested and that prudent levels of liquidity will be maintained.

2. Valuation

- 2.1 The value of the Scheme property of each Sub-Fund means the net value of the Scheme property of that Sub-Fund determined in accordance with the FSA Regulations, after deducting any outstanding borrowings, whether immediately due to be repaid or not.
- 2.2 When valuing the Scheme property of each Sub-Fund:
 - 2.2.1 the time as at which the valuation is being carried out ("the relevant time") is treated as if it were a valuation point, but the valuation and the relevant time do not count as a valuation or a valuation point for the purposes of the FSA Regulations;
 - 2.2.2 initial outlay is regarded as remaining part of the Scheme property of the Sub-Fund; and
 - 2.2.3 if the ACD, having taken reasonable care, determines that the Sub-Fund will become entitled to any unrealised profit which has been made on account of a transaction in derivatives, that prospective entitlement is regarded as part of the Scheme property of that Sub-Fund.

3. Cover

- 3.1 Where the FSA Regulations allow a transaction to be entered into or an investment to be retained only if possible obligations arising out of the investment

transactions or out of the retention would not cause any breach of any limits in the FSA Regulations, it must be assumed that the maximum possible liability of the Sub-Fund under any other of those rules has also to be provided for.

3.2 Where a rule in the FSA Regulations permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

3.2.1 it must be assumed that in applying any of those rules, the Sub-Fund must also simultaneously satisfy any other obligation relating to cover; and

3.2.2 no element of cover must be used more than once.

4. Transferable Securities

4.1 A transferable security is an investment which is any of the following:

4.1.1 a share;

4.1.2 a debenture;

4.1.3 a government and public security;

4.1.4 a warrant; or

4.1.5 a certificate representing certain securities.

4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

4.3 In applying paragraph 4.1 to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

5. UCITS schemes - general

5.1 The Scheme property of each Sub-Fund must, subject to its investment objective and policy and except where otherwise provided in the FSA Regulations, only consist of any or all of:

5.1.1 transferable securities;

5.1.2 permitted units in collective investment schemes;

5.1.3 approved money market instruments;

5.1.4 permitted derivatives and forward transactions; and

5.1.5 permitted deposits.

5.2 Transferable securities and approved money market instruments held within a Sub-Fund must (subject to paragraphs 5.3 and 5.4) be;

- 5.2.1 admitted to or dealt on an eligible market as described below; or
- 5.2.2 for an approved money market instrument not admitted to or dealt in on an eligible market within paragraph 11.1; or
- 5.2.3 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).
- 5.3 Not more than 10% in value of the Scheme property of a Sub-Fund is to consist of transferable securities, which are not approved securities and approved money market instruments (other than those that are referred to in paragraph 5.2.2).
- 5.4 The requirements on spread and investment in government and public securities do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of a Sub-Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.
- 5.5 It is not intended that a Sub-Fund will have an interest in any immovable property or tangible movable property.

6. Investment in transferable securities

- 6.1 A Sub-Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
 - 6.1.1 the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 6.1.3 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder under the FSA Regulations;
 - 6.1.4 reliable valuation is available for it as follows:
 - 6.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - 6.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
 - 6.1.5 appropriate information is available for it as follows:
 - 6.1.5.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 6.1.5.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on

the transferable security or, where relevant, on the portfolio of the transferable security;

6.1.6 it is negotiable; and

6.1.7 its risks are adequately captured by the risk management process of the ACD.

6.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

6.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and

6.2.2 to be negotiable.

6.3 Not more than 5% in value of a Sub-Fund is to consist of warrants.

7. Closed end funds constituting transferable securities

7.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 6, and either:

7.2 where the closed end fund is constituted as an investment company or a unit trust:

7.2.1.1 it is subject to corporate governance mechanisms applied to companies; and

7.2.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

7.2.2 where the closed end fund is constituted under the law of contract:

7.2.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

7.2.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

8 Transferable securities linked to other assets

8.1 A Sub-Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-Fund provided the investment:

8.1.1 fulfils the criteria for transferable securities set out in paragraph 6; and

8.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Sub-Fund can invest.

8.1.3 Where an investment in paragraph 6 contains an embedded derivative component (see paragraph 18.5), the requirements of this section with respect to derivatives and forwards will apply to that component.

9. Approved Money Market Instruments

- 9.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 9.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
 - 9.2.1 has a maturity at issuance of up to and including 397 days;
 - 9.2.2 has a residual maturity of up to and including 397 days;
 - 9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
 - 9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraphs 9.2.1 or 9.2.2 or is subject to yield adjustments as set out in paragraph 9.2.3.
- 9.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder.
- 9.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
 - 9.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
 - 9.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 9.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
10. **Eligible markets regime: purpose**
 - 10.1 To protect investors, the markets on which investments of the Sub-Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
 - 10.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
 - 10.3 A market is eligible for the purposes of the rules if it is:
 - 10.3.1 a regulated market; or
 - 10.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.

10.4 A market not falling within paragraph 10.3 is eligible for the purposes of the FSA Regulations if:

10.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme property;

10.4.2 the market is included in a list in the Prospectus; and

10.4.3 the Depositary has taken reasonable care to determine that:

10.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

10.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

10.5 In paragraph 10.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

11. Money-market instruments with a regulated issuer

11.1 In addition to instruments admitted to or dealt in on an eligible market, a Sub-Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12.

11.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

11.2.1 the instrument is an approved money-market instrument;

11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13; and

11.2.3 the instrument is freely transferable.

12 Issuers and guarantors of money-market instruments

12.1 A Sub-Fund may invest in an approved money-market instrument if it is:

12.1.1 issued or guaranteed by any one of the following:

12.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

- 12.1.1.2 a regional or local authority of an EEA State;
- 12.1.1.3 the European Central Bank or a central bank of an EEA State;
- 12.1.1.4 the European Union or the European Investment Bank;
- 12.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
- 12.1.1.6 a public international body to which one or more EEA States belong; or
- 12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 12.1.3 issued or guaranteed by an establishment which is:
 - 12.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
 - 12.1.3.2 subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by European Community law.
- 12.1.4 An establishment shall be considered to satisfy the requirement in paragraph 12.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
 - 12.1.4.1 it is located in the European Economic Area;
 - 12.1.4.2 it is located in an OECD country belonging to the Group of Ten;
 - 12.1.4.3 it has at least investment grade rating;
 - 12.1.4.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

13 Appropriate information for money-market instruments

- 13.1 In the case of an approved money-market instrument within paragraph 12.1.2 or which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.6 but is not guaranteed by a central authority within paragraph 12.1.1.1, the following information must be available:
 - 13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
 - 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
 - 13.1.3 available and reliable statistics on the issue or the issuance programme.
- 13.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 12.1.3, the following information must be available

- 13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument updates of that information on a regular basis and whenever a significant event occurs; and
- 13.2.2 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 13.3 In the case of an approved money-market instrument:
 - 13.3.1 within paragraphs 12.1.1.1, 12.1.1.4 or 12.1.1.5; or
 - 13.3.2 which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.6 and is guaranteed by a central authority within paragraph 12.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

14. Spread: general

- 14.1 This rule on spread does not apply to government and public securities.
- 14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 14.3 Not more than 20% in value of the Scheme property of a Sub-Fund is to consist of deposits with a single body.
- 14.4 Not more than 5% in value of the Scheme property of a Sub-Fund is to consist of transferable securities or approved money market instruments issued by any single body.
- 14.5 The limit of 5% in paragraph 14.4 is raised to 10% in respect of up to 40% in value of the Scheme property of a Sub-Fund. Covered bonds need not be taken into account for the purposes of applying the limit of 40%.
- 14.6 The limit of 5% in paragraph 14.4 is raised to 25% in value of the scheme property in respect of covered bonds, provided that when a Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the scheme property.
- 14.7 In applying paragraphs 14.5 and 14.6 certificates representing certain securities are to be treated as equivalent to the underlying security.
- 14.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme property of a Sub-Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 14.9 Subject to paragraph 16.1, not more than 20% in value of the Scheme property of a Sub-Fund is to consist of the units of any one collective investment scheme.

- 14.10 Not more than 20% in value of the Scheme property of a Sub-Fund is to consist of transferable securities or approved money market instruments issued by the same group (as referred to in paragraph 14.2).
- 14.11 In applying the limits in paragraphs 14.3 to 14.8, and subject to paragraph 14.6, not more than 20% in value of the Scheme property of a Sub-Fund is to consist of any combination of two or more of the following:
- 14.11.1 transferable securities or money market instruments issued by; or
 - 14.11.2 deposits made with; or
 - 14.11.3 exposures from OTC derivatives transactions made with;
a single body.
- 14.12 For the purpose of calculating the limits in paragraph 14.8 and 14.11 the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified in paragraph 14.13.
- 14.13 The conditions referred to in paragraph 14.12 are that the collateral:
- 14.13.1 is marked-to-market on a daily basis and exceeds the value of the amount at risk;
 - 14.13.2 is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
 - 14.13.3 is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
 - 14.13.4 can be fully enforced by a Sub-Fund at any time.
- 14.14 For the purpose of calculating the limits in paragraphs 14.8 and 14.11 OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 14.14.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Directive 2000/12/EC; and
 - 14.14.2 are based on legally binding agreements;
- 14.15 In applying this rule, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 14.15.1 it is backed by an appropriate performance guarantee; and
 - 14.15.2 it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.

15. Spread: Government and public securities

- 15.1 The following paragraph applies to government and public securities (“such securities”).
- 15.2 Where no more than 35% in value of the Scheme property of a Sub-Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 15.3 A Sub-Fund may invest more than 35% in value of its Scheme property in such securities issued by any one body provided that:
- 15.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;
- 15.3.2 no more than 30% in value of the Scheme property of the Sub-Fund consists of such securities of any one issue;
- 15.3.3 the Scheme property of the Sub-Fund includes such securities issued by that or another issuer, of at least six different issues; and
- 15.3.4 the disclosures required by the FSA have been made.
- 15.4 In relation to such securities:
- 15.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 15.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 15.5 The rules in paragraph 15.3 are intended to apply to the Newton International Bond Fund and accordingly more than 35% of the Scheme property of this Sub-Fund is or may be invested in such securities.
- 15.5.1 The Instrument provides that for the Newton International Bond Fund the Newton Global Dynamic Bond Fund and the Newton Phoenix Multi-Asset Fund, up to 100% of the assets of the Sub-Funds may be invested in government and public securities issued by or on behalf of the Government of the UK, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales, or the governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and the United States or by one of the following international organisations: African Development Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), and the Nordic Investment Bank (NIB).
- 15.6 Notwithstanding paragraph 14.1 and subject to paragraphs 15.2 and 15.3, in applying the 20% limit in paragraph 14.11 with respect to a single body, government and public securities issued by that body shall be taken into account.

16. Investment in collective investment schemes

- 16.1 A Sub-Fund may invest in units in a collective investment scheme ("second scheme") provided the second scheme satisfies all of the following conditions of paragraph 16.2 and provided that no more than 10% of the value of the Scheme property of the Sub-Fund is invested in second schemes within paragraphs 16.2.1 to 16.2.4.
- 16.2 The second scheme must be one that:
- 16.2.1 complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - 16.2.2 is recognised under the provisions of section 270 of the Act (Schemes authorised in designated countries or territories); or
 - 16.2.3 is authorised as a non-UCITS retail scheme (provided the requirements of article 19(1)(e) of the UCITS Directive are met); or
 - 16.2.4 is authorised in another EEA State (provided the requirements of article 19(1)(e) of the UCITS Directive are met);
 - 16.2.5 be authorised by competent authority of an OECD member country (other than another *EEA State*) which has:
 - (i) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (ii) approved the *scheme's* management company, rules and *depository/custody* arrangements; (provided the requirements of article 19(1)(e) of the *UCITS Directive* are met);
- 16.3 the second scheme complies where relevant with paragraph 16.6;
- 16.4 the second scheme has terms which prohibit more than 10% in value of the Scheme property consisting of units in collective investment schemes; and
- 16.5 for the purposes of paragraphs 16.3 and 16.4 a Sub-Fund of an umbrella scheme is to be treated as if it were a separate scheme but no Sub-Fund of an umbrella scheme may invest in another Sub-Fund of that umbrella scheme.
- 16.6 A Sub-Fund must not invest in or dispose of units in a second scheme, which is managed or operated by (or in the case of an OEIC, whose authorised corporate director is), the ACD, or an associate of the ACD, where there is a charge in respect of such investment or disposal unless the ACD pays the amounts referred to in paragraph 16.7 to the Sub-Fund by the close of business on the fourth business day next after the agreement to buy or to sell.
- 16.7 On investment, the amount referred to in paragraph 16.6 is either:
- 16.7.1 any amount by which the consideration paid by the Sub-Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or

16.7.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;

16.7.3 on disposal, the amount referred to in paragraphs 16.7.1 and 16.7.2 is the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal; and

16.8 In this clause 16:

16.8.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made is to be treated as part of the price of the units and not as part of any charge; and

16.8.2 any switching charge made in respect of an exchange of units in one fund or separate part of the second scheme for units in another fund or separate part of that scheme is to be included as part of the consideration paid for the units.

17. Investment in nil and partly paid securities

17.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-Fund, at the time when payment is required, without contravening the FSA Regulations.

18 Derivatives: General

18.1 **The Sub-Funds may invest up to 100% in derivatives in addition to EPM. Any investment in derivatives will not materially change the risk profile of the Sub-Funds. Derivative use is not intended to increase the volatility of the Sub-Funds and may indeed reduce volatility.**

18.2 A transaction in derivatives or a forward transaction must not be effected for a Sub-Fund unless the transaction is of a kind specified in paragraph 19 and the transaction is covered, as required by paragraph 31.

18.3 Where a Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 14 and 15 except for index based derivatives where the rules below apply.

18.4 Where a transferable security or an approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

18.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

18.5.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign

exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

- 18.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 18.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 18.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 18.7 Where a scheme invests in an index based derivative, provided the relevant index falls within paragraph 20 the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 14 and 15. This relaxation is subject to the ACD continuing to ensure that the Scheme properly provides a prudent spread of risk.

Please refer to Section 25 (Risk Factors) above for a description of the risk factors associated with investments in derivatives.

19 Permitted transactions (derivatives and forwards)

- 19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 23.
- 19.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:
 - 19.2.1 transferable securities permitted under paragraphs 5.2.1 and 5.2.3,
 - 19.2.2 approved money-market instruments permitted under paragraphs 5.2.1 to 5.2.3,
 - 19.2.3 permitted deposits,
 - 19.2.4 permitted derivatives under this paragraph,
 - 19.2.5 collective investment scheme units permitted under paragraph 16,
 - 19.2.6 financial indices which satisfy the criteria set out in paragraph 20,
 - 19.2.7 interest rates,
 - 19.2.8 foreign exchange rates and currencies.
- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 19.4 **A transaction in a derivative must not cause a Sub-Fund to diverge from its investment objectives as stated in the Instrument and the most**

recently published version of this Prospectus.

- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, units in collective investment schemes, or derivatives.
- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 19.7 A derivative includes an instrument which fulfils the following criteria:
- 19.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 5.1 including cash;
 - 19.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 23;
 - 19.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 19.8 A Sub-Fund may not undertake transactions in derivatives on commodities.

20 Financial indices underlying derivatives

- 20.1.1 The financial indices referred to in paragraph 19.2.6 are those which satisfy the following criteria:
- 20.1.1.1 the index is sufficiently diversified;
 - 20.1.1.2 the index represents an adequate benchmark for the market to which it refers; and
 - 20.1.3 the index is published in an appropriate manner.
- 20.1.2 A financial index is sufficiently diversified if:
- 20.1.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - 20.1.2.2. where it is composed of assets in which a Sub-Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

- 20.1.2.3 where it is composed of assets in which a Sub-Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 20.1.3 A financial index represents an adequate benchmark for the market to which it refers if:
 - 20.1.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - 20.1.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
 - 20.1.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 20.1.4 A financial index is published in an appropriate manner if:
 - 20.1.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - 20.1.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 20.1.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 20.1.2 be regarded as a combination of those underlyings.

21 Transactions for the purchase of property

- 21.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-Fund may be entered into only if that property can be held for the account of the Sub-Fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the FSA Regulations.

22 Requirement to cover sales

- 22.1 No agreement by or on behalf of the Sub-Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Sub-Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Sub-Fund at the time of the

agreement. This requirement does not apply to a deposit.

22.2 Paragraph 22.1 does not apply where:

22.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

22.2.2 the ACD or the Depositary has the right to settle the derivative in cash, and cover exists within the Scheme property which falls within one of the following asset classes:

(i) cash;

(ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

(iii) highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

22.2.3 In the asset classes referred to in 22.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

23 **OTC transactions in derivatives**

23.1 Any transaction in an OTC derivative under paragraph 19 must be:

23.1.1 in a future or an option or a contract for differences;

23.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

23.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with a Sub-Fund: to provide at least daily and at any other time at the request of the Sub-Fund, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and that it will, at the request of the Sub-Fund, enter into a further transaction to close out that transaction at any time, at a fair value arrived at under the reliable market value basis or pricing model agreed under the following paragraph; and

23.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the ACD and the Depositary have agreed

is reliable; or, if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

- 23.1.5 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

24 Risk management: derivatives

- 24.1 The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-Fund's positions and their contribution to the overall risk profile of the Sub-Fund. Before using the process, the ACD will notify the FSA of the methods for estimating risks in derivative and forward transactions and the types of derivatives and forwards to be used within the Sub-Fund together with their underlying risks and any relevant quantitative limits. A copy of the risk management process is available on request from the ACD.

25. Investment in deposits

A Sub-Fund may invest in deposits only if they are with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and mature in no more than 12 months.

26. Significant influence

- 26.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

- 26.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to influence significantly the conduct of business of that body corporate; or

- 26.1.2 The acquisition gives the Company that power.

- 26.2 For the purpose of paragraph 26.1.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

27. Concentration

The Company:

- 27.1 must not acquire transferable securities (other than debt securities) which:

- 27.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- 27.1.2 represent more than 10% of those securities issued by that body corporate;
- 27.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 27.3 must not acquire more than 25% of the units in a collective investment scheme;
- 27.4 must not acquire more than 10% of the money-market instruments issued by any single body; and
- 27.5 need not comply with the limits in paragraphs 27.2 to 27.4 of this part of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

28. Schemes replicating an index

- 28.1 Notwithstanding paragraph 14, a Sub-Fund may invest up to 20% in value of the scheme property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 29.
- 28.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 28.3 The limit in paragraph 28.1 can be raised up to 35% in value of the scheme property, but only in respect of one body and where justified by exceptional market conditions.

29 Relevant indices

- 29.1 The indices referred to in paragraph 28 are those which satisfy the following criteria:
 - 29.1.1 The composition is sufficiently diversified;
 - 29.1.2 The index represents an adequate benchmark for the market to which it refers; and
 - 29.1.3 The index is published in an appropriate manner.
- 29.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 29.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 29.4 An index is published in an appropriate manner if:
 - 29.4.1 it is accessible to the public;

- 29.4.2 the index provider is independent from the index-replicating Sub-Fund; this does not preclude index providers and the Sub-Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

30 Derivatives exposure

- 30.1 A Sub-Fund may invest in derivatives and forward transactions as long as the exposure to which the Sub-Fund is committed by that transaction itself is suitably covered from within its scheme property. Exposure will include any initial outlay in respect of that transaction.
- 30.2 Cover ensures that a Sub-Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the scheme property. Therefore, the Sub-Fund must hold scheme property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Sub-Fund is committed. Paragraph 31 sets out detailed requirements for cover of a Sub-Fund.
- 30.3 Cover used in respect of one transaction in derivatives or a forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

31 Cover for transactions in derivatives and forward transactions

- 31.1 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 31.2 Exposure is covered globally if adequate cover from within the scheme property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 31.3 Cash not yet received into the scheme property of a Sub-Fund but due to be received within one month is available as cover.
- 31.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 31.5 The total exposure relating to derivatives held in a Sub-Fund may not exceed the net value of the scheme property of a Sub-Fund.

32 Cover and borrowing

- 32.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 31 as long as the normal limits on borrowing (see below) are observed.
- 32.2 Where, for the purposes of this paragraph a Sub-Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with

the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the scheme property, and the normal limits on borrowing under paragraph 34 do not apply to that borrowing.

33. Cash and near cash

33.1 Cash and near cash must not be retained in the Scheme property of a Sub-Fund except to the extent that this may reasonably be regarded as necessary in order to enable:

33.1.1 the pursuit of the Sub-Fund's investment objectives; or

33.1.2 redemption of units; or

33.1.3 efficient management of the Sub-Fund in accordance with its investment objectives; or

33.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-Fund.

33.2 During the period of any initial offer, the Scheme property of a Sub-fund may however consist of cash and near cash without limitation.

34. General power to borrow

34.1 The Company may in accordance with this paragraph and paragraph 35, borrow money for the use of a Sub-Fund on terms that the borrowing is to be repayable out of the Scheme property of that Sub-Fund. This power to borrow is subject to the obligation of the Sub-Fund to comply with any restriction in the Instrument.

34.2 The Company may borrow under paragraph 34.1 only from an Eligible Institution or an Approved Bank.

34.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:

34.3.1 the duration of any period of borrowing; and

34.3.2 the number of occasions on which resort is had to borrowing in any period.

34.4 The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary. The Depositary may only give its consent on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

34.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.

34.6 The Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with this paragraph 34.

35. Borrowing limits

- 35.1 The ACD must ensure that a Sub-Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme property of that Sub-Fund.
- 35.2 This paragraph does not apply to "back to back" borrowing for currency hedging purposes.
- 35.3 In this paragraph 35, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme property in the expectation that the sum will be repaid.
- 35.4 In this paragraph 35 "borrowing" does not include any arrangement for the Company to pay to a third party (including the ACD) any costs which the Company is entitled to amortise under the FSA Regulations and which were paid on behalf of the Company by the third party.

36. Restrictions on lending of money

- 36.1 None of the money in the Scheme property of a Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by the Sub-Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 36.2 Acquiring a debenture is not lending for the purposes of paragraph 36.1; nor is the placing of money on deposit or in a current account.
- 36.3 Paragraph 36.1 does not prevent the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

37. Restrictions on lending of property other than money

- 37.1 The Scheme property of a Sub-Fund other than money must not be lent by way of deposit or otherwise.
- 37.2 Transactions permitted by paragraph 43 are not lending for the purposes of paragraph 37.1.
- 37.3 The Scheme property of a Sub-Fund must not be mortgaged.
- 37.4 This paragraph does not prevent the Company or the Depositary at the request of the Company, from lending, depositing, pledging or charging Scheme property of a Sub-Fund for margin requirements where transactions in derivatives or forward transactions are used for the account of a Sub-Fund in accordance with chapter 5 of the FSA Regulations.

38. General power to accept or underwrite placings

38.1 Any power in Chapter 5 of the Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument.

38.2 This section applies, subject to paragraph 38.3, to any agreement or understanding:

38.2.1 which is an underwriting or sub-underwriting agreement; or

38.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-Fund.

38.3 Paragraph 38.2 does not apply to:

38.3.1 an option; or

38.3.2 a purchase of a transferable security which confers a right:

(i) to subscribe for or acquire a transferable security; or

(ii) to convert one transferable security into another.

38.3.3 The exposure of a Sub-Fund to agreements and understandings within paragraph 38.2 must, on any business day:

(i) be covered in accordance with the requirements of paragraph 31; and

(ii) be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the Sourcebook.

39. Underwriting

39.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the FSA Regulations, be entered into for the account of the Company.

40. Guarantees and indemnities

40.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

40.2 None of the Scheme property of a Sub-Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

40.3 Paragraphs 40.1 and 40.2 do not apply in respect of a Sub-Fund to:

40.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FSA Regulations;

40.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the Treasury Regulations;

- 40.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the Treasury Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the scheme property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the scheme property; and
- 40.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Sub-Fund and the holders of units in that scheme become the first shareholders in the Sub-Fund.

41. Efficient Portfolio Management

- 41.1 The ACD may use the scheme property of a Sub-Fund for the purposes of “Hedging” using EPM style techniques:
- 41.2 To achieve EPM the ACD will use derivative transactions or forward currency transactions as appropriate. However such transactions must be:
 - 41.2.1 economically appropriate;
 - 41.2.2 fully covered by assets within the Sub-Fund; or
 - 41.2.3 used to achieve one or more of the following:-
 - 41.2.3.1 a reduction in risk,
 - 41.2.3.2 a reduction in cost,
 - 41.2.3.3 the generation of additional capital or income with no, or an acceptable low level of risk.
 - 41.2.4 Therefore, no transaction may be undertaken under these provisions if it could reasonably be regarded as speculative.
- 41.3 Transactions deemed to offer an acceptable low level of risk under paragraph 41.2.3.3 above are those where the:
 - 41.3.1 transactions take advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights in relation to the same or equivalent property; or
 - 41.3.2 transactions where the Sub-Fund receives a premium for the writing of a covered call or put option, even if the benefit arising is obtained at the expense of the chance of greater possible future benefit.

42. General

- 42.1 It is not intended that any Sub-Fund will have an interest in any immovable property or tangible movable property.
- 42.2 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Sub-Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of shareholders.

43. Stock Lending

- 43.1 The Company or the Depositary at the request of the Company, may enter into certain stocklending transactions in respect of the Company when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for a Sub-Fund with an acceptable degree of risk. Briefly, such transactions are those where the Company or the Depositary delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount should be redelivered to the Company or the Depositary at a later date. The Company or the Depositary at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on the value of Scheme property which may be the subject of stocklending transactions.
- 43.2 Such transactions must always comply with the requirements of the Income and Corporation Taxes Act 1988 and any secondary legislation made under that Act. The transactions must also comply with the requirements of the FSA Regulations and the guidance on Stocklending issued by the FSA as amended from time to time.

APPENDIX 3

List of Additional Eligible Securities Markets

1	AUSTRALIA	Australian Stock Exchange
2	BRAZIL	BM&F BOVESPA SA
3	CANADA	TMX Group
4		TSX Venture Exchange
5	CHANNEL ISLANDS	Channel Islands Stock Exchange
6	CHINA	Shanghai Stock Exchange
7		Shenzhen Stock Exchange
8	HONG KONG	Hong Kong Exchange
9	INDIA	Bombay Stock Exchange
10		National Stock Exchange of India
11	INDONESIA	Indonesia Stock Exchange, ISX (Bursa Efek Indonesia)
12	ISRAEL	Tel-Aviv Stock Exchange
13	JAPAN	Tokyo Stock Exchange
14		Osaka Stock Exchange
15		Nagoya Stock Exchange
16		Sapporo Securities Exchange
17		JASDAQ
18	KOREA	Korean Exchange Incorporated (KRX)
19	KUWAIT	Kuwait Stock Exchange (KSE)
20	MALAYSIA	Bursa Malaysia Berhad
21	MEXICO	Mexican Stock Exchange
22	NEW ZEALAND	New Zealand Stock Exchange
23	NIGERIA	Nigerian Stock Exchange
24	OMAN	Muscat Securities Market (MSM)
25	PHILIPPINES	Philippine Stock Exchange
26	SINGAPORE	Singapore Exchange
27	SOUTH AFRICA	JSE Securities Exchange
28	SWITZERLAND	SIX Swiss Exchange AG
29	TAIWAN	Taiwan Stock Exchange
30	THAILAND	The Stock Exchange of Thailand (SET)

31	TURKEY	Istanbul Stock Exchange
32	UNITED ARAB AMIRATES	Abu Dhabi Securities Exchange (ADX)
		Dubai Financial Market (DFM)
33	USA	NASDAQ
34		New York Stock Exchange
35		NYSE Alternext US
36		NASDAQ OMX PHLX
37		Boston Stock Exchange
38		Chicago Stock Exchange
39		NYSE Arca
40		National Stock Exchange
41		OTC Bulletin Board
42		ICMA
43		The OTC market in US government securities conducted by primary dealers selected by the Federal Reserve Bank of New York

* Refer to section 29.2 for the maximum transaction and custody charges for these emerging markets.

APPENDIX 4

List of Additional Eligible Derivatives Markets

1	AUSTRALIA	Australian Stock Exchange (ASX)
2	CANADA	Montreal Exchange
3	HONG KONG	Hong Kong Exchange
4	JAPAN	Osaka Securities Exchange (OSE)
5		Tokyo Stock Exchange (TSE)
6		Tokyo Financial Exchange Inc.
7	SINGAPORE	Singapore Exchange
8	USA	Chicago Board Options Exchange (CBOE)
9		New York Mercantile Exchange (NYMEX)
10		NASDAQ OMX PHLX
11		CME Group Inc.
12		New York Stock Exchange
13		New York Futures Exchange (NYFE)

APPENDIX 5

Past Performance Details

Sterling Income and Sterling Income A Shares

		% Growth	% Growth	% Growth	% Growth	% Growth	% Growth
	Launch	1Y 31/12/2003	1Y 31/12/2004	1Y 30/12/2005	1Y 30/12/2006	1Y 31/12/2007	1Y 31/12/2008
		To	To	To	To	To	To
Name	Date	To 31/12/2004	To 30/12/2005	To 29/12/2006	To 31/12/2007	31/12/2008	31/12/2009
BNY Mellon Global Strategic Bond Fund ***	09/04/2009	n/a	n/a	n/a	n/a	n/a	n/a
BNY Mellon Long-Term Global Equity Fund	28/09/2007	n/a	n/a	n/a	n/a	-8.42	22.13
Newton Real Return *	01/09/1993	14.20	16.36	7.95	14.88	4.40	10.58
Newton Real Return A *	30/10/2000	13.58	15.80	7.51	14.43	3.98	10.14
Newton American	31/10/1986	0.16	21.41	-0.19	12.46	-22.27	26.74
Newton Asian Income Inc *	30/11/2005	n/a	n/a	17.42	19.79	-25.23	49.81
Newton Balanced *	04/11/1986	9.46	17.92	8.78	14.05	-4.08	14.46
Newton Continental European	01/06/1987	13.86	22.04	18.26	15.50	-18.21	15.09
Newton Global High Yield Bond **	02/10/2000	13.85	5.17	4.61	-2.67	-28.96	50.18
Newton European Higher Income	30/01/2007	n/a	n/a	n/a	n/a	-18.64	7.09
Newton Global Dynamic Bond	28/04/2006	n/a	n/a	n/a	2.40	0.14	18.95
Newton Global Higher Income Inc *	30/11/2005	n/a	n/a	16.26	18.27	-16.94	17.71
Newton Global Opportunities	01/07/2005	n/a	n/a	9.18	22.58	-31.07	22.75
Newton Growth	01/12/1992	13.48	17.70	18.11	8.25	-18.45	11.21
Newton Higher Income *	01/06/1987	15.62	19.27	17.69	-0.69	-20.36	14.08

Newton Income GBP Inc ²	01/05/1985	12.59	17.57	10.28	17.86	-17.98	11.38
Newton International Bond	01/02/1991	4.09	6.52	-7.76	7.24	42.07	-7.61
Newton International Growth	01/06/1987	10.69	25.18	3.97	14.67	-26.49	21.05
Newton Japan	01/06/1987	2.80	28.79	-17.37	-11.45	-11.88	-10.80
Newton Managed	19/03/1990	8.50	22.97	11.54	16.24	-26.47	17.09
Newton Oriental	30/11/1990	10.40	36.40	18.54	34.67	-29.27	48.04
Newton Pan-European	04/02/1999	12.19	19.71	16.44	15.15	-19.08	18.09
Newton Phoenix Multi-Asset ^{**}	25/11/2006	n/a	n/a	n/a	n/a	-21.22	18.44
Newton Corporate Bond *†	03/11/1997	7.74	6.41	1.86	-2.35	-16.41	16.72
Newton UK Opportunities	08/02/2002	14.55	22.25	18.06	10.84	-19.57	17.75

† The name of the Sub-Fund was changed on 31 December 2008 from Newton Strategic Corporate Bond Fund to Newton Corporate Bond Fund

^{2*} The name of the Sub-Fund was changed on 31 October 2009 from Newton European High Yield Bond Fund to Newton Global High Yield Bond Fund

Source: Lipper Hindsight

Fund performance run as total return including reinvested income net of UK tax and annual charges, but excluding initial charge. All figures are in GBP terms. The impact of the initial charge, which may be up to 4%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

**** Performance prior to 27 November 2006 relates to Newton Phoenix Fund, an authorised unit trust launched on 11 April 2003. Newton Phoenix Multi-Asset Fund (the Sub-Fund) was launched on 27 November 2006 when Class A Units of Newton Phoenix Fund were converted into the Sub-Fund.**

Euro Accumulation Shares

Name	Launch Date	% Growth 1Y 31/12/2003 To 31/12/2004	% Growth 1Y 31/12/2004 To 30/12/2005	% Growth 1Y 30/12/2005 To 29/12/2006	% Growth 1Y 30/12/2006 To 31/12/2007	% Growth 1Y 30/12/2007 To 31/12/2008	% Growth 1Y 30/12/2008 To 31/12/2009
Newton American EUR Acc	07/03/2000	0.32	20.50	-0.21	11.68	-21.98	24.99
Newton Continental European EUR Acc	27/01/2000	14.01	21.08	18.13	14.52	-17.99	13.73
Newton International Bond EUR Acc	07/03/2000	4.15	5.77	-7.80	6.44	42.68	-8.82
Newton International Growth EUR Acc	10/01/2000	10.83	24.22	3.83	13.74	-26.23	19.32
Newton Japan EUR Acc	10/02/2000	2.91	27.83	-17.33	-12.10	-11.63	-12.03
Newton Oriental EUR Acc	14/01/2000	10.52	35.43	18.52	33.51	-29.08	46.06
Newton Pan European EUR Acc	07/03/2000	12.36	18.92	16.27	14.36	-18.84	16.58

Source: Lipper Hindsight

Fund performance run as total return including reinvested income net of UK tax and annual charges, but excluding initial charge. All figures are in GBP terms. The impact of the initial charge, which may be up to 4%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Institutional Shares (Accumulation)

Name	Date	% Growth		% Growth		% Growth		% Growth	
		1Y		1Y		1Y		1Y	
		To 31/12/2004	To 30/12/2005	To 29/12/2006	To 31/12/2007	To 31/12/2008	To 31/12/2009	To 31/12/2008	To 31/12/2009
BNY Mellon Global Strategic Bond Fund ***	09/04/2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BNY Mellon Long-Term Global Equity Fund	24/08/2007	n/a	n/a	n/a	n/a	-7.99	22.68		
Newton Asian Income	30/11/2005	n/a	n/a	18.07	20.34	-24.86	50.59		
Newton Global Higher Income	30/11/2005	n/a	n/a	16.87	18.84	-16.58	18.35		
Newton Income ²	11/04/2005	n/a	n/a	10.96	18.54	-17.53	12.02		
Newton Index Linked Gilt Fund	08/11/2005	n/a	n/a	2.06	7.22	2.31	5.18		
Newton Balanced	05/06/2006	n/a	n/a	n/a	14.66	-3.60	15.04		
Newton European Higher Income	10/09/2007	n/a	n/a	n/a	n/a	n/a	8.19		
Newton Higher Income	11/04/2005	n/a	n/a	18.41	-0.12	-19.95	14.79		
Newton International Bond	07/12/2005	n/a	n/a	-7.35	7.74	42.73	-7.19		
Newton Long Corporate Bond	24/10/2006	n/a	n/a	n/a	-2.33	-7.67	11.30		
Newton Long Gilt	08/11/2005	n/a	n/a	-0.80	1.14	11.58	-5.03		
Newton Managed	12/06/2006	n/a	n/a	n/a	16.90	-26.07	17.70		
Newton Oriental Fund	25/01/2007	n/a	n/a	n/a	n/a	-28.96	48.81		
Newton UK Opportunities	25/05/2005	n/a	n/a	18.77	11.64	-19.28	18.42		

Source: Lipper Hindsight

Fund performance run as total return including reinvested income net of UK tax and annual charges, but excluding initial charge. All figures are in GBP terms. The impact of the initial charge, which may be up to 4%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

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Institutional Shares (Income)

Name	Launch	% Growth	% Growth	% Growth	% Growth	% Growth	% Growth
		1Y 31/12/2003	1Y 31/12/2004	1Y 31/12/2005	1Y 31/12/2006	1Y 31/12/2007	1Y 31/12/2008
		To	To	To	To	To	To
		To 31/12/2004	To 30/12/2005	To 29/12/2006	To 31/12/2007	31/12/2008	31/12/2009
BNY Mellon Global Strategic Bond Fund ***	09/04/2009	n/a	n/a	n/a	n/a	n/a	n/a
Newton Asian Income	30/11/2005	n/a	n/a	17.99	20.35	-24.90	50.58
Newton European Higher Income	30/01/2007	n/a	n/a	n/a	n/a	-18.20	7.66
Newton Global Dynamic Bond	28/04/2006	n/a	n/a	n/a	2.97	0.70	19.61
Newton Global Higher Income	30/11/2005	n/a	n/a	16.85	18.81	-16.56	18.31
Newton Higher Income	30/11/2005	n/a	n/a	n/a	-0.14	-19.90	14.73
Newton Income ²	23/06/2006	n/a	n/a	n/a	18.54	-17.51	12.01
Newton International Bond	24/04/2007	n/a	n/a	n/a	n/a	42.71	-7.19

Source: Lipper Hindsight

Fund performance run as total return including reinvested income net of UK tax and annual charges, but excluding initial charge. All figures are in GBP terms. The impact of the initial charge, which may be up to 4%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Exempt Shares 1**

Name	Date	% Growth	% Growth	% Growth	% Growth	% Growth	% Growth
		1Y					
		31/12/200					
		8					
Launch		1Y 31/12/2003	1Y 31/12/2004	1Y 31/12/2005	1Y 31/12/2006	1Y 31/12/2007	To 31/12/200
		To 31/12/2004	To 30/12/2005	To 29/12/2006	To 31/12/2007	To 31/12/2008	9
Newton 60/40 Global Equity Exempt 1 Net Acc	15/02/1999	14.06	24.20	10.64	15.69	-23.08	24.84
Newton American Exempt 1 Net Acc	01/08/2000	0.64	22.71	0.86	13.57	-21.47	28.09
Newton Continental European Exempt 1 Net Acc	01/08/2000	15.49	23.28	19.47	16.60	-17.55	16.04
Newton Global Balanced Exempt 1 Net Acc	23/09/1998	14.16	19.68	9.92	15.22	-4.21	17.14
Newton Higher Income Exempt 1 Net Acc *	11/10/2002	17.41	20.54	19.01	0.38	-19.55	15.36
Newton International Growth Exempt 1 Net Acc	02/02/2006	n/a	n/a	n/a	15.77	-25.74	22.25
Newton Japan Exempt 1 Net Acc	01/08/2000	3.45	30.19	-16.58	-10.66	-11.06	-9.89
Newton Long Corporate Bond Exempt 1 Gross Acc	29/06/2000	6.24	10.53	-0.40	-1.04	-6.34	12.87
Newton Oriental Exempt 1 Net Acc	01/08/2000	10.23	37.57	19.57	35.88	-28.69	49.47
Newton Overseas Equity Exempt 1 Net Acc	29/03/1996	14.14	27.71	4.18	13.75	-22.63	24.84
Newton UK Equity Exempt 1 Net Acc	29/03/1996	12.42	18.42	14.23	13.40	-17.69	13.79

Source: Lipper Hindsight

Fund performance. Exempt Shares (Net Accumulation), total return including net income and annual charges, but excluding initial charge. Exempt Shares (Gross Accumulation), total return including gross income and annual charges, but excluding initial charge. All figures are in GBP terms. Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well

as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Exempt Shares 2**

Name	Launch Date	% Growth 1Y 31/12/2003 To 31/12/2004	% Growth 1Y 31/12/2004 To 30/12/2005	% Growth 1Y 31/12/2005 To 29/12/2006	% Growth 1Y 31/12/2006 To 31/12/2007	% Growth 1Y 31/12/2007 To 31/12/2008	% Growth 1Y 31/12/2008 To 31/12/2009
		To 31/12/2004	To 30/12/2005	To 29/12/2006	To 31/12/2007	To 31/12/2008	To 31/12/2009
BNY Mellon Global Strategic Bond Fund ***	09/04/2009	n/a	n/a	n/a	n/a	n/a	n/a
BNY Mellon Long-Term Global Equity Fund Net Acc	24/08/2007	n/a	n/a	n/a	n/a	-7.89	22.78
Newton Real Return Exempt 2 * Net Acc	28/10/2004	n/a	16.46	8.28	15.17	4.65	10.88
Newton Global Balanced Net Acc	14/04/2005	n/a	n/a	9.83	15.12	-4.28	17.05
Newton Global Dynamic Bond Gross Acc	28/04/2006	n/a	n/a	n/a	4.58	2.45	21.70
Newton Global Higher Income Exempt 2 Net Inc*	04/08/2006	n/a	n/a	n/a	19.07	-16.39	18.57
Newton Global Opportunities Exempt 2 Net Acc	01/07/2005	n/a	n/a	10.05	23.46	-30.58	23.64
Newton Higher Income Exempt 2 Net Acc	26/01/2005	n/a	n/a	18.71	0.13	-19.74	15.07
Newton Income Exempt 2 Net Acc ²	14/09/2004	n/a	18.54	11.21	18.83	-17.32	12.31
Newton Index Linked Gilt Exempt 2 Gross Acc	23/02/1998	n/a	9.40	2.70	8.15	3.28	6.08
Newton International Bond Gross Acc	18/05/2007	n/a	n/a	n/a	n/a	44.29	-6.39
Newton International Growth Exempt 2 Net Acc	07/10/2004	n/a	26.28	4.95	15.69	-25.77	22.13
Newton Long Corporate Bond Exempt 2 Gross Acc	06/05/2005	n/a	n/a	-0.50	-1.16	-6.13	12.75
Newton Long Gilt Exempt 2 Gross Acc	01/02/1998	6.97	11.27	0.19	2.28	12.81	-4.03
Newton UK Equity Exempt 2 Net Acc	14/10/2004	n/a	16.72	14.10	13.29	-17.75	n/a
Newton UK Opportunities Exempt 2 Net Acc	31/01/2005	n/a	n/a	19.04	11.75	-19.04	18.67
Newton Overseas Equity Exempt 2 Net Acc	26/01/2005	n/a	n/a	4.10	13.65	-22.69	24.73
Newton 60/40 Global Equity	30/11/2005	n/a	n/a	10.53	15.58	-23.14	24.73

Source: Lipper Hindsight

Fund performance. Exempt Shares 2 (Net Accumulation), total return including net income and annual charges, but excluding initial charge.

Exempt Shares 2 (Gross Accumulation), total return including gross income and annual charges, but excluding initial charge.

All figures are in GBP terms.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The Newton UK Equity Fund Exempt 2 share-class was closed on 25 February 2009 therefore no relevant data is available for this period.

Exempt Shares 3**

Name	Date	% Growth 1Y Launch To 31/12/2004	% Growth 1Y 31/12/2004 To 30/12/2005	% Growth 1Y 31/12/2005 To 29/12/2006	% Growth 1Y 31/12/2006 To 31/12/2007	% Growth 1Y 31/12/2007 To 31/12/2008	% Growth 1Y 31/12/2007 To 31/12/2008
Newton Overseas Equity (Net)*	04/04/2005	n/a	n/a	4.28	n/a	n/a	n/a
Newton International Growth (Net)	01/10/2008	n/a	n/a	n/a	n/a	n/a	n/a

Source: Lipper Hindsight

Fund performance run as total return including reinvested income net of UK tax and annual charges, but excluding initial charge. All figures are in GBP terms.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

*There have been no shares in issue since 3 October 2007. With effect from 30 September 2008 the annual management charge is 0.75%. Performance data for the period 31/12/05 – 29/12/06 was calculated based on a different charging structure.

X Shares

Name	Launch Date	% Growth 1Y 31/12/2002 To 31/12/2003	% Growth 1Y 31/12/2003 To 31/12/2004	% Growth 1Y 31/12/2004 To 30/12/2005	% Growth 1Y 31/12/2005 To 29/12/2006	% Growth 1Y 31/12/2006 To 31/12/2007	% Growth 1Y 31/12/2007 To 31/12/2008	% Growth 1Y 31/12/2008 To 31/12/2009
BNY Mellon Global Strategic Bond Fund	09/04/2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Newton Real Return Net Acc	27/02/2006	n/a	n/a	n/a	n/a	15.87	5.28	11.55
Newton Global Balanced Net Acc	01/07/2005	n/a	n/a	n/a	10.36	15.68	-3.82	17.61
Newton Global Opportunities Net Acc	12/12/2006	n/a	n/a	n/a	n/a	24.29	-30.18	24.47
Newton Global Higher Income Net Acc	01/10/2007	n/a	n/a	n/a	n/a	n/a	-15.90	19.39
Newton Higher Income * Net Acc	02/04/2007	n/a	n/a	n/a	n/a	n/a	-19.19	15.93
Newton Index Linked Gilt Gross Acc	01/10/2007	n/a	n/a	n/a	n/a	n/a	3.55	6.29
Newton International Growth Fund	10/09/2007	n/a	n/a	n/a	n/a	n/a	-25.45	22.79
Newton Long Corporate Bond Fund Gross Acc	02/04/2007	n/a	n/a	n/a	n/a	n/a	-6.16	13.10
Newton Long Gilt Fund Gross Acc	02/04/2007	n/a	n/a	n/a	n/a	n/a	13.04	-3.83
Newton Oriental Fund Net Inc	02/04/2007	n/a	n/a	n/a	n/a	n/a	-28.39	50.15
Newton Overseas Fund Net Inc	02/04/2007	n/a	n/a	n/a	n/a	n/a	-22.32	25.40
Newton UK Equity Fund	16/04/2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Newton UK Opportunities Fund	02/04/2007	n/a	n/a	n/a	n/a	n/a	-18.50	19.48
Newton 60/40 Global Equity	01/07/2005	n/a	n/a	n/a	11.10	16.16	-22.77	25.40
Newton Global High Yield Bond Net Acc	19/02/2009	n/a	n/a	n/a	n/a	n/a	n/a	51.84
Newton Global Dynamic Bond Net Acc	19/02/2009	n/a	n/a	n/a	n/a	n/a	n/a	20.51
Newton Income Net Acc	19/02/2009	n/a	n/a	n/a	n/a	n/a	n/a	13.13
Newton Corporate Bond Net Acc	19/02/2009	n/a	n/a	n/a	n/a	n/a	n/a	17.98

Source: Lipper Hindsight

Fund performance. X Shares (Gross Accumulation), total return including gross income and annual charges, but excluding initial charge. X Shares (Net Accumulation), total return including net income and annual charges, but excluding initial charge. All figures are in GBP terms.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

**These Sub-Funds take their annual management charges from the capital of the Sub-Fund. Investors should be aware that there is a potential for capital erosion.*

*** Performance figures for Exempt share classes before 31 July 2004 relate to the performance of the original Exempt Unit Trust.*

² The ACD and Depositary have agreed that from 1 August 2009 100% of the annual management charge may be charged to capital

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