

New Star UK Dynamic Fund

Irish authorised OEIC, UCITS III compliant
at 31 July 2008

www.newstaram.com



Fund manager



Edward Collins

Fund statistics

All information in this factsheet refers to the retail share class. Retail US\$ share class is currently closed to new investments.

NAV (per share)

£ class £8.40

US\$ class* US\$7.60

*US\$ share class is hedged against the £

Fund size £9.9m

Market capitalisation

Large (>£3bn) 59.0%

Mid (>£400m & <£3bn) 26.6%

Small (<£400m) 14.4%

Fund at a glance

Fund aim

Long-term capital growth principally through investments in UK companies.

Investment style

- Bottom-up approach to stock selection;
- Stock selection driven with focus on strong finances, skilled management teams and visible earnings;
- Focus on high quality companies with improving fundamentals;
- Reinforced by macro economic views.

Launch date 16.08.2002

Base currency Sterling

Minimum investment and holding £3,500 or US\$5,000

Management fee 1.75% per annum

Subscription fee up to 5.25%

Redemption/switching fees Nil

Valuations Daily

Subscriptions/redemptions Daily

NAV Publications FT, Morningstar, www.newstaram.com

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USD: IE0031947512

Bloomberg NSUKDYS ID

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Valor 1657141

Registration UK, Ireland, Spain, Italy, France, Netherlands, Malta, Denmark, Sweden, Switzerland, Finland, Luxembourg, Hong Kong, Singapore†

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Performance since launch (%)



— New Star UK Dynamic Fund (67.91%)
— FTSE All-Share Total Return Index (60.59%)

Performance overview (%)

	July 2008	Year to date	1 year	3 years	5 years	Since Launch
£ class	-6.18	-16.80	-20.06	10.05	55.81	67.91
US\$ class	-6.38	-17.79	-21.09	10.04	45.08	52.04
FTSE All-Share TR Index (£)	-3.60	-14.36	-13.28	14.87	58.58	60.59

	2007	2006	2005	2004	2003
£ class	7.27	13.53	17.36	15.37	36.40
US\$ class	7.50	15.21	14.33	10.23	32.98
FTSE All-Share TR Index (£)	5.32	16.80	22.00	12.80	20.90

Risk characteristics

	Alpha	Beta	Tracking error*	Correlation	Sharpe ratio*	Standard deviation (%)*
Since launch (16.08.02)						
New Star UK Dynamic (£)	0.10	0.94	7.08	0.86	0.34	13.69
FTSE All-Share TR Index (£)	0.00	1.00	-	1.00	0.30	12.59
Since manager (28.02.06)						
New Star UK Dynamic (£)	-0.11	1.04	4.95	0.93	-0.51	13.08
FTSE All-Share TR Index (£)	0	1.00	-	1.00	-0.43	11.71

*Annualised figures

Top 10 holdings (%)

BP	5.13
ROYAL DUTCH SHELL	3.77
INTERNATIONAL POWER	3.19
VODAFONE	3.15
NATIONAL GRID	2.71
LLOYDS TSB	2.66
BT	2.49
SOUTHGOBI ENERGY	2.45
BG	2.23
HUNTING	2.19

TOTAL HOLDINGS 64

Peer group analysis

	July 2008	Year to date	1 year	3 years	5 years	Since Launch
Position in sector	99/106	80/104	81/100	33/74	12/56	4/52
Quartile ranking	4th	4th	4th	2nd	1st	1st

Sector: Lipper Global Equity UK

Sector breakdown (%)

OIL & GAS	23.43
FINANCIALS	15.46
CONSUMER SERVICES	15.17
INDUSTRIALS	9.64
UTILITIES	8.99
BASIC MATERIALS	7.67
TELECOMMUNICATIONS	6.60
HEALTHCARE	4.76
TECHNOLOGY	3.05
CONVERTIBLES	0.63

CASH 4.60%

Fund management commentary

The New Star UK Dynamic Fund underperformed the FTSE All-Share Total Return Index by 2.58 percentage points in July. Equity markets began the month poorly, worries of a recession hit shares, but then better-than-expected results and a sharp fall in the oil price helped markets to recover. The best performing UK sectors were pharmaceuticals, banks, technology and tobacco, while mining, oil and gas and telecommunications underperformed.

The fund suffered from being underweight banks, which has been advantageous for much of the past year, and from its large holding in the oil and gas sector as well as company specific news in the telecommunication sector. The exposure to oil and gas comprises the oil majors BP and Royal Dutch and companies with potentially high value exploration such as Premier Oil and Heritage Oil, both of which

are undertaking drilling programmes that could add significant value. Both BT and Vodafone reported disappointing aspects to their results during the month, and investors dramatically over reacted to the news.

Economic data continued to be mixed with retail sales falling 3.9% in June, which more than reversed May's surprise increase. In an absolute sense, current retail sales growth rates are not particularly weak, but the second half of 2008 should see a further slowdown. As a result, the fund will avoid retailers apart from supermarkets who are beneficiaries of food inflation and should be able to maintain their margins.

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