



**NEW
STAR**

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New Star Portfolio Investment OEIC Interim Report July 2009

New Star Portfolio Investment OEIC
For the six month period ended 31 July 2009 (unaudited)

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New Star Portfolio Investment OEIC

Director's Report and Market Overview

Overview

Waves of pessimism swept through the global equity markets at the start of the review period, as markets broke to new cyclical lows during February despite an US\$800bn fiscal stimulus package in the US. However, after hitting an all-time low in early March, markets became more optimistic about expectations of an improvement in global economic conditions, the announcement of various quantitative easing initiatives (the purchase of government bonds and private sector financial assets) by governments and positive profitability statements. Yet, the improvement in investor sentiment belied the actual economic data that was emerging. Unemployment rose in many countries, climbing to 6.5% of the workforce in the UK and to 8.5% in the US. In the Eurozone industrial production fell by over 17% year-on-year, while in Japan exports fell 49% year-on-year. Against this poor economic backdrop, it is not surprising that both the Bank of England and the European Central Bank cut interest rates to 0.5% and 1.5% respectively.

The mood became more buoyant in April, driven by numerous positive economic data surprises and better-than-expected bank earnings. The pace of contraction in a number of economic indicators showed signs of slowing, while confidence surveys exhibited tentative signs of improvement, albeit from exceptionally low levels. This led the markets higher into May as they were spurred on by an increase in investors' risk appetite; after a brief pause in June, equity markets surged further ahead in July, ending the period more than 40% above their March lows.

US

The US market was in freefall at the start of the period and the news worsened in March as Chinese exports reported a slump of 25%, German industrial output declined a further 8% in January and Moody's cut General Electric's prized triple A credit rating. Consequently, US equities fell to 12-year lows and this proved to be the turning point for the markets: subsequently, several investment banks released positive trading statements, US Treasury Secretary Timothy Geithner provided detail on the financial sector rescue plan (with an additional US\$1.25trn for mortgages and US\$300bn to be pumped directly into the economy through quantitative easing), and there was positive news on housing and retail sales data. This led to an increasing appetite for risk assets and US equities rallied strongly for the remainder of the review period with financials, cyclicals and consumer discretionary being the best performing sectors.

After a quieter June, US equities moved higher in July as economic statistics provided further fuel for the bulls. Additionally, the second quarter earnings season showed that cost-cutting was enabling companies to surpass expectations and that end demand was stabilising. The FTSE World North America Index rose 7.3% over the six months.

UK

At the start of the review period, the UK equity markets were in the midst of a sell-off that persisted throughout February and into March. A turning point was reached in mid-March, reflecting expectations of an improvement in economic conditions globally, the announcement of various quantitative easing initiatives by governments and a further cut in interest rates. Equity markets rose strongly in April, driven by numerous positive economic data surprises and better-than-expected bank earnings. The large number of equity rights issues were viewed favourably as balance sheets were repaired, while company earnings figures generally beating analysts' forecasts led the UK equity market to finish the period on a strong upswing. Mid and small caps performed significantly better than large caps, with the FTSE 250 Index rising 30.3%, the FTSE Small Cap Index up 36.6% and the FTSE 100 Index up 14.1%.

Europe

The moderate increase in European equity markets during March masked the magnitude of movements at a company level. The majority of banking and insurance stocks saw significant gains during the month, after being savagely sold-off during February. There was also a noticeable sector rotation from companies perceived as defensive to those that had underperformed due to cyclical concerns. The rally continued for the remainder of the period on tentative signs of economic stabilisation, a slowdown in the pace of the decline in company earnings and the low point in the inventory cycle. The banking sector was a particularly strong performer following results from US and European investment banks, which indicated that they were generating profits for the first time in several quarters. Over the six months, the FTSE World Europe excluding UK Index rose 18.2%.

New Star Portfolio Investment OEIC

Director's Report and Market Overview

Japan

After a bad start to 2009, the Japanese market picked up in March and the government initiated a share buying scheme and a real estate purchase vehicle. Economic figures, however, showed no improvement. A further stimulus package of ¥15trn was announced in April. Cyclical and financial stocks led the market higher with the more defensive issues following behind. This trend continued for the remainder of the review period as economic data continued to show improvement from the collapse recorded earlier in the year. Over the six months, the FTSE World Japan Index rose just 0.1% in sterling terms, but 22% in yen terms.

Asia Pacific (excluding Japan) and emerging markets

Asian and emerging markets suffered a fierce sell-off at the start of the review period to which governments responded with stimulus packages including major increases in spending on infrastructure. Russia suffered particularly badly, hit by a falling oil price and a falling currency. Many Eastern European countries were hit by the twin perils of over-leveraged, under-capitalised financial institutions and falling demand for exports, in addition to currency devaluation. In contrast, investors seemed confident in China's ability to weather the downturn given its well-capitalised banks and the government's effective stimulus packages.

The equity rally that began in mid-March and continued to the end of the review period benefited many emerging markets as risk appetite returned and commodity prices increased. The commitment at March's G20 talks to channel around a trillion dollars through the IMF into emerging markets to help ease the effects of global recession, provided a further fillip to confidence. During June, Asian markets were more subdued with India, Korea and Taiwan the worst performers; however, markets responded to positive corporate results and improving global economic data to end the period on a strong rally. Over the six months, the FTSE World Asia Pacific excluding Japan Index increased 38.9% and the MSCI Emerging Markets Index by 40.9%.

Bond and currency markets

Global government bonds significantly underperformed equities over the six months, with UK gilts returning 1.8% and index-linked gilts 1.7%. The JP Morgan Global Government Bond Index fell by 9.8% over the six months.

The possible inflationary implications of official initiatives to promote economic recovery, allied to a reduction in risk aversion, have pushed government bond yields higher, towards the top of what currently appears to be a trading range. Over the six-month period, yields rose 0.7% in the US. Although in the UK yields are down 0.1% and in Europe broadly steady over the period, this masks a sharp rise in yields from intervening levels that were lower when equity markets troughed in March. Credit spreads have continued to narrow, with corporate bonds resisting the upward pressure on yields seen in government bond markets. The areas to perform best are the longer-dated and lower quality issues, those which suffered most in the downturn. The iBoxx Sterling Non-Gilts All Maturities Index rose by 7.1% over the period.

On the currency front, the main feature was the rise in sterling – the UK's previous status as one of the most vulnerable currencies to the credit crunch allowed a greater measure of relief once market sentiment began to look beyond current problems to the hope of recovery. The dollar fell by 13% against sterling and 10% against the euro, while sterling gained 21% against the yen and 3% against the euro.

Outlook

Although it appears that the world is not disappearing into a lost decade, it may take a few years to rediscover its strength. Current signs of economic stabilisation including inventory restocking and some improvement in consumer demand will need to be followed by further positive news flow in order to trigger an upward spiral. Reassuringly, strong policy responses seem to be combining with the self-equilibrating mechanisms of economies to avert a deep recession and equity valuations remain undemanding.

We believe that the outlook for the global economy and the equity markets remains extremely challenging. We expect any recovery to be protracted given the severity of the recession and believe a sharp recovery is a less likely outcome. Until earnings and dividend forecasts have troughed and the amount of rights issues abates, it is difficult to see the equity market making significant progress and we remain focused on companies with robust cash flows and strong balance sheets.

Government bonds do not represent good value on a medium-term basis, but the prospects of a deep recession, deflationary pressures and quantitative easing should provide some support in the short-term.

Returns are on a total returns basis in sterling terms unless otherwise stated.

Mark Skinner

Director, New Star Investment Funds

30 September 2009

New Star Portfolio Investment OEIC

Introducing your fund managers



Mark Harris, Fund Manager

Mark headed the fund of funds team at New Star. He has 21 years' investment management experience having previously held fund management roles at Edinburgh Fund Managers and HSBC. In addition to managing the New Star portfolios, Mark focuses on devising investment strategy for underlying funds and making fund recommendations. He has a BA (Hons) in Economics and Law.



Craig Heron, Fund Manager

Craig has 12 years' experience in the investment management industry, having managed funds of funds at New Star and previously been head of Managed Funds Research at Edinburgh Fund Managers. Prior to this he was Senior Research Analyst at Greig Middleton & Co. He is a CFA Charterholder and has a BSc in Actuarial Mathematics & Statistics.

New Star Portfolio Investment OEIC

Active Portfolio

Investment report

Investment objective and policy

To achieve capital growth by investing in markets in both the UK and overseas.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A share price of the New Star Active Portfolio was 112.5p.

The portfolio gained a little over 13.2%* during the period under review, outperforming the IMA Active Managed sector average return by nearly 1.9%. The performance mainly driven by the successful rotation from “defensive” to “risk” assets shortly after the lows in global equity markets. There were sharp movements in equity markets during the six month period, with the year mired in general despondency, before a capitulation which marked the lows. A sustained rally then took hold from early March led by the lower quality, highly cyclical stocks, as markets re-appraised the economic outlook. At the mid-way point of the year markets paused for breath, having risen at a rate that ranks as one of the best post-war rebounds.

The second quarter earnings season has been positive and there are growing signs of a global recovery that should support further earnings growth and higher market levels in 2009. However there is polarised opinion on whether this recovery can gain traction. Many believe that this is little more than an inventory re-stocking which will be snuffed out by a lack of consumption. The main headwind for western economies is the over indebted consumer. We are in the former camp and have increasingly positioned our portfolio accordingly. Whilst we acknowledge the likely headwinds, we believe that the central banks globally concerted actions will be successful enough to support further gains in the second half of the year. Earnings are likely to surprise on the upside, driven by aggressive cost-cutting and therefore higher than normal operational gearing.

During the period the portfolio introduced new positions in JO Hambro UK Growth Fund, Imara African Opportunities Fund, GLG Japan CoreAlpha Fund, Henderson Horizon China Fund, LeggMason US Smaller Companies Fund, Neptune Japan Opportunities Fund, Neptune Russia & Greater Russia Fund, iShares MSCI Turkey, Polar Capital Global Technology Fund, HSBC GIF Indian Equity Fund and Market Vectors ETF Brazil Small Cap ETF. Holdings disposed of included LeggMason Value Fund, Oil Services HOLDERS Trust and Natixis Loomis Sayles Multisector Income Fund.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
(14.5)	(13.4)	20.8	17.9	25.3

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC

Active Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		23,560		(25,786)
Revenue	1,185		1,736	
Expenses	(1,615)		(2,728)	
Finance costs: Interest	(13)		(586)	
Net expense before taxation	(443)		(1,578)	
Taxation	105		124	
Net expense after taxation for the period		(338)		(1,454)
Change in net assets attributable to shareholders from investment activities		23,222		(27,240)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		192,217		301,440
Amounts receivable on issue of shares	568		24,222	
Less: Amounts payable on cancellation of shares	(18,908)		(2,710)	
Stamp duty reserve tax		(18,340)		21,512
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		(27)		(103)
		23,222		(27,240)
Closing net assets attributable to shareholders		197,072		295,609

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		200,305		153,155
Debtors	711		5,978	
Cash and bank balances	-		42,920	
Total other assets		711		48,898
Total assets		201,016		202,053
Liabilities				
Investment liabilities		(376)		(191)
Creditors	(2,618)		(9,645)	
Bank overdrafts	(950)		-	
Total other liabilities		(3,568)		(9,645)
Total liabilities		(3,944)		(9,836)
Net assets attributable to shareholders		197,072		192,217

New Star Portfolio Investment OEIC

Active Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
ASIA PACIFIC EX-JAPAN – 12.30% (3.92%)			
701,936	Atlantis China Fortune	660	0.33
1,364,492	Henderson Horizon China Fund#	10,279	5.22
77,638	iShares Xinhua/China	5,633	2.86
1,122,805	Polar Capital Global Technology	7,659	3.89
		24,231	12.30
EMERGING MARKETS – 11.44% (4.38%)			
120,672	HSBC Global Investment Funds – Indian Equity	10,741	5.45
748,215	Imara African Opportunities	5,041	2.56
233,456	Spectrum CIS Value	6,762	3.43
		22,544	11.44
EUROPE – 9.38% (4.13%)			
8,636,564	CF Eclectica Continental European	7,852	3.98
598,661	iShares MSCI Turkey ETF Inc	10,634	5.40
		18,486	9.38
GLOBAL BOND – 0.00% (1.66%)			
NORTH AMERICA – 10.50% (4.21%)			
1,264,671	Financial Select Sector SPDR	9,847	5.00
4,169,494	LeggMason US Smaller Companies B Accumulation	5,779	2.93
251,111	Market Vectors Brazil Small-Cap ETF	5,063	2.57
		20,689	10.50
UK – 33.04% (37.62%)			
12,786,916	BlackRock UK Dynamic	14,181	7.19
13,922,959	JO Hambro UK Growth	23,613	11.98
13,471,803	Marlborough UK Large Cap Growth	11,838	6.00
22,396,708	MFM WH Ireland UK Growth	15,508	7.87
		65,140	33.04
OTHER – 23.18% (23.76%)			
4,985,747	CF Australian Natural Resources	5,859	2.97
199,164	BlackRock Gold & General	1,899	0.96
2,789,398	CF Neptune Russia 'B' (Accumulation)	6,159	3.13
251,173	Earth Energy	6,877	3.49
10,063,788	GLG International Japan CoreAlpha Fund C (Accumulation)	7,951	4.03
633,294	Matrix Ascension Closed-End	6,061	3.08
3,475,235	Neptune Japan Opportunities Fund B (Accumulation)	10,874	5.52
		45,680	23.18

New Star Portfolio Investment OEIC

Active Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

FORWARD FOREIGN EXCHANGE CONTRACTS - 1.61% (0.00%)			
Sold	\$86,779,778 for £55,137,415	2,794	1.42
Sold	¥480,000,000 for £3,313,418	271	0.14
Sold	£52,671,276 for \$86,779,778	(328)	(0.17)
Sold	£3,063,725 for ¥480,000,000	(22)	(0.01)
Sold	¥1,545,000,000 for £10,238,569	448	0.23
Sold	€15,832,707 for £13,514,561	(26)	(0.01)
Sold	\$45,500,000 for £27,465,894	22	0.01
		<u>3,159</u>	<u>1.61</u>
FUTURES - 0.00% (0.10%)			
	Portfolio of investments	199,929	101.45
	Net other liabilities	(2,857)	(1.45)
	Net assets	<u>197,072</u>	<u>100.00</u>

#Related party

The percentage in brackets represents country allocations at 31 January 2009.

Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC

Active Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		207,021		284,331
Commissions	101		58	
Expenses	<u>-</u>		<u>70</u>	
Total purchase costs		<u>101</u>		<u>128</u>
Total purchases including transaction costs		<u>207,122</u>		<u>284,459</u>
Analysis of total sales costs				
Sales in period before transaction costs		186,943		226,140
Commissions	(69)		(68)	
Expenses	<u>-</u>		<u>(5)</u>	
Total sales costs		<u>(69)</u>		<u>(73)</u>
Total sales net of transaction costs		<u>186,874</u>		<u>226,067</u>

New Star Portfolio Investment OEIC

American Portfolio

Investment report

Investment objective and policy

To achieve capital growth by investing in the USA, but also if it is deemed appropriate other geographical locations of the American Continent.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A share price of the New Star American Portfolio was 181.8p.

The portfolio rose by 8.7%* on a total return basis during the period under review, outperforming the IMA North America sector average, which was up 4.4%.

Currency effects continued to have a significant impact on UK investors' interests in the US market as last year's Sterling weakness was reversed to some extent in the six month period. The GBP/USD exchange rate has strengthened by some 13% during the review period and we have been active in hedging out a significant amount of the portfolio's US\$ exposure to protect investors.

Additional contributions to the portfolio's outperformance over the period came from a mixture of Exchange Traded Funds (ETF) and traditional funds. We increased the portfolio exposure to the financial sector through an ETF which benefited as the market rallied aggressively from the early March lows, whilst holdings in Delaware US Large Cap Growth Fund and LeggMason US Smaller Companies (which was added in April) also performed well. A non-benchmark position in iShares MSCI Brazil also added significantly to performance as emerging markets recovered strongly.

During the period the portfolio initiated new positions in iShares MSCI Canada, LeggMason US Smaller Companies Fund and additional exchange traded funds Market Vectors Gold Miners and Market Vectors Brazil Small Cap Fund. Holdings disposed of included Geiger Counter Limited, Oil Services HOLDRs Trust, JPMorgan Highbridge Statistical Market Neutral Fund, Natixis Loomis Sayles Multisector Income Fund and Wyper Capital Hippocrates Fund.

Whilst equity markets can only be considered fair value at current levels, we feel there is more scope for short-term upside as the recovery from the recession becomes more apparent as we move through the second half of 2009.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
(12.2)	(16.0)	11.2	(2.2)	21.7

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC American Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		903		(1,562)
Revenue	85		47	
Expenses	(94)		(123)	
Finance costs: Interest	(1)		(13)	
Net expense before taxation	(10)		(89)	
Taxation	(4)		(2)	
Net expense after taxation for the period		(14)		(91)
Change in net assets attributable to shareholders from investment activities		889		(1,653)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		10,503		12,403
Amounts receivable on issue of shares	17		7,378	
Less: Amounts payable on cancellation of shares	(1,612)		(1,568)	
Stamp duty reserve tax		(1,595)		5,810
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		889		(1,653)
Closing net assets attributable to shareholders		9,797		16,557

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		10,130		9,684
Debtors	7		8	
Cash and bank balances	-		902	
Total other assets		7		910
Total assets		10,137		10,594
Liabilities				
Investment liabilities		(37)		-
Creditors	(35)		(91)	
Bank overdrafts	(268)		-	
Total other liabilities		(303)		(91)
Total liabilities		(340)		(91)
Net assets attributable to shareholders		9,797		10,503

New Star Portfolio Investment OEIC American Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
NORTH AMERICA – 100.05% (67.20%)			
206,349	Delaware US Large Cap Growth	1,948	19.88
1,113,155	LeggMason US Smaller Companies B	1,543	15.75
54,610	LeggMason Strategic Value	3,018	30.81
94,664	Financial Select Sector SPDR	737	7.52
745,689	HSBC American Index	1,009	10.30
68,017	iShares MSCI Canada	981	10.01
28,096	Market Vectors Brazil Small-Cap ETF	566	5.78
		<u>9,802</u>	<u>100.05</u>
IRELAND – 0.00% (7.31%)			
LUXEMBOURG – 0.23% (16.86%)			
267	JPMorgan Highbridge Statistical Market Neutral	<u>22</u>	<u>0.23</u>
UK EQUITIES – 0.00% (0.83%)			
FORWARD FOREIGN EXCHANGE CONTRACTS – 2.74% (0.00%)			
Sold	\$16,286,642 for £10,129,838	306	3.12
Sold	£5,939,870 for \$9,786,642	(37)	(0.38)
		<u>269</u>	<u>2.74</u>
	Portfolio of investments	10,093	103.02
	Net other liabilities	(296)	(3.02)
	Net assets	<u>9,797</u>	<u>100.00</u>

The percentage in brackets represents country allocations at 31 January 2009.

Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC American Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		8,645		18,693
Commissions	<u>3</u>		<u>4</u>	
Total purchase costs		<u>3</u>		<u>4</u>
Total purchases including transaction costs		<u>8,648</u>		<u>18,697</u>
Analysis of total sales costs				
Sales in period before transaction costs		9,153		12,692
Commissions	(3)		(4)	
Expenses	<u>-</u>		<u>(1)</u>	
Total sales costs		<u>(3)</u>		<u>(5)</u>
Total sales net of transaction costs		<u>9,150</u>		<u>12,687</u>

New Star Portfolio Investment OEIC

Asia Portfolio

Investment report

Investment objective and policy

To achieve capital growth by investing in any Asian market excluding Japan.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A share price of the New Star Asia Portfolio was 106.9p.

The portfolio gained 38.6%* on a total return basis during the period under review, broadly in line with the IMA Asia Pacific ex Japan sector average, which rose by 37.3%.

It is clear from the magnitude of these returns that investor attention has returned to Asian markets, reflecting the fact that this financial crisis has been sparked by Anglo-Saxon, developed economies and not those previously considered emerging. Of course, last year's pre-crisis theory of decoupling has been shot out of the water given the significant drop in economic growth throughout Asia. However the efforts of the Chinese government in particular to stimulate their domestic economy in light of the significant decline in exports seems to be gaining traction. Even the more bearish economic forecasts have now revised up expectations for GDP growth in China for 2009 from 5% to 8%.

Unsurprisingly, the most significant contributions to outperformance so far in 2009 have been from those funds more positively skewed. These include Henderson Horizon China Fund, iShares MSCI Taiwan, CF Australian Natural Resources and Hiscox Far Eastern Financial. Another top performer during the period has been Schroder ISF Asian Total Return Fund, which has done well in both falling and then rising markets.

During the period the portfolio sold out of its holdings in Asia Enhanced Index Fund, Atlantis Asian Special Situations Fund and iShares MSCI Taiwan. Cash was invested into iShares MSCI AC Far East ex-Japan, Schroder ISF Asian Total Return Fund, CF Australian Natural Resources Fund and a new position was initiated in Henderson Horizon China Fund.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
12.7	(21.2)	46.5	18.7	31.2

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC Asia Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		5,321		(3,636)
Revenue	64		131	
Expenses	(147)		(215)	
Finance costs: Interest	(1)		(6)	
Net revenue expense before taxation	(84)		(90)	
Taxation	(2)		(4)	
Net expense after taxation for the period		(86)		(94)
Change in net assets attributable to shareholders from investment activities		5,235		(3,730)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		14,135		24,854
Amounts receivable on issue of shares	97		3,242	
Less: Amounts payable on cancellation of shares	(1,154)		(3,806)	
Stamp duty reserve tax		(1,057)		(564)
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		5,235		(3,730)
Closing net assets attributable to shareholders		18,313		20,544

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		18,745		13,104
Debtors	8		23	
Cash and bank balances	-		1,046	
Total other assets		8		1,069
Total assets		18,753		14,173
Liabilities				
Investment liabilities		(88)		-
Creditors	(81)		(38)	
Bank overdrafts	(271)		-	
Total other liabilities		(352)		(38)
Total liabilities		(440)		(38)
Net assets attributable to shareholders		18,313		14,135

New Star Portfolio Investment OEIC Asia Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
ASIA PACIFIC EX JAPAN – 98.45% (92.71%)			
1,162,448	CF Australian Natural Resources	1,366	7.46
242,209	Henderson Horizon China Fund#	1,825	9.97
24,415	Hiscox Far Eastern Financial	2,815	15.37
167,583	iShares MSCI Far East ex-Japan	3,653	19.95
15,634	iShares XinhuaChina	1,134	6.19
29,385	Prusik Asia	2,955	16.14
60,000	Schroder International Selection	3,882	21.20
400,000	Vietnam Enterprise Investments	398	2.17
		18,028	98.45
FORWARD FOREIGN EXCHANGE CONTRACTS – 3.43% (0.00%)			
Sold	\$23,287,941 for £14,759,729	713	3.89
Sold	£14,134,526 for \$23,287,941	(88)	(0.48)
Sold	\$9,200,000 for £5,553,543	4	0.02
		629	3.43
Portfolio of investments		18,657	101.88
Net other liabilities		(344)	(1.88)
Net assets		18,313	100.00

#Related party

The percentage in brackets represents country allocations at 31 January 2009.

Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC Asia Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		4,141		17,082
Commissions	-		2	
Other charges	-		19	
Total purchase costs		-		21
Total purchases including transaction costs		4,141		17,103
Analysis of total sales costs				
Sales in period before transaction costs		3,984		16,275
Commissions	(5)		(2)	
Other charges	-		(27)	
Total sales costs		(5)		(29)
Total sales net of transaction costs		3,979		16,246

New Star Portfolio Investment OEIC Balanced Portfolio

Investment report

Investment objective and policy

To achieve capital growth through exposure to UK and overseas equities, with some exposure to fixed interest securities.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A and B share prices of the New Star Balanced Portfolio were 357.6p and 369.3p respectively.

The portfolio gained 2.8%* on a total return basis during the period under review, underperforming the IMA Balanced Managed sector average, which rose by 9.8%.

Whilst the fund's relative returns were very strong early in the period as the market continued to fall, we were not quick enough to rotate the portfolio into more aggressive assets around the market lows in early March. We rotated the exposures during April to a more positive stance, and have continued to reduce holdings in less liquid hedge fund investments which subsequently benefited performance. However, the recovery in risk assets paused from early June through to almost the end of the period and this has been detrimental to short-term performance. We are very disappointed to report poor relative returns over the interim period, particularly in light of last year's underperformance, but feel that the fund is now very well-placed to benefit from what we believe could be strong returns in the second half of the year.

Whilst we acknowledge the likely headwinds of systemic over-leverage, we believe that there is scope for earnings surprise through the second half of the year driven by aggressive cost-cutting and therefore operational gearing for a number of businesses in a more normal operating environment.

During the period the portfolio sold out of its holdings in Oil Services HOLDRs Trust, LeggMason Value Fund, Natixis Loomis Sayles Multisector Income Fund and Henderson Strategic Bond Fund. New positions were initiated in GLG Japan CoreAlpha Fund, Henderson Horizon China Fund, JPMorgan Natural Resources Fund and Neptune Japan Opportunities Fund, we initiated new positions in JO Hambro UK Growth Fund, Polar Capital Global Technology Fund, HSBC GIF Indian Equity Fund and Allianz RCM Indonesia Fund.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
(20.9)	(11.4)	12.2	13.6	24.5

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC

Balanced Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		5,336		(22,852)
Revenue	1,364		4,134	
Expenses	(1,710)		(2,908)	
Finance costs: Interest	(9)		(665)	
Net (expense)/revenue before taxation	(355)		561	
Taxation	426		(944)	
Net revenue/(expense) after taxation for the period		71		(383)
Change in net assets attributable to shareholders from investment activities		5,407		(23,235)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		228,325		351,687
Amounts receivable on issue of shares	246		10,147	
Less: Amounts payable on cancellation of shares	(28,854)		(9,810)	
Stamp duty reserve tax		(28,608)		337
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		5,407		(23,235)
Closing net assets attributable to shareholders		205,108		328,682

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		209,773		222,614
Debtors	3,620		3,222	
Cash and bank balances	-		6,071	
Total other assets		3,620		9,293
Total assets		213,393		231,907
Liabilities				
Investment liabilities		(495)		-
Creditors	(1,517)		(3,582)	
Bank overdrafts	(6,273)		-	
Total other liabilities		(7,790)		(3,582)
Total liabilities		(8,285)		(3,582)
Net assets attributable to shareholders		205,108		228,325

New Star Portfolio Investment OEIC Balanced Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
ASIA PACIFIC EX JAPAN – 12.74% (1.47%)			
542,975	Atlantis China Fortune	511	0.25
865,655	Henderson Horizon China Fund#	6,521	3.18
82,094	iShares Xinhua China	5,957	2.90
915,292	Polar Capital Global Technology	6,244	3.04
106,842	Schroder International Selection	6,912	3.37
		26,145	12.74
EMERGING MARKETS – 3.53% (0.00%)			
1,069,967	Allianz RCM Indonesia Fund 'A'	2,575	1.26
52,343	HSBC Global Investment Funds – Indian Equity	4,659	2.27
		7,234	3.53
EUROPE – 4.73% (4.30%)			
10,679,633	CF Eclectica Continental European	9,709	4.73
GLOBAL BONDS – 0.00% (2.82%)			
NORTH AMERICA – 3.24% (4.77%)			
853,214	Financial Select Sector SPDR Fund	6,644	3.24
		6,644	3.24
UK – 33.71% (37.69%)			
15,281,368	BlackRock UK Dynamic	16,947	8.26
20,291,433	CF Walker Crips UK High Alpha	16,485	8.04
7,690,434	JO Hambro UK Growth	13,043	6.36
34,971,734	Marlborough UK Equity Income	12,382	6.04
14,832,135	MFM WH Ireland UK Growth	10,270	5.01
		69,127	33.71
UK BONDS – 7.91% (10.95%)			
32,927	Henderson Strategic Bond#	38	0.02
31,181,547	New Star Bond (GBP)#	15,881	7.74
764,423	New Star Sterling Bond#	317	0.15
		16,236	7.91
OTHER – 34.19% (35.50%)			
814,370	BH Global	8,461	4.12
215,966	BlackRock Gold & General	2,060	1.00
2,012,712	CF Neptune Russia 'B' (Accumulation)	4,444	2.17
203,826	Earth Energy	5,581	2.72
700,000	JPMorgan Natural Resources	4,333	2.11
11,105,443	GLG International Japan CoreAlpha Fund C (Accumulation)	8,774	4.28
12,635	Global Commodities Beta Plus	7,311	3.56
20,000	Global Property 'B'#	–	–
27,810	Hain Capital Holdings 'B'	7,891	3.85
12,157	Hain Capital Value 'A'	8,372	4.08
2,508,835	Neptune Japan Opportunities Fund B (Accumulation)	7,850	3.83
528,422	Matrix Ascension Closed-End	5,057	2.47
		70,134	34.19

New Star Portfolio Investment OEIC

Balanced Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

FORWARD FOREIGN EXCHANGE CONTRACTS - 1.98% (0.00%)			
Sold	¥210,000,000 for £1,449,621	119	0.06
Sold	\$121,483,025 for £77,286,053	4,011	1.95
Sold	¥1,350,000,000 for £8,946,322	391	0.19
Sold	€16,433,001 for £14,026,963	(27)	(0.01)
Sold	\$48,000,000 for £28,975,009	23	0.01
Sold	£1,340,380 for ¥210,000,000	(10)	-
Sold	£73,733,435 for \$121,483,025	(458)	(0.22)
		<u>4,049</u>	<u>1.98</u>
	Portfolio of investments	209,278	102.03
	Net other liabilities	(4,170)	(2.03)
	Net assets	<u>205,108</u>	<u>100.00</u>

#Related party.

The percentage in brackets represents country allocations as at 31 January 2009.
Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC Balanced Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		120,505		285,879
Commissions	64		94	
Expenses	—		151	
	<u> </u>		<u> </u>	
Total purchase costs		64		245
Total purchases including transaction costs		<u>120,569</u>		<u>286,124</u>
Analysis of total sales costs				
Sales in period before transaction costs		138,986		243,543
Commissions	(47)		(119)	
Expenses	—		(148)	
	<u> </u>		<u> </u>	
Total sales costs		(47)		(267)
Total sales net of transaction costs		<u>138,939</u>		<u>243,276</u>

New Star Portfolio Investment OEIC European Portfolio

Investment report

Investment objective and policy

To achieve capital growth by investing in any European market.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A share price of the New Star European Portfolio was 251.1p.

The portfolio rose by 9.8%* on a total return basis during the period under review, but underperformed the IMA Europe excluding UK sector average return of 12.8%. The European markets have largely followed the path of other global equity markets with a substantial sell-off in the first two months of the year, culminating in a capitulation in early March. Since the lows we have seen significant bounces in the major markets of the region as investors embraced the consideration of an economic recovery. The portfolio performed very strongly in the first portion, due to holdings in defensive funds such as CF Eclectica Continental Europe and Cazenove European which added significant value.

We were hopeful that the funds would rotate into higher risk stocks but a number remained relatively defensively positioned. To offset this drag from some of our more defensive positions we introduced holdings in some "risk assets" which would benefit from ongoing strength in markets, as well as increasing exposures to existing funds which are skewed that way. The holding in Neptune European Opportunities Fund was topped up and new positions were initiated in iShares MSCI Turkey and also the CF Neptune Russia & Greater Russia Fund. However, due to this effect, we have lagged the bounce from the March lows.

More recently the Eclectica Continental Europe Fund has moved to a more neutral standpoint and this combined with the reduced weighting in Cazenove European has helped with the balance of the portfolio. Pleasingly these alterations have borne fruit, and top performance contributors over the period have been the CF Neptune European Opportunities Fund, Spectrum CIS Value Fund and iShares MSCI Turkey.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
(15.1)	(9.0)	20.1	13.9	37.1

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC European Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		1,925		(469)
Revenue	(243)		239	
Expenses	(159)		(293)	
Finance costs: Interest	(1)		(28)	
Net expenses before taxation	(403)		(82)	
Taxation	51		(9)	
Net expenses after taxation for the period		(352)		(91)
Change in net assets attributable to shareholders from investment activities		1,573		(560)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		19,299		33,690
Amounts receivable on issue of shares	28		395	
Less: Amounts payable on cancellation of shares	(2,492)		(3,310)	
Stamp duty reserve tax		(2,464)		(2,915)
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		(1)		(6)
		1,573		(560)
Closing net assets attributable to shareholders		18,407		30,209

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		18,525		17,474
Debtors	14		337	
Cash and bank balances	-		1,747	
Total other assets		14		2,084
Total assets		18,539		19,558
Liabilities				
Investment liabilities		(17)		(125)
Creditors	(76)		(134)	
Bank overdrafts	(39)		-	
Total other liabilities		(115)		(134)
Total liabilities		(132)		(259)
Net assets attributable to shareholders		18,407		19,299

New Star Portfolio Investment OEIC European Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
	EMERGING MARKETS - 5.22% (2.40%)		
33,220	Spectrum CIS Value	<u>962</u>	<u>5.22</u>
	EUROPE - 90.33% (88.15%)		
976,424	Baring German Growth	2,817	15.30
1,004,312	Cazenove European	3,800	20.65
3,574,437	CF Eclectica Continental European	3,250	17.65
1,630,651	CF Neptune European Opportunities	4,934	26.81
102,787	iShares MSCI Turkey ETF	<u>1,826</u>	<u>9.92</u>
		<u>17,563</u>	<u>90.33</u>
	OTHER - 5.08% (0.00%)		
423,780	CF Neptune Russia 'B'	<u>936</u>	<u>5.08</u>
	FORWARD FOREIGN EXCHANGE CONTRACTS - (0.09%) (0.00%)		
Sold	€10,000,000 for £8,535,350	<u>(17)</u>	<u>(0.09)</u>
	FUTURES - 0.00% ((0.65%))		
	Portfolio of investments	18,508	100.54
	Net other liabilities	(101)	(0.54)
	Net assets	<u>18,407</u>	<u>100.00</u>

The percentage in brackets represents country allocations at 31 January 2009.

Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC European Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		3,338		35,426
Commissions	2		1	
Expenses	<u>-</u>		<u>5</u>	
Total purchase costs		<u>2</u>		<u>6</u>
Total purchases including transaction costs		<u>3,340</u>		<u>35,432</u>
Analysis of total sales costs				
Sales in period before transaction costs		4,283		34,974
Commissions	-		(5)	
Expenses	<u>(8)</u>		<u>(10)</u>	
Total sales costs		<u>(8)</u>		<u>(15)</u>
Total sales net of transaction costs		<u>4,275</u>		<u>34,959</u>

New Star Portfolio Investment OEIC Managed Portfolio

Investment report

Investment objective and policy

To achieve capital growth through exposure to UK and overseas equities and fixed interest securities.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A and B income/accumulation share prices of the New Star Managed Portfolio were 144.9p/146.3p and 145p/145.8p respectively.

The fund gained 3.1%* on a total return basis during the period under review, underperforming the IMA Balanced Managed sector average, which rose by 9.8%.

Early in the period there was scepticism that monetary and fiscal stimulus would gain traction and pull the global economy out of a Depression. Through the second quarter, there have been increasing signs that we are seeing a reasonably typical economic recovery despite the obvious headwinds of high consumer and increasing government debt. Whilst we acknowledge the likely headwinds of systemic over-leverage, we believe that there is scope for earnings surprise through the remainder of 2009 driven by aggressive cost-cutting and therefore operational gearing for a number of businesses in a more normal operating environment.

Whilst the portfolio's more diversified and defensive exposures were of benefit early in the period, it caused it to initially lag the strong market rally that began in March. Whilst we rotated the exposures during April to a more positive stance, which subsequently benefited performance, the market has since paused and this has been detrimental to returns towards the end of the period. We are clearly disappointed that the portfolio returns have not been stronger, particularly in light of last year's poor performance, but feel that the portfolio is now very well-placed to benefit from what we believe could be strong returns in the second half of the year.

During the period the portfolio sold positions in WH Ireland UK Growth Fund, LeggMason Value Fund, BlackRock World Mining Fund and Natixis Loomis Sayles Multisector Income Fund. New positions were initiated in Financial Select SPDR Fund, GLG Japan CoreAlpha Fund, Schroders ISF Asian Total Return Fund, Polar Capital Global Technology Fund, HSBC GIF Indian Equity Fund and Allianz RCM Indonesia Fund.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
(19.4)	(8.0)	11.1	14.9	24.9

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC Managed Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		3,606		(7,900)
Revenue	1,285		2,898	
Expenses	(1,173)		(1,879)	
Finance costs: Interest	(6)		(209)	
Net revenue before taxation	106		810	
Taxation	101		(28)	
Net revenue after taxation for the period		207		782
Change in net assets attributable to shareholders from investment activities		3,813		(7,118)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		143,189		217,071
Amounts receivable on issue of shares	2,187		5,888	
Less: Amounts payable on cancellation of shares	(14,003)		(13,337)	
Stamp duty reserve tax		(11,816)		(7,449)
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		3,813		(7,118)
Closing net assets attributable to shareholders		135,173		202,465

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		135,507		135,755
Debtors	2,138		2,063	
Cash and bank balances	-		6,978	
Total other assets		2,138		9,041
Total assets		137,645		144,796
Liabilities				
Investment liabilities		(296)		-
Creditors	(564)		(1,532)	
Bank overdraft	(1,612)		-	
Distribution payable on income shares	-		(75)	
Total other liabilities		(2,176)		(1,607)
Total liabilities		(2,472)		(1,607)
Net assets attributable to shareholders		135,173		143,189

New Star Portfolio Investment OEIC Managed Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
ASIAN PACIFIC EX-JAPAN – 13.46% (0.12%)			
52,987	iShares Xinhua/China	3,845	2.85
601,252	Polar Capital Global Technology	4,101	3.03
564,114	Henderson Horizon China Fund	4,250	3.14
641,838	Allianz RCM Indonesia	1,545	1.14
68,916	Schroder International Selection	4,459	3.30
		18,200	13.46
EMERGING MARKETS – 2.26% (0.00%)			
34,353	HSBC Global Investment Funds – Indian Equity	3,058	2.26
EUROPE – 4.66% (5.86%)			
6,916,142	CF Eclectica Continental European	6,287	4.66
GLOBAL BOND – 3.29% (1.17%)			
39,466	Bluebay Investment Bond Fund	4,442	3.29
JAPAN – 3.63% (3.31%)			
8,925,529	ELDeRS Investment Series 25B	4,909	3.63
NORTH AMERICA – 3.16% (3.69%)			
547,898	Financial Select Sector SPDR	4,266	3.16
UK – 35.19% (38.00%)			
9,948,486	BlackRock UK Dynamic Fund	11,033	8.16
15,656,273	CF Walker Crips UK High Alpha	12,719	9.40
458,000	JPMorgan Natural Resources	2,835	2.10
29,483,191	Marlborough UK Equity Income	10,439	7.72
26,867,779	Threadneedle UK Equity Alpha	10,554	7.81
		47,580	35.19
UK BONDS – 6.56% (9.43%)			
17,206,497	New Star Bond (GBP)#	8,763	6.48
261,540	New Star Sterling Bond#	108	0.08
		8,871	6.56
OTHER – 26.13% (33.23%)			
5,694	Active Global Commodities	3,890	2.88
531,892	BH Global	5,526	4.09
141,868	BlackRock Gold & General	1,353	1.00
130,482	Earth Energy	3,573	2.64
1,311,607	CF Neptune Russia 'B'	2,896	2.14
3,559,036	GLG International Japan CoreAlpha 'C'	2,812	2.08
11,250	Global Property 'B'#	–	–
12,398	Hain Capital Holdings 'B'	3,518	2.60
8,517	Hain Capital Value 'A'	5,865	4.34
341,569	Matrix Ascension Closed-End	3,269	2.42
840,414	Neptune Japan Opportunities Fund B Acc	2,630	1.94
		35,332	26.13

New Star Portfolio Investment OEIC Managed Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

FORWARD FOREIGN EXCHANGE CONTRACTS - 1.69% (0.00%)			
Sold	\$89,746,973 for £63,673,753	2,361	1.75
Sold	£43,488,858 for \$71,649,815	(272)	(0.20)
Sold	£8,48,907 for JPY133,000,000	(6)	-
Sold	JPY 4,483,000,000 for £3,801,607	201	0.15
Sold	€9,408,075 for £9,388,885	(18)	(0.01)
		<u>2,266</u>	<u>1.69</u>
	Portfolio of investments	135,211	100.03
	Net other liabilities	(38)	(0.03)
	Net assets	135,173	100.00

#Related party.

The percentage in brackets represents country allocations at 31 January 2009.

Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC Managed Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		62,362		102,918
Commissions	20		12	
Taxes	-		5	
Other charges	-		11	
Total purchase costs		<u>20</u>		<u>28</u>
Total purchases including transaction costs		<u>62,382</u>		<u>102,946</u>
Analysis of total sales costs				
Sales in period before transaction costs		66,426		83,179
Commissions	(21)		(15)	
Other charges	-		(18)	
Total sales costs		<u>(21)</u>		<u>(33)</u>
Total sales net of transaction costs		<u>66,405</u>		<u>83,146</u>

New Star Portfolio Investment OEIC Tactical Portfolio

Investment report

Investment objective and policy

To achieve capital growth by investing globally, with no restrictions on geography.

The fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments, deposits, derivative instruments and any other permitted asset type deemed appropriate to meet the investment objective.

Derivative instruments and forward foreign exchange contracts may be used for purposes of Efficient Portfolio Management and currency hedging. Derivatives may also be used outside of Efficient Portfolio Management to meet the fund's investment objective.

Investment will not be confined to any particular sector.

Portfolio review

As at 31 July 2009, the A, B and US\$ share price of the New Star Tactical Portfolio were 103.6p, 101.4p, and \$3.35 respectively.

The portfolio increased by 15.2%* outperforming the IMA Global Growth sector average return of 10.7%. The fund was defensively positioned during the first two months of the year and outperformed the average into the market lows in March. Whilst it initially lagged the global equity rally, it has subsequently made up any lost ground and more as we successfully rotated into risk assets. This has meant that the portfolio's return for the period is comfortably ahead of the average with a lower drawdown and less volatility. Whilst holding high levels of cash was the key driver to returns early in the period, as we have moved through 2009 there has been an increasing focus on risk assets. Reflecting this, top contributors to performance through the period have included iShares MSCI Brazil and Henderson Horizon China Fund.

During the period we have successfully hedged out the portfolio's significant exposure to US dollar and Japanese Yen weakness. This has protected the portfolio from currency losses, and added considerable value over the period.

During the period the portfolio sold out of its holdings in LeggMason Value Fund, Market Vectors Gold Miners ETF, Oil Services HOLDRs Trust, BlackRock Gold & General Fund and Natixis Loomis Sayles Multisector Income Fund. New positions were initiated in Berkshire Hathaway Inc, Matrix Ascension Closed End Fund, Henderson Horizon China Fund, Polar Capital Global Technology Fund, Allianz RCM Indonesia Fund and the exchange traded fund iShares MSCI Brazil.

Discrete annual performance

Percentage growth*				
31.07.2008 to 31.07.2009 %	31.07.2007 to 31.07.2008 %	31.07.2006 to 31.07.2007 %	29.07.2005 to 31.07.2006 %	30.07.2004 to 29.07.2005 %
(20.1)	(18.1)	29.3	19.3	27.5

*Source: Lipper, retail shares, mid to mid, income reinvested on a net tax basis GBP
Figures in brackets are negative.

Past performance is not necessarily a guide to future performance.

New Star Portfolio Investment OEIC Tactical Portfolio

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		9,537		(20,527)
Revenue	338		497	
Expenses	(580)		(953)	
Finance costs: interest	(2)		(145)	
Net expense before taxation	(244)		(601)	
Taxation	164		(4)	
Net expense after taxation for the period		(80)		(605)
Change in net assets attributable to shareholders from investment activities		9,457		(21,132)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		68,240		97,524
Amounts receivable on issue of shares	247		29,512	
Less: Amounts payable on cancellation of shares	(7,432)		(1,002)	
Stamp duty reserve tax		(7,185)		28,510
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		(12)		(39)
		9,457		(21,132)
Closing net assets attributable to shareholders		70,500		104,863

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		72,276		42,272
Debtors	42		1,319	
Cash and bank balances	-		25,662	
Total other assets		42		26,981
Total assets		72,318		69,253
Liabilities				
Investment liabilities		(291)		(117)
Creditors	(357)		(896)	
Bank overdrafts	(1,170)		-	
Total other liabilities		(1,527)		(896)
Total liabilities		(1,818)		(1,013)
Net assets attributable to shareholders		70,500		68,240

New Star Portfolio Investment OEIC

Tactical Portfolio

Portfolio Statement (unaudited)

At 31 July 2009

Nominal	Portfolio of investments	Bid valuation £000	Percentage of total net assets
ASIA PACIFIC EX-JAPAN – 22.24% (6.64%)			
922,456	Allianz RCM Indonesia	2,220	3.15
517,386	Atlantis China Fortune	487	0.69
2,176,753	CF Australian Natural Resources	2,558	3.63
1,382,308	Henderson Horizon China Fund#	10,413	14.77
		15,678	22.24
EMERGING MARKETS – 7.87% (12.31%)			
655,932	Imara African Opportunities	4,419	6.27
38,828	Spectrum CIS Value Fund	1,125	1.60
		5,544	7.87
JAPAN – 8.55% (0.00%)			
333,417	BDT Invest Japanese Smaller Companies	3,496	4.96
809,019	Neptune Japan Opportunities	2,531	3.59
		6,027	8.55
GLOBAL BOND – 0.00% (4.36%)			
NORTH AMERICA – 13.12% (11.04%)			
64	Berkshire Hathaway	3,745	5.31
707,251	Financial Select Sector SPDR	5,507	7.81
		9,252	13.12
OTHER – 45.48% (27.57%)			
1,641,007	CF Neptune Russia	3,623	5.14
8,320,342	Epicure Qatar Equity Opportunities	3,011	4.27
2,739,054	Geiger Counter	1,329	1.89
426,760	iShares MSCI Turkey	7,580	10.75
320,716	Market Vectors ETF Brazil Small Cap	6,467	9.17
334,728	Matrix Ascension Closed	3,203	4.54
1,004,147	Polar Capital Global Technology	6,850	9.72
		32,063	45.48
WARRANTS – 0.10% (0.03%)			
1,920,000	Epicure Qatar Equity Opportunities Warrants 31/10/2012	70	0.10
FORWARD FOREIGN EXCHANGE CONTRACTS – 4.75% (0.00%)			
Sold	£32,771,522 for JPY 5,000,000,000	1,087	1.54
Sold	\$77,893,136 for £47,276,635	(291)	(0.41)
Sold	\$63,717,214 for £101,393,136	2,555	3.62
		3,351	4.75
FUTURES – 0.00% ((0.17%))			
	Portfolio of investments	71,985	102.11
	Net other liabilities	(1,485)	(2.11)
	Net assets	70,500	100.00

#Related party.

The percentage in brackets represents country allocation at 31 January 2009.

Unless denoted otherwise, all investments are in line with the fund's investment policy as stated in this document.

New Star Portfolio Investment OEIC Tactical Portfolio

Portfolio transaction costs (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in period before transaction costs		138,537		158,238
Commissions	79		39	
Other charges	—		47	
	<u> </u>		<u> </u>	
Total purchase costs		79		86
Total purchases including transaction costs		138,616		158,324
		<u> </u>		<u> </u>
Analysis of total sales costs				
Sales in period before transaction costs		120,847		110,232
Commissions	(66)		(31)	
Other charges	—		(129)	
	<u> </u>		<u> </u>	
Total sales costs		(66)		(160)
Total sales net of transaction costs		120,781		110,072
		<u> </u>		<u> </u>

New Star Portfolio Investment OEIC

Aggregated Financial Statements

Statement of total return (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Net capital gains/(losses)		50,188		(82,732)
Revenue	4,078		9,682	
Expenses	(5,478)		(9,099)	
Finance costs: interest	(33)		(1,652)	
Net revenue/(expense) before taxation	(1,433)		(1,069)	
Taxation	841		(867)	
Net revenue/(expense) after taxation		(592)		(1,936)
Total return before distributions		49,596		(84,668)
Change in net assets attributable to shareholders from investment activities		49,596		(84,668)

Statement of change in net assets attributable to shareholders (unaudited)

For the six months ended 31 July 2009

	31.07.09		31.07.08	
	£000	£000	£000	£000
Opening net asset attributable to shareholders		675,908		1,038,669
Amounts receivable on issue of shares	3,390		80,784	
Less: Amounts payable on cancellation of shares	(74,455)		(35,543)	
		(71,065)		45,241
Stamp duty reserve tax		(69)		(313)
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		49,596		(84,668)
Closing net assets attributable to shareholders		654,370		998,929

Balance sheet (unaudited)

At 31 July 2009

	31.07.09		31.01.09	
	£000	£000	£000	£000
Assets				
Investment assets		665,261		594,309
Debtors	6,540		12,950	
Cash and bank balances	-		84,085	
Total other assets		6,540		97,035
Total assets		671,801		691,344
Liabilities				
Investment liabilities		(1,000)		(433)
Creditors	(5,248)		(14,928)	
Bank overdrafts	(10,583)		-	
Distribution payable on income shares	-		(75)	
Total other liabilities		(15,831)		(15,003)
Total liabilities		(17,431)		(15,436)
Net assets attributable to shareholders		654,370		675,908

New Star Portfolio Investment OEIC

Aggregated Financial Statements

Notes to the financial statements (unaudited)

For the six months ended 31 July 2009

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the statement of recommended practice relating to authorised funds issued by the Investment Management Association in November 2008.

Previously the requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 had been applied. As a result of this change certain items have been reanalysed in the statement of total return. The reanalysis has been treated as a change in accounting policies and accordingly the comparative figures have been restated. The changes did not change either the total return or net assets attributable to Shareholders in either the current or preceding year.

(b) Aggregation

The aggregated accounts represent the sum of the individual funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the financial statements of the individual funds.

(c) Basis of valuation of investments

The investments of the funds have been valued at bid prices, adjusted for unit trust holdings, to take account of the discounts available to the ACD from the preliminary charges on the underlying portfolio, at 4.00pm on 31 July 2009, in line with the last dealing valuation of the period.

(d) Recognition of income

Income is included in the statement of total return on the following basis:

- All distributions declared ex-dividend on shares/units held by the fund up to the accounting date are included in the income account net of attributable tax credits. Equalisation received by way of distributions from OEICs/unit trust investments is not included in income but reflected as a reduction in the bookcost of that investment. Income received by way of accumulation is recognised as income in the accounts but is not distributed as it is transferred to the capital account.
- Interest on bank accounts and amounts held at derivative clearing houses and brokers is recognised as earned; and
- Management fee rebate arrangements are in place with the majority of the management companies. These rebates are recognised on an accruals basis.

(e) ACD's charge

The ACD's periodic charge is allocated directly to each share class and expensed within the income of the funds.

(f) Allocation of income and expenses to multiple share classes

Income is allocated to each share class in proportion to the net assets of each class at the time the income is received. Expenses are allocated on the same basis with the exception of the ACD's periodic charge (see above), registrar's fees which are allocated on the basis of the actual number of shareholders in each share class and reports and accounts fees which are allocated on the basis of the NAV of each fund and an apportionment factor for each share class.

(g) Distribution policy

Where the income from investments exceeds the expenses for any share class, a distribution will be made to that share class. Should expenses exceed income, there will be no distribution and the shortfall will be transferred to the capital account.

Income from accumulation shares/units is recognised net of attributable tax credits in the income account but does not form part of the distribution. Management fee rebates and any associated tax charge are recognised in the income account but are not distributed.

New Star Portfolio Investment OEIC

Aggregated Financial Statements

Notes to the financial statements (unaudited)

For the six months ended 31 July 2009

(h) **Taxation**

Corporation tax is charged at 20% of the income liable to corporation tax less expenses.

Deferred tax is provided for at the rate at which taxation is likely to become payable in respect of all timing differences between the accounting and taxation treatment of items.

The provision for a deferred tax asset is only made to the extent that a timing difference will be of future benefit.

(i) **Exchange rates**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling on 31 July 2009.

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of the transaction.

(j) **Derivative contracts**

The unrealised gain/(loss) on open futures contracts is recognised in the portfolio statements. Any margin required on those contracts has been adjusted through the amounts held at derivative clearing houses and brokers' balances.

New Star Portfolio Investment OEIC

Comparative Tables

Active Portfolio

Net asset value

At 31 January	Value of fund £	Shares in existence	NAV per share p
A shares			
2007	233,701,108	167,930,252	139.17
2008	301,440,045	210,482,004	143.21
2009	192,216,821	193,806,481	99.18
2009*	197,071,959	175,757,202	112.13
*at 31 July			

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares				
2004	94.24	83.44	–	–
2005	124.30	94.55	–	–
2006	141.80	121.20	–	–
2007	162.70	136.80	–	–
2008	157.10	86.86	–	–
2009*	112.50	93.46	–	–
*to 31 July				

Total expense ratio†

At 31 July 2009
A shares 2.16%

At 31 January 2009
A shares 2.07%

Portfolio turnover rate††

At 31 July 2009
347.71%

At 31 January 2009
365.38%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

New Star Portfolio Investment OEIC Comparative Tables (unaudited)

American Portfolio

Net asset value

	Value of fund £	Shares in existence	NAV per share p
At 31 January			
A shares			
2007	13,742,448	5,710,414	240.66
2008	12,402,585	5,440,209	227.98
2009	10,502,750	6,346,695	165.48
2009*	9,797,013	5,390,343	181.75
USD shares			
2007**	512	200	256.10
2008	493	200	246.65
2009***	-	-	-

*at 31 July

**from 29 January

***all USD shares were liquidated on 5 November 2008

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares				
2004	201.60	177.60	-	-
2005	241.00	193.00	-	-
2006	247.30	217.20	-	-
2007	263.70	234.60	-	-
2008	254.90	147.80	-	-
2009***	183.40	151.80	-	-
USD shares				
2007*	5.80	4.83	-	-
2008**	5.45	2.76	-	-

*from 29 January to 31 December

**from 1 January to 5 November 2008

***to 31 July

Total expense ratio†

At 31 July 2009

A shares 3.28%

At 31 January 2009

A shares 2.86%

Portfolio turnover rate††

At 31 July 2009

354.60%

At 31 January 2009

361.71%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

New Star Portfolio Investment OEIC

Comparative Tables

Asia Portfolio

Net asset value

At 31 January	Value of fund £	Shares in existence	NAV per share p
A shares			
2007	19,303,944	19,832,213	97.34
2008	24,853,624	22,183,997	112.03
2009	14,135,432	18,415,404	76.76
2009*	18,313,114	17,210,021	106.41
*at 31 July			

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares				
2004	64.54	51.07	–	–
2005	78.28	58.07	–	–
2006	94.34	77.54	–	–
2007	129.20	93.63	–	–
2008	128.30	66.42	–	–
2009*	108.00	73.53	–	0.1101
*to 31 July				

Total expense ratio†

At 31 July 2009
A shares 2.92%

At 31 January 2009
A shares 2.41%

Portfolio turnover rate††

At 31 July 2009
149.87%

At 31 January 2009
217.70%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

New Star Portfolio Investment OEIC

Comparative Tables

Balanced Portfolio

Net asset value

	Value of fund £	Shares in existence	NAV per share p
At 31 January			
A shares			
2007	265,559,512	54,422,006	487.96
2008	285,736,865	59,225,398	482.46
2009	188,696,589	54,677,033	345.11
2009*	168,832,656	47,588,380	354.78
B shares			
2007	74,743,596	15,020,856	497.60
2008	65,949,803	13,339,509	494.39
2009	39,628,033	11,144,660	355.58
2009*	36,275,391	9,899,599	366.43

*at 31 July

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares				
2004	358.50	317.80	–	–
2005	451.50	359.30	–	–
2006	500.40	443.10	–	–
2007	535.50	447.50	–	–
2008	525.20	337.60	–	–
2009*	369.90	329.10	–	–
B shares				
2004	362.20	320.60	–	–
2005	458.20	363.00	–	–
2006	508.60	450.50	0.3400	0.3400
2007	548.10	487.20	–	–
2008	538.00	547.54	–	–
2009*	381.00	339.30	–	–

*to 31 July

Total expense ratio†

At 31 July 2009

A shares	2.26%
B shares	1.23%

At 31 January 2009

A shares	2.13%
B shares	1.66%

Portfolio turnover rate††

At 31 July 2009

204.13%

At 31 January 2009

285.62%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

New Star Portfolio Investment OEIC Comparative Tables (unaudited)

European Portfolio

Net asset value

	Value of fund £	Shares in existence	NAV per share p
At 31 January			
A shares			
2007	35,455,980	11,610,519	305.38
2008	33,690,126	11,151,511	302.11
2009	19,298,917	8,425,514	229.05
2009*	18,406,817	7,332,901	251.02

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares				
2004	205.20	169.10	–	–
2005	265.20	203.70	–	–
2006	313.20	254.40	–	–
2007	343.90	300.30	–	–
2008	335.90	212.90	–	–
2009*	258.90	198.10	–	–
*to 31 July				

There have been no accumulation distributions for the period ended 31 July 2009.

Total expense ratio†

At 31 July 2009
A shares 3.10%

At 31 January 2009
A shares 2.46%

Portfolio turnover rate††

At 31 July 2009
74.08%

At 31 January 2009
287.45%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

Managed Portfolio

Net asset value

	Value of fund £	Shares in existence	NAV per share p
At 31 January			
A shares – Income			
2007	6,514,929	3,439,090	189.44
2008	9,223,306	4,947,169	186.44
2009	6,989,502	5,006,654	139.60
2009*	7,409,467	5,156,227	143.70
A shares – Accumulation			
2007	56,627,093	29,763,368	190.26
2008	63,966,133	34,122,158	187.46
2009	45,354,124	32,187,037	140.91
2009*	44,160,029	30,427,210	145.13
B shares – Income			
2007	25,159,510	13,288,760	189.33
2008	21,590,269	11,576,357	186.50
2009	13,263,518	9,497,895	139.65
2009*	12,497,622	8,690,693	143.80
B shares – Accumulation			
2007	142,577,726	75,248,273	120.19
2008	122,291,693	65,499,874	186.71
2009	77,582,206	55,276,245	140.35
2009*	71,106,175	49,183,231	144.57
*at 31 July			

New Star Portfolio Investment OEIC

Comparative Tables

Managed Portfolio *continued*

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares – Income				
2004	137.00	121.30	–	–
2005	171.40	137.00	–	–
2006	191.10	170.30	–	–
2007	206.50	183.80	–	–
2008	201.90	136.00	–	–
2009*	149.50	132.10	–	–
A shares – Accumulation				
2004	137.30	121.50	–	–
2005	172.10	137.20	–	–
2006	191.80	171.00	–	–
2007	207.60	184.80	–	–
2008	203.00	136.80	–	–
2009*	150.40	133.30	–	–
B shares – Income				
2004	136.80	121.10	–	–
2005	171.40	136.80	–	–
2006	191.00	170.20	–	–
2007	206.50	183.80	–	–
2008	202.00	136.10	–	–
2009*	149.60	132.20	–	–
B shares – Accumulation				
2004	136.80	121.10	–	–
2005	171.40	136.80	–	–
2006	191.10	170.30	–	–
2007	206.70	184.00	–	–
2008	202.20	136.30	–	–
2009*	149.80	132.80	–	–

*to 31 July

Total expense ratio†

At 31 July 2009

A shares – Income	2.25%
A shares – Accumulation	2.15%
B shares – Income	2.15%
B shares – Accumulation	2.52%

At 31 January 2009

A shares – Income	2.27%
A shares – Accumulation	2.26%
B shares – Income	2.30%
B shares – Accumulation	2.28%

Portfolio turnover rate††

At 31 July 2009

120.46%

At 31 January 2009

163.32%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

New Star Portfolio Investment OEIC Comparative Tables (unaudited)

Tactical Portfolio

Net asset value

	Value of fund £	Shares in existence	NAV per share p
At 31 January			
A shares			
2007	58,529,919	43,714,330	133.89
2008	91,526,964	58,929,463	155.32
2009	65,118,341	72,735,757	89.53
2009*	67,279,218	65,196,371	103.19
B shares			
2007	5,577,339	4,242,824	131.45
2008	5,996,819	3,936,781	152.33
2009	3,102,368	3,537,285	87.70
2009*	3,199,024	3,166,880	101.01
USD shares			
2007	511	200	255.62
2008	603	200	301.50
2009	19,130	10,971	174.37
2009*	22,070	10,971	201.17

*at 31 July

Performance record

Year	Highest share price p	Lowest share price p	Income per share by accounting year p	Income per share by calendar year p
A shares				
2004	91.86	79.21	–	–
2005	127.10	89.28	–	–
2006	145.30	116.90	–	–
2007	173.50	129.90	–	–
2008	170.60	78.55	–	–
2009*	103.60	85.51	–	–
B shares				
2004	90.47	78.07	–	–
2005	125.10	87.94	–	–
2006	142.90	114.80	–	–
2007	170.20	127.60	–	–
2008	167.30	76.98	–	–
2009*	101.40	83.75	–	–
Year	Highest share price USD	Lowest share price USD	Income per share by accounting year p	Income per share by calendar year p
USD shares				
2007*	697.90	480.50	–	–
2008	651.30	226.20	–	–
2009**	334.80	229.40	–	–

*from 29 January to 31 December

**to 31 July

Total expense ratio†

At 31 July 2009

A shares	2.26%
B shares	2.58%
USD shares	2.25%

At 31 January 2009

A shares	2.14%
B shares	2.27%
USD shares	2.25%

Portfolio turnover rate††

At 31 July 2009

617.27%

At 31 January 2009

520.26%

†The total expense ratio (TER) of a fund is the ratio of the fund's total operating costs to its average net assets for twelve months.

††The portfolio turnover rate (PTR) of a fund is the ratio of the fund's transactions to its average net assets for twelve months.

New Star Portfolio Investment OEIC

Additional information

Company information

The New Star Portfolio Investment OEIC is an open-ended investment company with variable capital incorporated in Great Britain under registered number IC000146 and authorised by the Financial Services Authority (FSA) with effect from 4 February 2002.

Shareholders are not liable for the debts of the company.

New Star Portfolio Investment OEIC is structured as an umbrella company.

The assets of each fund will be treated as separate from those of every other fund and will be invested in accordance with the investment objective and policy applicable to that fund.

The objectives of each fund are stated within the pages of this report relating to that fund.

All of the funds are classed as Non-UCITS Retail Schemes (NURS).

As a fund is not a legal entity, if the assets attributable to any fund were insufficient to meet the liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one or more other funds of the New Star Portfolio Investment OEIC.

The authorised corporate director (ACD) of the company is New Star Investment Funds Limited and it is the sole director of the company.

General information

Since the issue of the annual report at 31 January 2009 there have been no significant changes made to the prospectus and instrument of incorporation in the New Star Portfolio Investment OEIC.

Shares available

Share classes A and B accumulation shares are available for:

- New Star Balanced Portfolio
- New Star Tactical Portfolio

Share classes A and B income and accumulation shares are available for:

- New Star Managed Portfolio

Share class A accumulation shares are available for:

- New Star Active Portfolio
- New Star American Portfolio
- New Star Asia Portfolio
- New Star European Portfolio

Share class USD accumulation shares are available for:

- New Star Tactical Portfolio

Where a fund has more than one share class, each may suffer different expenses. Therefore the level of net income attributable to each share class will differ.

Dilution adjustment

From 1 September 2003 the ACD has adopted a dilution adjustment policy. Prior to this date the ACD operated a dilution levy policy.

The need to make a dilution adjustment will depend on the volume of sales or redemptions of shares.

The ACD may make a discretionary dilution adjustment if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be made in the following circumstances:

- (a) Where a fund is in steady decline (is experiencing a net outflow of investment);
- (b) On a fund experiencing steady growth (is experiencing a net inflow of investment);
- (c) On a fund experiencing large levels of net purchases or net redemptions relative to the size of that fund;
- (d) On 'large deals'. For these purposes, a large deal is defined as a purchase or a redemption of 3% or more of the value of the fund, or a deal in excess of £250,000 for holdings in Class A Shares or £500,000 for holdings in Class B Shares whichever is the smaller; and
- (e) In any other case where the ACD is of the opinion that the interests of shareholders require the imposition of a dilution adjustment.

Where a dilution adjustment is made, it will increase the dealing price when there are net inflows into a fund and decrease the dealing price when there are net outflows.

On the occasions when the dilution adjustment is not made there may be an adverse impact on the total assets of a fund.

Further information on the ACD's dilution adjustment policy can be found in the prospectus of the OEIC.

New Star Portfolio Investment OEIC

Additional information

SDRT (stamp duty reserve tax) provision

The ACD intends that any SDRT chargeable on redemption of shares in the fund will in general be paid out of the fund property and a SDRT provision will not be levied directly on the redeeming shareholder. The ACD considers that paying SDRT out of the fund will not have a significant effect on performance. The ACD reserves the right to levy a SDRT provision of up to 0.5% on the surrender of shares which are 'large deals'. For these purposes a large deal is defined as a redemption which is in excess of £250,000 in respect of Class A Shares, £500,000 in respect of Class B Shares.

However, where SDRT is incurred on a surrender because a shareholder receives a non pro rata in specie payment for his shares (a pro rata in specie surrender is not chargeable to SDRT) the ACD has the discretion to impose a SDRT provision of 0.5% on that redeeming shareholder and reserves the right to do so, whatever the size of the deal.

Income equalisation

Equalisation is no longer accounted for in the New Star Portfolio Investment OEIC following approval by the Financial Services Authority. Distributions are typically nil for all funds within the OEIC and the calculation of equalisation is an accounting complexity which is of no value if income is not distributed on a regular basis.

Total expense ratio (TER)

The total expense ratio (TER) of a scheme is the ratio of the scheme's total operating costs to its average net assets for the twelve months to the period end calculated according to the methodology prescribed in the Collective Investment Schemes sourcebook (COLL) issued by the Financial Services Authority.

Portfolio turnover rate (PTR)

The portfolio turnover rate (PTR) of a scheme is the ratio of the scheme's transactions to its average net assets for the twelve months to the period end calculated according to the methodology prescribed in the Collective Investment Schemes sourcebook (COLL) issued by the Financial Services Authority.

Capital gains tax

Capital gains within the funds are not liable to tax.

You may be liable to capital gains tax when you sell all or some of your shares if your total gains in the relevant tax year exceed the annual exemption. For the tax year 2009/2010, the first £10,100 of any gains is exempt. This is your personal allowance for all your investments. If you have any queries regarding your tax position you should contact your local tax office or tax adviser.

Reports and accounts

Investors will receive a report on the funds belonging to the New Star Portfolio Investment OEIC twice a year. This will be in the form of a short report. A report containing the full accounts is available on request from New Star Investment Funds Limited, 201 Bishopsgate, London EC2M 3AE. The annual accounting period for the funds ends each year in January and the interim reporting period ends in July.

Important notes

The value of investments and any income from them may fall as well as rise and investors may not get back the amount originally invested. The value of investments may also increase or decrease as a result of changes in exchange rates between currencies. Past performance is not necessarily a guide to future performance.

New Star Investment Funds is the trading name of New Star Investment Funds Limited.

New Star Investment Funds is not authorised to give investment advice and only provides information on New Star's products.

For further information on New Star's range of OEIC's and unit trusts please contact us on 0845 608 8704.

For your protection, calls may be recorded and monitored.

From 6 April 2008, mini and maxi ISAs were replaced by Cash ISAs and Stocks and Shares ISAs. All PEPs become Stocks and Shares ISAs.

ISAs were introduced in April 1999 for an initial 10 year period. These tax-free saving policies will now stay in place for the foreseeable future.

Issued by New Star Investment Funds Limited.

Authorised and regulated by the Financial Services Authority.

New Star Investment Funds Limited

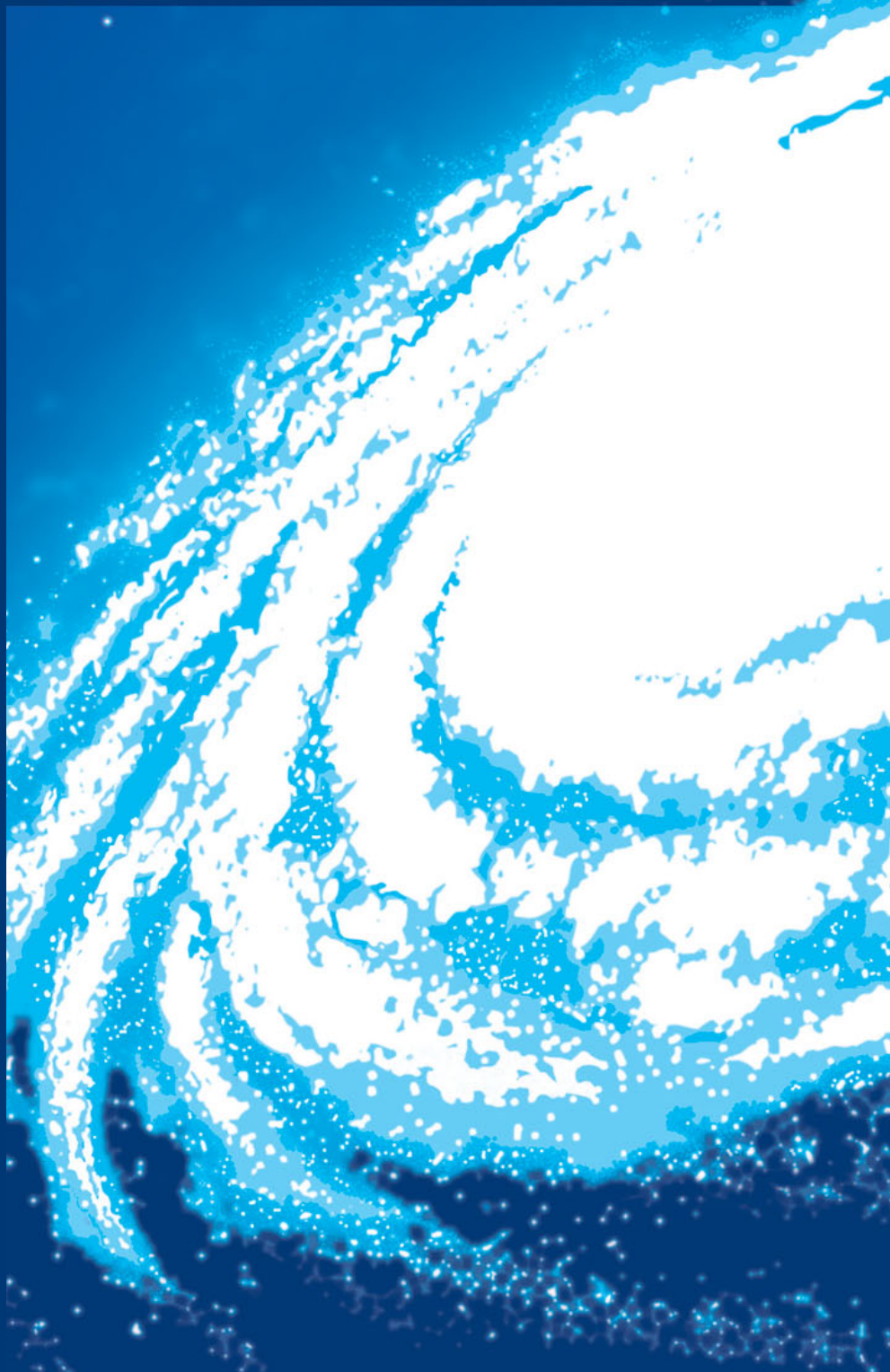
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London EC2M 3AE

Customer services:

0845 608 8704

www.newstaram.com

Authorised and regulated by the
Financial Services Authority



New Star Portfolio Investment OEIC Directory

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Investment adviser

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