

FORM ADV
Part 2A

Applicant:
New Star Institutional Managers Limited

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ADV Part 2 Brochure (Part 2A)

Item 1 — Cover Page

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This brochure provides information about the qualifications and business practices of New Star Institutional Managers Limited (New Star). If you have any questions about the contents of this brochure, please contact us at +44 207 818-9280. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about New Star is also available on the SEC's website at www.adviserinfo.sec.gov.

New Star Institutional Managers Limited is a registered investment adviser, however, such registration does not imply a certain level of skill or training.

Item 2 — Material Changes

This is the first issue of the new style ADV Part 2 Brochure which has been revised to meet new format and content requirements applicable to all registered investments advisers. Accordingly, information is presented in a new layout and the brochure includes some information that was not previously required. We encourage you to read the brochure in its entirety.

The information contained herein relates only to specific questions to which the Regulator request answers. The document is not, and is not intended to be, a marketing brochure, nor is it designed to provide detailed information about all aspects of New Star Institutional Manager's business.

There have been no material changes to the Firm or the services it provides since the last annual update of March 31, 2010.

Item 3 — Table of Contents

ADV Part 2 Brochure (Part 2A).....	1
Item 1 — Cover Page	2
Item 2 — Material Changes	3
Item 3 — Table of Contents	4
Item 4 — Advisory Business.....	5
Item 5 — Fees and Compensation.....	6
Item 6 — Performance-Based Fees and Side-By-Side Management.....	8
Item 7 — Types of Clients	9
Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 — Disciplinary Information.....	12
Item 10 — Other Financial Industry Activities and Affiliations.....	13
Item 11 — Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
Item 12 — Brokerage Practices.....	15
Item 13 — Review of Accounts	17
Item 14 — Client Referrals and Other Compensation	18
Item 15 — Custody.....	19
Item 16 — Investment Discretion	20
Item 17 — Voting Client Securities	21
Item 18 — Financial Information	22
Brochure Supplement	Error! Bookmark not defined.
Item 1 – Cover Page.	Error! Bookmark not defined.
Item 2 – Educational Background and Business Experience. ..	Error! Bookmark not defined.
Item 3 – Disciplinary Information.	Error! Bookmark not defined.
Item 4 – Other Business Activities.	Error! Bookmark not defined.
Item 5 – Additional Compensation.	Error! Bookmark not defined.
Item 6 – Supervision.	Error! Bookmark not defined.
Recordkeeping	Error! Bookmark not defined.

Item 4 — Advisory Business

New Star Institutional Managers Limited (New Star) has been in business since January 1988. The firm was first established in 1976 as the international investment management arm of the Bank of America NT & SA. In 1988, following a management buyout from the bank, the firm changed its name to WorldInvest Limited and then to New Star Institutional Managers in 2001 after the company was acquired by New Star Asset Management Group plc.

In April 2009, the parent company, New Star Asset Management Group, was acquired by the Henderson Group plc, an investment management holding company based in London, England. While being a part of the Henderson Group, New Star is run as a stand-alone business, retaining its own investment process, brand and management team.

The firm is a wholly owned subsidiary of Henderson Group plc, however management have established an earn-out structure which provides for a 75% equity stake over time.

New Star primarily provides investment advice and management on a discretionary basis, constituting “investment supervisory services” to U.S. and non-U.S. accounts. “Supervisory” means that the investment recommendation element is continuous and based on the individual needs of each client. The firm specializes in international equity investments and, to a lesser extent, global fixed income investments.

Depending on the nature of the mandate, clients may be able to impose reasonable restrictions on investing in certain securities or types. Institutional investors with separate account agreements are, to some extent, able to tailor the advisory services they receive to meet their individual needs. Investors in New Star’s pooled investment vehicles are not able to tailor their mandates and their investments are governed by the same prospectus or offering memorandum applicable to all investors.

New Star does not participate in wrap fee programs.

Assets under Management (January 31, 2011)

Discretionary Assets:	\$1,709 million
Non-Discretionary:	—
Total:	\$1,709 million

Assets under management above are calculated in accordance with Form ADV Part I instructions.

Item 5 — Fees and Compensation

New Star charges clients for investment advisory services based on a percentage of assets under management. Compensation is payable after rendering of services, generally on a quarterly basis.

Fees are not deducted from client accounts automatically; clients may choose whether to pay fees separately or have them deducted from the account on a specified date.

Other than standard trading expenses, no other fees are payable by the client.

Standard fee schedules for investment supervisory services to US segregated accounts:

Global & EAFE Equity Portfolios

Portfolios Under \$100 million

0.85% on the first US\$ 25 million
0.55% on the next US\$ 25 million
0.45% on the next US\$ 50 million

Portfolios Over \$100 million

0.50% on the first US\$ 100 million
0.30% on the next US\$ 400 million
0.25% thereafter

Global Emerging Markets Equity Portfolios

Portfolios Under \$100 million

1.00% on the first US\$ 25 million
0.85% on the next US\$ 25 million
0.75% thereafter

Portfolios Over \$100 million

0.75% on the first US\$ 100 million
0.50% on the next US\$ 100 million
0.40% thereafter

Fixed Income Portfolios

Portfolios Under \$100 million

0.55% on the first US\$ 25 million
0.45% on the next US\$ 25 million
0.35% on the next US\$ 25 million
Negotiable over US\$ 75 million
(minimum fee \$85,000)

To ensure the equal treatment of all clients, New Star's fees are generally not negotiable, though we reserve the right to negotiate fees for equity accounts over \$500 million.

Single market, mutual funds and other mandates (including non-U.S. clients), may fall outside of these core fee scales above. These can be individually negotiated dependent upon mandate type, complexity of investment guidelines and size of fund. New Star will monitor and comply with favored nation clauses as required within the relevant client Investment Management Agreement (IMA).

For sub-advisory agreements, the fee will depend on the fees charged in the underlying funds.

IMAs are terminable by either party on written notice as may be specified in the contract; generally these provide that after notice of termination, New Star will take no further action

with respect to the account without the client's prior approval or unless otherwise directed by the client.

Item 6 — Performance-Based Fees and Side-By-Side Management

New Star Institutional Managers Ltd (New Star) does not currently charge performance fees.

New Star seeks to foster a reputation for integrity and professionalism. The confidence and trust placed in us by investors is highly valued and must be protected. Any activity that creates any actual or potential conflict of interest or even the appearance of any conflict of interest must be avoided. A Code of Ethics has been adopted to ensure that those who have knowledge of portfolio transactions or other confidential client information will not be able to act thereon to the disadvantage of New Star's clients. The Code of Ethics does not purport to comprehensively cover all types of conduct or transactions which may be prohibited or regulated by the laws and regulations applicable.

New Star may charge a fee on an "incentive" basis whereby the fee charged will contain an ad valorem element together with an incentive fee based on a percentage of assets under management which will vary depending on the investment results. New Star has no scale for these since each arrangement has to reflect the differences between the benchmarks chosen, the degree of outperformance versus the benchmark and the time horizon of the measurement period. Any such arrangements will be in compliance with Section 205 of the Investment Advisers Act of 1940 or Rule 205-3 promulgated hereunder.

Item 7 — Types of Clients

New Star Institutional Managers Ltd provides investment advisory services to:

- Pension and profit sharing plans
- Endowments and foundations
- Corporations and business entities
- Trusts, estates and charitable organizations
- Banks and thrift institutions
- Investment companies

Generally, for separately managed accounts, the minimum investment is \$25 million.

Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss

New Star Institutional Managers Limited (New Star) uses a fundamental method of analysis. The main sources of information include inspections of corporate activities, annual reports, company press releases, prospectuses, filings with the Securities and Exchange Commission, research materials prepared by outside analysts, corporate ratings services and financial newspapers and magazines.

In addition to the investment managers' research based company analysis, the fund managers will conduct meetings with representatives from companies in whom we have an existing or prospective interest. Meetings may be held in the relevant company's locality or at New Star's offices.

The investment strategies used are mainly long-term purchases (securities held for more than a year) with some short-term purchases (securities held for less than a year). In addition, New Star utilizes:

- time deposits maintained outside the U.S., held in book-entry form generally on behalf of the custodian of the client's assets;
- forward and spot currency contracts incidental to settlement of independent securities transactions, and forward currency contracts to protect portfolio values against currency risks;
- foreign government securities;
- convertible securities and preferred stock;
- futures contracts on stock market indices.

Investing in International securities involves certain risks and increased volatility not associated with investing solely in the US. These risks include currency fluctuations, economic or financial instability, the lack of timely or reliable financial information or unfavorable political or legal developments. These risks are magnified in emerging markets. The international equity strategy may invest in securities issued by smaller companies, which typically involves greater risk than investing in larger companies. The strategy may invest in limited geographic areas and/or sectors which may result in greater market volatility.

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. In addition, the value of investments may increase or decrease as a result of changes in exchange rates between currencies.

New Star uses an integrated investment approach based on company research, sector trends, economic and liquidity and risk analysis. Investment strategy is set in line with the investment policy of the client as established in the Investment Management Agreement (IMA). The portfolio managers, all based in London, take a team-based approach to the management of all accounts. Individual members of the team are responsible for designated geographical regions. Decisions on investment style and strategy are taken collectively for all accounts with similar

mandates to ensure they are managed consistently and in line with the individual client investment objectives and restrictions.

Asset allocation and “house” policy is determined at regular investment team meetings and monitored and implemented by the portfolio managers in accordance with the client’s investment objectives and restrictions. Portfolio managers analyze stock specific price movements, company news, and macro economic data continuously to ensure they are able to maintain their investment strategy. The members of the Senior Investment Team are responsible for ensuring that portfolio managers continue to implement the appropriate strategy for their clients; thereby meeting the overall investment objective of the client. Ongoing oversight ensures that the investment strategy is set and implement in a timely manner. New Star utilizes a number of meetings to determine investment strategy. The key meetings are:

- Weekly Investment Policy Committee — economic update, liquidity conditions, monitoring of strategy and performance, sector allocation, performance and performance attribution and estimated ex ante tracking error and portfolio beta
- Bi-weekly Stock Meetings — review of fundamentals of all stocks owned (and major index stocks not owned) which are significantly outperforming or underperforming benchmark
- Ad hoc Stock Purchase (or sale) discussion — portfolio manager discusses a specific stock recommendation covering rationale for purchase and economic profit analysis.

Item 9 — Disciplinary Information

There are no disciplinary events to report.

Item 10 — Other Financial Industry Activities and Affiliations

New Star Institutional Managers Limited (New Star) is not affiliated to any broker-dealer. In addition, the firm is not associated with any futures commission merchant, commodity pool operator, or commodity trading advisor.

New Star is a wholly owned subsidiary of Henderson Group plc. New Star is authorized to undertake investment business in the UK by the Financial Services Authority. Asset management is the only business of both New Star and the parent company, Henderson Group plc.

Henderson Group plc and its affiliates (sometimes referred to as "Henderson Global Investors" in this document) provide a full spectrum of investment products and services to institutions and individuals in Asia Pacific, Europe, and both North and South America.

New Star Canada Inc is a registered Canadian affiliate offering investment management advisory services to Canadian clients.

New Star does not receive compensation directly or indirectly from any other business relationship that could create a potential conflict of interest.

Item 11 — Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

New Star Institutional Managers Limited (New Star) has adopted a Code of Ethics (“Code”) that is designed to prevent any act, practice or course of business prohibited by Rule 17j – 1(b) promulgated under the Investment Company Act and Rule 204A-1 promulgated under the Investment Advisers Act. This Code establishes New Star’s expectations for its officers, directors, employees and certain outside persons performing services on behalf of the firm. The Code emphasizes New Star’s fiduciary duty to its clients and challenges each Supervised Person to:

- Place the interest of the firm’s Clients first.
- Avoid taking inappropriate advantage of their position.
- Conduct all of their personal securities transactions in full compliance with the Code.
- Understand and comply with applicable federal, state and foreign laws and regulations.

Specific policies and procedures address personal trading, gifts, the prohibition against the misuse of inside information and other situations where there is a possibility for a conflict of interest support the above business standards.

Under the Code, each individual must uphold their fiduciary duty by conducting all of their personal securities transactions in a manner that does not interfere with the transactions of New Star’s clients or otherwise take unfair advantage of those relationships.

The Code contains procedures which require all investment personnel to pre-clear all personal trades in securities, not otherwise exempt under the policy, including all private placements and initial public offerings. Requests for trading authorization will be denied when the proposed transaction would be contrary to the provisions of the Code or New Star’s fiduciary duty.

In addition to the preclearance requirements, the Code contains provisions that subject individuals to various trading restrictions and reporting obligations, including reporting transactions in mutual funds managed by New Star or any affiliated company. Reportable transactions are reviewed for compliance with the Code and, under certain circumstances, the individual may be required to forfeit their profits made from personal trading.

A copy of the Code may be obtained by contacting the New Star’s Legal and Compliance Department.

Item 12 — Brokerage Practices

Broker Selection

New Star acts in good faith and with due diligence in its choice and use of brokers. All trading conforms to SEC and Financial Services Authority (FSA) rules regarding best execution.

In addition, and in accordance with FSA requirements, New Star sends an Annual Statement to each client detailing all explicit costs incurred by their portfolio, including broker commissions, fund management and custody costs, foreign exchange charges, broker charges, taxation and any other costs. The statement includes:

- analysis of trading by top 10 counterparties and of total trading
- analysis of commissions generated at various commission rates
- analysis of how commissions generated have been spent i.e. how much on execution and how much on research services, and what has been retained by the executing broker and what has been paid to third parties
- total commissions generated by the firm
- firm-wide comparison of the fund's trading, commissions generation and how they have been spent, and of average commission rate paid.

New Star's objective when executing transactions on behalf of clients is to obtain best execution with respect to each transaction. Consequently, New Star selects brokers primarily based on their execution capabilities and trading expertise.

Where New Star aggregates customer orders it will not give unfair preference to any of those for whom it dealt. Allocations are made in a manner that is fair among its customers; is reasonable in the interests of all; and does not conflict with any relevant customer's instructions or the provisions of his customer agreement.

Each aggregated transaction is allocated at the price paid per unit allocated (taking into account all relevant fees and commissions). However, if it is one of a series of transactions then a uniform price may be attributed to each unit, that price being calculated as the weighted average of the prices paid in all of those transactions in the series effected during the same allocation period, or during the allocation period in which the relevant transaction was effected.

A record is made of the intended basis of allocation either before or as soon as practicable after the transaction. A record is made of how the allocation is actually made. If there is no difference, one record will suffice. If a deal order cannot be fully executed immediately, the central dealers may complete the order by means of a series of smaller transactions. Partially completed deals are allocated pro-rata to the intended basis. However, if this would result in an allocation that is too small to be of significance to the larger fund, that fund may be removed from allocation. Materiality is determined by the portfolio manager and reasons for withdrawal are documented and signed off by Compliance. If an error is discovered in the intended basis of

allocation or in the actual allocation this may be corrected provided a written record of the reason for the reallocation is made at the time of reallocation.

Managers do not give preference to particular customers in the allocation of aggregated transactions. Managers take into account the objectives and size of the funds when making allocation decisions. In the case of new issues, where allotments are not known until after application but the aggregate purchase is made prior to the market price being established on the first day of dealing, the allocation decision will be made before initial trading commences. The allocation will not be delayed until after trading has commenced and the initial premium or discount is known.

While New Star will select brokers primarily on the basis of their execution capabilities, the direction of transactions to brokers may also be based on the quality and amount of research and research related services that they may provide. New Star considers the commissions to be charged and the rendering of investment services, including statistical, research, and counseling services by brokerage firms when reviewing various brokerages.

New Star does not suggest brokers to clients.

Directed Brokerage

Where a client has asked New Star to undertake directed brokerage, this will only be undertaken on a best efforts basis where the broker is on the Approved Broker List and best execution obligations can be achieved.

Research & Other Soft Dollar Benefits

Under UK regulations, soft dollar arrangements have been replaced by Commission Sharing Agreements (CSAs). At this time, New Star does not trade under CSA arrangements for any client.

Item 13 — Review of Accounts

New Star, through its portfolio managers and the compliance functionality outsourced to the Henderson Compliance and Risk Management team, regularly monitors the portfolios of clients to which it provides advisory services. The portfolio managers ensure that any transaction they perform for a portfolio complies with the applicable investment objectives and restrictions as set forth in the Investment Management Agreement (IMA).

Senior investment managers are responsible for New Star's investment policy and strategy. Portfolios are structured based upon the current policy and strategy and in accordance with the investment objectives and guidelines of each client. All portfolios are managed continuously by the lead portfolio manager and reviewed independently by the support manager. The portfolio managers report directly to the Chief Investment Officer.

All trades are monitored on an electronic pre and post trade basis to ensure compliance with guidelines. A member of the Risk Management Team records each account's investment restrictions in the Charles River Development System. In addition, on a daily basis a member of the Compliance team monitors portfolio restrictions and any other issues that may be raised by electronic monitoring. If any trades would potentially breach investment limits the trade is discussed with the Portfolio Manager and, if necessary, the Chief Investment Officer.

New Star provides a detailed monthly portfolio valuation to each institutional client that includes an asset listing, transaction report, and performance returns. The majority of Clients also receive a quarterly report, which includes the monthly portfolio valuation along with a narrative on the market, New Star's current views, future investment strategy, portfolio changes and performance analysis. Where requested by Mutual Fund Boards for Funds to whom we provide investment advisory services, New Star provides investment review commentary, for inclusion in Annual and Semi-Annual Reports and prospectus updates as requested.

New Star maintains contact as determined by the client and their individual requirements. However, New Star considers that it is mutually beneficial to communicate regularly by telephone and meet at least once a year. New Star is represented at these meetings by a senior investment manager.

New Star provides requested information to clients to allow them to complete Schedule C of their annual Form 5500 Department of Labor report.

The New Star Emerging Markets Fund provides audited financial statements to investors annually, as well as unaudited reports of its performance on a monthly basis.

Item 14 — Client Referrals and Other Compensation

New Star Institutional Managers Ltd (New Star) may enter into solicitation agreements with non-affiliated individuals whereby investment advisory accounts are solicited. Solicitors introducing new client accounts to New Star's services may receive compensation, such as a portion of the management fee for a period of time. The referral fee is paid entirely by New Star and is not borne by the client; client fees are not higher through such a referral agreement.

New Star does not have any arrangements in place to directly or indirectly compensate anyone for client referrals.

New Star does not receive cash or economic benefit from non-clients in connection with giving advice to clients.

Item 15 — Custody

New Star Institutional Managers Ltd (New Star) does not provide custody arrangements for any client assets.

Clients must appoint their own global custodian and any fees for such custodial arrangements will be due to the global custodian outside of any investment management fees due to New Star.

Clients will receive account statements directly from their global custodian. New Star provides monthly valuations which will have been reconciled to the custodian's monthly statements but we would urge clients to compare both sets of statements.

Item 16 — Investment Discretion

New Star Institutional Managers Limited (New Star) has investment discretion with regard to the New Star Emerging Markets Fund, a registered investment company. Clients invested in international equity mandates who have a higher risk appetite may be invested in the New Star Emerging Markets Fund in order to gain a wider exposure to emerging markets than by purchasing individual securities in such markets.

Item 17 — Voting Client Securities

New Star Institutional Managers Ltd (New Star) will undertake responsibility to vote proxies where it has formal authority to do so under the provisions of the client Investment Management Agreement (IMA) or, alternatively, will work closely with those clients wishing to participate themselves in order to ensure that their specific voting instructions are properly recorded.

New Star has contracted with Riskmetrics Group (RMG), an independent third party service provider, to provide proxy analyses, vote recommendations, vote execution and record-keeping services. Custodians forward proxy materials directly to RMG. RMG is responsible for exercising the voting rights in accordance with the RMG Proxy Voting Guidelines. Where the client has reserved the right to vote proxies, New Star will forward to the client any proxy materials it receives with respect to the account.

Any contentious issues are identified as part of the research process undertaken by Riskmetrics and are raised independently with the fund manager, who uses the research provided to take any necessary actions.

Some international securities (including ADRs), may be subject to “share blocking” restrictions. This means that shareholders who vote proxies are not able to trade in that company’s securities for a certain period of time on or around the shareholder meeting date. In addition, voting certain international securities may involve unusual costs to the clients. New Star reserves the right not to vote where share blocking restrictions, unusual costs or other barriers to efficient voting apply.

Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may also exist if New Star has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any individual with knowledge of a conflict of interest relating to a particular referral item shall disclose that conflict to the Chief Compliance Officer.

A copy of the RMG International Proxy Voting Guidelines Summary is available on request.

Clients can receive quarterly reports on how proxies were voted on request.

Item 18 — Financial Information

New Star Institutional Managers Limited (New Star) is not required to provide a balance sheet.

New Star does not foresee any financial condition likely to affect the firm's ability to meet its client commitments.

New Star has not been subject to any bankruptcy petition.