

Newton Real Return Fund

Third quarter 2009

Fund information

Aim

To achieve capital growth in sterling terms over the long term from an unconstrained, actively managed multi asset strategy. The manager of the Fund has maximum flexibility at the asset allocation level and emphasis is placed on long term investing. The Fund is intended to have lower absolute volatility than traditional equity biased funds, but will exhibit volatility relative to its benchmark.

Prior to 30 June 2009, the Fund was called the Newton Absolute Intrepid Fund.

Fund facts

Fund structure	Unit Trust
Base currency	GBP
Benchmark	1 month £ Libor +4.0% p.a.
Fund launch date	31 March 2004
Fund domicile	UK
Pay dates	28 Feb, 30 Sep
ISIN	GB0006780323
SEDOL	0678032

Fund data

Fund size (millions)	GBP 809
Volatility	10.7
Dividend yield	3.3%
Sharpe ratio	0.6

Fees and charges

Annual management charge	1.0%
Total expense ratio	1.13%

All figures correct as at 30 September 2009

Risk and performance statistics sourced from Newton using 36 months of data (where applicable) to 30 September 2009

Focus on the latest quarter

Performance over three months

Newton Real Return	10.2%		
1 month £ Libor +4% p.a.	1.1%	ARC £ Steady Growth:	13.3%
		IMA Absolute Return	4.9%

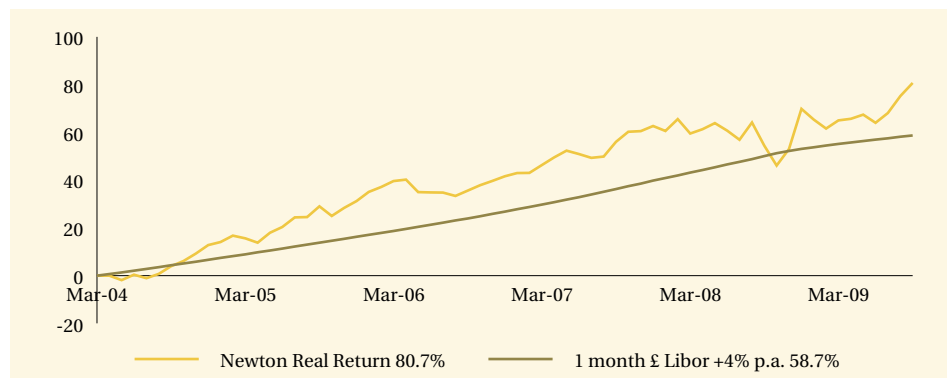
Significant transactions

Acquisitions	Disposals
Sankyo Co. Ltd	Norway (Kingdom of)-6.5% 15/05/2013
Kroger Co.	Telstra Corp. Ltd
RSA Insurance Group PLC	Eli Lilly & Co.
Norway (Kingdom of)-6.5% 15/05/2013	Alcatel-Lucent-4.75% Conv Bds 01/01/2011
Compass Group PLC	Sprint Capital Corp-7.625% Bds 30/01/2011

Note: Portfolio holdings are subject to change at any time without notice and should not be construed as investment recommendations.

Long-term performance

Performance since launch



	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD 2009
Newton Real Return	-	-	-	-	-	16.4	8.0	14.9	4.4	6.4
1 month £ Libor +4% p.a.	-	-	-	-	-	9.0	9.1	10.3	9.5	3.7

Discrete past performance - percentage change

From	30/09/04	30/09/05	30/09/06	30/09/07	30/09/08
To	30/09/05	30/09/06	30/09/07	30/09/08	30/09/09
Newton Real Return	24.2%	5.1%	15.1%	-1.0%	17.0%

All performance sourced from: Lipper, WM & ARC as at 30 September 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

Risk factors

This is a financial promotion and is not intended as investment advice. Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. If the portfolio invests in sub-investment grade bonds that typically have a low credit rating these carry a high degree of default risk, which can affect the capital value of your investment. If the portfolio has exposure to hedge funds, gold, private equity and property via publicly quoted transferable securities, there are additional risks associated with these sectors.

Newton's themes

Newton is a global thematic stock picking company. Our style is team oriented and relies on effective communication between all of our investment personnel. Two of our themes are listed below, along with examples of individual holdings.

All Change

Factors

The previously benign period of stable growth, low inflation, and easy credit, which allowed private sector debt and financial leverage to grow to unsustainable levels (as described in a previous theme, "Becalmed") has come to an end. When assessing investments we assume that access to credit will remain difficult, which favours companies with limited financing requirements and argues against exposure to highly-indebted customers.

Investments

BP, GlaxoSmithKline, Roche, Vodafone

Developing Economies

Factors

The influence of the developing world on the global economy continues to grow, and developing economies ultimately are on a convergence course, in terms of demographics and consumption trends, with the industrialised world. This long-term secular trend will depend on the development of Western-style health and social security systems and will involve significant cyclical influences as well as frictions regarding trade policies.

Investments

Noble Group, Bangkok Expressway, Millicom, Tele Norte Leste Participacoes

Newton

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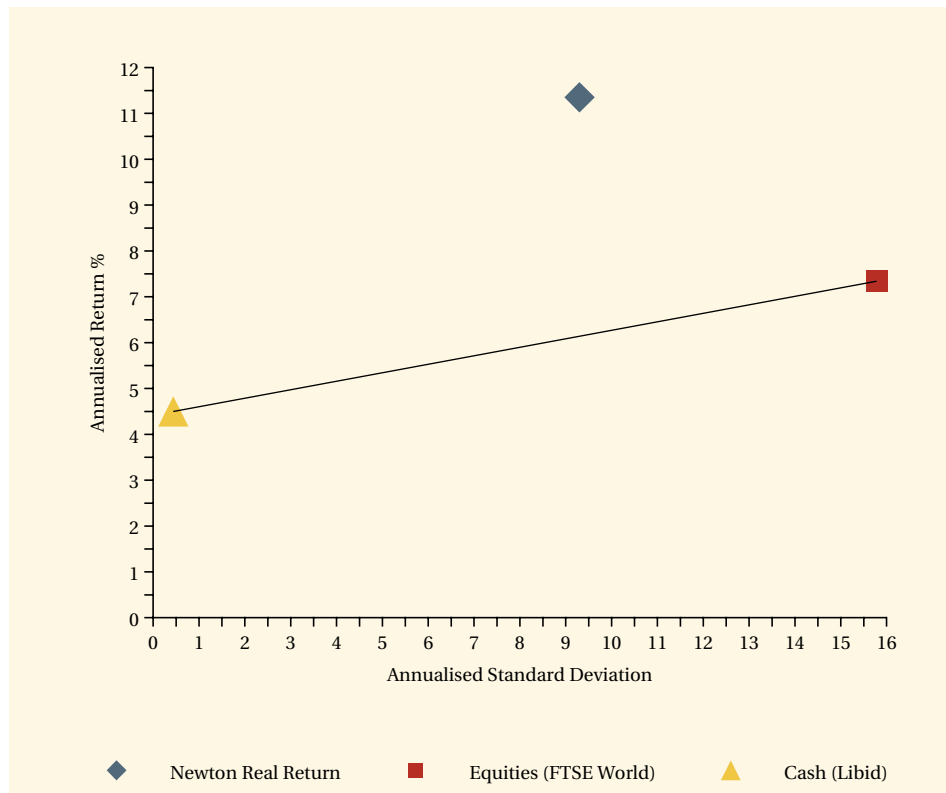
2 Festival Square, Edinburgh EH3 9SU

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1 Whitehall Riverside, Leeds LS1 4BN

Long-term performance - risk and reward

Fund return and volatility since launch

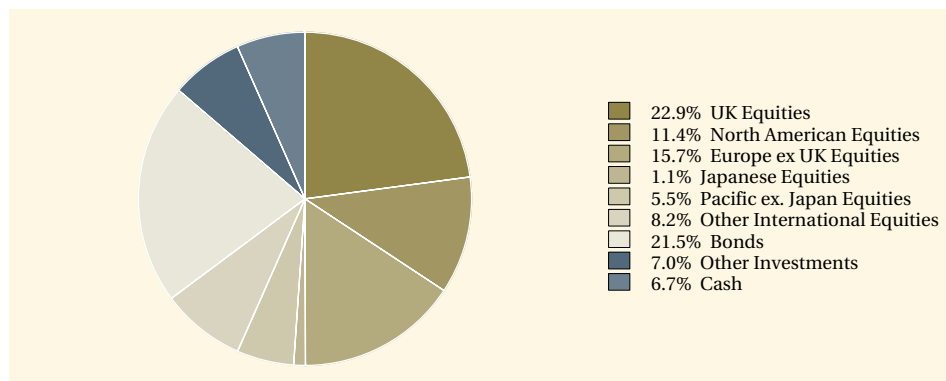


This chart shows both return and volatility. The Newton Real Return Fund has given a higher return than cash and equities with significantly lower volatility than equities. The relaunch date of the fund was 31 March 2004.

Performance sourced from: Lipper, WM & Datastream, as at 30 September 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

Fund analysis

Breakdown as % of total market value



Source: Newton as at 30 September 2009.