

Newton Real Return Fund

Third quarter 2011

Risk profile: medium



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	ICVC
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 4,363
Volatility	9.9%
Dividend yield	3.4%
Sharpe ratio	0.9

Fees and charges

Annual management charge	1.0%
Total expense ratio	1.12%

All figures correct as at 30 September 2011.

Risk and performance statistics above sourced from Newton using 36 months of data (where applicable) to 30 September 2011.

Focus on the latest quarter

Performance over three months

Newton Real Return	-4.7%		
1 month £ Libor +4% p.a.	1.2%	ARC £ Steady Growth (est)	-8.6%
		IMA Absolute Return	-2.4%

Significant transactions

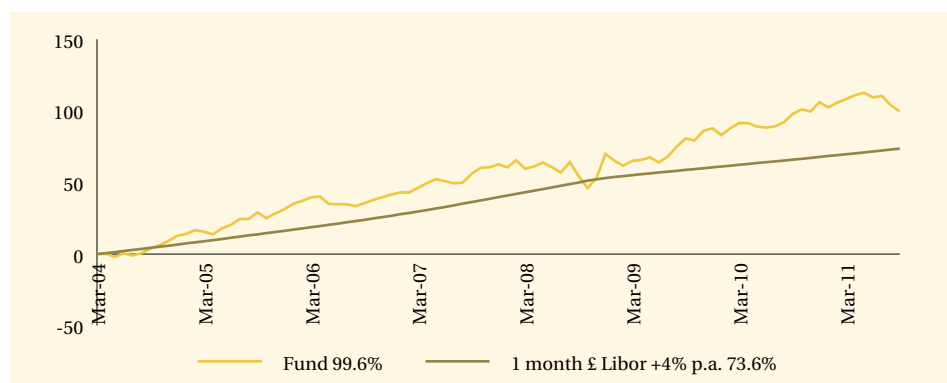
Acquisitions
UK Treasury Stock 5% 7/03/2012
ETFS Physical Gold 0% Secured Note (USD)
Total S.A.
Norway (Kingdom of) 4.5% Bds 22/05/2019
TDC A/S

Disposals
ETFS Agriculture DJ-AIGSM 0% Sec. Note USD
Royal Dutch Shell PLC (CL B)
Advanced Info Service PCL
Adaro Energy
GlaxoSmithKline PLC

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



	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD 2011
Fund	-	-	-	16.4	8.0	14.9	4.4	10.6	9.7	-3.2
1 month £ Libor +4% p.a.	-	-	-	9.0	9.1	10.3	9.5	4.9	4.5	3.5

Discrete past performance (%)

From	30/09/06	30/09/07	30/09/08	30/09/09	30/09/10
To	30/09/07	30/09/08	30/09/09	30/09/10	30/09/11
Fund	15.1	-1.0	17.0	9.5	0.9

All performance sourced from: Lipper, Bloomberg & ARC as at 30 September 2011. 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.

Deleverage

Factors

The credit bubble has left many economies carrying levels of debt which materially impair their economic prospects. We anticipate an extended period of relatively low growth and higher economic volatility as debt is reduced to more manageable levels. How public and private debt loads are reduced and the effect of offsetting policies will be critical for all aspects of the investment outlook.

Investments

British American Tobacco, Smith & Nephew, Roche, Deutsche Telekom, Scottish & Southern Energy

Global realignment

Factors

Western industrialised nations still dominate the world's economic output, wealth, consumption and market capitalisation in US dollar terms, as well as consuming the lion's share of natural resources. The generally stronger growth potential and increasing economic influence of the developing world are progressively challenging this position. The trajectory of this realignment is likely to be volatile and increasingly prone to cyclical divergence.

Investments

China Mobile, MTN, Millicom, Petroleo Brasileiro

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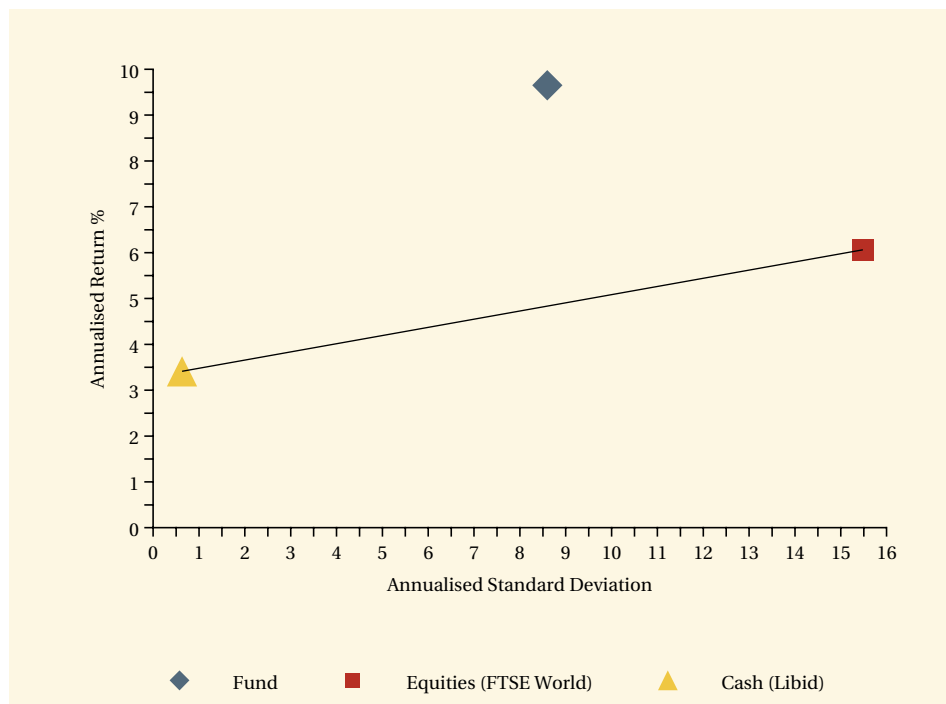
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Long-term performance - risk and reward

Fund return and volatility since launch

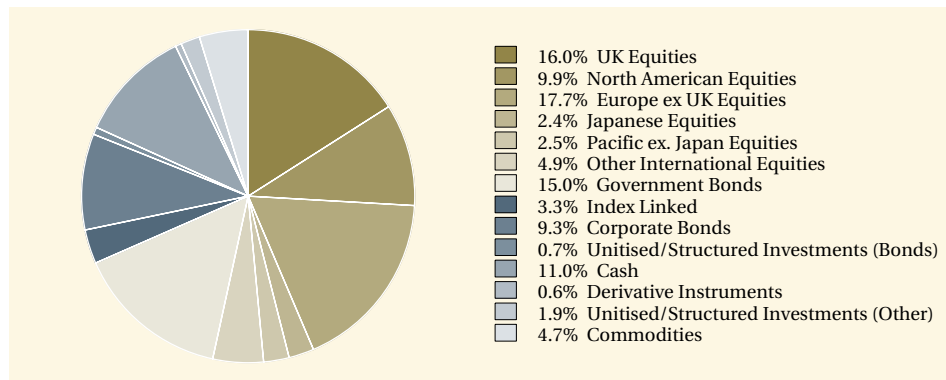


This chart shows both return and volatility. The Newton Real Return Fund has given a higher return than cash and equities with significantly lower volatility than equities. The relaunch date of the fund was 31 March 2004.

Performance sourced from: Lipper, Bloomberg & Datastream, as at 30 September 2011. 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 2011.