

NEWTON

The Power of Ideas

As at 31 December 2011
For professional clients only

Investment objective

The objective of the Sub-Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term. The Sub-Fund will be managed to a benchmark of approximately 50% UK equities and 50% international equities. The Sub-Fund may also invest in collective investment schemes.

Fund aim

To outperform a benchmark consisting of 50% UK equities (50% FTSE All-Share) and 50% international equities (1/3 FTSE AW North America, 1/3 FTSE AW Europe ex UK, 1/3 FTSE AW Asia Pacific) by 1-2% p.a. over rolling five year periods.

General information

Fund type	ICVC
Fund domicile	UK
Type of shares / units	Accumulation
Base currency	GBP
Fund manager	Matthew Brown
Alternate	Rob Stewart
Fund size (million)	£ 570.03

Historical fund statistics - 3 years

12 Month turnover	27.24
3 Month turnover	6.80
Annualised Sharpe ratio	0.63
Annualised alpha	0.66
Annualised information ratio	-0.25
Beta	0.85
Ex ante tracking error	2.70
Ex post tracking error	3.86
Fund volatility	14.35
Index volatility	16.56
Jensen alpha	0.04
R ²	0.96
Treynor ratio	10.62

Key dates

Fund launch	15/02/1999
Close of financial year	31 December

Dealing and share prices

09:00 to 17:00 each business day
Valuation point: 12:00 London time
Share / unit prices daily at:
www.bnymellonam.com/pooledprices or
www.newton.co.uk/pooledprices

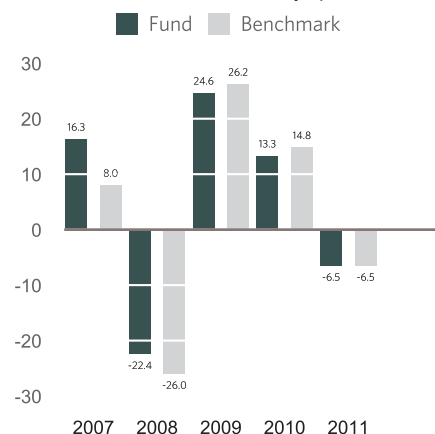
Client service

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Newton 50/50 Global Equity

CALENDAR PERFORMANCE (%)



PERFORMANCE (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	7.0	6.8	0.2
3 Months to Sep-11	-14.5	-14.9	0.4
3 Months to Jun-11	1.1	1.3	-0.2
3 Months to Mar-11	1.2	1.6	-0.4
12 Months	-6.5	-6.5	0.0
3 Years annualised	9.7	10.7	-1.0
5 Years annualised	3.6	1.6	2.0
10 Years annualised	6.2	4.7	1.5

Source: BNY Mellon Analytical Solutions CAPS where available; Newton where not available. CAPS indices are adjusted for withholding tax. Total return, gross of fees. Close of business pricing. Past performance is not a guide to future performance.

Performance factors

The Fund's return ended slightly ahead of benchmark in what proved to be a highly volatile quarter for global equities. During this period, stock-specific factors tended to take a back seat as policy developments, specifically those relating to the ongoing sovereign debt crisis in Continental Europe, dominated investor sentiment.

Against this backdrop, the strategic underweighting of the banks sector contributed positively to performance, particularly through the avoidance of those institutions exposed to the troubled peripheral eurozone economies. The most significant positive impact at stock level derived from the void stance in poorly performing large benchmark names, HSBC and Lloyds Banking Group.

Outside the banking sector, there were some pleasing performances in Continental Europe. Bayer and Total, two holdings that were increased significantly during the previous quarter, performed particularly well. Interpublic, another position which was topped up following poor performance over the summer, exerted a similarly beneficial influence.

Disappointments included Sprint Nextel, which detracted from performance as a poorly handled investor day raised questions as to how the group plans to fund its accelerated network upgrade. Finally, in Asia, speciality chemicals producer Huabao declined as demand from its food and tobacco customers slowed.

Review of activity

We continue to find the defensive growth characteristics of the healthcare sector appealing, both from a thematic perspective, and also in terms of our relatively cautious outlook. In line with this view, we increased the weighting in Sanofi, which boasts a diversified exposure to pharmaceuticals, vaccines and consumer health. We expect the stock to be re-rated as the group moves beyond the expiry of its Plavix patent later this year. In contrast, Medco, the pharmacy benefit manager, is a beneficiary of the forthcoming step-up in generic consumption, due to the higher margins the company earns on these products. Medco's profitability should be further bolstered following its proposed amalgamation with Express Scripts.

In the UK, we introduced a holding in Sage. Following the recent disposal of its healthcare business, Sage has strengthened its balance sheet and is now focused on accounting software. This franchise generates impressive cash flow and boasts substantial recurring revenues, both of which are compelling attributes in the current environment.

Such purchases were funded by the sales of Turkcell and Cable & Wireless Worldwide in the telecommunications sector, actions that were motivated by increasing competitive intensity in their respective markets. In addition, we trimmed exposure to Yingde Gases as we grew more concerned about the outlook for the Chinese steel industry, a major end-market for the group.

3 MONTH RELATIVE CONTRIBUTION - TOP FIVE (%)

Stock	Contribution (%)
Interpublic Group of Companies	0.24
HSBC Holdings PLC	0.18
BP PLC	0.16
Lloyds Banking Group PLC	0.14
Bayer AG	0.14

3 MONTH RELATIVE CONTRIBUTION - BOTTOM FIVE (%)

Stock	Contribution (%)
Royal Dutch Shell PLC	-0.40
Sprint Nextel Corp	-0.32
Huabao Intl Holdings Ltd	-0.27
Carphone Warehouse Group PLC	-0.17
United Overseas Bank Ltd	-0.15

ATTRIBUTION BY REGION (%)

3 Month attribution	Fund weight	B'mark weight	Fund return	B'mark return	Stock selection	Asset allocation	Net effect
UK Equities	46.88	50.01	8.68	8.50	0.07	-0.08	-0.01
North American Equities	17.03	16.67	8.77	11.37	-0.42	0.00	-0.42
Europe ex UK Equities	16.60	16.67	7.49	3.36	0.66	-0.01	0.65
Japanese Equities	3.79	6.02	-2.99	-3.62	0.03	0.19	0.22
Pacific ex. Japan Equities	8.46	10.64	-0.57	4.33	-0.43	0.03	-0.40
Other International Equities	3.10	0.00	12.45	1.63	0.32	-0.14	0.17
Cash	4.14	0.00	-0.25	0.00	-0.01	-0.39	-0.41
Forward FX	0.00	0.00	-	0.00	0.00	-0.01	-0.01

ATTRIBUTION BY SECTOR (%)

3 Month attribution	Fund weight	B'mark weight	Fund return	B'mark return	Stock selection	Asset allocation	Net effect
Oil & Gas	13.22	14.26	15.76	15.83	-0.02	-0.07	-0.09
Basic Materials	14.98	9.24	5.13	6.45	-0.20	0.00	-0.21
Industrials	9.82	10.41	4.38	8.11	-0.35	-0.01	-0.35
Consumer Goods	11.52	13.75	5.11	6.67	-0.14	0.00	-0.14
Health Care	12.99	8.33	10.17	7.91	0.25	0.07	0.32
Consumer Services	10.81	8.99	8.45	6.99	0.10	0.01	0.11
Telecommunication	5.28	5.73	2.00	6.28	-0.22	0.00	-0.22
Utilities	2.79	4.02	-0.03	-0.09	0.00	0.09	0.09
Financials	9.15	19.79	5.10	2.28	0.26	0.48	0.74
Technology	4.27	5.43	9.19	6.02	0.13	0.01	0.14
Unitised / Structured Investments (Equities)	1.03	0.07	-4.45	1.25	-0.08	-0.06	-0.14
Cash / Other Investments	4.14	0.00	1.73	0.00	0.07	-0.40	-0.32

ACTIVE POSITIONS - TOP TEN OVERWEIGHT (%)

Stock	Fund	B'mark
Bayer AG	2.21	0.19
GlaxoSmithKline PLC	4.07	2.26
Tesco PLC	2.74	0.97
BP PLC	4.27	2.63
Informa PLC	1.54	0.07
Carphone Warehouse Group PLC	1.45	0.00
Roche Hldgs AG	1.83	0.42
Yamana Gold Inc	1.36	0.01
Syngenta AG	1.39	0.10
Altria Group Inc	1.33	0.08

ACTIVE POSITIONS - TOP TEN UNDERWEIGHT (%)

Stock	Fund	B'mark
Royal Dutch Shell PLC	1.10	4.58
HSBC Holdings PLC	0.00	2.65
Rio Tinto PLC	0.00	1.39
AstraZeneca PLC	0.00	1.21
Diageo PLC	0.00	1.07
Unilever PLC	0.00	1.05
Vodafone Group PLC	1.74	2.74
Imperial Tobacco Group PLC	0.00	0.75
Reckitt Benckiser Group PLC	0.00	0.70
National Grid PLC	0.00	0.67

TOP TEN HOLDINGS (%)

	Fund
BP PLC	4.27
GlaxoSmithKline PLC	4.07
British American Tobacco PLC	2.76
Tesco PLC	2.74
BHP Billiton PLC	2.38
Standard Chartered PLC	2.25
Bayer AG	2.21
BG Group PLC	2.10
Roche Hldgs AG	1.83
Vodafone Group PLC	1.74

All performance data is sourced from Newton Investment Management Limited (except where otherwise stated) as at 31 Dec 2011. All Fund returns are calculated on a close of business offer price. All Funds are shown on a gross of fees basis. The information shown is deemed correct at time of publication but may be subject to subsequent revision. Clients should be aware that past performance is not a guide to future performance and that the value of investments and income derived from them can go down as well as up. Clients may not get back the full amount invested. The Prospectus and/or Simplified Prospectus should be read before an investment is made. This document can be obtained from www.bnymellon.com or by calling 0500 66 00 00. To help us continually improve our service and in the interest of security, we may monitor and/or record your telephone calls with us. Portfolio holdings are subject to change at any time without notice. The information provided is for use by professional clients only. It is for illustrative purposes only and should not be construed as a recommendation to purchase or sell any security.

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On 31 July 2004 Funds merged into sub-funds of the BNY Mellon Investment Funds ICVC. Performance prior to this date is based on the Newton Exempt Global Equity Fund.

On 1 April 2010 the Newton 60/40 Global Equity Fund was renamed Newton 50/50 Global Equity Fund. The name change reflects the change in the weighting of the Fund's benchmark to 50% UK equities and 50% international equities. Please refer to the Fund Prospectus for further details.