

NEWTON

The Power of Ideas

As at 31 December 2011
For professional clients only

Investment objective

The objective of the Sub-Fund is to achieve capital growth from a portfolio of predominantly US and Canadian securities. The Sub-Fund may also invest in collective investment schemes.

Fund aim

To outperform the FTSE World North America Index by over 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	Simon Laing
Alternate	Charlotte Ryland
Fund size (million)	£ 55.67

Historical fund statistics - 3 years

12 Month turnover	64.99
3 Month turnover	8.78
Annualised Sharpe ratio	0.67
Annualised alpha	1.34
Annualised information ratio	0.08
Beta	0.93
Ex ante tracking error	4.10
Ex post tracking error	6.35
Fund volatility	16.80
Index volatility	16.79
Jensen alpha	0.11
R ²	0.86
Treynor ratio	12.11

Key dates

Fund launch	31/10/1986
Close of financial year	30 June

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

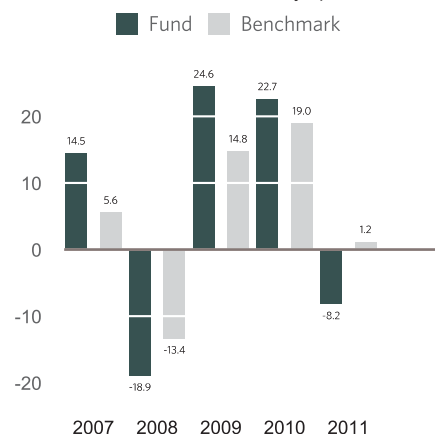
Client service

Pooled Fund Client Operations
Tel: 0844 892 2715
Dealing fax: 0844 892 2716
email: pfco@bnymellon.com

Newton Institutional Business Development Team
Tel: 020 7163 4549
email: oliver_fairfull@newton.co.uk

Newton American

CALENDAR PERFORMANCE (%)



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 (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	11.3	11.3	0.0
3 Months to Sep-11	-18.1	-11.8	-6.3
3 Months to Jun-11	-1.9	-0.4	-1.5
3 Months to Mar-11	2.7	3.5	-0.8
12 Months	-8.2	1.2	-9.4
3 Years annualised	11.9	11.4	0.5
5 Years annualised	5.4	4.8	0.6
10 Years annualised	2.3	2.7	-0.4

Performance factors

The quarter's positive absolute return was due to stock selection rather than asset allocation. Although the Fund benefited from its underweight exposure to financials and consumer goods, underweight exposure to oil and gas and an overweight to basic materials detracted from performance. At the stock level, the luxury homebuilder Toll Brothers performed strongly on account of improving volume trends, continued momentum in new orders and the recent positive data on the housing market in general. Shares in SPS Commerce made gains as the company continued to benefit from its status as the leading supply chain management solutions provider for the retail sector. The growth in its customer base accelerated and it showed improving margins in recent results. In the industrial services sector, Shaw Group benefited from an increase in the pace of US nuclear construction, which had suffered in the wake of the Fukushima disaster, and management reaffirming guidance for 2012. The position in Walt Disney Corporation contributed positively to the Fund's returns, as shares rose on account of improving profitability due to increased spending at its theme parks. A void position in the software supplier Oracle also contributed positively to returns. Sprint Nextel was the Fund's weakest performing holding over the quarter. Shares in the telecoms giant suffered due to rumours about an unfavourable iPhone agreement which were not fully denied at their analyst day, and due to an announcement about increased expenditure for rolling out its 4G network before financing had been secured. The holding was subsequently reduced. Thermo Fisher Scientific, the manufacturer of scientific instruments, consumables and chemicals, detracted from performance. Its shares lost ground because of weak demand in its academic and government segment against the backdrop of impending government spending cuts. The Fund's void position in ExxonMobil also cost performance, as the energy company made significant gains over the quarter.

Review of activity

In the consumer sector, we established a position in Kraft Foods. The company has stable revenue streams and will benefit from synergies from its Cadbury acquisition this year. Furthermore, we believe that the market is undervaluing its overseas operations. We also acquired a holding in the online retailer eBay, which is well-positioned to benefit from the growing importance of e-commerce. The company has recently been investing in IT development, seeking to improve the customer experience and maintain its strong brand. We also like its PayPal payment business, which is becoming increasingly profitable. A position in EXCO Resources, an oil and natural gas company which boasts high quality assets, strong production growth and a low valuation, was introduced into the Fund.

We sold our holding in Union Pacific, which has performed strongly on account of growth in railroad cargo volumes. We believe that the benefits of this trend have now been priced into the company's share price, prompting us to take profits. The position in cruise ship owner and operator Carnival was sold, on account of the company's deteriorating risk-reward profile.

3 MONTH RELATIVE CONTRIBUTION - TOP FIVE (%)

Stock	Contribution (%)
Toll Bros Inc	0.77
SPS Commerce Inc	0.44
Walt Disney Co	0.26
Oracle Corp	0.24
Shaw Group Inc	0.24

3 MONTH RELATIVE CONTRIBUTION - BOTTOM FIVE (%)

Stock	Contribution (%)
Sprint Nextel Corp	-1.10
Thermo Fisher Scientific Inc	-0.75
GeoEye Inc	-0.42
Exxon Mobil Corp	-0.17
Applied Materials Inc	-0.14

ATTRIBUTION BY SECTOR (%)

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Oil & Gas	8.77	12.85	12.51	17.48	-0.40	-0.21	-0.60
Basic Materials	9.00	4.54	5.23	6.99	-0.15	-0.15	-0.30
Industrials	9.10	11.10	14.65	16.51	-0.12	0.01	-0.11
Consumer Goods	8.61	10.53	25.00	10.61	0.86	0.05	0.92
Health Care	18.09	10.24	9.89	10.22	-0.06	-0.04	-0.10
Consumer Services	11.64	12.12	13.53	11.98	0.17	0.00	0.17
Telecommunication	2.09	3.09	-22.14	7.80	-1.00	-0.09	-1.09
Utilities	0.00	3.70	0.00	8.61	0.00	0.10	0.10
Financials	11.04	16.41	17.81	10.11	0.77	0.06	0.83
Technology	18.61	15.42	11.64	7.77	0.69	-0.09	0.59
Cash	3.06	0.00	5.01	0.00	0.07	-0.20	-0.13

ACTIVE POSITIONS - TOP TEN OVERWEIGHT (%)

Stock	Fund	B. mark
Reynolds American Inc	3.88	0.14
Toll Bros Inc	3.61	0.02
Principal Financial Group	3.32	0.06
Thermo Fisher Scientific Inc	3.14	0.13
Amgen Inc	3.24	0.38
Merck & Co Inc (New)	3.51	0.87
Teva Pharmaceutical Inds Ltd	2.48	0.00
Shaw Group Inc	2.36	0.00
Walt Disney Co	2.75	0.51
Adobe Systems Inc	2.32	0.11

ACTIVE POSITIONS - TOP TEN UNDERWEIGHT (%)

Stock	Fund	B. mark
Exxon Mobil Corp	0.00	3.06
International Business Machine	0.00	1.63
Chevron Corp	0.00	1.61
General Electric Co	0.00	1.42
Procter & Gamble Co	0.00	1.38
Johnson & Johnson	0.00	1.36
AT&T Inc	0.00	1.35
Pfizer Inc	0.00	1.25
Coca-Cola Co	0.00	1.21
Google Inc	0.00	1.18

TOP TEN HOLDINGS (%)

	Fund
Reynolds American Inc	3.88
Toll Bros Inc	3.61
Merck & Co Inc (New)	3.51
Principal Financial Group	3.32
Amgen Inc	3.24
Thermo Fisher Scientific Inc	3.14
Microsoft Corp	3.01
Walt Disney Co	2.75
Teva Pharmaceutical Inds Ltd	2.48
Emerson Electric Co	2.41

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.bnymellonam.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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Performance since 22 September 2000 is the date the Newton Exempt North American Fund was merged into the Newton American Fund.