

# NEWTON

The Power of Ideas

As at 31 December 2011  
For professional clients only

## Investment objective

The objective of the Sub-Fund is to maximise returns by investing predominately in a worldwide portfolio of equities and fixed interest securities. The Sub-Fund may also invest in derivative instruments, forward transactions and collective investment schemes.

## Fund aim

To outperform the Balanced Fund Median in the CAPS Pooled Fund Survey 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	Iain Stewart
Alternate	Matthew Brown
Fund size (million)	£ 542.11

## Historical fund statistics - 3 years

12 Month turnover	26.47
3 Month turnover	6.12
Annualised Sharpe ratio	0.63
Annualised alpha	-0.02
Annualised information ratio	-0.38
Beta	0.82
Ex ante tracking error	3.50
Ex post tracking error	4.80
Fund volatility	11.53
Index volatility	13.19
Jensen alpha	n/a
R <sup>2</sup>	0.87
Treynor ratio	8.84

## Key dates

Fund launch	23/09/1998
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](http://www.bnymellonam.com/pooledprices)  
[www.newton.co.uk/pooledprices](http://www.newton.co.uk/pooledprices)

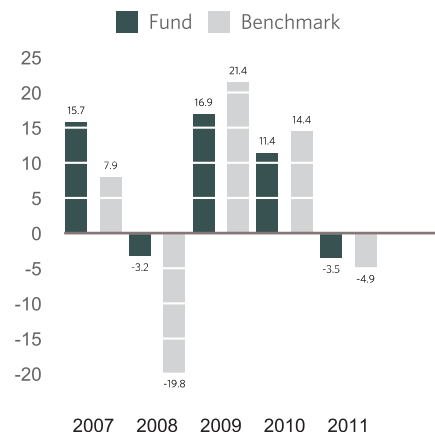
## Client service

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# Newton Global Balanced

## CALENDAR PERFORMANCE (%)



## PERFORMANCE (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	4.2	6.3	-2.1
3 Months to Sep-11	-9.2	-11.9	2.7
3 Months to Jun-11	1.3	1.4	-0.1
3 Months to Mar-11	0.7	0.9	-0.2
12 Months	-3.5	-4.9	1.4
3 Years annualised	7.9	10.1	-2.2
5 Years annualised	7.1	2.9	4.2
10 Years annualised	8.5	5.5	3.0

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 final quarter of 2011 proved to be another eventful period, and one in which the ongoing focus on the European sovereign debt crisis meant that financial markets were highly politicised. Against this backdrop, the Fund generated a positive return, albeit one that lagged its peer group.

Gilts were one of the major beneficiaries of persistent sovereign debt concerns, as investors perceived them to be a "safe haven" in relation to continuing eurozone issues. Our view is somewhat different. We see limited upside and, indeed, considerable downside risk in this asset class, given the negative real yields that now prevail across the UK yield curve. Nevertheless, during the review period, the portfolio's void stance in gilts weighed negatively upon performance, and thus, despite positive contributions from holdings in Australian government bonds and high-yield credit, fixed income holdings generated a negative relative return.

The other major disappointment was gold, where investors booked profits towards the end of the quarter, as the comprehensive programme of eurozone quantitative easing that some had envisaged failed to materialise. Consequently, the portfolio's positions in Source Physical Gold and gold mining companies such as Newcrest Mining and Barrick Gold detracted from performance.

Among equities, the strategic underweighting of poorly performing financials, allied to our focus on companies generating stable growth such as GlaxoSmithKline, Pfizer and Altria, contributed positively to performance. Of particular note was Bayer, a holding which had been increased significantly during the previous quarter, and was beneficial as its new anticoagulant treatment Xarelto gained a series of key regulatory approvals.

## Review of activity

In recent months we have grown increasingly cautious regarding the outlook for the Chinese economy. These concerns were the motivation behind a number of portfolio changes. For instance, we sold Yingde Gases as we felt that its considerable end-market exposure to steel manufacturing will render it vulnerable to a slowdown in construction activity. The portfolio also exited the position in Noble Group, as the company's focus on the mining, trading and distribution of commodities means that it will also be significantly impacted by a moderation in Chinese demand.

Finally, in the telecommunications sector, Cable & Wireless Worldwide and Turkcell were sold as irrational behaviour from the major competitors within their respective markets threatened to diminish returns going forward. In their place, a new holding in TDC of Denmark was introduced, where the main attraction is the management's firm commitment to cost cutting and shareholder returns.

## 3 MONTH RELATIVE CONTRIBUTION - TOP FIVE (%)

Stock	Contribution (%)
Bayer AG	0.17
GlaxoSmithKline PLC	0.12
HSBC Holdings PLC	0.12
Statoil ASA	0.10
Total SA	0.09

## 3 MONTH RELATIVE CONTRIBUTION - BOTTOM FIVE (%)

Stock	Contribution (%)
Newcrest Mining Ltd	-0.33
Royal Dutch Shell PLC	-0.24
Sprint Nextel Corp	-0.17
Newmont Mining Corp	-0.13
Huabao Intl Holdings Ltd	-0.13

## ATTRIBUTION BY ASSET CLASS (%)

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
UK Equities	26.47	39.09	8.73	8.39	0.06	-0.30	-0.23
North American Equities	11.22	13.13	4.66	11.31	-0.70	-0.11	-0.82
Europe ex UK Equities	17.12	10.26	5.74	3.63	0.34	-0.11	0.23
Japanese Equities	3.67	4.25	-3.02	-3.58	0.03	0.04	0.07
Pacific ex. Japan Equities	3.42	5.00	-7.67	5.57	-0.53	0.01	-0.52
Other International Equities	4.36	5.04	4.68	2.00	0.10	0.04	0.14
UK Government	0.00	4.94	0.00	5.01	0.00	0.04	0.04
Overseas Government	6.48	4.06	1.25	0.03	-0.01	0.04	0.02
UK Index Linked	1.35	0.91	3.75	8.38	-0.06	0.00	-0.05
Overseas Index Linked	1.26	0.00	5.02	0.00	0.06	-0.07	-0.01
UK Corporate	2.33	4.57	2.43	3.49	-0.02	0.05	0.03
Overseas Corporate	6.91	0.00	3.46	0.00	0.26	-0.42	-0.16
Other Investments	0.00	1.09	0.00	-4.49	0.00	0.11	0.11
Property	0.00	0.80	0.00	1.66	0.00	0.03	0.03
Cash	11.72	6.84	-0.20	0.02	-0.02	-0.15	-0.17
Forward FX	-0.20	0.00	-	0.00	0.42	0.00	0.42
Index Derivative Instruments	0.02	0.00	-	0.00	0.16	-0.01	0.15
Other/Non Region Specific	0.98	0.00	1.64	0.00	0.02	-0.06	-0.04
Commodities	2.89	0.00	-3.09	0.00	-0.09	-0.18	-0.27

## ATTRIBUTION BY SECTOR (%)

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Oil & Gas	13.69	14.60	16.74	15.44	0.11	-0.13	-0.02
Basic Materials	21.25	9.29	1.53	6.34	-0.70	0.09	-0.61
Industrials	4.90	10.30	1.06	7.98	-0.27	-0.06	-0.33
Consumer Goods	8.78	13.54	6.10	6.70	-0.03	-0.04	-0.07
Health Care	16.92	8.12	9.69	7.84	0.18	0.10	0.28
Consumer Services	8.78	8.92	5.48	7.10	-0.09	-0.01	-0.10
Telecommunication	9.98	5.86	0.07	6.05	-0.37	0.00	-0.37
Utilities	3.38	4.01	-2.27	-0.01	-0.05	0.04	-0.01
Financials	7.10	19.97	2.39	2.61	-0.02	0.30	0.29
Technology	4.17	5.33	3.72	5.97	-0.06	-0.01	-0.07
Unitised / Structured Investments (Equities)	1.07	0.07	-4.16	1.25	-0.04	-0.03	-0.07

## ACTIVE POSITIONS - TOP TEN OVERWEIGHT (%)

Stock	Fund	B. mark
Newcrest Mining Ltd	2.36	0.04
GlaxoSmithKline PLC	3.97	1.74
Bayer AG	2.31	0.13
Roche Hldgs AG	1.64	0.29
Barrick Gold Corp	1.35	0.05
Newmont Mining Corp	1.30	0.03
Altria Group Inc	1.23	0.06
Yamana Gold Inc	1.03	0.01
Associated British Foods PLC	1.09	0.10
Tesco PLC	1.72	0.75

## ACTIVE POSITIONS - TOP TEN UNDERWEIGHT (%)

Stock	Fund	B. mark
HSBC Holdings PLC	0.00	2.04
Royal Dutch Shell PLC	0.00	1.99
Rio Tinto PLC	0.00	1.07
Vodafone Group PLC	1.11	2.11
AstraZeneca PLC	0.00	0.93
Diageo PLC	0.00	0.83
Unilever PLC	0.00	0.66
SABMiller PLC	0.00	0.63
Imperial Tobacco Group PLC	0.00	0.58
Reckitt Benckiser Group PLC	0.00	0.54

## TOP TEN HOLDINGS (%)

	Fund
GlaxoSmithKline PLC	3.97
Norway (Kingdom of).3.75% Bds 25/05/2021	2.85
Source Physical Markets PLC	2.67
BP PLC	2.58
Newcrest Mining Ltd	2.36
Bayer AG	2.31
Norway (Kingdom of).4.5% Bds 22/05/2019	2.04
Tesco PLC	1.72
Roche Hldgs AG	1.64
Royal Dutch Shell PLC	1.50

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](http://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 the authorised range of Newton Exempt Unit Trusts were converted to sub-funds of Newton Investment Funds and on 2 August 2004 this became the BNY Mellon Investment Funds ICVC. Performance prior to 31 July 2004 is based on the Newton Exempt Global Balanced Fund.