

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 the total return from income and capital growth from a globally diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The Sub-Fund may also invest in deposits, derivative instruments, forward transactions, money market instruments and collective investment schemes.

Fund aim

To outperform the cash benchmark of 1 month LIBOR +2% p.a., the Fund's target return.

General information

Fund type	ICVC
Fund domicile	UK
Type of shares / units	Accumulation
Base currency	GBP
Fund manager	Paul Brain
Alternate	Howard Cunningham / Parmeshwar Chadha
Fund size (million)	£ 517.76

Historical fund statistics - 3 years

12 Month turnover	157.79
3 Month turnover	26.52
Annualised Sharpe ratio	1.94
Annualised alpha	n/a
Annualised information ratio	n/a
Beta	n/a
Ex ante tracking error	n/a
Ex post tracking error	n/a
Fund volatility	6.11
Index volatility	4.29
Jensen alpha	n/a
R ²	n/a
Treynor ratio	n/a

Key dates

Fund launch	28/04/2006
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.bnymellon.com/pooledprices or
www.newton.co.uk/pooledprices

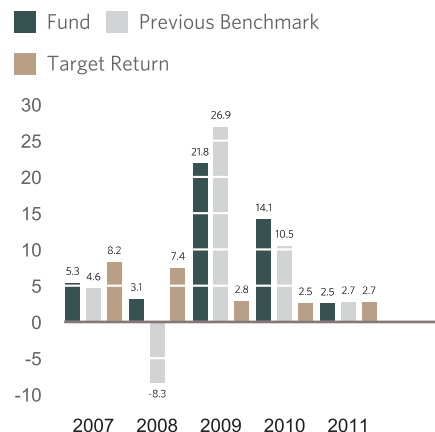
Client service

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Newton Global Dynamic Bond

CALENDAR PERFORMANCE (%)



PERFORMANCE (%)

Period	Fund	Previous Benchmark	Target Return
3 Months to Dec-11	1.1	0.7	0.7
3 Months to Sep-11	-0.9	0.7	0.7
3 Months to Jun-11	0.9	0.7	0.7
3 Months to Mar-11	1.3	0.6	0.6
12 Months	2.5	2.7	2.7
3 Years annualised	12.5	10.0	2.7
5 Years annualised	9.1	5.0	4.7
Since Fund launch annualised	8.6	5.4	5.0

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

During the quarter, the Fund outperformed the cash return. The Fund's diversified bond position, with its mixture of government bonds and credits, proved beneficial during the consolidation towards low yields. The Fund's exposure to investment-grade corporate bonds was the best performing area as spreads contracted. The Fund finished the period with a 25% exposure to corporate bonds. The positions in high yield and emerging market sovereign bonds also made positive contributions. Finally, returns for global government bonds were flat, while the marginal strength of the base currency led to small losses on the currency positions which were unhedged.

Review of activity

The Fund's overall balance of weightings in the different asset classes changed very little. The riskier markets (high yield and emerging market bonds) were kept at around 31%, the traditionally 'safer' markets (government bonds and investment-grade credits) were kept at around 64%, while the remainder of the Fund was invested in cash. Within these broad asset classifications, we made some minor adjustments to reflect the changing fortunes of the world economy. The Fund's government bond positions were skewed more towards markets that could benefit from interest rate cuts or other monetary policy loosening initiatives, such as quantitative easing. To fund the purchase of Australian and Canadian bonds, we reduced our holding in core European bonds (Germany, Finland and Holland); the growing Eurozone crisis could lead to some form of burden-sharing, which would spread the risk to the core.

Within currencies, we sold our exposure to Asian currencies to purchase the US dollar. This was motivated by concerns over the deteriorating strength of the global economy and, in particular, worries about a slowdown in China.

TOP TEN HOLDINGS (%)

Bond	Fund
USA Treasury Notes 2.625% 30/04/2018	3.52
USA Treasury Bonds 4.75% Bds 15/2/2041	3.12
New Zealand Government 6% Bds 15/12/2017	3.10
Canada 3.5% Bds 01/06/2020	3.06
Mexico (united Mexican States) 8% Bds 11/06/2020	2.87
Canada 2% Bds 01/06/2016	2.62
UK Treasury Gilt 1.25% Index-linked 22/11/2017	2.53
Malaysia 4.16% Bds 15/07/2021	2.06
Norway (kingdom of) 4.5% Bds 22/05/2019	1.98
Poland 5.75% Bds 23/09/2022	1.96

MATURITY PROFILE (%)

Years	Fund
0 - 3 yrs	26.30
3 - 5 yrs	15.95
5 - 10 yrs	38.75
10 - 15 yrs	8.37
15 +	10.63

CREDIT RATING DISTRIBUTION (%)

Rating	Fund
AAA	34.45
AA	14.27
A	11.31
BBB	22.45
BB	4.24
B	8.69
CCC	3.07
Others	1.54

ASSET ALLOCATION

Sector	%
Corporate Bonds	25.08
Government Bonds	23.41
Emerging Market Government Bonds	13.94
High Yield	13.71
FRN	8.47
Quasi Government	6.05
Index Linked Government Bonds	4.2
Convertible	1.3
Cash and derivatives	3.86

CHARACTERISTICS

	Fund	B'mark
Duration	4.93	-
No. of issuers	162	-
Average Maturity	7.76	-
Annual Yield	6.16	-

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 1 December 2009 there was a change in index to 1-month LIBOR + 2% p.a.. Prior to that date, the Fund's index was a composite index of four bond indices, fully hedged to Pound Sterling (25% Merrill Lynch Global Broad Market Corporate Index, 25% Merrill Lynch Global High Yield Constrained Index, 25% JP Morgan Government Bond Index, 25% Merrill Lynch Global Emerging Market Sovereign Plus). Performance data for the composite index prior to 1 December 2009 is available on request.