

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 investment in a portfolio of predominantly sterling index-linked gilts. The Sub-Fund may also invest in collective investment schemes.

Fund aim

To outperform the FTSE Actuaries Government Securities Index-Linked (over 5 Years) Index over rolling five year periods.

General information

| | |
|------------------------|-------------------|
| Fund type | ICVC |
| Fund domicile | UK |
| Type of shares / units | Accumulation |
| Base currency | GBP |
| Fund manager | Howard Cunningham |
| Alternate | Carl Shepherd |
| Fund size (million) | £ 163.19 |

Historical fund statistics - 3 years

| | |
|------------------------------|-------|
| 12 Month turnover | 60.14 |
| 3 Month turnover | 13.51 |
| Annualised Sharpe ratio | 1.45 |
| Annualised alpha | 0.49 |
| Annualised information ratio | 0.46 |
| Beta | 0.98 |
| Ex ante tracking error | n/a |
| Ex post tracking error | 0.60 |
| Fund volatility | 8.25 |
| Index volatility | 8.37 |
| Jensen alpha | 0.04 |
| R ² | 1.00 |
| Treynor ratio | 12.18 |

Key dates

| | |
|-------------|------------|
| Fund launch | 24/02/1998 |
|-------------|------------|

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

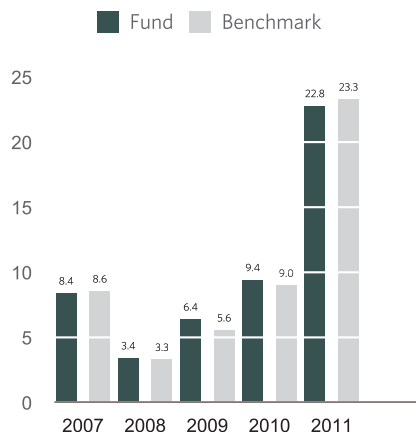
Client service

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
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Newton Index Linked Gilt

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 factors

UK government bonds continued to benefit from significant market concerns, and rallied. Bond yields fell sharply on both conventional and index-linked gilts across all maturities, resulting in positive returns. However, overall, index-linked gilts outperformed conventional gilts.

During the quarter, the Fund's performance was in line with the Index. The Fund's small short duration bias and the 3% off-benchmark position in index-linked credits slightly reduced returns.

Review of activity

The Fund enjoyed moderate inflows over the period, particularly in the first few weeks. These flows largely shaped trading activity, with purchases dominating initially, and more sales in the final days as we moved the Fund shorter. Specifically, we added to our existing 2050 index-linked gilts early in the period, before taking some profits at the end of the year. We also reduced our exposure to the 2017 index-linked gilt which will fall out of the over 5-year index within the next year.

PERFORMANCE (%)

| Period | Fund | Benchmark | Relative |
|---------------------|------|-----------|----------|
| 3 Months to Dec-11 | 9.7 | 9.8 | -0.1 |
| 3 Months to Sep-11 | 7.2 | 7.8 | -0.6 |
| 3 Months to Jun-11 | 4.5 | 4.5 | 0.0 |
| 3 Months to Mar-11 | 0.0 | -0.2 | 0.2 |
| 12 Months | 22.8 | 23.3 | -0.5 |
| 3 Years annualised | 12.7 | 12.4 | 0.3 |
| 5 Years annualised | 9.9 | 9.7 | 0.2 |
| 10 Years annualised | 8.7 | 8.5 | 0.2 |

TOP TEN HOLDINGS (%)

| Bond | Fund | Rating |
|-----------------------------------------|------|--------|
| UK Treasury Gilt 1.25% I.L 22/11/2027 | 8.75 | AAA |
| UK Treasury Stock 2.5% I.L 17/07/2024 | 8.32 | AAA |
| UK Treasury Gilt 1.125% I.L 22/11/2037 | 7.92 | AAA |
| UK Treasury Gilt 1.25% I.L 22/11/2055 | 7.18 | AAA |
| UK Treasury Gilt 1.875% I.L 22/11/2022 | 7.10 | AAA |
| UK Treasury Gilt 0.625% I.L 22/03/2040 | 6.95 | AAA |
| UK Treasury Stock 2% I.L 26/01/2035 | 6.82 | AAA |
| UK Treasury Stock 2.5% I.L 16/4/2020 | 6.77 | AAA |
| UK Treasury Gilt 0.625% I.L 22/11/2042 | 6.67 | AAA |
| UK Treasury Stock 4.125% I.L 22/07/2030 | 5.58 | AAA |

MATURITY PROFILE (%)

| Years | Fund | B'mark |
|----------|-------|--------|
| 0-3yrs | 1.49 | 0.00 |
| 5-10yrs | 13.10 | 14.44 |
| 10-15yrs | 16.19 | 16.22 |
| 15-20yrs | 14.33 | 15.59 |
| 20-30yrs | 27.93 | 29.70 |
| 30+ | 23.76 | 24.04 |
| Cash | 3.22 | 0.00 |

CREDIT RATING DISTRIBUTION (%)

| Rating | Fund | B'mark |
|--------|-------|--------|
| AAA | 94.20 | 100.00 |
| AA | 0.53 | 0.00 |
| A | 1.93 | 0.00 |
| BBB | 0.12 | 0.00 |
| Cash | 3.22 | 0.00 |

CHARACTERISTICS

| | Fund | B'mark |
|-------------------|-------|--------|
| Duration | 18.5 | 19.44 |
| No. of issuers | 8 | 1 |
| Yield to Maturity | -0.16 | -0.13 |

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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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 Index-Linked Gilt Fund.