

# 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 international securities. The Sub-Fund may also invest in collective investment schemes.

## Fund aim

To outperform the MSCI AC World 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	Jon Bell
Alternate	Paul Markham
Fund size (million)	£ 1,089.17

## Historical fund statistics - 3 years

12 Month turnover	45.10
3 Month turnover	9.14
Annualised Sharpe ratio	0.52
Annualised alpha	0.86
Annualised information ratio	-0.15
Beta	0.83
Ex ante tracking error	3.80
Ex post tracking error	4.84
Fund volatility	14.71
Index volatility	17.21
Jensen alpha	0.06
R <sup>2</sup>	0.93
Treynor ratio	9.33

## Key dates

Fund launch	01/06/1987
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) or  
[www.newton.co.uk/pooledprices](http://www.newton.co.uk/pooledprices)

## Client service

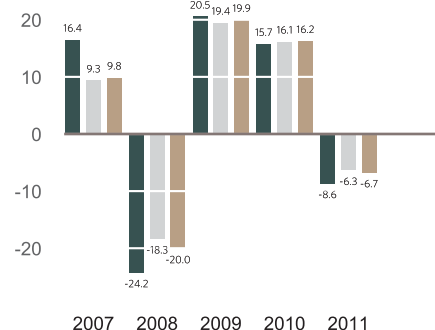
Pooled Fund Client Operations  
Tel: 0844 892 2715  
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# Newton International Growth

## CALENDAR PERFORMANCE (%)

■ Fund ■ Combined Benchmark  
■ MSCI AC World



## PERFORMANCE (%)

Period	Fund	Combined Benchmark	MSCI AC World
3 Months to Dec-11	5.0	7.4	7.4
3 Months to Sep-11	-16.1	-14.9	-14.9
3 Months to Jun-11	0.6	0.4	0.1
3 Months to Mar-11	3.1	2.2	2.0
12 Months	-8.6	-6.3	-6.7
3 Years annualised	8.4	9.1	9.1
5 Years annualised	2.4	3.0	4.2
10 Years annualised	4.6	3.9	3.6

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.

Combined Benchmark = blended return comprising FTSE World index to 30.6.11 and MSCI AC World (NDR) index from 1.7.11.

## Performance factors

The Fund ended the quarter behind its MSCI AC World Index return. The principal area of underperformance was the information technology sector, in which smartphone manufacturer HTC suffered after its results showed a decline in sales which was primarily due to strong competition from Apple and Samsung, both of whom had released new flagship products in the preceding months. Japanese social network gaming company DeNA also had a negative impact following the announcement of earnings that missed guidance. The most significant negative contributor was US mobile telecommunications company Sprint Nextel, which struggled amid investors' fears that a new deal with Apple to sell the iPhone was based on unfavourable terms, compounded by expectations of increased capital expenditure relating to its 4G network. Strategically, these are the right moves for the company. Oil prices were buoyed by supply concerns relating to political and social uncertainty in a number of oil-exporting countries. This was beneficial for the large integrated companies, but not for the smaller, more commodity-exposed companies. Void positions in the former and exposure to the latter were therefore negative. As the price of gold dipped towards the end of the period, gold mining firms Newcrest Mining and Barrick Gold also declined. Positive performance was driven by the healthcare sector. Amid investors' continued interest in more stable, defensive sectors, overweight allocation to the sector was beneficial. Notable performers included Align Technology, Pfizer, Medco Health Solutions and Bayer. Other significant contributions came from US media advertising company Interpublic and credit-checking firm Equifax. Underweight exposure to the utilities sector was also advantageous.

## Review of activity

Sales over the quarter included rail company Union Pacific, which has performed well; strong growth in railway cargo volumes has been a result of high levels of demand in commodity markets, although we have concerns that European austerity and a slowdown in the Chinese economy will weigh on demand in 2012. We increased exposure to less-cyclical sectors and companies through purchases of US food company Kraft and catering services company Compass Group, which experiences stable revenues, has limited debt, and generates strong returns on capital. Within telecommunications, we commenced selling Thai mobile operator Advanced Info Service and added a position in Sweden's TeliaSonera; the latter pays an attractive dividend and has implemented tiered pricing structures, reducing the threat to cash flow from new entrants. Other activity included the sale of Brazilian food retailer Hypermarcas, which has struggled with its business integration. Following strong performance, we sold US technology company Intel, which faces structural challenges to its business. Other new additions included EXCO Resources, an oil and natural gas company engaged in the acquisition, development and exploitation of onshore North American natural gas properties, which demonstrates high-quality assets, visible production growth and a low valuation.

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

Stock	Contribution (%)
Align Technology Inc	0.30
Interpublic Group of Companies	0.23
Equifax Inc	0.16
Pfizer Inc	0.14
Union Pacific Corp	0.12

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

Stock	Contribution (%)
Sprint Nextel Corp	-0.44
HTC Corporation	-0.33
DeNA Co Ltd	-0.31
Newcrest Mining Ltd	-0.27
ICAP PLC	-0.24

**ATTRIBUTION BY REGION (%)**

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Europe ex UK Equities	22.21	15.37	6.59	3.90	0.55	-0.20	0.35
Japanese Equities	7.61	7.96	-8.27	-3.67	-0.38	-0.01	-0.39
North American Equities	39.54	50.42	9.95	11.37	-0.51	-0.41	-0.92
Pacific ex Japan Equities	9.31	5.33	0.11	6.44	-0.59	-0.03	-0.62
UK Equities	7.91	8.59	5.55	9.39	-0.37	0.01	-0.36
Other Equities	10.57	12.33	0.50	4.54	-0.48	0.06	-0.42
Cash	2.79	0.00	-	0.00	-0.03	-0.13	-0.15
Forward FX	0.07	0.00	-	0.00	0.01	0.00	0.01

**ATTRIBUTION BY SECTOR (%)**

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Energy	9.87	12.08	9.44	15.13	-0.52	-0.14	-0.65
Materials	8.92	7.98	1.62	5.05	-0.30	-0.01	-0.31
Industrials	6.43	10.47	9.15	10.01	-0.07	-0.07	-0.14
Consumer Discretionary	7.85	10.01	6.04	6.84	-0.02	0.01	-0.01
Consumer Staples	12.47	10.66	8.31	8.14	0.02	0.04	0.06
Health Care	18.23	9.33	9.59	8.03	0.23	0.09	0.32
Financials	12.31	18.41	2.89	4.38	-0.20	0.17	-0.03
Information Technology	10.87	12.17	-1.32	7.13	-0.95	0.01	-0.93
Telecommunication Services	7.68	4.95	-2.08	4.00	-0.51	-0.12	-0.63
Utilities	1.93	3.94	4.77	2.43	0.04	0.12	0.16
Cash	2.86	0.00	-	0.00	-0.01	-0.13	-0.15
Unitised Vehicles	0.60	0.00	-2.44	0.00	-0.01	-0.05	-0.06

**ACTIVE POSITIONS - TOP TEN OVERWEIGHT (%)**

Stock	Fund	B. mark
Roche Hldgs AG	2.54	0.46
Altria Group Inc	2.20	0.24
Newcrest Mining Ltd	1.81	0.09
Bangkok Bank PCL	1.73	0.02
Jardine Matheson Holdings Ltd	1.61	0.00
British American Tobacco PLC	1.94	0.36
Novartis AG	2.07	0.52
Barrick Gold Corp	1.70	0.18
Bayer AG	1.69	0.21
Nestle SA	2.17	0.74

**ACTIVE POSITIONS - TOP TEN UNDERWEIGHT (%)**

Stock	Fund	B. mark
Exxon Mobil Corp	0.00	1.60
Apple Inc	0.00	1.46
Royal Dutch Shell PLC	0.00	0.92
International Business Machine	0.00	0.85
Chevron Corp	0.00	0.83
General Electric Co	0.00	0.74
Procter & Gamble Co	0.00	0.71
Johnson & Johnson	0.00	0.70
Google Inc	0.00	0.64
Coca-Cola Co	0.00	0.56

**TOP TEN HOLDINGS (%)**

	Fund
Roche Hldgs AG	2.54
Altria Group Inc	2.20
Nestle SA	2.17
Novartis AG	2.07
British American Tobacco PLC	1.94
Microsoft Corp	1.94
Newcrest Mining Ltd	1.81
Pfizer Inc	1.79
AT&T Inc	1.78
Bangkok Bank PCL	1.73

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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This Fund is a sub-fund of BNY Mellon Investment Funds ICVC into which an exempt share class was introduced on 2 August 2004, for institutional clients.

As from the 1st July 2011 the benchmark changed from FTSE World Index to MSCI AC World NR GBP Index.