

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 through investment in predominantly sterling denominated fixed interest securities excluding gilts. The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

Fund aim

To outperform the Bank of America Merrill Lynch Over 10 Years Investment Grade Index by up to 1% 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	Howard Cunningham
Alternate	Jon Day
Fund size (million)	£ 218.11

Historical fund statistics - 3 years

12 Month turnover	30.42
3 Month turnover	4.86
Annualised Sharpe ratio	1.37
Annualised alpha	1.62
Annualised information ratio	0.40
Beta	0.91
Ex ante tracking error	n/a
Ex post tracking error	1.47
Fund volatility	8.07
Index volatility	8.78
Jensen alpha	0.12
R ²	0.98
Treynor ratio	12.20

Key dates

Fund launch	29/06/2000
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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

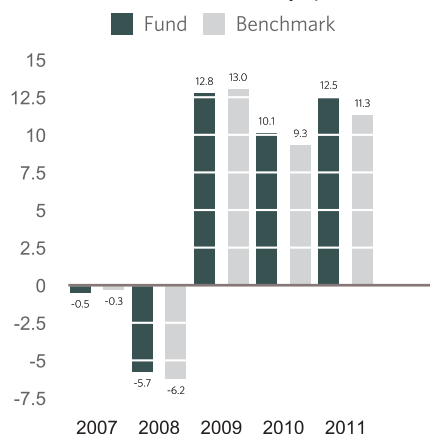
Client service

Pooled Fund Client Operations
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Newton Long Corporate Bond

CALENDAR PERFORMANCE (%)



PERFORMANCE (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	3.6	3.5	0.1
3 Months to Sep-11	6.2	5.3	0.9
3 Months to Jun-11	1.9	1.5	0.4
3 Months to Mar-11	0.3	0.6	-0.3
12 Months	12.5	11.3	1.2
3 Years annualised	11.8	11.2	0.6
5 Years annualised	5.5	5.1	0.4
10 Years annualised	6.3	6.1	0.2

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

Long-dated investment grade bonds registered strong returns over the period, but underperformed gilts with similar maturities which were buoyed by further quantitative easing from the Bank of England and a perception of relative safety. During the quarter, the Fund performed well in both absolute and relative terms. The decision to limit the Fund's exposure to peripheral European corporate bonds underpinned performance. While we held a neutral weighting in AAA-rated quasi-government bonds, our exposure was weighted towards Asia and Australasia. We held positions in the investment vehicle of the Singapore government Temasek and Australia's New South Wales Treasury Corp. However, with Europe, we had some exposure to French and Belgian railways, through SNCF and SNCB respectively, as well as the European Investment Bank and the European Bank for Reconstruction and Development. In terms of duration, the Fund was typically between 0.50 and 0.75 years shorter than the Index, reflecting our increasing caution at the extraordinarily low level of long-dated bond yields.

Review of activity

In the first half of the period, we were generally sellers of corporate bond risk, including Vodafone, Centrica, and Firstgroup, but in December we saw value emerging, particularly in new issues from Amgen, Morrison, Petrobras and ABP Finance in which we participated. These purchases were funded in part from our maturing short-dated bond holdings (Lloyds 2011, John Lewis 2012, Tate & Lyle 2012 and GUS 2013). Reversing the trend of recent quarters, we slightly increased our bank risk via the purchase of Co-op Bank covered bonds.

TOP TEN ISSUERS (%)

Issuer	Fund
European Invnt Bk	4.69
Temasek Finl	2.79
Elec De France	2.63
Kredit Wiederauf	2.11
Scottish & South	2.09
HSBC Bank Plc	2.02
Wal-Mart Stores	1.94
Tesco Plc	1.88
Lloyds Bank Plc	1.87
Euro BK Recon & Dv	1.81

MATURITY PROFILE (%)

Years	Fund	B'mark
0 - 5 yrs	1.95	0.00
5 - 10 yrs	9.66	0.00
10 - 15 yrs	26.57	28.92
15 - 20 yrs	19.76	27.24
20 - 25 yrs	19.79	18.18
25 - 30 yrs	17.56	20.04
30 yrs +	4.70	5.62

CREDIT RATING DISTRIBUTION (%)

Rating	Fund	B'mark
AAA	21.43	21.49
AA	21.15	19.49
A	32.97	38.19
BBB	22.49	20.83
BB	1.73	0.00
Cash	0.22	0.00

SECTOR ALLOCATION

Sector	%
Asset Backed/Securitisation	25.14
Finance	17.35
Utility	15.36
Govt Guaranteed/Agency	10.04
Supra-national	7.36
Consumer Non-cyclical	6.95
Industrial	4.99
Telecommunications	3.92
Consumer Cyclical	2.78
Media	1.09
Cash	0.22
Others	4.79

CHARACTERISTICS

	Fund	B'mark
Duration	10.86	11.47
No. of Issuers	87	218

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. The Newton Exempt Corporate Bond Fund also changed its name to the Newton Long Corporate Bond Fund.

Newton Exempt Corporate Bond Fund was launched on 29 June 2000 performance prior to this date is based on the Newton Exempt Corporate Bond Fund.