

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 by investing in securities predominantly in Asian and Pacific markets including Australia and New Zealand but excluding Japan. The Sub-Fund may also invest in collective investment schemes.

Fund aim

To outperform the FTSE-AW Asia Pacific (ex Japan) 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	Jason Pidcock
Alternate	Zoe Kan
Fund size (million)	£ 822.89

Historical fund statistics - 3 years

12 Month turnover	16.13
3 Month turnover	2.90
Annualised Sharpe ratio	0.89
Annualised alpha	2.27
Annualised information ratio	0.02
Beta	0.88
Ex ante tracking error	5.80
Ex post tracking error	5.64
Fund volatility	19.12
Index volatility	21.00
Jensen alpha	0.17
R ²	0.93
Treynor ratio	19.46

Key dates

Fund launch	30/11/1990
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 or
www.newton.co.uk/pooledprices

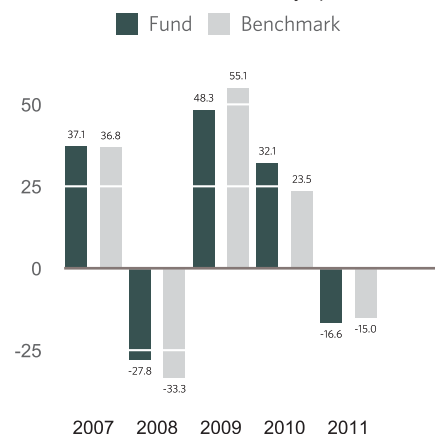
Client service

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Newton Oriental

CALENDAR PERFORMANCE (%)



PERFORMANCE (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	1.6	4.4	-2.8
3 Months to Sep-11	-16.4	-18.0	1.6
3 Months to Jun-11	0.1	-0.2	0.3
3 Months to Mar-11	-1.8	-0.5	-1.3
12 Months	-16.6	-15.0	-1.6
3 Years annualised	17.8	17.7	0.1
5 Years annualised	10.1	8.2	1.9
10 Years annualised	12.7	11.5	1.2

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

The Fund's performance suffered from a number of stock-specific developments. Commodities trader Noble Group fell sharply after the company announced its first ever quarterly loss, caused by counterparties reneging on cotton contracts, mark-to-market losses on carbon credits, and the subsequent resignation of its CEO. We continue to hold the stock as we believe the losses are unlikely to recur and the company has the potential to unlock asset value. The share price of smart phone manufacturer HTC Corporation declined as the company came under fire from Apple over alleged patent infringements. HTC was also forced to reduce sales guidance due to increased competition and the weaker global economic environment. Given the stock's high yield and the company's well respected management team, we believe the share price has the potential to recover. The Fund suffered from an underweight position in Samsung Electronics, and White Energy disappointed after the company's joint venture partner reneged on its contract to supply low grade coal at cost, causing delays to an Indonesian project. Newcrest Mining underperformed after downgrading production guidance following disruption at its three largest mines. Overall, the healthcare sector detracted from performance. Indian hospital operator Fortis Healthcare fell on investor concerns over the price paid to acquire the unlisted Fortis International, and the share price of Australian biotech group Mesoblast declined from its 2011 highs following criticisms of recently reported heart failure data. In contrast, the performance of Thai-based Bumrungrad Hospital was positive for the Fund. Oil and gas sector holdings, including Santos, Oil Search and Energy World Corporation were the Fund's best performers, aided by a resilient oil price. Positions in telecoms operators Advanced Info Service and Taiwan Mobile also cushioned returns, as did holdings in consumer goods manufacturer Hengan International Group and hotel/casino group Sands China. Shares in the Macau-based operator rallied towards the end of the quarter following the announcement that an investigation by the Hong Kong securities regulator had concluded and no further action would be taken.

Review of activity

During the quarter, Singaporean-based United Overseas Bank was added to the Fund, replacing its competitor DBS Group. The cash level was increased following the sale or reduction of positions in smaller, less liquid holdings such as Camelot Information Systems, Housing Development and Infrastructure, White Energy, China Taiping Insurance and Adaro Energy. Holdings of Worley Parsons and Sands China were trimmed following stock price outperformance.

3 MONTH RELATIVE CONTRIBUTION - TOP FIVE (%)

Stock	Contribution (%)
Sands China Ltd	0.43
Santos Ltd	0.36
Energy World Corporation Ltd	0.35
Hengan Intl Group Co Ltd	0.33
Taiwan Mobile Co	0.29

3 MONTH RELATIVE CONTRIBUTION - BOTTOM FIVE (%)

Stock	Contribution (%)
Noble Group Ltd	-0.89
HTC Corporation	-0.77
Samsung Electronics Co Ltd	-0.71
White Energy Company Ltd	-0.66
Rei Agro Ltd	-0.62

ATTRIBUTION BY REGION (%)

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Australia	21.14	23.85	2.13	7.78	-1.24	0.05	-1.19
China	6.27	14.61	2.58	9.54	-0.47	-0.37	-0.84
Hong Kong	16.21	12.44	7.23	5.88	0.18	0.06	0.24
Indonesia	2.23	2.97	1.67	7.29	-0.12	-0.01	-0.13
India	7.41	7.77	-16.93	-14.34	-0.35	0.07	-0.28
South Korea	0.00	15.59	0.00	6.41	0.00	-0.30	-0.30
Malaysia	0.00	4.17	0.00	12.12	0.00	-0.28	-0.28
New Zealand	0.00	0.44	0.00	-1.82	0.00	0.03	0.03
Philippines	1.56	0.59	4.66	8.52	-0.08	0.03	-0.05
Pakistan	0.00	0.10	0.00	-8.86	0.00	0.02	0.02
Singapore	7.76	4.79	-10.92	-0.78	-0.77	-0.18	-0.95
Thailand	4.86	1.83	10.93	11.86	-0.08	0.19	0.12
Taiwan	11.85	10.83	0.88	0.32	0.02	0.03	0.04
United Kingdom	10.38	0.00	8.64	0.00	0.88	-0.47	0.42
Cash	10.32	0.00	-	0.00	0.00	0.03	0.03

ATTRIBUTION BY SECTOR (%)

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Oil & Gas	11.91	6.56	13.33	2.05	1.36	-0.11	1.24
Basic Materials	11.72	11.78	-3.56	1.50	-0.64	-0.01	-0.65
Industrials	8.39	11.77	-12.87	4.14	-1.52	0.01	-1.52
Consumer Goods	11.32	9.79	1.04	2.62	-0.17	-0.04	-0.21
Health Care	7.63	1.63	-5.75	3.01	-0.72	-0.16	-0.89
Consumer Services	4.77	6.13	14.06	3.50	0.54	0.01	0.55
Telecommunication	6.51	5.83	9.12	1.56	0.45	0.01	0.45
Utilities	1.56	3.23	4.66	1.71	0.03	0.05	0.07
Financials	17.44	32.49	2.74	6.41	-0.80	-0.26	-1.07
Technology	8.44	10.79	-4.62	8.22	-1.05	-0.09	-1.13
Cash	10.32	0.00	-	0.00	0.00	0.03	0.03

ACTIVE POSITIONS - TOP TEN OVERWEIGHT (%)

Stock	Fund	B. mark
Standard Chartered PLC	5.14	0.00
Santos Ltd	4.91	0.32
Noble Group Ltd	4.63	0.12
Taiwan Semiconductor Manufacturing	5.87	1.78
Newcrest Mining Ltd	4.27	0.64
Apollo Hospitals	3.48	0.00
Belle Intl Holdings Ltd	3.68	0.30
Taiwan Mobile Co	3.41	0.14
Sands China Ltd	3.31	0.19
Hengan Intl Group Co Ltd	3.29	0.24

ACTIVE POSITIONS - TOP TEN UNDERWEIGHT (%)

Stock	Fund	B. mark
Samsung Electronics Co Ltd	0.00	3.70
Commonwealth Bank of Australia	0.00	2.19
Westpac Banking Corp	0.00	1.71
Australia & New Zealand Bank	0.00	1.52
National Australia Bank Ltd	0.00	1.45
China Construction Bank	0.00	1.39
Ind & Commercial Bank of China	0.00	1.06
CNOOC Ltd	0.00	0.86
Woolworths Ltd	0.00	0.86
Bank of China (Beijing) Ltd	0.00	0.85

TOP TEN HOLDINGS (%)

	Fund
Taiwan Semiconductor Manufacturing	5.87
BHP Billiton PLC	5.25
Standard Chartered PLC	5.14
Santos Ltd	4.91
Noble Group Ltd	4.63
Newcrest Mining Ltd	4.27
Belle Intl Holdings Ltd	3.68
Apollo Hospitals	3.48
Taiwan Mobile Co	3.41
Sands China Ltd	3.31

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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Performance since 22 September 2000 is the date the Newton Exempt Asia Fund was merged into the Newton Oriental Fund.