Newton Phoenix Multi-Asset

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 long-term capital growth in excess of cash* returns from a balanced portfolio diversified across a range of assets. The Sub-Fund may invest in equities, fixed interest securities, collective investment schemes, warrants, derivative instruments, deposits and money market instruments. *cash being LIBOR.

Performance aim

The Fund aims to deliver a performance of cash (LIBOR) + 2% p.a. over 3 to 5 years before fees are deducted, the Fund's target return. There is no guarantee that this performance will be achieved or that your capital will be maintained.

General information

Fund type	ICVC
Fund domicile	UK
Type of shares / units	Accumulation/Income
Base currency	GBP
Fund manager	Phil Collins
Alternate	Paul Flood
Fund size (million)	£ 151.95

Historical fund statistics - 3 years

12 Month turnover	52.24
3 Month turnover	9.75
Annualised Sharpe ratio	1.58
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	6.18
Index volatility	0.07
Jensen alpha	n/a
R^2	n/a
Treynor ratio	n/a

Key dates

Fund launch	11/04/2003
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

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
email: oliver_fairfull@newton.co.uk

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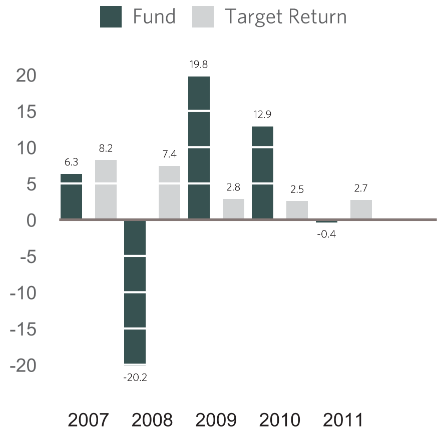
CALENDAR PERFORMANCE (%)



PERFORMANCE (%)

Period	Fund	Target Return	Relative
3 Months to Dec-11	2.5	0.7	1.8
3 Months to Sep-11	-5.4	0.7	-6.1
3 Months to Jun-11	1.7	0.7	1.0
3 Months to Mar-11	1.1	0.6	0.5
12 Months	-0.4	2.7	-3.1
3 Years annualised	10.4	2.7	7.7
5 Years annualised	2.7	4.7	-2.0
Since Fund launch annualised	7.6	5.5	2.1

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 outperformed its cash benchmark over the quarter. Financials and miners were the worst performing sectors while consumer goods (including a particularly good return from tobacco stocks) and healthcare performed strongly. Tobacco companies Altria and Reynolds American were among the top positive contributors to the Fund's returns, and healthcare stocks Bayer and Align Technology also benefited from investors' preference for defensive sectors. Shares in orthodontics specialist Align Technology were boosted by earnings which surpassed both analyst and market expectations. As investors sought out the safety of government bonds, the Fund was disadvantaged by its exposure to private equity.

Risks to investors in the deleveraging world are plentiful; credit, counterparty and liquidity risk all assume an importance far exceeding that with which financial market participants had to contend in the years before the global financial crisis. As a result, the prevailing environment is one in which closely following a single index could prove costly; instead, it requires the careful sifting of opportunities from risks. The Fund's long-term objective of producing returns above cash with volatility levels well below that of equity markets is unchanged.

Review of activity

Turnover was low over the quarter. The Fund's overall exposure to equities was reduced and we remained active in the options market to protect against equity market falls. We reduced our holdings in infrastructure funds which had performed consistently well, and sold our positions in DNB Nor, Sprint Nextel, Toyota and Noble Group. The value of most real assets fell, although UK Gilts made gains. We see little value in Gilts that offer a return below inflation and our exposure here remains limited, acting primarily as a hedge against falling risk assets rather than as a return-seeking asset. We find corporate bonds more attractive and purchased high quality bonds issued by Severn Trent and Anglo American, which yield around 2% and 3%, respectively. Weakness in October gave us an opportunity to buy two index-linked Gilts. Since their purchase, these bonds have performed strongly. Lower-grade bonds performed well during the quarter, but we made no major changes to this component of the Fund.

The prices of most commodities rose over the quarter, although gold had a very weak December, which led us to add to our physically-backed exchange-traded fund. The Fund's exposure to property and private equity remains low. We trimmed our hedge-fund exposure by taking profits in BlueCrest AllBlue and BH Macro.

ASSET CLASS ALLOCATION (%)

	Fund
Equities	37.18
Hedge Funds	11.70
Commodities	8.92
Index Linked	7.62
Government Bonds	7.26
Sub Inv. Grade Bonds	7.09
Corporate Bonds	5.71
Property	2.98
Private Equity	2.00
Convertible Bonds	1.29
Currency Hedging	0.34
Cash	7.90

SECTOR ALLOCATION (%)

	Fund
Financials	38.79
Health Care	10.29
Basic Materials	9.53
Investment Trusts (Global/International Equities)	8.46
Consumer Goods	8.36
Oil & Gas	7.13
Telecommunication	4.12
Technology	4.07
Utilities	4.01
Industrials	3.39
Consumer Services	1.84

TOP TEN HOLDINGS (%)

	Fund
Source Physical Markets PLC	3.87
ETFS Physical Gold	3.01
BH Global Limited	2.89
Dexion Trading Ltd	2.19
Bluecrest Allblue Fund Ltd	2.00
BH Macro Ltd	1.96
Barclays Bank PLC.0% Protect Agric 2 20/10/2014	1.62
Ashmore Glbl Opportunities Ltd	1.23
National Grid Gas PLC.4.1875% Index-Linked 14/12/22	1.23
Anglian Water Services Finance.4.125% I/L Nts 28/7/2020	1.19

ABSOLUTE CONTRIBUTION (%)

	Fund
Align Technology Inc	0.33
BP PLC	0.18
Bayer AG	0.14
British American Tobacco PLC	0.11
GlaxoSmithKline PLC	0.11
Royal Bank of Scotland Grp PLC	0.11
DNB ASA	0.11
Unique Pub Finance Co PLC	0.10
Societe Generale Acceptance NV	0.09
Statoil ASA	0.09
Prudential PLC	0.09
Elders (Merrill Lynch Intl)	0.08
Altria Group Inc	0.08
HSBC Bank PLC	0.08
Syngenta AG	0.07
Petroleo Brasileiro SA	0.07
BG Group PLC	0.07
Elders (Merrill Lynch Intl)	0.07
Taiwan Semiconductor Manufacturing	0.06
Reynolds American Inc	0.06

RETURN BY SECTOR (%)

	Fund
Oil & Gas	6.32
Investment Trusts (Other)	9.35
Investment Trusts (Global/International Equities)	10.30
Basic Materials	3.37
Industrials	-10.00
Consumer Goods	6.83
Health Care	13.68
Consumer Services	5.09
Telecommunication	-1.01
Utilities	1.13
Financials	-0.69
Technology	1.07
Options	-
Bonds	3.98
Cash	-
Commodities	-3.39
Hedge Funds	-
Investment Trusts (Global/International Bonds)	-2.49

CONTRIBUTION BY MINOR SECTOR (%)

	Fund
Oil & Gas Producers	0.42
Alternative Energy	-0.17
Investment Trusts (Other)	0.17
Investment Trusts (Global/International Equities)	0.54
Chemicals	0.20
Mining	0.00
Construction & Materials	-0.23
Aerospace & Defence	0.03
General Industrials	-0.13
Electronic & Electrical Equipment	-0.01
Support Services	-0.02
Automobiles & Parts	-0.03
Food Producers	0.03
Personal Goods	0.06
Tobacco	0.26
Health Care Equipment & Services	0.40
Pharmaceuticals & Biotechnology	0.25
General Retailers	0.00
Media	0.06
Fixed Line Telecommunications	0.01
Mobile Telecommunications	-0.03
Electricity	0.05
Gas Water & Multiutilities	-0.02
Banks	0.18
Nonlife Insurance	0.05
Life Insurance	0.09
Real Estate	0.02
Real Estate Investment & Services	-0.11
Real Estate Investment Trusts	0.02
Financial Services	-0.14
Equity Investment Instruments	-0.17
Software & Computer Services	0.03
Technology Hardware & Equipment	0.01
Options	-0.06
Bonds	1.10
Cash	-0.65
Commodities	-0.30
Hedge Funds	0.01
Investment Trusts (Global/International Bonds)	-0.05