

# 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 <sup>2</sup>	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](http://www.bnymellonam.com/pooledprices) or  
[www.newton.co.uk/pooledprices](http://www.newton.co.uk/pooledprices)

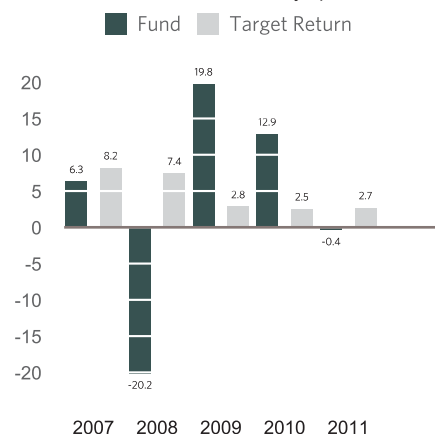
## Client service

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# Newton Phoenix Multi-Asset

## 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 (%)**

	<b>Fund</b>
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 (%)**

	<b>Fund</b>
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 (%)**

	<b>Fund</b>
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 Gbl 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 (%)**

	<b>Fund</b>
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 (%)**

	<b>Fund</b>
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 (%)**

	<b>Fund</b>
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

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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Please note that as Newton Phoenix Multi-Asset Fund has exposure to hedge funds, commodities, private equity and property via publicly quoted transferable securities, it is subject to additional risks associated with these sectors.

Performance prior to 27 November 2006 relates to Newton Phoenix Fund, an authorised unit trust launched on 11 April 2003. Newton Phoenix Multi-Asset Fund (the Sub-Fund) was launched on 27 November 2006 when Class A Units of Newton Phoenix Fund were converted into the Sub-Fund.