

# 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 long-term capital growth from a concentrated portfolio primarily invested in the securities of UK companies. The Sub-Fund does not have a bias towards any economic sector or company size. The Sub-Fund may also invest in collective investment schemes.

## Fund aim

To achieve an absolute return over longer term periods.  
Where benchmark shown, the FTSE All Share Index is being used for comparison purposes only.

## General information

Fund type	ICVC
Fund domicile	UK
Type of shares / units	Accumulation
Base currency	GBP
Fund manager	Ben Russon
Alternate	Richard Wilmot
Fund size (million)	£ 410.45

## Historical fund statistics - 3 years

12 Month turnover	30.67
3 Month turnover	4.10
Annualised Sharpe ratio	0.86
Annualised alpha	n/a
Annualised information ratio	n/a
Beta	n/a
Ex ante tracking error	4.00
Ex post tracking error	n/a
Fund volatility	11.62
Index volatility	16.28
Jensen alpha	n/a
R <sup>2</sup>	n/a
Treynor ratio	n/a

## Key dates

Fund launch	08/02/2002
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)

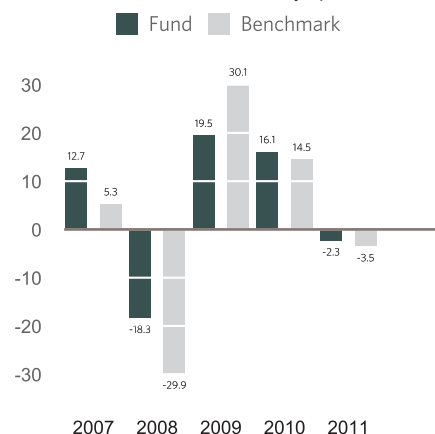
## Client service

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# Newton UK Opportunities

## CALENDAR PERFORMANCE (%)



## PERFORMANCE (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	5.9	8.4	-2.5
3 Months to Sep-11	-10.8	-13.5	2.7
3 Months to Jun-11	3.3	1.9	1.4
3 Months to Mar-11	0.1	1.0	-0.9
12 Months	-2.3	-3.5	1.2
3 Years annualised	10.6	12.9	-2.3
5 Years annualised	4.5	1.2	3.3
Since Fund launch annualised	9.9	5.7	4.2

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

While the Fund's performance was positive on an absolute basis, it compares less favourably to the peer group and wider market. The avoidance of HSBC Holdings was positive for performance; its shares fell after it posted a significant drop in pre-tax profits in its investment bank, while bad loan provisions increased – mainly in relation to its US franchise. Our position in Bunzl, the supplier of consumable products, such as food packaging and cleaning supplies, was also positive and illustrated its defensive characteristics in volatile periods. Our holding in software manufacturer Sage also did well as the company raised its dividend by 25% and reported encouraging sales growth for the year. Our position in Morrison (WM) Supermarkets aided performance following strong results; once again, the rate of sales growth compared favourably versus its peer group.

Our holding in Carphone Warehouse Group held the Fund back, as its shares suffered a de-rating amid concerns about its European exposure. Furthermore it announced the sale of its stake in Best Buy Mobile and the closure of its 'big box' electrical megastores. We believe there remains considerable upside in the remaining business and retain our holding. Our holding in ICAP was negative as the company's results guided to disappointing volumes in voice broking. Furthermore, revenues were flat year on year in comparison to previous pre-close statements guiding that they would be 'marginally ahead'. Trading volumes continued to deteriorate over the quarter, causing investors to be concerned about its outlook.

## Review of activity

Following strong performance, we sold our position in Unilever due to concerns about its dependence on higher pricing, rather than increased volume, to drive revenue growth. We sold Sprint Nextel on the back of shifting industry dynamics, which, in turn, significantly extends the timescale for the inherent value in the shares to be realised. Millennium & Copthorne Hotels was also sold due to our concerns about the potential for pressures upon Asian property valuations having a negative impact on the asset value of the group.

We sold Ultra Electronics Holdings in favour of establishing a holding in Chemring Group given its more compelling valuation. A new holding was established in G4S as its shares became attractive after falling sharply due to its failed bid for ISS. The company has reasonably stable end-markets, and should be a beneficiary of rising emerging market currencies over time. We took advantage of market volatility to increase our position in brewer SABMiller, with the investment case predicated on its high emerging market exposure and attractive valuation relative to earnings growth. We used recent share-price weakness as an opportunity to increase Smiths Group for its advantageous pricing power due to high barriers to entry and defensive characteristics in an economic downturn as a result of limited cyclical exposure. Among other activity, we also increased our holding in Imperial Tobacco, with the shares offering a defensive earnings profile and dividend yield support.

**REGIONAL ALLOCATION (%)**

	<b>Fund</b>
Switzerland	3.08
United Kingdom	92.27
United States	2.04
Cash	2.62

**SECTOR ALLOCATION (%)**

	<b>Fund</b>
Oil & Gas	13.45
Basic Materials	6.47
Industrials	15.87
Consumer Goods	13.68
Health Care	9.28
Consumer Services	17.66
Telecommunication	2.04
Utilities	7.18
Financials	7.71
Technology	4.06
Cash	2.62

**TOP TEN HOLDINGS (%)**

	<b>Fund</b>
British American Tobacco PLC	4.77
Royal Dutch Shell PLC	4.76
BG Group PLC	4.59
GlaxoSmithKline PLC	4.57
Bunzl PLC	4.10
BP PLC	4.10
Sage Group PLC	4.06
SSE PLC	3.87
Associated British Foods PLC	3.70
Morrison (WM) Supermarkets PLC	3.67

**ABSOLUTE CONTRIBUTION (%)**

	<b>Fund</b>
Royal Dutch Shell PLC	0.93
BP PLC	0.70
Bunzl PLC	0.58
Sage Group PLC	0.53
British American Tobacco PLC	0.52
GlaxoSmithKline PLC	0.49
BG Group PLC	0.46
Morrison (WM) Supermarkets PLC	0.40
Compass Group PLC	0.39
Imperial Tobacco Group PLC	0.29
BHP Billiton PLC	0.27
Tesco PLC	0.24
Prudential PLC	0.24
Informa PLC	0.19
Anglo American PLC	0.18
Roche Hldgs AG	0.16
Reed Elsevier PLC	0.16
Cobham PLC	0.15
SABMiller PLC	0.15
Smith & Nephew PLC	0.12

**RETURN BY SECTOR (%)**

	<b>Fund</b>
Oil & Gas	17.76
Basic Materials	7.44
Industrials	3.62
Consumer Goods	7.31
Health Care	8.88
Consumer Services	6.12
Telecommunication	-13.21
Utilities	-1.48
Financials	-2.81
Technology	14.72
Cash	0.21

**CONTRIBUTION BY MINOR SECTOR (%)**

	<b>Fund</b>
Oil & Gas Producers	2.09
Mining	0.46
Construction & Materials	0.09
Aerospace & Defence	0.14
General Industrials	-0.14
Support Services	0.43
Beverages	0.15
Food Producers	0.09
Tobacco	0.80
Health Care Equipment & Services	0.12
Pharmaceuticals & Biotechnology	0.65
Food & Drug Retailers	0.65
General Retailers	-0.29
Media	0.34
Travel & Leisure	0.44
Fixed Line Telecommunications	-0.28
Mobile Telecommunications	-0.15
Electricity	-0.01
Gas Water & Multiutilities	-0.10
Banks	-0.17
Life Insurance	0.31
Financial Services	-0.34
Software & Computer Services	0.53
Cash	0.00

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.