

NEWTON

The Power of Ideas

As at 31 December 2011
For professional clients only

Investment objective

The objective of the Fund is to maximise long-term capital growth from a portfolio predominantly invested in securities of UK smaller companies, however, the Fund may also invest in cash and money market instruments.

Fund aim

To outperform the benchmark, the FTSE Small Cap Ex IT Index over rolling five year periods.

General information

Fund type	Authorised Unit Trust
Fund domicile	UK
Type of shares / units	Accumulation
Base currency	GBP
Fund manager	Paul Stephany
Alternate	Richard Wilmot
Fund size (million)	£108.55

Historical fund statistics - 3 years

12 Month turnover	75.60
3 Month turnover	6.64
Annualised Sharpe ratio	0.96
Annualised alpha	8.09
Annualised information ratio	-0.06
Beta	0.43
Ex ante tracking error	5.50
Ex post tracking error	17.40
Fund volatility	14.91
Index volatility	24.65
Jensen alpha	0.63
R ²	0.51
Treynor ratio	33.11

Key dates

Fund launch	31/12/2005
Close of financial year	31 December

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

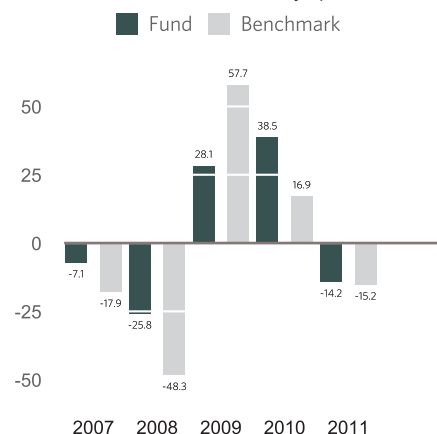
Client service

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

Newton UK Smaller Companies

CALENDAR PERFORMANCE (%)



PERFORMANCE (%)

Period	Fund	Benchmark	Relative
3 Months to Dec-11	-2.6	-3.5	0.9
3 Months to Sep-11	-15.2	-14.4	-0.8
3 Months to Jun-11	3.9	2.4	1.5
3 Months to Mar-11	0.1	0.3	-0.2
12 Months	-14.2	-15.2	1.0
3 Years annualised	15.1	16.1	-1.0
5 Years annualised	1.0	-7.9	8.9
Since Fund launch annualised	2.3	-4.3	6.6

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 posted a negative absolute return over the quarter, but outperformed the benchmark. Small companies underperformed during the broader market rally as investors favoured cyclical sectors and larger companies over smaller, more domestically focused stocks. The Fund's outperformers included Grainger, the UK's largest residential landlord, and takeover target Alterian, a provider of online marketing software. Defence security specialist Digital Barriers and oil rig fabricator Lamprell both rallied after third-quarter falls. On the downside, SuperGroup underperformed as stock-specific logistics and supply chain problems were compounded by a weaker consumer environment. Immunodiagnostic Systems, a manufacturer of diagnostic equipment, and munitions manufacturer Chemring underperformed following profit warnings.

Review of activity

The Fund's exposure to the UK consumer sector declined during the quarter as positions in JD Wetherspoon, Cineworld, kitchen retailer Howden Joinery and apparel retailer Ted Baker were reduced. Holdings in the construction sector were also trimmed following the disposal of steel fabricator Severfield-Rowen and international contractor Balfour Beatty. The Fund's acquisitions included Mears Group, a social housing maintenance and care provider, and Carphone Warehouse, which recently announced the closure of its joint venture with US electricals retailer Best Buy. The Fund remains well positioned to take advantage of opportunities presented by current market volatility.

3 MONTH RELATIVE CONTRIBUTION - TOP FIVE (%)

Stock	Contribution (%)
Vectura Group PLC	0.42
Huntsworth PLC	0.37
Grainger PLC	0.33
Digital Barriers Plc	0.31
Lamprell PLC	0.29

3 MONTH RELATIVE CONTRIBUTION - BOTTOM FIVE (%)

Stock	Contribution (%)
SuperGroup PLC	-1.38
Immunodiagnostic Sys Hldgs PLC	-0.72
IP Group PLC	-0.59
Chemring Group PLC	-0.57
Anite	-0.49

ATTRIBUTION BY SECTOR (%)

3 Month attribution	Fund weight	B. mark weight	Fund return	B. mark return	Stock selection	Asset allocation	Net effect
Oil & Gas	6.94	2.70	-3.44	-12.77	0.76	-0.43	0.33
Basic Materials	3.18	1.99	3.19	-8.67	0.33	-0.02	0.31
Industrials	23.58	34.40	-2.32	-3.57	0.35	0.01	0.36
Consumer Goods	4.96	6.94	-17.21	-3.33	-0.92	0.02	-0.90
Health Care	8.82	4.21	-6.13	-3.64	-0.20	0.05	-0.15
Consumer Services	11.25	17.44	-10.77	-5.97	-0.66	0.07	-0.59
Financials	17.47	22.98	3.45	-1.78	0.80	-0.12	0.68
Technology	16.07	9.34	4.71	3.13	0.32	0.53	0.85
Cash	7.72	0.00	0.62	0.00	0.00	0.00	0.00

ACTIVE POSITIONS - TOP TEN OVERWEIGHT (%)

Stock	Fund	B. mark
Lamprell PLC	2.41	0.00
Devro PLC	2.39	0.00
Chemring Group PLC	2.29	0.00
Playtech Ltd	2.13	0.00
Domino's Pizza UK & IRL Plc	2.07	0.00
ASOS PLC	1.84	0.00
Synergy Health PLC	1.80	0.00
Travis Perkins PLC	1.75	0.00
Renishaw PLC	1.74	0.00
Diploma PLC	1.73	0.00

ACTIVE POSITIONS - TOP TEN UNDERWEIGHT (%)

Stock	Fund	B. mark
Raven Russia Ltd	0.00	1.56
Cineworld Group PLC	0.00	1.46
IP Group PLC	0.00	1.44
Spirit Pub Company	0.00	1.42
Brammer PLC	0.00	1.42
Anite	0.00	1.41
Paypoint PLC	0.00	1.41
Fisher (J) & Sons PLC	0.00	1.28
Vitec Group PLC	0.00	1.20
Menzies (John) PLC	0.00	1.19

TOP TEN HOLDINGS (%)

	Fund
Workspace Group PLC	2.56
NCC Group PLC	2.42
Lamprell PLC	2.41
Devro PLC	2.39
Chemring Group PLC	2.29
Playtech Ltd	2.13
Domino's Pizza UK & IRL Plc	2.07
Xaar PLC	2.04
ASOS PLC	1.84
Synergy Health PLC	1.80

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 should be read before an investment is made. The document is available on request by contacting the Client Service Team, details overleaf. 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. It should not be published in hard copy, electronic format, via the web or in any other medium accessible to the public. BNY Mellon Asset Management International Limited (BNYMAMI) is not responsible for any subsequent investment advice given based on the information supplied. This document is issued in the UK by BNYMAMI, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Authorised and regulated by the Financial Services Authority. BNYMAMI and Newton Investment Management Limited are all ultimately owned by The Bank of New York Mellon Corporation. Newton Investment Management Limited is a member of the IMA. CP7111-02-08-2011 (6M)