

# Newton Balanced Bridge Fund

Fourth quarter 2009



## Fund information

### Aim

To achieve income and capital growth over the long term through a portfolio that is predominantly invested in equities, across a wide range of industries and countries. The equity element is balanced by cash, bonds and exposure to alternative assets, such as hedge funds, to reduce the overall volatility of the portfolio.

The fund is managed in line with the Newton Private Investment Management Income and Growth Model. The central asset allocation for the model is 60% invested in global equities and 40% invested in other asset classes which may include bonds, cash, hedge funds, structured products and property.

### Fund facts

Fund structure	Unit Trust
Base currency	GBP
Benchmark	Central Asset Allocation Balanced (from 1 April 2009; it was previously WM PCI Balanced)*
Fund launch date	23 December 1998
Fund domicile	UK
Pay dates	Two business days before 31 Mar, 30 Sept
ISIN	GB0004833660
SEDOL	0483366



### Fund data

Fund size (millions)	GBP 240
Volatility	15.3
Dividend yield	3.2%
Sharpe ratio	-0.2
Information ratio	0.1

### Fees and charges

Annual management charge	0.8%
Total expense ratio	0.83%

All figures correct as at 31 December 2009

Risk and performance statistics sourced from Newton using 36 months of data (where applicable) to 31 December 2009

## Focus on the latest quarter

### Performance over three months

<b>Newton Balanced Bridge</b>	<b>4.0%</b>				
Central Asset Alloc (Balanced)	2.6%	ARC £ Steady Growth (est)	2.6%	WM PCI Balanced	3.0%
FTSE All Share	5.5%	FTSE W World (ex UK)	3.2%	FTA Govt All Stocks	-2.0%

### Significant transactions

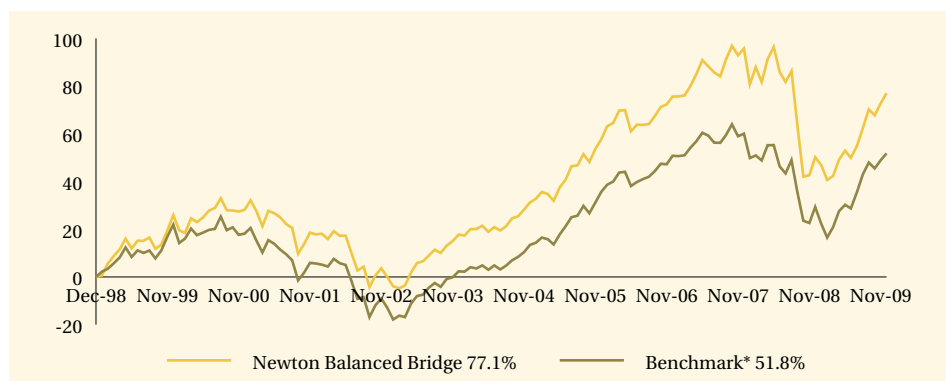
Acquisitions
Anglo American PLC
HSBC Infrastructure Co Ltd
Go-Ahead Group PLC
Principal Financial Group Inc.
GE Capital UK Funding 5.875% Bds 4/11/2020

Disposals
Treasury 4.25% Stk 7/06/2032
Halliburton Co.
Goldman Sachs Group Inc.
Cia Vale do Rio Doce
BAE Systems PLC

Note: Portfolio holdings are subject to change at any time without notice and should not be construed as investment recommendations.

## Long-term performance

### Performance since launch



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Newton Balanced Bridge	1.8	-8.1	-15.1	17.7	11.5	20.2	11.4	11.5	-23.3	17.9
Benchmark*	-3.1	-10.6	-17.5	17.5	10.8	19.6	11.1	6.1	-19.2	17.4

### Discrete past performance - percentage change

From	31/12/04	31/12/05	31/12/06	31/12/07	31/12/08
To	31/12/05	31/12/06	31/12/07	31/12/08	31/12/09
Newton Balanced Bridge	20.2%	11.4%	11.5%	-23.3%	17.9%

All performance sourced from: Lipper, WM, ARC & Datastream, as at 31 December 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

### Risk factors

This is a financial promotion and is not intended as investment advice. Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. If the portfolio invests in sub-investment grade bonds that typically have a low credit rating these carry a high degree of default risk, which can affect the capital value of your investment. If the portfolio has exposure to hedge funds, gold, private equity and property via publicly quoted transferable securities, there are additional risks associated with these sectors.

## Newton's themes

Newton is a global thematic stock picking company. Our style is team oriented and relies on effective communication between all of our investment personnel. Two of our themes are listed below, along with examples of individual holdings.

## All Change

### Factors

The previously benign period of stable growth, low inflation, and easy credit, which allowed private sector debt and financial leverage to grow to unsustainable levels (as described in a previous theme, "Becalmed") has come to an end. When assessing investments we assume that access to credit will remain difficult, which favours companies with limited financing requirements and argues against exposure to highly-indebted customers.

### Investments

Amlin, Barrick Gold, Cobham, DBS Group Holdings, Microsoft, Novartis, Scottish & Southern, Tesco, Corporate Bonds

## Developing Economies

### Factors

The influence of the developing world on the global economy continues to grow, and developing economies ultimately are on a convergence course, in terms of demographics and consumption trends, with the industrialised world. This long-term secular trend will depend on the development of Western-style health and social security systems and will involve significant cyclical influences as well as frictions regarding trade policies.

### Investments

Cia Saneamento de Minas Gerais, Hypermarchas, Millicom, Petroleo Brasileiro, Tele Norte Leste

## Newton

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www.newton.co.uk

### London

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EC4V 4LA

### Edinburgh

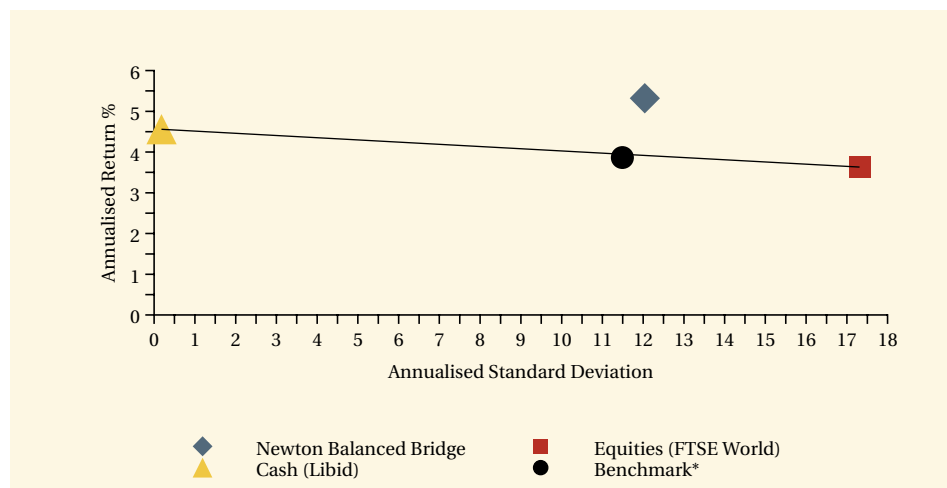
2 Festival Square, Edinburgh EH3 9SU

### Leeds

1 Whitehall Riverside, Leeds LS1 4BN

## Long-term performance - risk and reward

### Fund return and volatility since launch



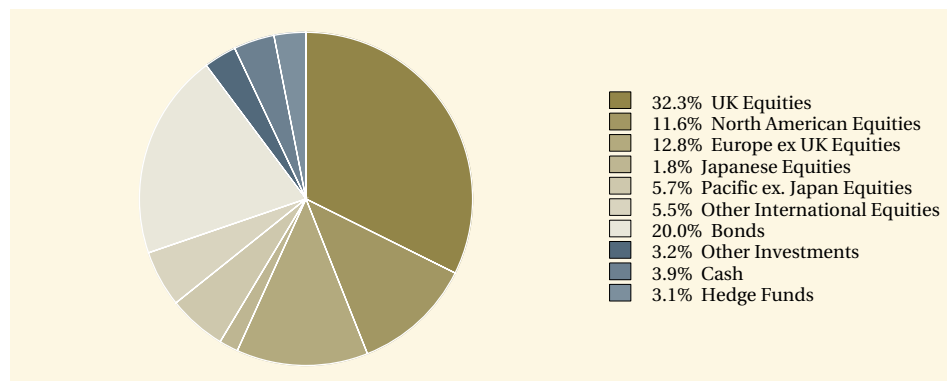
This chart shows both return and volatility. The Newton Balanced Bridge Fund has given a higher return than cash, world equities and the benchmark with slightly higher volatility than that of the benchmark. The launch date of the fund was 23 December 1998.

\*The Central Asset Allocation Balanced benchmark is; 40% FTSE All Share, 20% FTSE World ex UK, 15% FTA Govt All Stocks, 15% ML Sterling Non-Gilts & 10% 1 month £ LIBOR.

Performance sourced from: Lipper, WM & Datastream, as at 31 December 2009. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

## Fund analysis

### Breakdown as % of total market value



Source: Newton as at 31 December 2009.