

# Newton Real Return Fund

Second quarter 2011

Risk profile: medium



## Fund information

### Aim

To achieve capital growth in sterling terms over the long term from an unconstrained, actively managed multi asset strategy. The manager of the Fund has maximum flexibility at the asset allocation level and emphasis is placed on long term investing. The Fund is intended to have lower absolute volatility than traditional equity biased funds, but will exhibit volatility relative to its benchmark.

Prior to 30 June 2009, the Fund was called the Newton Absolute Intrepid Fund.

### Fund facts

Fund structure	ICVC
Base currency	GBP
Benchmark	1 month £ Libor +4.0% p.a.
Fund launch date	31 March 2004
Fund domicile	UK
Pay dates	28 Feb, 30 Sep
ISIN	GB0006780323
SEDOL	0678032

### Fund data

Fund size (millions)	GBP 4,013
Volatility	10.7%
Dividend yield	3.4%
Sharpe ratio	0.9

### Fees and charges

Annual management charge	1.0%
Total expense ratio	1.11%

All figures correct as at 30 June 2011.

Risk and performance statistics above sourced from Newton using 36 months of data (where applicable) to 30 June 2011.

## Focus on the latest quarter

### Performance over three months

<b>Newton Real Return</b>	<b>0.6%</b>		
1 month £ Libor +4% p.a.	1.1%	ARC £ Steady Growth (est)	0.4%
		IMA Absolute Return	0.1%

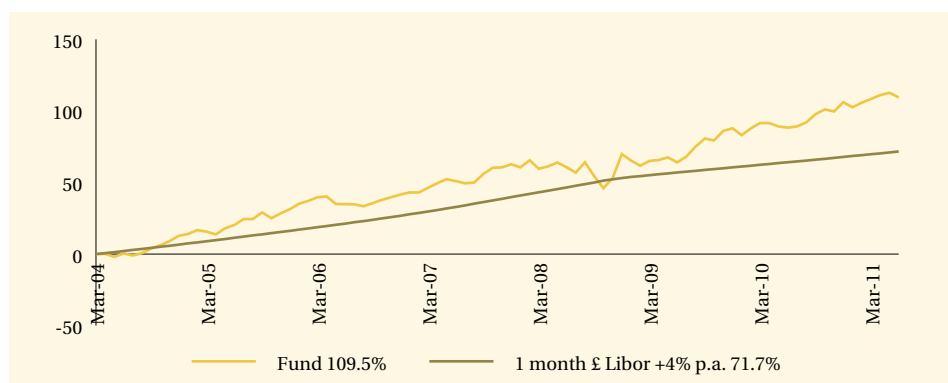
### Significant transactions

Acquisitions	Disposals
UK Treasury Bill-0% 21/11/2011	Vodafone Group PLC
BP PLC	TeliaSonera AB
Annaly Capital Management Inc.	Nomura Holdings Inc.
Sanofi-Aventis S.A.	Scottish & Southern Energy PLC
BB Biotech AG	ETFS Agriculture DJ-AIGSM-0% (USD)

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



	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD 2011
Fund	-	-	-	16.4	8.0	14.9	4.4	10.6	9.7	1.6
1 month £ Libor +4% p.a.	-	-	-	9.0	9.1	10.3	9.5	4.9	4.5	2.3

### Discrete past performance (%)

From	30/06/06	30/06/07	30/06/08	30/06/09	30/06/10
To	30/06/07	30/06/08	30/06/09	30/06/10	30/06/11
Fund	11.9	6.5	2.1	14.8	11.3

All performance sourced from: Lipper, Bloomberg & ARC as at 30 June 2011. 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 popping of the credit bubble has marked an end to the era of rapid growth in private sector debt in the developed world. Structurally impaired financial systems and regulatory burdens ensure that credit will be less freely available, and this has profound implications for consumer-driven economies, all asset classes and investment strategies.

### Investments

Statoil, GlaxoSmithKline, Roche, Vodafone, Novartis, Reynolds American, British American Tobacco, Scottish & Southern Energy

## 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 entail the development of Western-style health and social security systems and will involve significant cyclical influences as well as frictions regarding trade policies.

### Investments

MTN, Tele Norte Leste Participacoes, Advanced Info Service, China Mobile

## Newton Investment Management Limited

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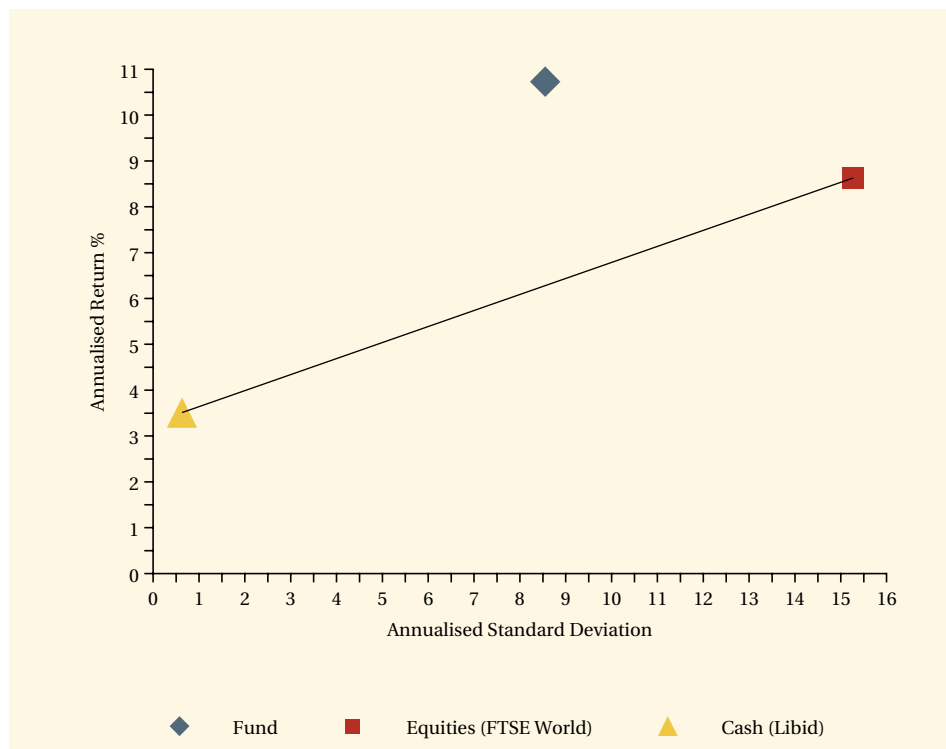
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## Long-term performance - risk and reward

### Fund return and volatility since launch

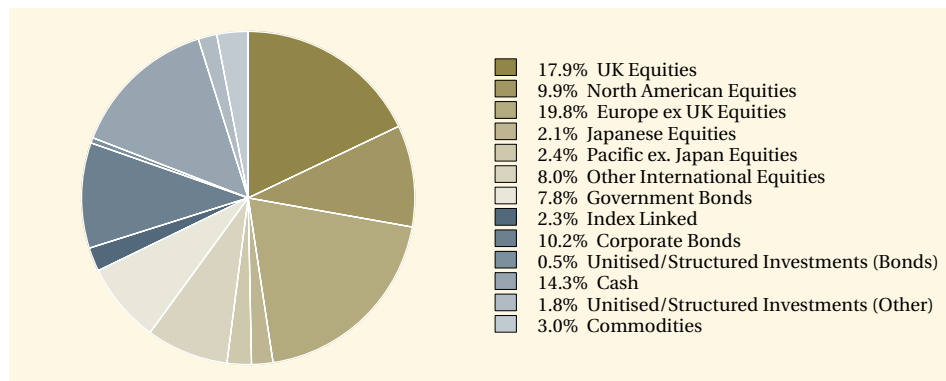


This chart shows both return and volatility. The Newton Real Return Fund has given a higher return than cash and equities with significantly lower volatility than equities. The relaunch date of the fund was 31 March 2004.

Performance sourced from: Lipper, Bloomberg & Datastream, as at 30 June 2011. 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 30 June 2011.