

# Newton Real Return Fund

Fourth 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 4,986
Volatility	6.8%
Dividend yield	3.6%
Sharpe ratio	1.0

### Fees and charges

Annual management charge	1.0%
Total expense ratio	1.12%

All figures correct as at 31 December 2011.

Risk and performance statistics above sourced from Newton using 36 months of data (where applicable) to 31 December 2011.

## Focus on the latest quarter

### Performance over three months

<b>Newton Real Return</b>	<b>2.9%</b>		
1 month £ Libor +4% p.a.	1.2%	ARC Balanced Asset (est)	2.7%
		IMA Absolute Return	0.2%

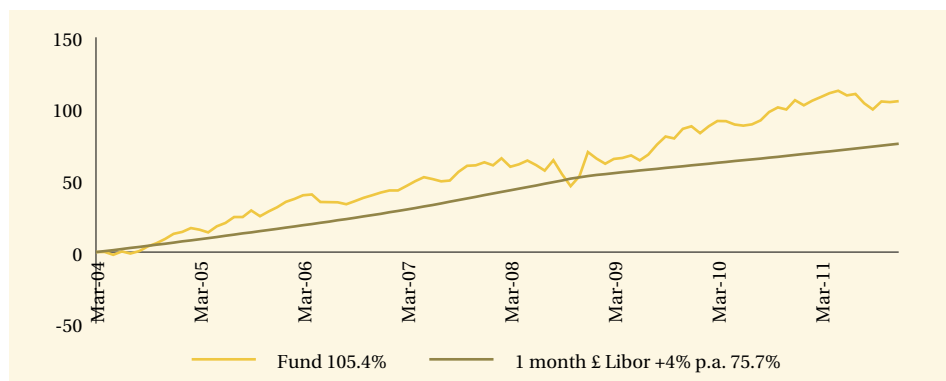
### Significant transactions

Acquisitions	Disposals
UK Treasury Bill 0% 14/05/12	China Mobile Ltd
USA Treasury Notes 0.75% 31/5/12	ENI S.p.A.
Australia (Commonwealth) 4.75% 21/04/27	RSA Insurance Group PLC
Newcrest Mining Ltd	Turkcell Iletisim Hizmetleri A.S.
Norway (Kingdom of) 4.5% Bds 22/05/19	Thales S.A.

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	2011
Fund	-	-	-	16.4	8.0	14.9	4.4	10.6	9.7	-0.4
1 month £ Libor +4% p.a.	-	-	-	9.0	9.1	10.3	9.5	4.9	4.5	4.7

### Discrete past performance (%)

From	31/12/06	31/12/07	31/12/08	31/12/09	31/12/10
To	31/12/07	31/12/08	31/12/09	31/12/10	31/12/11
Fund	14.9	4.4	10.6	9.7	-0.4

All performance sourced from: Lipper, Bloomberg & ARC as at 31 December 2011. Calculation basis: Sterling, total return, bid to bid, without initial charges, net income reinvested, net of management fees.

### Risk factors

**The performance data shown on this factsheet is past performance; as such it is not a guide to future performance.** Investors should remember that unit trusts should be regarded as long-term investments and that the value of units, and the income from them, can go down as well as up due to stock market and movements in exchange rates. When you sell your investment you may get back less than you originally invested. The fund may invest in emerging markets which are, by their nature, higher risk and potentially more volatile than those inherent in established markets. The value of bonds is affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. There are additional risks associated with specific alternative investments that the fund may hold such as commodities. The fund may also hold derivatives. An investment in derivatives may be volatile, but the volatility of the Fund is not expected to be any greater than that of the underlying stock market.

## 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.

### Deleverage

#### Factors

The credit bubble has left many economies carrying levels of debt which materially impair their economic prospects. We anticipate an extended period of relatively low growth and higher economic volatility as debt is reduced to more manageable levels. How public and private debt loads are reduced and the effect of offsetting policies will be critical for all aspects of the investment outlook.

#### Investments

British American Tobacco, Smith & Nephew, Roche, Deutsche Telekom, Scottish & Southern Energy

### Global realignment

#### Factors

Western industrialised nations still dominate the world's economic output, wealth, consumption and market capitalisation in US dollar terms, as well as consuming the lion's share of natural resources. The generally stronger growth potential and increasing economic influence of the developing world are progressively challenging this position. The trajectory of this realignment is likely to be volatile and increasingly prone to cyclical divergence.

#### Investments

MTN, Petroleo Brasileiro, Tele Norte Leste Participacoes

## Newton Investment Management Limited

### London

160 Queen Victoria Street, London EC4V 4LA

### Edinburgh

2 Festival Square, Edinburgh EH3 9SU

### Leeds

1 Whitehall Riverside, Leeds LS1 4BN

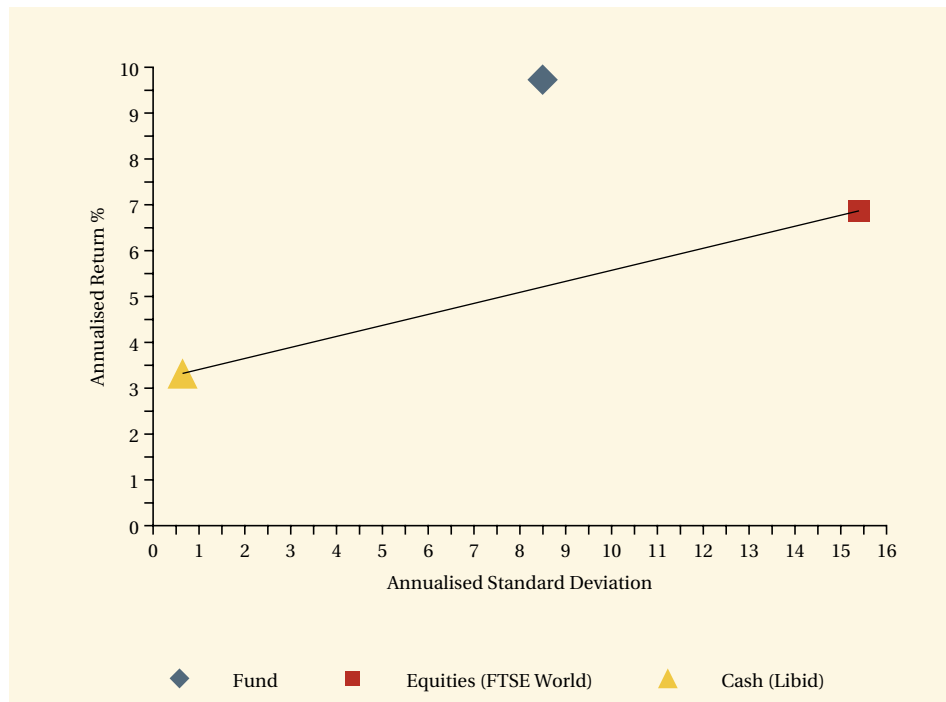
0800 917 6594

privateclients@newton.co.uk

www.newton.co.uk

## Long-term performance - risk and reward

### Fund return and volatility since launch

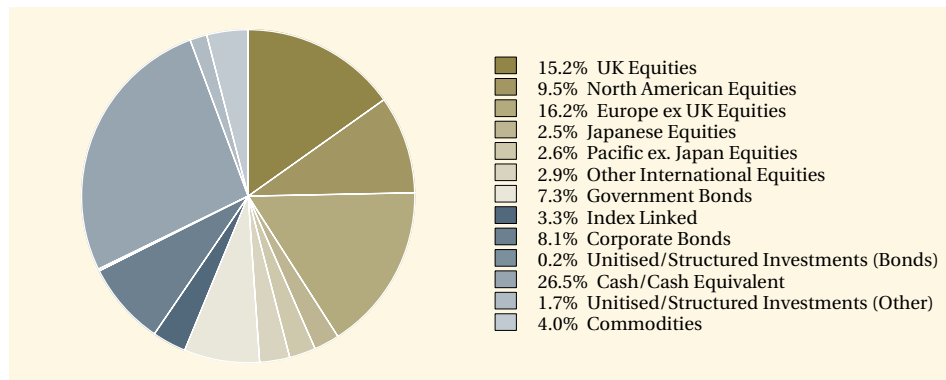


This chart shows both return and volatility. The Newton Real Return Fund has given a higher return than cash and equities, with significantly lower volatility than world equity markets. The relaunch date of the fund was 31 March 2004.

Performance sourced from: Lipper, Bloomberg & Datastream, as at 31 December 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 31 December 2011.