

Newton Real Return Fund

Third quarter 2010



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 2,310
Volatility	11.0%
Dividend yield	3.6%
Sharpe ratio	0.6

Fees and charges

Annual management charge	1.0%
Total expense ratio	1.12%

All figures correct as at 30 September 2010.

Risk and performance statistics sourced from Newton using 36 months of data (where applicable) to 30 September 2010.

Focus on the latest quarter

Performance over three months

Newton Real Return	5.1%		
1 month £ Libor +4% p.a.	1.1%	ARC £ Steady Growth:	7.0%
		IMA Absolute Return	2.5%

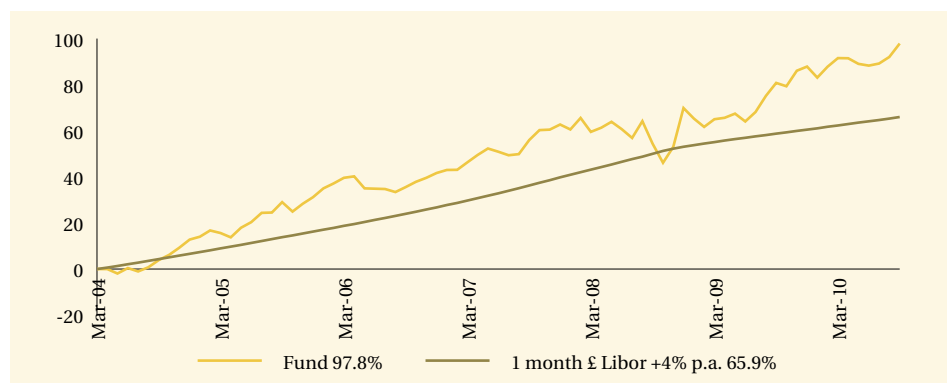
Significant transactions

Acquisitions	Disposals
Norway (Kingdom of) 4.5% Bds 22/05/2019	Norway (Kingdom of) 6.5% 15/05/2013
Norway (Kingdom of) 3.75% Bds 25/05/2021	Gold Fields Ltd
Yamana Gold Inc.	Genzyme Corp.
MTN Group Ltd	Acciona S.A.
Smith & Nephew PLC	FTSE 100 Index-Mar11 4800 (Put Option)

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



	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD 2010
Fund	-	-	-	-	16.4	8.0	14.9	4.4	10.6	5.3
1 month £ Libor +4% p.a.	-	-	-	-	9.0	9.1	10.3	9.5	4.9	3.4

Discrete past performance (%)

From	30/09/05	30/09/06	30/09/07	30/09/08	30/09/09
To	30/09/06	30/09/07	30/09/08	30/09/09	30/09/10
Fund	5.1	15.1	-1.0	17.0	9.5

All performance sourced from: Lipper, Bloomberg & ARC as at 30 September 2010. 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 impending 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

Total, GlaxoSmithKline, Roche, Vodafone, Novartis, Reynolds American

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

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London

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Edinburgh

2 Festival Square, Edinburgh EH3 9SU

Leeds

1 Whitehall Riverside, Leeds LS1 4BN

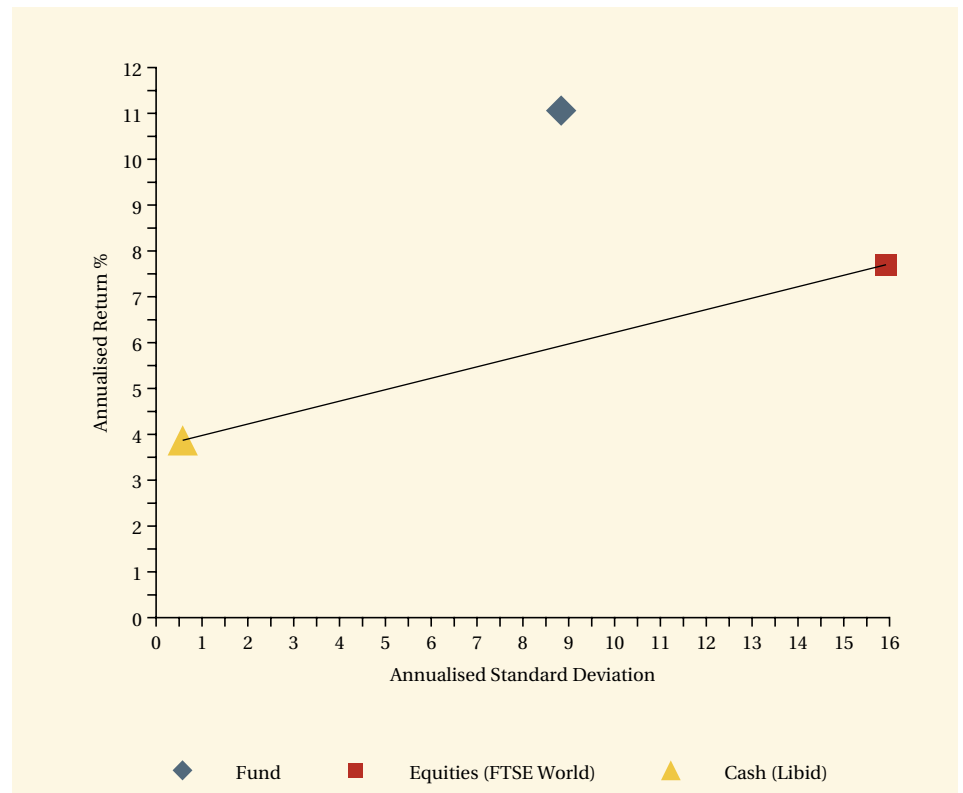
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Long-term performance - risk and reward

Fund return and volatility since launch

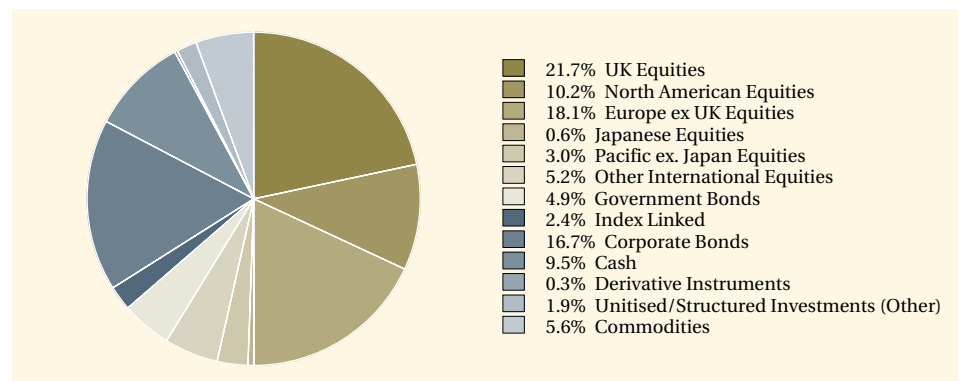


This chart shows both return and volatility. The Newton Real Return Fund has given a higher return than cash and equities with significantly lower volatility than equities. The relaunch date of the fund was 31 March 2004.

Performance sourced from: Lipper, Bloomberg & Datastream, as at 30 September 2010. 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 September 2010.