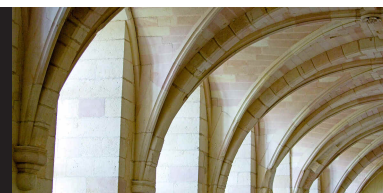


# Newton Falcon Fund

Second quarter 2009



## Fund information

### Aim

To achieve capital growth over the long term from a portfolio invested in UK and overseas equities across a wide range of industries and countries. The manager of the fund is expected to invest with limited reference to the composition of the benchmark, and as a result the fund's performance may differ from the benchmark by a wide margin. For most of the time the fund will be fully or almost fully invested in equities, but it is permitted to hold other assets.

### Fund facts

Fund structure	Unit Trust
Base currency	GBP
Benchmark	50% FTSE All Share, 50% MSCI World ex UK
Fund launch date	13 November 1998
Fund domicile	UK
Pay dates	Two business days before 30 Apr, 31 Oct
ISIN	GB0032585050
SEDOL	3258505

### Fund data

Fund size (millions)	GBP 64
Volatility	16.7
Dividend yield	1.8%
Sharpe ratio	-0.1
Information ratio	1.2

### Fees and charges

Annual management charge	1.5%
Total expense ratio	1.59%

All figures correct as at 30 June 2009

Risk and performance statistics sourced from Newton using 36 months of data (where applicable) to 30 June 2009

## Focus on the latest quarter

### Performance over three months

<b>Newton Falcon Fund</b>	<b>5.8%</b>		
Benchmark	7.9%	ARC £ Equity Risk (est)	7.6%
		IMA Global Growth	7.4%
FTSE All Share	10.9%	MSCI World ex UK	4.9%

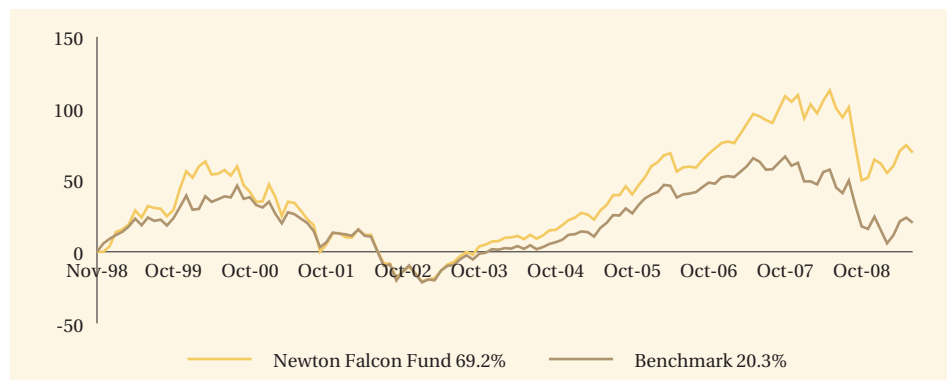
### Significant transactions

Acquisitions	Disposals
Ultra Electronics Holdings PLC	Dana Petroleum PLC
Flir Systems Inc.	Japan Tobacco Inc.
China Mobile Ltd	Gildan Activewear Inc.
Jardine Lloyd Thompson Group PLC	Sercro Group 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	YTD 2009
Newton Falcon Fund	-13.4	-16.4	-24.8	26.0	14.0	24.6	15.7	19.0	-21.5	3.0
Benchmark	-6.0	-13.9	-25.2	20.8	9.9	22.8	10.6	6.6	-23.2	-3.3

### Discrete past performance - percentage change

From	30/06/04	30/06/05	30/06/06	30/06/07	30/06/08
To	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09
Newton Falcon Fund	18.7%	19.8%	22.4%	2.8%	-15.4%

All performance sourced from: Lipper, ARC & Datastream, as at 30 June 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

Cable and Wireless, Copasa, Flir Systems, GlaxoSmithKline, HTC, Nestle, Microsoft, Reynolds American, limited exposure to western commercial banks

## Networked World

### Factors

Communications networks have already transformed our lives, but there is great scope for further expansion. Rapid increases in bandwidth continue to increase networks' potential, and this is driving productivity gains. The explosive growth of mobile internet, combined with innovations in sensor technology, will generate profound changes in many industries.

### Investments

China Mobile, Cisco, HTC, Millicom, Sprint Nextel, Tele Norte Leste

## Newton

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### London

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EC4V 4LA

### Edinburgh

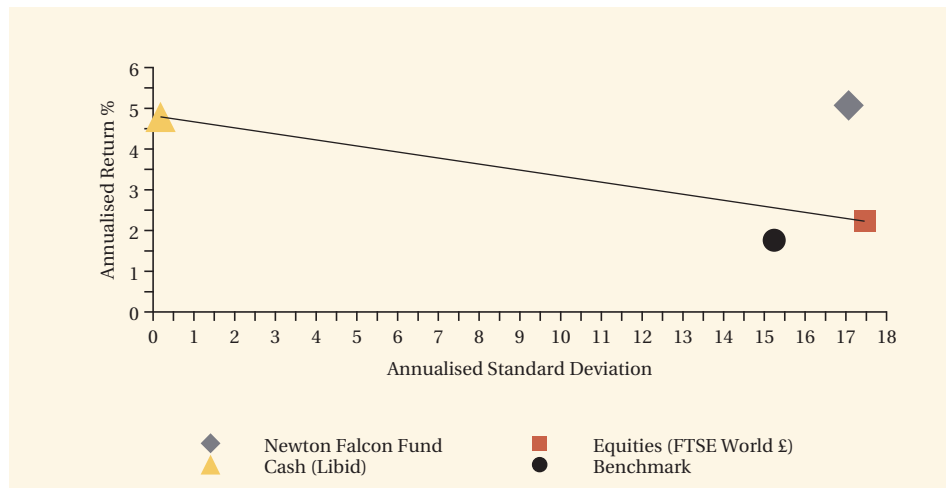
2 Festival Square, Edinburgh EH3 9SU

### Leeds

1 Whitehall Riverside, Leeds LS1 4BN

## Long-term performance - risk and reward

### Fund return and volatility since launch

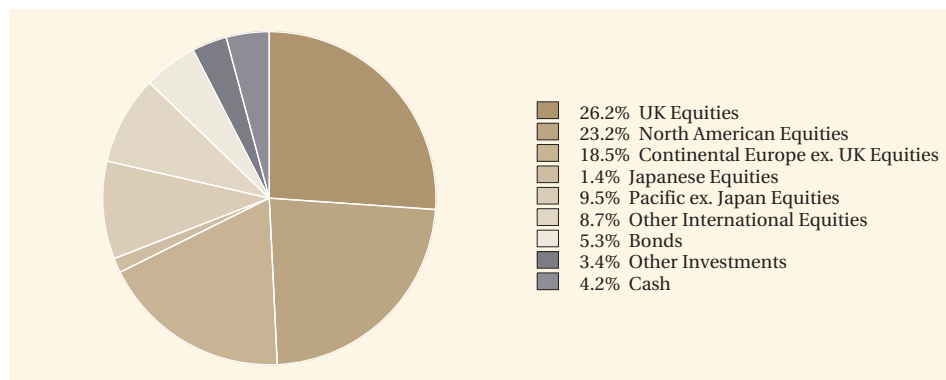


This chart shows both return and volatility. The Newton Falcon Fund has given a higher return than the benchmark and world equities with higher volatility than the benchmark. The launch date of the fund was 13 November 1998.

Performance sourced from: Lipper & Datastream, as at 30 June 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 30 June 2009.