

Newton Real Return Fund

Second 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 1,892
Volatility	11.1
Dividend yield	3.3%
Sharpe ratio	0.5

Fees and charges

Annual management charge	1.0%
Total expense ratio	1.12%

All figures correct as at 30 June 2010

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

Focus on the latest quarter

Performance over three months

Newton Real Return	-1.7%		
1 month £ Libor +4% p.a.	1.1%	ARC £ Steady Growth:	-6.3%
		IMA Absolute Return	-2.2%

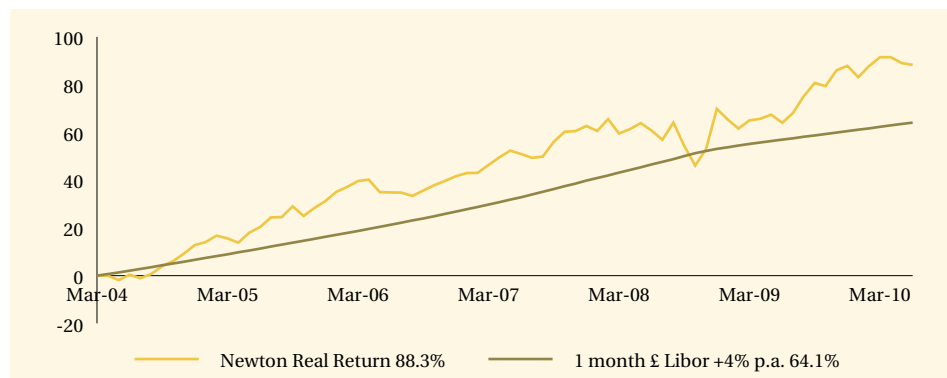
Significant transactions

Acquisitions	Disposals
GlaxoSmithKline PLC	Compass Group PLC
Vodafone Group PLC	QBE Insurance Group Ltd
BP Capital Markets PLC-5.25% 07/11/2013	Greece (Republic of)-6% Bds 19/07/2019
Newcrest Mining Ltd	FTSE 100 Index-Jul10 4700 (Put Option)
TeliaSonera AB	Euro FX Future-Sep10 1.25 (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
Newton Real Return	-	-	-	-	16.4	8.0	14.9	4.4	10.6	0.2
1 month £ Libor +4% p.a.	-	-	-	-	9.0	9.1	10.3	9.5	4.9	2.2

Discrete past performance - percentage change

From	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09
To	30/06/06	30/06/07	30/06/08	30/06/09	30/06/10
Newton Real Return	12.1%	11.9%	6.5%	2.1%	14.8%

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

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

Bangkok Expressway, Millicom, Tele Norte Leste Participacoes, Advanced Info Service

Newton

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Edinburgh

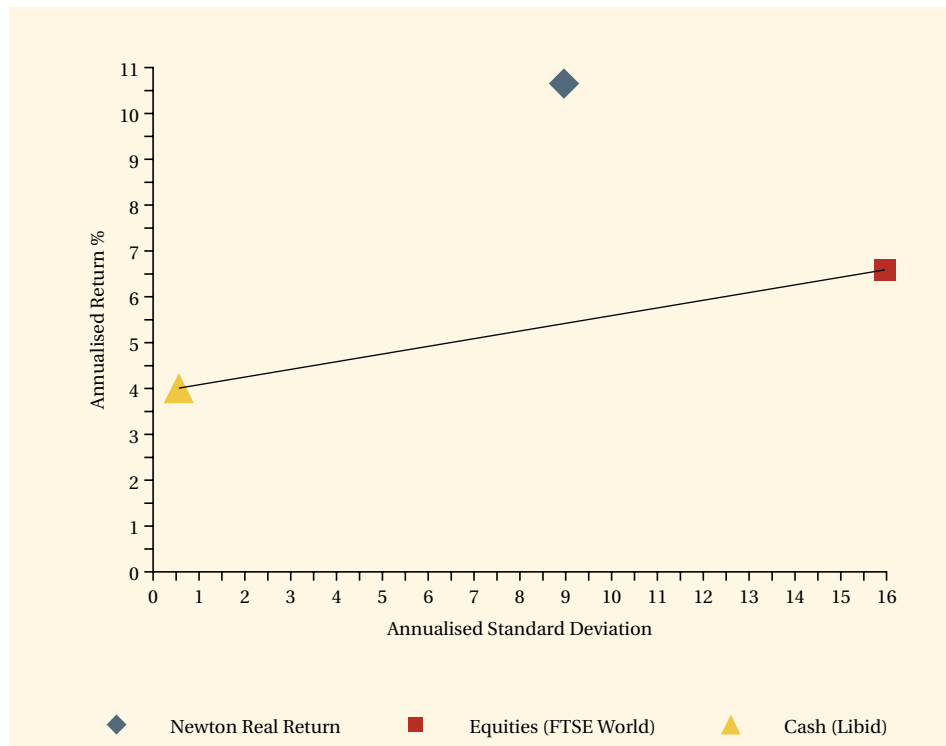
2 Festival Square, Edinburgh EH3 9SU

Leeds

1 Whitehall Riverside, Leeds LS1 4BN

Long-term performance - risk and reward

Fund return and volatility since launch

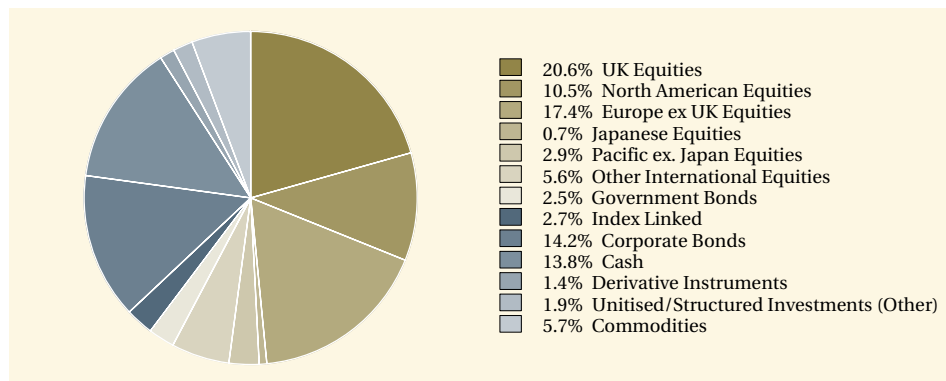


This chart shows both return and volatility. The Newton Real Return Fund has given a higher return than cash and equities with significantly lower volatility than equities. The relaunch date of the fund was 31 March 2004.

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