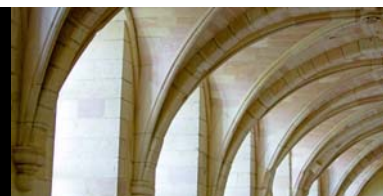


Newton Falcon Fund

Fourth quarter 2010

Risk profile: high



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% FTSE W World ex UK (from 1 January 2010; it was previously 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 128 |
| Volatility | 18.5% |
| Dividend yield | 1.1% |
| Sharpe ratio | 0.3 |
| Information ratio | 0.7 |

Fees and charges

| | |
|--------------------------|-------|
| Annual management charge | 1.5% |
| Total expense ratio | 1.55% |

All figures correct as at 31 December 2010.

Risk and performance statistics sourced from Newton using 36 months of data (where applicable) to 31 December 2010.

Focus on the latest quarter

Performance over three months

| | | | |
|---------------------------|-------------|-------------------------|-------|
| Newton Falcon Fund | 9.7% | | |
| Benchmark* | 8.7% | ARC £ Equity Risk (est) | 7.9% |
| | | IMA Global Growth | 10.4% |
| FTSE All Share | 7.4% | FTSE World ex UK | 10.0% |

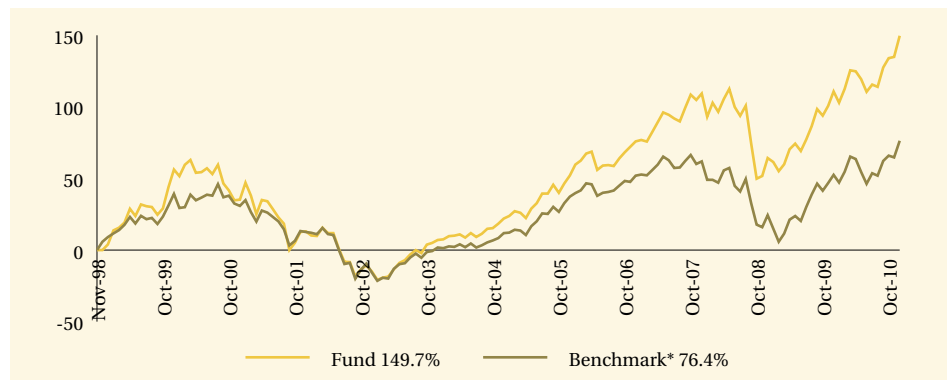
Significant transactions

| Acquisitions | Disposals |
|----------------------|------------------------|
| Mosaic Co. | Eli Lilly & Co. |
| Pandora A/S | Nomura Holdings Inc. |
| Medtronic Inc. | John Wood Group PLC |
| Dollar General Corp. | Natura Cosméticos 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



| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------|-------|-------|------|------|------|------|------|-------|------|------|
| Fund | -16.4 | -24.8 | 26.0 | 14.0 | 24.6 | 15.7 | 19.0 | -21.5 | 28.3 | 18.5 |
| Benchmark* | -13.9 | -25.2 | 20.8 | 9.9 | 22.8 | 10.6 | 6.6 | -23.2 | 22.6 | 15.7 |

Discrete past performance (%)

| From | 31/12/05 | 31/12/06 | 31/12/07 | 31/12/08 | 31/12/09 |
|------|----------|----------|----------|----------|----------|
| To | 31/12/06 | 31/12/07 | 31/12/08 | 31/12/09 | 31/12/10 |
| Fund | 15.7 | 19.0 | -21.5 | 28.3 | 18.5 |

All performance sourced from: Lipper, ARC & Datastream, as at 31 December 2010. 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.

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

Altria, Deutsche Telekom, Flir Systems, GlaxoSmithKline, HTC, Intel, Nestle, Novartis, Vodafone, limited exposure to western commercial banks

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 Bank, Camelot Information Systems, Copasa, Hypermarcas, Inpex, MTN, Potash Corp, Sands China, Yingde Gases

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

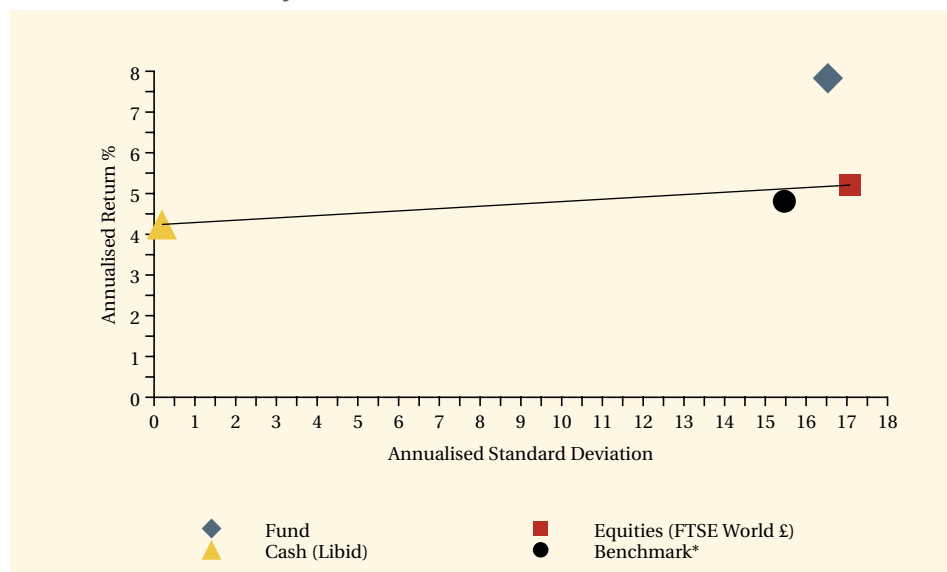
0800 917 6594

privateclients@newton.co.uk

www.newton.co.uk

Long-term performance - risk and reward

Fund return and volatility since launch

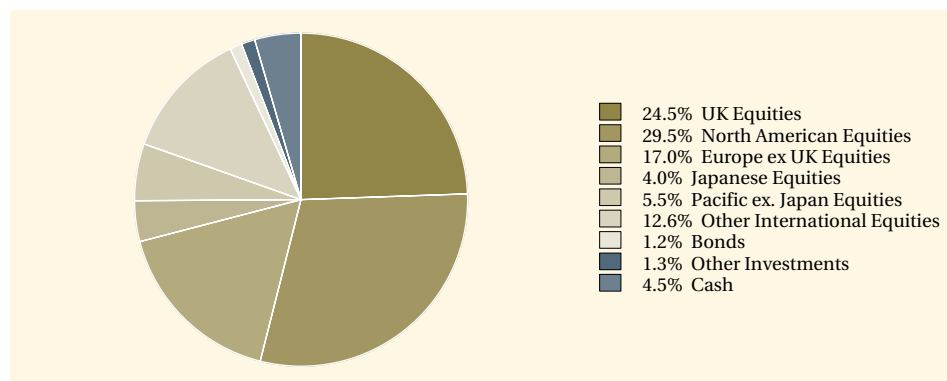


This chart shows both return and volatility. The Newton Falcon Fund has given a higher return than cash, world equities and the benchmark with higher volatility than that of the benchmark. The launch date of the fund was 13 November 1998.

Performance sourced from: Lipper, Datastream & Bloomberg, as at 31 December 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 31 December 2010.