



February 2010

# Newton Asia-Pacific equity strategy

## Newton's experienced Investment Team

Our Asia-Pacific equity strategy is managed by our Asian equity team and is supported by our career global industry analysts and the wider investment team. The strategy draws on the Asia-Pacific equity model as well as the research recommended lists that our analysts compile. The team comprises Jason Pidcock, Ewan Markson-Brown, Zoe Kan and Caroline Keen.



Jason Pidcock



Ewan Markson-Brown



Zoe Kan



Caroline Keen

## Key features

- An experienced Asian equity team, drawing on strong proprietary global research
- Stock selection driven by global themes
- Concentrated portfolios of about 50 stocks
- Investment in efficient companies with attractive business models, solid growth prospects and strong corporate governance
- Strong long-term track record

The Newton Asia-Pacific equity strategy aims to generate capital growth from a focused portfolio of high-quality stocks in the Asia-Pacific (ex-Japan) region. Newton manages £4.6bn<sup>1</sup> directly in Asian equities, with the Newton Asian equities team managing almost £1.8bn and a further £2.8bn being managed in Asian equities within other strategies. Our Asia-Pacific equity composite has a strong long-term track record.

## Philosophy and process

We have been managing investments on behalf of institutions, charities and individuals since 1978 and we currently manage more than £42.1bn<sup>1</sup>. Our distinctive global thematic investment approach has been invaluable in delivering consistently strong performance across a wide range of strategies in a variety of market environments, and the thematic research of our global industrial career analysts is a critical element in the selection of stocks in our Asia-Pacific strategy.

Our themes provide long-term perspective on global financial markets and economies, and we work with our research analysts to identify the beneficiaries of those themes. Perspective is a defining feature of our approach to investing in Asia-Pacific equities, as it is across all strategies at Newton. It helps us to anticipate changes in the region and in the wider world and it directs us towards profitable investment opportunities as well as to areas of risk.

In essence, we invest in companies in the region that have the appropriate qualities to be leaders in their respective fields. In identifying such companies, we put great store by our meetings with their managers. On average, our Asia-Pacific team holds (in conjunction with our global industrial research analysts) more than 400 meetings with companies each year - roughly half of them in London and half 'on the ground' in Asia. These meetings are critical to our confidence in the merits of the companies in which we invest.

<sup>1</sup> As at 31 December 09

## Exploiting themes

Our themes change over time as we seek to anticipate the factors that will drive the prospects of economies, markets and companies. At present, we are exploiting a number of themes in Asian equity portfolios. Among them are:



**All change** The theme underscores the rationale for our underweighting of banks in Asian equity portfolios and leads us also to favour stocks with 'defensive' earnings and sound balance sheets



**Population dynamics** Demographic changes in Asia, in particular the growth of the middle class and the ageing of populations in some countries, have profound implications for demand for a range of products and services (including education, healthcare and finance).



**Networked world** Networks have already transformed people's lives, but there is great scope for further expansion. Rapid increases in bandwidth continue to increase networks' potential and drive productivity gains. To this end, we hold a number of mobile telecommunications and information technology companies across Asia.



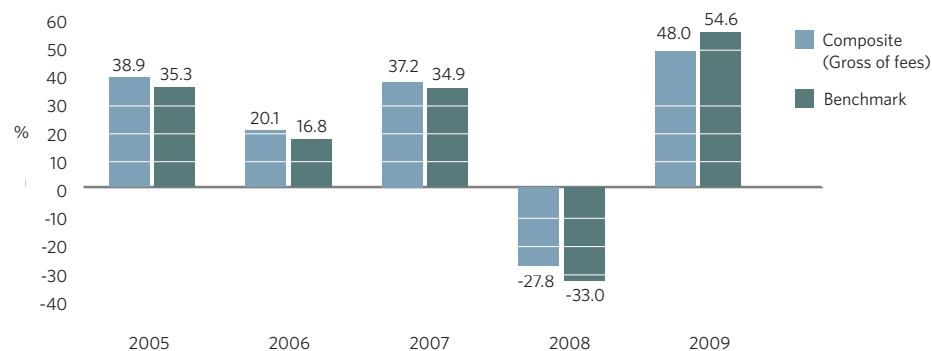
**Construction and reconstruction** Significant infrastructure spending is taking place in Asia. In seeking to take advantage of this trend, we look for companies that are well-placed to benefit from such spending via exposure, for example, to the development of road, power, water and port infrastructure.

## The attractions of the Asia-Pacific region

Our global, thematic approach is adept at identifying investment opportunities around the world, and we believe there is particular appeal in the growth potential of the Asia-Pacific region. In the years ahead, investors should benefit from the secular growth in demand across Asia (driven in large measure by urbanisation, the growth of workforces and the enlargement of the 'consuming class'), from strong productivity growth and from the entrepreneurial nature of many Asian companies.

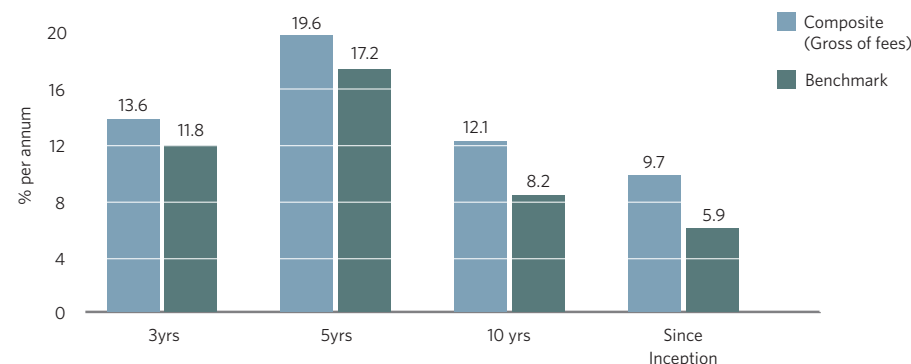
In Asia-Pacific equity portfolios, we seek to take advantage of Asia's growth potential via investment in a concentrated portfolio of equities both in developed countries with exposure to the region's growth, such as Australia and Singapore and in developing countries such as China, India and Thailand.

### CALENDAR-YEAR PERFORMANCE



Source: Newton as at 31 December 09

### LONG-TERM PERFORMANCE



Source: Newton as at 31 December 09

## How to invest

The strategy is available either via the (onshore) Newton Oriental Fund and the (offshore) BNY Mellon Asian Equity Fund or, via segregated and pooled funds. We also manage an Asian income strategy, in which we seek to generate an attractive and growing level of income.

For further information, please contact [johanna\\_thomas@newton.co.uk](mailto:johanna_thomas@newton.co.uk)

This is a financial promotion and is not intended as investment advice. Past performance is not a guide to future performance. The value of investments, and income from them, is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment, you may get back less than you originally invested. This document is for professional investors only. The opinions expressed in this article are those of Newton Investment Management and should not be construed as investment advice. In addition the information contained in this article should not be construed as a recommendation to buy or sell a security. Issued by Newton Investment Management Limited, The BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No 1371973. Newton Investment Management Limited is authorised and regulated by the Financial Services Authority. Newton Asia Pacific Equities Composite contains fully discretionary portfolios which invest in the Asia Pacific region (with the exception of Japan) and for comparison purposes is shown against the inception of the composite is 1/1/96 and MSCI AC Asia Pacific Free ex Japan index. Returns include the effect of foreign currency exchange rates. 18410 02/10



**BNY MELLON**  
ASSET MANAGEMENT