

Newton Asian Income strategy

OBJECTIVE:

To achieve income, together with long-term capital growth, through investment in securities in the Asia-Pacific ex-Japan region, including Australia and New Zealand, but excluding Japan.

Our Asian Income portfolios are constructed holistically using our research-driven/'bottom-up' investment process. Our approach concentrates on investing in attractively valued stocks of companies with good prospects and strong fundamentals. The Asian Income strategy follows a strict yield discipline: the most attractive stocks for this strategy tend to be those of good quality, cash-generative companies with reliable dividend yields.

The strategy is underpinned by our global thematic investment process, which represent our views of forces of long-term change in the global economy, and help us to identify areas of both risk and opportunity across the global investment landscape. This gives us a valuable perspective which enables us to maintain our long-term focus without being swayed by short-term market "noise". The strategy uses the thematic framework and global perspective in combination with its strict yield discipline to seek companies from around the world which offer potential for long-term, stable dividend growth.

Benchmark:	FTSE All World Asia-Pacific ex-Japan Index
Typical number of holdings:	40-50
Yield discipline:	Strategy portfolios aim to produce a dividend yield of at least 35% more than the index. Every holding should have a prospective yield higher than that of the index at the point of purchase; any holding whose prospective yield falls below a 15% premium to the index yield is sold.*
Strategy AUM:	£777m (as at 31 December 2010)
Strategy inception:	GIPS®-compliant composite inception: 1 September 2005 Representative portfolio inception: 1 December 2005

*Subject to liquidity constraints.

FTSE World Asia-Pacific ex-Japan Index

The FTSE World Asia-Pacific ex-Japan index is part of the FTSE Global Equity Index series. It includes constituents from only countries classified as Developed and Advanced Emerging. It includes constituents from Australia, Hong Kong, Korea, New Zealand, Singapore and Taiwan.

Distinguishing features

- Conviction-based strategy with no sector constraints, investing primarily in the Asia-Pacific ex-Japan region
- Employs a valuation screen to achieve a dividend yield well above that of the index
- portfolios tend to hold stocks of cash-generative companies with highly attractive dividend yields
- A constantly evolving and forward-looking approach that anticipates change and identifies opportunities
- Holistically constructed portfolios which benefit from a broad perspective owing to our global, thematic outlook

Meet the team



Jason Pidcock leads Newton's investment efforts in the Asia-Pacific region, excluding Japan. He is responsible for the management of a suite of Asia-Pacific equity portfolios, covering two investment strategies. He joined Newton in 2004 and has 17 years of experience in investing in the region.



Zoe Kan joined Newton in 2000 and manages the Asian equity portfolios. She is alternate manager for the core Asian strategies.



Caroline Keen joined Newton in 2009 from Blackrock and is a level III candidate in the CFA programme. Caroline assists Jason and Zoe in the management of Asian equity strategies.

A concentrated portfolio does not have the diversity of investment that is generally expected. This means that each stock within a portfolio may have a more significant effect on its performance. Where yields are discussed, yields are not necessarily a reliable indicator of future or actual performance of individual stocks. 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.

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