

# Newton Global Higher Income strategy

**OBJECTIVE:**

To achieve increasing annual distributions together with long-term capital growth from investing predominantly in global securities.

Our global higher 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 global higher 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 World Index
Typical number of holdings:	50 to 80
Yield discipline:	Every holding in a global higher income portfolio should yield at least 25% more than the index at the point of purchase. Any holding whose prospective yield falls below this premium to the index yield is sold.*
Strategy AUM:	£1901m (as at 31 December 2010)
Strategy inception:	GIPS®-compliant composite inception: 1 January 2006 Representative portfolio (Newton Global Higher Income) inception: 1 December 2005

\*Subject to liquidity constraints.

**FTSE World Index**

The FTSE All-World Index Series is the Large/Mid Cap aggregate of 2,700 stocks from the FTSE Global Equity Index Series. It covers 90-95% of the investable market capitalization.

**Distinguishing features**

- Conviction-based strategy with no regional or sector constraints
- 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 Managers

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**James Harries** is lead manager of the Newton Global Higher Income strategy. He manages both global equity and multi-asset mandates, and is lead manager of Newton's Real Return strategy for euro-based investors, and alternate manager of the Real Return strategy for sterling-based investors. James joined Newton in 2005.



**Robert Hay** is alternate manager of the Newton Global Higher Income strategy. He is also lead manager of the Newton Global Opportunities strategy and manages a number of other global equity portfolios. Robert is a member of the global equity model group, which provides guidance for the construction of other client portfolios. He joined Newton in 2000 and is a CFA charterholder.

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