

Newton Higher Income strategy

OBJECTIVE:

To achieve income, together with long-term capital growth, through investment in UK securities.

Our 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 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 Share Index
Typical number of holdings:	55-70
Yield discipline:	Every holding in a Higher Income portfolio should yield at least 15% more than the index at the point of purchase. Any holding whose yield falls below the index yield is sold.*
Strategy AUM:	Below £200m (as at 31 December 2010)
Strategy inception:	GIPS®-compliant composite inception: 1 October 1996 Representative portfolio (Newton European Higher Income) inception: 30 January 2007

*Subject to liquidity constraints.

FTSE All Share Index

The FTSE All Share is a market-capitalisation weighted index representing the performance of all eligible companies listed on the London Stock Exchange's main market, which pass screening for size and liquidity. Representing 98-99% of UK market capitalisation, FTSE All Share is the aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap Indices.

Distinguishing features

- Conviction-based strategy with no sector constraints, investing in UK securities
- 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



Tineke Frikkee

Tineke is lead manager of the Newton Higher Income strategy. She is a regional specialist in UK equities and member of the Newton investment committee. Tineke manages nine UK equity portfolios with a combined value of £3.1bn, including both retail and pension fund mandates.

Tineke has acquired 12 years of investment experience at Newton, prior to which she worked as an analyst at UNUM Ltd. She is a CFA charterholder and a member of the UK Society of Investment Professionals (UKSIP), and has completed an MBA.



Simon Nichols

Simon is alternate manager of the Newton Higher Income strategy. He is also the lead manager of the Newton Cautious Managed strategy.

Simon joined the UK equities department at Newton in 2001, subsequently taking responsibility for research into the tobacco and paper industries. Prior to joining Newton, Simon worked at Wilton Investments, PriceWaterhouse Coopers and KPMG. He is a CFA charterholder and a chartered accountant (ACA).

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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