

NEWTON Income (OEIC)

OBSR Fund Rating
A



Key Information

Launch Date	1 May 1985	
Fund Size	£1101.6m	
Type of Shares Available	Income & Accumulation	
Distribution Dates	28 February, 31 May, 31 August, 30 November	
Yield	1.40%	
ISA	Yes	
PEP Transfer	Yes	
Standard Fund Management Charges	Initial	4.00%
	Annual	1.50%

Classification

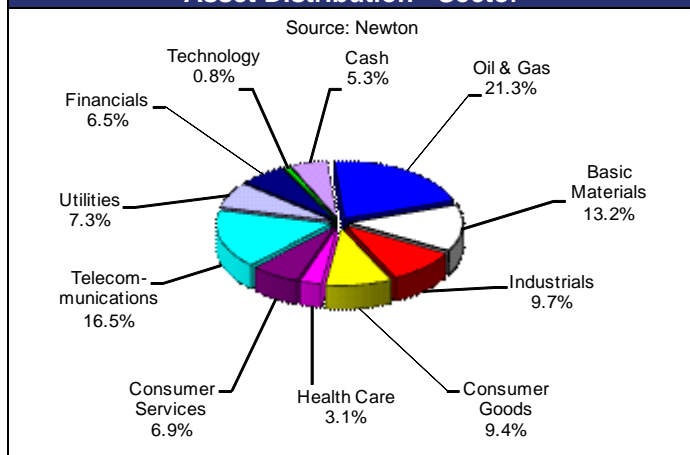
Sector	UK All Companies
Market Cap / Style	Large Cap Bias / Blend
Benchmark/Index	FTSE All-Share

Management/Investment Style

Fund Manager	Christopher Metcalfe (April 2007)
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Offers investors an actively-managed UK equity portfolio, constructed from Newton's thematic investment process. The resultant fund will be core in nature although it can invest up to 20% in non-UK equities.

Asset Distribution - Sector



Investment Objective & Methodology

The fund aims to achieve capital growth and income from a portfolio of predominantly UK equities. The performance objective is to achieve consistent top-quartile performance over rolling three-year periods, which the manager interprets as being able to beat the FTSE All-Share index by 2% per annum over the same timescale. The fund also aims to generate a yield of 110% of that of the index. Newton perceives the longer-term absolute return of this fund to be more relevant than the relative return.

The fund is managed by Christopher Metcalfe who has been at Newton since joining from Schroders in 2006. He is a member of the UK Portfolio Management team and also the UK Equity Model Group, which forms a key part of the investment process. He is able to draw upon the team of research analysts for stock ideas, as well as fellow managers, and Newton is keen to emphasise a team approach to fund management.

Newton's investment process focuses considerable attention on identifying global investment themes and translating these thematic preferences into appropriate sector and stock selection. Newton has long believed that it is better to view investments within a global context, given the progressive erosion of trade barriers and the growth of companies whose country of origin or quoted stockmarket location is an unreliable guide to the true scope of their operations. As such, the manager seeks to match themes identified by Newton within the portfolio. As Newton analyses industries on a global basis, the manager can leverage off the global analyst resource and invest up to 20% in overseas securities when he perceives these to offer better value than UK companies. Newton also places great emphasis on its own fundamental research into companies. Individual stock selection draws upon Newton's research team, which focuses on global industrial analysis including coverage of the companies within the FTSE 350 index. The fund will have a high commonality with the UK model portfolio, which is constructed following discussion between fund managers and analysts.

The portfolio will typically comprise between 50 – 70 stocks. The manager is index aware but is not subject to specific constraints when managing the fund. In practice, the portfolio will be fairly diversified and will have at least 70% commonality with the UK model portfolio and at least 80% will be invested in what Newton perceives to be core UK stocks. It may also invest up to 5% in smaller UK stocks.

Top Ten Holdings

	%
Royal Dutch Shell - B Shares	9.5
Vodafone Group	7.3
BG Group	6.4
BHP Billiton	4.4
Scottish & Southern Energy	3.7
British American Tobacco	3.4
Xstrata	3.3
Unilever	3.3
BAE Systems	3.2
K&S	2.9
Concentration (Top 10)	47.3
Total Number of Holdings	50

Source: Newton

www.obsrfundratings.co.uk

Data as at 30 June 2008
Last Updated July 2008