

NEWTON Oriental (OEIC)

**OBSR Fund Rating
A**



Key Information

| | | |
|---|------------------|-------|
| Launch Date | 30 November 1990 | |
| Fund Size | £460.3m | |
| Type of Shares Available | Income | |
| Distribution Date | 31 October | |
| Yield | 0.90% | |
| ISA | Yes | |
| PEP Transfer | Yes | |
| Standard Fund Management Charges | Initial | 4.00% |
| | Annual | 1.50% |

Classification

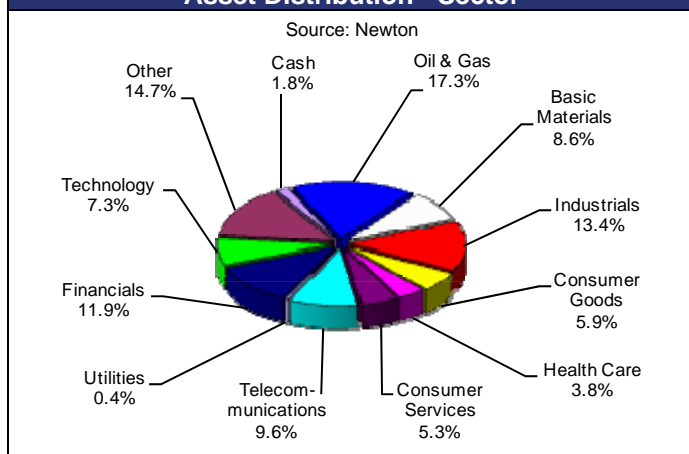
| | |
|---------------------------|--------------------------------------|
| Sector | Asia Pacific Ex Japan |
| Market Cap / Style | Large Cap Bias / Blend |
| Benchmark/Index | FTSE All World Asia Pacific Ex Japan |

Management/Investment Style

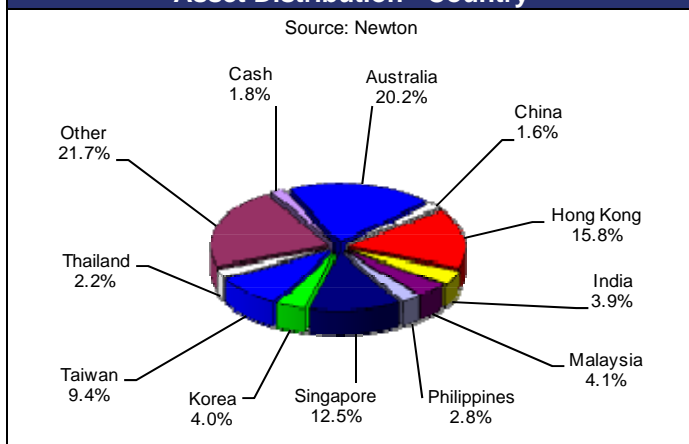
| | |
|---------------------|-----------------------------|
| Fund Manager | Jason Pidcock (August 2004) |
|---------------------|-----------------------------|

The fund offers investors' exposure to a portfolio of equities invested in the Asia Pacific (ex Japan) region. The focus is on best-in-class companies and the portfolio is not driven by sector or country constraints. Mid-cap stocks are a focus but the fund also holds a significant amount in large caps, and some small caps. The manager invests over a two to three year time horizon.

Asset Distribution - Sector



Asset Distribution - Country



Top Ten Holdings

| Company | % |
|------------------------------------|------|
| BHP Billiton | 5.2 |
| Noble Group | 4.8 |
| Santos | 4.2 |
| Rei Agro | 3.5 |
| CNOOC | 3.2 |
| Oil Search | 3.0 |
| Taiwan Semiconductor Manufacturing | 3.0 |
| High Tech Computer Corp | 2.8 |
| Standard Chartered | 2.6 |
| Hengan International | 2.5 |
| Concentration (Top 10) | 34.8 |
| Total Number of Holdings | 58 |

Source: Newton

Investment Objective & Methodology

The fund's objective is to achieve capital growth by investing in securities predominantly in Asian and Pacific markets including Australia and New Zealand, but excluding Japan. The fund may also invest in collective investment schemes. Whilst there is no stated performance target, the manager aims to outperform the benchmark by 2% pa on a rolling five-year basis and be top quartile in the peer group.

The fund has been managed by Jason Pidcock since August 2004. He has over 14 years' experience, having previously been with BP Investment Management and Henderson Global Investors. He is supported by Ewan Markson-Brown, Zoe Kan and a team of global sector analysts.

Newton believes that it is more beneficial to view investments within a global context, given the progressive erosion of trade barriers and the evolution of companies whose location of origin or stock market quotation is an unreliable guide to the scope of their interests. Considerable effort focuses on identifying global investment themes and translating these thematic preferences into appropriate sector and stock selection. The manager believes that this theme-driven stock-picking process is particularly valid for Asian investing. Stock ideas and investment themes are drawn from discussions with colleagues and other fund managers, interaction with global sector analysts, company visits to the region and contacts in the industry. The preference is for companies with strong, sustainable fundamentals. Key determinants include the management strategy and track record, the company's financial and operation strength, its competitive advantages and barriers to entry and its upside potential. The manager is looking to invest for periods of two to three years or more and therefore portfolio turnover is expected to be lower than comparable funds.

The number of holdings in the portfolio will range from 60 to 70. Whilst this is an all-cap fund, the manager finds that it is usually the mid-cap area in which he finds the types of stocks he likes to buy. Mid caps are defined as companies with a market value of US\$500 million to \$2 billion (over \$2 billion are considered large caps and under \$500 million smaller-cap companies). There is no use of gearing, derivatives and hedging or high cash levels in this fund. No more than 5% is expected to be invested in a company and any position growing over 5.5%, is normally top-sliced or sold. Sector and country exposures largely derive from the research work undertaken, but the manager is aware of the relative risks and monitors these. He is benchmark aware but not benchmark driven and regards the index as a portfolio, whilst he sees the fund as a portfolio of "best in class" companies, which he believes is in itself a form of risk control.

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Data as at 30 September 2008
Last Updated October 2008