

NEWTON

Investment
Management

August 2018

NEWTON'S INVESTMENT SERVICES FOR CHARITIES

POOLED FUND INVESTMENT SERVICE

For charities wishing to benefit from administrative ease of a pooled investment solution.

A large variety of pooled funds are available to meet a broad range of investor objectives, including those focused on income generation, responsible investing, and also lower volatility absolute-return strategies. Several of these funds are charity-specific and therefore have applicable tax advantages. A growing number of investors are opting for a pooled fund owing to, among other reasons, the ease of administration, the simple process of adding or removing money and lower management costs.

Charity-specific funds

Our charity-specific funds are relative return, multi-asset portfolios with comparative indices comprising 75% equities, 20% bonds and 5% cash. The funds seek to grow the real value of charities' assets over the long term.

Newton Growth & Income Fund for Charities

Provides active management across equities, bonds and cash for charities requiring income and capital growth.

It aims to deliver a minimum target income yield of 3% per annum, although this is not guaranteed. The Fund has a policy of making no direct investment in companies that derive more than 10% of turnover from tobacco production.

Newton Growth Fund for Charities

Provides active management across equities, bonds and cash for charities with a capital growth or total-return requirement. The Fund has a policy of making no direct investment in companies that derive more than 10% of turnover from tobacco production.

Newton SRI Fund for Charities

Aims to achieve both income and capital growth over the long term, while also meeting a range of commonly adopted socially responsible and ethical investment criteria. This is achieved from a broadly diversified global portfolio covering the world's principal stock and bond (fixed interest) markets.

Absolute return investment funds

For trustees seeking to achieve long-term returns with a lower level of volatility an absolute return investment may be of interest. Absolute return investing aims to produce a positive return over time regardless of prevailing market conditions. It does not use a benchmark, but aims to outperform a set return target.

Newton Real Return Fund

Has a strong emphasis on capital preservation and does not borrow in order to boost returns. It provides a single-portfolio approach to global multi-asset investing, and seeks to achieve a performance aim of cash (1 month GBP LIBOR*) +4% per annum over 5 years before fees. In doing so, it aims to achieve a positive return on a rolling three-year basis. However, a positive return is not guaranteed and a capital loss may occur.

Newton Multi-Asset Diversified Return Fund

Aims to deliver stable and risk-adjusted returns through fundamental and disciplined diversification. It provides a single-portfolio approach across equities, bonds and alternatives. The Fund seeks to achieve a performance aim of cash (1 month GBP LIBOR*) +3% per annum over 5 years before fees. However, a positive return is not guaranteed and a capital loss may occur.

Newton Global Dynamic Bond Fund

Aims to maximise total return (income and capital) by investing in bonds and similar debt investments issued by companies and governments throughout the world. It seeks to achieve a performance aim of cash (1 month GBP LIBOR*) +2% per annum over 5 years before fees. In doing so, it aims to achieve a positive return on a rolling three-year basis. However, a positive return is not guaranteed and a capital loss may occur.

*LIBOR: London Interbank Offered Rate is the interest rate at which banks can borrow funds from other banks in the London interbank market.

Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Newton is not a tax expert and independent tax advice should be sought. You should read the Prospectus and the Key Investor Information Document (KIID) for each fund in which you want to invest. The Prospectus and KIID can be found at www.bnymellonim.com

Income and equity investment funds

We have expertise in income and equity investing, and our suite of income funds has particular relevance to charities seeking to maximise distributions to beneficiaries.

Income investment funds

Newton Global Income Fund

Aims to provide investors with income together with long-term growth, primarily through investments in global equities.

Newton UK Income Fund

Aims to provide investors with income together with long-term growth, primarily through investments in UK equities.

Newton Multi-Asset Income Fund

Aims to provide a sustainable income with the potential for capital growth over the longer term, with an income yield target of 30% more than a 60/40 equity/bond reference. The Fund has the flexibility to harness diversified sources of income across asset classes and the capital structure.

Equity investment funds

Newton Global Equity

Aims to achieve long-term capital growth by investing in equities listed or located throughout the world.

Newton Global Opportunities Fund

Aims to outperform global stock markets rather than a comparative index over the long term. This is a high-conviction portfolio, characterised by a low-turnover, more concentrated (holding fewer stocks) investment approach, embracing higher risk to achieve its objective.

Investor communication

Investing less than £5 million

Charities investing less than £5 million through our pooled fund investment service will receive information on the progress of those funds, and the asset allocation adopted from our quarterly factsheets.

A newsletter will also be sent to you twice a year providing insight into how we view the financial markets and the economic environment.

Investing more than £5 million

Charities investing £5 million or more into a pooled fund will be assigned an investment relationship manager to oversee the relationship with the trustees.

This service will include regular reporting and meetings with your trustees to review fund performance and positioning. Your investment relationship manager is responsible for providing information on the Newton-managed funds in which your charity is invested together with such information that you require in relation to other Newton funds.

INTRODUCING OUR SUSTAINABLE INVESTMENT STRATEGIES

Responsible investment has been core to Newton's investment approach since our inception in 1978. It is our belief that responsibly managed companies will ultimately benefit shareholders and bondholders over the long term.

To respond to growing interest from charities in sustainable solutions, we have launched a suite of sustainable investment strategies. These strategies aim to achieve their objectives through investing for the long term in securities of companies that positively manage the material impacts of their operations and products on the environment and society.

We use environmental, social and governance (ESG) analysis in order to positively identify companies with robust business models which effectively incorporate sustainability into their core business and strategy.

Our sustainable investment process incorporates some 'red lines' in order to ensure the poorest-performing companies are not eligible for investment. We do not invest in companies which violate the UN Global Compact Principles of sustainable corporate performance, or which we think are incompatible with the aim of limiting global warming to 2°C. The strategies also have a tobacco exclusion.

The strategies can be blended to meet charities' different strategic asset allocations.

Equities

Newton Sustainable Global Equity strategy

Aims to achieve capital growth and income by investing in well-run businesses listed or located throughout the world.

Real Return

Newton Sustainable Real Return strategy

Aims to deliver a minimum return of cash (1 month GBP LIBOR*) +4% per annum over five years before fees although this is not guaranteed. The strategy provides a single-portfolio approach to global multi-asset investing, with an emphasis on capital preservation.

Bonds

Newton Sustainable Sterling Bond strategy

Aims to achieve capital growth and income through investing predominantly in fixed-interest securities that are denominated in sterling or hedged back to sterling.

*LIBOR: London Interbank Offered Rate is the interest rate at which banks can borrow funds from other banks in the London interbank market.

DISCRETIONARY SERVICE

Certain charities with larger amounts to invest and more complex requirements may wish to invest through a segregated portfolio.

We would discuss your investment needs with you in order to understand your aims, objectives, requirements and time horizon. If your charity has ethical policies in place we are able to allocate assets in your portfolio to adhere to your principles.

Segregated portfolios are managed under a discretionary service. This means that we take on responsibility for buying and selling holdings within the portfolio. As with our pooled funds above, all investment activity would take place within our global thematic investment framework.

Key features of the Newton discretionary service are:

- Bespoke portfolios designed to meet specific objectives
- Direct access to allocated charity specialists
- Income planning
- Peer group and tailored benchmarks
- Adherence to asset allocation or ethical restrictions

How do I invest?

Pooled fund investment service

Please complete an application form and send it, together with your initial investment, to the address below. The units/shares are purchased on a daily basis and a contract note will be sent within one working day.

BNY Mellon Fund Managers Limited
Client Service Centre, PO Box 366, Darlington, DL1 9RF

Please make your cheque payable to:
BNY Mellon Fund Managers Limited

Application forms are available from:
newtonim.co.uk/charityfunds

or by contacting the Newton charity team on:

T: 0800 917 6594

E: charities@newtonim.com

Discretionary service

If you wish to find out more information on our discretionary service, please contact our charities team on **0800 917 6594**.

Enquiries and further information

For more information on Newton's investment services for charities, a copy of Scheme Particulars, Annual and Interim Reports or Fund factsheets, please contact us on:

T: 0800 917 6594

E: charities@newtonim.com
newtonim.co.uk/charities

Your capital may be at risk. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. You should read the Prospectus and the Key Investor Information Document (KIID) for each fund in which you want to invest. The Prospectus and KIID can be found at www.bnymellonim.com

