

**SHINING A LIGHT ON THE.....  
Newton Global Dynamic Fund**

**AT A GLANCE**

| <b>Investment Objective</b>  |  |
|--|--|
| The objective of the fund is to maximise the total return via income and capital growth, from a globally diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The fund may also invest in deposits, derivative instruments, forward transactions, approved money market instruments and collective investment schemes. |  |

|                            |   |
|----------------------------|---|
| <b>Inception Date</b>      | 28 <sup>th</sup> April 2006   |
| <b>Fund Factsheet Link</b> | <a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR06TOX">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR06TOX</a> |

| <b>Management</b>   |                             |
|---------------------|-----------------------------|
| <b>Manager Name</b> | <b>Start Date</b>           |
| Paul Brain          | 28 <sup>th</sup> April 2006 |

| <b>Investment Style Details</b> |          |
|---------------------------------|----------|
| <b>Equity Style</b>             |          |
| <b>Maturity Distribution</b>    | <b>%</b> |
| 1 to 3                          | 25.06    |
| 3 to 5                          | 21.32    |
| 5 to 7                          | 17.57    |
| 7 to 10                         | 19.35    |
| 10 to 15                        | 4.58     |
| 15 to 20                        | 1.68     |
| 20 to 30                        | 4.26     |
| Over 30                         | 3.55     |

| <b>Top 10 Holdings</b>                      |               |                    |
|---|---------------|--------------------|
| <b>Total number of holdings</b>             | 158           |                    |
| <b>Assets in Top 10 Holdings</b>            | 25.24%        |                    |
| <b>Name</b>                                 | <b>Sector</b> | <b>% of Assets</b> |
| US Treasury Note 1.625%                     | -             | 6.89               |
| US Treasury Bond                            | -             | 4.05               |
| US Treasury Note 3.5%                       | -             | 2.72               |
| Queensland Tsy Cp 2.75%                     | -             | 1.94               |
| Canada Hsg Tr No 1 2%                       | -             | 1.93               |
| Mexico Utd Mex St 5.75%                     | -             | 1.77               |
| US Treasury Note 2.125%                     | -             | 1.60               |
| US Treasury Note                            | -             | 1.50               |
| Malaysia (Govt Of).4.059% Bds<br>30/09/2... | -             | 1.49               |
| Kuwait St 2.75%                             | -             | 1.34               |

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| Volatility Measurements    |       |
|----------------------------|-------|
| 3-Yr Std Dev (volatility)  | 1.54% |
| 3-Yr Mean Return (average) | 2.32% |

## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2012 to 31<sup>st</sup> October 2017:

|  | 2012   | 2013   | 2014  | 2015  | 2016  | 2017  |
|--|--------|--------|-------|-------|-------|-------|
| <b>Newton Global Dynamic Bond Fund</b> | 11.78% | 2.76%  | 3.16% | 0.14% | 4.35% | 2.05% |
| <b>Vanguard Global Bond Index</b>      | 5.75%  | -0.13% | 7.97% | 1.25% | 3.51% | 2.03% |

Performance over 12 months, 3 years, 5 years and since launch:

|  | 1 year | 3 years | 5 years | Since launch |
|--|--------|---------|---------|--------------|
| <b>Newton Global Dynamic Bond Fund</b> | 1.68%  | 7.12%   | 15.17%  | 96.53%       |
| <b>Vanguard Global Bond Index</b>      | 0.37%  | 8.56%   | 16.01%  | -            |

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

The Newton Global Dynamic Bond was established in 2006 and has had the same management team since launch. The manager has a very simple strategy of delivering positive returns of LIBOR plus 2%, after charges. Over three years the return is 2.32% p.a. and over five years 2.87%.

The fund invests across different bonds using investment grade, high yield, government and emerging market. The team can move up and down the spectrum but can never hold more than 50% in one asset class. They also use currency hedging to help protect on the downside. In 2008, the fund was skewed towards government bonds and currency which helped to deliver positive returns.

Currently the fund is positioned with 18.1% in high yield, 12% in emerging markets, 27.9% in investment grade and 28.1% in government bonds. They do some long / short strategies. For example, they have shorted the German Bund; they have a short / long strategy on Korean currency vs other Asian Currency, and they have used hedging on sterling interest rates.

The aim is to keep it simple so that they can adapt the strategy quickly should the market change, and avoid the less liquid parts of the market. Liquidity plays a part in the size of the fund, which is currently £2.5 billion. The maximum fund size would be around £6 to £8 billion.

The fund is aimed at those who want exposure to bonds as part of an overall investment strategy, but want to reduce risk. With this fund, volatility is below 2% over three years, but the trade-off is the lower returns which are just over 2% after charges.

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In summary, this is run by a stable team and has a good long-term track record. This is not designed to deliver high returns, but primarily to protect on the downside and at the same time deliver positive returns over the medium to long term. It is dynamic in that the manager can use different assets within the classes stated, to reflect his view at any point in time. He can also reduce or increase the term of the bonds to drive the best returns, as well as using currency hedging strategies.

*The source of information in this note has been provided by Newton and is correct as at November 2017. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*