

# Press Release



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## **NEWTON SEES EUROPEAN LARGE CAP LAGGARDS AS KEY**

LONDON, 2 May, 2008 – Europe’s large cap laggards, companies regarded as conservative and boring, are destined to be the benefactors of the post credit crunch environment, says Rajesh Shant, manager of the Newton European Higher Income Fund.

Shant says: “Since the turn of the century, small caps have outperformed large caps every single year until 2007, the first year of large cap outperformance. The tide has just begun to turn.

He adds: “The large cap parts of the market have de-rated in relative and absolute terms over the past few years. These so called ‘boring’ companies have been left behind as a flurry of private equity activity and cheap debt forced up valuations of smaller companies. Looking ahead, companies with strong balance sheets, cash flows and earnings will be well positioned to exploit weaknesses of their smaller counterparts and pick up market share.”

Newton’s European Equities team currently sees opportunities in the energy supply and medical technology sectors.

“Energy supply, oil and pharmaceutical companies are representing terrific value, with strong cash flows and good dividend yields. These so called boring companies are well positioned to weather an economic storm,” Shant concludes.

Since launch in January 2007, the Fund has made an active investment decision to hold ‘large cap laggards’ due to their economic resilience and ability to generate strong cash flows and dividend yields.

The Newton European Higher Income Fund is an unconstrained portfolio investing in European securities and aims for increasing annual distributions with long term capital growth.

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