

BNY Mellon Asset Management
Sub-fund of UK authorised Oeic

Report Issued: September 2008

Peer Group:

UK Growth Mainstream

Fund Manager/Adviser:

Ben Russon (since July 2005)

Location:

Leeds

Launch Date: February 2002

Fund Size (July 2008):

£251m

Group Contact No:

+44 500 660 000

Website:

www.bnymellonam.com

S&P ID Number: SB297385

Share class screened:

Ord

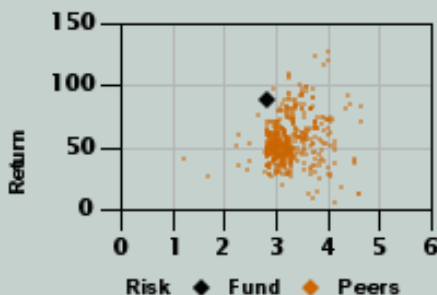
Details of fund charges and other share classes can be found on www.funds-sp.com.



INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

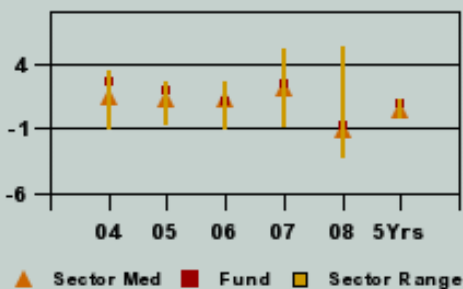
RISK RETURN (STD DEVIATION) OVER 5 YEARS



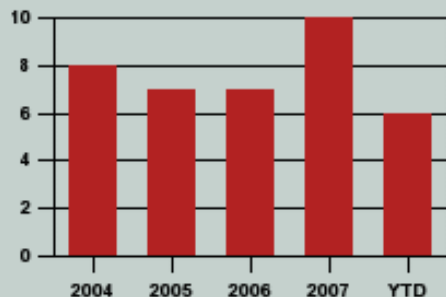
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Low	-11.6
Volatility	Medium	11.3
Correlation	High	0.9
Beta	High	0.9

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at www.funds.standardandpoors.com

All statistical data on this report has been run to 30/06/2008 on NAV to NAV basis, with gross income reinvested, in UK sterling.

STANDARD & POOR'S OPINION (SEPTEMBER 2008)

The fund has performed well since Ben Russon took over as sole manager in July 2005. It ranks top quartile over three years cumulatively in the S&P peer group, and lies just outside top-decile volatility adjusted over the same period. Performance in 2007 was impressive, with the fund returning 11%, which is 8% in excess of the peer group median. This was driven by both the overall defensive stance of the fund and strong stock selection within the well-established Newton thematic overlay.

The fund is essentially a focused portfolio of the team's highest-conviction stock ideas. Both the thematic overlays - which provide the context for stock selection - and stockpicks have proved very successful, particularly in 2007. This indicates the process is working effectively. However, while

Russon makes constant and effective use of the analytical team when selecting stocks, it is down to him to determine portfolio construction, which occurs without reference to benchmark or index sector weights. He has increased the portfolio's defensive stance over the period, which has contributed to performance success, and has a strong awareness of potential downside risk.

We are increasingly impressed with the coherence, consistency and quality of the analytical process, implemented by a team that now appears both settled and stable. Furthermore, good returns have been achieved under the current manager with lower-than-average volatility, building a strong medium-term performance record. The fund is consequently upgraded to S&P AA rated status.

FACT FILE

Group: BNY Mellon Asset Management International distributes the investment capabilities of 16 asset management subsidiaries to a wide range of investors globally. Total assets under management exceeded \$1.1trn in June 2008.

Team: UK mandates are managed by a team of seven managers based in London and Leeds. They draw on the research and ideas of 19 global sector analysts, whose research responsibilities include UK equities.

Fund Manager: Russon has been involved with this fund since launch in February 2002 as assistant

to former manager John Wood. Russon took sole responsibility for the fund in July 2005.

Style: Russon runs the fund as a focused best ideas portfolio of 30-50 stocks in a blended quality growth style with strong attention to absolute valuations. Little heed is paid to index benchmark weights.

Performance: Over the five years to 30/06/2008, the fund has returned 94.8%, compared with 62.4% for the sector median and 71.0% for the index, ranking 46/515.

FUND MANAGER & TEAM

Newton's UK equity team is responsible for over £10bn. The team comprises seven fund managers split between London (Chris Metcalfe, Tineke Frikkee, Richard Wilmot and Paul Stephany) and Leeds (Simon Nichols, Ben Russon and Robert Shelton). Robert Marshall-Lee focuses on special situations.

Metcalfe, Russon and Wilmot are now responsible for creating the UK model portfolio which is the guideline for all the UK mandates. The team draws heavily on the research of the 19 global sector analysts, who have UK equity research responsibilities. It can also use input from three strategists, three credit analysts and three SRI specialists.

Ben Russon - economics and geography (Edinburgh University), began his investment career in 1999 at Newton. He is based in the Leeds office.

Richard Wilmot - smaller companies specialist - graduate, ACA, joined Newton in 1999 and is a main contributor to the UK equity model group. He took over this all-cap mandate in December 2005.

PORTFOLIO CHARACTERISTICS

No. of holdings	40
Turnover ratio (%)	64
% in top 10	34

TOP 10 HOLDINGS (01/07/08)

	%
Vodafone	4.2
GlaxoSmithKline	3.6
BP	3.5
Scottish & Southern Energy	3.5
British American Tobacco	3.4
Capita	3.3
Cale & Wireless	3.1
Cobham	3.1
Serco	3.1
Standard Chartered	3.1

* In top 10 holdings a year ago

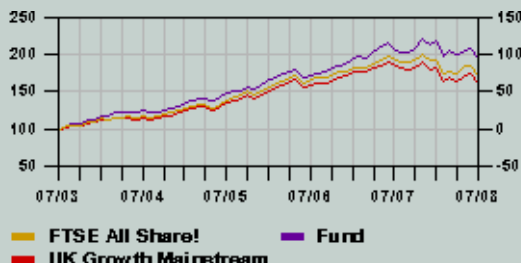
ALLOCATION BREAKDOWN (01/07/08)

	Fund %
Financials	6.0
Industrials	18.0
Telecommunications	13.0
Basic materials	4.0
Consumer goods	13.0
Consumer services	12.0
Healthcare	6.0
Oil and gas	9.0
Technology	3.0
Utilities	10.0
Cash	6.0

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	31.8%	94.8%
Standard & Poor's Peer Median	19.8%	62.4%
Index**	23.2%	71.0%
Fund Rank	103/604	46/515
Standard Deviation	11.3	-
Relative Standard Deviation	0.9	-
Volatility Adjusted Ranking	68/604	-

CUMULATIVE PERFORMANCE



BNY MELLON INVESTMENT FUNDS - NEWTON UK OPPORTUNITIES FUND

Peer Group: UK Growth Mainstream



MANAGEMENT STYLE

The fund follows a focused, best ideas approach. The portfolio is managed with an absolute return perspective, with little attention paid to the FTSE All-Share benchmark weightings. Up to 20% of the fund may be invested in overseas stocks.

The portfolio is constructed bottom-up within the well-established Newton top-down thematic overlay. Stock selection emphasises high-quality companies with strong management, high cashflow generation and top-line growth. It also focuses on strict absolute valuation measures such as free cashflow yield and return on capital employed.

Russon selects the analysts' highest conviction ideas from the UK equity model and incorporates the global themes developed in-house. He favours a long-term approach and pays particular attention to minimising downside risk.

The portfolio is constructed gradually, typically starting at 1.5% with average holdings of around 3%. This results in a roughly equally weighted portfolio of 30 to 50 stocks.

Winners tend to be run for as long as the investment case holds and there are no better ideas. Stocks are sold outright if the downside risk is considered significant or the investment case no longer holds.

PORTFOLIO REVIEW

The fund saw steady inflows over the period, growing from £206m to £251m. Nevertheless, there was little change in the number of holdings or the top 10 concentration.

While the thematic overlay was largely unchanged, the new All Change! theme developed out of the previous debt and credit theme highlighted the risks to financials, which were reduced further. To avoid extremes of performance and volatility the fund underweighted both financials and mining, preferring to focus on earnings

visibility, quality and sustainability. So its stance became more defensive as it cut cyclical areas such as media (eg WPP) and prioritised businesses with recurring revenues (adding Carphone Warehouse and Capita). Stock selection led to a slight shift up the cap scale at the expense of mid-caps and an increase to energy and utility stocks, with introductions such as National Grid. Consumer services stocks were cut.

Cash was kept between 5-10% and overseas holdings totalled 7% (telecoms).

PERFORMANCE ANALYSIS (JULY 2008)

Russon became sole manager of this fund in July 2005. Under his tenure the fund is building a strong track record; it ranks top quartile in the S&P peer group over three years cumulatively and just outside top-decile volatility adjusted over the same period.

2007 saw the fund return 11%, which is over 8% ahead of the peer group median. The fund's overall defensive stance was beneficial, with the underweight to financials more than offsetting the low exposure to

mining. Stock selection within that thematic overlay drove performance, with strong contributions from ICAP (where profits were taken in a timely manner), Burren Energy and BAT. Poor performers, such as Care UK, Informa, WPP and Irish Life, were divested.

Although the fund has fallen 10.5% in the first half of 2008, it has proved more resilient than the median fund (-11.2%). New addition Carphone Warehouse lagged in the second quarter, although Capita contributed strongly.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 30/06/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	14.8	139/537	22.4	185/582	18.2	203/628	11.0	34/704	-10.5	330/748
Index**	12.8		22.1		16.7		5.3		-11.2	
Median	11.7		20.9		16.4		2.8		-11.2	

** FTSE All Share ! (The Industry Classification Benchmark is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use.)

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