



Report date January 2010

BNY MELLON INVESTMENT FUNDS - NEWTON ASIAN INCOME FUND

Sub-fund of UK-authorized Oeic

Fund owner: BNY Mellon Fund Managers

Fund manager: BNY Mellon Asset Management

Named portfolio manager(s):

Jason Pidcock (since launch)

Peer group: South East Asian Equities

Location: London

Launch date: November 2005

Fund size (September 2009): £284m

Contact group: +44 500 660 000 or
www.bnymellonam.com

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

Investment style

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

Performance statistics

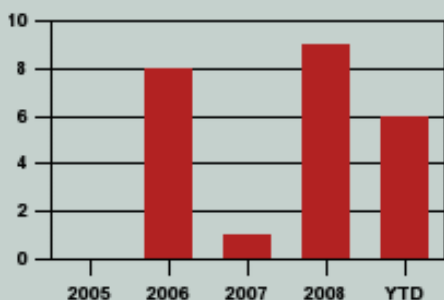
	3 Years
Fund	16.9%
Standard & Poor's peer median	14.6%
Index**	20.4%
Fund rank	305/728
Volatility adjusted ranking	244/728

Note: returns are cumulative

Three-year risk characteristics

Maximum drawdown (%)	Medium	-54.1
Volatility	Medium	26.6
Correlation	High	1.0
Beta	Medium	0.8

Calendar year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine, with tenth decile as rank one.

Performance data source - © 2009 Morningstar, Inc. All rights reserved. All statistical data on this report has been run to 30/10/2009 on NAV to NAV basis, with gross income reinvested, in US Dollars.

Standard & Poor's opinion (December 2009)

This fund aims to provide a yield at least 35% above that of the FTSE AW Asia-Pacific ex Japan index. Jason Pidcock runs the fund according to his Asian equity mandates, in the well-established Newton thematic style. For this fund, stocks must have an above-market yield at purchase, and will be sold if they fall to a 15% yield discount to the market.

Performance relative to the S&P South East Asia peer group has to be considered in the context of the fund's income bias and its Australian exposure (which differentiates it from most of its peers). After a tough 2007 caused by the underweight to China and India (insufficient yield), 2008 saw a top quartile finish, helped by the fund's defensive bias. Impressively, and despite its yield and quality bias, the fund continued to outperform the median in the more cyclically oriented rally of 2009, driven by stock selection in oil & gas and industrials, which offset the negative impact of financials.

Pidcock's team is undergoing change. Alternate manager, Ewan Markson-Brown, has taken on coverage of Japan, which will inevitably impact on his time dedicated to Asia ex Japan. A new trainee generalist fund manager will arrive soon but will need time to settle in.

The fund's mandate is more constrained than that of the non-income funds, but the underlying rigour of the approach, and its application by an experienced manager and global analytical team, is common across the Newton Asia ex Japan mandates we cover (and which are S&P AA rated). This, along with the improving track record, supports the fund's upgrade to an S&P AA rating.

Fund manager & team

Newton's Asia ex Japan team comprises Jason Pidcock (lead manager), Ewan Markson-Brown (alternate manager of this fund), and Zoe Kan. Although all act as generalists, each has a specific geographic area to cover. Pidcock looks at Australia and Kan at Korea, while Brown covers India, China and Taiwan, and has just taken on coverage of Japan. A new trainee generalist fund manager is to join the team shortly. Further support is provided by Newton's strategy team, and by the 20-strong team of global sector equity analysts. The analysts directly cover a large part of the universe and are also used by Pidcock when assessing his own mid-/small-cap ideas.

Jason Pidcock - government (Essex University), has 16 years' Pacific ex Japan investment experience. He was assistant fund manager at Henderson from 1993 and 1996, before moving to BP, where he was responsible for stock selection and asset allocation in Asia-Pacific ex Japan for the BP Pension Fund, before joining Newton in August 2004.

Ewan Markson-Brown - CFA, joined the group in 2006, after spending four years at Merrill Lynch covering Asian equities. He started his career as an analyst in Global Strategy & Economics at Merrill Lynch.

Zoe Kan - economics & German (University of London), CFA, joined Newton in September 2000. She covers all Asia-Pacific ex Japan markets, but has particular experience of Korea, Taiwan, Hong Kong and China. Her wider knowledge is being built through visits to the region.

Management style

The fund aims to provide long-term capital growth plus income at least 35% above that of the FTSE AW Asia-Pacific ex Japan index. The fund actively invests in Australia, and may also hold stocks listed in London or the US if they generate significant revenue and profits in the Asian region.

In keeping with the house style, bottom-up stock selection is undertaken in the context of established, long-term top-down themes. The fund managers draw on stock input from the global sector analysts, attending meetings with the management of companies. This is supplemented by their research ideas and visits to the region. For this fund, stocks must have a prospective yield greater than the index at purchase, and will be sold if the yield falls below a 15% discount.

A portfolio of 45-55 stocks is favoured across the market cap range. Risk is controlled pragmatically by scrutinising stock selection criteria, assessing market/political risk and maintaining diversification across regions and sectors.

Stock positions typically range between 1% and 5% but have recently exceeded this level on high conviction.

The fund is usually fully invested and unhedged.

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STANDARD & POOR'S



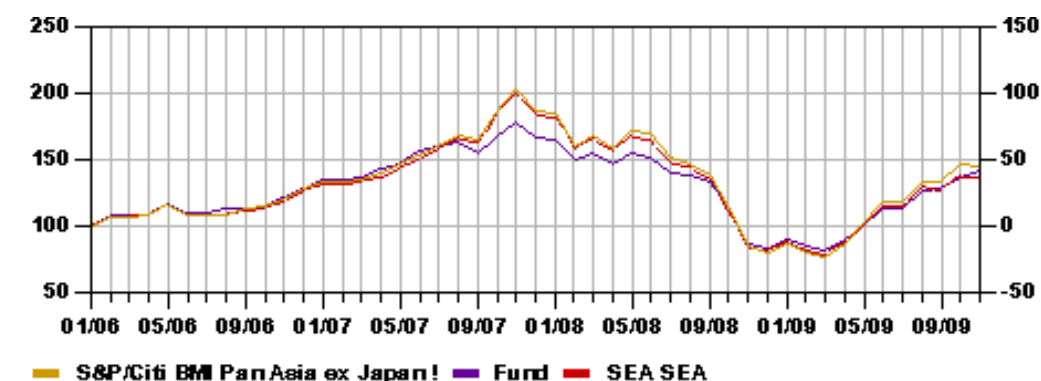
Portfolio & performance analysis (November 2009)

At the time of our last review (December 2008), the fund was defensively oriented, reflecting both the in-house stance and the yield bias. However, in the belief that the markets were reaching a low, the manager ensured the fund was fully invested at year-end to benefit from any subsequent rebound. He continued to focus on companies with strong balance sheets and quality management, and the requisite above-market yield. At review, favoured names included Macquarie Korea Infrastructure (6.1%), Telstra Corp (5.8%) and CNOOC (5.6%). The need for yield led to an overweight to financials (39.9% against 35.2% for the benchmark), in direct contrast to the underweight found in the non-income funds. The emphasis was on land (Macquarie, Hong Kong Land) and insurance (QBE and AMP) but, like the non-income funds, the fund was overweight oil & gas. Telecommunications, at 14%, were double the index weight. Geographically, there was a strong tilt to Australia, Hong Kong and Singapore, offset by a sharp benchmark-relative underweight to China and a zero position in India (lack of yield).

Performance relative to the S&P South East Asia peer group has to be considered in the context of the fund's income bias and its significant exposure to Australia (which differentiates the Newton mandates from most of the sector). In 2008, the yield bias proved resilient, with the fund down 6.3% less than the median (-45.6% in absolute terms). However, despite its more defensive characteristics, the fund outperformed the median in the more cyclically oriented rally of 2009 (+58.2% against +55.8%), with stock selection in oil & gas and industrials offsetting the negative impact of the overweight to telecoms and stock selection in financials.

This solid peer-relative performance is now feeding through to the three-year track record; the fund now ranks in the second quartile despite a poor 2007 when it was hurt by underweights to the strongly performing markets of India and China on yield grounds.

Cumulative performance



Portfolio characteristics

No. of holdings	58
Turnover ratio (%)	N/A
% in top 10	41

Top 10 holdings (31/10/09)

	%
MacQuarie Korea Infrastructure	6.1
Telstra *	5.8
CNOOC	5.6
Macquarie Airports Mgmt *	3.9
APA	3.7
Keppel	3.5
Hongkong Land Holdings	3.4
Philippine Long Dist Telecom	3.2
QBE Insurance *	3.1
Shenguan Holdings	2.9

* In top 10 holdings a year ago

Regional allocation

(31/10/09)

	%
Cash	-0.3
Other International Equities	18.2
Pacific ex. Japan Equities	82.1

Sector allocation

(31/10/09)

	%
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Discrete performance (calendar years)

	2005		2006		2007		2008		YTD 30/10/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund		/	34.4	202/690	22.4	763/799	-45.6	98/886	58.2	417/962
Index**	21.1		33.9		37.7		-52.8		66.6	
Median	19.9		31.2		36.1		-51.9		55.8	

** S&P/Citi BMI Pan Asia ex Japan!

Fund benchmark: FTSE AW Asia Pacific ex Japan

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
Ord	4.00	0	1.50	1.81	1000	50	GB00B0MY6Z69
Registered for sale		Austria, Germany, United Kingdom					

Symbols and definitions

Long-only fund ratings

AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and performance consistency of the management team and/or approach as compared to funds with similar objectives.

AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-hedge-fund ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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Absolute return fund ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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All fund ratings

NR Funds designated as NR (Not Rated) currently do not meet the requisite performance standards and/or the minimum qualitative criteria.

UR Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

New Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of the highest quality fixed-income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or liquid securities.

V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.

10/14/2008

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