

BNY MELLON INVESTMENT FUNDS - NEWTON CONTINENTAL EUROPEAN FUND

BNY Mellon Asset Management
Sub-fund of UK authorised Oeic

Report Issued: June 2009

Peer Group:
European Mainstream ex UK
Equities

Group Contact No:

+44 500 660 000

Website:

www.bnymellonam.com

Fund Manager/Adviser:
Raj Shant (since April 2002)

S&P ID Number: SB067786

Location:

London

Share class screened:

Inc

Launch Date: May 1987

Fund Size (April 2009):

€268m, £240m



INVESTMENT STYLE

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

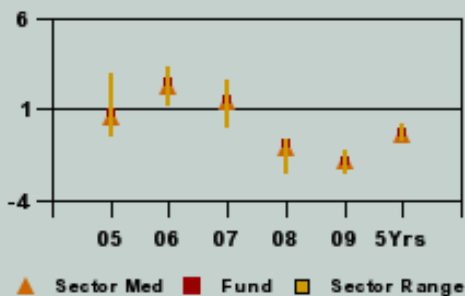
RISK RETURN (STD DEVIATION) OVER 5 YEARS



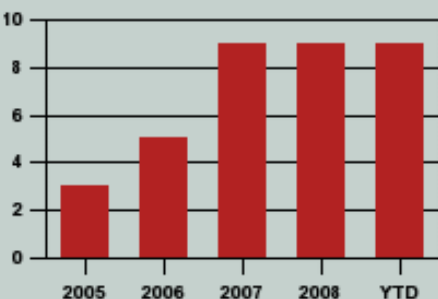
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-41.5
Volatility	Medium	15.5
Correlation	High	0.9
Beta	Medium	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.

Further information on S&P's fund coverage can be found at

www.funds.standardandpoors.com

Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 30/01/2009 on NAV to NAV basis, with gross income reinvested, in euro.

STANDARD & POOR'S OPINION (MAY 2009)

Raj Shant has established a solid track record since becoming this fund's manager in April 2002. Since then, the fund has outperformed the peer median on a calendar-year basis, with the exception of 2005 when the underweight in commodities and overweight in telecoms detracted from performance. Cumulatively the fund is top decile over three years to end-January 2009 and is comfortably top quartile over five.

of the in-house global sector team. More recently, he has been taking more input from the fixed interest team as the economic environment has deteriorated. The portfolio is reasonably concentrated but is managed in a risk-aware core style. At review, around 80% of the names in the portfolio originated within the global research team, although this varies over time.

Shant has over 17 years' experience and has managed European equity portfolios since 1994. He heads the European equity team of three, comprising Thomas Beevers and recent recruit Fred Moore.

Long-term performance success has been underpinned by a combination of identifying successful themes and stock selection, which has also benefited from Shant's willingness to go against analyst recommendations.

Shant manages the fund in the house style, combining top-down themes with bottom-up stock selection. Shant has good in-depth stock knowledge and is very effective in leveraging the stock research

Shant's experience, consistency of process, his very effective leveraging of the in-house resources, particularly the global sector analysts, and strong track record support the fund's S&P rating rising one band to AA.

FACT FILE

Group: BNY Mellon Asset Management International distributes the investment capabilities of 18 asset management subsidiaries to a wide range of investors globally. Total assets under management exceeded \$881bn at 31 March 2009.

investment career in 1991 and has been running European equity portfolios since 1994.

Team: Shant heads the European equities team of three. Further input is provided by Newton's 30 analysts who are split along global sector lines.

Style: The fund is managed in a pragmatic, risk-aware style, combining both top-down thematic and bottom-up elements and drawing fully on the group's resources including equity and fixed interest teams.

Fund Manager: Shant has headed the European equities team since March 2002. He started his

Performance: Over the five years to 30/01/2009, the fund has returned 8.1%, compared with -4.3% for the sector median and -1.1% for the index, ranking 38/201.

FUND MANAGER & TEAM

Shant heads the European team of three, including Thomas Beevers and Fred Moore, who was recruited in 2008. Assets under management are about €500m. They draw on the research input from Newton's large team of 30 (including those specialising in corporate governance and SRI mandates) analysts. Shant has also been taking more input from the fixed interest team in response to the deteriorating economic environment.

Raj Shant - team leader - economics (Leeds University), began his career at Midland Montagu, moving to Provident Mutual, Royal Insurance and CSAM, where he was director of European equities. He joined Newton in 2002.

Thomas Beevers - fund manager - MA natural sciences (Cambridge University), ACA, joined Newton's pan-Europe team in 2004, following five years at PricewaterhouseCoopers.

PORTFOLIO CHARACTERISTICS

No. of holdings	54
Turnover ratio (%)	97
% in top 10	36

TOP 10 HOLDINGS (01/03/09)

	%
Total	4.8
Syngenta	4.0
Deutsche Telekom	3.6
Fresenius Medical Care	3.6
StatoilHydro	3.4
Ericsson	3.3
Roche Holdings	3.3
Acciona	3.2
Ahold	3.2
Thales	3.2

* In top 10 holdings a year ago

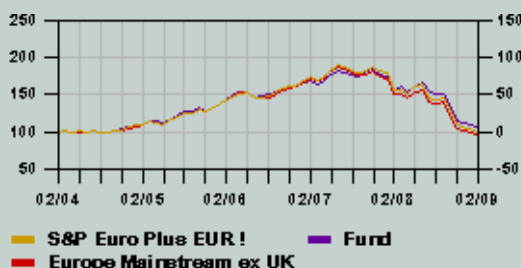
ALLOCATION BREAKDOWN (01/03/09)

	Fund %
Consumer services	6.0
Consumer staples	6.1
Energy	13.4
Energy	3.3
Financials	10.6
Healthcare	18.5
Industrials	9.4
Information technology	3.3
Materials	12.7
Telecommunication services	9.1
Utilities	7.6

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	-25.3%	8.1%
Standard & Poor's Peer Median	-33.3%	-4.3%
Index**	-31.5%	-1.1%
Fund Rank	25/241	38/201
Standard Deviation	15.5	-
Relative Standard Deviation	0.9	-
Volatility Adjusted Ranking	58/241	-

CUMULATIVE PERFORMANCE



BNY MELLON INVESTMENT FUNDS - NEWTON CONTINENTAL EUROPEAN FUND

Peer Group: European Mainstream ex UK Equities



MANAGEMENT STYLE

- This is a risk-aware core Continental European mandate. It targets 1.5-2% annual outperformance of the benchmark FTSE Europe ex-UK index and aims to be ahead of the peer group median with below-average portfolio risk. Tracking error is restricted to 2.5-5%.

- The approach is carefully structured. The global investment group provides a top-down macroeconomic perspective and generates the investment themes that are the hallmark of the house. Portfolio managers interpret those themes at the stock level, either through ideas generated by the regional teams or by selecting from a global recommended list produced by the global sector analysts.

- Stock selection emphasises liquid, blue chip companies that are financially and commercially sound but trading at a discount. Most will be beneficiaries of the house economic or strategic view and around two-thirds of stock ideas come from the analyst team.

- The resulting portfolio is relatively focused, with 45-55 names and a maximum 4% overweight in any one. Price targets are set for each holding and trigger profit-taking and a review of the position.

- Weightings relative to the benchmark will not exceed 7% at the level of industry sub-groups.

PORTFOLIO REVIEW

2008 was a year of two halves. In H1 the portfolio was overweight in oil & gas and green utilities. However, this changed in H2. As oil approached \$130 per barrel, concern grew that valuations in the sector had become stretched and profits were taken in July, August and September. This brought the weighting down, although the fund remained overweight the sector.

Exposure to utilities (eg, Acciona) was reduced on concerns for the high levels of debt in the sector. Sale proceeds were redeployed to increase exposure to healthcare stocks particularly medical

technology names. This led to a sizeable weighting in Switzerland, which at our snapshot accounted for over 20% of the portfolio.

Financials were cut back in H2 and remained underweight throughout the rest of the year. However, some exposure was maintained towards higher-quality names in the sector such as Credit Suisse.

Style Research estimated ex-ante tracking error at around 4%, which was at the upper end of the permitted range.

PERFORMANCE ANALYSIS (FEBRUARY 2009)

Shant has established a strong track record managing this fund. On a calendar-year basis since Shant took over as manager in April 2002, the fund has consistently outperformed the peer group median, with 2005 the only exception, when performance suffered from the underweight in commodities and overweight in telecoms. On a cumulative basis, the fund is top decile over three years to end-January 2009 and is comfortably top quartile over five.

Close-to-median returns in 2006 came from a combination of thematic and stock-specific plays, with Arcelor, Acciona and Alstom all adding value. In 2007 a timely sale of UBS added value and holdings in telecoms added value from emerging markets exposure.

In 2008 the fund gained from moving underweight in financials and strong stock selection construction and basic materials. Holdings in pharmaceutical names including Novartis and Roche, also added value.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2005		2006		2007		2008		YTD 30/01/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	25.8	181/228	20.7	134/240	6.0	55/262	-37.8	48/279	-1.2	39/281
Index**	28.3		21.5		6.2		-41.3		-6.3	
Median	28.0		20.9		3.4		-42.4		-3.2	

** S&P Euro Plus EUR

All of the views expressed in this research report accurately reflect our committee's views regarding any and all of the subject securities or issuers. No part of the committee's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. © [2009] The McGraw-Hill Companies, Ltd trading as Standard & Poor's ("S&P") 20 Canada Square, Canary Wharf, London, E14 5LH Tel: +44 (0)20-7176 3800. All rights reserved. No part of this publication shall be reproduced, stored in any retrieval system or transmitted in any form electronic or otherwise without the prior written consent of S&P. Any part of the publication by S&P of which this page is a part is made accessible subject to the terms and conditions which are accessible at the url address below ("S&P Terms") - by accessing and viewing this page and/or pages associated with or attached to it you accept the S&P Terms. Go to <http://www.funds-info.standardandpoors.com> Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. The performance information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.