



September 2011

BNY MELLON INVESTMENT FUNDS - NEWTON GLOBAL OPPORTUNITIES FUND

Sub-fund of UK authorised ICVC

Fund owner: BNY Mellon Fund Managers

Fund manager/adviser: Newton Investment Management Ltd

Named portfolio manager/adviser(s):

Robert Hay (since April 2009)

Peer group: Global mainstream equities

Location: London

Launch date: July 2005

Fund size (June 2011): US\$740m

Contact group: +44 20 7163 2367 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

	Three years
Fund	-14.3%
Standard & Poor's peer median	-8.6%
Index**	-3.1%
Fund rank	3490/4768
Volatility-adjusted ranking	3581/4768

** S&P Global 1200

Note: returns are cumulative

Risk characteristics

	Three years
Maximum monthly drawdown (%)	-21.3
Volatility	24.2
Correlation	0.9
Beta	0.9

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 - © 2011 Lipper inc. All rights reserved. All statistical data on this report has been run to 1 June 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Standard & Poor's opinion (August 2011)

Robert Hay has presided over this fund since April 2009. During this time he has built a credible track record that shows outperformance of our global equities peer group to May 2011. Although returns are adrift of the FTSE World benchmark, this higher-conviction mandate remains ahead of the team's core products. Hay has spent his entire 11-year investment career at Newton and although he has portfolio management experience through a range of products only available to the group's private clients, this represents his first full retail mandate.

Hay remains an integral part of the global equities team and continues to hold a position on the global equity model group (GEMG), which also includes Paul Markham and Jon Bell. James Harries moved off the GEMG this year to focus on his other responsibilities.

The fund has few formal guidelines with the key constraint being that it must maintain 85% crossover by name to the core portfolio. Stock weightings therefore are at Hay's discretion and, in keeping with the house style, management combines bottom-up stock selection within a thematic context. Resources available to Hay remain ample with support provided by 17 global sector analysts and four strategists. There have been some changes in personnel among the analysts but turnover remains reasonably low given the team's size.

Despite the reasonably short track record on this fund our conviction in Hay is growing. This, coupled with the support of a well-resourced team and consistent approach, underpins the fund's ongoing S&P AA rating.

Fund manager & team

Newton's global equities portfolio management team has 13 members, including five on multi-asset portfolios and seven primarily on global equities. Experience within the team averages above 14 years, with several members on the team for the last five years. They are supported by the wider team of 17 global sector analysts and four strategists.

Manager Robert Hay is one of three members within the global equity modelgroup (alongside Jon Bell and Paul Markham), the team responsible for constructing the global equity model portfolio.

Robert Hay - French & business studies (Edinburgh), MA business (EAP European School of Management, Paris), CFA, joined Newton in 2000 and the team responsible for the Bridge and Balanced Bridge funds in 2003. In March 2009, he moved to the global equities team.

Paul Markham - French & Spanish (University of Sheffield), began his investment career in 1998 at Newton and joined the global equity team in 2001.

Jon Bell - MA natural sciences (Cambridge), joined Newton in 1995 and is a director of investment management (global funds).

Management style

This fund aims to outperform the FTSE World index through a reasonably concentrated portfolio of around 40-60 stocks managed within a thematic context.

The analyst team conducts fundamental sector research across markets, emphasising solid earnings, good cashflow, quality management and a strong franchise. Ideas are fed into the global team and are usually mapped into themes, reflecting broad economic trends or fundamental changes, often at sector level. The manager is free to pick stocks based on his own conviction but there is typically a high degree of overlap among global portfolios.

The resulting portfolio is typically focused on high-conviction ideas. The manager's style is long-term focused (five years) but he is active in managing position sizes and cutting and tailing holdings. Risk controls are broad but no sector will account for more than a third of total assets. Hay is aware of liquidity risk and is unlikely to invest a significant portion of the portfolio below the \$4bn market-cap mark. At purchase no company may exceed 5% of the portfolio.

Cash is typically around 2%. At times, there may be some limited use of currencies hedging, usually to reflect in-house views

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STANDARD & POOR'S



Portfolio & performance analysis (June 2011)

Over the 12 months to end-May the fund outpaced its FTSE World benchmark by 180bps (30.6% versus 28.8%). Attribution analysis confirmed that stock selection was the primary driver of returns through names such as HTC Corp and MTN Group, which were both part of the "networked world" theme. Other success included oil-related plays including Petrohawk Energy and Transocean. The largest detractor was consumer name Pandora which remains in the portfolio despite further recent weakness.

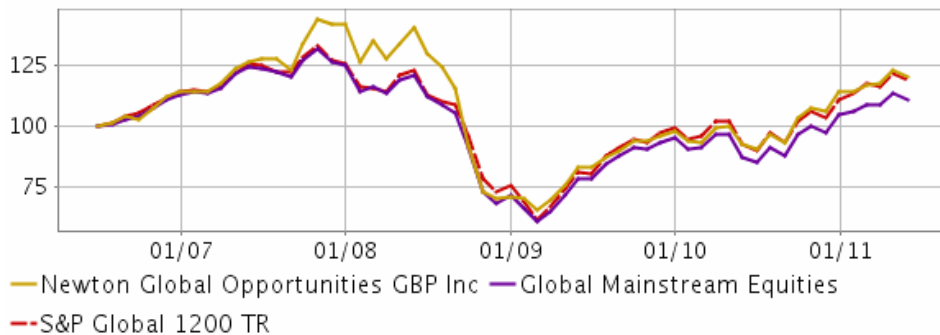
Over the period of Hay's tenure the fund is 420bps ahead of our global equities peer median. During 2010 returns were stronger in the first half compared to the second because the fund's defensive tilt helped as markets were more cautious. However, as the market turned in H2, it struggled to make any meaningful headway against the competition in the latter part of the year.

On a longer-term view, Hay has managed a global equities fund for private clients since April 2004. Although more flexible than this mandate and with more of a UK bias, it is a reasonable representation. Under him, that fund outperformed its benchmark in each calendar year, ranking favourably within the S&P global mainstream equities sector.

Since our last review the fund has moved from an underweight to overweight in the consumer goods space, the allocation increasing from 10% to 17.7% of the portfolio's assets. Basic materials (index +5.2%) were also increased as was the underweight to financials (-8.8%). Telecoms (+4.3%) and technology (+1.4%) were both reduced but maintained their overweight positions. Cash (6.5%) has also ticked up slightly.

In a similar trend to last year, the portfolio is little changed from the thematic perspective. The more defensive themes (low-end spend, large-cap laggards, infrastructure spend) counterbalanced the more growth-oriented areas (such as developing economies and networked world). Direct exposure to emerging markets is currently around 20%.

Cumulative performance



Calendar year performance

	2007		2008		2009		2010		YTD June 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	24.8	177/3562	-50.2	3958/4496	38.2	1593/5429	16.7	704/5982	5.6	3459/6275
Index**	10.2		-40.1		31.7		11.9		7.3	
Median	10.9		-43.7		32.7		10.0		5.9	

** S&P Global 1200

Fund benchmark: FTSE All World index

Share class screened: GB00B0C3H830 (Inc)

Portfolio characteristics (June 2011)

No. of holdings	62
% in top 10	26.7
Turnover ratio (%)	N/A

Top 10 holdings

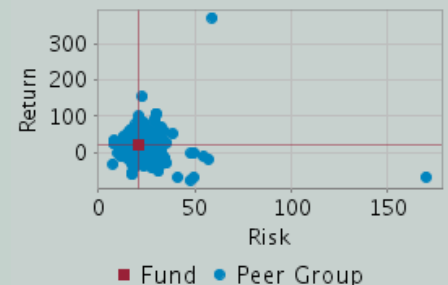
	%
Newcrest Mining *	3.5
Bayer *	3.0
Sprint Nextel *	2.9
INPEX	2.6
Mosaic	2.6
Roche Holdings *	2.5
Siam Commercial Bank	2.4
MTN Group	2.4
British American Tobacco	2.4
Accenture *	2.4

* In top 10 holdings a year ago

Sector allocation

	%
Basic materials	13.9
Consumer goods	17.7
Consumer services	4.5
Financials	12.4
Healthcare	10.8
Industrials	5.7
Oil & gas	7.7
Technology	10.9
Telecommunication services	9.0
Utilities	0.9
Cash	6.5

Risk return (standard deviation) over five years



STANDARD & POOR'S

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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 management's consistency of performance 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-funds ratings

Absolute return fund ratings

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

Ucits III flexible beta fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

All fund ratings

- Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.
- Under Review (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.
- Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.
- Long-term fund management rating The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

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 comprising 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 comprising 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 less 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.