

BNY Mellon Asset Management
Sub-fund of UK authorised Oeic

Report Issued: September 2008

Peer Group:

UK Growth Mainstream

Fund Manager/Adviser:

Richard Wilmot (since December 2005), Ben Russon (since)

Location:

London, Leeds

Launch Date: November 1992

Fund Size (July 2008):

£65m

Group Contact No:

+44 500 660 000

Website:

www.bnymellonam.com

S&P ID Number: SB067790

Share class screened:

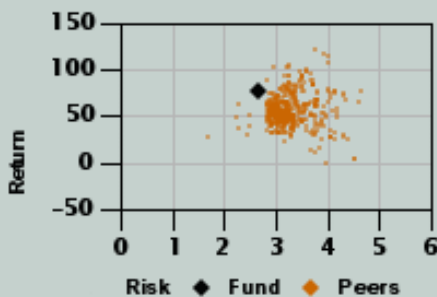
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INVESTMENT STYLE

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

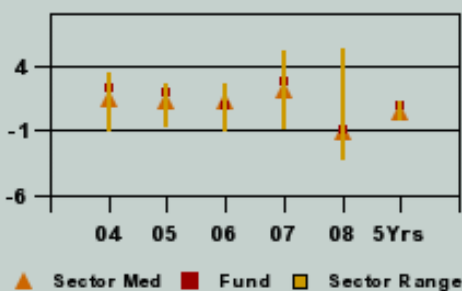
RISK RETURN (STD DEVIATION) OVER 5 YEARS



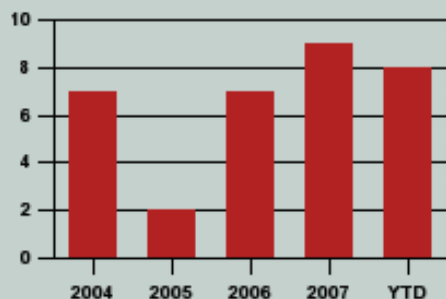
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Low	-10.4
Volatility	Medium	10.5
Correlation	High	0.9
Beta	High	0.8

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)

Performance has been strong since Richard Wilmot took over the fund in December 2005. Since then the fund has consistently ranked second or top quartile. In 2007 it returned over 8%, more than 5% ahead of the S&P median fund. These returns are now benefiting the medium-term track record, with the fund lying top quartile over three and five years cumulatively.

While performance has been partly driven by strong in-house thematic choices and astute stockpicking by the analytical team within that framework, portfolio construction has also played a key role. Wilmot has considerable latitude in this fund to include mid- and small-caps (up to 60%), or large-caps up to 80%. He may also have up to 20% in cash. The fund may comprise anywhere between 30-60 stocks so may be either very focused or relatively diversified.

In 2007's difficult markets, Wilmot moved the portfolio sharply up the market cap scale, focusing on earnings visibility and avoiding volatile areas such as financials and mining. This proved beneficial as the underweight to financials more than offset the lack of mining stocks, while performance came from a broad base of stock names.

The manager shows both astute market timing and solid stock selection skills, using the in-house analytical team effectively for large-cap stock selection while adding his best small-cap ideas. We are also increasingly impressed with the consistency and quality of the analytical process, implemented by a team that now appears both settled and stable. 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: Wilmot's investment experience dates back to 1999 when he joined Newton as a UK

smaller-companies analyst. He has managed small-cap mandates since 2001 and this fund since December 2005.

Style: This is an all-cap growth-oriented portfolio with latitude to invest in smaller companies. Wilmot aims to combine the best ideas from the global research effort with his own small-cap ideas.

Performance: Over the five years to 30/06/2008 the fund has returned 82.1%, compared with 62.4% for the sector median and 71.0% for the index, ranking 98/515.

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.

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.

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

PORTFOLIO CHARACTERISTICS

No. of holdings	52
Turnover ratio (%)	43
% in top 10	40

TOP 10 HOLDINGS (01/07/08)

	%
Vodafone	8.6
Synergy Health	5.4
Cable & Wireless	4.6
Carphone Warehouse	3.5
Unilever	3.2
Cobham	3.1
Severn Trent	3.1
Scottish & Southern	3.0
GlaxoSmithKline	2.8
United Utilities	2.5

* In top 10 holdings a year ago

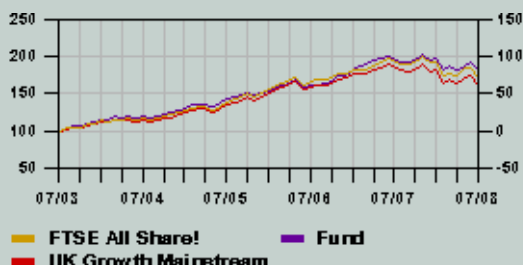
ALLOCATION BREAKDOWN (01/07/08)

	Fund %
Financials	11.0
Industrials	19.0
Telecommunications	13.0
Consumer goods	10.0
Consumer services	15.0
Healthcare	12.0
Oil and gas	4.0
Technology	1.0
Utilities	15.0
Cash	0.0

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	27.7%	82.1%
Standard & Poor's Peer Median	19.8%	62.4%
Index**	23.2%	71.0%
Fund Rank	152/604	98/515
Standard Deviation	10.5	-
Relative Standard Deviation	0.8	-
Volatility Adjusted Ranking	90/604	-

CUMULATIVE PERFORMANCE



BNY MELLON INVESTMENT FUNDS - NEWTON GROWTH FUND

Peer Group: UK Growth Mainstream



MANAGEMENT STYLE

- The manager aims to outperform the FTSE All Share index with a portfolio of lower-than-average volatility by investing in high-quality growth stocks across the capitalisation scale.
- The manager applies the well-established Newton thematic framework to identify growth areas. The portfolio is then constructed bottom-up within that context, most stocks being drawn from the best ideas of the UK equity managers and the analysts' UK recommended list.
- Stock selection emphasises companies with high-quality, cash-generative business models and quality management. Both absolute and relative valuation metrics are

employed, with cashflow yield and RoCE particularly emphasised.

Commonality of holdings with the UK model portfolio is likely to be high but Wilmot determines position weightings. The portfolio is focused in 30-60 holdings, with FTSE 100 stocks comprising between 40-80% of the total and mid- and small-caps 20-60%. AIM ideas may also be included. Portfolio construction is benchmark-aware, but sector positions may deviate +/-10% against benchmark. The largest active stock positions are 3-5%.

The tracking error is typically 4-8% and cash may be up to 20%.

PORTFOLIO REVIEW

Over the review period the fund was diversified across 52 holdings, with a notably higher tilt to larger-caps (69%) than previously (42%). While the thematic overlay was largely unchanged, the new All Change! theme developed out of the previous debt and credit theme, highlighting the risks to financials.

Of the fund total; oil and gas producers were also underweight. Conversely, the fund favoured gas and water utilities (eg adding to positions in Severn Trent), healthcare equipment, support services, aerospace and defence.

To avoid extremes of performance and volatility the fund stayed underweight both banking and mining stocks, preferring to focus on earnings visibility, quality and sustainability. Financials comprised just 11%

Top active weights included Synergy Health, Cable & Wireless and Vodafone. The largest negative bets were BP and Royal Dutch Shell, miners Rio Tinto and BHP Billiton, and the major UK banks. This led to a 5.4% tracking error, at the top of the fund's range.

PERFORMANCE ANALYSIS (JULY 2008)

Performance has been strong in the two and a half years since Richard Wilmot took over the fund, with the fund consistently ranking second or top quartile. In 2007 it returned over 8%, more than 5% ahead of the S&P median fund. This is now feeding through to the medium-term track record, with the fund lying in top quartile over three and five years cumulatively.

was solid performance across the board from other sectors such as household goods and mobile telephony. Vodafone did particularly well in the last category, while Synergy Healthcare also contributed strongly. Profits were locked in from strongly performing consumer stocks such as Unilever. Conversely, Care UK detracted.

In 2007 the beneficial effect of the fund's underweighting to banks more than offset its low exposure to mining and oil & gas. There

Performance was helped by the fund's shift up the market cap spectrum, and also by its cash position, which reached 17% at one point. At review cash was below 1%.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 30/06/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	13.7	177/537	17.9	509/582	18.3	197/628	8.4	84/704	-8.2	166/748
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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