BNY MELLON INVESTMENT FUNDS - NEWTON INTERNATIONAL BOND FUND

Sub-fund of UK authorised Oeic
BNY Mellon Asset Management

Named portfolio manager(s):
Paul Brain (since January 2009)
Peer group: Global Bond Funds in Sterling Unhedged

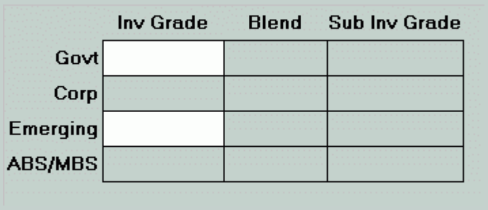
Location: London
Launch date: February 1991
Fund size (January 2009): £777m

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

STANDARD & POOR'S AA V4 FUND MANAGEMENT RATING

Report date June 2009

Investment Style



Performance Statistics

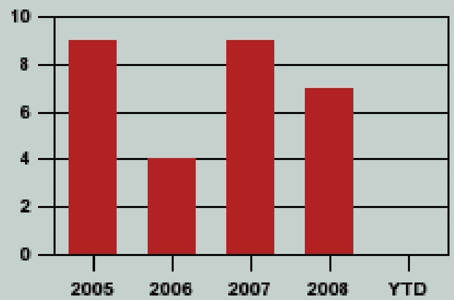
	3 Years
Fund	43.5%
Standard & Poor's Peer Median	37.9%
Index**	55.9%
Fund Rank	22/72

Note: returns are cumulative

3 Year Risk Characteristics

Maximum Drawdown (%)	Low	-8.1
Volatility	High	11.2
Correlation	High	1.0
Beta	High	0.9

Calendar Year Decile Ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank 9, with tenth decile as rank 1.

Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 31/12/2008 on NAV to NAV basis, with gross income reinvested, in UK sterling.

Please see page 3 for required research analyst certification disclosure.

Standard & Poor's opinion (May 2009)

Long-serving manager Stewart Cowley left Newton at the end of 2008. The team is now led by Paul Brain, who has been a member since 2004. Aside from Cowley's departure, the bond team at Newton remains stable.

The investment approach remains largely unchanged. The manager and team will continue to look to add value through macro duration and currency calls, with the investable universe broadly limited to sovereign issues. This precludes corporate credit, but the fund may hold agency bonds and government-guaranteed corporates. The JPMorgan Global Government Bond index is used as a reference but does not constrain allocations in the fund.

The fund ranks top quartile over five years cumulatively and is second quartile over three. In 2008, duration, curve and country bets had a broadly neutral impact, although the strategy to underweight the dollar was detrimental to performance.

Brain has managed the Newton Global Dynamic Bond Fund since launch in April 2006. It beat its composite benchmark by 220bps annualised (before fees) to end-December 2008. Despite Brain's experience and track record running that fund, we are less familiar with his style; something which we feel is significant in a relatively high discretion mandate such as this. We have reduced this fund's S&P rating to AA (New)/V5.

Fund manager & team

Paul Brain leads the Newton fixed-income team of six. The team is divided between global bonds, investment grade and high yield corporate bonds. Brain has responsibility for global bond portfolios, totalling over $3bn.

Paul Brain - investment leader - fixed income - joined Newton in 2004 from hedge fund group MSG & Partners, where he was CIO of fixed income. Brain has over 20 years of portfolio management experience including senior fixed income roles at Investec and Credit Suisse Asset Management.

Howard Cunningham - director of investment management - MA modern languages (Oxford University), worked at NatWest in credit analysis, becoming head of credit rating. He moved to Newton in 2000 and specialises in investment grade credit research.

Jon Day - BSc mathemetics (Durham University), CFA, joined Newton in 2002 after qualifying as a chartered accountant with KPMG. His primary focus is in analysing global government and investment grade bonds and macro-economic modelling.

Management style

The fund aims to outperform the JPMorgan Global Government Bond index by a gross 2-3% a year with an acceptable level of risk. However, the benchmark is used only as a reference to the extent that the manager is not bound by its exposures. An objective of the fund is also to deliver absolute consistency of returns.

The investment approach is top-down and macro-research driven, and aims to capture the broad trends while managing market noise. Brain forms his opinion from the Newton house view and consults with colleagues on the investment team to formulate a view on the macro economy and the implied outlook for interest rates and currencies.

To this end, value is primarily added through sizeable and timely duration, relative value and currency bets. However, the fund will not be net short in any market. This is a sovereign-focused fund and will not invest in corporates, although may include government-backed credit and agency bonds. Emerging markets debt exposure is limited to 10%.

Derivatives (excluding OTCs) are used to manage exposures in the fund.

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STANDARD & POOR'S AA V4 FUND MANAGEMENT RATING

Portfolio & performance analysis (January 2009)

The fund's duration is slightly overweight against the benchmark. Interest rate exposure is negligible in Japan, with the manager instead preferring the eurozone, where the team thinks the ECB is playing catch-up on rate cuts. The portfolio is also overweight US Treasuries. Overall, headline duration has been broadly neutral in recent months, but longer term the team believes increasing government supply will undermine the attractiveness of government bonds.

Other themes in the fund include holdings in Eastern European emerging economies linked to manufacturing and the commodity cycle, namely in Hungary and Poland.

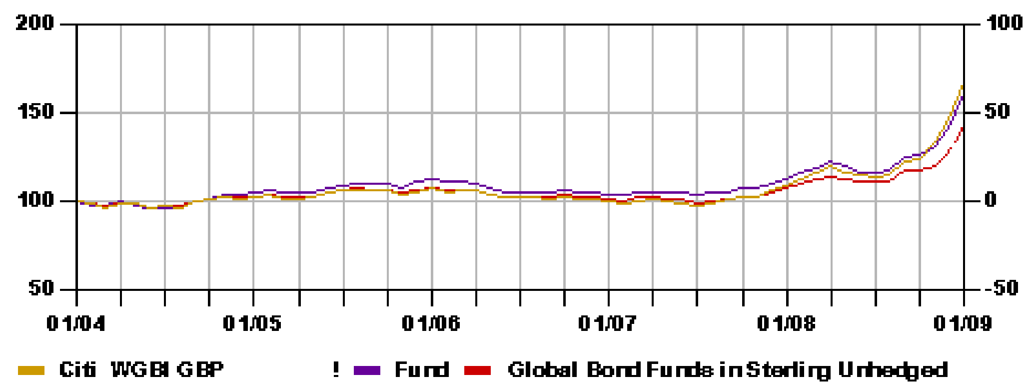
The fund has been overweight the euro and the yen over the cycle at the expense of deficit currencies including the dollar and sterling. However, with more rate cuts anticipated, the manager reduced euro exposure on a deteriorating outlook for the currency. In addition to energy-related currencies (Norwegian krone and Canadian dollar), the fund also has non-trivial exposures to the Polish zloty and Mexican peso.

TIPS and other inflation-linked securities were added to the portfolio in Q4 2008 as perceived cheap insurance against future inflation.

Brain took over the fund following Cowley's departure in December 2008. He has a track record in his own right, having managed the Newton Global Dynamic Bond Fund since launch in April 2006. It beat its benchmark by 220bps annualised (before fees) to end December 2008.

This fund ranks top quartile over five years cumulatively and is second quartile over three, although it lagged its benchmark in 2008.

Cumulative performance



Discrete Performance (calendar years)

	2005		2006		2007		2008		YTD 31/12/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	7.1	8/68	-7.2	45/72	8.0	10/74	43.2	29/74		/
Index**	4.1		-6.9		9.1		53.5			
Median	5.1		-5.8		6.1		33.4			

** Citi WGBI GBP!
Fund Benchmark: JPM Global Government Bond

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
Inc	4.00	0	1.00	1.08	1,000	50	GB0006779655

Registered for sale: Austria, Germany, Norway, Portugal, Spain, United Kingdom

Sources of return (01/01/09)

	Low	Average	High
Portfolio Duration			
Credit Spreads			
Country / Sectors			
Yield Curve Positioning			
Currency Exposure			
Derivatives			

Portfolio characteristics

Effective duration (years)	6.63

Credit rating breakdown by CTD* (01/01/09)

	Long	Short	Net
AAA	6.38	0.00	6.38
AA	0.00	0.00	0.00
A	0.17	0.00	0.17
BBB	0.09	0.00	0.09

Asset allocation by CTD (01/01/09)

	Long	Short	Net
Govern./Supranational	6.47	0.00	6.47
Emerging market debt	0.16	0.00	0.16

Regional breakdown by CTD* (01/01/09)

	Long	Short	Net	Curr %
North America	2.31	0.00	2.31	13
Europe ex-UK	3.13	0.00	3.13	33
UK	0.81	0.00	0.81	7
Japan	0.06	0.00	0.06	30
Emerging market debt	0.25	0.00	0.25	11
Far East ex Japan	0.08	0.00	0.08	6

* CTD = Contribution to duration. Credit rating exposures are expressed in spread duration terms.

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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 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.

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

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.

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

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