



Report date January 2010

BNY MELLON INVESTMENT FUNDS - NEWTON ORIENTAL FUND

Sub-fund of UK authorised Oeic

Fund owner: BNY Mellon Fund Managers

Fund manager: BNY Mellon Asset Management

Named portfolio manager(s):

Jason Pidcock (since August 2004)

Peer group: South East Asian Equities

Location: London

Launch date: January 2000

Fund size (September 2009): £712m

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

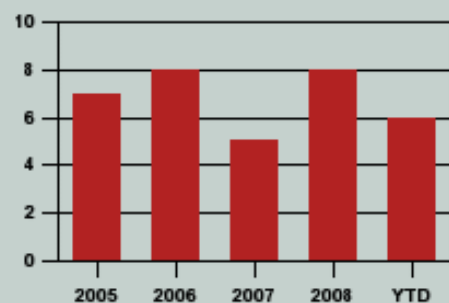
	3 Years
Fund	18.9%
Standard & Poor's peer median	14.6%
Index**	20.4%
Fund rank	262/728

Note: returns are cumulative

Three-year risk characteristics

Maximum drawdown (%)	Medium	-57.1
Volatility	Medium	30.9
Correlation	High	1.0
Beta	Medium	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 - © 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 provides exposure to the Asian region including Australia, which differentiates it from many competitors. It is run in the well-established Newton style that identifies long-term investment themes and selects stocks which reflect and define those themes. The resulting portfolio of around 50-70 names may deviate markedly from the reference FTSE All-World Asia-Pacific ex Japan index by both country and sector.

The fund has built a strong record under manager, Jason Pidcock, ranking in the top quartile on a five-year cumulative view (21% ahead of the median fund). The decision to be fully invested by year-end 2008 proved astute and, despite its quality bias (in line with the in-house themes), the fund kept pace with the peer group median in the cyclical 2009 rally.

Pidcock's team is undergoing change. Although he and his two supporting fund managers are generalists, each focuses on a specific geographic area. Alternate manager, Ewan Markson-Brown, is now broadening his remit to include 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. Another minor concern is that the stock position guidelines (typically a maximum of 5%) have become more flexible. While we acknowledge the manager's high level of conviction in individual names, we note that the two largest holdings now comprise 14% of the fund, increasing stock-specific risk.

That said, the experience of the manager and the 20-strong global analytical team underpin the fund's continued 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

In keeping with the Newton house style, bottom-up stock selection is undertaken in the context of established, long-term top-down themes. Benchmarked against the FTSE All-World Asia-Pacific ex Japan index, the fund actively invests in Australia, unlike many competitors. It may also hold stocks that generate significant revenue and profits in the Asian region.

The strategy team's thematic guidance directs stock selection. 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.

A portfolio of 50-70 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 manager buys on a two- to three-year investment horizon and tends not to trade short-term movements.

The fund looks to remain fully invested and unhedged.

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STANDARD
& POOR'S



Portfolio & performance analysis (November 2009)

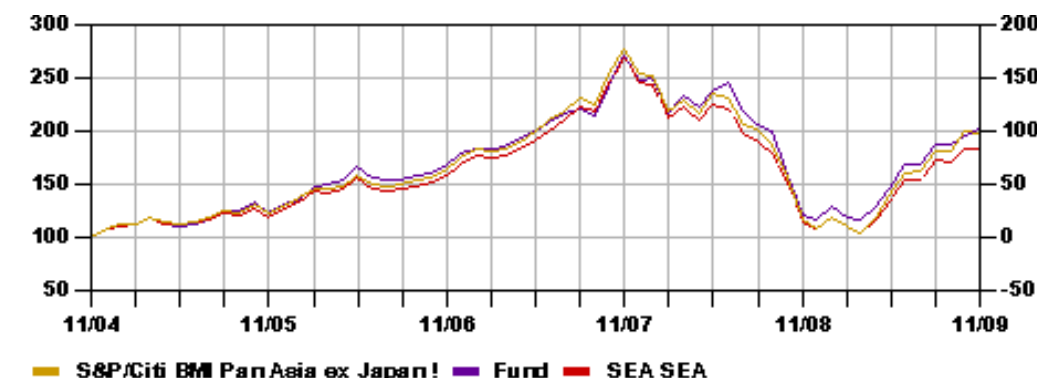
At the time of our last review (December 2008), the fund was defensively oriented, as it was throughout the second half of 2008, with around 7% cash. However, in the belief that the markets were reaching a low, the manager gradually invested cash balances throughout the fourth quarter to benefit from any subsequent rebound. In doing so, he continued to adhere to the in-house themes, and focused on companies with strong balance sheets, brand strength, pricing power and quality management. Favoured names included Noble Group (commodity supplier) and Santos (energy supply); both these positions were greater than 5% at review (8.2% and 5.8%, respectively). Stock selection meant that the fund remained heavily overweight oil & gas (18.9% against the benchmark's 6.4%), offset by a half weighting to financials (18.7% against 35%). Geographically, the fund had a strong tilt to Australia, Hong Kong and Singapore (62% of the fund against 43% for the index), counterbalanced by sharp benchmark-relative underweights to India, China and Korea. At review the fund was focused on 50 names.

While the fund fell -48.9% in absolute terms in 2008, this was 3% less than the median fund, securing a top quartile ranking for the year. In spite of its quality bias and lack of more leveraged plays, peer-relative performance in the ten months to the end of October 2009 was solid, with the fund rebounding 56.9%, 1.1% ahead of the median.

The fund saw steady inflows over the period. Top performing stocks included Noble Group and Belle International, while China Mobile (later divested), Santos and BHP Billiton detracted. Not holding financials such as ANZ Bank and Hong Kong Exchange and Clearing hurt.

On a five-year view, the fund has ranked above median in each calendar year with the exception of 2007, when it was hit by being underweight India and China. The fund therefore ranks in the top quartile over five years cumulatively, over 21% ahead of the sector median, all achieved under Pidcock.

Cumulative performance



Discrete performance (calendar years)

	2005		2006		2007		2008		YTD 30/10/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	21.3	230/585	35.2	178/690	35.9	409/799	-48.8	200/886	56.9	460/962
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: MSCI AC Asia Free ex Japan

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
EURO	4.00	0	2.00	2.28	5,000	50	GB0006781396
Registered for sale	Austria, Germany, Norway, Portugal, Spain, United Kingdom						

Share class information

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Portfolio characteristics

No. of holdings	N/A
Turnover ratio (%)	33
% in top 10	49

Top 10 holdings (31/10/09)

	%
Noble Group	8.2
Santos	5.8
BHP Billiton	5.1
Hengan Intl Group	5.1
Standard Chartered	4.7
Belle Intl Holdings	4.5
Newcrest Mining	4.5
CNOOC	4.0
Taiwan Semiconductor	3.8
Oil Search	3.4

* In top 10 holdings a year ago

Regional allocation

(31/10/09)

	%
Cash	1.4
Other International Equities	14.0
Pacific ex. Japan Equities	74.9
UK Equities	9.8

Sector allocation

(31/10/09)

%

EURO 4.00 0 2.00 2.28 5,000 50 GB0006781396
Registered for sale Austria, Germany, Norway, Portugal, Spain, 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.

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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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