

BNY Mellon Asset Management
Sub-fund of UK authorised Oeic

Report Issued: January 2009

Peer Group:

South East Asian Equities

Fund Manager/Adviser:

Jason Pidcock (since August 2004)

Location:

London

Launch Date: January 2000

Fund Size (October 2008):

£460m

Group Contact No:

+44 500 660 000

Website:

www.bnymellonam.com

S&P ID Number: SB067813

Share class screened:

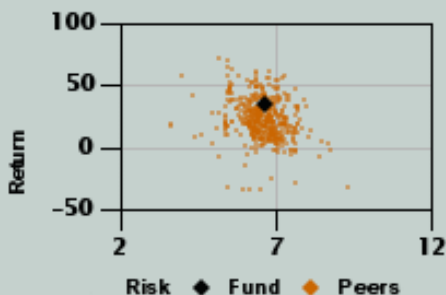
EURO



INVESTMENT STYLE

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

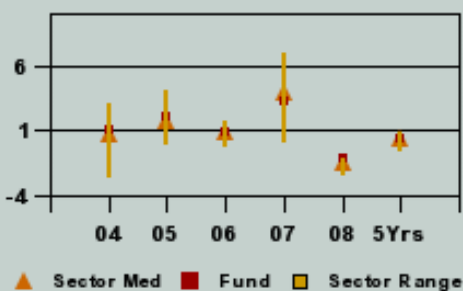
RISK RETURN (STD DEVIATION) OVER 5 YEARS



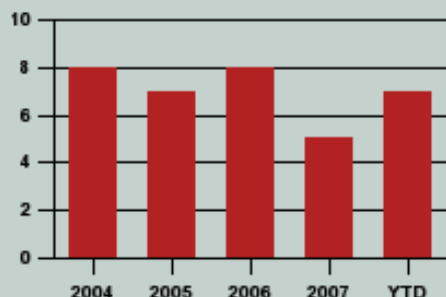
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-41.6
Volatility	Medium	24.3
Correlation	High	1.0
Beta	Medium	1.1

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 30/09/2008 on NAV to NAV basis, with gross income reinvested, in US Dollars.

STANDARD & POOR'S OPINION (DECEMBER 2008)

This fund has been run since August 2004 by Jason Pidcock and provides exposure to the Asian region including Australia, which differentiates the fund from many competitors.

Pidcock is a pragmatic investor and his thematic approach sits well with the established in-house Newton style. He has 15 years' experience and is supported by two portfolio managers, in addition to Newton's global research team of 20 experienced equity analysts, who cover most of the large- and mid-cap stocks in the region.

Portfolio construction combines identifying themes (house themes where relevant to the region) with stock selection, to give a fairly concentrated list of names (60-70). The resultant portfolio tends to have a mid-cap bias and a tilt to growth.

Performance has been mixed under Pidcock's stewardship, with solid returns in 2005 and 2006 (the result of sound stockpicking). This gave way to a more difficult 2007, when underweights to India and China and an overweight to financials caused the fund to underperform both benchmark and peers. These positions were reversed and strong performance in the final quarter of 2007 continued until summer 2008, when the fund's overweight to energy resulted in a sharp downturn in performance.

The relative volatility in performance is the result of the identification of longer-term themes and the fund remains just outside the top quartile over five years and mid-second over three. Moreover, the manager is experienced and well supported. The fund retains its 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 September 2008.

Team: Pidcock heads the Asian team of three, who have nearly 10 years' average experience in the region. They are supported by Newton's 20-strong team of global sector equity analysts.

Fund Manager: Pidcock joined Newton in August 2004 from BP Investment Management where he

ran the bulk of Asian assets in the BP Pension Fund. He has 15 years' experience in the region.

Style: The usual Newton approach focused on stock selection within broad themes. Portfolio construction is not index-driven but extreme bets are avoided. There is often a bias to mid-caps with a growth tilt.

Performance: Over the five years to 30/09/2008 the fund has returned 89.4%, compared with 72.0% for the sector median and 100.2% for the index, ranking 115/446.

FUND MANAGER & TEAM

Newton has a team of three directly responsible for the group's Asian ex-Japan assets. Pidcock is lead manager, assisted by Ewan Markson-Brown, who is the alternate manager for this fund, and Zoe Kan. Each has specific geographical coverage (Pidcock covers Australia, Brown covers India, China and Taiwan, and Kan covers Korea), but they also act as generalists. Further support is gained from Newton's strategy team, in addition to 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 in assessing his own mid-/small-cap ideas.

Jason Pidcock - government (Essex University), has 15 years' Pacific ex-Japan investment experience. He was assistant fund manager at Henderson from 1993 and 1996, before moving to BP. There 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 having spent four years at Merrill Lynch covering Asian equities. He started his career at Global Strategy & Economics, as an analyst.

Zoe Kan - economics & German (University of London), 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.

PORTFOLIO CHARACTERISTICS

No. of holdings	61
Turnover ratio (%)	33
% in top 10	35

TOP 10 HOLDINGS (01/10/08)

	%
BHP Billiton	5.2
Noble Group	4.8
Santos	4.2
REI Agro	3.5
Hutchison Whampoa	3.2
Oil Search	3.0
Taiwan Semiconductor Manufacturing	3.0
HTC Corporation	2.8
Standard Chartered	2.6
Hengan International	2.5

* In top 10 holdings a year ago

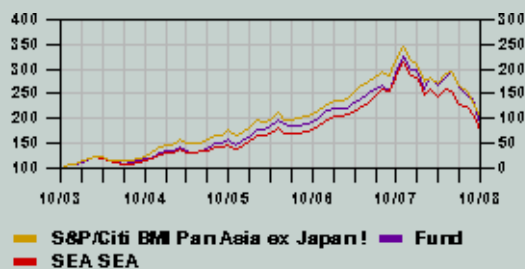
ALLOCATION BREAKDOWN (01/10/08)

	Fund %
Australia	23.0
Cash	7.0
China	3.0
Hong Kong	15.0
India	9.0
Malaysia	4.0
Pakistan	0.0
Philippines	3.0
Singapore	13.0
South Korea	4.0
Taiwan	9.0
Thailand	2.0
United Kingdom	8.0

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	19.0%	89.4%
Standard & Poor's Peer Median	16.3%	72.0%
Index**	13.5%	100.2%
Fund Rank	207/541	115/446
Standard Deviation	24.3	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	224/541	-

CUMULATIVE PERFORMANCE



BNY MELLON INVESTMENT FUNDS - NEWTON ORIENTAL FUND

Peer Group: South East Asian Equities



MANAGEMENT STYLE

- The manager blends bottom-up stock selection with top-down thematic perspectives. Benchmarked against the FTSE All-World Asia Pacific ex-Japan index, the fund, unlike those of many competitors, actively invests in Australia. It may also hold London- or US-listed stocks if they generate a significant level of revenues and profits in the Asian region.
- In keeping with the Newton house style, the strategy team provides thematic guidance to direct stock selection. The fund managers draw stock input from the global analyst team, attending meetings with the management of companies. This is supplemented by their research ideas and visits to the region.

- A portfolio of 60-70 stocks is favoured across the market cap range. Risk is controlled pragmatically by scrutiny of stock selection criteria, market/political risk assessment, and by maintaining diversification across regions and sectors.

- Stock positions typically range between 1% and 5% and are top-sliced when they exceed 5.5%. Pidcock's style is considered and pragmatic. He 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.

PORTFOLIO REVIEW

Over the past 12 months there has been considerable activity in the portfolio and turnover is at the high end of the usual 30-40% range.

At review the manager believed the market was reaching a low point and was investing cash, so as not to miss the rebound when it happens. (This is because 10 years ago he was too cautious and missed the early, most dramatic, days of the rally. He does not want this to happen again.)

Most of the money has gone into existing holdings (those in which the manager has

greatest confidence) and the total number had fallen from 69 to 61. Pidcock had been adding to energy exposure in anticipation of M&A in the sector. Holdings include CNOOC, PTT, Energy World and Sylex; nuclear power producer Doosan was sold.

The most dominant house themes represented in the portfolio include "energy supply" and "more government" (seen as positive for infrastructure).

Over 80% of the portfolio was in stocks more than \$1bn in size.

PERFORMANCE ANALYSIS (OCTOBER 2008)

Pidcock took over this fund in August 2004. While relative returns may appear volatile, the fund ranks comfortably second quartile over three years - just outside top quartile over five.

underperformance and forfeiting some of the sector's subsequent rebound. However, reversing the underweight to India and China proved successful.

Solid performance in 2005 and 2006 was underpinned by strong stock selection within Newton's thematic approach. However, the fund struggled in 2007 because of underperformance in Q2 and Q3. This was due to poor country allocation (underweight India and China) and overweighting financials. The manager reduced the financials exposure in August, locking in

Performance in 2008 was strong until the summer when the high energy exposure wiped out most of the relative gains made during the early part of the year. Despite getting many things right this year (underweighting Korea, Indonesia and financials), this one factor had the biggest impact on performance.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 30/09/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	18.7	109/493	21.3	196/548	35.2	161/612	35.9	364/689	-36.9	248/677
Index**	28.5		25.3		28.7		32.0		-35.8	
Median	15.3		19.6		31.2		36.4		-39.1	

** S&P/Citi BMI Pan Asia ex Japan!

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