

# Newton Higher Income Fund

## Sterling Income Share Class

### FUND AIM

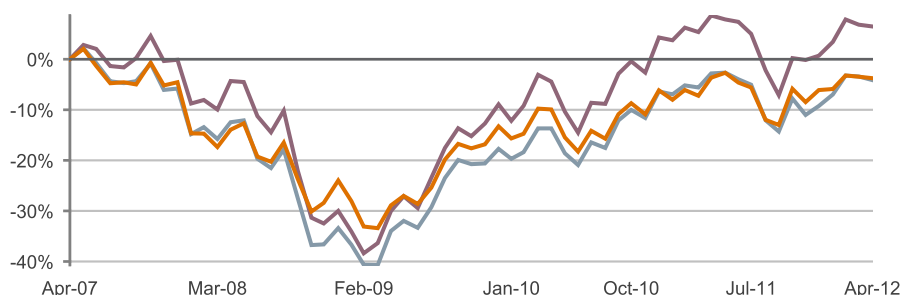
The Fund aims to achieve a high income, rising over time, together with long-term capital growth by investing in company shares drawn from the largest 350 companies in the UK.

### FUND RATINGS AND AWARDS



Fund ratings represent an opinion only and are not a recommendation to buy or sell any fund.

### CUMULATIVE PERFORMANCE



-3.75% Newton Higher Income GBP Inc

6.48% FTSE All-Share TR

-4.13% IMA UK Equity Income

### ANNUAL PERFORMANCE TO LAST QUARTER END (%)

From	Mar 2007	Mar 2008	Mar 2009	Mar 2010	Mar 2011
To	Mar 2008	Mar 2009	Mar 2010	Mar 2011	Mar 2012
Fund	-15.47	-19.42	35.50	2.81	4.07
Performance Reference	-7.74	-29.33	52.30	8.72	1.39
Sector	-13.83	-29.59	45.57	9.37	2.30

### PERFORMANCE

	Fund (%)	Perf. Ref. (%)	Sector (%)	Rank	No. of Funds in Sector	Quartile rank
1 month	-0.30	-0.33	-0.75	47	104	2
3 months	2.26	2.96	3.05	78	104	3
6 months	2.23	6.25	3.96	88	104	4
Year to date	2.50	5.76	5.64	96	104	4
1 year	-0.10	-2.00	-1.36	44	99	2
3 years cumulative	35.37	52.19	45.19	80	91	4
5 years cumulative	-3.75	6.48	-4.13	48	80	3
3 years annualised	10.61	15.01	13.22	80	91	4
5 years annualised	-0.76	1.26	-0.84	48	80	3

Source for all performance: Lipper as at 30 April 2012. Total return including income net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 4%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request. Past performance is not a guide to future performance.

The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.



BNY MELLON  
ASSET MANAGEMENT

## FACTSHEET FOR RETAIL CLIENTS

As at 30 April 2012

### RISK AND RETURN RATING



### Typical investor profile

These investors seek an income and/or capital growth from their investment and are able to accept a moderate level of risk for the potential of higher returns. They recognise that their capital is at risk and that its value may fluctuate. Medium risk & return funds can be an ideal core component of a diversified portfolio.

You should read the simplified prospectus in full to understand the features and risks associated with this fund. Information on the risks and returns associated with this investment can be found within this document or you can visit our website. For further information please visit our website [www.bnymellonam.co.uk](http://www.bnymellonam.co.uk)

Managed by

**NEWTON**  
The Power of Ideas

For further information please speak with a financial adviser, alternatively you can contact us directly:

Tel: 0800 614 330 Email: [clientservices@bnymellon.com](mailto:clientservices@bnymellon.com)

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## Outlook

Compared to the final quarter of last year, the first quarter of 2012 brought with it different market conditions. Investors regained their appetite for riskier assets, such as the debt issued by companies with a credit rating lower than BBB (sub-investment grade), while investments perceived as safer, including government bonds, performed less well.

The question remains whether this change in investor sentiment was brought about by an actual improvement in underlying economic conditions, or whether it is just a short-lasting effect stemming from the various measures implemented by authorities to boost the global banking system.

In our view, it was the consequence of the European Central Bank's operations to provide cheap, three-year loans to banks across Europe that drove investors' risk appetite. However, we expect these effects to fade over time as we are still seeing authorities seeking solutions to problems that cannot be eliminated so easily. Such an investment environment leads us to be cautious and very selective in what we choose to invest in.

### Fund manager

Tineke Frikkee



Tineke joined Newton in 1998 and is the lead manager on a number of UK equity income portfolios, the majority of which follow the Higher Income Fund investment process.

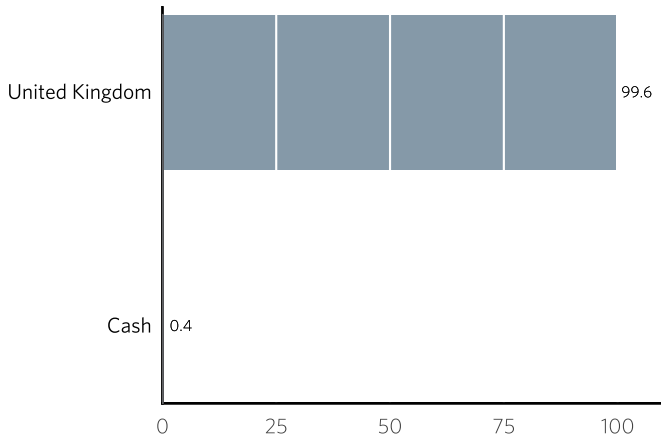
### Alternate

Simon Nichols

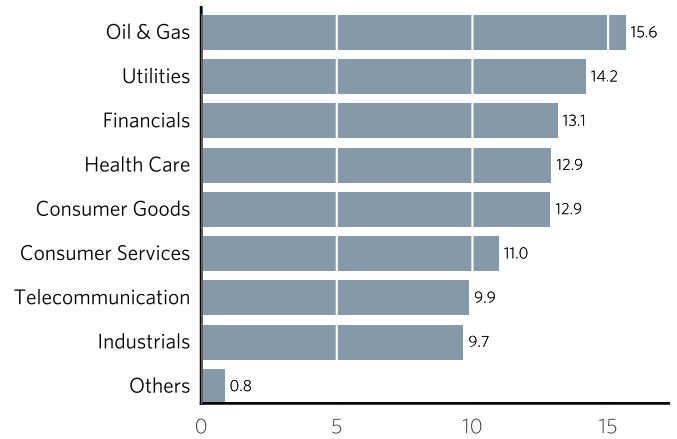
### Investment manager

Newton Investment Management: Newton follows a distinct global thematic investment approach and conducts extensive proprietary research.

## ASSET ALLOCATION (%)



## ASSET ALLOCATION - INDUSTRY (%)



## TOP TEN HOLDINGS (%)

Royal Dutch Shell PLC	9.50
GlaxoSmithKline PLC	8.55
Vodafone Group PLC	7.18
British American Tobacco PLC	6.53
BP PLC	6.13
Imperial Tobacco Group PLC	4.46
AstraZeneca PLC	4.35
Centrica PLC	4.11
SSE PLC	3.47
BAE Systems PLC	3.08

## TOP FIVE CONTRIBUTORS (%)

Royal Dutch Shell PLC	0.20
GlaxoSmithKline PLC	0.17
Severn Trent PLC	0.14
National Grid PLC	0.13
Aberdeen Asset Management PLC	0.10

Portfolio holdings are subject to change at any time without notice, are for information purposes only and should not be construed as investment recommendations.

# Newton Higher Income Fund Sterling Income Share Class

## IMPORTANT INFORMATION ABOUT THIS FUND

You should read the simplified prospectus in full to understand the features and risks associated with this Fund. Further information is available via our website at [www.bnymellonam.co.uk](http://www.bnymellonam.co.uk)

## RISKS WHICH MAY AFFECT THIS INVESTMENT

- The Fund has a concentrated portfolio due to investment in a single country, giving rise to concentration risk. A fall in the entire market of that country may have a greater impact on the Fund's value than if the Fund had a more diversified portfolio.
- The Fund takes its charges from the capital of the fund. Investors should be aware that there is potential for future capital erosion if insufficient capital growth is achieved by the Fund to cover the charges. Capital erosion may result in the amount of income that can be drawn declining over time.
- The Fund may use derivatives for efficient portfolio management (EPM) purposes. EPM restricts the use of derivatives for the reduction of risk, the reduction of cost and the generation of additional capital or income with no or an acceptable low level of risk.

All these factors may affect the performance of the Fund. You should read the Simplified Prospectus in full to understand the features and risks associated with this Fund.

## GLOSSARY

- **Asset/security** - Investments such as shares, bonds and derivatives are also known as securities.
- **Performance Reference** - A performance reference index is a way of expressing the performance of a specific financial market, such as a stock market, and may be suitable for assessing the performance of the fund over a given period of time.
- **Collective investment schemes** - An arrangement that enables a number of investors to pool their capital together and to participate in (and share the costs of) a wider range of investments than would be possible for most individual investors. Collective investment schemes include Unit Trusts or Open Ended Investment Companies (such as BNY Mellon Investment Funds).
- **Historic yield** - Historic yield figures are calculated on the basis of dividing the total dividends paid by the fund over the last 12 months by the fund's current price. Historic yields are shown on a net basis, do not include the impact of any initial charge and investors may be subject to tax on distributions. Historic yields are not indicative of future yields.
- **Net asset value (NAV)** - The market value of assets less the value of any liabilities.
- **Risk and Return rating** - Our funds are categorised on a six point scale from "Capital Preservation" to "High Risk and Return". The higher the category in which the fund is placed, the greater the potential for returns to be significantly higher or lower than expected.

This fund is a Sub-Fund of BNY Mellon Investment Funds.

## Investment objective

The objective of the Sub-Fund is to achieve increasing distributions on a calendar year basis with long term capital growth. The Sub-Fund may also invest in collective investment schemes.

## Fund details

Total net assets (million)	£ 2,345.50
Historic yield (%)	6.37
IMA sector	UK Equity Income
Performance Reference	FTSE All-Share
Domicile	UK
Fund type	ICVC
Fund manager	Tineke Frikkee
Alternate	Simon Nichols
Base currency	GBP
Currencies available	GBP

## Share class details

Launch Date	01/06/1987
Min. investment	£ 1,000
Annual mgmt charge	1.50%
Max. initial charge	4.00%
ISIN	GB0006779218
Bloomberg	NEWHIGI LN
Sedol	0677921
Valoren	827844
WKN	930436
Registered for sale in:	DE, UK, ES, AT, CL, PE

## Key dates

Fund launch	01 Jun 1987
Close of financial year	30 Jun
Distributions	28 Feb, 31 May, 31 Aug, 30 Nov



Tax treatment will depend on the individual circumstances of clients and may be subject to change in the future.

For further information please speak with a financial adviser, alternatively you can contact us directly:

Tel: 0800 614 330 Email: [clientservices@bnymellon.com](mailto:clientservices@bnymellon.com)

## UNDERSTANDING YOUR FACTSHEET

These ratings are given to funds by various independent agencies that specialise in researching funds and rating them on their Investment style and investment process, compared to funds with similar objectives. They are not an indication that the fund will achieve positive returns and are not a recommendation to buy or sell.

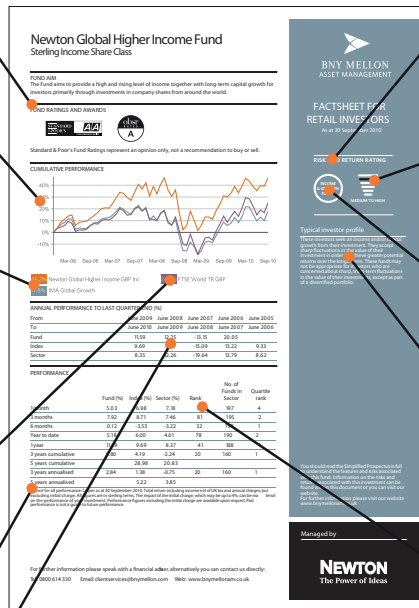
The line chart shows the fund's cumulative returns, against its benchmark and a relevant Investment Management Associations (IMA) sector average over 5 years. A cumulative return, expressed in percentage terms, is the change in value of a fund, benchmark or IMA sector average over a specific period of time – showing if the investment has gained or lost value over time.

There are many different funds on sale in the UK, all with differing characteristics and objectives. The IMA's sectors are designed to group together funds with similar characteristics and objectives to help investors and their advisers compare the historical performance of broadly similar funds, before looking at funds they may be considering purchasing in greater detail. Each IMA sector (as at 31/10/2010 there were 33 in total, collectively accounting for around 2,500 funds) has a clear definition, which sets out the criteria that must apply for a fund to be included in that sector.

An index is a way of expressing the performance of a specific financial market, such as a stock market, over a given period of time. For example, one of the best-known indices in the UK is the FTSE 100 Index, which shows the total share price performance of the 100 largest companies listed on the London Stock Exchange.

The 3 and 5 year annualised figures represent the cumulative return over three and five years expressed as an average annual return, in percentage terms.

These figures show the performance of the fund to the end of the last quarter year, compared with the performance of its benchmark and IMA sector average.



A fundamental concept in investing is the relationship between risk and return. The greater the amount of return an investor aims to achieve, the greater the potential risk. When we talk about risk in investments, we are talking about the chance that a fund may perform differently than expected. This includes the possibility of the fund falling in value. Further information on how to measure your appetite for risk can be found in the simplified prospectus which is available on the fund literature section on [www.bnymellonam.com](http://www.bnymellonam.com).

This risk and return image illustrates our view of the risk & return profiles of our funds. As an investor moves up the risk and return profile the potential positive returns increase, but so does the likelihood of potential negative returns. This is demonstrated with the higher the risk & return represented by the widest block.

We have grouped our funds according to their investment focus: growth, income or a combination of the two. A detailed explanation of these categories can be found in the funds simplified prospectus.

The risk and return ratings should be read in conjunction with the typical investor profile. All investors have specific, individual objectives and expectations. These illustrative profiles give our view of the type of investors who would typically choose this combination of fund focus and risk and return potential. It is designed to help you determine if the fund you are considering is potentially appropriate for you.

The ranking of a fund's performance relative to its IMA sector peer group. The funds are ranked in descending order with the best performing fund scoring at number one. The number of funds in the sector can vary over time as funds move in and out of the sector.

These tables show how much of the fund is invested in a stock, industry sector (such as telecoms) and/or country, compared to the index against which the fund is measured.



This section contains some key information about the fund.

Some stocks and certain mutual funds subdivide their shares into classes or groups, such as sterling income or institutional, to designate their special characteristics.

This section contains explanations of investment terms used within the factsheet.

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