

About Newton

Newton manages investments for a wide range of clients, including institutions, corporates, charities and private clients.

Our approach

Newton's distinctive global thematic approach to investment has been highly successful across a broad range of strategies in different market conditions over 30 years. This simply means:

- **Global:** We believe no economy, sector or industry can be viewed in isolation or in geographic silos. For example, rather than invest solely in UK telecommunications companies we look at the industry on a global basis and companies such as Sprint Nextel, Millicom and Tele Norte Leste.
- **Thematic:** Our philosophy is that long-term trends or themes drive economies and markets. Examples of this would be the shift of economic power from the western to the developing economies, an ageing population in the western world and an expanding one in the emerging markets, environmental concerns, speed of technological change, and energy supply opportunities and threats. These themes provide the framework which drives our investment process.

Investment process overview

Our long-term investment philosophy and fundamental research have proved consistently to be key elements in overcoming the short-term uncertainties that challenge investors.

This perspective directs our analysts and investment managers towards profitable investment opportunities across the world, and the conviction that 'change leads to opportunity'.

A coherent, collaborative and enduring team

We believe it is important to employ high-calibre people and retain our staff. Newton has a low staff turnover and our investment managers have an average of over 17 years investment experience and tenure of over 10 years with Newton.

UK and global bond investing

We employ our global, thematic approach to bond investment in the same way as to equity investment, with each position in our portfolios being thematically driven. This approach is different from that adopted by many investors (who view bonds and currencies merely as a function of economics).

- Founded in 1978
- Headquartered in London
- £44.5 billion assets under management
- 390 staff
- Subsidiary of the BNY Mellon Corporation

Our thematic approach to investing helps us to obtain perspective on bond markets and to focus on important trends, rather than on the short-term price variations that occur in markets. In addition to Newton's global fixed income funds, we offer a number of innovative strategies with the capability to invest wherever attractive opportunities arise in bond markets.

Newton Global Dynamic Bond Strategy

Reasons to invest in Global Dynamic Bond

1. Target return global bond portfolio

The Newton Global Dynamic Bond strategy is a constantly evolving and forward-looking strategy in which we seek to identify, via our global thematic approach, key areas of opportunity and risk in bond and currency markets. The fund targets 1-Month LIBOR + 2% over a rolling 3 to 5-year period.

2. Unconstrained investment approach

The investment approach employs a highly dynamic and flexible approach to asset allocation within a broad fixed income universe. It invests opportunistically in four principal asset classes: government bonds, emerging market sovereign debt, and investment grade and high-yield corporate instruments. It also invests in currencies and holds derivatives as appropriate to generate additional returns and to control risk.

3. A global view of the fixed income market

Our fixed-income team strives to achieve the strategy's objective through a number of factors, among them being asset allocation, portfolio duration, credit-quality exposure, stock selection and currency exposure. In short, we use indices to identify the universe of investment candidates, but it is the ability to deviate thoughtfully from the composition of those indices (within accepted levels of risk) that creates significant investment opportunities.

4. Highly experienced investment team

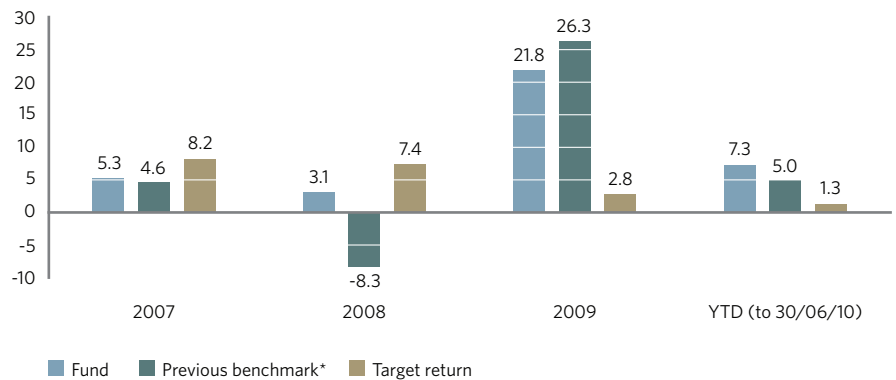
The Global Dynamic Bond team has an average of over 12 years' investing experience in managing fixed income portfolios. Our organisational structure, which encourages lateral thinking, fluid communication and the swift implementation of ideas, is highly favourable to the management of such an unconstrained bond and currency strategy.

5. Newton's proven global thematic investment process

As with all of our investment strategies, the Newton Global Dynamic Bond strategy harnesses our global themes to identify long-term trends that affect bond and currency markets. Our process helps identify the fundamental investment trends shaping the world and gives us perspective to see areas of both risk and opportunity.

The Newton Global Dynamic Bond strategy was launched in 2006 with the aim of capturing different sources of global bond returns in one holistic portfolio. While bond strategies have tended historically to be managed closely against indices, we believe that this approach has inherent flaws. For example, as companies and governments face financial difficulties, they will often have to issue more debt, thereby becoming a larger constituent of a bond index. We believe that indices should be used as a reference tool that helps to define opportunities, rather than as prescriptive tools for portfolio construction. The strategy was managed originally against a composite of four bond indices (government, high yield, emerging market and investment-grade credit), but more recently we adopted a long-term target return of 1 month LIBOR+2%, which truly reflects the underlying rationale of the strategy.

NEWTON GLOBAL DYNAMIC BOND FUND CALENDAR PERFORMANCE (%)



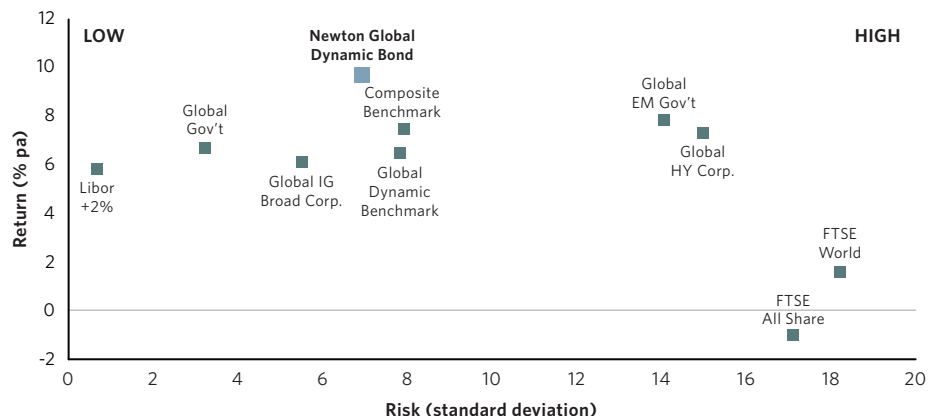
NEWTON GLOBAL DYNAMIC BOND FUND PERFORMANCE (%)

Period	Fund	Previous benchmark*	Target return
3 Months to Jun-10	-0.1	1.2	0.6
3 Months to Mar-10	7.3	3.8	0.6
3 Months to Dec-09	1.5	2.2	0.6
3 Months to Sep-09	14.8	9.4	0.6
12 Months	25.0	17.4	2.6
3 Years annualised	12.2	8.1	5.2
Since Fund launch annualised	9.6	7.5	5.8

* Previous benchmark, composite 25% Merrill Lynch Global Broad Market Corporate Index, Merrill Lynch Global High Yield Constrained Index, 25% JP Morgan Government Bond Index, 25% Merrill Lynch Global Emerging Sovereign Plus. This composite index is fully hedged in Pound Sterling. Source: BNY Mellon Analytical Solutions CAPS where available; Newton where not available. CAPS indices are adjusted for withholding tax. Total return, gross of fees. Close of business pricing. Past performance is not a guide to future performance.

NEWTON GLOBAL DYNAMIC BOND FUND

Risk vs return (Since inception)*



Source: Newton, weekly data, total return, gross of management fees, gross income reinvested. †To end 31/06/10.

Portfolio management team

Our Global Dynamic Bond strategy is managed by our fixed income team and is supported by our global research analysts and strategists, as well as by the wider investment team. Paul Brain is lead manager of the strategy and Howard Cunningham is alternate manager.

Paul Brain is investment leader of the fixed income team. He joined Newton in 2004, and has amassed 26 years' experience managing complex fixed income portfolios. He is chairman of the credit strategy and bond/ FX strategy groups, and is additionally a member of the macro strategy group and of the investment committee.

Paul has held a number of senior fixed income positions within the industry, which gives him a wide breadth of knowledge and experience in managing fixed income portfolios. He began his career investing in high-grade bonds at Credit Suisse and Barings. As head of retail fixed income at Investec Guinness Flight, Paul led the team that won the International Money Marketing "Fixed Interest Manager of the Year" in 2000.

Howard Cunningham has a dual role as a fixed income fund manager in the credit team and a credit analyst for the global research team. He is a member of both the bond/FX strategy and credit strategy groups, and is chairman of the weekly credit meeting. Howard joined Newton in 2000 as a senior credit analyst with particular responsibility for investment-grade bonds, and took on fund management responsibilities in 2002.

Howard has 20 years of investment experience in total, having begun his career in the NatWest Group. He worked initially in various corporate relationship and credit roles, and then moved to the internal credit unit, subsequently becoming the head of credit rating. Howard is an Associate of the Chartered Institute of Bankers (ACIB).

Parmi Chandra is a fixed income fund manager, working on both the European High Yield Fund, and he is also a high-yield credit analyst for the global research group. Parmi is a member of the bond/FX and credit strategy groups, and of the weekly credit meeting.

Parmi began his career at Citigroup, where he worked in global portfolio management and became a senior associate. He is a chartered financial analyst (CFA) and holds a degree in economics and politics.

For more information contact Anthony Briskey at anthony_briskey@newton.co.uk or on 020 7163 5585

FOR PROFESSIONAL INVESTORS ONLY

All performance data is sourced from Newton Investment Management Limited (except where otherwise stated) as at 31 Mar 2010. All Fund returns are calculated on a close of business offer price. All Funds are shown on a gross of fees basis. The information shown is deemed correct at time of publication but may be subject to subsequent revision. Investors should be aware that past performance is not a guide to future performance and that the value of investments and income derived from them can go down as well as up. Investors may not get back the full amount invested. The Prospectus and/or Simplified Prospectus should be read before an investment is made. This document can be obtained from www.bnymellonam.com or by calling 0500 66 00 00. To help us continually improve our service and in the interest of security, we may monitor and/or record your telephone calls with us. Portfolio holdings are subject to change at any time without notice. The information provided is for use by professional investors only. It is for illustrative purposes only and should not be construed as a recommendation to purchase or sell any security.

Newton Global Dynamic is a Sub-Fund of BNY Mellon Investment Funds, an investment company with variable capital (ICVC) incorporated in England and Wales under registered number IC27 and authorised by the Financial Services Authority. BNY Mellon Fund Managers Limited (BNY MFM) is the Authorised Corporate Director. BNY Mellon Fund Managers Limited, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1998251. Authorised and regulated by the Financial Services Authority. The investment adviser of the Newton Sub-Funds is Newton Investment Management Limited.

On 1 December 2009 there was a change in index to 1-month LIBOR + 2% p.a.. Prior to that date, the Fund's index was a composite index of four bond indices, fully hedged to Pound Sterling (25% Merrill Lynch Global Broad Market Corporate Index, 25% Merrill Lynch Global High Yield Constrained Index, 25% JP Morgan Government Bond Index, 25% Merrill Lynch Global Emerging Market Sovereign Plus). Performance data for the composite index prior to 1 December 2009 is available on request.

