

Interim Report & Accounts

BNY Mellon Investment Funds

All Sub-Funds Report

31 December 2014

(Unaudited)

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Report of the Authorised Corporate Director

This is the interim report for BNY Mellon Investment Funds ICVC ('BNYMIF') for the six-month period to 31 December 2014.

The six months to the end of December 2014 were positive for global equity markets yet not all asset classes or regions made gains. A number of factors contributed to an air of uncertainty and the six-month period was eventful and far from plain sailing. These included the plummeting oil price and speculation about how the European Central Bank (ECB) might address the threat of deflation and whether it would opt for a full-blown asset-purchasing programme. Also notable were the further expansion of the Japanese government's plans to improve its economy and the state of Russia's flagging economy battered by the falling oil price and the imposition of sanctions for its actions in neighbouring Ukraine.

Yet, more than half a decade on from the global financial crisis, market participants seem to have become accustomed to shrugging off their concerns and ploughing on regardless. Loose monetary policy and unequivocal central bank backing has done much to liberate market participants of any constraints that the financial crisis might have left. Merger and acquisition activity is back with a vengeance in the US at least, while consumer confidence in many areas of the developed world is resurgent. Negative surprises, the likes of which might have prompted double-digit market falls just a few years ago, now seem to leave the confidence of investors largely untouched.

However, some elements appear to affect all economies – a weak oil price is one such example. A number of economies are heavily dependent upon the export of oil: for example, oil and gas-related companies make up some 55% of the Russian stock market. Similarly, the shale oil bounce enjoyed by the US in recent years will come under increasing pressure should the price of oil remain around the US\$60 mark. Although a lower oil price can be of economic benefit to many (in the near term, at least), a prolonged period of low prices could have a negative impact upon many others.

In the US, the ending of the US Federal Reserve's asset-purchasing programme after some six years met with a muted response. Meanwhile, economic growth in the US remained strong in the third quarter of the year. The US equity market rose strongly over the six months and while its economy seems in rude health, there continue to be some areas of concern. Elsewhere, in the mid-term elections US President Barack Obama suffered a setback as his Democrats lost control of the US Senate for the first time in eight years and the Republicans also increased their majority in the House of Representatives. While Obama has promised to work with the Republicans in Congress, he has also indicated his preparedness to make more use of his executive powers.

In the eurozone, weak growth continues to influence the actions of the ECB and the threat of deflation looms large. The ECB has demonstrated its preparedness to do "whatever it takes" to bolster the region's growth prospects. In the UK, electioneering is already in full flow ahead of May's general election and there is awareness of the uncertainty that an inconclusive result may bring.

Meanwhile, in Asia, concerns centre on China's overcapacity problems and the sustainability of its current economic growth. In Japan, all eyes are on the progress of the economic plans of Prime Minister Shinzo Abe, dubbed 'Abenomics', which are aimed at reinvigorating the ailing economy. In a move to garner greater support before pressing ahead with the next phase of his government's plans, Abe called a snap election in December. He gained a two-thirds majority: 'Abenomics' will continue apace.

In fixed income (debt issued by governments and companies), positive returns came from less risky areas such as investment grade corporate bonds (debt issued by companies which are rated BBB and above by the credit rating agency Standard & Poor's) and selected government bonds, including long-dated UK Gilts and US Treasuries. These outperformed high yield corporate bonds (debt rated below BBB by Standard & Poor's).

Against this backdrop, the vast majority of the funds held in the portfolio enjoyed a positive six-month period, with The Boston Company's US equity fund among the stronger performers.

Looking ahead, while there are encouraging signs with regards to the global economic recovery, risks remain. Indeed, there are challenges facing both the developed and developing worlds, whether it is large-scale debt reduction or a change of economic focus. Life after the conclusion of asset-purchasing programmes remains an unknown. Such an environment could lead to financial market fluctuations and uncertainty. However, such conditions can also create investment opportunities. We believe our asset managers are well placed to take advantage of those opportunities as and when they arise.

David Turnbull

Director
For and on behalf of
BNY Mellon Fund Managers Limited
Authorised Corporate Director

10 February 2015

Market background

Economic and Market Overview

Introduction

Over the six-month period, while asset prices broadly rose, ‘uncertainty’ remained the go-to descriptor of financial market and economic conditions. After more than half a decade of free-flowing money, the US Federal Reserve (Fed) finally concluded its asset-purchasing programme, to the cost of some US\$4.5 trillion. To put that number in context, such an amount could buy every single property in London, more than twice over. In the run-up to the conclusion of the US asset-purchasing programme, concerns centred on whether the post-financial crisis world was prepared for its stabilisers to be removed; these concerns have, thus far at least, proved to be largely unfounded.

However, away from the US, a number of pockets of uncertainty reared their unwelcome heads. Whether in the form of Russia continued stance on Ukraine, from whom it annexed Crimea earlier in the year, unrest in the Middle East, the political uncertainty in the UK as Scotland came perilously close to breaking up the union, the eurozone’s fight with deflation (the opposite of inflation, when the price of goods and services in an economy falls) or the plummeting oil price, there was plenty to keep investors occupied.

Regardless, despite some fluctuations, most asset prices rose over the period as a whole, reflecting a degree of investor confidence that had been lacking since the onset of the financial crisis of 2008.

Against this backdrop, global equity markets rose over the period, with the FTSE All-World Index gaining 7.79% in sterling terms.

North America

Just shy of six years on from its commencement, the US Federal Reserve (Fed) finally concluded the ‘tapering’ process of its asset-purchasing programme or quantitative easing (QE) intended to create new money for use in the economy. (‘Tapering’ refers to the reduction of the Fed’s bond buying programme.) The success or failure of the Fed’s QE programmes is likely to be judged in future years but its supporters point to falling unemployment in the US and a strengthened economy. Conversely, critics say it has merely inflated asset prices and provided ‘cheap money’ to investors. While these purchases have now ended, the Fed is not ruling out another round should circumstances require it.

Shortly after month-end, President Barack Obama was dealt a sizeable, if largely expected, blow as the Republicans won control of the US Senate for the first time in eight years in the mid-term elections. The Republicans also increased their majority in the House of Representatives. President Obama has promised to work with the Republicans in Congress but indicated he was also prepared to make more use of his executive powers.

In economic terms, the US remained in good health. Revised data showed the US economy grew by 3.9% in the third quarter compared to a year earlier, a quicker pace than had initially been thought. A first estimate had put growth at 3.5%. GDP had grown at an annualised rate of 4.6% in the second quarter. US consumer confidence, which had risen in October, fell in November, according to The Conference Board. Concerns over business conditions and the state of the job markets weighed on investors’ minds. That said, at the end of November the US unemployment rate sat at 5.8%, its lowest level since July 2008.

In this environment, the FTSE All-World North America Index (which includes Canada) returned 14.85% in sterling terms.

Europe

In early December, Mario Draghi, president of the European Central Bank, kept market participants guessing on the timing of a move towards an asset-purchasing programme to rival that seen in the US. Unlike its US and UK peers, the eurozone remains dogged by weak economic growth and concerns of deflation (the opposite of inflation, when the price of goods and services in an economy falls).

In Russia, the Ukraine-related economic sanctions put in place by the West began to bite and the Russian economy entered recession (two quarters of consecutive economic contraction, or negative growth). Its economic travails were worsened by a plummeting currency and the sharp fall in the oil price – around 55% of the Russian stock market is made up of oil and gas companies. In response, the Russian central bank raised interest rates by 6.5% to 17.0% in an effort to stem capital outflows.

UK GDP was unrevised by the Office for National Statistics from the previous estimate for the third quarter of 2014; the UK economy grew by 0.7%. Among other data releases, eurozone annual inflation was expected to be 0.3% in November, down from 0.4% in October, according to a flash estimate from Eurostat, the EU’s statistical office. The eurozone unemployment rate was 11.5% in October, stable compared with September, as revealed by Eurostat.

After a bitterly-fought campaign, the majority (55%) of Scottish voters decisively rejected independence in the Scottish referendum on 18 September, with 45% voting for “Yes”. Shares on the London stock market rose after the “No” result. In the wake of the referendum result, Alex Salmond resigned as Scotland’s first minister and stood down as SNP leader. In response to the outcome, the UK government promised further devolution of powers to Holyrood. Meanwhile, the attention of the major political parties swiftly turned to May’s general election.

The FTSE All-World Europe ex UK Index returned -2.88% over the six months, in sterling terms, while the UK equity market, as measured by the FTSE All-Share Index, returned -0.40%.

Market background (continued)

Asia

Japan's economy contracted sharply in the second quarter, the largest fall in growth since the earthquake and tsunami of March 2011. GDP fell by an annualised rate 6.8%, offsetting the bump in demand in the first quarter as consumers brought forward purchases to beat the consumption tax rise that came into force on 1 April. Indeed, Japan entered a recession in the third quarter.

Following the Bank of Japan's announcement of yet another expansion of its asset-purchasing programme in late October – it increased it by ¥80 trillion (around US\$720bn) a year – Prime Minister Shinzo Abe called a snap election for mid-December. Abe wanted to be sure of strong support before pressing on with 'Abenomics', his three-pronged plan designed to turn around the country's struggling economy. He duly won the election with a two-thirds majority.

Data releases from China for October indicated the economy is continuing to slow down, with question marks still present over whether it will be a soft landing or a little more turbulent. GDP growth for the third quarter was released in the second half of October and came in at 7.3% year on year, which is the slowest reading since the first quarter of 2009. Meanwhile, China's attempts to become a domestically led economy also seemed to be faltering with exports rising an above-forecast 11.6% in October from a year earlier, while imports rose a lower 4.6% year on year, taking the country's trade surplus to US\$45.4bn for the month.

However, as one economic star wanes, perhaps another brightens: India is set to become a US\$2 trillion economy, according to the IMF. As a heavy importer of fuel, the slump in commodity prices is proving a boon to India, while inflation could also continue to slow if it is not brought in via high energy costs, say experts. India's stock market, the Sensex, reached another record high in August as investors cheered a speech by Prime Minister Narendra Modi outlining reforms aimed at boosting exports and manufacturing. Modi paid a five-day visit to Japan late in the month to hold talks with his Japanese counterpart, Shinzo Abe. Japan promised to invest US\$35bn in India over five years for various projects, including building smart cities.

Meanwhile, Australia's unemployment rate reached a higher level than the US for the first time since 2007, as it hit 6.4% in July. Elsewhere, New Zealand's general election saw incumbent Prime Minister John Key's National Party re-elected with 47% of the vote.

Against this backdrop, the FTSE All-World Asia Pacific ex Japan Index rose just 5.77% over the period, underperforming other global equity markets. The Japanese market returned 4.75%.

Fixed Income

A widespread slowdown in the rate at which prices increase (reinforced by a drop in the price of oil) and subdued global growth proved supportive of the major government bond markets. Persistent geopolitical risks (including in Ukraine and the Middle East) also ensured support for assets in so-called 'safe havens' favoured because of their stability in times of crisis. The JP Morgan Global Government Bond Index returned 5.09% in sterling terms.

It was a different story in high-yield credit – debt issued by companies that is rated below BBB by the credit rating agency Standard & Poor's – as investors become more averse in their attitudes towards risk. Contributing factors included the lower price for oil, concerns regarding the eurozone, such as the threat of deflation as well as lingering geopolitical threats, namely the situation in Ukraine. Investment-grade credit – debt rated BBB and above – remained a beneficiary of the macroeconomic trends (slow growth and low inflation) supporting underlying government bonds.

Currencies and commodities

In currency markets, the dollar benefited from the comparative strength of the US economy and was the strongest performing major currency over the six-month period. It appreciated by close to 10% versus sterling and more than 13% over the euro. The Japanese yen was weak, losing ground against a basket of major currencies, most notably versus the dollar (a fall of more than 18%) and against sterling (a more-than 7% decline).

With respect to commodities, the big story of the half-year was the collapse of oil prices due to a combination of increased supply and faltering world demand. A barrel of West Texas Intermediate crude oil fell from US\$105.37 at the end of June to US\$53.27 at the end of December, a near 50% decline. Gold went from US\$1,327.33 per troy ounce at the end of June to a six-month low of US\$1,140.54 in May, before recovering somewhat to US\$1,184.37 by the end of December. Other commodities also fell, with only live cattle offering a positive return (6.48%) among a range of headline commodities. Aside from oil and gas, which fell sharply, silver was the largest laggard (-26.28%).

BNY Mellon Investment Management EMEA Limited
January 2015

All performance data is from 30 June 2014 to 31 December 2014, total return in sterling terms unless otherwise indicated, sourced from FTSE and Bloomberg.

BNY MELLON INVESTMENT FUNDS AGGREGATED FINANCIAL STATEMENTS

Financial Statements

Aggregated Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|---------------|----------------------|---------------|--------------------|
| Income | | | | |
| Net Capital Gains | | 985,278,307 | | 420,866,103 |
| Revenue | 468,914,908 | | 478,771,359 | |
| Expenses | (157,165,651) | | (164,137,844) | |
| Finance costs: Interest | (29,927) | | (21,566) | |
| Net revenue before taxation | 311,719,330 | | 314,611,949 | |
| Taxation | (24,188,949) | | (26,891,896) | |
| Net revenue after taxation | | 287,530,381 | | 287,720,053 |
| Total return before distributions | | 1,272,808,688 | | 708,586,156 |
| Finance costs: Distributions | | (374,976,499) | | (383,800,399) |
| Change in net assets attributable to Shareholders from investment activities | | 897,832,189 | | 324,785,757 |

Aggregated Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-----------------|-----------------------|-----------------|-----------------------|
| Opening net assets attributable to Shareholders | | 32,922,789,944 | | 31,079,773,259 |
| Amounts receivable on issue of shares | 2,732,378,684 | | 3,522,998,905 | |
| Amounts payable on cancellation of shares | (2,719,420,491) | | (2,622,059,232) | |
| | | 12,958,193 | | 900,939,673 |
| Amounts Payable to Shareholders at termination | | 975 | | - |
| Dilution adjustment | | 1,283,595 | | 2,487,391 |
| Stamp Duty Reserve Tax | | 11,580 | | (2,468,895) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 897,832,189 | | 324,785,757 |
| Retained distributions on accumulation shares | | 172,852,398 | | 163,946,033 |
| Unclaimed distributions | | 125,850 | | 92,028 |
| Closing net assets attributable to Shareholders | | 34,007,854,724 | | 32,469,555,246 |

Financial Statements (continued)**Aggregated Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|----------------------|------------------------------|----------------------|------------------------------|
| ASSETS | | | | |
| Investment assets* | | 32,238,622,572 | | 31,488,806,549 |
| Debtors | 254,896,592 | | 538,922,917 | |
| Cash and bank balances | <u>1,896,618,417</u> | | <u>1,499,407,679</u> | |
| Total other assets | | <u>2,151,515,009</u> | | <u>2,038,330,596</u> |
| Total assets | | 34,390,137,581 | | 33,527,137,145 |
| LIABILITIES | | | | |
| Investment liabilities | | (105,275,807) | | (94,042,220) |
| Bank overdraft | (4,384,523) | | (278,919) | |
| Creditors | (178,621,711) | | (283,630,264) | |
| Distribution payable on income shares | <u>(94,000,816)</u> | | <u>(226,395,798)</u> | |
| Total other liabilities | | <u>(277,007,050)</u> | | <u>(510,304,981)</u> |
| Total liabilities | | (382,282,857) | | (604,347,201) |
| Net assets attributable to Shareholders | | <u>34,007,854,724</u> | | <u>32,922,789,944</u> |

*Gross of investment liabilities

BNY MELLON INVESTMENT FUNDS – BNY MELLON LONG-TERM GLOBAL EQUITY FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|-------------------------------|-----------------------------------|
| Investment Adviser: | Walter Scott & Partners Limited |
| Fund Size: | £308.06m |
| Comparative Index: | FTSE All World TR GBP |
| Sector: | The Investment Association Global |
| Yield as at 31 December 2014: | |

| | |
|--|-------|
| Sterling Income Shares | 0.20% |
| Institutional Shares (Net Accumulation) | 0.72% |
| Exempt Shares 1 (Net Accumulation) | 0.83% |
| Exempt Shares 2 (Net Accumulation) | 0.95% |
| X Shares (Net Accumulation) | 1.62% |
| Institutional Shares W (Net Income) | 0.97% |
| Institutional Shares W (Net Accumulation) | 0.95% |
| Retail Advised Shares B (Net Income) | 0.67% |
| Retail Advised Shares B (Net Accumulation) | 0.66% |

Key Dates: Fund Launch 24 August 2007

Investment Objective

The objective of the Fund is to achieve long-term capital appreciation through investments in predominantly equity securities of companies located throughout the world.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 8.72% | 15.23% | 12.24% | -3.59% | 14.09% |
| Institutional Shares (Net Accumulation) | 9.33% | 15.88% | 12.87% | -3.05% | 14.76% |
| Exempt Shares 1 (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| Exempt Shares 2 (Net Accumulation) | 9.61% | 16.17% | 13.15% | -2.81% | 15.04% |
| X Shares (Net Accumulation)* | 10.44% | 17.04% | 14.01% | -2.09% | n/a |
| Institutional Shares W (Net Income)* | 9.62% | 16.09% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 9.63% | 16.18% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 9.26% | 15.80% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 9.26% | 15.80% | n/a | n/a | n/a |
| FTSE All World TR GBP | 11.30% | 21.03% | 12.00% | -6.57% | 16.74% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

* Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 8.25% against 7.83% for the FTSE All World Index TR.

On an absolute basis, regional returns were led by US companies, followed by Pacific ex Japan holdings. UK stocks declined on average and were the greatest detractors. The sole Canadian stock also detracted from performance. In relative terms, Pacific ex Japan and emerging markets were the strongest contributors. UK holdings lagged behind their regional index and were the primary detractors.

In absolute terms, energy sector stocks were the only detractors. All other sectors were positive, with the technology sector the greatest contributors. In relative terms, materials and technology led their respective sector indices and were the most notable contributors. Energy stocks were the key relative detractors, mostly due to the Fund's greater exposure to the sector. Financial stocks also lagged their sector indices.

Currency movements added to both Fund and index return as sterling weakened against most major currencies.

Two new holdings were added to the Fund during the period; Gilead Sciences and Novartis. Gilead Sciences is one of the largest biopharmaceutical companies in the world whose Sovaldi treatment for Hepatitis C has been a success. Due to its high cure rate, the drug has recorded the highest ever quarterly sales for a single drug in US pharmacological history. The successor to this drug, Harvoni, was approved by the Food and Drug Administration in late October 2014. The early signs are that this drug is poised to break all records. The company also has a market-leading HIV franchise and a promising oncology pipeline which bodes well for the future.

Novartis is one of the largest diversified pharmaceutical companies in the world. Novartis' research and development has generated a strong pipeline with several new drugs that have been recently approved or are hoping to gain approval in the coming years which will drive future growth. The success of Novartis is evident in its strong financial structure. It has low levels of debt and a high cash return on investment.

In addition, the holding in Sigma-Aldrich was sold during the period and a number of holdings changed as a result of cash flows.

The table below shows the top ten purchases and sales during the period.

| Purchases | Sales |
|---|-----------------------|
| Gilead Sciences | Sigma-Aldrich |
| Novartis | EOG Resources |
| Fastenal | Schlumberger |
| Honda Motor | Microsoft |
| Standard Chartered | CNOOC |
| CNOOC | Hong Kong & China Gas |
| Reckitt Benckiser | Auto Data Process |
| Denso | Adobe Systems |
| Taiwan Semiconductor Manufacturing ADS(each representing 5 ordinary shares) | Cisco Systems |
| BG | Stryker |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 129.61 | 109.15 | 0.2998 |
| 2011 | 132.07 | 110.82 | 0.2534 |
| 2012 | 139.58 | 123.42 | 0.4695 |
| 2013 | 165.14 | 138.90 | 0.5664 |
| 2014 | 173.81 | 149.55 | 0.3502 |
| Institutional Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 141.68 | 119.00 | 0.9304 |
| 2011 | 145.09 | 121.82 | 0.9950 |
| 2012 | 155.17 | 135.96 | 1.3238 |
| 2013 | 184.01 | 154.43 | 1.4910 |
| 2014 | 196.61 | 167.93 | 1.4044 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2014 (from 17 September) | 104.71 | 94.81 | n/a |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 142.69 | 119.70 | 1.2403 |
| 2011 | 146.31 | 122.88 | 1.3365 |
| 2012 | 157.05 | 137.27 | 1.6883 |
| 2013 | 186.42 | 156.31 | 1.9144 |
| 2014 | 199.99 | 170.43 | 1.8723 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 (from 17 December) | 102.21 | 99.99 | n/a |
| 2011 | 105.20 | 88.43 | 1.1189 |
| 2012 | 114.17 | 99.06 | 1.9737 |
| 2013 | 135.92 | 113.64 | 2.2722 |
| 2014 | 147.59 | 124.93 | 2.3629 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 30 August) | 104.72 | 98.67 | n/a |
| 2013 | 124.30 | 104.22 | 1.1644 |
| 2014 | 130.54 | 112.42 | 1.2421 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 30 August) | 104.72 | 98.67 | n/a |
| 2013 | 124.30 | 104.22 | 1.0960 |
| 2014 | 133.37 | 113.65 | 1.2502 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 25 September) | 103.92 | 98.25 | n/a |
| 2013 | 123.19 | 103.24 | 0.8045 |
| 2014 | 129.63 | 111.58 | 0.8491 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 25 September) | 103.92 | 98.25 | n/a |
| 2013 | 123.19 | 103.42 | 0.8104 |
| 2014 | 131.48 | 112.38 | 0.8575 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Sterling Income Shares | | | |
| 30/06/2012 | 5,242,690 | Pence 128.40 | 4,083,178 |
| 30/06/2013 | 27,369,529 | 153.15 | 17,870,832 |
| 30/06/2014 | 13,241,682 | 158.67 | 8,345,339 |
| 31/12/2014 | 10,398,739 | 171.27 | 6,071,497 |
| Institutional Shares (Net Accumulation) | | | |
| 30/06/2012 | 68,803,323 | Pence 142.34 | 48,335,714 |
| 30/06/2013 | 77,455,339 | 171.39 | 45,192,960 |
| 30/06/2014 | 68,838,926 | 178.97 | 38,463,942 |
| 31/12/2014 | 74,748,171 | 193.74 | 38,582,134 |
| Exempt Shares 1 (Net Accumulation) | | | |
| 31/12/2014 | 19,919,070 | Pence 103.18 | 19,304,714 |
| Exempt Shares 2 (Net Accumulation) | | | |
| 30/06/2012 | 60,432,413 | Pence 143.89 | 41,997,908 |
| 30/06/2013 | 84,608,349 | 173.69 | 48,711,934 |
| 30/06/2014 | 94,539,666 | 181.82 | 51,995,862 |
| 31/12/2014 | 94,547,060 | 197.08 | 47,974,302 |
| X Shares (Net Accumulation) | | | |
| 30/06/2012 | 53,954,057 | Pence 104.22 | 51,766,962 |
| 30/06/2013 | 72,029,444 | 126.73 | 56,838,529 |
| 30/06/2014 | 78,206,112 | 133.68 | 58,503,357 |
| 31/12/2014 | 52,937,324 | 145.44 | 36,397,516 |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 315,368 | Pence 114.68 | 274,991 |
| 30/06/2014 | 10,073,392 | 118.68 | 8,487,618 |
| 31/12/2014 | 14,765,044 | 128.64 | 11,477,737 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 6,247,277 | Pence 115.85 | 5,392,600 |
| 30/06/2014 | 19,062,014 | 121.24 | 15,721,919 |
| 31/12/2014 | 40,648,932 | 131.43 | 30,928,648 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 5,625 | Pence 111.52 | 5,044 |
| 30/06/2014 | 5,970 | 118.05 | 5,057 |
| 31/12/2014 | 6,505 | 127.72 | 5,093 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 50,005 | Pence 109.52 | 45,659 |
| 30/06/2014 | 79,188 | 119.73 | 66,137 |
| 31/12/2014 | 85,691 | 129.57 | 66,137 |

Statistics (continued)**Ongoing Charges**

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.64 | 1.63 |
| Institutional Shares (Net Accumulation) | 1.07 | 1.07 |
| Exempt Shares 1 (Net Accumulation)* | 0.67 | n/a |
| Exempt Shares 2 (Net Accumulation) | 0.82 | 0.82 |
| X Shares (Net Accumulation) | 0.07 | 0.07 |
| Institutional Shares W (Net Income) | 0.82 | 0.83 |
| Institutional Shares W (Net Accumulation) | 0.82 | 0.83 |
| Retail Advised Shares B (Net Income) | 1.15 | 1.14 |
| Retail Advised Shares B (Net Accumulation) | 1.15 | 1.14 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

*The Ongoing Charges figure for Exempt Shares 1 (Net Accumulation) has been annualised as the share class launched during the period.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|-------------------------------------|----------------|-------------------------|-----------------------------|
| United Kingdom 6.67% (7.44%) | | | |
| BG | 486,817 | 4,210,480 | 1.37 |
| HSBC | 862,808 | 5,251,049 | 1.70 |
| Indivior | 114,035 | 169,570 | 0.05 |
| Reckitt Benckiser | 114,035 | 5,941,223 | 1.93 |
| Standard Chartered | 517,591 | 4,984,401 | 1.62 |
| Australia 3.48% (3.54%) | | | |
| CSL | 141,127 | 6,410,655 | 2.08 |
| Woodside Petroleum | 217,213 | 4,320,662 | 1.40 |
| Canada 1.34% (1.89%) | | | |
| Suncor Energy | 202,770 | 4,140,730 | 1.34 |
| Denmark 1.71% (1.96%) | | | |
| Novo Nordisk | 193,896 | 5,257,991 | 1.71 |
| France 4.07% (4.06%) | | | |
| Essilor International | 43,191 | 3,102,860 | 1.01 |
| Hermes | 1,404 | 319,470 | 0.10 |
| L'Oréal | 57,018 | 6,152,926 | 2.00 |
| LVMH Moët Hennessy | 28,792 | 2,952,825 | 0.96 |
| China 0.96% (0.00%) | | | |
| China Shenhua Energy | 1,560,500 | 2,948,905 | 0.96 |
| Hong Kong 8.44% (9.42%) | | | |
| AIA | 1,717,600 | 6,108,032 | 1.98 |
| China Mobile (Hong Kong) | 748,500 | 5,614,485 | 1.82 |
| CLP | 624,000 | 3,457,564 | 1.12 |
| CNOOC | 5,657,000 | 4,884,246 | 1.59 |
| Hong Kong & China Gas | 4,043,569 | 5,925,697 | 1.93 |
| Japan 9.80% (9.71%) | | | |
| Denso | 156,600 | 4,732,858 | 1.54 |
| Fanuc | 54,000 | 5,759,730 | 1.87 |
| Honda Motor | 273,200 | 5,149,912 | 1.67 |
| Keyence | 11,798 | 3,395,267 | 1.10 |
| Komatsu | 365,700 | 5,250,380 | 1.70 |
| Shin-Etsu Chemical | 140,500 | 5,910,964 | 1.92 |
| Singapore 2.10% (1.98%) | | | |
| Oversea-Chinese Banking | 1,279,137 | 6,475,546 | 2.10 |
| Spain 1.83% (1.86%) | | | |
| Inditex | 306,420 | 5,637,101 | 1.83 |
| Sweden 2.05% (1.94%) | | | |
| Hennes & Mauritz series 'B' shares | 236,187 | 6,300,307 | 2.05 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Switzerland 9.27% (8.17%) | | | |
| Nestlé | 121,794 | 5,730,650 | 1.86 |
| Novartis | 99,403 | 5,921,772 | 1.92 |
| Roche | 31,058 | 5,408,364 | 1.76 |
| SGS (Registered) | 2,549 | 3,362,801 | 1.09 |
| Swatch | 8,968 | 2,569,976 | 0.83 |
| Syngenta | 26,999 | 5,571,098 | 1.81 |
| Taiwan 2.11% (1.92%) | | | |
| Taiwan Semiconductor Manufacturing ADS (each representing 5 ordinary shares) | 452,267 | 6,488,512 | 2.11 |
| United States of America 43.92% (42.77%) | | | |
| Adobe Systems | 130,932 | 6,103,862 | 1.98 |
| Amphenol | 112,296 | 3,874,635 | 1.26 |
| Auto Data Process | 105,255 | 5,627,776 | 1.83 |
| Cisco Systems | 337,760 | 6,024,118 | 1.96 |
| Colgate-Palmolive | 136,124 | 6,038,606 | 1.96 |
| EOG Resources | 85,243 | 5,032,849 | 1.63 |
| Fastenal | 211,171 | 6,441,105 | 2.09 |
| Gilead Sciences | 103,846 | 6,277,047 | 2.04 |
| Google | 8,308 | 2,804,713 | 0.91 |
| Google class 'A' shares | 7,175 | 2,441,548 | 0.79 |
| Intuitive Surgical | 10,951 | 3,714,877 | 1.21 |
| Johnson & Johnson | 87,508 | 5,868,662 | 1.90 |
| MasterCard class 'A' shares | 120,982 | 6,686,695 | 2.17 |
| Microsoft | 198,050 | 5,899,902 | 1.92 |
| MSC Industrial Direct | 28,509 | 1,485,558 | 0.48 |
| Nike class 'B' shares | 114,507 | 7,058,052 | 2.29 |
| Oracle | 239,869 | 6,918,011 | 2.25 |
| Praxair | 70,045 | 5,821,473 | 1.89 |
| Precision Castparts | 38,232 | 5,904,781 | 1.92 |
| Qualcomm | 122,342 | 5,831,302 | 1.89 |
| Schlumberger | 83,072 | 4,549,314 | 1.48 |
| Stryker | 110,164 | 6,661,769 | 2.16 |
| TJX | 153,769 | 6,762,187 | 2.19 |
| Wal-Mart Stores | 103,576 | 5,705,399 | 1.85 |
| WW Grainger | 35,306 | 5,769,647 | 1.87 |
| Portfolio of investments | | 301,122,897 | 97.75 |
| Net current assets | | 6,933,639 | 2.25 |
| Total Net Assets | | 308,056,536 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-------------|-------------------|-------------|-------------------|
| Income | | | | |
| Net capital gains | | 22,373,643 | | 9,690,948 |
| Revenue | 2,525,975 | | 2,148,560 | |
| Expenses | (1,063,751) | | (1,025,265) | |
| Finance costs: Interest | (1,284) | | (3,706) | |
| Net revenue before taxation | 1,460,940 | | 1,119,589 | |
| Taxation | (249,401) | | (214,488) | |
| Net revenue after taxation | | 1,211,539 | | 905,101 |
| Total return before distributions | | 23,585,182 | | 10,596,049 |
| Finance costs: Distributions | | (71,530) | | 86,045 |
| Change in net assets attributable to Shareholders from investment activities | | 23,513,652 | | 10,682,094 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------|--------------------|--------------|--------------------|
| Opening net assets attributable to Shareholders | | 284,046,950 | | 268,080,936 |
| Amounts receivable on issue of shares | 52,726,235 | | 29,023,396 | |
| Amounts payable on cancellation of shares | (52,275,617) | | (24,536,400) | |
| | | 450,618 | | 4,486,996 |
| Dilution adjustment | | 45,101 | | (18,508) |
| Stamp Duty Reserve Tax | | - | | (5,038) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 23,513,652 | | 10,682,094 |
| Unclaimed distributions | | 215 | | - |
| Closing net assets attributable to Shareholders | | 308,056,536 | | 283,226,480 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|--------------------|-----------|--------------------|
| ASSETS | | | | |
| Investment assets | | 301,122,897 | | 274,551,975 |
| Debtors | 1,022,603 | | 1,404,254 | |
| Cash and bank balances | 6,299,579 | | 8,865,664 | |
| Total other assets | | 7,322,182 | | 10,269,918 |
| Total assets | | 308,445,079 | | 284,821,893 |
| LIABILITIES | | | | |
| Creditors | (388,543) | | (640,240) | |
| Distribution payable on income shares | - | | (134,703) | |
| Total other liabilities | | (388,543) | | (774,943) |
| Total liabilities | | (388,543) | | (774,943) |
| Net assets attributable to Shareholders | | 308,056,536 | | 284,046,950 |

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|----------------|--------------------------|--------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 44,418,101 | | 21,968,579 |
| Commissions | 29,532 | | 18,422 | |
| Taxes | <u>28,163</u> | | <u>5,032</u> | |
| Total purchase costs | | 57,695 | | 23,454 |
| Gross purchases total | | <u>44,475,796</u> | | <u>21,992,033</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 40,392,388 | | 15,760,423 |
| Commissions | (16,213) | | (12,842) | |
| Taxes | <u>(2,255)</u> | | <u>(976)</u> | |
| Total sales costs | | (18,468) | | (13,818) |
| Total sales net of transaction costs | | <u>40,373,920</u> | | <u>15,746,605</u> |

**BNY MELLON INVESTMENT FUNDS – INSIGHT CORPORATE BOND FUND (FORMERLY NEWTON
CORPORATE BOND FUND)**

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|--|--|
| Investment Adviser: | Insight Investment Management (Global) Limited |
| Fund Size: | £47.48m |
| Comparative Index: | Markit iBoxx Sterling Collateralized & Corp TR GBP |
| Sector: | The Investment Association £ Corporate Bond |
| Distribution Yield as at 31 December 2014: | |
| Sterling Income Shares | 4.06% |
| Institutional Shares W (Net Income) | 4.12% |
| Institutional Shares W (Net Accumulation) | 4.13% |
| Retail Advised Shares B (Net Income) | 4.06% |
| Retail Advised Shares B (Net Accumulation) | 4.07% |
| P Shares (Net Accumulation) | 4.13% |
| Key Dates: Fund Launch | 03 November 1997 (Managed by Insight since October 2014) |

Investment Objective

The objective of the Fund is to generate a total return (being a combination of income and capital growth).

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|--|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | n/a | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| P Shares (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| Markit iBoxx Sterling Collateralized & Corp TR GBP | 12.46% | 1.59% | 15.08% | 6.65% | 9.39% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 3.35% against 3.50% for The Investment Association £ Corporate Bond Sector.

Insight Investment assumed responsibility for this Fund on 1 October 2014.

The majority of the underperformance came in final three months of the review period as geopolitical concerns, mixed economic data and the rapidly falling oil price meant that government bond yields continued to fall. The European bond market benefited from a more dovish European Central Bank (ECB), with increasing speculation that the ECB would implement sovereign bond quantitative easing (bond buying programme) in January 2015. This supported euro-denominated corporate bonds in particular.

In terms of Fund performance, while having an underweight position in the oil-hit energy sector was beneficial to returns, being overweight financials and securitised bonds detracted from performance. In addition, US dollar-denominated bonds, to which the Fund has a preference, underperformed compared to their sterling and euro-denominated peers. In terms of security selection, the Fund's exposure to BBVA and EDF was beneficial to performance.

However, positions in Erste Bank, Petrobras and Tesco detracted from returns. In terms of activity, the Fund was rebalanced at the start of October and thereafter the Fund added a US dollar-denominated bond from Verizon and bought a sterling new issue from BskyB. In financials, a subordinated financial exposure, with a bias towards peripheral eurozone banks such as Intesa San Paolo and Bankia. Axa and RBS was added after the Scottish Referendum result. (Subordinated is debt that is ranked below other debt in terms of claims on assets.)

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|---|---|
| UK Treasury Gilt 4.25% 07/06/2032 | UK Treasury Gilt 4.25% 07/06/2032 |
| GE Capital UK Funding 6.25% Guaranteed European Medium Term Bonds 5/5/2038 | GE Capital UK Funding 6.25% Guaranteed European Medium Term Bonds 5/5/2038 |
| Erste Bank 5.5% Variable Subordinated Bonds 26/5/2025 | Temasek Financial I 5.125% Guaranteed European Medium Term Bonds 26/7/2040 |
| Bank of America 7% Guaranteed Senior European Medium Term Bonds 31/7/2028 | BUPA Finance 6.125% Guaranteed Perpetual Floating Rate Bonds 29/12/2049 |
| Assicurazioni Generali 10.125% Floating Rate European Medium Term Bonds 10/7/2042 | Unite (USAF) II 3.374% Senior Bonds 30/6/2028 |
| RWE Finance 6.125% Guaranteed European Medium Term Bonds 6/7/2039 | National Westminster Bank 7.875% Subordinated Bonds 9/9/2015 |
| Koninklijke KPN 5.75% Guaranteed Senior European Medium Term Bonds 17/9/2029 | Intercontinental Hotels 6.00% Guaranteed European Medium Term Bonds 9/12/2016 |
| RSA Insurance 5.125% Guaranteed Bonds 10/10/2045 | Compass 7.00% Senior Bonds 8/12/2014 |
| Galp Energia 3.00% Bonds 14/1/2021 | John Lewis 8.375% Senior European Medium Term Notes 8/4/2019 |
| AXA 5.453% Subordinated Perpetual Floating Rate Notes | BG Energy Capital 5.125% Guaranteed European Medium Term Bonds 01/12/2025 |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 81.00 | 74.66 | 3.3988 |
| 2011 | 79.20 | 75.55 | 3.3168 |
| 2012 | 84.54 | 76.93 | 3.3529 |
| 2013 | 86.65 | 81.49 | 2.7549 |
| 2014 | 87.42 | 82.11 | 2.5361 |
| X Shares (Net Accumulation)** | Pence | Pence | Pence |
| 2010 | 95.40 | 84.42 | 3.9923 |
| 2011 (to 3 February) | 92.56 | 91.70 | 0.3702 |
| **X Shares (Net Accumulation) share class closed on 03 February 2011. | | | |
| P Shares (Income)*** | Pence | Pence | Pence |
| 2012 (from 20 June) | 106.40 | 99.98 | 2.2484 |
| 2013 (to 23 September) | 109.06 | 102.57 | 2.3541 |
| ***P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 September) | 103.05 | 99.66 | 1.3353 |
| 2013 | 105.80 | 99.67 | 3.4239 |
| 2014 | 107.59 | 100.59 | 3.2528 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 September) | 104.07 | 99.66 | 1.3419 |
| 2013 | 108.35 | 102.69 | 3.5227 |
| 2014 | 115.51 | 105.39 | 3.4558 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 October) | 101.92 | 99.85 | 0.9475 |
| 2013 | 104.55 | 98.41 | 3.3246 |
| 2014 | 105.90 | 99.24 | 3.1183 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 October) | 102.55 | 99.85 | 0.9506 |
| 2013 | 106.65 | 101.03 | 3.4083 |
| 2014 | 113.15 | 103.52 | 3.3783 |
| P Shares (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 12 October) | 102.38 | 100.00 | 0.8774 |
| 2013 | 106.41 | 100.78 | 3.4565 |
| 2014 | 112.56 | 103.16 | 3.2908 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 51,105,732 | 78.86 | 64,806,071 |
| 30/06/2013 | 80,667,928 | 81.64 | 98,811,501 |
| 30/06/2014 | 49,167,574 | 83.76 | 58,702,957 |
| 31/12/2014 | 43,151,788 | 86.22 | 50,051,187 |
| P Shares (Income)*** | | Pence | |
| 30/06/2012 | 14,887 | 99.25 | 15,000 |
| 30/06/2013 | 324,865 | 102.75 | 316,182 |
| ***P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 399,912 | 99.75 | 400,898 |
| 30/06/2014 | 7,734,664 | 102.85 | 7,520,043 |
| 31/12/2014 | 3,975,294 | 106.01 | 3,750,024 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 24,493 | 102.73 | 23,842 |
| 30/06/2014 | 347,998 | 109.38 | 318,143 |
| 31/12/2014 | 279,119 | 114.61 | 243,531 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 5,043 | 98.54 | 5,118 |
| 30/06/2014 | 5,354 | 101.35 | 5,283 |
| 31/12/2014 | 18,163 | 104.40 | 17,398 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 8,447 | 101.07 | 8,358 |
| 30/06/2014 | 3,626 | 107.28 | 3,380 |
| 31/12/2014 | 5,200 | 112.26 | 4,632 |
| P Shares (Net Accumulation) | | Pence | |
| 30/06/2013 | 85,108 | 100.82 | 84,420 |
| 30/06/2014 | 48,417 | 106.81 | 45,331 |
| 31/12/2014 | 50,618 | 111.66 | 45,331 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.23 | 1.17 |
| Institutional Shares W (Net Income) | 0.65 | 0.62 |
| Institutional Shares W (Net Accumulation) | 0.65 | 0.61 |
| Retail Advised Shares B (Net Income) | 0.98 | 0.93 |
| Retail Advised Shares B (Net Accumulation) | 0.98 | 0.92 |
| P Shares (Net Accumulation) | 1.16 | 1.10 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Sterling Denominated Corporate Bonds 73.55% (83.52%) | | | |
| AA Bond 4.2487% Senior European Medium Term Notes 31/7/2043 | £650,000 | 683,898 | 1.44 |
| Abbey National Treasury Services 5.125% Guaranteed European Medium Term Bonds 14/4/2021 | £500,000 | 594,158 | 1.25 |
| Abbey National Treasury Services 5.25% Guaranteed European Medium Term Bonds 16/2/2029 | £200,000 | 260,749 | 0.55 |
| Affinity Sutton 4.25% European Medium Term Bonds 8/10/2042 | £590,000 | 646,198 | 1.36 |
| Annington Finance No 4 0% Guaranteed Bonds 10/1/2023 | £1,000,000 | 785,020 | 1.65 |
| AT&T 4.25% Senior Bonds 1/6/2043 | £310,000 | 311,172 | 0.66 |
| AXA 5.453% Subordinated Perpetual Floating Rate Notes | £592,000 | 590,520 | 1.24 |
| Bank of America 7% Guaranteed Senior European Medium Term Bonds 31/7/2028 | £600,000 | 833,511 | 1.76 |
| Bank of Scotland 4.875% Guaranteed European Medium Term Bonds 20/12/2024 | £400,000 | 488,641 | 1.03 |
| Barclays 10% Guaranteed Subordinated European Medium Term Bonds 21/5/2021 | £260,000 | 344,716 | 0.73 |
| BAT International Finance 5.75% Guaranteed European Medium Term Bonds 5/7/2040 | £500,000 | 664,843 | 1.40 |
| BPCE 5.25% Subordinated Notes 16/4/2029 | £400,000 | 428,784 | 0.90 |
| Broadgate Financing 4.821% Guaranteed Bonds 5/7/2036 | £350,000 | 422,800 | 0.89 |
| Centrica 6.375% Guaranteed Senior European Medium Term Bonds 10/3/2022 | £450,000 | 554,585 | 1.17 |
| Citigroup 6.8% Guaranteed Senior European Medium Term Bonds 25/6/2038 | £158,000 | 233,028 | 0.49 |
| Coventry Building Society 5.875% Guaranteed Senior European Medium Term Bonds 28/9/2022 | £500,000 | 611,758 | 1.29 |
| CPUK Finance 7.239% Senior European Medium Term Bonds 28/2/2042 | £400,000 | 519,731 | 1.09 |
| Dong Energy 4.875% Guaranteed Senior European Medium Term Bonds 12/1/2032 | £650,000 | 748,170 | 1.58 |
| E.ON International Finance 6.375% Guaranteed European Medium Term Bonds 7/6/2032 | £400,000 | 531,615 | 1.12 |
| Electricite de France 5.5% Senior European Medium Term Bonds 17/10/2041 | £700,000 | 877,438 | 1.85 |
| Electricite de France 6% Perpetual Subordinated Floating Rate Bonds | £500,000 | 531,350 | 1.12 |
| Enel Finance International 5.75% Guaranteed European Medium Term Bonds 14/9/2040 | £200,000 | 244,779 | 0.52 |
| Enel-Societa Per Azioni 5.75% Senior European Medium Term Bonds 22/6/2037 | £380,000 | 460,377 | 0.97 |
| Enterprise Inns 6.5% Guaranteed Senior Bonds 6/12/2018 | £375,000 | 385,064 | 0.81 |
| GE Capital UK Funding 6.25% Guaranteed European Medium Term Bonds 5/5/2038 | £700,000 | 984,270 | 2.07 |
| GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033 | £600,000 | 759,000 | 1.60 |
| Health Care 4.5% Medium Term Notes 1/12/2034 | £250,000 | 259,250 | 0.55 |
| Health Care REIT 4.8% Senior Notes 20/11/2028 | £500,000 | 547,306 | 1.15 |
| Heathrow Funding 4.625% Senior European Medium Term Notes 31/10/2048 | £300,000 | 325,943 | 0.69 |
| Heathrow Funding 5.225% Guaranteed Senior European Medium Term Bonds 15/2/2025 | £600,000 | 696,739 | 1.47 |
| High Speed Rail Financial 4.375% European Medium Term Notes 1/11/2038 | £310,000 | 351,531 | 0.74 |
| HSBC 5% Guaranteed Subordinated Floating Rate European Medium Term Notes 20/3/2023 | £600,000 | 638,820 | 1.35 |
| HSBC 6.75% Guaranteed Subordinated Bonds 11/9/2028 | £500,000 | 624,776 | 1.32 |
| HSBC 7% Guaranteed Subordinated European Medium Term Bonds 7/4/2038 | £300,000 | 394,543 | 0.83 |
| Intu SGS Finance 4.25% European Medium Term Notes 17/9/2030 | £300,000 | 314,925 | 0.66 |
| Juturna Euro Loan 5.0636% European Medium Term Notes 1/8/2033 | £326,768 | 392,746 | 0.83 |
| Koninklijke KPN 5.75% Guaranteed Senior European Medium Term Bonds 17/9/2029 | £600,000 | 710,879 | 1.50 |
| LBG Capital No.2 15% Guaranteed Bonds 21/12/2019 | £490,000 | 676,200 | 1.42 |
| Leek Finance Number Nineteen 0.97963% Bonds 21/12/2038 | £400,000 | 391,079 | 0.82 |
| Lloyds TSB 6.5% Guaranteed Senior European Medium Term Bonds 17/9/2040 | £81,000 | 115,798 | 0.24 |
| Mitchells & Butlers Finance 6.013% Guaranteed Asset Backed Bonds 15/12/2030 | £429,000 | 514,362 | 1.08 |
| NGG Finance 5.625% Floating Rate Notes 18/6/2073 | £417,000 | 442,020 | 0.93 |
| Orange 5.625% Guaranteed Senior Bonds 23/1/2034 | £400,000 | 492,600 | 1.04 |
| Petrobras Global Finance 6.625% Guaranteed Bonds 16/1/2034 | £500,000 | 422,505 | 0.89 |
| Precise Mortgage Fund 2 Floating Rate Notes 12/12/2047 | £150,000 | 150,000 | 0.32 |
| Precise Mortgage Fund 2 Floating Rate Notes 12/12/2047 | £150,000 | 150,000 | 0.32 |
| Prudential 11.375% Guaranteed Subordinated Floating Rate European Medium Term Bonds 29/5/2039 | £300,000 | 396,936 | 0.84 |
| Punch Taverns Finance 6.82% Guaranteed Bonds 15/7/2020 | £49,500 | 55,752 | 0.12 |
| Punch Taverns Finance 7.274% Guaranteed Bonds 15/4/2022 | £225,000 | 255,375 | 0.54 |
| Royal Bank of Scotland 5.125% Guaranteed Senior European Medium Term Bonds 13/1/2024 | £200,000 | 246,028 | 0.52 |
| RSA Insurance 5.125% Guaranteed Bonds 10/10/2045 | £650,000 | 672,620 | 1.42 |
| RSA Insurance 9.375% Guaranteed Floating Rate Bonds 20/5/2039 | £300,000 | 365,619 | 0.77 |
| RWE Finance 6.125% Guaranteed European Medium Term Bonds 6/7/2039 | £600,000 | 782,957 | 1.65 |
| Scottish Widows 5.5% Bonds 16/6/2023 | £500,000 | 536,600 | 1.13 |
| Scottish Widows 7% Subordinated Bonds 16/6/2043 | £200,000 | 248,190 | 0.52 |
| Severn Trent 6% Guaranteed European Medium Term Notes 22/1/2018 | £400,000 | 450,461 | 0.95 |

Portfolio Statement (continued)

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Sterling Denominated Corporate Bonds (continued) | | | |
| Sky 4% European Medium Term Notes 26/11/2029 | £500,000 | 517,385 | 1.09 |
| SLM Student Loan Trust 03-10 5.15% Guaranteed Asset Backed Bonds 15/12/2039 | £1,250,000 | 1,175,000 | 2.47 |
| Society of Lloyd's 4.75% Subordinated Bonds 30/10/2024 | £600,000 | 618,792 | 1.30 |
| Southern Gas Network 4.875% Guaranteed European Medium Term Bonds 21/3/2029 | £600,000 | 704,137 | 1.48 |
| Southern Water Services Finance 5.125% Guaranteed Senior European Medium Term Bonds 30/9/2056 | £596,000 | 744,664 | 1.57 |
| SSE 5.453% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds | £360,000 | 365,537 | 0.77 |
| Taurus 2014-1 3.05475% Floating Rate Mortgage Backed Securities 1/5/2022 | £239,700 | 242,387 | 0.51 |
| TDC 5.625% Guaranteed Senior European Medium Term Bonds 23/2/2023 | £500,000 | 578,422 | 1.22 |
| Telefonica Emisiones 5.445% Guaranteed European Medium Term Bonds 8/10/2029 | £400,000 | 471,012 | 0.99 |
| Tesco Property Finance 2 6.0517% Guaranteed Mortgage Backed Bonds 13/10/2039 | £471,458 | 496,639 | 1.04 |
| Tesco Property Finance 6 5.4111% Guaranteed Mortgage Backed Bonds 13/7/2044 | £499,913 | 469,138 | 0.99 |
| Time Warner Cable 5.25% Guaranteed Bonds 15/7/2042 | £160,000 | 186,566 | 0.39 |
| Virgin Media Secured Finance 6% Senior Notes 15/4/2021 | £250,000 | 263,188 | 0.55 |
| Wellcome Trust Finance 4% Guaranteed Bonds 9/5/2059 | £200,000 | 244,300 | 0.51 |
| WHG Treasury 4.25% Senior Bonds 6/10/2045 | £300,000 | 323,041 | 0.68 |
| White City Property Finance 5.1202% Guaranteed Bonds 17/4/2035 | £336,498 | 401,130 | 0.84 |
| Non-Sterling Denominated Corporate Bonds 24.14% (12.49%) | | | |
| Access Midstream Partners 4.875% Bonds 15/3/2024 | USD 570,000 | 371,044 | 0.78 |
| ALME Loan Funding II 2.291567% Bonds 15/8/2027 | EUR 350,000 | 270,189 | 0.57 |
| Altria Group 10.2% Bonds 6/2/2039 | USD 300,000 | 334,996 | 0.71 |
| Assicurazioni Generali 10.125% Floating Rate European Medium Term Bonds 10/7/2042 | EUR 700,000 | 752,396 | 1.58 |
| Babson 0% Collateralised Loan Obligation 25/11/2027 | EUR 500,000 | 380,216 | 0.80 |
| Bankia 4% Subordinated Floating Rate Notes 22/5/2024 | EUR 800,000 | 605,332 | 1.27 |
| Barclays Bank 7.625% Subordinated Notes 21/11/2022 | USD 330,000 | 231,413 | 0.49 |
| BBVA RMBS 2 Fondo de Titulizacion de Activos 0.262% Mortgage Backed Floating Rate Notes 17/9/2050 | EUR 400,000 | 277,266 | 0.58 |
| BBVA RMBS 2 Fondo de Titulizacion de Activos 0.282% Bonds 17/9/2050 | EUR 400,000 | 248,134 | 0.52 |
| Boats Investments Netherlands 7.579% European Medium Term Notes 15/12/2015 | EUR 350,000 | 1,358 | 0.00 |
| Carlyle Global Market Strategies 2014-2 3.80773% Collateralised Loan Obligation 15/8/2027 | EUR 500,000 | 381,396 | 0.80 |
| Channel Link 2.917% Guaranteed Bonds 30/6/2050 | EUR 210,000 | 161,751 | 0.34 |
| Chapel BV 0.261% Asset Backed Floating Rate Notes 17/7/2066 | EUR 377,035 | 279,132 | 0.59 |
| Citigroup 8.125% Guaranteed Senior Bonds 15/7/2039 | USD 400,000 | 392,736 | 0.83 |
| Commerzbank 7.75% Subordinated European Medium Term Bonds 16/3/2021 | EUR 400,000 | 379,316 | 0.80 |
| ConvaTec Healthcare 7.375% Notes 15/12/2017 | EUR 350,000 | 281,483 | 0.59 |
| Credit Agricole 8.125% Bonds 19/9/2033 | USD 550,000 | 393,536 | 0.83 |
| Erste Bank 5.5% Variable Subordinated Bonds 26/5/2025 | USD 1,400,000 | 852,974 | 1.80 |
| Erste Bank 7.125% Subordinated European Medium Term Notes 10/10/2022 | EUR 200,000 | 182,127 | 0.38 |
| Eurosail 2006-2bl 0.4806% Mortgage Backed Floating Rate Notes 12/2044 | USD 300,000 | 170,974 | 0.36 |
| Fondo de Titulizacion de Activos Santander Financiacion 0.6310% FRN 20/7/2035 | EUR 400,000 | 279,700 | 0.59 |
| Hellas Telecommunications Finance 0% Bonds 15/7/2015 | EUR 1,117,936 | 6,941 | 0.01 |
| ING Bank 3.625% Subordinated Floating Rate European Medium Term Notes 25/2/2026 | EUR 471,000 | 393,725 | 0.83 |
| Intesa Sanpaolo 3.928% Subordinated Bonds 15/9/2026 | EUR 650,000 | 515,581 | 1.09 |
| Jubilee 2013-X BV 3.999% Collateralised Loan Obligation 15/8/2025 | EUR 350,000 | 267,653 | 0.57 |
| KPN Qwest 10% Convertible Notes 15/3/2012 | EUR 282,000 | 0 | 0.00 |
| Lusitano Mortgages No 5 0.212% Bonds 15/7/2059 | EUR 333,707 | 237,736 | 0.50 |
| Monastery 2006-I BV 0.428% Mortgage Backed Floating Rate Notes 17/11/2044 | EUR 239,390 | 172,440 | 0.36 |
| Newgate Funding 2006-3 0.306% Mortgage Backed Floating Rate Notes 1/12/2050 | EUR 400,000 | 267,811 | 0.56 |
| Royal Bank of Scotland 3.625% Subordinated Floating Rate European Medium Term Notes 25/3/2024 | EUR 756,000 | 592,514 | 1.25 |
| Royal Caribbean Cruises 5.25% Bonds 15/11/2022 | USD 600,000 | 404,040 | 0.85 |
| UBS 4.75% Floating Rate European Medium Term Notes 12/2/2026 | EUR 500,000 | 416,071 | 0.88 |
| Utrecht Funding BV 3.209% Mortgage Backed Floating Rate Notes 28/7/2016 | EUR 316,883 | 246,658 | 0.52 |
| Verizon Communications 4.4% Bonds 1/11/2034 | USD 600,000 | 382,484 | 0.81 |
| Verizon Communications 6.4% Senior Notes 15/9/2033 | USD 101,000 | 79,788 | 0.17 |
| WinStar Communications 12.75% Senior Notes 15/4/2010 | EUR 900,000 | 0 | 0.00 |
| Yamana Gold 4.95% Bonds 15/7/2024 | USD 400,000 | 250,371 | 0.53 |

Portfolio Statement (continued)

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-----------------|-------------------------|-----------------------------|
| Kazakhstan Equities 0.00% (0.00%) | | | |
| Alliance Bank GDR | 220 | 0 | 0.00 |
| Preference Shares 0.00% (0.00%) | | | |
| Alliance Bank Preference Shares GDR | 120 | 0 | 0.00 |
| Derivatives 0.74% (0.37%) | | | |
| Credit Default Swaps 0.01% (0.00%) | | | |
| Barclays 5.00% 20/12/2019 Credit Default Swap | USD 1,200,000 | (49,698) | (0.11) |
| Barrick Gold Corporation 1.00% 20/03/2020 Credit Default Swap | USD 1,000,000 | 27,522 | 0.06 |
| Tesco Plc 1.00% 20/12/2019 Credit Default Swap | EUR 900,000 | 28,564 | 0.06 |
| Interest Rate Swaps 0.23% (0.00%) | | | |
| Receive GBP 6 Months Pay 2.796% 03/10/34 | £1,000,000 | 111,123 | 0.23 |
| Deliver GBP 6 Months Pay 2.796% 03/10/34 | £(1,000,000) | (1,775) | 0.00 |
| GBP Forward Foreign Currency Contracts 0.35% (0.00%) | | | |
| Forward Foreign Currency Contracts 07/01/15 | £816,349 | 816,349.00 | 1.72 |
| Forward Foreign Currency Contracts 07/01/15 | EUR (1,020,000) | (791,617.00) | (1.67) |
| Forward Foreign Currency Contracts 09/01/15 | £1,342,496 | 1,342,496.00 | 2.83 |
| Forward Foreign Currency Contracts 09/01/15 | USD (2,106,000) | (1,350,693.00) | (2.84) |
| Forward Foreign Currency Contracts 21/01/15 | £978,949 | 978,949.00 | 2.06 |
| Forward Foreign Currency Contracts 21/01/15 | EUR (1,233,000) | (957,167.00) | (2.02) |
| Forward Foreign Currency Contracts 28/01/15 | £1,954,029 | 1,954,029.00 | 4.12 |
| Forward Foreign Currency Contracts 28/01/15 | USD (3,051,000) | (1,957,071.00) | (4.12) |
| Forward Foreign Currency Contracts 06/02/15 | £6,281,489 | 6,281,489.00 | 13.23 |
| Forward Foreign Currency Contracts 06/02/15 | EUR (7,916,000) | (6,146,863.00) | (12.95) |
| Forward Foreign Currency Contracts 11/02/15 | £419,682 | 419,682.00 | 0.88 |
| Forward Foreign Currency Contracts 11/02/15 | USD (659,000) | (422,763.00) | (0.89) |
| EUR Forward Foreign Currency Contracts -0.01% (0.36%) | | | |
| Forward Foreign Currency Contracts 21/01/15 | EUR 276,000 | 214,257 | 0.45 |
| Forward Foreign Currency Contracts 21/01/15 | £(216,830) | (216,830) | (0.46) |
| Futures 0.16% (0.00%) | | | |
| EURO-BOBL 50 Future Expires March 2015 | EUR (19) | (12,533) | (0.02) |
| Euro-Bund Future Expires March 2015 | EUR (13) | (22,397) | (0.05) |
| Long Gilt Future Expires March 2015 | £51 | 150,060 | 0.32 |
| US 10 Year Note Future (CBT) Expires March 2015 | USD (14) | (5,171) | (0.01) |
| US 5 Year Note Future (CBT) Expires March 2015 | USD (23) | 356 | 0.00 |
| US Bond Future (CBT) Expires March 2015 | USD (7) | (12,666) | (0.03) |
| US Ultra Bond Future (CBT) Expires March 2015 | USD (5) | (23,825) | (0.05) |
| Portfolio of investments* | | 46,735,162 | 98.43 |
| Net current assets | | 745,020 | 1.57 |
| Total Net Assets | | 47,480,182 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the UK Government Stocks portfolio categories, which, at 30 June 2014, represented 1.15% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

GDR = Global Depositary Receipt

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000's) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|--|--|--|
| Standard & Poor's Ratings: | | | |
| AAA | 2,011 | 4.23 | 8.07 |
| AA | 3,608 | 7.60 | 9.98 |
| A | 10,537 | 22.19 | 28.19 |
| BBB | 19,278 | 40.60 | 32.58 |
| BB | 4,358 | 9.18 | 4.11 |
| Not rated (by S&P) | 5,143 | 10.83 | 8.91 |
| Derivatives | 354 | 0.75 | 0.37 |
| Portfolio of investments | 46,735 | 98.43 | 97.53 |
| Net current assets | 745 | 1.57 | 2.47 |
| Total Net Assets | 47,480 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-----------|------------------|-----------|------------------|
| Income | | | | |
| Net capital gains | | 1,536,469 | | 667,322 |
| Revenue | 1,109,558 | | 1,846,103 | |
| Expenses | (279,174) | | (478,372) | |
| Net revenue before taxation | 830,384 | | 1,367,731 | |
| Taxation | - | | - | |
| Net revenue after taxation | | 830,384 | | 1,367,731 |
| Total return before distributions | | 2,366,853 | | 2,035,053 |
| Finance costs: Distributions | | (967,283) | | (1,784,671) |
| Change in net assets attributable to Shareholders from investment activities | | 1,399,570 | | 250,382 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------|-------------------|-------------|-------------------|
| Opening net assets attributable to Shareholders | | 57,307,633 | | 81,515,796 |
| Amounts receivable on issue of shares | 1,510,274 | | 7,203,632 | |
| Amounts payable on cancellation of shares | (12,770,540) | | (5,695,017) | |
| | | (11,260,266) | | 1,508,615 |
| Dilution adjustment | | 24,718 | | - |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 1,399,570 | | 250,382 |
| Retained distributions on accumulation shares | | 5,214 | | 3,074 |
| Unclaimed distributions | | 3,313 | | 3,113 |
| Closing net assets attributable to Shareholders | | 47,480,182 | | 83,280,980 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|-------------------|-----------|-------------------|
| ASSETS | | | | |
| Investment assets* | | 46,884,935 | | 55,925,841 |
| Debtors | 967,610 | | 1,751,155 | |
| Cash and bank balances | 351,322 | | 598,896 | |
| Total other assets | | 1,318,932 | | 2,350,051 |
| Total assets | | 48,203,867 | | 58,275,892 |
| LIABILITIES | | | | |
| Investment liabilities | | (149,773) | | (33,825) |
| Creditors | (294,159) | | (789,432) | |
| Distribution payable on income shares | (279,753) | | (145,002) | |
| Total other liabilities | | (573,912) | | (934,434) |
| Total liabilities | | (723,685) | | (968,259) |
| Net assets attributable to Shareholders | | 47,480,182 | | 57,307,633 |

*Gross of investment liabilities.

Distribution Statements

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | | | | | | Period |
|--|---------------|-------------------|-------------|--------------|-------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 December 2014 |
| | | | | | | Group 2: Shares purchased 1 December 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.6290 | 0.1258 | 0.5032 | 0.0000 | 0.5032 | 0.2443 |
| Group 2 | 0.3865 | 0.0773 | 0.3092 | 0.1940 | 0.5032 | 0.2443 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9251 | 0.1850 | 0.7401 | 0.0000 | 0.7401 | 0.3040 |
| Group 2 | 0.3635 | 0.0727 | 0.2908 | 0.4493 | 0.7401 | 0.3040 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.9931 | 0.1986 | 0.7945 | 0.0000 | 0.7945 | 0.3176 |
| Group 2 | 0.7584 | 0.1517 | 0.6067 | 0.1878 | 0.7945 | 0.3176 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.8375 | 0.1675 | 0.6700 | 0.0000 | 0.6700 | 0.2952 |
| Group 2 | 0.2254 | 0.0451 | 0.1803 | 0.4897 | 0.6700 | 0.2952 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.8896 | 0.1779 | 0.7117 | 0.0000 | 0.7117 | 0.3072 |
| Group 2 | 0.8896 | 0.1779 | 0.7117 | 0.0000 | 0.7117 | 0.3072 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.8296 | 0.1659 | 0.6637 | 0.0000 | 0.6637 | 0.3109 |
| Group 2 | 0.8296 | 0.1659 | 0.6637 | 0.0000 | 0.6637 | 0.3109 |

Interim interest distribution in pence per Share

| | | | | | | Period |
|--|---------------|-------------------|-------------|--------------|-------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 November 2014 |
| | | | | | | Group 2: Shares purchased 1 November 2014 to 30 November 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/11/2013 |
| Sterling Income Shares* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2072 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2072 |
| Institutional Shares W (Net Income)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2584 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2584 |
| Institutional Shares W (Net Accumulation)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2692 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2692 |
| Retail Advised Shares B (Net Income)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2504 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2504 |

*From 1 October 2014 the distribution frequency of the Fund changed from monthly to quarterly.

Distribution Statements (continued)**Interim interest distribution in pence per Share**

| | | | | | | Period |
|---|-----|-----|-----|-----|-----|---|
| | | | | | | Group 1: Shares purchased prior to 1 November 2014 |
| | | | | | | Group 2: Shares purchased 1 November 2014 to 30 November 2014 |
| Retail Advised Shares B (Net Accumulation)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2600 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2600 |
| P Shares (Net Accumulation)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2637 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2637 |

| | | | | | | Period |
|---|---------------|--------------------|-------------|--------------|-------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 October 2014 |
| | Gross Revenue | Tax Withheld @ 20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/10/2013 |
| Sterling Income Shares* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2375 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2375 |
| Institutional Shares W (Net Income)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2955 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2955 |
| Institutional Shares W (Net Accumulation)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.3070 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.3070 |
| Retail Advised Shares B (Net Income)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2859 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2859 |
| Retail Advised Shares B (Net Accumulation)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.2967 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.2967 |
| P Shares (Net Accumulation)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.3008 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.3008 |

*From 1 October 2014 the distribution frequency of the Fund changed from monthly to quarterly.

Interim interest distribution in pence per Share

| | | | | | | Period |
|-------------------------------------|---------------|--------------------|-------------|--------------|-------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 September 2014 |
| | | | | | | Group 2: Shares purchased 1 September 2014 to 30 September 2014 |
| | Gross Revenue | Tax Withheld @ 20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.3079 | 0.0616 | 0.2463 | 0.0000 | 0.2463 | 0.2268 |
| Group 2 | 0.1036 | 0.0207 | 0.0829 | 0.1634 | 0.2463 | 0.2268 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.3738 | 0.0748 | 0.2990 | 0.0000 | 0.2990 | 0.2820 |
| Group 2 | 0.1550 | 0.0310 | 0.1240 | 0.1750 | 0.2990 | 0.2820 |

Distribution Statements (continued)
Interim interest distribution in pence per Share

| | | | | | | Period |
|--|--------|--------|--------|--------|--------|---|
| | | | | | | Group 1: Shares purchased prior to 1 September 2014 |
| | | | | | | Group 2: Shares purchased 1 September 2014 to 30 September 2014 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.4000 | 0.0800 | 0.3200 | 0.0000 | 0.3200 | 0.2922 |
| Group 2 | 0.2071 | 0.0414 | 0.1657 | 0.1543 | 0.3200 | 0.2922 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.3686 | 0.0737 | 0.2949 | 0.0000 | 0.2949 | 0.2739 |
| Group 2 | 0.0054 | 0.0011 | 0.0043 | 0.2906 | 0.2949 | 0.2739 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.3915 | 0.0783 | 0.3132 | 0.0000 | 0.3132 | 0.2827 |
| Group 2 | 0.3915 | 0.0783 | 0.3132 | 0.0000 | 0.3132 | 0.2827 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.4015 | 0.0803 | 0.3212 | 0.0000 | 0.3212 | 0.2864 |
| Group 2 | 0.4015 | 0.0803 | 0.3212 | 0.0000 | 0.3212 | 0.2864 |

Interim interest distribution in pence per Share

| | | | | | | Period |
|--|---------------|-------------------|-------------|--------------|-------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 August 2014 |
| | | | | | | Group 2: Shares purchased 1 August 2014 to 31 August 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/08/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.3481 | 0.0696 | 0.2785 | 0.0000 | 0.2785 | 0.2331 |
| Group 2 | 0.1606 | 0.0321 | 0.1285 | 0.1500 | 0.2785 | 0.2331 |
| P Shares (Income) | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.2983 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.2983 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.4230 | 0.0846 | 0.3384 | 0.0000 | 0.3384 | 0.2898 |
| Group 2 | 0.2573 | 0.0515 | 0.2058 | 0.1326 | 0.3384 | 0.2898 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.4513 | 0.0903 | 0.3610 | 0.0000 | 0.3610 | 0.2994 |
| Group 2 | 0.2888 | 0.0578 | 0.2310 | 0.1300 | 0.3610 | 0.2994 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.4150 | 0.0830 | 0.3320 | 0.0000 | 0.3320 | 0.2813 |
| Group 2 | 0.0548 | 0.0110 | 0.0438 | 0.2882 | 0.3320 | 0.2813 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.4439 | 0.0888 | 0.3551 | 0.0000 | 0.3551 | 0.2898 |
| Group 2 | 0.4439 | 0.0888 | 0.3551 | 0.0000 | 0.3551 | 0.2898 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.4520 | 0.0904 | 0.3616 | 0.0000 | 0.3616 | 0.2936 |
| Group 2 | 0.4520 | 0.0904 | 0.3616 | 0.0000 | 0.3616 | 0.2936 |

Distribution Statements (continued)**Interim interest distribution in pence per Share**

| | Period | | | | | |
|--|---|--------------------------|--------------------|---------------------|--------------------|--------------------------------|
| | Group 1: Shares purchased prior to 1 July 2014 | | | | | |
| | Group 2: Shares purchased 1 July 2014 to 31 July 2014 | | | | | |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/07/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.3536 | 0.0707 | 0.2829 | 0.0000 | 0.2829 | 0.2562 |
| Group 2 | 0.1414 | 0.0283 | 0.1131 | 0.1698 | 0.2829 | 0.2562 |
| P Shares (Income) | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.3273 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.3273 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.4300 | 0.0860 | 0.3440 | 0.0000 | 0.3440 | 0.3180 |
| Group 2 | 0.1374 | 0.0275 | 0.1099 | 0.2341 | 0.3440 | 0.3180 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.4573 | 0.0915 | 0.3658 | 0.0000 | 0.3658 | 0.3275 |
| Group 2 | 0.2800 | 0.0560 | 0.2240 | 0.1418 | 0.3658 | 0.3275 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.4244 | 0.0849 | 0.3395 | 0.0000 | 0.3395 | 0.3094 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.3395 | 0.3395 | 0.3094 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.5534 | 0.1107 | 0.4427 | 0.0000 | 0.4427 | 0.3173 |
| Group 2 | 0.0963 | 0.0193 | 0.0770 | 0.3657 | 0.4427 | 0.3173 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.4574 | 0.0915 | 0.3659 | 0.0000 | 0.3659 | 0.3213 |
| Group 2 | 0.4574 | 0.0915 | 0.3659 | 0.0000 | 0.3659 | 0.3213 |

BNY MELLON INVESTMENT FUNDS – INSIGHT EQUITY INCOME FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Insight Investment Management (Global) Limited

Fund Size: £220.32m

Comparative Index: FTSE All-Share TR

Sector: The Investment Association UK Equity Income

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 3.82% |
| Sterling Accumulation Shares | 3.75% |
| Institutional Shares W (Net Income) | 3.81% |
| Institutional Shares W (Net Accumulation) | 3.73% |
| Retail Advised Shares B (Net Income) | 3.82% |
| Retail Advised Shares B (Net Accumulation) | 3.75% |

Key Dates: Fund Launch 09 February 2013

Investment Objective

The objective of the Fund is to provide an above average and increasing income, together with long term capital growth.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 2.59 | n/a | n/a | n/a | n/a |
| Sterling Accumulation Shares* | 2.59 | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 3.45 | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 3.44 | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 3.12 | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 3.10 | n/a | n/a | n/a | n/a |
| FTSE All-Share TR | 1.18 | n/a | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 2.26% against -0.40% for the FTSE All-Share TR.

Over the six month period, the Fund generated an attractive level of income and made a positive return, outperforming its benchmark. Strong stock selection was instrumental in delivering the Fund's robust performance over the period. An overweight position in International Consolidated Airlines Group was the primary contributor to the Fund's outperformance relative to the index as the European airline benefited from the falling oil price. Other travel and leisure stocks, such as cruise ship operator Carnival, another of the Fund's overweight positions, also performed well in this environment. Commodity prices more broadly were under pressure during the period amid fears of a slowdown in global growth. Against this backdrop, the Fund's zero holding in miner BHP Billiton helped to boost performance relative to the index. Other positive contributors included overweight positions in ITV and Dixons Carphone. The latter, created from Dixons Retail and Carphone Warehouse, performed well on continued positive sentiment following the recent merger, while also benefiting from the collapse of former long-term rival Phones 4U in September.

Activity over the period was relatively light. This is in keeping with the Fund's investment process and preference to focus on high-quality companies with attractive dividends. The Fund trimmed its position in GlaxoSmithKline back to neutral ahead of poor quarterly results and also trimmed positions in Legal & General, Aviva, BT Group, Reed Elsevier, ITV, International Consolidated Airlines Group and Compass Group following a strong share price performance. The Fund added exposure to Rolls-Royce, Ladbroke's, Rexam, Vodafone Group, Royal Bank of Scotland and Royal Mail owing to weakness in the share price. A new position was opened in cruise operator Carnival in July owing to the manager's optimism over the travel and leisure sector in the wake of stronger economic data, particularly from the UK and US. Activity also included the sale of a holding in US telecommunications company Verizon: the holding was in the portfolio after Vodafone disposed of its stake in the company earlier in 2014.

The table below shows the top ten purchases and sales for the period.

| Purchases | Sales |
|-------------|-------------------------------------|
| Carnival | Verizon Communications |
| Rexam | Reed Elsevier |
| Rolls-Royce | BT |
| Royal Mail | Aviva |
| Vodafone | International Consolidated Airlines |
| Ladbroke's | Compass |
| Barclays | Legal & General |
| Sky plc | BP |
| Pearson | GlaxoSmithKline |
| Prudential | ITV |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 163.95 | 142.03 | 5.7376 |
| 2014 | 165.71 | 146.70 | 6.1812 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 474.84 | 399.11 | 16.3538 |
| 2014 | 497.04 | 441.95 | 18.2788 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2013 (from 9 February) | 141.94 | 122.07 | 4.9444 |
| 2014 | 144.00 | 127.84 | 5.3889 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 9 February) | 533.64 | 445.25 | 18.3015 |
| 2014 | 562.81 | 499.90 | 20.6095 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 115.66 | 100.00 | 4.0297 |
| 2014 | 117.15 | 103.90 | 4.3881 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 119.19 | 100.00 | 4.0844 |
| 2014 | 125.34 | 111.37 | 4.6176 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|------------------------|--------------|--------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2013 | 37,614,015 | 145.52 | 25,848,465 |
| 30/06/2014 | 38,444,538 | 160.00 | 24,028,134 |
| 31/12/2014 | 37,376,570 | 160.93 | 23,225,957 |
| Sterling Accumulation Shares | | Pence | |
| 30/06/2013 | 156,281,257 | 418.11 | 37,378,120 |
| 30/06/2014 | 161,784,852 | 477.01 | 33,916,156 |
| 31/12/2014 | 158,238,268 | 488.03 | 32,423,618 |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 49,618 | 125.46 | 39,550 |
| 30/06/2014 | 1,038,219 | 139.09 | 746,443 |
| 31/12/2014 | 1,557,957 | 140.47 | 1,109,068 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 20,448,106 | Pence 467.94 | 4,369,806 |
| 31/12/2013 | 22,209,761 | 538.25 | 4,126,253 |
| 31/12/2014 | 23,012,959 | 552.97 | 4,161,726 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 5,120 | Pence 102.40 | 5,000 |
| 31/12/2013 | 93,069 | 113.15 | 82,252 |
| 31/12/2014 | 93,846 | 114.10 | 82,252 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 5,235 | Pence 104.70 | 5,000 |
| 31/12/2013 | 35,556 | 120.04 | 29,621 |
| 31/12/2014 | 36,468 | 123.12 | 29,621 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.63 | 1.63 |
| Sterling Accumulation Shares | 1.63 | 1.63 |
| Institutional Shares W (Net Income) | 0.81 | 0.81 |
| Institutional Shares W (Net Accumulation) | 0.81 | 0.81 |
| Retail Advised Shares B (Net Income) | 1.13 | 1.13 |
| Retail Advised Shares B (Net Accumulation) | 1.13 | 1.14 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Aerospace & Defence 2.07% (2.07%) | | | |
| Rolls-Royce | 520,000 | 4,516,200 | 2.05 |
| Rolls-Royce 'C' pref. | 42,300,000 | 42,300 | 0.02 |
| Banks 11.76% (11.38%) | | | |
| Barclays | 2,600,000 | 6,331,000 | 2.87 |
| HSBC (UK Regd.) | 1,600,000 | 9,737,600 | 4.42 |
| Lloyds Banking | 6,300,000 | 4,776,660 | 2.17 |
| Royal Bank Of Scotland | 700,000 | 2,756,600 | 1.25 |
| Standard Chartered | 240,000 | 2,311,200 | 1.05 |
| Chemicals 0.62% (0.61%) | | | |
| Elementis | 525,000 | 1,371,825 | 0.62 |
| Construction & Materials 0.51% (0.38%) | | | |
| Marshalls | 490,000 | 1,127,000 | 0.51 |
| Electricity 0.85% (0.81%) | | | |
| SSE | 115,288 | 1,869,971 | 0.85 |
| Financial Services 5.31% (3.97%) | | | |
| 3i | 716,387 | 3,225,174 | 1.47 |
| Arbuthnot Bank Group | 114,031 | 1,460,737 | 0.66 |
| ICAP | 428,500 | 1,938,534 | 0.88 |
| Intermediate Capital | 550,000 | 2,529,450 | 1.15 |
| Invesco | 100,000 | 2,533,911 | 1.15 |
| Fixed Line Telecommunications 2.19% (2.75%) | | | |
| BT | 1,200,000 | 4,818,000 | 2.19 |
| Food & Drug Retailers 1.40% (1.37%) | | | |
| Morrison (Wm) Supermarkets | 1,675,000 | 3,085,350 | 1.40 |
| Gas, Water & Multiutilities 5.33% (5.20%) | | | |
| Centrica | 1,290,000 | 3,597,810 | 1.63 |
| National Grid | 576,436 | 5,291,106 | 2.40 |
| Severn Trent | 65,000 | 1,303,250 | 0.59 |
| United Utilities | 170,000 | 1,557,200 | 0.71 |
| General Industrials 1.44% (1.19%) | | | |
| Rexam | 700,000 | 3,175,200 | 1.44 |
| General Retailers 1.92% (1.37%) | | | |
| Carpentright | 164,697 | 658,788 | 0.30 |
| Dixons Carphone | 775,000 | 3,577,400 | 1.62 |
| Household Goods & Home Construction 0.04% (0.04%) | | | |
| Airea | 698,265 | 83,792 | 0.04 |
| Industrial Transportation 0.51% (0.00%) | | | |
| Royal Mail | 260,000 | 1,117,740 | 0.51 |
| Life Insurance 5.61% (9.25%) | | | |
| Aviva | 1,080,000 | 5,232,600 | 2.38 |
| Old Mutual | 450,000 | 857,250 | 0.39 |
| Prudential | 420,000 | 6,266,400 | 2.84 |
| Media 7.82% (7.72%) | | | |
| ITV | 2,500,000 | 5,380,000 | 2.44 |
| Sky plc | 450,000 | 4,043,250 | 1.84 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Media (continued) | | | |
| Pearson | 240,000 | 2,853,600 | 1.30 |
| Reed Elsevier | 450,000 | 4,941,000 | 2.24 |
| Mining 4.92% (5.03%) | | | |
| Rio Tinto | 361,800 | 10,850,382 | 4.92 |
| Mobile Telecommunications 3.44% (4.04%) | | | |
| Vodafone | 3,400,000 | 7,570,100 | 3.44 |
| Non-Life Insurance 3.35% (0.16%) | | | |
| Friends Life | 220,000 | 805,640 | 0.37 |
| Legal & General | 2,500,000 | 6,215,000 | 2.82 |
| Royal & Sun Alliance 7.375% Perpetual Preferred Shares | 301,943 | 356,293 | 0.16 |
| Oil & Gas Producers 13.61% (16.62%) | | | |
| BG | 156,757 | 1,355,791 | 0.62 |
| BP | 3,000,000 | 12,318,000 | 5.59 |
| Royal Dutch Shell 'B' | 730,500 | 16,308,413 | 7.40 |
| Pharmaceuticals & Biotechnology 8.23% (8.86%) | | | |
| AstraZeneca | 235,000 | 10,705,425 | 4.86 |
| GlaxoSmithKline | 540,000 | 7,430,400 | 3.37 |
| Real Estate 1.08% (0.93%) | | | |
| Great Portland Estates | 323,510 | 2,387,504 | 1.08 |
| Support Services 2.43% (2.09%) | | | |
| Connect Group | 449,182 | 691,740 | 0.31 |
| Wolseley | 126,483 | 4,662,163 | 2.12 |
| Tobacco 5.35% (4.97%) | | | |
| British American Tobacco | 175,000 | 6,125,000 | 2.78 |
| Imperial Tobacco | 200,000 | 5,672,000 | 2.57 |
| Travel & Leisure 8.70% (7.85%) | | | |
| Carnival | 90,000 | 2,618,100 | 1.19 |
| Compass | 500,000 | 5,505,000 | 2.50 |
| Intercontinental Hotels | 166,153 | 4,311,670 | 1.96 |
| International Consolidated Airlines | 1,000,000 | 4,860,000 | 2.20 |
| Ladbroke | 1,700,000 | 1,878,500 | 0.85 |
| Portfolio of investments | | 216,995,019 | 98.49 |
| Net current assets | | 3,321,049 | 1.51 |
| Total Net Assets | | 220,316,068 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-------------|------------------|-------------|-------------------|
| Income | | | | |
| Net capital gains | | 3,088,093 | | 26,473,466 |
| Revenue | 3,767,994 | | 3,541,295 | |
| Expenses | (1,696,100) | | (1,747,086) | |
| Finance costs: Interest | - | | (663) | |
| Net revenue before taxation | 2,071,894 | | 1,793,546 | |
| Taxation | (4,722) | | - | |
| Net revenue after taxation | | 2,067,172 | | 1,793,546 |
| Total return before distributions | | 5,155,265 | | 28,267,012 |
| Finance costs: Distributions | | (3,759,950) | | (3,535,693) |
| Change in net assets attributable to Shareholders from investment | | 1,395,315 | | 24,731,319 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-------------|--------------------|--------------|--------------------|
| Opening net assets attributable to Shareholders | | 223,605,995 | | 214,403,351 |
| Amounts receivable on issue of shares | 1,282,756 | | 1,633,104 | |
| Amounts payable on cancellation of shares | (9,037,147) | | (11,537,780) | |
| | | (7,754,391) | | (9,904,676) |
| Stamp Duty Reserve Tax | | - | | (5,881) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 1,395,315 | | 24,731,319 |
| Retained distributions on accumulation shares | | 3,058,287 | | 2,873,802 |
| Unclaimed distributions | | 10,862 | | - |
| Closing net assets attributable to Shareholders | | 220,316,068 | | 232,097,915 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|--------------------|-----------|--------------------|
| ASSETS | | | | |
| Investment assets | | 216,995,019 | | 220,617,978 |
| Debtors | 513,107 | | 1,091,939 | |
| Cash and bank balances | 3,870,373 | | 3,120,408 | |
| Total other assets | | 4,383,480 | | 4,212,347 |
| Total assets | | 221,378,499 | | 224,830,325 |
| LIABILITIES | | | | |
| Creditors | (803,412) | | (744,673) | |
| Distribution payable on income shares | (259,019) | | (479,657) | |
| Total other liabilities | | (1,062,431) | | (1,224,330) |
| Total liabilities | | (1,062,431) | | (1,224,330) |
| Net assets attributable to Shareholders | | 220,316,068 | | 223,605,995 |

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.1868 | 0.1187 | 1.0681 | 0.0000 | 1.0681 | 1.2176 |
| Group 2 | 0.2223 | 0.0222 | 0.2001 | 0.8680 | 1.0681 | 1.2176 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 3.5812 | 0.3581 | 3.2231 | 0.0000 | 3.2231 | 3.5266 |
| Group 2 | 0.4501 | 0.0450 | 0.4051 | 2.8180 | 3.2231 | 3.5266 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.0336 | 0.1034 | 0.9302 | 0.0000 | 0.9302 | 1.0531 |
| Group 2 | 0.4390 | 0.0439 | 0.3951 | 0.5351 | 0.9302 | 1.0531 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 4.0538 | 0.4054 | 3.6484 | 0.0000 | 3.6484 | 3.9590 |
| Group 2 | 2.4458 | 0.2446 | 2.2012 | 1.4472 | 3.6484 | 3.9590 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.8410 | 0.0841 | 0.7569 | 0.0000 | 0.7569 | 0.8576 |
| Group 2 | 0.8410 | 0.0841 | 0.7569 | 0.0000 | 0.7569 | 0.8576 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.9028 | 0.0903 | 0.8125 | 0.0000 | 0.8125 | 0.8840 |
| Group 2 | 0.9028 | 0.0903 | 0.8125 | 0.0000 | 0.8125 | 0.8840 |

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.8447 | 0.1845 | 1.6602 | 0.0000 | 1.6602 | 1.2359 |
| Group 2 | 0.7718 | 0.0772 | 0.6946 | 0.9656 | 1.6602 | 1.2359 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 5.4903 | 0.5490 | 4.9413 | 0.0000 | 4.9413 | 3.5497 |
| Group 2 | 4.0123 | 0.4012 | 3.6111 | 1.3302 | 4.9413 | 3.5497 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.6053 | 0.1605 | 1.4448 | 0.0000 | 1.4448 | 1.0665 |
| Group 2 | 0.8701 | 0.0870 | 0.7831 | 0.6617 | 1.4448 | 1.0665 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 6.2021 | 0.6202 | 5.5819 | 0.0000 | 5.5819 | 3.9767 |
| Group 2 | 3.0850 | 0.3085 | 2.7765 | 2.8054 | 5.5819 | 3.9767 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.3054 | 0.1305 | 1.1749 | 0.0000 | 1.1749 | 0.8697 |
| Group 2 | 1.3054 | 0.1305 | 1.1749 | 0.0000 | 1.1749 | 0.8697 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.3824 | 0.1382 | 1.2442 | 0.0000 | 1.2442 | 0.8886 |
| Group 2 | 1.3824 | 0.1382 | 1.2442 | 0.0000 | 1.2442 | 0.8886 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|---------------|--------------------------|-------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 8,590,592 | | 13,541,292 |
| Commissions | 16,978 | | - | |
| Taxes | <u>42,547</u> | | <u>-</u> | |
| Total purchase costs | | 59,525 | | - |
| Gross purchases total | | <u>8,650,117</u> | | <u>13,541,292</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 15,452,429 | | 21,989,922 |
| Commissions | (30,051) | | (18,768) | |
| Taxes | <u>(17)</u> | | <u>(79)</u> | |
| Total sales costs | | (30,068) | | (18,847) |
| Total sales net of transaction costs | | <u>15,422,361</u> | | <u>21,971,075</u> |

BNY MELLON INVESTMENT FUNDS – INSIGHT EQUITY INCOME BOOSTER FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Insight Investment Management (Global) Limited

Fund Size: £83.69m

Sector: The Investment Association UK Equity Income

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 8.30% |
| Sterling Accumulation Shares | 7.97% |
| Institutional Shares W (Net Income) | 8.29% |
| Institutional Shares W (Net Accumulation) | 7.94% |
| Retail Advised Shares B (Net Income) | 8.28% |
| Retail Advised Shares B (Net Accumulation) | 7.95% |

Key Dates: Fund Launch 09 February 2013

Investment Objective

The objective of the Fund is to provide an enhanced level of income with potential for capital growth.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 1.85% | n/a | n/a | n/a | n/a |
| Sterling Accumulation Shares* | 1.85% | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 2.56% | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 2.49% | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 2.24% | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 2.24% | n/a | n/a | n/a | n/a |
| FTSE All-Share TR | 1.18% | n/a | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 1.62% against -0.40 for the FTSE All-Share TR.

During the six-month period, the Fund met its monthly yield target and made a positive return, outperforming its comparative index. Strong stock selection was instrumental in delivering the portfolio's robust performance over the period. A zero holding in miner BHP Billiton was the primary contributor to the portfolio's outperformance relative to the index over the period as commodity prices struggled, particularly towards the end of the year, amid worries over global growth. Overweight positions in travel and leisure stocks International Consolidated Airlines Group and cruise ship operator Carnival also performed well as the sector broadly benefited from the fall in the oil price. Another positive contributor included an overweight position in Dixons Carphone, created from the merger of Dixons Retail and Carphone Warehouse. The stock performed well on continued positive sentiment following the recent merger, while also benefiting from the collapse of former long-term rival Phones 4U.

Activity over the period was relatively low. This is in keeping with the investment process, where the manager of the Funds prefers to focus on high-quality companies with attractive dividends. The Fund opened a new position in cruise operator Carnival in July and added to this position over the period owing to the manager's optimism over the travel and leisure sector in the wake of stronger economic data, particularly from the UK and US. Activity during the period also included the sale of a holding in US telecommunications company Verizon in August: the holding was in the portfolio after Vodafone disposed of its stake in the company earlier this year. The Fund also added exposure to Barclays and increased positions in Royal Mail, Rio Tinto, Centrica, Carnival, packaging company DS Smith and engineering firm IMI following share-price weakness. Exposure to Royal Bank of Scotland was also incrementally increased over the period as the fund manager believes investors are underappreciating the UK bank's recovery potential. The Fund trimmed positions in Legal & General, Aviva, BT Group, ITV, Vodafone Group, Reed Elsevier, International Consolidated Airlines Group, InterContinental Hotels Group and Imperial Tobacco following strong share-price performance. The Fund increased exposure to Dixons in July prior to the announced merger but later trimmed its holding in Dixons Carphone. Shares in Dixons Carphone rallied significantly following the merger of Dixons Retail and Carphone Warehouse and the fund manager was less convinced of the synergistic benefits that could be achieved from the merger compared to that which market participants appeared to be pricing in.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

Carnival
HSBC
IMI
Royal Dutch Shell class 'B' shares
Prudential
Rolls Royce
Glencore Xstrata
Rio Tinto
Royal Mail
Intermediate Capital

Sales

Verizon Communications
Dixons Carphone
Imperial Tobacco
Aviva
Legal & General
ITV
Reed Elsevier
Vodafone
Severn Trent
Pennon

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|---------------|--------------|------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 143.95 | 129.83 | 9.8320 |
| 2014 | 143.36 | 124.99 | 11.1915 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 208.96 | 181.77 | 13.8598 |
| 2014 | 216.56 | 195.39 | 16.9843 |
| X Shares (Net Accumulation)** | Pence | Pence | Pence |
| 2013 (from 9 February) | 164.46 | 141.86 | 10.8404 |
| 2014 | 169.43 | 157.49 | 8.4149 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2013 (from 9 February) | 147.91 | 133.10 | 10.0779 |
| 2014 | 147.51 | 129.26 | 11.5648 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 9 February) | 216.50 | 187.71 | 14.3160 |
| 2014 | 225.69 | 203.40 | 17.6548 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 107.99 | 97.26 | 7.3652 |
| 2014 | 107.63 | 94.11 | 8.4131 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 114.83 | 99.69 | 7.6009 |
| 2014 (to 15 August 2014) | 119.43 | 107.70 | 9.3453 |

**X Shares (Net Accumulation) share class closed 15 August 2014.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--------------------------------------|---------------------|--------------|-----------------|
| Sterling Income Shares | | Pence | |
| 30/06/2013 | 41,015,603 | 132.14 | 31,040,662 |
| 30/06/2014 | 44,147,504 | 136.50 | 32,343,144 |
| 31/12/2014 | 42,349,555 | 133.96 | 31,613,328 |
| Sterling Accumulation Shares | | Pence | |
| 30/06/2013 | 20,197,734 | 187.07 | 10,796,972 |
| 30/06/2014 | 18,634,395 | 209.57 | 8,891,732 |
| 31/12/2014 | 16,958,536 | 213.20 | 7,954,127 |
| X Shares (Net Accumulation)** | | Pence | |
| 30/06/2013 | 6,429,544 | 146.30 | 4,394,711 |
| 30/06/2014 | 3,758,749 | 165.97 | 2,264,711 |

**X Shares (Net Accumulation) share class closed 15/08/2014.

| | | | |
|--|------------|--------------|------------|
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 1,439,029 | 135.48 | 1,062,179 |
| 30/06/2014 | 12,405,070 | 140.89 | 8,804,739 |
| 31/12/2014 | 20,294,466 | 138.74 | 14,627,743 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 201,168 | 193.20 | 104,126 |
| 30/06/2014 | 2,866,088 | 217.74 | 1,316,261 |
| 31/12/2014 | 4,034,679 | 222.30 | 1,814,993 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 4,981 | 98.99 | 5,032 |
| 30/06/2014 | 36,797 | 102.66 | 35,844 |
| 31/12/2014 | 36,444 | 100.96 | 36,099 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 5,130 | 102.60 | 5,000 |
| 30/06/2014 | 15,641 | 115.37 | 13,557 |
| 31/12/2014 | 15,945 | 117.61 | 13,557 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.69 | 1.67 |
| Sterling Accumulation Shares | 1.69 | 1.67 |
| X Shares (Net Accumulation)** | n/a | 0.09 |
| Institutional Shares W (Net Income) | 0.88 | 0.85 |
| Institutional Shares W (Net Accumulation) | 0.88 | 0.85 |
| Retail Advised Shares B (Net Income) | 1.19 | 1.18 |
| Retail Advised Shares B (Net Accumulation) | 1.19 | 1.18 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

**X Shares (Net Accumulation) share class closed 15/08/2014.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Aerospace & Defence 3.89% (3.83%) | | | |
| BAE Systems | 300,000 | 1,414,500 | 1.69 |
| Rolls Royce | 210,000 | 1,823,850 | 2.18 |
| Rolls Royce C Shares Entitlement (January 2015) | 17,100,000 | 17,100 | 0.02 |
| Banks 11.32% (9.40%) | | | |
| Barclays | 1,000,000 | 2,435,000 | 2.91 |
| HSBC | 580,000 | 3,529,880 | 4.22 |
| Lloyds Banking | 1,800,000 | 1,364,760 | 1.63 |
| Royal Bank of Scotland | 300,000 | 1,181,400 | 1.41 |
| Standard Chartered | 100,000 | 963,000 | 1.15 |
| Financial Services 6.69% (4.05%) | | | |
| 3i | 280,000 | 1,260,560 | 1.51 |
| ICAP | 170,000 | 769,080 | 0.92 |
| IMI | 100,000 | 1,260,000 | 1.51 |
| Intermediate Capital | 150,000 | 689,850 | 0.82 |
| Schroders voting shares | 60,000 | 1,611,600 | 1.93 |
| Fixed Line Telecommunications 1.92% (3.58%) | | | |
| BT | 400,000 | 1,606,000 | 1.92 |
| Food & Drug Retailers 1.32% (1.01%) | | | |
| Wm Morrison Supermarkets | 600,000 | 1,105,200 | 1.32 |
| Gas, Water & Multiutilities 4.88% (5.17%) | | | |
| Centrica | 490,000 | 1,366,610 | 1.63 |
| National Grid | 120,000 | 1,101,480 | 1.32 |
| Pennon | 80,000 | 735,200 | 0.88 |
| Severn Trent | 25,000 | 501,250 | 0.60 |
| United Utilities | 41,141 | 376,852 | 0.45 |
| General Industrials 3.10% (3.25%) | | | |
| DS Smith | 440,000 | 1,411,520 | 1.69 |
| Rexam | 260,000 | 1,179,360 | 1.41 |
| General Retailers 1.65% (1.78%) | | | |
| Dixons Carphone | 300,000 | 1,384,800 | 1.65 |
| Industrial Engineering 0.00% (0.73%) | | | |
| Industrial Transportation 0.62% (0.00%) | | | |
| Royal Mail | 120,000 | 515,880 | 0.62 |
| Life Insurance 7.93% (8.01%) | | | |
| Aviva | 380,000 | 1,841,100 | 2.20 |
| Legal & General | 850,000 | 2,113,100 | 2.52 |
| Prudential | 180,000 | 2,685,600 | 3.21 |
| Media 8.11% (7.65%) | | | |
| ITV | 750,000 | 1,614,000 | 1.93 |
| Pearson | 140,000 | 1,664,600 | 1.99 |
| Reed Elsevier | 180,000 | 1,976,400 | 2.36 |
| Sky plc | 170,000 | 1,527,450 | 1.83 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Mining 6.09% (5.75%) | | | |
| Glencore Xstrata | 400,000 | 1,194,800 | 1.43 |
| Rio Tinto | 130,000 | 3,898,700 | 4.66 |
| Mobile Telecommunications 3.72% (3.87%) | | | |
| Vodafone | 1,400,000 | 3,117,100 | 3.72 |
| Non-Life Insurance 0.73% (0.68%) | | | |
| RSA Insurance | 140,000 | 609,000 | 0.73 |
| Oil & Gas Producers 12.94% (15.11%) | | | |
| BP | 1,000,000 | 4,106,000 | 4.91 |
| BG | 120,000 | 1,037,880 | 1.24 |
| Royal Dutch Shell class 'A' shares | 160,000 | 3,445,600 | 4.12 |
| Royal Dutch Shell class 'B' shares | 100,000 | 2,232,500 | 2.67 |
| Pharmaceuticals & Biotechnology 6.98% (7.30%) | | | |
| AstraZeneca | 80,000 | 3,644,400 | 4.35 |
| GlaxoSmithKline | 160,000 | 2,201,600 | 2.63 |
| Real Estate Investment Trusts 1.36% (1.29%) | | | |
| British Land | 52,000 | 404,040 | 0.48 |
| Segro | 200,000 | 740,600 | 0.88 |
| Support Services 2.69% (2.37%) | | | |
| Electrocomponents | 190,000 | 408,120 | 0.49 |
| Wolseley | 50,000 | 1,843,000 | 2.20 |
| Tobacco 3.83% (4.22%) | | | |
| British American Tobacco | 35,000 | 1,225,000 | 1.46 |
| Imperial Tobacco | 70,000 | 1,985,200 | 2.37 |
| Travel & Leisure 8.91% (6.92%) | | | |
| Carnival | 50,000 | 1,454,500 | 1.74 |
| Compass | 169,411 | 1,865,215 | 2.23 |
| InterContinental Hotels | 60,000 | 1,557,000 | 1.86 |
| International Consolidated Airline | 360,000 | 1,749,600 | 2.09 |
| Ladbroke | 750,000 | 828,750 | 0.99 |
| Derivatives -0.44% (-0.56%) | | | |
| Options -0.44% (-0.56%) | | | |
| 3i | £(197,459) | (8,731) | (0.01) |
| AstraZeneca | £(56,000) | (8,399) | (0.01) |
| Aviva | £(266,000) | (1,883) | 0.00 |
| BAE Systems | £(210,000) | (5,594) | (0.01) |
| Barclays | £(700,000) | (7,068) | (0.01) |
| BG | £(84,000) | (2,447) | 0.00 |
| BP | £(700,000) | (4,813) | (0.01) |
| British American Tobacco | £(24,500) | (366) | 0.00 |
| British Land | £(36,400) | (2,818) | 0.00 |
| British Sky Broadcasting | £(119,000) | (1,202) | 0.00 |
| BT | £(280,000) | (391) | 0.00 |
| Carnival | £(35,000) | (21,222) | (0.03) |
| Centrica | £(343,000) | (2,095) | 0.00 |
| Compass | £(118,587) | (13,208) | (0.02) |
| Dixons Carphone | £(210,000) | (16,970) | (0.02) |
| DS Smith | £(308,000) | (17,823) | (0.02) |
| Electrocomponents | £(133,000) | (1,652) | 0.00 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| Options (continued) | | | |
| GlaxoSmithKline | £(112,000) | (2,014) | 0.00 |
| Glencore Xstrata | £(280,000) | (145) | 0.00 |
| HSBC | £(406,000) | (1,011) | 0.00 |
| ICAP | £(119,000) | (26,959) | (0.03) |
| IMI | £(70,000) | (5,794) | (0.01) |
| Imperial Tobacco | £(49,000) | (4,627) | (0.01) |
| InterContinental Hotels | £(42,000) | (4,004) | 0.00 |
| Intermediate Capital | £(105,000) | (4,682) | (0.01) |
| International Consolidated Airline | £(252,000) | (15,708) | (0.02) |
| ITV | £(525,000) | (9,916) | (0.01) |
| Ladbrokes | £(525,000) | (724) | 0.00 |
| Legal & General | £(595,000) | (23,245) | (0.03) |
| Lloyds Banking | £(1,260,000) | (442) | 0.00 |
| National Grid | £(84,000) | (1,312) | 0.00 |
| Pearson | £(98,000) | (3,845) | 0.00 |
| Pennon | £(56,000) | (6,446) | (0.01) |
| Prudential | £(126,000) | (4,271) | (0.01) |
| Reed Elsevier | £(126,000) | (7,827) | (0.01) |
| Rexam | £(182,000) | (3,827) | (0.01) |
| Rio Tinto | £(91,000) | (34,802) | (0.04) |
| Rolls Royce | £(147,000) | (6,066) | (0.01) |
| Royal Bank of Scotland | £(210,000) | (3,525) | (0.01) |
| Royal Dutch Shell class 'A' shares | £(112,000) | (16,834) | (0.02) |
| Royal Dutch Shell class 'B' shares | £(70,000) | (8,536) | (0.01) |
| Royal Mail | £(84,000) | (9,901) | (0.01) |
| RSA Insurance | £(98,000) | (109) | 0.00 |
| Schroders voting shares | £(42,000) | (4,185) | (0.01) |
| Segro | £(140,000) | (309) | 0.00 |
| Severn Trent | £(17,500) | (2,755) | 0.00 |
| Standard Chartered | £(70,000) | (1,700) | 0.00 |
| United Utilities | £(28,798) | (6,141) | (0.01) |
| Vodafone | £(980,000) | (2,738) | 0.00 |
| Wm Morrison Supermarkets | £(420,000) | (8,310) | (0.01) |
| Wolseley | £(35,000) | (11,366) | (0.01) |
| Portfolio of investments* | | 82,214,829 | 98.24 |
| Net current assets | | 1,474,796 | 1.76 |
| Total Net Assets | | 83,689,625 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

*Net of investment liabilities.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-----------|--------------------|-----------|------------------|
| Income | | | | |
| Net capital gains | | (968,694) | | 5,701,998 |
| Revenue | 3,347,819 | | 3,187,850 | |
| Expenses | (588,021) | | (555,087) | |
| Finance costs: Interest | (1,502) | | (1,717) | |
| Net revenue before taxation | 2,758,296 | | 2,631,046 | |
| Taxation | (293,597) | | (308,147) | |
| Net revenue after taxation | | 2,464,699 | | 2,322,899 |
| Total return before distributions | | 1,496,005 | | 8,024,897 |
| Finance costs: Distributions | | (2,959,507) | | (2,580,455) |
| Change in net assets attributable to Shareholders from investment | | (1,463,502) | | 5,444,442 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-------------|-------------------|-------------|-------------------|
| Opening net assets attributable to Shareholders | | 81,864,244 | | 69,293,189 |
| Amounts receivable on issue of shares | 11,243,531 | | 7,881,186 | |
| Amounts payable on cancellation of shares | (8,747,753) | | (7,022,334) | |
| | | 2,495,778 | | 858,852 |
| Dilution adjustment | | 8,300 | | 5,971 |
| Stamp Duty Reserve Tax | | - | | (31,550) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (1,463,502) | | 5,444,442 |
| Retained distributions on accumulation shares | | 783,911 | | 880,081 |
| Unclaimed distributions | | 894 | | 360 |
| Closing net assets attributable to Shareholders | | 83,689,625 | | 76,451,345 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|-------------------|-------------|-------------------|
| ASSETS | | | | |
| Investment assets* | | 82,575,587 | | 78,559,224 |
| Debtors | 484,775 | | 3,240,396 | |
| Cash and bank balances | 2,622,614 | | 4,267,040 | |
| Total other assets | | 3,107,389 | | 7,507,436 |
| Total assets | | 85,682,976 | | 86,066,660 |
| LIABILITIES | | | | |
| Investment liabilities | | (360,758) | | (456,494) |
| Creditors | (1,251,940) | | (2,852,997) | |
| Distribution payable on income shares | (380,653) | | (892,925) | |
| Total other liabilities | | (1,632,593) | | (3,745,922) |
| Total liabilities | | (1,993,351) | | (4,202,416) |
| Net assets attributable to Shareholders | | 83,689,625 | | 81,864,244 |

*Gross of investment liabilities.

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 December 2014 |
| | | | | | | Group 2: Shares purchased 1 December 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.9040 | 0.0904 | 0.8136 | 0.0000 | 0.8136 | 0.8508 |
| Group 2 | 0.3257 | 0.0326 | 0.2931 | 0.5205 | 0.8136 | 0.8508 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.4301 | 0.1430 | 1.2871 | 0.0000 | 1.2871 | 1.2331 |
| Group 2 | 0.5484 | 0.0548 | 0.4936 | 0.7935 | 1.2871 | 1.2331 |
| X Shares (Net Accumulation)* | | | | | | |
| Group 1 | N/A | N/A | N/A | N/A | N/A | 0.9685 |
| Group 2 | N/A | N/A | N/A | N/A | N/A | 0.9685 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9358 | 0.0936 | 0.8422 | 0.0000 | 0.8422 | 0.8742 |
| Group 2 | 0.3382 | 0.0338 | 0.3044 | 0.5378 | 0.8422 | 0.8742 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4903 | 0.1490 | 1.3413 | 0.0000 | 1.3413 | 1.2762 |
| Group 2 | 0.7939 | 0.0794 | 0.7145 | 0.6268 | 1.3413 | 1.2762 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6810 | 0.0681 | 0.6129 | 0.0000 | 0.6129 | 0.6383 |
| Group 2 | 0.0576 | 0.0058 | 0.0518 | 0.5611 | 0.6129 | 0.6383 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7887 | 0.0789 | 0.7098 | 0.0000 | 0.7098 | 0.6772 |
| Group 2 | 0.7887 | 0.0789 | 0.7098 | 0.0000 | 0.7098 | 0.6772 |

Interim dividend distribution in pence per Share

| | | | | | | Period |
|-------------------------------------|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 November 2014 |
| | | | | | | Group 2: Shares purchased 1 November 2014 to 30 November 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/11/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.8888 | 0.0889 | 0.7999 | 0.0000 | 0.7999 | 0.8508 |
| Group 2 | 0.2300 | 0.0230 | 0.2070 | 0.5929 | 0.7999 | 0.8508 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.3979 | 0.1398 | 1.2581 | 0.0000 | 1.2581 | 1.2331 |
| Group 2 | 0.0403 | 0.0040 | 0.0363 | 1.2218 | 1.2581 | 1.2331 |
| X Shares (Net Accumulation)* | | | | | | |
| Group 1 | N/A | N/A | N/A | N/A | N/A | 0.9685 |
| Group 2 | N/A | N/A | N/A | N/A | N/A | 0.9685 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9196 | 0.0920 | 0.8276 | 0.0000 | 0.8276 | 0.8742 |
| Group 2 | 0.2872 | 0.0287 | 0.2585 | 0.5691 | 0.8276 | 0.8742 |

Distribution Statements (continued)**Interim dividend distribution in pence per Share (continued)**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 November 2014 |
| | | | | | | Group 2: Shares purchased 1 November 2014 to 30 November 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/11/2013 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4560 | 0.1456 | 1.3104 | 0.0000 | 1.3104 | 1.2762 |
| Group 2 | 0.3627 | 0.0363 | 0.3264 | 0.9840 | 1.3104 | 1.2762 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6694 | 0.0669 | 0.6025 | 0.0000 | 0.6025 | 0.6383 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.6025 | 0.6025 | 0.6383 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7707 | 0.0771 | 0.6936 | 0.0000 | 0.6936 | 0.6772 |
| Group 2 | 0.7707 | 0.0771 | 0.6936 | 0.0000 | 0.6936 | 0.6772 |

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 October 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/10/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.8942 | 0.0894 | 0.8048 | 0.0000 | 0.8048 | 0.8220 |
| Group 2 | 0.3962 | 0.0396 | 0.3566 | 0.4482 | 0.8048 | 0.8220 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.3980 | 0.1398 | 1.2582 | 0.0000 | 1.2582 | 1.1846 |
| Group 2 | 0.6718 | 0.0672 | 0.6046 | 0.6536 | 1.2582 | 1.1846 |
| X Shares (Net Accumulation)* | | | | | | |
| Group 1 | N/A | N/A | N/A | N/A | N/A | 0.9294 |
| Group 2 | N/A | N/A | N/A | N/A | N/A | 0.9294 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9246 | 0.0925 | 0.8321 | 0.0000 | 0.8321 | 0.8442 |
| Group 2 | 0.3464 | 0.0346 | 0.3118 | 0.5203 | 0.8321 | 0.8442 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4549 | 0.1455 | 1.3094 | 0.0000 | 1.3094 | 1.2254 |
| Group 2 | 0.6213 | 0.0621 | 0.5592 | 0.7502 | 1.3094 | 1.2254 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6732 | 0.0673 | 0.6059 | 0.0000 | 0.6059 | 0.6165 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.6059 | 0.6059 | 0.6165 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7704 | 0.0770 | 0.6934 | 0.0000 | 0.6934 | 0.6504 |
| Group 2 | 0.7704 | 0.0770 | 0.6934 | 0.0000 | 0.6934 | 0.6504 |

Distribution Statements (continued)**Interim dividend distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 September 2014 |
| | | | | | | Group 2: Shares purchased 1 September 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.9192 | 0.0919 | 0.8273 | 0.0000 | 0.8273 | 0.8226 |
| Group 2 | 0.4069 | 0.0407 | 0.3662 | 0.4611 | 0.8273 | 0.8226 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.4282 | 0.1428 | 1.2854 | 0.0000 | 1.2854 | 1.1784 |
| Group 2 | 0.6039 | 0.0604 | 0.5435 | 0.7419 | 1.2854 | 1.1784 |
| X Shares (Net Accumulation)* | | | | | | |
| Group 1 | N/A | N/A | N/A | N/A | N/A | 0.9236 |
| Group 2 | N/A | N/A | N/A | N/A | N/A | 0.9236 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9499 | 0.0950 | 0.8549 | 0.0000 | 0.8549 | 0.8444 |
| Group 2 | 0.5217 | 0.0522 | 0.4695 | 0.3854 | 0.8549 | 0.8444 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4857 | 0.1486 | 1.3371 | 0.0000 | 1.3371 | 1.2184 |
| Group 2 | 0.7012 | 0.0701 | 0.6311 | 0.7060 | 1.3371 | 1.2184 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6918 | 0.0692 | 0.6226 | 0.0000 | 0.6226 | 0.6167 |
| Group 2 | 0.1228 | 0.0123 | 0.1105 | 0.5121 | 0.6226 | 0.6167 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7869 | 0.0787 | 0.7082 | 0.0000 | 0.7082 | 0.6468 |
| Group 2 | 0.7869 | 0.0787 | 0.7082 | 0.0000 | 0.7082 | 0.6468 |

Interim dividend distribution in pence per Share

| | | | | | | Period |
|---|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 August 2014 |
| | | | | | | Group 2: Shares purchased 1 August 2014 to 31 August 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/08/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.8929 | 0.0893 | 0.8036 | 0.0000 | 0.8036 | 0.8332 |
| Group 2 | 0.4399 | 0.0440 | 0.3959 | 0.4077 | 0.8036 | 0.8332 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.3793 | 0.1379 | 1.2414 | 0.0000 | 1.2414 | 1.1863 |
| Group 2 | 1.2703 | 0.1270 | 1.1433 | 0.0981 | 1.2414 | 1.1863 |
| X Shares (Net Accumulation)* | | | | | | |
| Group 1 | N/A | N/A | N/A | N/A | N/A | 0.9288 |
| Group 2 | N/A | N/A | N/A | N/A | N/A | 0.9288 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9222 | 0.0922 | 0.8300 | 0.0000 | 0.8300 | 0.8548 |
| Group 2 | 0.4347 | 0.0435 | 0.3912 | 0.4388 | 0.8300 | 0.8548 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4340 | 0.1434 | 1.2906 | 0.0000 | 1.2906 | 1.2259 |
| Group 2 | 0.8368 | 0.0837 | 0.7531 | 0.5375 | 1.2906 | 1.2259 |

Distribution Statements (continued)**Interim dividend distribution in pence per Share (continued)**

| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Period |
|--|--------------------------|----------------------------|------------------------|---------------------|------------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 August 2014 |
| | | | | | | Group 2: Shares purchased 1 August 2014 to 31 August 2014 |
| | | | | | | Prior Period 31/08/2013 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6718 | 0.0672 | 0.6046 | 0.0000 | 0.6046 | 0.6245 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.6046 | 0.6046 | 0.6245 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7597 | 0.0760 | 0.6837 | 0.0000 | 0.6837 | 0.6509 |
| Group 2 | 0.7597 | 0.0760 | 0.6837 | 0.0000 | 0.6837 | 0.6509 |

Interim dividend distribution in pence per Share

| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Period |
|--|--------------------------|----------------------------|------------------------|---------------------|------------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 July 2014 |
| | | | | | | Prior Period 31/07/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.9139 | 0.0914 | 0.8225 | 0.0000 | 0.8225 | 0.7989 |
| Group 2 | 0.5541 | 0.0554 | 0.4987 | 0.3238 | 0.8225 | 0.7989 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.4031 | 0.1403 | 1.2628 | 0.0000 | 1.2628 | 1.1310 |
| Group 2 | 0.7762 | 0.0776 | 0.6986 | 0.5642 | 1.2628 | 1.1310 |
| X Shares (Net Accumulation)* | | | | | | |
| Group 1 | 1.1112 | 0.1111 | 1.0001 | 0.0000 | 1.0001 | 0.8846 |
| Group 2 | 1.1112 | 0.1111 | 1.0001 | 0.0000 | 1.0001 | 0.8846 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9433 | 0.0943 | 0.8490 | 0.0000 | 0.8490 | 0.8192 |
| Group 2 | 0.5287 | 0.0529 | 0.4758 | 0.3732 | 0.8490 | 0.8192 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4579 | 0.1458 | 1.3121 | 0.0000 | 1.3121 | 1.1681 |
| Group 2 | 0.8099 | 0.0810 | 0.7289 | 0.5832 | 1.3121 | 1.1681 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6873 | 0.0687 | 0.6186 | 0.0000 | 0.6186 | 0.5985 |
| Group 2 | 0.2747 | 0.0275 | 0.2472 | 0.3714 | 0.6186 | 0.5985 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7724 | 0.0772 | 0.6952 | 0.0000 | 0.6952 | 0.6203 |
| Group 2 | 0.7724 | 0.0772 | 0.6952 | 0.0000 | 0.6952 | 0.6203 |

*X Shares (Net Accumulation) share class closed 15/08/2014.

Distribution Statements (continued)

| | | | Utilised foreign tax (£) | Utilised foreign tax (pence per share) |
|--|-------|-------|-----------------------------|---|
| Interim distributions for 31 December 2014 | | | | |
| Sterling Income Shares | | | n/a | n/a |
| Sterling Accumulation Shares | 28.25 | 71.75 | n/a | n/a |
| X Shares (Net Accumulation)* | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income) | 28.25 | 71.75 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 28.25 | 71.75 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 28.25 | 71.75 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 28.25 | 71.75 | n/a | n/a |
| Interim distributions for 30 November 2014 | | | | |
| Sterling Income Shares | 61.78 | 38.22 | n/a | n/a |
| Sterling Accumulation Shares | 61.78 | 38.22 | n/a | n/a |
| X Shares (Net Accumulation)* | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income) | 61.78 | 38.22 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 61.78 | 38.22 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 61.78 | 38.22 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 61.78 | 38.22 | n/a | n/a |
| Interim distributions for 31 October 2014 | | | | |
| Sterling Income Shares | 55.44 | 44.56 | n/a | n/a |
| Sterling Accumulation Shares | 55.44 | 44.56 | n/a | n/a |
| X Shares (Net Accumulation)* | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income) | 55.44 | 44.56 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 55.44 | 44.56 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 55.44 | 44.56 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 55.44 | 44.56 | n/a | n/a |
| Interim distributions for 30 September 2014 | | | | |
| Sterling Income Shares | 42.87 | 57.13 | n/a | n/a |
| Sterling Accumulation Shares | 42.87 | 57.13 | n/a | n/a |
| X Shares (Net Accumulation)* | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income) | 42.87 | 57.13 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 42.87 | 57.13 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 42.87 | 57.13 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 42.87 | 57.13 | n/a | n/a |
| Interim distributions for 31 August 2014 | | | | |
| Sterling Income Shares | 89.74 | 10.26 | n/a | n/a |
| Sterling Accumulation Shares | 89.74 | 10.26 | n/a | n/a |
| X Shares (Net Accumulation)* | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income) | 89.74 | 10.26 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 89.74 | 10.26 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 89.74 | 10.26 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 89.74 | 10.26 | n/a | n/a |
| Interim distributions for 31 July 2014 | | | | |
| Sterling Income Shares | 36.76 | 63.24 | n/a | n/a |
| Sterling Accumulation Shares | 36.76 | 63.24 | n/a | n/a |
| X Shares (Net Accumulation)* | 36.76 | 63.24 | n/a | n/a |
| Institutional Shares W (Net Income) | 36.76 | 63.24 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 36.76 | 63.24 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 36.76 | 63.24 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 36.76 | 63.24 | n/a | n/a |

*X Shares (Net Accumulation) share class closed 15/08/2014.

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|-------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 7,899,734 | | 11,052,892 |
| Commissions | 15,799 | | 6,615 | |
| Taxes | <u>36,800</u> | | <u>13,128</u> | |
| Total purchase costs | | 52,599 | | 19,743 |
| Gross purchases total | | <u>7,952,333</u> | | <u>11,072,635</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 4,969,106 | | 11,239,992 |
| Commissions | (9,667) | | (12,920) | |
| Taxes | <u>(15)</u> | | <u>(12)</u> | |
| Total sales costs | | (9,682) | | (12,932) |
| Total sales net of transaction costs | | <u>4,959,424</u> | | <u>11,227,060</u> |

BNY MELLON INVESTMENT FUNDS – INSIGHT GLOBAL ABSOLUTE RETURN FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|-------------------------------------|---|
| Investment Adviser: | Insight Investment Management (Global) Limited |
| Fund Size: | £46.14m |
| Comparative Index: | LIBOR GBP 3 Months |
| Sector: | The Investment Association Targeted Absolute Return |
| Yield as at 31 December 2014: | |
| Sterling Accumulation Shares | 0.11% |
| Institutional Shares (Accumulation) | 0.89% |
| Sterling Income Shares | 0.16% |
| Institutional W (Net Income) | 1.00% |
| Institutional W (Net Accumulation) | 0.98% |
| Retail Advised B (Net Income) | 0.74% |
| Retail Advised B (Net Accumulation) | 0.74% |
| Key Dates: Fund Launch | 09 February 2013 |

Investment Objective

The objective of the Fund is to deliver positive returns on an annual basis with the prospect of attractive long-term capital growth. The Fund aims to deliver cash (3 month GBP LIBOR) + 4% on a rolling annualised 5 years basis before fees. However, a positive return is not guaranteed and a capital loss may occur.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|--------------------------------------|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Accumulation Shares* | 4.01 | n/a | n/a | n/a | n/a |
| Institutional Shares (Accumulation)* | 4.86 | n/a | n/a | n/a | n/a |
| Sterling Income Shares* | 3.95 | n/a | n/a | n/a | n/a |
| Institutional W (Net Income)* | 4.94 | n/a | n/a | n/a | n/a |
| Institutional W (Net Accumulation)* | 4.97 | n/a | n/a | n/a | n/a |
| Retail Advised B (Net Income)* | 4.70 | n/a | n/a | n/a | n/a |
| Retail Advised B (Net Accumulation)* | 4.69 | n/a | n/a | n/a | n/a |
| LIBOR GBP 3 Months | 0.54 | n/a | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Acc Share Class of the Sub-Fund returned 0.14% against 0.28% for LIBOR GBP 3 Months.

The Fund made a positive return over the six months. The global economy continued to recover broadly over the second half of the year, building on the positive momentum witnessed in the second quarter. However, financial markets were volatile. Two of the Fund's four return components – equities and total return strategies – detracted from performance. Positive returns from fixed income and real returns acted to more than offset these losses.

Overall, the Fund's fixed-income allocation edged lower over the third quarter, with small reductions in both government bonds and investment-grade credit exposures, the latter being debt issued by companies that are rated BBB and above by the credit rating agency Standard and Poor's. In government bonds, the Fund continued to build on a bias towards longer duration positions over July and August, before reducing this preference in September as risk aversion took hold: European exposures saw the largest reduction. (Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates.) In September, the first notable reduction in the Fund's equity allocation was also made since the start of 2014, reflecting growing caution ahead of the completion of the 'tapering' programme of the US Federal Reserve (Fed) and uncertainty regarding the strength of the global economic recovery. ('Tapering' refers to the reduction of the Fed's quantitative easing or bond buying programme.) Within real assets, most activity was centred on the diversified commodities holdings, where the exposure in July was initially increased on signs that emerging market growth could be improving before reducing the position by over two thirds by the end of the period as this theme failed to gain traction.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

iShares USD Corporate Bond Fund
iShares Sterling Corporate Bond Fund
iShares Markit iBoxx Euro Corporate Bond Fund
UBS ETF CMCI Composite Fund
iShares J.P. Morgan \$ Emerging Markets Bond UCITS ETF
Insight UK Government Long Maturities Bond Fund
Insight LIBOR Plus Fund-S
Greencoat UK Wind
iShares EM Local Government Bonds
Insight Short-Dated High Yield Bond Fund

Sales

UBS ETF CMCI Composite Fund
SSGA-US Corporate Bond Index
Spain 3.75% 31/10/18
iShares J.P. Morgan \$ Emerging Markets Bond UCITS ETF
iShares USD Corporate Bond Fund
iShares EM Local Government Bonds
iShares Markit iBoxx Euro Corporate Bond Fund
iShares Sterling Corporate Bond Fund
HICL Infrastructure
Neuberger Berman Short Duration High Yield Bond Fund

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|------------------|-----------------|---------------------------|
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 102.99 | 98.10 | 0.0117 |
| 2014 | 108.17 | 100.44 | 0.1164 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2013 (from 9 February) | 103.22 | 98.39 | 0.3276 |
| 2014 | 109.56 | 101.26 | 0.9561 |
| Sterling Income Shares | Pence | Pence | Pence |
| 2013 (from 11 February) | 102.90 | 98.01 | 0.0290 |
| 2014 | 107.81 | 100.30 | 0.1730 |
| Institutional W (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.15 | 98.29 | 0.3711 |
| 2014 | 108.12 | 100.90 | 1.0608 |
| Institutional W (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.15 | 98.32 | 0.3687 |
| 2014 | 109.64 | 101.27 | 1.0609 |
| Retail Advised B (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.08 | 98.24 | 0.2764 |
| 2014 | 108.08 | 100.72 | 0.7894 |
| Retail Advised B (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.08 | 98.24 | 0.2764 |
| 2014 | 109.19 | 101.01 | 0.7920 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|------------------------|--------------|--------------------|
| Sterling Accumulation Shares | | Pence | |
| 30/06/2013 | 34,567,190 | 98.32 | 35,157,866 |
| 30/06/2014 | 27,971,736 | 105.93 | 26,405,834 |
| 31/12/2014 | 25,529,840 | 106.05 | 24,073,124 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2013 | 16,375,831 | 98.63 | 16,603,638 |
| 30/06/2014 | 15,638,296 | 107.13 | 14,597,034 |
| 31/12/2014 | 16,103,680 | 107.70 | 14,952,296 |
| Sterling Income Shares | | Pence | |
| 30/06/2013 | 7,441 | 98.21 | 7,577 |
| 30/06/2014 | 28,385 | 105.58 | 26,886 |
| 31/12/2014 | 20,331 | 105.69 | 19,236 |
| Institutional W (Net Income) | | Pence | |
| 30/06/2013 | 4,959 | 98.20 | 5,050 |
| 30/06/2014 | 176,132 | 105.71 | 166,624 |
| 31/12/2014 | 435,398 | 106.33 | 409,490 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| Institutional W (Net Accumulation) | | Pence | |
| 30/06/2013 | 316,152 | 98.57 | 320,752 |
| 30/06/2014 | 3,090,027 | 107.18 | 2,883,113 |
| 31/12/2014 | 4,037,466 | 107.82 | 3,744,785 |
| Retail Advised B (Net Income) | | Pence | |
| 30/06/2013 | 4,910 | 98.20 | 5,000 |
| 30/06/2014 | 5,300 | 105.70 | 5,014 |
| 31/12/2014 | 5,363 | 106.18 | 5,051 |
| Retail Advised B (Net Accumulation) | | Pence | |
| 30/06/2013 | 4,924 | 98.48 | 5,000 |
| 30/06/2014 | 5,340 | 106.80 | 5,000 |
| 31/12/2014 | 5,364 | 107.28 | 5,000 |

Ongoing Charges

| Share Class | 31/12/2014 % | 30/06/2014 % |
|-------------------------------------|-------------------------|-------------------------|
| Sterling Accumulation Shares | 1.77 | 1.83 |
| Institutional Shares (Accumulation) | 0.95 | 1.01 |
| Sterling Income Shares | 1.77 | 1.83 |
| Institutional W (Net Income) | 0.83 | 0.89 |
| Institutional W (Net Accumulation) | 0.83 | 0.89 |
| Retail Advised B (Net Income) | 1.11 | 1.17 |
| Retail Advised B (Net Accumulation) | 1.11 | 1.17 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Collective Investment Schemes 17.99% (20.00%) | | | |
| BNY Mellon Absolute Return Bond Fund† | 11,054 | 948,821 | 2.06 |
| BNY Mellon Emerging Markets Corporate Debt Fund† | 6,475 | 509,900 | 1.11 |
| BNY Mellon European Credit Fund X EUR Accumulation† | 2,602 | 230,824 | 0.50 |
| Insight Global UK Bond Fund S Accumulation† | 965 | 963,658 | 2.09 |
| Insight LIBOR Plus Fund† | 1,512,606 | 2,270,875 | 4.92 |
| Insight Short-Dated High Yield Bond Fund† | 28,662 | 319,298 | 0.69 |
| Insight UK Corporate All Maturities Bond Fund† | 658,783 | 1,249,580 | 2.71 |
| Insight UK Government All Maturities Bond Fund† | 406,953 | 789,977 | 1.71 |
| Insight UK Government Long Maturities Bond Fund† | 461,413 | 1,016,354 | 2.20 |
| Equity 13.86% (15.52%) | | | |
| 3i Infrastructure | 554,863 | 847,831 | 1.84 |
| Doric Nimrod Air One | 542,289 | 585,672 | 1.27 |
| Doric Nimrod Air Two (Private Placing) | 415,135 | 900,843 | 1.95 |
| Duet Real Estate Finance | 1,258,731 | 588,457 | 1.28 |
| GCP Infrastructure Investments Fund | 425,419 | 516,884 | 1.12 |
| Greencoat UK Wind | 218,000 | 241,980 | 0.52 |
| HICL Infrastructure | 417,130 | 636,123 | 1.38 |
| John Laing Infrastructure | 656,787 | 806,534 | 1.75 |
| NB Distressed Debt Investment Fund | 1,193,866 | 819,264 | 1.78 |
| TwentyFour Select Monthly Income Fund | 464,000 | 448,920 | 0.97 |
| Exchange Traded Funds 12.93% (13.42%) | | | |
| iShares J.P. Morgan \$ Emerging Markets Bond UCITS ETF | 13,282 | 933,083 | 2.02 |
| iShares Markit iBoxx \$ Corporate Bond Fund | 22,254 | 1,624,752 | 3.52 |
| iShares Markit iBoxx Euro Corporate Bond Fund | 19,853 | 2,071,041 | 4.49 |
| iShares Sterling Corporate Bond Fund | 9,877 | 1,339,914 | 2.90 |
| Derivatives 1.57% (0.93%) | | | |
| Futures 1.11% (0.35%) | | | |
| Bovespa Index Future Expires February 2015 | BRL51 | 31,228 | 0.07 |
| Euro Buxl 30 Year Bond Expires March 2015 | EUR12 | 54,759 | 0.12 |
| Euro Stoxx 50 Future Expires March 2015 | EUR33 | 28,163 | 0.06 |
| Euro-BTP Future Expires March 2015 | EUR9 | 9,665 | 0.02 |
| Euro-Bund Future Expires March 2015 | EUR4 | 6,610 | 0.01 |
| Euro-OAT Future Expires March 2015 | EUR10 | 7,793 | 0.02 |
| FTSE 100 Dividend Future Expires December 2015 | £191 | (13,161) | (0.03) |
| FTSE 100 Index Future Expires March 2015 | £37 | 126,102 | 0.27 |
| FTSE/JSE TOP 40 Future Expires March 2015 | ZAR25 | 29,515 | 0.06 |
| H-Shares Index Future Expires January 2015 | HKD12 | 8,654 | 0.02 |
| Kospi2 Index Future Expires March 2015 | KRW8 | (16,162) | (0.04) |
| Long Gilt Future Expires March 2015 | £13 | 29,864 | 0.06 |
| NIKKEI Dividend Expires December 2015 | JPY58 | 52,701 | 0.11 |
| NIKKEI 225 Future (CME) Expires March 2015 | USD21 | (48,338) | (0.10) |
| S&P 500 EMINI Future Expires March 2015 | USD10 | 11,782 | 0.03 |
| SGX S&P CNX NIFTY Future Expires January 2015 | USD55 | (4,762) | (0.01) |
| Short Euro-Btp Future Expires March 2015 | EUR5 | 473 | 0.00 |
| SPI 200 Future Expires March 2015 | AUD9 | 29,854 | 0.06 |
| US 10 Year Note Future (CBT) Expires March 2015 | USD43 | 9,801 | 0.02 |
| US 2 Year Note Future (CBT) Expires March 2015 | USD(17) | 2,646 | 0.01 |
| US 5 Year Note (CBT) Expires March 2015 | USD(62) | 967 | 0.00 |
| US Long Bond (CBT) Expires March 2015 | USD8 | 16,610 | 0.04 |
| US Ultra Bond (CBT) Expires March 2015 | USD30 | 142,759 | 0.31 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|--------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| Options 0.53% (0.46%) | | | |
| EURO STOXX 50 March 2015 2900 (Put Options) | EUR(71) | (32,565) | (0.07) |
| EURO STOXX 50 March 2015 3000 (Call Options) | EUR71 | 119,293 | 0.26 |
| EURO STOXX 50 March 2015 3200 (Call Options) | EUR(71) | (53,007) | (0.11) |
| Euro Put US Dollar @ 1.20 10/02/2015 | EUR(6,000,000) | (34,662) | (0.08) |
| Euro Put US Dollar @ 1.22 10/02/2015 | EUR6,000,000 | 66,028 | 0.14 |
| Euro Call US Dollar @ 1.28 10/02/2015 | EUR(6,000,000) | (3,134) | (0.01) |
| FTSE 100 March 2015 6200 (Put Options) | £(58) | (57,130) | (0.12) |
| FTSE 100 March 2015 6600 (Put Options) | £29 | 64,525 | 0.14 |
| Nikkei January 2015 16000 (Put Options) | JPY(25) | (2,407) | (0.01) |
| Nikkei January 2015 18000 (Call Options) | JPY25 | 8,692 | 0.02 |
| Nikkei January 2015 18500 (Call Options) | JPY(25) | (2,006) | 0.00 |
| S&P 500 February 2015 1975 (Put Options) | USD(27) | (42,251) | (0.09) |
| S&P 500 March 2015 1825 (Put Options) | USD(32) | (33,247) | (0.07) |
| S&P 500 March 2015 1950 (Put Options) | USD16 | 33,555 | 0.07 |
| S&P 500 February 2015 2075 (Call Options) | USD27 | 58,355 | 0.13 |
| S&P 500 February 2015 2125 (Call Options) | USD(27) | (21,645) | (0.05) |
| S&P 500 March 2015 2025 (Call Options) | USD15 | 84,656 | 0.18 |
| S&P 500 March 2015 2075 (Call Options) | USD(30) | (96,008) | (0.21) |
| SX5E Dividend December 2015 90 (Put Options) | EUR(298) | (463) | 0.00 |
| SX5E Dividend December 2015 105 (Call Options) | EUR298 | 161,656 | 0.35 |
| SX5E Dividend December 2015 110 (Call Options) | EUR(298) | (66,374) | (0.14) |
| SX5E Dividend December 2016 95 (Put Options) | EUR(210) | (29,498) | (0.06) |
| SX5E Dividend December 2016 100 (Put Options) | EUR(262) | (53,069) | (0.12) |
| SX5E Dividend December 2016 110 (Call Options) | EUR210 | 94,362 | 0.20 |
| SX5E Dividend December 2016 115 (Call Options) | EUR52 | 13,156 | 0.03 |
| SX5E Dividend December 2016 120 (Call Options) | EUR(262) | (32,126) | (0.07) |
| UK Sterling Put US Dollar @ 1.57 15/01/2015 | £(4,750,000) | (42,954) | (0.09) |
| UK Sterling Put US Dollar @ 1.585 15/01/2015 | £4,750,000 | 78,541 | 0.17 |
| UK Sterling Call US Dollar @ 1.62 15/01/2015 | £(4,750,000) | (356) | 0.00 |
| US Dollar Put Japanese Yen February 2015 110 | USD(7,450,000) | (1,089) | 0.00 |
| US Dollar Call Japanese Yen February 2015 115 | USD7,450,000 | 185,628 | 0.40 |
| US Dollar Call Japanese Yen February 2015 117 | USD(7,450,000) | (122,014) | (0.26) |
| EUR Forward Foreign Currency Contracts 0.13% (-0.02%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | EUR360,000 | 279,662 | 0.61 |
| Forward Foreign Currency Contracts 06/03/15 | £(286,470) | (286,470) | (0.62) |
| Forward Foreign Currency Contracts 06/03/15 | EUR(6,300,000) | (4,894,078) | (10.61) |
| Forward Foreign Currency Contracts 06/03/15 | £4,960,778 | 4,960,778 | 10.75 |
| JPY Forward Foreign Currency Contracts (0.13%) (0.01%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | JPY(70,000,000) | (374,803) | (0.81) |
| Forward Foreign Currency Contracts 06/03/15 | £371,206 | 371,206 | 0.80 |
| Forward Foreign Currency Contracts 15/01/15 | JPY227,000,000 | 1,214,456 | 2.63 |
| Forward Foreign Currency Contracts 15/01/15 | USD(1,963,184) | (1,259,157) | (2.73) |
| Forward Foreign Currency Contracts 15/01/15 | USD1,879,264 | 1,205,332 | 2.61 |
| Forward Foreign Currency Contracts 15/01/15 | JPY(227,000,000) | (1,214,456) | (2.63) |
| KRW Forward Foreign Currency Contracts (0.05%) (0.00%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | USD2,330,213 | 1,494,564 | 3.24 |
| Forward Foreign Currency Contracts 15/01/15 | KRW(2,600,000,000) | (1,519,440) | (3.29) |
| SGD Forward Foreign Currency Contracts 0.01% (0.00%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | USD2,194,066 | 1,407,242 | 3.05 |
| Forward Foreign Currency Contracts 15/01/15 | SGD(2,900,000) | (1,403,276) | (3.04) |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-----------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| USD Forward Foreign Currency Contracts (0.03%) (0.13%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | USD(19,300,000) | (12,383,543) | (26.84) |
| Forward Foreign Currency Contracts 06/03/15 | £12,354,198 | 12,354,198 | 26.78 |
| Forward Foreign Currency Contracts 06/03/15 | USD3,540,000 | 2,271,385 | 4.92 |
| Forward Foreign Currency Contracts 06/03/15 | £(2,257,924) | (2,257,924) | (4.89) |
| Portfolio of investments* | | 21,386,226 | 46.35 |
| Net current assets | | 24,751,216 | 53.65 |
| Total Net Assets | | 46,137,442 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

†Considered a related party of the ACD.

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Overseas Government Bonds portfolio category, which, at 30 June 2014, represented 2.83% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

*Net of investment liabilities.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|----------------|-----------------------|--------------|-------------------------|
| Income | | | | |
| Net capital gains | | 55,270 | | 1,721,068 |
| Revenue | 365,258 | | 511,089 | |
| Expenses | (308,310) | | (389,804) | |
| Finance costs: Interest | <u>(1,669)</u> | | <u>(263)</u> | |
| Net revenue before taxation | 55,279 | | 121,022 | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | 55,279 | | 121,022 |
| Total return before distributions | | <u>110,549</u> | | <u>1,842,090</u> |
| Finance costs: Distributions | | 1,054 | | (4,343) |
| Change in net assets attributable to Shareholders from investment | | <u>111,603</u> | | <u>1,837,747</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------------|--------------------------|--------------------|--------------------------|
| Opening net assets attributable to Shareholders | | 46,915,216 | | 51,281,407 |
| Amounts receivable on issue of shares | 4,364,945 | | 598,667 | |
| Amounts payable on cancellation of shares | <u>(5,257,529)</u> | | <u>(6,528,290)</u> | |
| | | (892,584) | | (5,929,623) |
| Dilution adjustment | | 3,207 | | - |
| Stamp Duty Reserve Tax | | - | | (469) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 111,603 | | 1,837,747 |
| Closing net assets attributable to Shareholders | | <u>46,137,442</u> | | <u>47,189,062</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------------|--------------------------|-------------------|--------------------------|
| ASSETS | | | | |
| Investment assets* | | 22,313,105 | | 25,715,631 |
| Debtors | 209,621 | | 196,925 | |
| Cash and bank balances | <u>25,202,456</u> | | <u>23,070,921</u> | |
| Total other assets | | <u>25,412,077</u> | | <u>23,267,846</u> |
| Total assets | | 47,725,182 | | 48,983,477 |
| LIABILITIES | | | | |
| Investment liabilities | | (926,879) | | (990,889) |
| Bank overdraft | (341,733) | | (9,106) | |
| Creditors | (319,128) | | (1,066,412) | |
| Distribution payable on income shares | <u>-</u> | | <u>(1,854)</u> | |
| Total other liabilities | | <u>(660,861)</u> | | <u>(1,077,372)</u> |
| Total liabilities | | (1,587,740) | | (2,068,261) |
| Net assets attributable to Shareholders | | <u>46,137,442</u> | | <u>46,915,216</u> |

*Gross of investment liabilities.

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|--------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 7,641,260 | | 50,075,150 |
| Commissions | 3,511 | | 5,935 | |
| Taxes | <u>1</u> | | <u>2</u> | |
| Total purchase costs | | 3,512 | | 5,937 |
| Gross purchases total | | <u>7,644,772</u> | | <u>50,081,087</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 10,740,223 | | 52,108,008 |
| Commissions | (3,351) | | (4,311) | |
| Taxes | <u>(5)</u> | | <u>(7)</u> | |
| Total sales costs | | (3,356) | | (4,318) |
| Total sales net of transaction costs | | <u>10,736,867</u> | | <u>52,103,690</u> |

BNY MELLON INVESTMENT FUNDS – INSIGHT GLOBAL MULTI-STRATEGY FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|--|---|
| Investment Adviser: | Insight Investment Management (Global) Limited |
| Fund Size: | £136.68m |
| Sector: | The Investment Association Mixed Investment 20-60% Shares |
| Yield as at 31 December 2014: | |
| Sterling Income Shares | 0.04% |
| Sterling Accumulation Shares | 0.04% |
| Institutional Shares (Income) | 0.47% |
| Institutional Shares (Accumulation) | 0.47% |
| S Shares (Net Income) | 1.15% |
| S Shares (Net Accumulation) | 1.25% |
| Institutional Shares W (Net Income) | 0.56% |
| Institutional Shares W (Net Accumulation) | 0.56% |
| Retail Advised Shares B (Net Income) | 0.36% |
| Retail Advised Shares B (Net Accumulation) | 0.35% |
| Key Dates: Fund Launch | 09 February 2013 |

Investment Objective

The objective of the Fund is to achieve capital growth.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 4.74% | n/a | n/a | n/a | n/a |
| Sterling Accumulation Shares* | 4.74% | n/a | n/a | n/a | n/a |
| Institutional Shares (Income)* | 5.46% | n/a | n/a | n/a | n/a |
| Institutional Shares (Accumulation)* | 5.45% | n/a | n/a | n/a | n/a |
| S Shares (Net Income)* | 6.01% | n/a | n/a | n/a | n/a |
| S Shares (Net Accumulation)* | 6.00% | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 5.55% | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 5.56% | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 5.34% | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 5.32% | n/a | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Acc Share Class of the Sub-Fund returned 2.19%.

The Fund made a positive return over the six months. The global economy continued to recover broadly over the second half of the year, building on the positive momentum witnessed in the second quarter. However, financial markets were volatile. Two of the Fund's four return components, equities and total return strategies, detracted from performance. Positive returns from fixed income and real returns acted to more than offset these losses. The Fund's returns were positive over July, August, and November benefiting from an improvement in risk appetite that allowed all four of the Fund's return components to generate positive returns. In September, October and December however, the Fund posted negative returns, mainly driven by weakness in equity markets.

Overall, the Fund's fixed-income allocation edged lower over the third quarter, with small reductions in both government bonds and investment grade credit exposures – the latter representing debt issued by companies that are rated BBB and above by the credit rating agency Standard and Poor's. In government bonds, the Fund continued to build on a bias towards longer duration positions over July and August, before reducing this preference in September as risk aversion took hold: European exposures saw the largest reduction. (Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates.) In September, the first notable reduction was also made in the Fund's equity allocation since the start of 2014, reflecting growing caution ahead of the completion of the 'tapering' programme of the US Federal Reserve (Fed) and uncertainty regarding the strength of the global economic recovery. ('Tapering' refers to the reduction of the Fed's quantitative easing or bond buying programme.) Within real assets, most activity was centred on the diversified commodities holdings, where initially the exposure was increased in July on signs that emerging market growth could be improving before reducing the position by over two thirds by the end of the period as this theme failed to gain traction.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

iShares Markit iBoxx \$ Corporate Bond Fund
 Insight UK Government Long Maturities Bond Fund
 Svenska Handelsbanken 0.5% European Certificate of Deposit 13/4/2015
 iShares Sterling Corporate Bond Fund
 Societe Nationale 0% European Commercial Paper 15/12/2014
 Macquarie Bank 0% European Commercial Paper 16/3/2015
 UBS ETF Composite
 iShares Markit iBoxx Euro Corporate Bond Fund
 Nederlandse Waterschapsbank 1.10338% European Medium Term Floating Rate Notes 25/1/2016
 BPCE 1.35675% European Medium Term Floating Rate Notes 6/3/2017

Sales

UBS ETF Composite
 iShares Markit iBoxx \$ Corporate Bond Fund
 iShares Sterling Corporate Bond Fund
 Spain (Kingdom of) 3.75% Bonds 31/10/2018
 SSgA US Corporate Bond Index Fund
 Societe Nationale 0% European Commercial Paper 15/12/2014
 iShares JPMorgan \$ Emerging Markets Bond Fund
 DNB Bank 0.5% Certificate of Deposit 12/12/2014
 BMW Finance 0% European Commercial Paper 28/11/2014
 ING Bank 0.56% Certificate of Deposit 12/12/2014

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 106.69 | 99.13 | 0.3669 |
| 2014 | 110.62 | 102.55 | 0.0395 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 106.89 | 99.31 | 0.3678 |
| 2014 | 111.02 | 102.92 | 0.0388 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2013 (from 9 February) | 106.75 | 99.32 | 0.9239 |
| 2014 | 110.95 | 102.77 | 0.5144 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 107.08 | 99.56 | 0.8869 |
| 2014 | 112.23 | 103.73 | 0.5182 |
| S Shares (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 106.76 | 99.24 | 0.7276 |
| 2014 | 111.35 | 102.76 | 1.2615 |
| S Shares (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 107.02 | 99.48 | 0.7294 |
| 2014 | 113.07 | 103.49 | 1.3964 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 106.70 | 99.21 | 0.9509 |
| 2014 | 110.96 | 102.78 | 0.6177 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 107.01 | 99.49 | 0.9396 |
| 2014 | 112.26 | 103.69 | 0.6248 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 106.65 | 99.14 | 0.7997 |
| 2014 | 110.83 | 102.68 | 0.3902 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 106.93 | 99.41 | 0.8026 |
| 2014 | 111.91 | 103.48 | 0.3854 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Sterling Income Shares | | | |
| 30/06/2013 | 20,073,719 | 100.17 | 20,038,847 |
| 30/06/2014 | 18,037,485 | 107.21 | 16,825,043 |
| 31/12/2014 | 17,065,069 | 109.23 | 15,623,774 |
| Sterling Accumulation Shares | | | |
| 30/06/2013 | 39,679,984 | 100.36 | 39,538,143 |
| 30/06/2014 | 36,489,826 | 107.59 | 33,915,753 |
| 31/12/2014 | 34,945,732 | 109.66 | 31,868,718 |
| Institutional Shares (Income) | | | |
| 30/06/2013 | 50 | 100.00 | 50 |
| 30/06/2014 | 46,816 | 107.44 | 43,576 |
| 31/12/2014 | 55,037 | 109.64 | 50,197 |
| Institutional Shares (Accumulation) | | | |
| 30/06/2013 | 65,357,738 | 100.62 | 64,958,243 |
| 30/06/2014 | 60,871,401 | 108.67 | 56,014,817 |
| 31/12/2014 | 59,313,837 | 111.18 | 53,349,243 |
| S Shares (Net Income) | | | |
| 30/06/2013 | 1,116,145 | 100.29 | 1,112,933 |
| 30/06/2014 | 30,488 | 107.44 | 28,376 |
| 31/12/2014 | 31,059 | 109.46 | 28,376 |
| S Shares (Net Accumulation) | | | |
| 30/06/2013 | 19,747,475 | 100.54 | 19,642,026 |
| 30/06/2014 | 496,764 | 108.98 | 455,817 |
| 31/12/2014 | 375,935 | 111.54 | 337,038 |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 24,827 | 100.27 | 24,760 |
| 30/06/2014 | 1,136,822 | 107.42 | 1,058,253 |
| 31/12/2014 | 1,100,613 | 109.63 | 1,003,911 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 38,062 | 100.55 | 37,853 |
| 30/06/2014 | 21,506,260 | 108.68 | 19,788,587 |
| 31/12/2014 | 23,773,280 | 111.25 | 21,369,873 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 5,010 | 100.20 | 5,000 |
| 30/06/2014 | 5,411 | 107.34 | 5,041 |
| 31/12/2014 | 5,538 | 109.55 | 5,055 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 5,023 | 100.46 | 5,000 |
| 30/06/2014 | 5,420 | 108.40 | 5,000 |
| 31/12/2014 | 9,728 | 110.80 | 8,780 |

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| Share Class | % | % |
| Sterling Income Shares | 1.75 | 1.81 |
| Sterling Accumulation Shares | 1.75 | 1.81 |
| Institutional Shares (Income) | 0.93 | 0.99 |
| Institutional Shares (Accumulation) | 0.93 | 0.99 |
| S Shares (Net Income) | 1.18 | 1.24 |
| S Shares (Net Accumulation) | 1.18 | 1.24 |
| Institutional Shares W (Net Income) | 0.81 | 0.86 |
| Institutional Shares W (Net Accumulation) | 0.81 | 0.86 |
| Retail Advised Shares B (Net Income) | 1.12 | 1.13 |
| Retail Advised Shares B (Net Accumulation) | 1.12 | 1.13 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Sterling Denominated Corporate Bonds 9.07% (0.00%) | | | |
| BNZ International Funding 1.25463% European Medium Term Floating Rate Notes 29/1/2016 | £1,650,000 | 1,657,334 | 1.21 |
| BPCE 1.35675% European Medium Term Floating Rate Notes 6/3/2017 | £2,000,000 | 2,011,095 | 1.47 |
| National Australia Bank 0.8565% Floating Rate Notes 12/8/2016 | £2,000,000 | 2,004,760 | 1.47 |
| Nederlandse Waterschapsbank 1.10338% European Medium Term Floating Rate Notes 25/1/2016 | £2,000,000 | 2,010,933 | 1.47 |
| NRW Bank 0.82025% European Medium Term Floating Rate Notes 17/1/2017 | £2,000,000 | 2,006,462 | 1.47 |
| Oversea-Chinese Banking 0.95525% European Medium Term Floating Rate Notes 15/5/2017 | £1,700,000 | 1,701,971 | 1.25 |
| Westpac Banking 0.902750% Floating Rate Notes 28/11/2017 | £1,000,000 | 999,260 | 0.73 |
| Certificate of Deposit 10.97% (0.00%) | | | |
| BNP Paribas 0.6% European Certificate of Deposit 5/5/2015 | £1,000,000 | 1,000,000 | 0.73 |
| Credit Agricole 0.55% Certificate of Deposit 16/3/2015 | £2,000,000 | 2,000,000 | 1.46 |
| HSBC France 0% Bonds 14/5/2015 | £2,000,000 | 1,995,410 | 1.46 |
| Nordea Bank Finland 0% Certificate of Deposit 6/3/2015 | £2,000,000 | 1,998,202 | 1.46 |
| Overseas-Chinese Banking 0% Certificate of Deposit 24/3/2015 | £2,000,000 | 1,997,158 | 1.46 |
| Svenska Handelsbanken 0.5% European Certificate of Deposit 13/4/2015 | £4,000,000 | 4,000,000 | 2.93 |
| UBS AG Jersey 0.56% Certificate of Deposit 12/1/2015 | £2,000,000 | 2,000,124 | 1.47 |
| Commerical Papers 8.04% (0.00%) | | | |
| BNW Finance 0% Bonds 26/2/2015 | £2,000,000 | 1,998,128 | 1.46 |
| Dexia Credit Local 0% Bonds 12/3/2015 | £2,000,000 | 1,997,614 | 1.46 |
| DZ Bank 0% Bonds 13/4/2015 | £2,000,000 | 1,996,652 | 1.46 |
| Macquarie Bank 0% European Commercial Paper 16/3/2015 | £3,000,000 | 2,996,199 | 2.20 |
| Standard Chartered 0% Commercial Paper 15/4/2015 | £2,000,000 | 1,997,464 | 1.46 |
| Collective Investment Schemes 32.59% (32.70%) | | | |
| BlackRock European Dynamic Fund | 524,155 | 1,883,289 | 1.38 |
| BNY Mellon European Credit Fund X EUR Accumulation† | 39,833 | 3,533,602 | 2.59 |
| Insight Global UK Bond Fund S Accumulation† | 5,384 | 5,376,511 | 3.93 |
| Insight UK Corporate All Maturities Bond Fund† | 6460142 | 12253597 | 8.96 |
| Insight UK Government All Maturities Bond Fund† | 4,252,132 | 8,254,239 | 6.04 |
| Insight UK Government Long Maturities Bond Fund† | 2,088,984 | 4,601,405 | 3.37 |
| Jupiter UK Special Situations Fund I Acc | 2,443,252 | 4,432,792 | 3.24 |
| Liontrust Special Situations | 1,553,647 | 4,213,489 | 3.08 |
| Equity 6.03% (6.32%) | | | |
| Doric Nimrod Air One | 1,158,770 | 1,251,472 | 0.91 |
| Doric Nimrod Air Two (Private Placing) | 755,907 | 1,640,318 | 1.20 |
| Duet Real Estate Finance | 1,215,858 | 568,414 | 0.42 |
| GCP Infrastructure Investments Fund | 451,540 | 548,621 | 0.40 |
| Greencoat UK Wind | 622,900 | 691,419 | 0.51 |
| NB Distressed Debt Investment Fund | 3,174,124 | 2,178,171 | 1.59 |
| TwentyFour Select Monthly Income Fund | 1,414,000 | 1,368,045 | 1.00 |
| Exchange Traded Funds 5.48% (10.17%) | | | |
| iShares Markit iBoxx \$ Corporate Bond Fund | 28,078 | 2,049,960 | 1.50 |
| iShares Markit iBoxx Euro Corporate Bond Fund | 26,032 | 2,715,627 | 1.99 |
| iShares Sterling Corporate Bond Fund | 20,053 | 2,720,390 | 1.99 |
| Derivatives 2.13% (0.62%) | | | |
| Futures 1.70% (0.26%) | | | |
| Bovespa Index Future February 2015 | BRL94 | 61,177 | 0.05 |
| Euro Buxl 30 Year Bond Future March 2015 | EUR 12 | 54,759 | 0.04 |
| Euro Stoxx 50 March 2015 | EUR 88 | 115,027 | 0.08 |
| Euro-BTP Future March 2015 | EUR 26 | 11,970 | 0.01 |
| Euro-BTP Short Future March 2015 | EUR 16 | 1,514 | 0.00 |
| Euro-Oat Future March 2015 | EUR 24 | 10,500 | 0.01 |
| FTSE 100 Index Future March 2015 | £296 | 1,044,240 | 0.76 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-----------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| Futures (continued) | | | |
| FTSE 250 Mid Life March 2015 | £111 | 177,632 | 0.13 |
| FTSE Dividend Future December 2015 | £584 | (40,240) | (0.03) |
| FTSE/JSE TOP 40 March 2015 | ZAR 46 | 56,221 | 0.04 |
| H-Shares Index Future January 2015 | HKD 23 | 16,586 | 0.01 |
| KOSPI2 Index Future March 2015 | KRW 11 | (22,770) | (0.02) |
| Long Gilt Future March 2015 | £37 | 122,100 | 0.09 |
| Nikkei 225 (CME) March 2015 | USD 47 | (112,537) | (0.08) |
| Nikkei 225 Dividend December 2015 | JPY 164 | 157,584 | 0.12 |
| S&P 500 Emini Future March 2015 | USD 134 | 274,646 | 0.20 |
| S&P TSX 60 IX Futures March 2015 | CAD 16 | 94,370 | 0.07 |
| SGX CNX Nifty January 2015 | USD 103 | (8,918) | (0.01) |
| SPI 200 Futures March 2015 | AUD 12 | 40,944 | 0.03 |
| Swiss Market IX Futures March 2015 | CHF 18 | 39,817 | 0.03 |
| US 10 Year Note (CBT) March 2015 | USD 84 | 14,832 | 0.01 |
| US 2 Year Note (CBT) March 2015 | USD (49) | 7,696 | 0.01 |
| US 5 Year Treasury Notes Future (CBT) March 2015 | USD (91) | 1,423 | 0.00 |
| US Long Bond (CBT) March 2015 | USD 48 | 203,039 | 0.15 |
| Options 0.48% (0.38%) | | | |
| Euro US Dollar February 2015 1.2 (Put options) | EUR(17,250,000) | (99,654) | (0.07) |
| Euro US Dollar February 2015 1.22 (Put options) | EUR17,250,000 | 189,830 | 0.14 |
| Euro US Dollar February 2015 1.28 (Call options) | EUR(17,250,000) | (9,010) | (0.01) |
| FTSE 100 Put Option 20/3/2015 6200 | £(166) | (163,510) | (0.12) |
| FTSE 100 Put Option 20/3/2015 6600 | £83 | 184,675 | 0.14 |
| NIKKEI Call Option 9/1/2015 18000 | JPY74 | 25,729 | 0.02 |
| NIKKEI Call Option 9/1/2015 18500 | JPY(74) | (5,938) | 0.00 |
| NIKKEI Put Option 9/1/2015 16000 | JPY(74) | (7,125) | (0.01) |
| S&P 500 Call Option 20/2/2015 2075 | USD 104 | 224,775 | 0.16 |
| S&P 500 Call Option 20/2/2015 2125 | USD (104) | (83,373) | (0.06) |
| S&P 500 Call Option 20/3/2015 2025 | USD 43 | 242,681 | 0.18 |
| S&P 500 Call Option 20/3/2015 2075 | USD (86) | (275,222) | (0.20) |
| S&P 500 Put Option 20/2/2015 1975 | USD (104) | (162,745) | (0.12) |
| S&P 500 Put Option 20/3/2015 1825 | USD (90) | (93,506) | (0.07) |
| S&P 500 Put Option 20/3/2015 1950 | USD 45 | 94,372 | 0.07 |
| SX5E DIV Call Option 16/12/2016 110 | EUR645 | 289,826 | 0.21 |
| SX5E DIV Call Option 16/12/2016 115 | EUR(645) | (163,183) | (0.12) |
| SX5E DIV Call Option 18/12/2015 105 | EUR875 | 474,661 | 0.35 |
| SX5E DIV Call Option 18/12/2015 110 | EUR(875) | (194,890) | (0.14) |
| SX5E DIV Put Option 16/12/2016 95 | EUR(645) | (90,602) | (0.07) |
| SX5E DIV Put Option 18/12/2015 90 | EUR(875) | (1,358) | 0.00 |
| UK Sterling US Dollar January 2015 1.57 (Put options) | £(13,450,000) | (121,628) | (0.09) |
| UK Sterling US Dollar January 2015 1.585 (Put options) | £13,450,000 | 222,396 | 0.16 |
| UK Sterling US Dollar January 2015 1.62 (Call options) | £(13,450,000) | (1,009) | 0.00 |
| US Dollar Japanese Yen February 2015 110 (Put options) | USD(21,450,000) | (3,137) | 0.00 |
| US Dollar Japanese Yen February 2015 115 (Call options) | USD21,450,000 | 534,458 | 0.39 |
| US Dollar Japanese Yen February 2015 117 (Call options) | USD(21,450,000) | (351,303) | (0.26) |
| AUD Forward Foreign Currency Contracts (0.01)% (0.00%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | AUD2,200,000 | 1,150,243 | 0.84 |
| Forward Foreign Currency Contracts 06/03/15 | £(1,163,842) | (1,163,842) | (0.85) |
| CAD Forward Foreign Currency Contracts 0.01% (0.01%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | CAD3,700,000 | 2,047,021 | 1.50 |
| Forward Foreign Currency Contracts 06/03/15 | £(2,036,750) | (2,036,750) | (1.49) |
| Forward Foreign Currency Contracts 06/03/15 | CAD(1,900,000) | (1,051,173) | (0.77) |
| Forward Foreign Currency Contracts 06/03/15 | £1,059,890 | 1,059,890 | 0.77 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|--------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| CHF Forward Foreign Currency Contracts (0.01)% (0.01%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | CHF 1,500,000 | 969,641 | 0.71 |
| Forward Foreign Currency Contracts 06/03/15 | £(982,994) | (982,994) | (0.72) |
| EUR Forward Foreign Currency Contracts 0.09% (-0.02%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | EUR(11,900,000) | (9,244,370) | (6.76) |
| Forward Foreign Currency Contracts 06/03/15 | £9,370,358 | 9,370,358 | 6.85 |
| JPY Forward Foreign Currency Contracts (0.11)% (0.00%) | | | |
| Forward Foreign Currency Contracts 06/03/15 | JPY261,000,000 | 1,397,480 | 1.02 |
| Forward Foreign Currency Contracts 06/03/15 | £(1,384,037) | (1,384,037) | (1.01) |
| Forward Foreign Currency Contracts 15/01/15 | JPY706,000,000 | 3,777,118 | 2.76 |
| Forward Foreign Currency Contracts 15/01/15 | USD(6,105,761) | (3,916,146) | (2.86) |
| Forward Foreign Currency Contracts 15/01/15 | JPY(706,000,000) | (3,777,118) | (2.76) |
| Forward Foreign Currency Contracts 15/01/15 | USD5,844,758 | 3,748,743 | 2.74 |
| KRW Forward Foreign Currency Contracts (0.04)% (0.00%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | KRW(5,100,000,000) | (2,980,440) | (2.18) |
| Forward Foreign Currency Contracts 15/01/15 | USD4,570,802 | 2,931,645 | 2.14 |
| SGD Forward Foreign Currency Contracts 0.01% (0.00%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | SGD(5,700,000) | (2,758,163) | (2.02) |
| Forward Foreign Currency Contracts 15/01/15 | USD4,312,474 | 2,765,958 | 2.03 |
| USD Forward Foreign Currency Contracts 0.01% (-0.02)% | | | |
| Forward Foreign Currency Contracts 06/03/15 | USD8,200,000 | 5,261,402 | 3.85 |
| Forward Foreign Currency Contracts 06/03/15 | £(5,235,208) | (5,235,208) | (3.83) |
| Forward Foreign Currency Contracts 06/03/15 | USD5,400,000 | 3,464,826 | 2.53 |
| Forward Foreign Currency Contracts 06/03/15 | £(3,449,093) | (3,449,093) | (2.52) |
| Forward Foreign Currency Contracts 06/03/15 | USD12,800,000 | 8,212,920 | 6.01 |
| Forward Foreign Currency Contracts 06/03/15 | £(8,200,280) | (8,200,279) | (6.00) |
| Forward Foreign Currency Contracts 06/03/15 | USD(21,900,000) | (14,051,793) | (10.28) |
| Forward Foreign Currency Contracts 06/03/15 | £14,018,494 | 14,018,494 | 10.25 |
| Forward Foreign Currency Contracts 06/03/15 | USD(1,800,000) | (1,154,942) | (0.85) |
| Forward Foreign Currency Contracts 06/03/15 | £1,145,205 | 1,145,205 | 0.84 |
| Forward Foreign Currency Contracts 06/03/15 | USD(2,200,000) | (1,411,595) | (1.03) |
| Forward Foreign Currency Contracts 06/03/15 | £1,416,423 | 1,416,423 | 1.04 |
| Portfolio of investments* | | 101,567,373 | 74.31 |
| Net current assets | | 35,108,455 | 25.69 |
| Total Net Assets | | 136,675,828 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the period ended December 2014, the Fund disposed of its holdings in the Overseas Government Bonds portfolio category, which, at 30 June 2014, represented 2.94% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

*Net of investment liabilities.

† Considered a related party of the ACD.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-----------|------------------|-----------|------------------|
| Income | | | | |
| Net capital gains | | 2,784,444 | | 5,786,558 |
| Revenue | 921,198 | | 1,448,787 | |
| Expenses | (764,562) | | (859,845) | |
| Finance costs: Interest | - | | (925) | |
| Net revenue before taxation | 156,636 | | 588,017 | |
| Taxation | - | | - | |
| Net revenue after taxation | | 156,636 | | 588,017 |
| Total return before distributions | | 2,941,080 | | 6,374,575 |
| Finance costs: Distributions | | (242,843) | | (588,017) |
| Change in net assets attributable to Shareholders from investment activities | | 2,698,237 | | 5,786,558 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-------------|--------------------|--------------|--------------------|
| Opening net assets attributable to Shareholders | | 138,626,693 | | 146,048,033 |
| Amounts receivable on issue of shares | 3,187,963 | | 2,554,776 | |
| Amounts payable on cancellation of shares | (8,070,842) | | (11,547,055) | |
| | | (4,882,879) | | (8,992,279) |
| Stamp Duty Reserve Tax | | - | | (2,115) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 2,698,237 | | 5,786,558 |
| Retained distributions on accumulation shares | | 232,983 | | 536,890 |
| Unclaimed distributions | | 794 | | - |
| Closing net assets attributable to Shareholders | | 136,675,828 | | 143,377,087 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|--------------------|------------|--------------------|
| ASSETS | | | | |
| Investment assets* | | 103,865,217 | | 75,953,499 |
| Debtors | 1,498,464 | | 444,411 | |
| Cash and bank balances | 37,115,386 | | 65,664,925 | |
| Total other assets | | 38,613,850 | | 66,109,336 |
| Total assets | | 142,479,067 | | 142,062,835 |
| LIABILITIES | | | | |
| Investment liabilities | | (2,297,844) | | (2,827,187) |
| Bank overdraft | (3,048,359) | | (85,613) | |
| Creditors | (455,934) | | (520,964) | |
| Distribution payable on income shares | (1,102) | | (2,378) | |
| Total other liabilities | | (3,505,395) | | (608,955) |
| Total liabilities | | (5,803,239) | | (3,436,142) |
| Net assets attributable to Shareholders | | 136,675,828 | | 138,626,693 |

*Gross of investment liabilities.

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0661 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0661 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0666 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0666 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.0869 | 0.0087 | 0.0782 | 0.0000 | 0.0782 | 0.3208 |
| Group 2 | 0.0264 | 0.0026 | 0.0238 | 0.0544 | 0.0782 | 0.3208 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 0.0881 | 0.0088 | 0.0793 | 0.0000 | 0.0793 | 0.3219 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0793 | 0.0793 | 0.3219 |
| S Shares (Net Income) | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.2441 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.2441 |
| S Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.2452 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.2452 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.1173 | 0.0117 | 0.1056 | 0.0000 | 0.1056 | 0.3408 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.1056 | 0.1056 | 0.3408 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.1189 | 0.0119 | 0.1070 | 0.0000 | 0.1070 | 0.3306 |
| Group 2 | 0.0124 | 0.0012 | 0.0112 | 0.0958 | 0.1070 | 0.3306 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.0400 | 0.0040 | 0.0360 | 0.0000 | 0.0360 | 0.2804 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0360 | 0.0360 | 0.2804 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.0312 | 0.0031 | 0.0281 | 0.0000 | 0.0281 | 0.2824 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0281 | 0.0281 | 0.2824 |

Distribution Statements (continued)**Interim dividend distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.0439 | 0.0044 | 0.0395 | 0.0000 | 0.0395 | 0.1122 |
| Group 2 | 0.0439 | 0.0044 | 0.0395 | 0.0000 | 0.0395 | 0.1122 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 0.0431 | 0.0043 | 0.0388 | 0.0000 | 0.0388 | 0.1126 |
| Group 2 | 0.0431 | 0.0043 | 0.0388 | 0.0000 | 0.0388 | 0.1126 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.2157 | 0.0216 | 0.1941 | 0.0000 | 0.1941 | 0.3128 |
| Group 2 | 0.2017 | 0.0202 | 0.1815 | 0.0126 | 0.1941 | 0.3128 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 0.2182 | 0.0218 | 0.1964 | 0.0000 | 0.1964 | 0.2833 |
| Group 2 | 0.1424 | 0.0142 | 0.1282 | 0.0682 | 0.1964 | 0.2833 |
| S Shares (Net Income) | | | | | | |
| Group 1 | 0.5209 | 0.0521 | 0.4688 | 0.0000 | 0.4688 | 0.2302 |
| Group 2 | 0.5209 | 0.0521 | 0.4688 | 0.0000 | 0.4688 | 0.2302 |
| S Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6278 | 0.0628 | 0.5650 | 0.0000 | 0.5650 | 0.2309 |
| Group 2 | 0.6278 | 0.0628 | 0.5650 | 0.0000 | 0.5650 | 0.2309 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.2463 | 0.0246 | 0.2217 | 0.0000 | 0.2217 | 0.3079 |
| Group 2 | 0.1616 | 0.0162 | 0.1454 | 0.0763 | 0.2217 | 0.3079 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.2489 | 0.0249 | 0.2240 | 0.0000 | 0.2240 | 0.3082 |
| Group 2 | 0.1396 | 0.0140 | 0.1256 | 0.0984 | 0.2240 | 0.3082 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.1706 | 0.0171 | 0.1535 | 0.0000 | 0.1535 | 0.2485 |
| Group 2 | 0.1706 | 0.0171 | 0.1535 | 0.0000 | 0.1535 | 0.2485 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.1722 | 0.0172 | 0.1550 | 0.0000 | 0.1550 | 0.2494 |
| Group 2 | 0.1722 | 0.0172 | 0.1550 | 0.0000 | 0.1550 | 0.2494 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|------------|-------------------|------------|-------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 90,583,925 | | 56,867,378 |
| Commissions | 6,379 | | 27,051 | |
| Taxes | - | | 3 | |
| Total purchase costs | | 6,379 | | 27,054 |
| Gross purchases total | | 90,590,304 | | 56,894,432 |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 63,258,186 | | 29,025,208 |
| Commissions | (8,454) | | (15,297) | |
| Taxes | - | | (4) | |
| Total sales costs | | (8,454) | | (15,301) |
| Total sales net of transaction costs | | 63,249,732 | | 29,009,907 |

BNY MELLON INVESTMENT FUNDS – INSIGHT INFLATION-LINKED CORPORATE BOND FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Insight Investment Management (Global) Limited

Fund Size: £45.87m

Sector: The Investment Association £ Strategic Bond

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 1.91% |
| Sterling Accumulation Shares | 1.91% |
| Institutional Shares (Income) | 2.59% |
| Institutional Shares (Accumulation) | 2.59% |
| Institutional Shares W (Net Income) | 2.57% |
| Institutional Shares W (Net Accumulation) | 2.57% |
| Retail Advised Shares B (Net Income) | 2.28% |
| Retail Advised Shares B (Net Accumulation) | 2.28% |
| X Shares (Net Accumulation) | 3.21% |

Key Dates: Fund Launch 09 February 2013

Investment Objective

The objective of the Fund is to generate attractive returns relative to UK inflation levels over the medium to long term.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 3.69% | n/a | n/a | n/a | n/a |
| Sterling Accumulation Shares* | 3.69% | n/a | n/a | n/a | n/a |
| Institutional Shares (Income)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares (Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 4.25% | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 4.24% | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 3.98% | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 3.98% | n/a | n/a | n/a | n/a |
| X Shares (Net Accumulation)* | 4.66% | n/a | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Acc Share Class of the Sub-Fund returned 0.20% against 2.13% for The Investment Association £ Strategic Bond.

The Fund made a positive return over the six months. Over this time, returns have principally come from narrowing credit spreads and falling government bond yields, with a cheapening of the cost of inflation protection detracting from returns. Over the period, duration was managed tactically. Duration – a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates – was initially reduced at the beginning of July but then as geopolitical tensions rose, principally in the Ukraine, this position was closed and duration was raised to the same level as at the end of the first half of the year. The Fund's duration position was then again reduced as bond yields approached their year-to-date lows. Within inflation, a position in the US inflation-linked markets was maintained, increasing the size of the trade following the summer's sell-off of the asset class.

In credit markets (markets for borrowing money in the form of bank loans, bonds etc.), the Fund continued to have a significant allocation to asset-backed securities (ABS) while retaining a preference for financial bonds over non-financials securities. Within financials, the Fund switched its holding in Santander UK into ING, a Dutch banking group and bought Erste Group, an Austrian savings bank. The exposure to high yield (lower rated bonds) was reduced during the period.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|---|---|
| Treasury 1.25% Index-Linked 22/11/2017 | Treasury 1.25% Index-Linked 22/11/2017 |
| Treasury 0.125% Index Linked Gilt 22/11/2019 | Treasury 0.125% Index Linked Gilt 22/11/2019 |
| Treasury 0.125% Index Linked Gilt 22/3/2024 | Treasury 0.125% Index Linked Gilt 22/3/2024 |
| European Investment Bank 5.375% Guaranteed Senior Bonds 7/6/2021 | Talanx Finanz 8.3673% Guaranteed Floating Rate European Medium Term Bonds 15/6/2042 |
| Abbey National Treasury Services 5.125% Guaranteed European Medium Term Bonds 14/4/2021 | Intesa Sanpaolo 4% Senior European Medium Term Notes 30/10/2023 |
| National Australia Bank 3% European Medium Term Bonds 4/9/2026 | AXA 6.772% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Notes |
| US Treasury 0.625% Notes 15/1/2024 | Iberdrola Finanzas 7.375% Guaranteed European Medium Term Bonds 29/1/2024 |
| Society of Lloyd's 4.75% Subordinated Bonds 30/10/2024 | Firstgroup 6.875% Guaranteed Bonds 18/9/2024 |
| BPCE 5.25% Subordinated Notes 16/4/2029 | Petrobras Global Finance 5.375% Notes 1/10/2029 |
| ING Bank 5.8% Bonds 25/9/2023 | Lloyds Banking Group 7.875% Perpetual Floating Rate Bonds |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 104.20 | 97.85 | 2.1974 |
| 2014 | 103.81 | 99.92 | 2.3554 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 104.20 | 98.63 | 2.2095 |
| 2014 | 106.58 | 102.15 | 2.4216 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2013 (from 9 February) | 104.34 | 97.85 | 2.6861 |
| 2014 | 104.01 | 99.92 | 2.9050 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2013 (from 9 February) | 104.34 | 98.84 | 2.6998 |
| 2014 | 107.62 | 102.65 | 2.9944 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 104.39 | 97.89 | 2.6934 |
| 2014 | 104.06 | 99.96 | 2.9060 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 104.39 | 98.88 | 2.7092 |
| 2014 | 107.69 | 102.70 | 3.0083 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 104.33 | 97.89 | 2.4680 |
| 2014 | 103.97 | 99.96 | 2.6526 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 104.33 | 98.79 | 2.4838 |
| 2014 | 107.19 | 102.47 | 2.7352 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 6 November) | 100.50 | 99.26 | 0.5140 |
| 2014 | 104.56 | 99.35 | 3.3271 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|-------------------------------------|------------------------|--------------|--------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2013 | 13,085,854 | 97.53 | 13,417,036 |
| 30/06/2014 | 12,136,453 | 101.80 | 11,921,288 |
| 31/12/2014 | 11,361,368 | 100.91 | 11,258,877 |
| Sterling Accumulation Shares | | Pence | |
| 30/06/2013 | 15,274,348 | 98.47 | 15,511,011 |
| 30/06/2014 | 14,069,222 | 105.30 | 13,361,442 |
| 31/12/2014 | 18,610,473 | 105.57 | 17,628,682 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Institutional Shares (Income) | | | |
| 30/06/2013 | 11,661 | 97.52 | 11,957 |
| 30/06/2014 | 12,172 | 101.80 | 11,957 |
| 31/12/2014 | 17,152 | 100.90 | 16,999 |
| Institutional Shares (Accumulation) | | | |
| 30/06/2013 | 10,441 | 98.69 | 10,580 |
| 30/06/2014 | 11,297 | 106.08 | 10,650 |
| 31/12/2014 | 11,396 | 106.63 | 10,687 |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 24,465 | 97.56 | 25,076 |
| 30/06/2014 | 5,168,428 | 101.85 | 5,074,702 |
| 31/12/2014 | 6,842,012 | 100.95 | 6,777,621 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 90,406 | 98.73 | 91,571 |
| 30/06/2014 | 320,139 | 106.14 | 301,622 |
| 31/12/2014 | 5,814,758 | 106.70 | 5,449,390 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 4,879 | 97.58 | 5,000 |
| 30/06/2014 | 5,218 | 101.85 | 5,123 |
| 31/12/2014 | 5,240 | 100.96 | 5,190 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 4,932 | 98.64 | 5,000 |
| 30/06/2014 | 5,289 | 105.78 | 5,000 |
| 31/12/2014 | 5,310 | 106.20 | 5,000 |
| X Shares (Net Accumulation) | | | |
| 30/06/2014 | 3,178,611 | 102.88 | 3,089,566 |
| 31/12/2014 | 3,201,903 | 103.64 | 3,089,566 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.37 | 1.36 |
| Sterling Accumulation Shares | 1.37 | 1.36 |
| Institutional Shares (Income) | 0.71 | 0.70 |
| Institutional Shares (Accumulation) | 0.71 | 0.70 |
| Institutional Shares W (Net Income) | 0.71 | 0.75 |
| Institutional Shares W (Net Accumulation) | 0.71 | 0.75 |
| Retail Advised Shares B (Net Income) | 1.00 | 1.00 |
| Retail Advised Shares B (Net Accumulation) | 1.00 | 1.00 |
| X Shares (Net Accumulation) | 0.20 | 0.20 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| UK Government Bonds 4.75% (0.00%) | | | |
| Treasury 1.25% Index-Linked 22/11/2017 | £1,515,000 | 2,177,665 | 4.75 |
| Overseas Government Bonds 6.47% (0.00%) | | | |
| Italy (Republic) 6% Bonds 4/8/2028 | EUR 121,000 | 147,627 | 0.32 |
| US Treasury 0.625% Notes 15/1/2024 | USD 4,072,200 | 2,678,110 | 5.84 |
| US Treasury 1.375% Notes 15/2/2044 | USD 191,000 | 142,052 | 0.31 |
| Sterling Denominated Corporate Bonds 66.68% (64.49%) | | | |
| AA Bond 4.2487% Senior European Medium Term Notes 31/7/2043 | £656,000 | 690,210 | 1.50 |
| Abbey National Treasury Services 5.125% Guaranteed European Medium Term Bonds 14/4/2021 | £1,000,000 | 1,188,315 | 2.59 |
| ABP Finance 6.25% Guaranteed European Medium Term Bonds 14/12/2026 | £140,000 | 177,305 | 0.39 |
| Affinity Water Programme Finance 1.548% Index Linked Bonds 1/6/2045 | £500,000 | 655,561 | 1.43 |
| AIG 5% Guaranteed Senior European Medium Term Bonds 26/4/2023 | £400,000 | 459,520 | 1.00 |
| Allianz Finance II 4.5% Guaranteed Bonds 13/3/2043 | £500,000 | 586,701 | 1.28 |
| Anglian Water Services 3.07% Index Linked Bonds 30/7/2032 | £330,000 | 684,941 | 1.49 |
| Annington Finance No 4 8.07% Guaranteed Bonds 10/1/2023 | £320,000 | 425,936 | 0.93 |
| Aviva 5.9021% Guaranteed Perpetual Subordinated Floating Rate Bonds | £180,000 | 188,550 | 0.41 |
| Aviva 6.125% Guaranteed Perpetual Floating Rate Bonds | £450,000 | 477,585 | 1.04 |
| AXA 5.453% Subordinated Perpetual Floating Rate Notes | £472,000 | 470,820 | 1.03 |
| Barclays 10% Guaranteed Subordinated European Medium Term Bonds 21/5/2021 | £218,000 | 289,031 | 0.63 |
| BL Superstore Finance 5.578% Guaranteed Asset Backed Bonds 4/10/2025 | £370,000 | 429,137 | 0.94 |
| BPCE 5.25% Subordinated Notes 16/4/2029 | £600,000 | 643,176 | 1.40 |
| Channel Link Enterprises Finance 2.26813% Guaranteed Floating Rate Bonds 20/6/2050 | £428,000 | 422,739 | 0.92 |
| Circle Anglia Social Housing 5.2% European Medium Term Notes 2/3/2044 | £300,000 | 373,140 | 0.81 |
| Commonwealth Bank of Australia 3% Guaranteed European Medium Term Bonds 4/9/2026 | £1,090,000 | 1,149,959 | 2.51 |
| Delamare Finance 6.067% Guaranteed Bonds 19/2/2029 | £180,000 | 198,175 | 0.43 |
| Dwr Cymru Financing Index Linked Medium Term Notes 31/03/2030 | £270,000 | 568,944 | 1.24 |
| Electricite de France 6% Perpetual Subordinated Floating Rate Bonds | £400,000 | 425,080 | 0.93 |
| Equity Release 5.05% Guaranteed Mortgage Backed Bonds 26/4/2033 | £460,000 | 543,324 | 1.18 |
| European Investment Bank 5.375% Guaranteed Senior Bonds 7/6/2021 | £1,000,000 | 1,225,155 | 2.67 |
| Gatwick Funding 6.125% Guaranteed Senior European Medium Term Bonds 2/3/2028 | £520,000 | 654,787 | 1.43 |
| Goldman Sachs 7.25% Guaranteed Senior Bonds 10/4/2028 | £430,000 | 597,353 | 1.30 |
| Great Rolling Stock 6.5% Guaranteed Senior European Medium Term Bonds 5/4/2031 | £539,000 | 689,489 | 1.50 |
| Health Care REIT 4.8% Senior Notes 20/11/2028 | £500,000 | 547,306 | 1.19 |
| Heathrow Funding 6% Guaranteed European Medium Term Bonds 20/3/2020 | £100,000 | 113,674 | 0.25 |
| Heathrow Funding 7.125% Guaranteed European Medium Term Bonds 14/2/2024 | £600,000 | 759,779 | 1.66 |
| HSBC 6% Guaranteed Subordinated European Medium Term Bonds 29/3/2040 | £500,000 | 591,594 | 1.29 |
| Imperial Tobacco Finance 4.875% Guaranteed European Medium Term Notes 7/6/2032 | £600,000 | 665,616 | 1.45 |
| Intu (SGS) Finance 3.875% Guaranteed Senior European Medium Term Bonds 17/3/2028 | £550,000 | 573,056 | 1.25 |
| Juturna Euro Loan 5.0636% European Medium Term Notes 1/8/2033 | £140,043 | 168,320 | 0.37 |
| Kelda Finance 3 5.75% Guaranteed Senior Notes 17/2/2020 | £200,000 | 204,600 | 0.45 |
| Koninklijke KPN 5% Guaranteed Senior European Medium Term Bonds 18/11/2026 | £450,000 | 501,022 | 1.09 |
| Koninklijke KPN 5.75% Guaranteed Senior European Medium Term Bonds 17/9/2029 | £150,000 | 177,720 | 0.39 |
| Land Securities Capital Markets 5.125% Senior Floating Rate European Medium Term Bonds 7/2/2036 | £250,000 | 316,435 | 0.69 |
| Legal & General 6.385% Guaranteed Perpetual Subordinated Floating Rate Bonds | £100,000 | 104,750 | 0.23 |
| London Power Networks 3.125% Index Linked Bonds 7/6/2032 | £350,000 | 705,533 | 1.54 |
| Moyle Interconnector 2.9376% Guaranteed Index Linked Bonds 31/3/2033 | £341,003 | 582,541 | 1.27 |
| National Grid 2.983% Senior Index Linked Bonds 8/7/2018 | £380,000 | 612,207 | 1.33 |
| National Australia Bank 3% European Medium Term Bonds 4/9/2026 | £1,060,000 | 1,124,475 | 2.45 |
| Newday Part 2014-1 0% Asset Backed Bonds 15/12/2017 | £500,000 | 500,000 | 1.09 |
| Punch Taverns Finance 7.274% Guaranteed Bonds 15/4/2022 | £225,000 | 255,375 | 0.56 |
| QBE Capital Funding 7.5% Variable Rate Guaranteed Bonds 24/5/2041 | £300,000 | 337,865 | 0.74 |
| RSA Insurance 5.125% Guaranteed Bonds 10/10/2045 | £450,000 | 465,660 | 1.02 |
| RSA Insurance 6.701% Guaranteed Perpetual Floating Rate Bonds | £100,000 | 106,500 | 0.23 |
| Scottish Widows 5.5% Bonds 16/6/2023 | £160,000 | 171,712 | 0.37 |
| Scottish Widows 7% Subordinated Bonds 16/6/2043 | £400,000 | 496,380 | 1.08 |
| Severn Trent Finance 5.791124% Floating Rate Notes 30/5/2028 | £330,000 | 692,571 | 1.51 |
| Slate Mortgage Backed 2.00612% Floating Rate Notes 24/1/2051 | £200,000 | 200,000 | 0.44 |
| Society of Lloyd's 4.75% Subordinated Bonds 30/10/2024 | £700,000 | 721,924 | 1.57 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Sterling Denominated Corporate Bonds (continued) | | | |
| Southern Water Services 5.0259% Index Linked Bond 31/3/23 | £350,000 | 617,015 | 1.34 |
| Southern Water Services Finance 4.5% Senior Floating Rate European Medium Term Bonds 31/3/2038 | £200,000 | 207,778 | 0.45 |
| Telefonica Emisiones 5.289% Guaranteed European Medium Term Bonds 9/12/2022 | £400,000 | 460,079 | 1.00 |
| Telefonica Emisiones 5.445% Guaranteed European Medium Term Bonds 8/10/2029 | £100,000 | 117,753 | 0.26 |
| Telefonica Emisiones 5.597% Guaranteed European Medium Term Notes 12/3/2020 | £100,000 | 114,215 | 0.25 |
| Telereal Securitisation 5.4252% Guaranteed Asset Backed Bonds 10/12/2033 | £183,160 | 209,009 | 0.46 |
| Telereal Securitisation 6.1645% Guaranteed Asset Backed Bonds 10/12/2033 | £269,920 | 327,564 | 0.71 |
| Tesco Property Finance 4 5.8006% Guaranteed Mortgage Backed Bonds 13/10/2040 | £98,992 | 97,291 | 0.21 |
| Tesco Property Finance 5 5.6611% Guaranteed Mortgage Backed Bonds 13/10/2041 | £533,886 | 518,713 | 1.13 |
| Thames Water Utilities 3.375% Notes 21/7/2021 | £7,000 | 12,226 | 0.03 |
| Unique Pub Finance 5.659% Bonds 30/6/2027 | £73,387 | 72,164 | 0.16 |
| Verizon Communications 4.75% Senior European Medium Term Notes 17/2/2034 | £100,000 | 113,040 | 0.25 |
| Wales & West Utilities Finance 6.75% Guaranteed Floating Rate European Medium Term Notes 17/12/2036 | £142,000 | 164,405 | 0.36 |
| WHG Treasury 4.25% Senior Bonds 6/10/2045 | £400,000 | 430,721 | 0.94 |
| White City Property Finance 5.1202% Guaranteed Bonds 17/4/2035 | £475,905 | 567,313 | 1.24 |
| Yorkshire Water Services Bradford Finance 2.718% Index Linked Bonds 30/12/2039 | £350,000 | 644,308 | 1.40 |
| Non-Sterling Denominated Corporate Bonds 19.78% (30.01%) | | | |
| Access Midstream Partners 4.875% Bonds 15/5/2023 | USD 140,000 | 91,133 | 0.20 |
| Access Midstream Partners 4.875% Bonds 15/3/2024 | USD 140,000 | 91,133 | 0.20 |
| Achmea 6% Subordinated Floating Rate Notes 4/4/2043 | EUR 390,000 | 345,151 | 0.75 |
| Assicurazioni Generali 4.125% Senior Subordinated European Medium Term Notes 4/5/2026 | EUR 200,000 | 166,565 | 0.36 |
| Assicurazioni Generali 10.125% Floating Rate European Medium Term Bonds 10/7/2042 | EUR 400,000 | 429,941 | 0.94 |
| Babson European Collateral Senior Floating Rate Notes 15/4/2027 | EUR 250,000 | 192,868 | 0.42 |
| Barclays Bank 7.625% Subordinated Notes 21/11/2022 | USD 490,000 | 343,613 | 0.75 |
| BBVA Leasing 0.281% Floating Rate Notes 26/5/2031 | EUR 70,205 | 53,586 | 0.12 |
| BBVA-5 FTPYME Fondo de Titulizacion de Activos Floating Rate Notes 15/3/2039 | EUR 209,790 | 157,822 | 0.34 |
| Carlyle Global Market Strategies European Collateral Floating Rate Notes 15/4/2027 | EUR 200,000 | 155,989 | 0.34 |
| Channel Link 2.917% Guaranteed Bonds 30/6/2050 | EUR 110,000 | 84,727 | 0.19 |
| Commerzbank 7.75% Subordinated European Medium Term Bonds 16/3/2021 | EUR 300,000 | 284,487 | 0.62 |
| Credit Agricole 8.125% Bonds 19/9/2033 | USD 200,000 | 143,104 | 0.31 |
| Credit Suisse 6.25% Perpetual Subordinated Floating Rate Notes | USD 300,000 | 183,742 | 0.40 |
| CVC Cordatus Loan Fund III Floating Rate Notes 8/7/2027 | EUR 100,000 | 77,226 | 0.17 |
| Deco Bonn 1.941% Floating Rate Notes 7/11/2024 | EUR 650,000 | 504,206 | 1.10 |
| Delta Spark Ltd 0.575% Asset Backed Floating Rate Notes 22/7/2023 | EUR 675,175 | 504,331 | 1.10 |
| Empresas Hipotecario TDA CAM 3 Fondo de Titulizacion de Activos Floating Rate Notes 28/1/2040 | EUR 176,133 | 134,162 | 0.29 |
| EP Energy 4.375% Senior Bonds 1/5/2018 | EUR 135,000 | 110,699 | 0.24 |
| Erste Bank 5.5% Variable Subordinated Bonds 26/5/2025 | USD 600,000 | 365,560 | 0.80 |
| Erste Bank 7.125% Subordinated European Medium Term Notes 10/10/2022 | EUR 400,000 | 364,254 | 0.79 |
| Fibria Overseas Finance 5.25% Guaranteed Senior Bonds 12/5/2024 | USD 170,000 | 108,318 | 0.24 |
| German Residential Funding Floating Rate Notes 27/11/2024 | EUR 495,214 | 391,502 | 0.85 |
| Harvest Collateral VIII Floating Rate Notes 30/4/2026 | EUR 190,000 | 145,630 | 0.32 |
| ING Bank 5.8% Bonds 25/9/2023 | USD 900,000 | 640,276 | 1.40 |
| Intesa Sanpaolo 3.928% Subordinated Bonds 15/9/2026 | EUR 400,000 | 317,280 | 0.69 |
| Perp Trust-IM Variable 3.1133% Bonds 7/11/2039 | AUD 678,211 | 339,698 | 0.74 |
| Royal Bank of Scotland 3.625% Subordinated Floating Rate European Medium Term Notes 25/3/2024 | EUR 400,000 | 313,500 | 0.68 |
| Royal Caribbean Cruises 5.25% Bonds 15/11/2022 | USD 340,000 | 228,956 | 0.50 |
| St Pauls Collateral IV 2.685% Floating Rate Notes 25/4/2028 | EUR 250,000 | 193,219 | 0.42 |
| Talisman-7 Finance Ltd 0.442% Mortgage Backed Floating Rate Notes 22/4/2017 | EUR 518,604 | 396,696 | 0.86 |
| Taurus Floating Rate Notes 21/5/2024 | EUR 291,826 | 229,020 | 0.50 |
| UBS 4.75% Floating Rate European Medium Term Notes 12/2/2026 | EUR 300,000 | 249,643 | 0.55 |
| Utrecht Funding BV 3.209% Mortgage Backed Floating Rate Notes 28/7/2016 | EUR 657,952 | 510,788 | 1.11 |
| Verizon Communications 6.55% Senior Notes 15/9/2043 | USD 273,000 | 224,309 | 0.49 |
| Derivatives -2.12% (-0.96%) | | | |
| Interest Rate Swaps -1.96% (-1.14%) | | | |
| Receive RPI GBP 12 Months Pay 2.225 % 19/12/2016 | £1,000,000 | 702 | 0.00 |
| Receive RPI GBP 12 Months Pay 2.2375 % 22/12/2016 | £2,000,000 | 902 | 0.00 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|-----------------|-------------------------|-----------------------------|
| Interest Rate Swaps (continued) | | | |
| Receive RPI GBP 12 Months Pay 3.09% 27/6/2019 | £3,900,000 | (87,353) | (0.19) |
| Receive RPI GBP 12 Months 3.31% 2/7/2019 | £16,600,000 | (731,582) | (1.59) |
| Receive RPI GBP 12 Months Pay 3.11% 08/10/2024 | £4,425,000 | (46,165) | (0.10) |
| Receive RPI GBP 12 Months Pay 3.158% 21/10/2024 | £1,500,000 | 31,602 | 0.07 |
| Receive RPI USD 12 Months Pay 2.25% 23/10/2024 | USD 2600000 | (65,854) | (0.15) |
| Credit Default Swaps 0.07% (0.00%) | | | |
| Tesco Plc 1.00% 20/12/2019 Credit Default Swap | £300,000 | 9,521 | 0.02 |
| Tesco Plc 1.00% 20/12/2019 Credit Default Swap | £700,000 | 22,582 | 0.05 |
| Futures -0.54% (-0.11%) | | | |
| Euro-Bobl Future March 2015 | EUR (8) | (5,277) | (0.01) |
| Euro-Bund Future March 2015 | EUR (11) | (18,952) | (0.04) |
| Euro-Schatz Future March 2015 | EUR (3) | (407) | 0.00 |
| Long Gilt Future March 2015 | £(99) | (186,940) | (0.41) |
| US 10 Year Note (CBT) March 2015 | USD (66) | (23,809) | (0.05) |
| US 5 Year Note (CBT) March 2015 | USD (12) | 185 | 0.00 |
| US Long Bond (CBT) March 2015 | USD (1) | (2,285) | (0.01) |
| US Ultra Bond (CBT) March 2015 | USD (2) | (9,530) | (0.02) |
| AUD Forward Foreign Currency Contracts 0.02% (0.00%) | | | |
| Forward Foreign Currency Contracts 14/01/15 | £355,450 | 355,450 | 0.77 |
| Forward Foreign Currency Contracts 14/01/15 | AUD (660,000) | (346,187) | (0.75) |
| EUR Forward Foreign Currency Contracts 0.33% (0.08%) | | | |
| Forward Foreign Currency Contracts 07/01/15 | £1,847,869 | 1,847,868 | 4.03 |
| Forward Foreign Currency Contracts 07/01/15 | EUR (2,308,000) | (1,791,226) | (3.91) |
| Forward Foreign Currency Contracts 07/01/15 | EUR 298,000 | 231,276 | 0.50 |
| Forward Foreign Currency Contracts 07/01/15 | £(234,187) | -234,187 | (0.51) |
| Forward Foreign Currency Contracts 21/01/15 | £1,801,756 | 1,801,756 | 3.93 |
| Forward Foreign Currency Contracts 21/01/15 | EUR (2,270,000) | (1,762,181) | (3.84) |
| Forward Foreign Currency Contracts 06/02/15 | £2,628,635 | 2,628,634 | 5.73 |
| Forward Foreign Currency Contracts 06/02/15 | EUR (3,315,000) | (2,574,134) | (5.61) |
| Forward Foreign Currency Contracts 06/02/15 | £112,342 | 112,342 | 0.24 |
| Forward Foreign Currency Contracts 06/02/15 | EUR (143,000) | (111,041) | (0.24) |
| Forward Foreign Currency Contracts 21/02/15 | £149,271 | 149,271 | 0.33 |
| Forward Foreign Currency Contracts 21/02/15 | EUR (190,000) | (147,495) | (0.32) |
| USD Forward Foreign Currency Contracts -0.04% (0.20%) | | | |
| Forward Foreign Currency Contracts 09/01/15 | £2,529,675 | 2,529,675 | 5.51 |
| Forward Foreign Currency Contracts 09/01/15 | USD (3968000) | (2,544,895) | (5.55) |
| Forward Foreign Currency Contracts 28/01/15 | £2,243,406 | 2,243,406 | 4.90 |
| Forward Foreign Currency Contracts 28/01/15 | USD (3503000) | (2,247,007) | (4.90) |
| Forward Foreign Currency Contracts 11/02/15 | £161,733 | 161,733 | 0.35 |
| Forward Foreign Currency Contracts 11/02/15 | USD (253000) | (162,305) | (0.35) |
| Portfolio of investments* | | 43,831,823 | 95.56 |
| Net current assets | | 2,037,789 | 4.44 |
| Total Net Assets | | 45,869,612 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the CHF Forward Foreign Currency Contracts portfolio category, which, at 30 June 2014, represented 0.01% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000s) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|---|--|--|
| Standard & Poor's Ratings: | | | |
| AAA | 2,413 | 5.26 | 1.21 |
| AA | 1,486 | 3.24 | 8.73 |
| A | 7,940 | 17.31 | 22.23 |
| BBB | 16,130 | 35.17 | 36.33 |
| BB | 3,180 | 6.93 | 5.97 |
| B | 0 | 0.00 | 1.55 |
| Not rated (by S&P) | 12,789 | 27.88 | 17.33 |
| Derivatives | (106) | (0.23) | 0.19 |
| Portfolio of investments | 43,832 | 95.56 | 93.54 |
| Net current assets | 2,038 | 4.44 | 6.46 |
| Total Net Assets | 45,870 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-----------|------------------|-----------|------------------|
| Income | | | | |
| Net capital (losses)/gains | | (427,930) | | 557,974 |
| Revenue | 759,335 | | 638,906 | |
| Expenses | (191,187) | | (183,498) | |
| Finance costs: Interest | (2,064) | | (2,108) | |
| Net revenue before taxation | 566,084 | | 453,300 | |
| Taxation | - | | 525 | |
| Net revenue after taxation | | 566,084 | | 453,825 |
| Total return before distributions | | 138,154 | | 1,011,799 |
| Finance costs: Distributions | | (566,191) | | (453,825) |
| Change in net assets attributable to Shareholders from investment | | (428,037) | | 557,974 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-------------|-------------------|-------------|-------------------|
| Opening net assets attributable to Shareholders | | 34,906,829 | | 28,506,986 |
| Amounts receivable on issue of shares | 13,597,770 | | 1,975,198 | |
| Amounts payable on cancellation of shares | (2,597,237) | | (1,978,553) | |
| | | 11,000,533 | | (3,355) |
| Dilution adjustment | | 43,590 | | 8,731 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (428,037) | | 557,974 |
| Retained distributions on accumulation shares | | 345,057 | | 193,789 |
| Unclaimed distributions | | 1,640 | | 2,577 |
| Closing net assets attributable to Shareholders | | 45,869,612 | | 29,266,702 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|-------------------|-------------|-------------------|
| ASSETS | | | | |
| Investment assets* | | 45,032,281 | | 33,106,485 |
| Debtors | 691,149 | | 488,655 | |
| Cash and bank balances | 2,315,136 | | 6,678,718 | |
| Total other assets | | 3,006,285 | | 7,167,373 |
| Total assets | | 48,038,566 | | 40,273,858 |
| LIABILITIES | | | | |
| Investment liabilities | | (1,200,458) | | (453,191) |
| Bank overdraft | (485,738) | | (77,036) | |
| Creditors | (254,167) | | (4,619,741) | |
| Distribution payable on income shares | (228,591) | | (217,061) | |
| Total other liabilities | | (968,496) | | (4,913,838) |
| Total liabilities | | (2,168,954) | | (5,367,029) |
| Net assets attributable to Shareholders | | 45,869,612 | | 34,906,829 |

*Gross of investment liabilities.

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.4511 | 0.2902 | 1.1609 | 0.0000 | 1.1609 | 1.2548 |
| Group 2 | 1.0191 | 0.2038 | 0.8153 | 0.3456 | 1.1609 | 1.2548 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.5008 | 0.3002 | 1.2006 | 0.0000 | 1.2006 | 1.2669 |
| Group 2 | 0.2081 | 0.0416 | 0.1665 | 1.0341 | 1.2006 | 1.2669 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.7970 | 0.3594 | 1.4376 | 0.0000 | 1.4376 | 1.5296 |
| Group 2 | 0.2001 | 0.0400 | 0.1601 | 1.2775 | 1.4376 | 1.5296 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.8705 | 0.3741 | 1.4964 | 0.0000 | 1.4964 | 1.5432 |
| Group 2 | 1.2654 | 0.2531 | 1.0123 | 0.4841 | 1.4964 | 1.5432 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.7995 | 0.3599 | 1.4396 | 0.0000 | 1.4396 | 1.5292 |
| Group 2 | 0.8684 | 0.1737 | 0.6947 | 0.7449 | 1.4396 | 1.5292 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.8751 | 0.3750 | 1.5001 | 0.0000 | 1.5001 | 1.5471 |
| Group 2 | 0.3166 | 0.0633 | 0.2533 | 1.2468 | 1.5001 | 1.5471 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.6384 | 0.3277 | 1.3107 | 0.0000 | 1.3107 | 1.4020 |
| Group 2 | 1.1148 | 0.2230 | 0.8918 | 0.4189 | 1.3107 | 1.4020 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.7025 | 0.3405 | 1.3620 | 0.0000 | 1.3620 | 1.4180 |
| Group 2 | 1.7025 | 0.3405 | 1.3620 | 0.0000 | 1.3620 | 1.4180 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 2.0804 | 0.4161 | 1.6643 | 0.0000 | 1.6643 | 0.5140 |
| Group 2 | 2.0804 | 0.4161 | 1.6643 | 0.0000 | 1.6643 | 0.5140 |

BNY MELLON INVESTMENT FUNDS – INSIGHT STRATEGIC BOND FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Insight Investment Management (Global) Limited

Fund Size: £19.42m

Sector: The Investment Association £ Strategic Bond

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 2.43% |
| Sterling Accumulation Shares | 2.43% |
| Institutional Shares (Income) | 2.85% |
| Institutional Shares (Accumulation) | 2.85% |
| Institutional Shares W (Net Income) | 2.97% |
| Institutional Shares W (Net Accumulation) | 2.97% |
| Retail Advised Shares B (Net Income) | 2.68% |
| Retail Advised Shares B (Net Accumulation) | 2.68% |

Key Dates: Fund Launch 09 February 2013

Investment Objective

The objective of the Fund is to achieve a total return.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 3.23 | n/a | n/a | n/a | n/a |
| Sterling Accumulation Shares* | 3.24 | n/a | n/a | n/a | n/a |
| Institutional Shares (Income)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares (Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 3.69 | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 3.69 | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 3.44 | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 3.43 | n/a | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Acc Share Class of the Sub-Fund returned -0.74.

Although performance early in the period was positive, returns were held back in September and beyond by a mix of duration positioning and security selection in financials. (Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates). The exposure to asset-backed securities continued to be positive for performance. In duration, the Fund started the period by being long duration in UK Gilts and short duration in 10-year Japanese and German government bonds, as well as 5-year US Treasuries. In September, the duration of the Fund was increased but maintained the existing individual short duration positions. Towards the end of the year the Fund closed the short duration position in Germany as yields continued to fall. In market allocation, peripheral spread contracting trades were held, starting with a long in Spanish bonds versus a short in German Bunds, later switching to being long Italian bond futures and short German Bund futures. This was positive for performance as peripheral spreads continued to narrow. The Fund also held a position in long-dated US inflation-linked bonds, hedged with conventional treasuries. The latter had a negative impact on performance as US inflation-linked bonds declined on the lack of near-term inflation pressures.

In corporate bonds, the Fund continued to reduce credit risk or risk that a debt issuer may default on payments given the strong performance of the market. The exposure to more volatile bonds, such as Wind and Groupama, was reduced, while also selling First Group and American Movil. Attractive new issues from Pizza Express, Play and Ithaca Energy were bought. Purchases also included a position in Royal Caribbean Cruises given its improving credit profile and expectations of a credit rating upgrade. Elsewhere, profits were taken on some subordinated (debt that is ranked below other debt in terms of claims on assets) financial positions including Crédit Agricole, KBC Group and HSBC while reducing the exposure to a number of high yield energy holdings because of the lower oil price. In terms of sectors, the preferred allocation was maintained to subordinated bank debt, asset-backed securities and telecommunications. The Fund continued to hold a small allocation to short-dated high yield bonds, hedged with the iTraxx to minimise directional exposure. A small position was also held in emerging market debt. In currencies, the Fund held a long US dollar position versus a short position in the Japanese yen and Australian dollar, and this was positive for performance.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|---|---|
| Erste Bank 5.5% Variable Subordinated Bonds 26/5/2025 | Wind Acquisition 7% Guaranteed Senior Notes 23/4/2021 |
| Play Topco SA 7.75% Bonds 28/2/2020 | Ithaca Energy 8.125% Guaranteed Senior Notes 01/7/2019 |
| Ithaca Energy 8.125% Guaranteed Senior Notes 01/7/2019 | Boparan Finance 5.5% Senior Notes 15/7/2021 |
| Boparan Finance 5.5% Senior Notes 15/7/2021 | Travelex Financing 8% Senior Notes 01/8/2018 |
| RSA Insurance 5.125% Guaranteed Bonds 10/10/2045 | Consolidated Minerals 8% Guaranteed Senior Secured Notes 15/5/2020 |
| Achmea 6% Subordinated Floating Rate Notes 4/4/2043 | Lloyds Banking 7.875% Variable Subordinated Notes Perpetual |
| Intesa Sanpaolo 3.928% Subordinated Bonds 15/9/2026 | Genel Energy Finance 7.5% Bonds 14/5/2019 |
| Precise Mortgage Fund 2 Floating Rate Notes 12/12/2047 | Telefonica Emision 5.289% Guaranteed Senior Mortgage Notes 09/12/2022 |
| Italy (Republic) 4.75% Bonds 1/9/2044 | Gallerie 2013 Srl Commercial Mortgage Backed Notes 17/11/2025 |
| Lusitano Mortgages No6 Ltd 0.282% Mortgage Backed Floating Rate Notes 15/3/2060 | RSA Insurance 6.701% Subordinated Perpetual Floating Rate Notes |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 103.30 | 98.56 | 2.5769 |
| 2014 | 104.76 | 100.99 | 2.7207 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2013 (from 9 February) | 103.75 | 99.47 | 2.6022 |
| 2014 | 108.45 | 103.60 | 2.8169 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.28 | 98.51 | 2.9841 |
| 2014 | 104.79 | 100.93 | 3.1755 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.93 | 99.58 | 3.0220 |
| 2014 | 109.15 | 103.96 | 3.3094 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.25 | 98.50 | 2.7812 |
| 2014 | 104.74 | 100.92 | 2.9340 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 11 February) | 103.75 | 99.50 | 2.8110 |
| 2014 | 108.75 | 103.75 | 3.0387 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2014 (from 17 February) | 102.90 | 99.52 | 2.6950 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2014 (from 17 February) | 103.68 | 100.00 | 2.7225 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|------------------------|--------------|--------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2013 | 8,614,991 | 98.29 | 8,764,781 |
| 30/06/2014 | 12,190,747 | 103.13 | 11,820,570 |
| 31/12/2014 | 9,910,162 | 101.16 | 9,796,611 |
| Sterling Accumulation Shares | | Pence | |
| 30/06/2013 | 3,132,656 | 99.43 | 3,150,536 |
| 30/06/2014 | 2,945,873 | 107.14 | 2,749,439 |
| 31/12/2014 | 2,544,738 | 106.57 | 2,387,882 |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 20,851 | 98.23 | 21,227 |
| 30/06/2014 | 1,812,976 | 103.07 | 1,758,977 |
| 31/12/2014 | 1,709,519 | 101.10 | 1,690,940 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 52,673 | Pence 99.55 | 52,913 |
| 30/06/2014 | 2,124,483 | 107.75 | 1,971,684 |
| 31/12/2014 | 3,109,510 | 107.41 | 2,895,047 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 4,935 | Pence 98.25 | 5,023 |
| 30/06/2014 | 109,140 | 103.07 | 105,892 |
| 31/12/2014 | 108,166 | 101.10 | 106,994 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 4,973 | Pence 99.46 | 5,000 |
| 30/06/2014 | 10,549 | 107.40 | 9,822 |
| 31/12/2014 | 10,503 | 106.93 | 9,822 |
| Institutional Shares (Income) | | | |
| 30/06/2014 | 2,005,691 | Pence 101.24 | 1,981,180 |
| 31/12/2014 | 1,700,690 | 99.30 | 1,712,656 |
| Institutional Shares (Accumulation) | | | |
| 30/06/2014 | 453,738 | Pence 102.37 | 443,231 |
| 31/12/2014 | 329,446 | 101.99 | 323,029 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.56 | 1.48 |
| Sterling Accumulation Shares | 1.56 | 1.48 |
| Institutional Shares W (Net Income) | 1.02 | 0.96 |
| Institutional Shares W (Net Accumulation) | 1.02 | 0.96 |
| Retail Advised Shares B (Net Income) | 1.31 | 1.23 |
| Retail Advised Shares B (Net Accumulation) | 1.31 | 1.23 |
| Institutional Shares (Income) | 1.12 | 1.04 |
| Institutional Shares (Accumulation) | 1.12 | 1.04 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Overseas Government Bonds 8.07% (6.54%) | | | |
| Italy (Republic) 4.75% Bonds 1/9/2044 | EUR400,000 | 402,540 | 2.07 |
| Mexico (Government) 5.625% Bonds 19/3/2114 | USD400,000 | 400,000 | 2.06 |
| US Treasury 0.625% Inflation Indexed Bonds 15/2/2043 | USD800,000 | 501,331 | 2.58 |
| US Treasury 1.375% Notes 15/2/2044 | USD354,000 | 263,280 | 1.36 |
| Sterling Denominated Corporate Bonds 23.91% (25.04%) | | | |
| Annington Finance No 5 13% Bonds 15/1/2023 | £363,464 | 450,777 | 2.32 |
| Aviva 6.125% Guaranteed Perpetual Floating Rate Bonds | £220,000 | 233,486 | 1.20 |
| AXA 5.453% Subordinated Perpetual Floating Rate Notes | £200,000 | 199,500 | 1.03 |
| BL Superstore Finance 5.578% Guaranteed Asset Backed Bonds 4/10/2025 | £175,000 | 202,970 | 1.04 |
| Channel Link Enterprises Finance 2.26813% Guaranteed Floating Rate Bonds 20/6/2050 | £210,000 | 207,419 | 1.07 |
| Delamare Finance 6.067% Guaranteed Bonds 19/2/2029 | £150,000 | 165,146 | 0.85 |
| Electricite de France 6% Perpetual Subordinated Floating Rate Bonds | £100,000 | 106,270 | 0.55 |
| Juturna Euro Loan 5.0636% European Medium Term Notes 1/8/2033 | £93,362 | 112,213 | 0.58 |
| Kelda Finance 3 5.75% Guaranteed Senior Notes 17/2/2020 | £100,000 | 102,300 | 0.53 |
| Petrobras Global Finance 6.625% Guaranteed Bonds 16/1/2034 | £100,000 | 84,501 | 0.43 |
| Precise Mortgage Fund 2 Floating Rate Notes 12/12/2047 | £200,000 | 200,000 | 1.03 |
| Precise Mortgage Fund 2 Floating Rate Notes 12/12/2047 | £200,000 | 200,000 | 1.03 |
| Precise Mortgage Fund 1 Floating Rate Notes 12/3/2047 | £100,000 | 102,650 | 0.53 |
| Punch Taverns Finance 7.274% Guaranteed Bonds 15/4/2022 | £150,000 | 170,250 | 0.88 |
| QBE Capital Funding 7.5% Variable Rate Guaranteed Bonds 24/5/2041 | £300,000 | 337,865 | 1.74 |
| Residential Mortgage Securities 21 Mortgage Backed Floating Rate Notes 11/2038 | £326,753 | 335,797 | 1.73 |
| RSA Insurance 5.125% Guaranteed Bonds 10/10/2045 | £450,000 | 465,660 | 2.40 |
| Slate Mortgage Backed 2.00612% Floating Rate Notes 24/1/2051 | £100,000 | 100,000 | 0.51 |
| Society of Lloyd's 4.75% Subordinated Bonds 30/10/2024 | £300,000 | 309,396 | 1.59 |
| Ulysses European Loan Conduit No 27 0.78713% Mortgage Backed Floating Rate Notes 7/2017 | £150,000 | 144,984 | 0.75 |
| Unique Pub Finance 5.659% Bonds 30/6/2027 | £53,206 | 52,319 | 0.27 |
| WHG Treasury 4.25% Senior Bonds 6/10/2045 | £100,000 | 107,680 | 0.55 |
| White City Property Finance 5.1202% Guaranteed Bonds 17/4/2035 | £211,513 | 252,139 | 1.30 |
| Non-Sterling Denominated Corporate Bonds 54.55% (56.22%) | | | |
| Access Midstream Partners 4.875% Bonds 15/3/2024 | USD80,000 | 52,076 | 0.27 |
| Access Midstream Partners Finance Corp 4.875% Bonds 15/5/2023 | USD80,000 | 52,076 | 0.27 |
| Achmea 6% Subordinated Floating Rate Notes 4/4/2043 | EUR492,000 | 435,421 | 2.24 |
| Assicurazioni Generali 10.125% Floating Rate European Medium Term Bonds 10/7/2042 | EUR100,000 | 107,485 | 0.55 |
| Assicurazioni Generali 4.125% Senior Subordinated European Medium Term Notes 4/5/2026 | EUR200,000 | 166,565 | 0.86 |
| AVOCA Collateral 4.205% Floating Rate Notes 15/1/2026 | EUR200,000 | 155,797 | 0.80 |
| Babson European Collateral 20 3.911% Senior Floating Rate Notes 15/4/2027 | EUR250,000 | 191,780 | 0.99 |
| Banglalink Digital Communications 8.625% Senior Bonds 6/5/2019 | USD400,000 | 254,610 | 1.31 |
| Bankia 4% Subordinated Floating Rate Notes 22/5/2024 | EUR800,000 | 605,332 | 3.12 |
| Bankinter 0.298% Mortgage Backed Floating Rate Notes 16/5/2043 | EUR200,000 | 143,434 | 0.74 |
| Barclays Bank 7.625% Subordinated Notes 21/11/2022 | USD200,000 | 140,250 | 0.72 |
| BBVA RMBS 2 Fondo de Titulizacion de Activos 0.262% Mortgage Backed Floating Rate Notes 17/9/2050 | EUR200,000 | 138,633 | 0.71 |
| Carlyle Global.E.14-1 3.632% Collateral European Seniro Floating Rate Notes 15/4/2027 | EUR100,000 | 77,389 | 0.40 |
| Chapel BV 0.261% Asset Backed Floating Rate Notes 17/7/2066 | EUR527,849 | 390,785 | 2.01 |
| Commerzbank 7.75% Subordinated European Medium Term Bonds 16/3/2021 | EUR400,000 | 379,316 | 1.95 |
| Credit Agricole 8.125% Bonds 19/9/2033 | USD300,000 | 214,656 | 1.11 |
| Credit Suisse 6.25% Perpetual Subordinated Floating Rate Notes | USD400,000 | 244,990 | 1.26 |
| Delta Spark Ltd 0.575% Asset Backed Floating Rate Notes 22/7/2023 | EUR429,656 | 320,938 | 1.65 |
| Eileme 11.75% Guaranteed Notes 31/1/2020 | EUR200,000 | 176,555 | 0.91 |
| Erste Bank 5.5% Variable Subordinated Bonds 26/5/2025 | USD1,000,000 | 609,267 | 3.14 |
| Erste Bank 7.125% Subordinated European Medium Term Notes 10/10/2022 | EUR320,000 | 291,403 | 1.50 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) | |
|---|--------------|------------------|----------------------|--------|
| Non-Sterling Denominated Corporate Bonds (continued) | | | | |
| Eurosail 2006-2bl 0.4806% Mortgage Backed Floating Rate Notes 12/2044 | USD200,000 | 113,983 | 0.59 | |
| Fibria Overseas Finance 5.25% Guaranteed Senior Bonds 12/5/2024 | USD220,000 | 140,176 | 0.72 | |
| Fondo de Titulizacion de Activos Santander Financiacion 0.6310% Floating Rate Notes 20/7/2035 | EUR300,000 | 209,775 | 1.08 | |
| Genel Energy Finance 7.5% Bonds 14/5/2019 | USD200,000 | 106,889 | 0.55 | |
| German Residential Funding 2013-2 4.831% Floating Rate Notes 27/11/2024 | EUR411,027 | 324,691 | 1.67 | |
| German Residential Funding 2013-2 Floating Rate Notes 27/8/2024 | EUR194,456 | 160,502 | 0.83 | |
| Groupama 6.298% Bonds 29/10/2049 | EUR100,000 | 78,864 | 0.41 | |
| Harvest Collateral VIII 3.338% Floating Rate European Senior Notes 30/4/2026 | EUR150,000 | 113,475 | 0.58 | |
| Intesa Sanpaolo 3.928% Subordinated Bonds 15/9/2026 | EUR500,000 | 396,601 | 2.04 | |
| Kerling 10.625% Senior Notes 28/1/2017 | EUR250,000 | 195,472 | 1.01 | |
| Lusitano Mortgages No6 Ltd 0.282% Mortgage Backed Floating Rate Notes 15/3/2060 | EUR529,913 | 384,310 | 1.98 | |
| Monastery 2006-I BV 0.428% Mortgage Backed Floating Rate Notes 17/11/2044 | EUR239,390 | 172,440 | 0.89 | |
| Newgate Funding 2006-3 0.306% Mortgage Backed Floating Rate Notes 1/12/2050 | EUR200,000 | 133,906 | 0.69 | |
| Paragon Mortgages No 7 Mortgage Backed Floating Rate Notes 5/2034 | USD525,612 | 325,627 | 1.68 | |
| Play Topco SA 7.75% Bonds 28/2/2020 | EUR500,000 | 392,883 | 2.02 | |
| Royal Bank of Scotland 3.625% Subordinated Floating Rate European Medium Term Notes 25/3/2024 | EUR300,000 | 235,125 | 1.21 | |
| Royal Caribbean Cruises 5.25% Bonds 15/11/2022 | USD500,000 | 336,700 | 1.73 | |
| St Paul's Collateral III 4.455% Floating Rate Notes 15/1/2028 | EUR400,000 | 311,206 | 1.60 | |
| St Pauls Collateral IV European 3.485% Floating Rate Notes 25/4/2028 | EUR250,000 | 192,553 | 0.99 | |
| Talisman-7 Finance Ltd 0.442% Mortgage Backed Floating Rate Notes 22/4/2017 | EUR222,260 | 170,013 | 0.87 | |
| Taurus Floating Rate Notes 21/5/2024 | EUR194,551 | 152,680 | 0.79 | |
| Tullow Oil 6.25% Guaranteed Senior Bonds 15/4/2022 | USD300,000 | 161,616 | 0.83 | |
| UBS 4.75% Floating Rate European Medium Term Notes 12/2/2026 | EUR300,000 | 249,643 | 1.28 | |
| Utrecht Funding BV 3.209% Mortgage Backed Floating Rate Notes 28/7/2016 | EUR397,153 | 308,322 | 1.59 | |
| Verizon Communications 6.4% Senior Notes 15/9/2033 | USD101,000 | 79,788 | 0.41 | |
| Collective Investment Schemes 9.46% (9.76%) | | | | |
| Insight Global Funds II plc - Insight Emerging Markets Debt Fund† | 184,227.00 | 1,837,073 | 9.46 | |
| Derivatives 0.50% (0.14%) | | | | |
| Credit Default Swaps -0.04% (-0.02%) | | | | |
| People's Republic of China Credit Default Swap | USD600,000 | (5,487) | (0.04) | |
| Futures -0.50% (-0.50%) | | | | |
| Euro-Bobl Future March 2015 | (707,741) | EUR(7) | (4,618) | (0.02) |
| Euro-Btp Future March 2015 | (841,877) | EUR(8) | (6,829) | (0.04) |
| Euro-Bund Future March 2015 | (1,935,447) | EUR(16) | (27,566) | (0.14) |
| Japan 10 Year Bond(OSE) March 2015 | (3,162,192) | JPY (4) | (20,113) | (0.10) |
| Long Gilt Future March 2015 | 836,710 | £7 | 21,710 | 0.11 |
| US 5 Year Note (CBT) March 2015 | (2,517,030) | USD(33) | 516 | 0.00 |
| US Long Bond(CBT) March 2015 | (463,564) | USD(5) | (8,097) | (0.04) |
| US Ultra Bond(CBT) March 2015 | (1,271,284) | USD(12) | (52,309) | (0.27) |
| AUD Forward Foreign Currency Contracts 0.00% (0.16%) | | | | |
| Forward Foreign Currency Contracts 15/01/15 | AUD 145,677 | 76,406 | 0.40 | |
| Forward Foreign Currency Contracts 15/01/15 | USD(120,000) | (76,966) | (0.40) | |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| EUR Forward Foreign Currency Contracts 1.02% (0.16%) | | | |
| Forward Foreign Currency Contracts 07/01/15 | EUR(2,780,000) | (2,157,542) | (11.11) |
| Forward Foreign Currency Contracts 07/01/15 | £2,225,769 | 2,225,769 | 11.46 |
| Forward Foreign Currency Contracts 15/01/15 | EUR146,591 | 113,785 | 0.59 |
| Forward Foreign Currency Contracts 15/01/15 | USD(180,000) | (115,449) | (0.59) |
| Forward Foreign Currency Contracts 21/01/15 | EUR395,000 | 306,635 | 1.58 |
| Forward Foreign Currency Contracts 21/01/15 | £(310,641) | (310,641) | (1.60) |
| Forward Foreign Currency Contracts 21/01/15 | EUR(1,600,000) | (1,242,066) | (6.39) |
| Forward Foreign Currency Contracts 21/01/15 | £1,266,076 | 1,266,076 | 6.51 |
| Forward Foreign Currency Contracts 06/02/15 | EUR6,524,000 | (5,065,960) | (26.08) |
| Forward Foreign Currency Contracts 06/02/15 | £5,177,180 | 5,177,180 | 26.65 |
| USD Forward Foreign Currency Contracts 0.02% (0.39%) | | | |
| Forward Foreign Currency Contracts 09/01/15 | USD(1,347,000) | (863,905) | (4.45) |
| Forward Foreign Currency Contracts 09/01/15 | £858,823 | 858,823 | 4.42 |
| Forward Foreign Currency Contracts 09/01/15 | USD525,000 | 336,711 | 1.73 |
| Forward Foreign Currency Contracts 09/01/15 | £(334,618) | (334,618) | (1.72) |
| Forward Foreign Currency Contracts 15/01/15 | USD252,269 | 161,803 | 0.83 |
| Forward Foreign Currency Contracts 15/01/15 | USD(307,953) | (161,519) | (0.83) |
| Forward Foreign Currency Contracts 15/01/15 | USD(183,065) | (117,415) | (0.60) |
| Forward Foreign Currency Contracts 15/01/15 | £116,843 | 116,843 | 0.60 |
| Forward Foreign Currency Contracts 15/01/15 | USD240,093 | 153,992 | 0.79 |
| Forward Foreign Currency Contracts 15/01/15 | CHF(231,698) | (149,583) | (0.77) |
| Forward Foreign Currency Contracts 15/01/15 | USD8,815 | 5,654 | 0.03 |
| Forward Foreign Currency Contracts 15/01/15 | JPY(1,044,983) | (5,591) | (0.03) |
| Forward Foreign Currency Contracts 15/01/15 | USD365,587 | 235,124 | 1.21 |
| Forward Foreign Currency Contracts 15/01/15 | EUR(293,677) | (227,954) | (1.17) |
| Forward Foreign Currency Contracts 15/01/15 | USD135,002 | 86,588 | 0.44 |
| Forward Foreign Currency Contracts 15/01/15 | £(86,000) | (86,000) | (0.44) |
| Forward Foreign Currency Contracts 28/01/15 | USD(4,416,000) | (2,832,653) | (14.58) |
| Forward Foreign Currency Contracts 28/01/15 | £2,827,702 | 2,827,702 | 14.56 |
| Forward Foreign Currency Contracts 11/02/15 | USD(93,000) | (59,662) | (0.31) |
| Forward Foreign Currency Contracts 11/02/15 | £59,541 | 59,541 | 0.31 |
| Portfolio of investments* | | 18,741,859 | 96.49 |
| Net current assets | | 680,875 | 3.51 |
| Total Net Assets | | 19,422,734 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

† Considered a related party of ACD.

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000s) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Standard & Poor's Ratings: | | | |
| AAA | 0 | 0.00 | 6.53 |
| A | 1,766 | 9.09 | 5.09 |
| BBB | 5,231 | 26.93 | 18.22 |
| BB | 2,250 | 11.58 | 11.30 |
| B | 2,120 | 10.92 | 23.37 |
| CCC | 1,199 | 6.17 | 2.69 |
| Not rated(by S&P) | 6,078 | 31.29 | 30.36 |
| Derivatives | 98 | 0.51 | 0.14 |
| Portfolio of investments | 18,742 | 96.49 | 97.70 |
| Net current assets | 681 | 3.51 | 2.30 |
| Total Net Assets | 19,423 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-----------|------------------|----------|-----------------|
| Income | | | | |
| Net capital (losses)/gains | | (396,955) | | 266,313 |
| Revenue | 490,279 | | 284,632 | |
| Expenses | (117,406) | | (76,433) | |
| Finance costs: Interest | (3,643) | | (2,783) | |
| Net revenue before taxation | 369,230 | | 205,416 | |
| Taxation | - | | - | |
| Net revenue after taxation | | 369,230 | | 205,416 |
| Total return before distributions | | (27,725) | | 471,729 |
| Finance costs: Distributions | | (369,345) | | (205,416) |
| Change in net assets attributable to Shareholders from investment | | (397,070) | | 266,313 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|-------------|-------------------|-------------|-------------------|
| Opening net assets attributable to Shareholders | | 21,653,197 | | 11,831,079 |
| Amounts receivable on issue of shares | 1,702,811 | | 210,728 | |
| Amounts payable on cancellation of shares | (3,627,887) | | (1,213,152) | |
| | | (1,925,076) | | (1,002,424) |
| Dilution adjustment | | 5,946 | | 639 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (397,070) | | 266,313 |
| Retained distributions on accumulation shares | | 84,439 | | 44,133 |
| Unclaimed distributions | | 1,298 | | 148 |
| Closing net assets attributable to Shareholders | | 19,422,734 | | 11,139,888 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|-------------------|-------------|-------------------|
| ASSETS | | | | |
| Investment assets* | | 18,883,834 | | 21,273,193 |
| Debtors | 583,088 | | 1,448,115 | |
| Cash and bank balances | 916,117 | | 1,367,680 | |
| Total other assets | | 1,499,205 | | 2,815,795 |
| Total assets | | 20,383,039 | | 24,088,988 |
| LIABILITIES | | | | |
| Investment liabilities | | (141,975) | | (117,407) |
| Bank overdraft | (508,218) | | (107,163) | |
| Creditors | (218,622) | | (2,105,541) | |
| Distribution payable on income shares | (91,490) | | (105,680) | |
| Total other liabilities | | (818,330) | | (2,318,384) |
| Total liabilities | | (960,305) | | (2,435,791) |
| Net assets attributable to Shareholders | | 19,422,734 | | 21,653,197 |

*Gross of investment liabilities.

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|---|----------------------|--------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.8293 | 0.1659 | 0.6634 | 0.0000 | 0.6634 | 0.7280 |
| Group 2 | 0.3515 | 0.0703 | 0.2812 | 0.3822 | 0.6634 | 0.7280 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 0.8678 | 0.1736 | 0.6942 | 0.0000 | 0.6942 | 0.7415 |
| Group 2 | 0.3843 | 0.0769 | 0.3074 | 0.3868 | 0.6942 | 0.7415 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9698 | 0.1940 | 0.7758 | 0.0000 | 0.7758 | 0.8392 |
| Group 2 | 0.6535 | 0.1307 | 0.5228 | 0.2530 | 0.7758 | 0.8392 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.0224 | 0.2045 | 0.8179 | 0.0000 | 0.8179 | 0.8576 |
| Group 2 | 0.8419 | 0.1684 | 0.6735 | 0.1444 | 0.8179 | 0.8576 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.8933 | 0.1787 | 0.7146 | 0.0000 | 0.7146 | 0.7826 |
| Group 2 | 0.3583 | 0.0717 | 0.2866 | 0.4280 | 0.7146 | 0.7826 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.9358 | 0.1872 | 0.7486 | 0.0000 | 0.7486 | 0.7994 |
| Group 2 | 0.9358 | 0.1872 | 0.7486 | 0.0000 | 0.7486 | 0.7994 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.9206 | 0.1841 | 0.7365 | 0.0000 | 0.7365 | n/a |
| Group 2 | 0.5715 | 0.1143 | 0.4572 | 0.2793 | 0.7365 | n/a |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 0.9386 | 0.1877 | 0.7509 | 0.0000 | 0.7509 | n/a |
| Group 2 | 0.3598 | 0.0720 | 0.2878 | 0.4631 | 0.7509 | n/a |

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|--------------------------|------------------------------|------------------------|---------------------|------------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.9560 | 0.1912 | 0.7648 | 0.0000 | 0.7648 | 0.6975 |
| Group 2 | 0.6790 | 0.1358 | 0.5432 | 0.2216 | 0.7648 | 0.6975 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 0.9933 | 0.1987 | 0.7946 | 0.0000 | 0.7946 | 0.7061 |
| Group 2 | 0.6826 | 0.1365 | 0.5461 | 0.2485 | 0.7946 | 0.7061 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.0985 | 0.2197 | 0.8788 | 0.0000 | 0.8788 | 0.8163 |
| Group 2 | 0.7829 | 0.1566 | 0.6263 | 0.2525 | 0.8788 | 0.8163 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.1485 | 0.2297 | 0.9188 | 0.0000 | 0.9188 | 0.8273 |
| Group 2 | 0.4148 | 0.0830 | 0.3318 | 0.5870 | 0.9188 | 0.8273 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.0210 | 0.2042 | 0.8168 | 0.0000 | 0.8168 | 0.7574 |
| Group 2 | 0.4304 | 0.0861 | 0.3443 | 0.4725 | 0.8168 | 0.7574 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.0616 | 0.2123 | 0.8493 | 0.0000 | 0.8493 | 0.7666 |
| Group 2 | 1.0616 | 0.2123 | 0.8493 | 0.0000 | 0.8493 | 0.7666 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.0469 | 0.2094 | 0.8375 | 0.0000 | 0.8375 | n/a |
| Group 2 | 0.6338 | 0.1268 | 0.5070 | 0.3305 | 0.8375 | n/a |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.0586 | 0.2117 | 0.8469 | 0.0000 | 0.8469 | n/a |
| Group 2 | 0.4403 | 0.0881 | 0.3522 | 0.4947 | 0.8469 | n/a |

BNY MELLON INVESTMENT FUNDS – NEWTON 50/50 GLOBAL EQUITY FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|------------------------------------|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £366.74m |
| Comparative Index: | 50% FTSE All Share, 50% (16.67% FTSE AW North America, 16.67% FTSE AW Europe ex UK, 16.67% FTSE AW Asia Pacific) |
| Sector: | The Investment Association Global |
| Yield as at 31 December 2014: | |
| Exempt Shares 1 (Net Accumulation) | 1.96% |
| X Shares (Net Accumulation) | 2.41% |
| Exempt Shares 2 (Net Accumulation) | 1.87% |
| Key Dates: | |
| Fund Launch | 15 February 1999 |
| Converted to ICVC | 02 August 2004 |

Investment Objective

The objective of the Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term. The Fund will be managed to a benchmark of approximately 50% UK equities and 50% international equities.

Statutory Performance Data

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Exempt Shares 1 (Net Accumulation) | 5.59% | 18.51% | 12.75% | -7.61% | 13.28% |
| X Shares (Net Accumulation) | 6.13% | 19.10% | 13.30% | -7.15% | 13.84% |
| Exempt Shares 2 (Net Accumulation) | 5.48% | 18.39% | 12.63% | -7.70% | 13.16% |
| Comparative Index* | 4.67% | 20.73% | 12.97% | -6.48% | 14.81% |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*50% FTSE All Share, 16.67% FTSE AW North America, 16.67% FTSE AW Europe ex UK, 16.67% FTSE AW Asia Pacific. Prior to 31/3/10 - 60% FTSE All Share, 13.33% FTSE AW North America, 13.33% FTSE AW Europe ex UK, 13.33% FTSE AW Asia Pacific.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Exempt 1 Net Sterling Acc Share Class of the Fund returned +4.58% against a return of +2.42% from its composite benchmark.

The Fund delivered a positive return, outperforming its composite benchmark. Stock selection was a source of outperformance, particularly in consumer services, financials and industrials. The largest individual contribution to the Fund's outperformance came from Citigroup, the US financial firm, which was propelled higher by encouraging second-quarter results and better US economic data. Dollar General, which operates discount stores in the US, rose strongly in August when the company joined the battle to take over rival Family Dollar, as investors welcomed the prospect of consolidation among discount retailers. In the UK, electronics and mobile-phone retailer Dixons Carphone performed well; this entity resulted from the merger of Carphone Warehouse and Dixons in August, which was well received by investors. Mobile operator Vodafone Group also made a good contribution, as it appears to be turning around the decline in its services revenue. In a difficult period for commodities stocks, not holding BG Group was also beneficial. The largest individual detractor from the Fund's returns was Royal Dutch Shell, which was affected by the sharp fall in the oil price over the period. Yamana Gold, a Canadian gold-mining company, also suffered from declining commodity prices, as the gold price declined. In the US, telecommunications company Sprint Corp suffered from subscriber losses and a failure to merge with T-Mobile.

The UK element of the portfolio was a focus for trading activity during the period. A position was established in Cobham, the aerospace & defence group. In the fund manager's view, Cobham should benefit from the signs of stabilisation in defence spending. Another new position was in Merlin Entertainments, the operator of an international portfolio of entertainment attractions, which is judged, in the fund manager's view, to have considerable potential for growth both in new markets and from existing sites. Sales within UK equities included BHP Billiton, on the basis that demand for iron ore is becoming more challenging. The residual holding in Standard Chartered was sold as the fund manager had grown more cautious regarding the outlook for its trade finance and commercial lending activities in Asia.

Within overseas equities, TJX, the discount clothing and household goods retailer, was added to the Fund. Its expansion into new and existing international territories presents exciting growth opportunities. The Fund also participated in the initial public offering of Rocket Internet, the holding company for a number of e-commerce businesses focused on emerging markets. In these countries, the lack of formal retail infrastructure and falling cost of accessing the internet present compelling opportunities for those new entrants able to build dominant positions in their chosen categories.

The table below shows the top purchases and sales (excluding any derivative transactions) for the period.

Purchases

CRH
Yum! Brands
Insurance Australia
Melrose Industries
Wolters Kluwer
Imperial Tobacco
Walgreen
Cobham
TJX
Wolseley

Sales

BHP Billiton
eBay
GlaxoSmithKline
BP
Toyota Motor
Cable & Wireless
Microsoft
Japan Tobacco
Anheuser-Busch InBev
Mattel

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 198.13 | 164.56 | 4.1837 |
| 2011 | 204.92 | 165.23 | 4.5018 |
| 2012 | 207.02 | 180.61 | 4.8147 |
| 2013 | 245.76 | 207.52 | 5.0753 |
| 2014 | 260.72 | 230.99 | 5.2969 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 202.91 | 168.11 | 5.1902 |
| 2011 | 210.41 | 169.86 | 5.5949 |
| 2012 | 214.10 | 186.26 | 5.9709 |
| 2013 | 255.28 | 214.66 | 6.4726 |
| 2014 | 272.31 | 240.24 | 6.8024 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 147.20 | 122.32 | 2.9765 |
| 2011 | 152.17 | 122.67 | 3.2060 |
| 2012 | 153.50 | 133.99 | 3.4206 |
| 2013 | 182.07 | 153.87 | 3.5879 |
| 2014 | 192.93 | 171.08 | 3.7398 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|------------------------|--------------|--------------------|
| Exempt Shares 1 (Net Accumulation) | | Pence | |
| 30/06/2012 | 344,784,243 | 189.03 | 182,396,418 |
| 30/06/2013 | 350,919,561 | 229.84 | 152,681,746 |
| 30/06/2014 | 345,160,515 | 245.65 | 140,511,803 |
| 31/12/2014 | 333,105,368 | 256.53 | 129,849,787 |
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 148,847,304 | 195.04 | 76,314,827 |
| 30/06/2013 | 118,410,047 | 238.33 | 49,682,798 |
| 30/06/2014 | 27,277,711 | 256.01 | 10,654,938 |
| 31/12/2014 | 3,423,139 | 268.04 | 1,277,122 |
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 45,733,425 | 140.23 | 32,613,768 |
| 30/06/2013 | 51,304,559 | 170.33 | 30,120,753 |
| 30/06/2014 | 54,475,871 | 181.86 | 29,954,517 |
| 31/12/2014 | 30,210,762 | 189.82 | 15,915,811 |

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|------------------------------------|-------------------|-------------------|
| Share Class | % | % |
| Exempt Shares 1 (Net Accumulation) | 0.56 | 0.56 |
| X Shares (Net Accumulation) | 0.06 | 0.06 |
| Exempt Shares 2 (Net Accumulation) | 0.66 | 0.66 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United Kingdom 34.23% (40.66%) | | | |
| Associated British Foods | 102,082 | 3,218,645 | 0.88 |
| BAE Systems | 901,637 | 4,251,218 | 1.16 |
| Barclays | 2,274,424 | 5,538,222 | 1.51 |
| BP | 1,769,582 | 7,265,904 | 1.98 |
| British American Tobacco | 309,649 | 10,837,715 | 2.96 |
| Bunzl | 188,461 | 3,324,452 | 0.91 |
| Cable & Wireless | 7,375,556 | 3,660,488 | 1.00 |
| Centrica | 2,475,657 | 6,904,607 | 1.88 |
| Chemring | 703,700 | 1,658,973 | 0.45 |
| Cobham | 1,114,208 | 3,608,920 | 0.98 |
| Dixons Carphone | 1,428,391 | 6,593,453 | 1.80 |
| GlaxoSmithKline | 827,153 | 11,381,625 | 3.10 |
| Imperial Tobacco | 129,023 | 3,659,092 | 1.00 |
| John Wood | 282,088 | 1,682,655 | 0.46 |
| Johnson Matthey | 81,828 | 2,779,697 | 0.76 |
| Melrose Industries | 1,348,601 | 3,596,719 | 0.98 |
| Merlin Entertainments | 614,843 | 2,438,467 | 0.67 |
| Mitchells & Butlers | 1,376,278 | 5,251,877 | 1.43 |
| Pearson | 426,925 | 5,076,138 | 1.38 |
| Prudential | 514,140 | 7,670,969 | 2.09 |
| Reed Elsevier | 522,480 | 5,736,830 | 1.56 |
| Sage | 515,745 | 2,401,825 | 0.66 |
| Smiths | 167,542 | 1,836,260 | 0.50 |
| Vodafone | 5,838,110 | 12,998,552 | 3.54 |
| WS Atkins | 157,607 | 2,149,760 | 0.59 |
| Collective Investment Schemes 1.27% (0.81%) | | | |
| Newton Global Emerging Markets Fund - X Net Income Shares | 911,425 | 4,665,950 | 1.27 |
| United States of America 18.26% (18.98%) | | | |
| Abbott Laboratories | 67,886 | 1,960,063 | 0.53 |
| Accenture | 119,114 | 6,822,557 | 1.86 |
| Citigroup | 295,283 | 10,248,976 | 2.79 |
| Dollar General | 173,878 | 7,881,800 | 2.15 |
| Dun & Bradstreet | 33,997 | 2,637,343 | 0.72 |
| Equifax | 56,286 | 2,919,616 | 0.80 |
| Express Scripts | 56,037 | 3,042,548 | 0.83 |
| Kraft Foods class 'A' shares | 53,733 | 2,158,969 | 0.59 |
| Marathon Oil | 108,855 | 1,974,295 | 0.54 |
| Medtronic | 81,522 | 3,774,297 | 1.03 |
| Microsoft | 206,347 | 6,147,070 | 1.68 |
| PNC Financial Services | 42,190 | 2,468,490 | 0.67 |
| Principal Financial | 55,137 | 1,836,309 | 0.50 |
| Sprint | 647,808 | 1,724,164 | 0.47 |
| TJX | 82,778 | 3,640,268 | 0.99 |
| Walgreen | 83,982 | 4,096,092 | 1.12 |
| Yum! Brands | 77,950 | 3,641,416 | 0.99 |
| Canada 1.13% (1.94%) | | | |
| Barrick Gold | 193,923 | 1,336,971 | 0.37 |
| Suncor Energy | 83,120 | 1,697,379 | 0.46 |
| Yamana Gold | 431,323 | 1,112,938 | 0.30 |
| Brazil 0.28% (0.75%) | | | |
| International Meal | 362,946 | 1,041,167 | 0.28 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Australia 1.17% (0.23%) | | | |
| Insurance Australia | 1,053,018 | 3,448,622 | 0.94 |
| Newcrest Mining | 146,394 | 830,566 | 0.23 |
| Hong Kong 2.66% (2.09%) | | | |
| AIA | 2,001,268 | 7,116,797 | 1.94 |
| Belle International | 3,654,381 | 2,632,345 | 0.72 |
| India 1.29% (0.93%) | | | |
| Apollo Hospitals Enterprise | 172,295 | 1,976,363 | 0.54 |
| ITC | 731,246 | 2,737,796 | 0.75 |
| Japan 5.72% (7.42%) | | | |
| Sawai Pharmaceuticals | 90,400 | 3,355,916 | 0.92 |
| Softbank | 158,200 | 6,100,490 | 1.66 |
| Sugi | 105,600 | 2,779,152 | 0.76 |
| Topcon | 229,500 | 3,166,046 | 0.86 |
| Toyota Motor | 138,100 | 5,583,208 | 1.52 |
| Philippines 1.08% (0.96%) | | | |
| Energy Development | 33,660,300 | 3,957,245 | 1.08 |
| Jersey 1.87% (0.00%) | | | |
| Wolseley | 185,681 | 6,844,202 | 1.87 |
| Luxembourg 0.82% (0.00%) | | | |
| Millicom International Cellular | 63,173 | 3,014,732 | 0.82 |
| France 3.46% (4.37%) | | | |
| Air Liquide | 50,457 | 4,025,439 | 1.10 |
| Sanofi | 89,635 | 5,251,983 | 1.43 |
| Total | 102,960 | 3,397,109 | 0.93 |
| Germany 4.50% (3.03%) | | | |
| Bayer | 80,179 | 7,059,336 | 1.92 |
| MTU Aero Engines | 63,285 | 3,529,776 | 0.96 |
| Rocket Internet | 54,333 | 2,186,729 | 0.60 |
| SAP | 82,683 | 3,741,605 | 1.02 |
| Ireland 1.93% (0.51%) | | | |
| CRH | 458,839 | 7,084,474 | 1.93 |
| Israel 0.93% (0.82%) | | | |
| Teva Pharmaceutical Industries ADR (each convertible into 1 ordinary share) | 92,759 | 3,420,646 | 0.93 |
| Netherlands 7.92% (2.20%) | | | |
| Royal Dutch Shell class 'B' shares | 717,233 | 16,012,227 | 4.37 |
| Wolters Kluwer | 661,669 | 13,017,197 | 3.55 |
| Norway 0.92% (0.85%) | | | |
| DNB | 354,943 | 3,361,022 | 0.92 |
| Sweden 1.11% (2.44%) | | | |
| Ericsson series 'B' shares | 295,986 | 2,286,674 | 0.63 |
| TeliaSonera | 428,351 | 1,768,690 | 0.48 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Switzerland 6.30% (6.19%) | | | |
| Actelion | 35,175 | 2,615,394 | 0.71 |
| Credit Suisse | 266,096 | 4,305,694 | 1.17 |
| Nestlé | 153,874 | 7,240,078 | 1.97 |
| Novartis | 37,985 | 2,262,894 | 0.62 |
| Roche | 38,557 | 6,714,221 | 1.83 |
| Portfolio of investments | | 355,176,409 | 96.85 |
| Net current assets | | 11,562,860 | 3.15 |
| Total Net Assets | | 366,739,269 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Belgium, Mexico and CHF Forward Foreign Currency portfolio categories, which, at 30 June 2014, represented 0.81%, 0.29% and 0.03% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

ADR = American Depositary Receipt

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------------|--------------------------|--------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 14,576,784 | | 26,016,361 |
| Revenue | 4,261,706 | | 5,731,848 | |
| Expenses | <u>(1,126,440)</u> | | <u>(1,216,170)</u> | |
| Net revenue before taxation | 3,135,266 | | 4,515,678 | |
| Taxation | <u>(99,380)</u> | | <u>(181,643)</u> | |
| Net revenue after taxation | | <u>3,035,886</u> | | <u>4,334,035</u> |
| Total return before distributions | | 17,612,670 | | 30,350,396 |
| Finance costs: Distributions | | (3,035,886) | | (4,334,112) |
| Change in net assets attributable to Shareholders from investment activities | | <u>14,576,784</u> | | <u>26,016,284</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 426,914,097 | | 520,634,167 |
| Amounts receivable on issue of shares | 6,867,237 | | 5,509,669 | |
| Amounts payable on cancellation of shares | <u>(84,204,341)</u> | | <u>(38,442,743)</u> | |
| | | (77,337,104) | | (32,933,074) |
| Dilution adjustment | | 33,455 | | 26,291 |
| Stamp Duty Reserve Tax | | - | | (14,466) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 14,576,784 | | 26,016,284 |
| Retained distributions on accumulation shares | | 2,552,037 | | 4,143,509 |
| Closing net assets attributable to Shareholders | | <u>366,739,269</u> | | <u>517,872,711</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------|--------------------|-------------|--------------------|
| ASSETS | | | | |
| Investment assets | | 355,176,409 | | 411,165,603 |
| Debtors | 1,792,540 | | 2,895,320 | |
| Cash and bank balances | 10,544,869 | | 14,350,152 | |
| Total other assets | | 12,337,409 | | 17,245,472 |
| Total assets | | 367,513,818 | | 428,411,075 |
| LIABILITIES | | | | |
| Creditors | (774,549) | | (1,496,978) | |
| Total other liabilities | | (774,549) | | (1,496,978) |
| Total liabilities | | (774,549) | | (1,496,978) |
| Net assets attributable to Shareholders | | 366,739,269 | | 426,914,097 |

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | Period | |
|------------------------------------|----------------------|------------------------|--------------------|---------------------|--|---|
| | | | | | Group 1: Shares purchased prior to 1 July 2014 | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 1.9884 | 0.1988 | 1.7896 | 0.0000 | 1.7896 | 1.8413 |
| Group 2 | 0.8853 | 0.0885 | 0.7968 | 0.9928 | 1.7896 | 1.8413 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 2.8050 | 0.2805 | 2.5245 | 0.0000 | 2.5245 | 2.5387 |
| Group 2 | 2.8050 | 0.2805 | 2.5245 | 0.0000 | 2.5245 | 2.5387 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 1.3681 | 0.1368 | 1.2313 | 0.0000 | 1.2313 | 1.2749 |
| Group 2 | 0.7922 | 0.0792 | 0.7130 | 0.5183 | 1.2313 | 1.2749 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-----------------|---------------------------|----------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 73,027,167 | | 101,616,501 |
| Commissions | 49,772 | | 107,592 | |
| Taxes | <u>194,101</u> | | <u>173,669</u> | |
| Total purchase costs | | 243,873 | | 281,261 |
| Gross purchases total | | <u>73,271,040</u> | | <u>101,897,762</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 143,717,111 | | 115,979,782 |
| Commissions | (65,642) | | (59,263) | |
| Taxes | <u>(12,782)</u> | | <u>(3,404)</u> | |
| Total sales costs | | (78,424) | | (62,667) |
| Total sales net of transaction costs | | <u>143,638,687</u> | | <u>115,917,115</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON ASIAN INCOME FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £4,749.56m |
| Comparative Index: | FTSE AW Asia Pacific ex Japan TR GBP |
| Sector: | The Investment Association Asia Pacific Excluding Japan |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 4.61% |
| Institutional Shares (Income) | 4.67% |
| Institutional Shares (Accumulation) | 4.52% |
| X Shares (Net Income) | 4.71% |
| Institutional Shares (Accumulation) Euro | 5.57% |
| Institutional Shares (Income) Euro | 5.78% |
| Euro Accumulation Shares | 5.49% |
| Euro Income Shares | 5.68% |
| Institutional Shares (Income) USD | 7.46% |
| Institutional Shares (Accumulation) USD | 7.20% |
| USD Income Shares | 7.36% |
| USD Accumulation Shares | 7.11% |
| Institutional Shares W (Net Income) | 4.68% |
| Institutional Shares W (Net Accumulation) | 4.51% |
| Retail Advised Shares B (Net Income) | 4.61% |
| Retail Advised Shares B (Net Accumulation) | 4.45% |
| P Shares (Net Income) | 4.68% |
| X Shares (Net Accumulation) USD | 5.45% |

Key Dates: Fund Launch 30 November 2005

Investment Objective

The objective of the Fund is to achieve income together with long-term capital growth predominantly through investments in securities in the Asia Pacific ex. Japan (including Australia and New Zealand) region.

Fund Report (continued)**Statutory Performance Data**

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 10.35% | -1.27% | 21.46% | -1.45% | 31.98% |
| Institutional Shares (Income) | 10.98% | -0.71% | 22.15% | -0.89% | 32.74% |
| Institutional Shares (Accumulation) | 10.99% | -0.69% | 22.18% | -0.91% | 32.66% |
| X Shares (Net Income)* | 12.04% | n/a | n/a | n/a | n/a |
| Institutional Shares (Accumulation) Euro* | 10.72% | -0.26% | n/a | n/a | n/a |
| Institutional Shares (Income) Euro* | 10.73% | -0.27% | n/a | n/a | n/a |
| Euro Accumulation Shares* | 10.11% | -0.78% | n/a | n/a | n/a |
| Euro Income Shares* | 10.08% | -0.79% | n/a | n/a | n/a |
| Institutional Shares (Income) USD* | 11.31% | -0.39% | n/a | n/a | n/a |
| Institutional Shares (Accumulation) USD* | 11.34% | -0.36% | n/a | n/a | n/a |
| USD Income Shares* | 10.71% | -0.94% | n/a | n/a | n/a |
| USD Accumulation Shares* | 10.72% | -0.92% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 11.26% | -0.47% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 11.26% | -0.45% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 10.90% | -0.77% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 10.90% | -0.74% | n/a | n/a | n/a |
| P Shares (Net Income)* | 10.99% | -0.72% | n/a | n/a | n/a |
| X Shares (Net Accumulation) USD | 12.37% | 0.30% | 23.37% | 0.11% | 34.17% |
| FTSE AW Asia Pacific ex Japan TR GBP | 10.05% | 1.32% | 17.47% | -14.84% | 23.88% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Portfolio Summary

Over the six-month period in review, the Sterling Income Share Class of the Sub-Fund returned +4.83% against a return of +5.77% from the FTSE AW Asia Pacific ex Japan Index.

The Fund generated a positive return but marginally underperformed FTSE AW Asia Pacific ex Japan Index. On a sector basis, exposure to telecoms and utilities made a meaningful positive contribution, whereas holdings in the financials sector were the largest drag on returns. This was due to the underweight position in Chinese banks and poor performance from Standard Chartered, which issued a full-year profit warning and came under pressure from US regulators concerning its dealings with Iran. Exposure to the Macau casino operators Sands China and Wynn Macau were also large detractors. Growth in the sector's VIP business has been hampered by the Chinese government's recent anti-corruption drive and credit problems among the junket operators who bring VIP gamblers from the mainland. However, long term growth is well supported by structural drivers such as increased travel for the Chinese mass market. On the other side, the Fund's top contributor was Meridian Energy in New Zealand. The stock strengthened following the National Party's general-election victory in September, which removed the threat of unfavourable restructuring of the energy market. Other positives included the Link Real Estate Investment Trust, which continued to demonstrate the resilience of its portfolio of Hong Kong shopping centres, and not holding Samsung Electronic, as sales of its smartphones fell dramatically.

It was a relatively quiet period for new purchases. In August, the Fund bought into Australian fertiliser company Incitec Pivot, an attractively valued company with a high yield, and in October initiated a holding in Insurance Australia Group, a well-managed business in a duopoly market. A number of existing positions were topped up including shopping-centre group Scentre, Singapore Telecommunications (Sing Tel), and Australian energy provider AGL Energy. Much of the activity over the latter part of the period was concerned with raising the Fund's cash level in anticipation of market volatility. To this end, the Fund sold out of Singaporean electronics manufacturer Venture Corporation as well as defence and engineering group Singapore Engineering Technologies, Hong Kong television station TVB, and China Mobile. The Fund reduced exposure to energy by significantly lowering the weighting in oil-field service provider WorleyParsons, and to banks by selling out of United Overseas Bank and HSBC Holdings. Part of the cash raised was deployed in SingTel, which has defensive – less economically sensitive – characteristics.

Fund Report (continued)

The table below shows the top purchases and sales for the period.

| Purchases | Sales |
|------------------------------|------------------------------|
| Insurance Australia | HSBC |
| Singapore Telecommunications | Standard Chartered |
| Incitec Pivot | United Overseas Bank |
| Standard Chartered | China Mobile (Hong Kong) |
| MediaTek | WorleyParsons |
| China Mobile (Hong Kong) | Singapore Tech Engineering |
| APA | Television Broadcasts |
| Suncorp | Indo Tambangraya Megah |
| BHP Billiton | Australia & New Zealand Bank |
| Scentre | Venture |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 168.26 | 126.82 | 8.2595 |
| 2011 | 167.98 | 143.52 | 8.3898 |
| 2012 | 181.69 | 155.55 | 8.3516 |
| 2013 | 208.40 | 168.88 | 8.4451 |
| 2014 | 190.72 | 163.17 | 8.2317 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2010 | 172.65 | 129.50 | 8.5536 |
| 2011 | 172.79 | 147.80 | 8.7425 |
| 2012 | 188.31 | 160.39 | 8.7531 |
| 2013 | 216.40 | 175.85 | 8.9450 |
| 2014 | 199.25 | 169.99 | 8.7426 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 219.73 | 157.46 | 10.5480 |
| 2011 | 228.48 | 198.68 | 11.4586 |
| 2012 | 266.60 | 217.59 | 12.0926 |
| 2013 | 312.08 | 260.77 | 12.9853 |
| 2014 | 305.22 | 253.80 | 13.3119 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2010 | 172.79 | 128.41 | 8.6236 |
| 2011 | 173.83 | 149.06 | 8.7853 |
| 2012 | 192.29 | 162.16 | 8.8748 |
| 2013 | 221.83 | 181.27 | 9.2904 |
| 2014 | 206.70 | 175.40 | 9.1751 |
| Institutional Shares (Accumulation) Euro | Cents | Cents | Cents |
| 2012 (from 30 January) | 120.69 | 100.00 | 5.4466 |
| 2013 | 135.06 | 113.48 | 5.6271 |
| 2014 | 139.17 | 111.92 | 6.1155 |
| Institutional Shares (Income) Euro | Cents | Cents | Cents |
| 2012 (from 5 March) | 110.16 | 96.61 | 4.2555 |
| 2013 | 121.02 | 98.89 | 5.0200 |
| 2014 | 117.41 | 96.88 | 5.2122 |
| Euro Accumulation Shares | Cents | Cents | Cents |
| 2012 (from 5 March) | 113.57 | 96.84 | 4.3057 |
| 2013 | 126.82 | 106.20 | 5.1854 |
| 2014 | 129.72 | 104.66 | 5.6078 |
| Euro Income Shares | Cents | Cents | Cents |
| 2012 (from 5 March) | 109.71 | 96.50 | 4.1918 |
| 2013 | 120.34 | 98.05 | 4.8973 |
| 2014 | 116.02 | 96.00 | 5.0511 |
| Institutional Shares (Income) USD | Cents | Cents | Cents |
| 2012 (from 2 April) | 108.63 | 92.05 | 3.7008 |
| 2013 | 119.23 | 101.36 | 5.0425 |
| 2014 | 114.99 | 99.08 | 5.1600 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|--------------------------|-------------------------|-----------------------------------|
| Institutional Shares (Accumulation) USD | Cents | Cents | Cents |
| 2012 (from 2 April) | 111.96 | 92.06 | 3.7875 |
| 2013 | 125.15 | 106.38 | 5.3057 |
| 2014 | 128.24 | 107.69 | 5.7073 |
| USD Income Shares | Cents | Cents | Cents |
| 2012 (from 2 April) | 108.22 | 91.95 | 3.7368 |
| 2013 | 118.58 | 100.72 | 4.9294 |
| 2014 | 113.67 | 98.20 | 5.0136 |
| USD Accumulation Shares | Cents | Cents | Cents |
| 2012 (from 2 April) | 111.54 | 91.95 | 3.7561 |
| 2013 | 124.44 | 105.69 | 5.1734 |
| 2014 | 126.57 | 106.61 | 5.5486 |
| X Shares (Net Accumulation) USD | Cents | Cents | Cents |
| 2013 (from 2 December) | 100.00 | 96.80 | 0.6873 |
| 2014 | 112.41 | 93.87 | 5.0549 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 30 August) | 107.63 | 99.24 | 1.0399 |
| 2013 | 123.81 | 100.74 | 5.1316 |
| 2014 | 114.33 | 97.41 | 5.0325 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 30 August) | 108.02 | 99.24 | 1.0225 |
| 2013 | 126.57 | 105.91 | 5.2754 |
| 2014 | 124.18 | 103.11 | 5.4261 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 1 October) | 105.21 | 100.00 | 0.6655 |
| 2013 | 120.91 | 98.24 | 4.9452 |
| 2014 | 111.30 | 94.97 | 4.8262 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 1 October) | 105.21 | 100.00 | 0.6655 |
| 2013 | 123.16 | 102.87 | 5.0843 |
| 2014 | 120.33 | 100.11 | 5.1763 |
| P Shares (Net Income) | Pence | Pence | Pence |
| 2012 (from 20 September) | 105.97 | 99.73 | 0.6878 |
| 2013 | 121.78 | 98.97 | 5.0065 |
| 2014 | 112.15 | 95.68 | 4.9289 |
| P Shares (Accumulation)** | Pence | Pence | Pence |
| 2012 (from 1 October) | 105.22 | 100.00 | 0.6834 |
| 2013 (to 26 July) | 123.16 | 104.64 | 2.7612 |

**P Shares (Accumulation) share class closed 26 July 2013.

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|---------------------|---|-----------------|
| Sterling Income Shares | | | |
| | | Pence | |
| 30/06/2012 | 884,043,315 | 164.78 | 536,506,491 |
| 30/06/2013 | 1,217,470,398 | 183.65 | 662,920,727 |
| 30/06/2014 | 779,782,245 | 173.26 | 450,074,320 |
| 31/12/2014 | 650,715,957 | 177.55 | 366,494,831 |
| Institutional Shares (Income) | | | |
| | | Pence | |
| 30/06/2012 | 785,835,020 | 170.33 | 461,363,300 |
| 30/06/2013 | 914,987,374 | 190.79 | 479,574,156 |
| 30/06/2014 | 651,583,258 | 180.82 | 360,356,575 |
| 31/12/2014 | 621,915,979 | 185.79 | 334,750,352 |
| Institutional Shares (Accumulation) | | | |
| | | Pence | |
| 30/06/2012 | 319,624,695 | 236.75 | 135,002,535 |
| 30/06/2013 | 707,806,322 | 278.62 | 254,038,063 |
| 30/06/2014 | 1,344,335,065 | 276.98 | 485,360,275 |
| 31/12/2014 | 1,307,064,685 | 291.02 | 449,130,009 |
| X Shares (Net Income) | | | |
| | | Pence | |
| 30/06/2012 | 78,690,706 | 173.05 | 45,472,142 |
| 30/06/2013 | 28,239,271 | 195.79 | 14,422,979 |
| 30/06/2014 | 72,024,809 | 187.25 | 38,464,004 |
| 31/12/2014 | 81,245,926 | 193.25 | 42,041,677 |
| Institutional Shares (Accumulation) Euro | | | |
| | | Cents | |
| 30/06/2012 | 6,975,188 | 107.47 | 8,048,862 |
| 30/06/2013 | 62,548,385 | 119.05 | 61,305,931 |
| 30/06/2014 | 44,172,846 | 126.65 | 43,556,621 |
| 31/12/2014 | 42,964,242 | 137.30 * | 40,323,331 |
| Institutional Shares (Income) Euro | | | |
| | | Cents | |
| 30/06/2012 | 12,090 | 99.96 | 15,000 |
| 30/06/2013 | 3,109,241 | 105.34 | 3,443,968 |
| 30/06/2014 | 15,121,592 | 106.84 | 17,676,006 |
| 31/12/2014 | 18,246,223 | 113.28 * | 20,755,499 |
| Euro Accumulation Shares | | | |
| | | Cents | |
| 30/06/2012 | 59,474 | 101.38 | 72,755 |
| 30/06/2013 | 16,818,987 | 111.70 | 17,569,652 |
| 30/06/2014 | 18,487,193 | 118.17 | 19,537,671 |
| 31/12/2014 | 20,475,183 | 127.75 * | 20,652,263 |
| Euro Income Shares | | | |
| | | Cents | |
| 30/06/2012 | 12,071 | 99.79 | 15,000 |
| 30/06/2013 | 7,740,434 | 104.69 | 8,627,426 |
| 30/06/2014 | 8,858,348 | 105.70 | 10,466,297 |
| 31/12/2014 | 13,563,376 | 111.76 * | 15,637,839 |
| *Euro/Sterling exchange rate at close of business 31 December 2014: | | 1.288550 | |
| Institutional Shares (Income) USD | | | |
| | | Cents | |
| 30/06/2012 | 9,149 | 95.15 | 15,000 |
| 30/06/2013 | 11,719,106 | 103.62 | 17,153,636 |
| 30/06/2014 | 18,169,057 | 110.68 | 28,068,809 |
| 31/12/2014 | 23,113,842 | 103.71 ** | 34,750,992 |
| | | **USD/Sterling exchange rate at close of business 31 December 2014: | |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Institutional Shares (Accumulation) USD | | | |
| 30/06/2012 | 3,267,742 | 96.29 | 5,294,867 |
| 30/06/2013 | 13,840,588 | 110.14 | 19,059,423 |
| 30/06/2014 | 19,437,212 | 123.42 | 26,927,066 |
| 31/12/2014 | 18,094,633 | 118.27 ** | 23,856,756 |
| USD Income Shares | | | |
| 30/06/2012 | 9,138 | 95.04 | 15,000 |
| 30/06/2013 | 4,986,968 | 102.98 | 7,344,705 |
| 30/06/2014 | 5,059,900 | 109.50 | 7,900,720 |
| 31/12/2014 | 4,852,387 | 102.35 ** | 7,392,025 |
| USD Accumulation Shares | | | |
| 30/06/2012 | 39,940 | 96.13 | 64,819 |
| 30/06/2013 | 21,444,155 | 109.40 | 29,728,773 |
| 30/06/2014 | 44,760,563 | 121.92 | 62,774,498 |
| 31/12/2014 | 54,363,024 | 116.52 ** | 72,748,991 |
| X Shares (Net Accumulation) USD | | | |
| 30/06/2014 | 63,461,959 | 108.01 | 100,458,757 |
| 31/12/2014 | 66,977,335 | 103.96 ** | 100,458,757 |
| **USD/Sterling exchange rate at close of business 31 December 2014: | | 1.559250 | |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 762,537,337 | 109.19 | 698,383,952 |
| 30/06/2014 | 1,185,793,593 | 103.71 | 1,143,411,095 |
| 31/12/2014 | 1,402,276,454 | 106.69 | 1,314,324,865 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 88,958,555 | 113.03 | 78,706,131 |
| 30/06/2014 | 299,874,433 | 112.64 | 266,222,550 |
| 31/12/2014 | 418,342,343 | 118.50 | 353,038,064 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 1,248,286 | 106.61 | 1,170,922 |
| 30/06/2014 | 1,970,701 | 101.02 | 1,950,736 |
| 31/12/2014 | 2,333,883 | 103.79 | 2,248,662 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 851,793 | 109.94 | 774,781 |
| 30/06/2014 | 2,030,227 | 109.22 | 1,858,881 |
| 31/12/2014 | 2,937,360 | 114.71 | 2,560,703 |
| P Shares (Net Income) | | | |
| 30/06/2013 | 404,982 | 107.37 | 377,201 |
| 30/06/2014 | 70,747 | 101.77 | 69,514 |
| 31/12/2014 | 72,693 | 104.57 | 69,514 |
| P Shares (Accumulation)*** | | | |
| 30/06/2013 | 150,128 | 109.96 | 136,526 |

***P Shares (Accumulation) share class closed 26 July 2013.

Statistics (continued)**Ongoing Charges**

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.64 | 1.64 |
| Institutional Shares (Income) | 1.07 | 1.07 |
| Institutional Shares (Accumulation) | 1.07 | 1.07 |
| X Shares (Net Income) | 0.07 | 0.07 |
| Institutional Shares (Accumulation) Euro | 1.07 | 1.07 |
| Institutional Shares (Income) Euro | 1.07 | 1.07 |
| Euro Accumulation Shares | 1.64 | 1.64 |
| Euro Income Shares | 1.64 | 1.64 |
| Institutional Shares (Income) USD | 1.07 | 1.07 |
| Institutional Shares (Accumulation) USD | 1.07 | 1.07 |
| USD Income Shares | 1.64 | 1.64 |
| USD Accumulation Shares | 1.64 | 1.64 |
| Institutional Shares W (Net Income) | 0.82 | 0.82 |
| Institutional Shares W (Net Accumulation) | 0.82 | 0.82 |
| Retail Advised Shares B (Net Income) | 1.14 | 1.14 |
| Retail Advised Shares B (Net Accumulation) | 1.14 | 1.14 |
| P Shares (Net Income) | 1.07 | 1.07 |
| X Shares (Net Accumulation) USD | 0.07 | 0.07 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|-------------------------------------|----------------|-------------------------|-----------------------------|
| Australia 37.44% (34.18%) | | | |
| Amcor | 20,000,000 | 142,336,054 | 3.00 |
| AMP | 25,000,000 | 72,165,219 | 1.52 |
| APA | 20,000,000 | 77,885,953 | 1.64 |
| Australia & New Zealand Banking | 6,000,000 | 100,989,320 | 2.13 |
| BHP Billiton | 6,000,000 | 83,310,000 | 1.75 |
| Dexus Property (Stapled) | 12,000,000 | 43,897,447 | 0.92 |
| Incitec Pivot | 20,000,000 | 33,274,726 | 0.70 |
| Insurance Australia | 30,000,000 | 98,249,665 | 2.07 |
| IOOF Holdings | 6,000,000 | 27,774,425 | 0.58 |
| L Energy | 9,000,000 | 63,106,516 | 1.33 |
| Orora | 40,000,000 | 40,727,425 | 0.86 |
| Scentre | 70,000,000 | 128,217,913 | 2.70 |
| Spotless | 90,000,000 | 89,747,290 | 1.89 |
| Suncorp | 9,000,000 | 66,176,818 | 1.39 |
| Sydney Airport | 50,000,000 | 123,336,920 | 2.60 |
| Telstra | 50,000,000 | 156,664,130 | 3.30 |
| Transurban | 40,000,000 | 179,914,451 | 3.79 |
| Wesfarmers | 6,000,000 | 131,094,025 | 2.76 |
| Woodside Petroleum | 6,000,000 | 119,348,151 | 2.51 |
| New Zealand 6.65% (5.44%) | | | |
| Genesis | 20,000,000 | 21,504,298 | 0.45 |
| Meridian Energy | 170,000,000 | 149,126,544 | 3.14 |
| Mighty River Power | 30,000,000 | 44,662,773 | 0.94 |
| Telecom | 50,000,000 | 77,946,816 | 1.64 |
| Z Energy | 10,000,000 | 22,757,463 | 0.48 |
| China 2.78% (3.86%) | | | |
| China Shenhua Energy | 30,000,000 | 56,691,546 | 1.19 |
| PetroChina | 90,000,000 | 63,861,724 | 1.34 |
| Yuexiu Transport Infrastructure | 30,000,000 | 11,710,464 | 0.25 |
| Hong Kong 10.13% (16.31%) | | | |
| Belle International | 12,000,000 | 8,643,910 | 0.18 |
| Hopwell Highway | 90,000,000 | 28,804,764 | 0.61 |
| Hui Xian | 30,000,000 | 10,761,303 | 0.23 |
| Link Real Estate Investment Trust | 30,000,000 | 120,329,977 | 2.53 |
| Man Wah | 30,000,000 | 31,558,707 | 0.66 |
| NWS Holdings | 40,000,000 | 47,172,659 | 0.99 |
| RREF China Commercial Trust | 5,000,000 | 0 | 0.00 |
| Sands China | 40,000,000 | 126,367,151 | 2.66 |
| Wynn Macau | 60,000,000 | 107,676,722 | 2.27 |
| Indonesia 0.94% (1.51%) | | | |
| Telekomunikasi Indonesia Persero | 300,000,000 | 44,429,916 | 0.94 |
| South Korea 1.43% (1.35%) | | | |
| Macquarie Korea Infrastructure Fund | 17,000,000 | 67,946,448 | 1.43 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Malaysia 3.52% (3.49%) | | | |
| Axiata | 50,000,000 | 64,656,358 | 1.36 |
| IGB Real Estate Investment Trust | 140,000,000 | 33,382,857 | 0.70 |
| KLCC Property | 10,000,000 | 12,307,636 | 0.26 |
| Pavilion Real Estate | 90,000,000 | 23,606,449 | 0.50 |
| Sunway Real Estate | 120,000,000 | 33,016,013 | 0.70 |
| Philippines 3.32% (3.30%) | | | |
| Manila Electric | 9,000,000 | 32,903,627 | 0.69 |
| Philippine Long Distance Telephone | 3,000,000 | 124,904,748 | 2.63 |
| Singapore 14.46% (14.76%) | | | |
| Cache Logistics Trust | 50,000,000 | 27,949,860 | 0.59 |
| Hutchison Port | 200,000,000 | 87,862,755 | 1.85 |
| Keppel | 17,000,000 | 72,732,552 | 1.53 |
| Keppel Real Estate Investment Trust | 100,000,000 | 58,803,601 | 1.24 |
| K-Green Trust | 60,000,000 | 30,926,338 | 0.65 |
| Mapletree Commercial Trust | 50,000,000 | 34,120,608 | 0.72 |
| Mapletree Greater | 100,000,000 | 45,736,134 | 0.96 |
| Mapletree Industrial Real Estate Investment Trust | 50,000,000 | 35,814,539 | 0.75 |
| Mapletree Logistics Trust | 100,000,000 | 57,351,660 | 1.21 |
| Parkway Life Real Estate Investment Trust | 60,000,000 | 68,531,604 | 1.44 |
| Singapore Telecommunications | 50,000,000 | 94,376,149 | 1.99 |
| SPH Property | 50,000,000 | 25,045,978 | 0.53 |
| Suntec Real Estate Investment Trust | 50,000,000 | 47,430,065 | 1.00 |
| Taiwan 6.07% (4.82%) | | | |
| Delta Electronics | 2,500,000 | 9,563,596 | 0.20 |
| MediaTek | 2,500,000 | 23,414,320 | 0.49 |
| Taiwan Mobile | 40,000,000 | 84,423,465 | 1.78 |
| Taiwan Semiconductor Manufacturing | 60,000,000 | 171,079,281 | 3.60 |
| Thailand 6.96% (6.29%) | | | |
| Advanced Info Service (Alien Market) | 20,000,000 | 97,857,086 | 2.06 |
| Bangkok Bank | 10,000,000 | 38,012,215 | 0.80 |
| Bangkok Expressway | 50,000,000 | 38,012,215 | 0.80 |
| BTS Rail Mass Transit | 70,000,000 | 13,440,729 | 0.28 |
| Intouch (non-voting Depository Receipts) | 70,000,000 | 107,116,471 | 2.26 |
| Tesco Lotus Retail Growth Freehold & Leasehold Property | 150,000,000 | 35,965,403 | 0.76 |
| Portfolio of investments | | 4,450,513,945 | 93.70 |
| Net current assets | | 299,041,580 | 6.30 |
| Total Net Assets | | 4,749,555,525 | 100.00 |

Total unapproved and unquoted securities 0.00%

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the United Kingdom portfolio categories, which, at 30 June 2014, represented 3.64% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|---------------------|---------------------------|---------------------|-----------------------------|
| Income | | | | |
| Net capital gains/(losses) | | 146,398,487 | | (335,013,169) |
| Revenue | 117,322,123 | | 97,020,655 | |
| Expenses | <u>(25,384,891)</u> | | <u>(24,479,097)</u> | |
| Net revenue before taxation | 91,937,232 | | 72,541,558 | |
| Taxation | <u>(8,146,498)</u> | | <u>(5,965,796)</u> | |
| Net revenue after taxation | | <u>83,790,734</u> | | <u>66,575,762</u> |
| Total return before distributions | | 230,189,221 | | (268,437,407) |
| Finance costs: Distributions | | (105,885,010) | | (87,524,397) |
| Change in net assets attributable to Shareholders from investment activities | | <u>124,304,211</u> | | <u>(355,961,804)</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|----------------------|-----------------------------|----------------------|-----------------------------|
| Opening net assets attributable to Shareholders | | 4,574,993,748 | | 3,864,862,310 |
| Amounts receivable on issue of shares | 448,674,207 | | 813,972,158 | |
| Amounts payable on cancellation of shares | <u>(441,366,843)</u> | | <u>(206,657,852)</u> | |
| | | 7,307,364 | | 607,314,306 |
| Dilution adjustment | | 178,564 | | 423,014 |
| Stamp Duty Reserve Tax | | - | | (88,885) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 124,304,211 | | (355,961,804) |
| Retained distributions on accumulation shares | | 42,771,375 | | 26,466,308 |
| Unclaimed distributions | | 263 | | 2,535 |
| Closing net assets attributable to Shareholders | | <u>4,749,555,525</u> | | <u>4,143,017,784</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|--------------|----------------------|--------------|----------------------|
| ASSETS | | | | |
| Investment assets | | 4,450,513,945 | | 4,526,877,030 |
| Debtors | 24,511,930 | | 46,270,246 | |
| Cash and bank balances | 312,769,348 | | 44,046,968 | |
| Total other assets | | 337,281,278 | | 90,317,214 |
| Total assets | | 4,787,795,223 | | 4,617,194,244 |
| LIABILITIES | | | | |
| Creditors | (17,577,904) | | (6,919,741) | |
| Distribution payable on income shares | (20,661,794) | | (35,280,755) | |
| Total other liabilities | | (38,239,698) | | (42,200,496) |
| Total liabilities | | (38,239,698) | | (42,200,496) |
| Net assets attributable to Shareholders | | 4,749,555,525 | | 4,574,993,748 |

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.4282 | 0.1428 | 1.2854 | 0.0000 | 1.2854 | 1.1129 |
| Group 2 | 0.8764 | 0.0876 | 0.7888 | 0.4966 | 1.2854 | 1.1129 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.5199 | 0.1520 | 1.3679 | 0.0000 | 1.3679 | 1.1948 |
| Group 2 | 1.0854 | 0.1085 | 0.9769 | 0.3910 | 1.3679 | 1.1948 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.3629 | 0.2363 | 2.1266 | 0.0000 | 2.1266 | 1.7682 |
| Group 2 | 1.6502 | 0.1650 | 1.4852 | 0.6414 | 2.1266 | 1.7682 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 1.5884 | 0.1588 | 1.4296 | 0.0000 | 1.4296 | 1.2596 |
| Group 2 | 1.3051 | 0.1305 | 1.1746 | 0.2550 | 1.4296 | 1.2596 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.8720 | 0.0872 | 0.7848 | 0.0000 | 0.7848 | 0.6832 |
| Group 2 | 0.5210 | 0.0521 | 0.4689 | 0.3159 | 0.7848 | 0.6832 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.9612 | 0.0961 | 0.8651 | 0.0000 | 0.8651 | 0.7199 |
| Group 2 | 0.6396 | 0.0640 | 0.5756 | 0.2895 | 0.8651 | 0.7199 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.8330 | 0.0833 | 0.7497 | 0.0000 | 0.7497 | 0.6489 |
| Group 2 | 0.5639 | 0.0564 | 0.5075 | 0.2422 | 0.7497 | 0.6489 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.9138 | 0.0914 | 0.8224 | 0.0000 | 0.8224 | 0.6795 |
| Group 2 | 0.6116 | 0.0612 | 0.5504 | 0.2720 | 0.8224 | 0.6795 |
| P Shares (Net Income) | | | | | | |
| Group 1 | 0.8557 | 0.0856 | 0.7701 | 0.0000 | 0.7701 | 0.6459 |
| Group 2 | 0.8557 | 0.0856 | 0.7701 | 0.0000 | 0.7701 | 0.6459 |

Interim dividend distribution in cents per Share

| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Institutional Shares (Accumulation) Euro | | | | | | |
| Group 1 | 1.1148 | 0.1115 | 1.0033 | 0.0000 | 1.0033 | 0.7780 |
| Group 2 | 0.8764 | 0.0876 | 0.7888 | 0.2145 | 1.0033 | 0.7780 |
| Institutional Shares (Income) Euro | | | | | | |
| Group 1 | 0.9268 | 0.0927 | 0.8341 | 0.0000 | 0.8341 | 0.6807 |
| Group 2 | 0.5917 | 0.0592 | 0.5325 | 0.3016 | 0.8341 | 0.6807 |
| Euro Accumulation Shares | | | | | | |
| Group 1 | 1.0198 | 0.1020 | 0.9178 | 0.0000 | 0.9178 | 0.7054 |
| Group 2 | 0.6570 | 0.0657 | 0.5913 | 0.3265 | 0.9178 | 0.7054 |
| Euro Income Shares | | | | | | |
| Group 1 | 0.8991 | 0.0899 | 0.8092 | 0.0000 | 0.8092 | 0.6529 |
| Group 2 | 0.5814 | 0.0581 | 0.5233 | 0.2859 | 0.8092 | 0.6529 |

Distribution Statements (continued)**Interim dividend distribution in cents per Share (continued)**

| | | | | | | Period |
|---|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Institutional Shares (Income) USD | | | | | | |
| Group 1 | 0.8484 | 0.0848 | 0.7636 | 0.0000 | 0.7636 | 0.7092 |
| Group 2 | 0.6193 | 0.0619 | 0.5574 | 0.2062 | 0.7636 | 0.7092 |
| Institutional Shares (Accumulation) USD | | | | | | |
| Group 1 | 0.9601 | 0.0960 | 0.8641 | 0.0000 | 0.8641 | 0.7624 |
| Group 2 | 0.6929 | 0.0693 | 0.6236 | 0.2405 | 0.8641 | 0.7624 |
| USD Income Shares | | | | | | |
| Group 1 | 0.8232 | 0.0823 | 0.7409 | 0.0000 | 0.7409 | 0.6829 |
| Group 2 | 0.5959 | 0.0596 | 0.5363 | 0.2046 | 0.7409 | 0.6829 |
| USD Accumulation Shares | | | | | | |
| Group 1 | 0.9300 | 0.0930 | 0.8370 | 0.0000 | 0.8370 | 0.7306 |
| Group 2 | 0.5822 | 0.0582 | 0.5240 | 0.3130 | 0.8370 | 0.7306 |
| X Shares (Net Accumulation) USD | | | | | | |
| Group 1 | 0.8501 | 0.0850 | 0.7651 | 0.0000 | 0.7651 | 0.6873 |
| Group 2 | 0.8501 | 0.0850 | 0.7651 | 0.0000 | 0.7651 | 0.6873 |

Interim dividend distribution in pence per Share

| | | | | | | Period |
|---|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 2.8963 | 0.2896 | 2.6067 | 0.0000 | 2.6067 | 2.6970 |
| Group 2 | 1.6500 | 0.1650 | 1.4850 | 1.1217 | 2.6067 | 2.6970 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 3.0534 | 0.3053 | 2.7481 | 0.0000 | 2.7481 | 2.8688 |
| Group 2 | 1.8552 | 0.1855 | 1.6697 | 1.0784 | 2.7481 | 2.8688 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 4.6771 | 0.4677 | 4.2094 | 0.0000 | 4.2094 | 4.2121 |
| Group 2 | 1.7020 | 0.1702 | 1.5318 | 2.6776 | 4.2094 | 4.2121 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 3.1874 | 0.3187 | 2.8687 | 0.0000 | 2.8687 | 3.0240 |
| Group 2 | 2.2138 | 0.2214 | 1.9924 | 0.8763 | 2.8687 | 3.0240 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.7517 | 0.1752 | 1.5765 | 0.0000 | 1.5765 | 1.6534 |
| Group 2 | 1.1247 | 0.1125 | 1.0122 | 0.5643 | 1.5765 | 1.6534 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.9027 | 0.1903 | 1.7124 | 0.0000 | 1.7124 | 1.7184 |
| Group 2 | 1.1313 | 0.1131 | 1.0182 | 0.6942 | 1.7124 | 1.7184 |

Distribution Statements (continued)**Interim dividend distribution in pence per Share (continued)**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.6891 | 0.1689 | 1.5202 | 0.0000 | 1.5202 | 1.5892 |
| Group 2 | 1.0091 | 0.1009 | 0.9082 | 0.6120 | 1.5202 | 1.5892 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.8263 | 0.1826 | 1.6437 | 0.0000 | 1.6437 | 1.6447 |
| Group 2 | 0.9406 | 0.0941 | 0.8465 | 0.7972 | 1.6437 | 1.6447 |
| P Shares (Net Income) | | | | | | |
| Group 1 | 1.7187 | 0.1719 | 1.5468 | 0.0000 | 1.5468 | 1.6124 |
| Group 2 | 1.7187 | 0.1719 | 1.5468 | 0.0000 | 1.5468 | 1.6124 |

Interim dividend distribution in cents per Share

| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Institutional Shares (Accumulation) Euro | | | | | | |
| Group 1 | 2.1976 | 0.2198 | 1.9778 | 0.0000 | 1.9778 | 1.8365 |
| Group 2 | 0.8919 | 0.0892 | 0.8027 | 1.1751 | 1.9778 | 1.8365 |
| Institutional Shares (Income) Euro | | | | | | |
| Group 1 | 1.8540 | 0.1854 | 1.6686 | 0.0000 | 1.6686 | 1.6174 |
| Group 2 | 1.0953 | 0.1095 | 0.9858 | 0.6828 | 1.6686 | 1.6174 |
| Euro Accumulation Shares | | | | | | |
| Group 1 | 2.0300 | 0.2030 | 1.8270 | 0.0000 | 1.8270 | 1.6832 |
| Group 2 | 0.8213 | 0.0821 | 0.7392 | 1.0878 | 1.8270 | 1.6832 |
| Euro Income Shares | | | | | | |
| Group 1 | 1.8158 | 0.1816 | 1.6342 | 0.0000 | 1.6342 | 1.5779 |
| Group 2 | 1.1323 | 0.1132 | 1.0191 | 0.6151 | 1.6342 | 1.5779 |
| Institutional Shares (Income) USD | | | | | | |
| Group 1 | 1.7721 | 0.1772 | 1.5949 | 0.0000 | 1.5949 | 1.6772 |
| Group 2 | 1.4858 | 0.1486 | 1.3372 | 0.2577 | 1.5949 | 1.6772 |
| Institutional Shares (Accumulation) USD | | | | | | |
| Group 1 | 1.9768 | 0.1977 | 1.7791 | 0.0000 | 1.7791 | 1.7628 |
| Group 2 | 0.7376 | 0.0738 | 0.6638 | 1.1153 | 1.7791 | 1.7628 |
| USD Income Shares | | | | | | |
| Group 1 | 1.7358 | 0.1736 | 1.5622 | 0.0000 | 1.5622 | 1.6256 |
| Group 2 | 0.7048 | 0.0705 | 0.6343 | 0.9279 | 1.5622 | 1.6256 |
| USD Accumulation Shares | | | | | | |
| Group 1 | 1.9328 | 0.1933 | 1.7395 | 0.0000 | 1.7395 | 1.7311 |
| Group 2 | 0.6239 | 0.0624 | 0.5615 | 1.1780 | 1.7395 | 1.7311 |
| X Shares (Net Accumulation) USD | | | | | | |
| Group 1 | 1.7392 | 0.1739 | 1.5653 | 0.0000 | 1.5653 | n/a |
| Group 2 | 1.7392 | 0.1739 | 1.5653 | 0.0000 | 1.5653 | n/a |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|------------------|---------------------------|-----------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 346,955,567 | | 821,098,080 |
| Commissions | 437,217 | | 1,667,532 | |
| Taxes | <u>281,587</u> | | <u>326,201</u> | |
| Total purchase costs | | 718,804 | | 1,993,733 |
| Gross purchases total | | <u>347,674,371</u> | | <u>823,091,813</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 556,103,369 | | 173,989,396 |
| Commissions | (640,179) | | (386,713) | |
| Taxes | <u>(339,336)</u> | | <u>(99,871)</u> | |
| Total sales costs | | (979,515) | | (486,584) |
| Total sales net of transaction costs | | <u>555,123,854</u> | | <u>173,502,812</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON CONTINENTAL EUROPEAN FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|--|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £167.17m |
| Comparative Index: | FTSE Europe ex UK TR GBP |
| Sector: | The Investment Association Europe Excluding UK |
| Yield as at 31 December 2014: | |
| Sterling Income Shares | 1.17% |
| Euro Accumulation Shares | 0.31% |
| Exempt Shares 1 (Net Accumulation) | 2.02% |
| Institutional Shares W (Net Income) | 2.02% |
| Institutional Shares W (Net Accumulation) | 1.94% |
| Retail Advised Shares B (Net Income) | 1.84% |
| Retail Advised Shares B (Net Accumulation) | 1.66% |
| Key Dates: Fund Launch | 01 June 1987 (managed by Newton since November 1994) |

Investment Objective

The objective of the Fund is to achieve long-term capital growth from a portfolio of predominantly European securities. The Fund may also invest in collective investment schemes.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | -1.62 | 24.65% | 18.47% | -17.19% | 2.32% |
| Euro Accumulation Shares | -2.36 | 24.58% | 17.45% | -17.28% | 1.32% |
| Exempt Shares 1 (Net Accumulation) | -0.57 | 26.00% | 19.73% | -16.30% | 3.42% |
| Institutional Shares W (Net Income)* | -0.83 | 25.70% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | -0.84 | 25.70% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | -1.15 | 25.27% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | -1.16 | 25.29% | n/a | n/a | n/a |
| FTSE Europe ex UK TR GBP | 0.16 | 25.18% | 17.82% | -14.71% | 5.75% |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period in review, the Sterling Income Share Class of the Sub-Fund returned -1.32% against a return of -2.88% from the FTSE World Europe ex UK Index.

The Fund delivered a negative return that was better than the decline in the FTSE World Europe ex UK Index. Sector positioning boosted the Fund's relative returns overall, especially having an overweight position in healthcare. Stock selection, however, was the main source of outperformance, particularly in basic materials. Top contributors at the stock level included Nokia of Finland and German companies LEG and Bayer. Nokia continued to show that, without its devices business (which it sold in 2013), it is once again profitable, growing and cash-generative. Residential real-estate firm LEG outperformed as successive cuts to the European Central Bank's already low interest rates supported the German property market. Bayer rose after announcing it was to float its lower profit plastics division on the stock market and focus more on healthcare. Detractors from performance included French cable manufacturer Nexans, which reported disappointing second-quarter results. Oil companies Galp Energia of Portugal and Statoil of Norway both suffered as the oil price fell precipitously to the lowest levels since the financial crisis.

The Fund established new positions in Vivendi, Infineon and the aforementioned Statoil. French media company Vivendi is steadily divesting its telecommunications assets and refocusing on media. Infineon of Germany is a leader in key niches of industrial and automotive semiconductors, and is outgrowing and out-investing its peers. Statoil has enjoyed relative success in finding new hydrocarbon reserves in recent years. It has also led its industry in arguing for greater capital discipline and better management of expenses. These purchases were funded by the sale of emerging market-orientated telecoms and media firm Millicom, as it became clear that its roll-out of online services in emerging markets would be less profitable than Newton had previously thought. The Fund sold Norwegian media group Schibsted as it was starting to look overvalued following good performance; the company also faces increasing competition. The position in French construction company Vinci was exited owing to concerns about the increasingly slow French economy. The Fund also sold vehicle parts supplier Valeo and telecoms provider Swisscom, as their respective investment cases had materialised.

The table below shows the major purchases and sales for the period.

| Purchases | Sales |
|-----------------------|-------------------------------------|
| Vivendi | Total |
| Entra | Enel |
| Sanofi | Vinci |
| TeliaSonera | UniCredit |
| Unilever | AP Moeller-Maersk series 'B' shares |
| Statoil | Deutsche Telekom |
| Deutsche Telekom | Atlantia |
| MTU Aero Engines | Sanofi |
| Infineon Technologies | Swisscom |
| Continental | Ahold |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 174.38 | 141.46 | 1.9553 |
| 2011 | 176.41 | 125.03 | 2.3903 |
| 2012 | 162.25 | 135.66 | 3.0310 |
| 2013 | 198.42 | 162.75 | 2.2286 |
| 2014 | 204.31 | 174.72 | 2.3222 |
| Euro Accumulation Shares | Cents | Cents | Cents |
| 2010 | 100.08 | 84.11 | 0.7392 |
| 2011 | 103.00 | 72.58 | 0.7584 |
| 2012 | 101.94 | 84.42 | 1.3424 |
| 2013 | 122.68 | 101.13 | 0.3084 |
| 2014 | 130.75 | 114.34 | 1.2750 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 157.09 | 129.56 | 3.3519 |
| 2011 | 163.03 | 117.65 | 3.8922 |
| 2012 | 157.99 | 129.06 | 4.3313 |
| 2013 | 197.46 | 158.50 | 3.9450 |
| 2014 | 204.65 | 177.74 | 4.4445 |
| P Shares (Net Income)*** | Pence | Pence | Pence |
| 2012 (from 20 June) | 116.49 | 97.00 | 0.0458 |
| 2013 (to 23 September) | 136.16 | 116.86 | 2.3481 |
| ***P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 30 August) | 110.77 | 100.00 | n/a |
| 2013 | 135.17 | 111.13 | 2.6289 |
| 2014 | 139.88 | 118.93 | 2.7523 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 30 August) | 110.77 | 100.00 | n/a |
| 2013 | 138.18 | 111.13 | 2.6332 |
| 2014 | 142.99 | 124.08 | 2.8052 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 27 September) | 107.30 | 98.19 | n/a |
| 2013 | 130.82 | 107.64 | 2.3250 |
| 2014 | 135.11 | 115.17 | 2.1814 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 27 September) | 107.30 | 98.19 | n/a |
| 2013 | 133.48 | 107.64 | 2.1697 |
| 2014 | 137.86 | 119.49 | 2.2544 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Sterling Income Shares | | | |
| | | Pence | |
| 30/06/2012 | 154,806,391 | 140.14 | 110,466,430 |
| 30/06/2013 | 165,581,648 | 173.27 | 95,564,051 |
| 30/06/2014 | 164,407,252 | 194.79 | 84,400,630 |
| 31/12/2014 | 151,200,718 | 191.11 | 79,115,304 |
| Euro Accumulation Shares | | | |
| | | Cents | |
| 30/06/2012 | 1,399,223 | 89.57 | 1,937,381 |
| 30/06/2013 | 1,126,989 | 104.93 | 1,253,235 |
| 30/06/2014 | 2,560,677 | 127.12 | 2,515,555 |
| 31/12/2014 | 2,545,628 | 128.35 ** | 2,555,654 |
| **Euro/Sterling exchange rate at close of business 31 December 2014 | | 1.288550 | |
| Exempt Shares 1 (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2012 | 1,542,058 | 135.79 | 1,135,596 |
| 30/06/2013 | 1,768,497 | 171.81 | 1,029,317 |
| 30/06/2014 | 1,357,619 | 197.56 | 687,188 |
| 31/12/2014 | 950,837 | 194.86 | 487,959 |
| P Shares (Net Income)*** | | | |
| | | Pence | |
| 30/06/2012 | 15,055 | 100.37 | 15,000 |
| 30/06/2013 | 39,465 | 124.03 | 31,820 |
| ***P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 1,243,454 | 117.71 | 1,056,361 |
| 30/06/2014 | 5,781,679 | 132.27 | 4,371,246 |
| 31/12/2014 | 8,685,985 | 130.28 | 6,667,380 |
| Institutional Shares W (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 211,619 | 120.33 | 175,869 |
| 30/06/2014 | 1,130,260 | 138.02 | 818,930 |
| 31/12/2014 | 1,611,069 | 135.93 | 1,185,191 |
| Retail Advised Shares B (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 2,384,540 | 114.04 | 2,090,889 |
| 30/06/2014 | 2,245,936 | 128.21 | 1,751,764 |
| 31/12/2014 | 2,170,703 | 126.08 | 1,721,751 |
| Retail Advised Shares B (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 5,818 | 116.34 | 5,001 |
| 30/06/2014 | 6,652 | 133.04 | 5,000 |
| 31/12/2014 | 6,541 | 130.82 | 5,000 |

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| Share Class | % | % |
| Sterling Income Shares | 1.65 | 1.65 |
| Euro Accumulation Shares | 2.15 | 2.15 |
| Exempt Shares 1 (Net Accumulation) | 0.58 | 0.58 |
| Institutional Shares W (Net Income) | 0.84 | 0.83 |
| Institutional Shares W (Net Accumulation) | 0.84 | 0.83 |
| Retail Advised Shares B (Net Income) | 1.15 | 1.15 |
| Retail Advised Shares B (Net Accumulation) | 1.15 | 1.15 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Belgium 2.33% (2.03%) | | | |
| Anheuser-Busch InBev | 53,700 | 3,898,673 | 2.33 |
| Denmark 2.49% (5.13%) | | | |
| AP Moller-Maersk series 'B' shares | 1,262 | 1,625,629 | 0.97 |
| Novo Nordisk | 93,613 | 2,538,558 | 1.52 |
| Finland 4.44% (3.28%) | | | |
| Nokia | 1,457,136 | 7,418,270 | 4.44 |
| France 11.25% (16.00%) | | | |
| Air Liquide | 36,976 | 2,949,930 | 1.77 |
| Nexans | 134,037 | 2,642,148 | 1.58 |
| Sanofi | 70,488 | 4,130,103 | 2.47 |
| Vivendi | 416,849 | 6,691,647 | 4.00 |
| Worldline | 193,082 | 2,397,510 | 1.43 |
| Germany 21.95% (16.67%) | | | |
| Bayer | 93,010 | 8,189,038 | 4.90 |
| Brenntag | 71,590 | 2,596,252 | 1.55 |
| Commerzbank | 640,088 | 5,454,322 | 3.26 |
| Continental | 25,215 | 3,441,122 | 2.06 |
| Deutsche Telekom | 200,892 | 2,073,543 | 1.24 |
| Infineon Technologies | 340,356 | 2,329,440 | 1.39 |
| LEG Immobilien | 116,183 | 5,589,371 | 3.35 |
| MTU Aero Engines | 80,515 | 4,490,794 | 2.69 |
| Wacker Chemie | 35,696 | 2,528,680 | 1.51 |
| Ireland 1.83% (1.20%) | | | |
| CRH | 197,773 | 3,053,583 | 1.83 |
| Italy 3.24% (11.74%) | | | |
| Atlantia | 58,720 | 880,880 | 0.53 |
| Pirelli | 209,541 | 1,821,318 | 1.09 |
| UniCredit | 197,885 | 819,306 | 0.49 |
| Yoox | 131,996 | 1,883,828 | 1.13 |
| Netherlands 4.19% (7.54%) | | | |
| Ahold | 186,492 | 2,135,493 | 1.28 |
| Wolters Kluwer | 247,492 | 4,868,978 | 2.91 |
| Norway 5.37% (3.74%) | | | |
| DNB | 300,092 | 2,841,627 | 1.70 |
| Entra | 668,028 | 4,371,406 | 2.61 |
| Statoil | 157,294 | 1,765,270 | 1.06 |
| Portugal - 1.18% (2.67%) | | | |
| Galp Energia | 301,908 | 1,970,234 | 1.18 |
| Spain 3.42% (2.56%) | | | |
| Inditex | 310,873 | 5,719,021 | 3.42 |
| Sweden 5.23% (4.76%) | | | |
| Ericsson series 'B' shares | 363,805 | 2,810,617 | 1.68 |
| Skandinaviska Enskilda Banken series 'A' shares | 216,376 | 1,764,703 | 1.06 |
| TeliaSonera | 1,008,688 | 4,164,939 | 2.49 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Switzerland 22.49% (21.97%) | | | |
| Credit Suisse | 105,121 | 1,700,961 | 1.02 |
| Nestlé | 203,869 | 9,592,442 | 5.74 |
| Novartis | 166,262 | 9,904,787 | 5.92 |
| Roche | 57,244 | 9,968,329 | 5.96 |
| Zurich Financial Services | 32,023 | 6,442,424 | 3.85 |
| United Kingdom 4.62% (0.00%) | | | |
| Reed Elsevier | 305,966 | 4,707,443 | 2.82 |
| Unilever | 119,093 | 3,016,259 | 1.80 |
| Derivatives 0.15% (0.00%) | | | |
| Euro Stoxx 50 January 2015 3150 (Put option) | 528 | 256,102 | 0.15 |
| Portfolio of investments | | 157,444,980 | 94.18 |
| Net current assets | | 9,726,501 | 5.82 |
| Total Net Assets | | 167,171,481 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-------------|--------------------|-------------|-------------------|
| Income | | | | |
| Net capital (losses)/gains | | (2,532,979) | | 24,080,655 |
| Revenue | 324,640 | | 848,227 | |
| Expenses | (1,362,666) | | (1,488,292) | |
| Finance costs: Interest | (4,654) | | - | |
| Net expenses before taxation | (1,042,680) | | (640,065) | |
| Taxation | 229,892 | | (77,375) | |
| Net expenses after taxation | | (812,788) | | (717,440) |
| Total return before distributions | | (3,345,767) | | 23,363,215 |
| Finance costs: Distributions | | 27,584 | | 90 |
| Change in net assets attributable to Shareholders from investment activities | | (3,318,183) | | 23,363,305 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------|--------------------|-------------|--------------------|
| Opening net assets attributable to Shareholders | | 177,490,075 | | 172,362,030 |
| Amounts receivable on issue of shares | 3,281,995 | | 2,839,225 | |
| Amounts payable on cancellation of shares | (10,282,406) | | (9,448,262) | |
| | | (7,000,411) | | (6,609,037) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (3,318,183) | | 23,363,305 |
| Unclaimed distributions | | - | | 4,803 |
| Closing net assets attributable to Shareholders | | 167,171,481 | | 189,121,101 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|--------------------|-------------|--------------------|
| ASSETS | | | | |
| Investment assets | | 157,444,980 | | 176,226,731 |
| Debtors | 488,644 | | 7,996,646 | |
| Cash and bank balances | 9,764,339 | | 2,623,092 | |
| Total other assets | | 10,252,983 | | 10,619,738 |
| Total assets | | 167,697,963 | | 186,846,469 |
| LIABILITIES | | | | |
| Creditors | (526,482) | | (7,237,920) | |
| Distribution payable on income shares | - | | (2,118,474) | |
| Total other liabilities | | (526,482) | | (9,356,394) |
| Total liabilities | | (526,482) | | (9,356,394) |
| Net assets attributable to Shareholders | | 167,171,481 | | 177,490,075 |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|--------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 43,201,972 | | 54,105,618 |
| Commissions | 22,634 | | 25,130 | |
| Taxes | <u>37,217</u> | | <u>57,318</u> | |
| Total purchase costs | | 59,851 | | 82,448 |
| Gross purchases total | | <u>43,261,823</u> | | <u>54,188,066</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 59,508,861 | | 65,285,865 |
| Commissions | (28,721) | | (33,385) | |
| Taxes | <u>(1)</u> | | <u>-</u> | |
| Total sales costs | | (28,722) | | (33,385) |
| Total sales net of transaction costs | | <u>59,480,139</u> | | <u>65,252,480</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON EMERGING INCOME FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £218.53m |
| Comparative Index: | FTSE AW Emerging TR GBP |
| Sector: | The Investment Association Global Emerging Markets |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 4.52% |
| Sterling Accumulation Shares | 4.36% |
| X Shares (Net Income) | 4.49% |
| X Shares (Net Accumulation) | 4.32% |
| Institutional Shares W (Net Income) | 4.50% |
| Institutional Shares W (Net Accumulation) | 4.34% |
| Institutional Shares (Income) | 4.53% |
| Institutional Shares (Accumulation) | 4.33% |
| Retail Advised Shares B (Net Income) | 4.50% |
| Retail Advised Shares B (Net Accumulation) | 4.34% |

Key Dates: Fund Launch 04 October 2012

Investment Objective

The objective of the Fund is to achieve income together with long-term capital growth predominantly through investments in a diversified portfolio of securities in global emerging markets.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 0.29% | -7.57% | n/a | n/a | n/a |
| Sterling Accumulation Shares* | 0.29% | -7.55% | n/a | n/a | n/a |
| X Shares (Net Income)* | 1.82% | -6.11% | n/a | n/a | n/a |
| X Shares (Net Accumulation)* | 1.83% | -6.09% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 1.11% | -6.80% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 1.11% | -6.79% | n/a | n/a | n/a |
| Institutional Shares (Income)* | 0.85% | -6.99% | n/a | n/a | n/a |
| Institutional Shares (Accumulation)* | 0.86% | -7.03% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 0.79% | -7.10% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 0.80% | -7.08% | n/a | n/a | n/a |
| FTSE AW Emerging TR GBP | 7.87% | -5.29% | 12.76% | -18.36% | 23.58% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six months in review, the Sterling Income Share Class of the Sub-Fund returned -0.48% compared with a return of +3.54% from the FTSE AW Emerging Index.

Stock selection was the main source of the Fund's underperformance, particularly in financials. Sector positioning boosted relative returns, especially being underweight in oil & gas as the oil price slumped. At the stock level, Kimberly-Clark de Mexico (personal care products), Sands China (Macau casinos), and BHP Billiton (mining) were among the main performance detractors. Kimberly-Clark underperformed as investors focused on adverse macroeconomic conditions and increasing competition – both short-term threats in the fund manager's view. Sands China shares sold off on concerns about the Chinese government's anti-corruption drive and credit problems among junket operators, while BHP Billiton weakened in sympathy with iron-ore prices. Not holding Petrobras of Brazil or Gazprom of Russia was beneficial. The falling oil price hurt both stocks but Petrobras was also affected by a corruption scandal, while Gazprom suffered in relation to Russia's conflict with Ukraine. Of stocks held, Link Real Estate Investment Trust, which has a resilient portfolio of Hong Kong shopping centres, was the best contributor.

In the first half of the period, sales included Biostime, a Chinese producer of infant milk formula, on concerns over a reduced dividend and pressure from lower margin rivals. The Fund also exited Chilean pension-fund manager ILC after it made an acquisition which was not in line with the Fund's investment case. Reductions were made in Komerční Banka of the Czech Republic and Santander Mexico, after strong performance left valuations appearing stretched; by contrast, Georgian banks TBC and Bank of Georgia looked undervalued and the holdings were increased accordingly. A position was started in Portuguese oil company Galp, which has reserves off Brazil but with less risk of government intervention than peers with similar assets. No further new purchases or disposals were made but adjustments were made to a number of positions. Increased positions included British American Tobacco, which, the fund manager believes, offers consistent long-term growth; Chinese furniture company Man Wah, which is improving margins; Taiwanese bicycle manufacturer Merida, which should benefit from the trend towards healthy pursuits as incomes increase; and Taiwanese chipmaker Mediatek, well placed to gain from low-cost smartphone proliferation. The Fund also added back to Komerční, following encouraging results and an increased dividend. Reductions in the latter part of the period included PT Telkom of Indonesia and Philippine Long Distance Telephone, on concerns over the competitive environment, and Brazilian brewer AmBev, on concerns over the Brazilian economy.

The table below shows the top ten purchases and sales for the period.

Purchases

Bank of Georgia
Merida Industry
Galp Energia
Man Wah
Delta Electronics
MediaTek
PetroChina
Komerční Banka
TBC Bank GDR
Powszechny Zakład Ubezpieczeń

Sales

Philippine Long Distance Telecom
Inversiones La Construcción
Standard Chartered
MTN
Komerční Banka
Biostime International
Ambev ADR
Grupo Financiero Santander Mexico ADR
Taiwan Semiconductor Manufacturing
Telekomunikasi Indonesia

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2012 (from 4 October) | 107.21 | 99.39 | 0.9140 |
| 2013 | 119.32 | 94.07 | 4.2874 |
| 2014 | 101.83 | 86.44 | 4.1684 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2012 (from 4 October) | 107.21 | 99.39 | 0.9173 |
| 2013 | 120.66 | 98.18 | 4.3897 |
| 2014 | 109.75 | 92.12 | 4.4543 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 October) | 107.60 | 99.43 | 0.9065 |
| 2013 | 120.14 | 95.90 | 4.3596 |
| 2014 | 104.92 | 89.43 | 4.2838 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 October) | 107.59 | 99.43 | 0.8969 |
| 2013 | 121.84 | 100.07 | 4.4641 |
| 2014 | 113.07 | 94.06 | 4.5706 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 October) | 107.42 | 99.41 | 0.9268 |
| 2013 | 119.74 | 95.02 | 4.3130 |
| 2014 | 103.45 | 88.02 | 4.2207 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 15 October) | 107.38 | 100.50 | 0.7577 |
| 2013 | 121.25 | 99.13 | 4.4133 |
| 2014 | 111.45 | 93.10 | 4.5041 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2012 (from 15 October) | 107.32 | 100.50 | 0.7563 |
| 2013 | 119.76 | 94.83 | 4.4019 |
| 2014 | 103.02 | 87.59 | 4.2133 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2012 (from 15 October) | 107.34 | 100.50 | 0.7860 |
| 2013 | 121.08 | 98.85 | 4.4168 |
| 2014 | 110.93 | 92.81 | 4.5001 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 23 October) | 105.60 | 98.92 | 0.6693 |
| 2013 | 117.90 | 93.32 | 4.2491 |
| 2014 | 101.38 | 86.18 | 4.1322 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 23 October) | 105.62 | 98.92 | 0.7005 |
| 2013 | 119.10 | 97.20 | 4.3294 |
| 2014 | 109.03 | 91.25 | 4.4059 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Sterling Income Shares | | | |
| 30/06/2013 | 50,781,358 | 104.75 | 48,477,499 |
| 30/06/2014 | 33,175,368 | 92.16 | 35,997,170 |
| 31/12/2014 | 28,829,071 | 90.16 | 31,976,048 |
| Sterling Accumulation Shares | | | |
| 30/06/2013 | 115,425,036 | 107.77 | 107,101,382 |
| 30/06/2014 | 72,561,860 | 99.33 | 73,051,903 |
| 31/12/2014 | 62,462,655 | 99.18 | 62,977,232 |
| X Shares (Net Income) | | | |
| 30/06/2013 | 12,042,869 | 105.96 | 11,365,597 |
| 30/06/2014 | 8,638,733 | 94.70 | 9,122,410 |
| 31/12/2014 | 9,914,069 | 93.34 | 10,621,361 |
| X Shares (Net Accumulation) | | | |
| 30/06/2013 | 40,560,524 | 109.01 | 37,209,048 |
| 30/06/2014 | 24,225,246 | 102.06 | 23,736,749 |
| 31/12/2014 | 19,109,509 | 102.67 | 18,612,268 |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 26,736,948 | 105.38 | 25,373,131 |
| 30/06/2014 | 44,015,526 | 93.48 | 47,083,962 |
| 31/12/2014 | 44,079,654 | 91.83 | 48,000,305 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 5,276,629 | 108.39 | 4,868,088 |
| 30/06/2014 | 40,314,136 | 100.71 | 40,027,993 |
| 31/12/2014 | 53,217,358 | 100.98 | 52,699,861 |
| Institutional Shares (Income) | | | |
| 30/06/2013 | 622,394 | 105.31 | 591,022 |
| 30/06/2014 | 325,179 | 93.14 | 349,129 |
| 31/12/2014 | 352,142 | 91.38 | 385,363 |
| Institutional Shares (Accumulation) | | | |
| 30/06/2013 | 195,369 | 108.21 | 180,544 |
| 30/06/2014 | 319,111 | 100.30 | 318,172 |
| 31/12/2014 | 283,217 | 100.43 | 281,999 |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 52,017 | 103.66 | 50,178 |
| 30/06/2014 | 64,757 | 91.67 | 70,641 |
| 31/12/2014 | 41,108 | 89.91 | 45,723 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 70,077 | 106.44 | 65,838 |
| 30/06/2014 | 209,246 | 98.59 | 212,239 |
| 31/12/2014 | 241,254 | 98.69 | 244,450 |

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| Share Class | % | % |
| Sterling Income Shares | 1.69 | 1.70 |
| Sterling Accumulation Shares | 1.69 | 1.70 |
| X Shares (Net Income) | 0.12 | 0.13 |
| X Shares (Net Accumulation) | 0.12 | 0.13 |
| Institutional Shares W (Net Income) | 0.87 | 0.88 |
| Institutional Shares W (Net Accumulation) | 0.87 | 0.88 |
| Institutional Shares (Income) | 1.12 | 1.13 |
| Institutional Shares (Accumulation) | 1.12 | 1.13 |
| Retail Advised Shares B (Net Income) | 1.19 | 1.20 |
| Retail Advised Shares B (Net Accumulation) | 1.19 | 1.20 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom 8.52% (1.69%) | | | |
| Bank of Georgia | 300,000 | 6,228,000 | 2.85 |
| British American Tobacco | 200,000 | 7,007,215 | 3.21 |
| Old Mutual | 2,800,000 | 5,386,242 | 2.46 |
| United States of America 1.12% (0.00%) | | | |
| TBC Bank GDR(representing 1 ordinary share each) | 310,000 | 2,445,407 | 1.12 |
| Chile 1.69% (3.19%) | | | |
| Aguas Andinas | 10,000,000 | 3,684,830 | 1.69 |
| Brazil 7.36% (8.79%) | | | |
| Alupar Investmimento | 900,000 | 3,830,342 | 1.75 |
| Ambev ADR | 1,000,000 | 3,989,097 | 1.83 |
| CCR | 1,000,000 | 3,715,499 | 1.70 |
| Transmissora Alianca de Energia Eletrica | 1,000,000 | 4,543,042 | 2.08 |
| Mexico 9.78% (10.80%) | | | |
| Fibra Shop | 5,000,000 | 4,133,499 | 1.89 |
| Fibra Uno Administracion | 3,000,000 | 5,666,374 | 2.59 |
| Grupo Financiero Santander (Sponsored ADR representing 5 ordinary shares each) | 400,000 | 2,652,557 | 1.22 |
| Kimberly Clark Mexico | 6,400,000 | 8,916,523 | 4.08 |
| China 3.63% (5.79%) | | | |
| China Shenhua Energy | 1,500,000 | 2,834,577 | 1.29 |
| PetroChina | 7,200,000 | 5,108,938 | 2.34 |
| Hong Kong 13.63% (13.64%) | | | |
| Hui Xian | 12,000,000 | 4,304,521 | 1.97 |
| Link Real Estate Investment Trust | 1,200,000 | 4,813,199 | 2.20 |
| Man Wah | 3,000,000 | 3,155,871 | 1.44 |
| NWS Holdings | 3,000,000 | 3,537,949 | 1.62 |
| Pico Far East | 27,000,000 | 3,929,952 | 1.80 |
| Sands China | 1,700,000 | 5,370,604 | 2.46 |
| Wynn Macau | 2,600,000 | 4,665,991 | 2.14 |
| Indonesia 0.88% (1.08%) | | | |
| Telekomunikasi Indonesia Persero | 13,000,000 | 1,925,296 | 0.88 |
| Malaysia 8.40% (7.81%) | | | |
| Axiata | 2,300,000 | 2,974,193 | 1.36 |
| IGB Real Estate Investment Trust | 17,000,000 | 4,053,633 | 1.86 |
| Lafarge Malayan Cement | 2,000,000 | 3,580,403 | 1.64 |
| Pavilion Real Estate | 11,700,000 | 3,068,838 | 1.40 |
| Sunway Real Estate | 17,000,000 | 4,677,269 | 2.14 |
| Philippines 4.73% (6.03%) | | | |
| Globe Telecom | 200,000 | 4,934,827 | 2.26 |
| Philippine Long Distance Telephone | 130,000 | 5,412,539 | 2.47 |
| Taiwan 12.71% (9.96%) | | | |
| Delta Electronics | 900,000 | 3,442,894 | 1.57 |
| MediaTek | 700,000 | 6,556,010 | 3.00 |
| Merida Industry | 1,100,000 | 4,777,232 | 2.19 |
| Taiwan Mobile | 1,700,000 | 3,587,997 | 1.64 |
| Taiwan Semiconductor Manufacturing | 3,300,000 | 9,409,361 | 4.31 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Thailand 9.38% (8.30%) | | | |
| Bangkok Bank | 1,300,000 | 4,941,588 | 2.26 |
| Bangkok Expressway | 7,000,000 | 5,321,710 | 2.43 |
| BTS Rail Mass Transit | 10,000,000 | 1,920,104 | 0.88 |
| Intouch (non-voting Depository Receipts) | 3,400,000 | 5,202,800 | 2.38 |
| Tesco Lotus Retail Growth Freehold & Leasehold Property | 13,000,000 | 3,117,002 | 1.43 |
| South Africa 6.14% (12.86%) | | | |
| BHP Billiton | 270,000 | 3,722,228 | 1.70 |
| Life Healthcare | 2,800,000 | 6,631,132 | 3.04 |
| MTN | 250,000 | 3,062,330 | 1.40 |
| Czech Republic 3.03% (3.79%) | | | |
| Komerční Banka | 50,000 | 6,623,620 | 3.03 |
| Luxembourg 1.64% (0.00%) | | | |
| Millicom International Cellular | 75,000 | 3,579,138 | 1.64 |
| Poland 3.08% (2.66%) | | | |
| Powszechny Zakład Ubezpieczeń | 77,000 | 6,735,910 | 3.08 |
| Portugal 0.60% (0.00%) | | | |
| Galp Energia | 200,000 | 1,305,188 | 0.60 |
| Portfolio of investments | | 210,483,471 | 96.32 |
| Net current assets | | 8,046,566 | 3.68 |
| Total Net Assets | | 218,530,037 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the period ended 31 December 2014, the Fund disposed of its holdings in the Sweden portfolio category, which, at 30 June 2014, represented 1.79% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

ADR = American Depositary Receipt

GDR = Global Depositary Receipt

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------------|---------------------------|--------------------|----------------------------|
| Income | | | | |
| Net capital losses | | (3,500,504) | | (24,638,605) |
| Revenue | 5,248,289 | | 5,473,088 | |
| Expenses | <u>(1,296,927)</u> | | <u>(1,491,914)</u> | |
| Net revenue before taxation | 3,951,362 | | 3,981,174 | |
| Taxation | <u>(433,819)</u> | | <u>(394,644)</u> | |
| Net revenue after taxation | | <u>3,517,543</u> | | <u>3,586,530</u> |
| Total return before distributions | | 17,039 | | (21,052,075) |
| Finance costs: Distributions | | (4,693,331) | | (5,078,683) |
| Change in net assets attributable to Shareholders from investment activities | | <u>(4,676,292)</u> | | <u>(26,130,758)</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 223,849,162 | | 251,763,221 |
| Amounts receivable on issue of shares | 22,138,909 | | 34,669,358 | |
| Amounts payable on cancellation of shares | <u>(25,642,436)</u> | | <u>(36,336,916)</u> | |
| | | (3,503,527) | | (1,667,558) |
| Dilution adjustment | | 18,991 | | 130,057 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (4,676,292) | | (26,130,758) |
| Retained distributions on accumulation shares | | 2,841,703 | | 3,215,719 |
| Closing net assets attributable to Shareholders | | <u>218,530,037</u> | | <u>227,310,681</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-----------|--------------------|-------------|--------------------|
| ASSETS | | | | |
| Investment assets | | 210,483,471 | | 219,764,558 |
| Debtors | 578,786 | | 1,594,619 | |
| Cash and bank balances | 8,448,972 | | 4,408,346 | |
| Total other assets | | 9,027,758 | | 6,002,965 |
| Total assets | | 219,511,229 | | 225,767,523 |
| LIABILITIES | | | | |
| Creditors | (525,077) | | (652,456) | |
| Distribution payable on income shares | (456,115) | | (1,265,905) | |
| Total other liabilities | | (981,192) | | (1,918,361) |
| Total liabilities | | (981,192) | | (1,918,361) |
| Net assets attributable to Shareholders | | 218,530,037 | | 223,849,162 |

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.5517 | 0.0552 | 0.4965 | 0.0000 | 0.4965 | 0.7310 |
| Group 2 | 0.2191 | 0.0219 | 0.1972 | 0.2993 | 0.4965 | 0.7310 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 0.6036 | 0.0604 | 0.5432 | 0.0000 | 0.5432 | 0.7655 |
| Group 2 | 0.3363 | 0.0336 | 0.3027 | 0.2405 | 0.5432 | 0.7655 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.5656 | 0.0566 | 0.5090 | 0.0000 | 0.5090 | 0.7503 |
| Group 2 | 0.3683 | 0.0368 | 0.3315 | 0.1775 | 0.5090 | 0.7503 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6180 | 0.0618 | 0.5562 | 0.0000 | 0.5562 | 0.7830 |
| Group 2 | 0.6180 | 0.0618 | 0.5562 | 0.0000 | 0.5562 | 0.7830 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.5581 | 0.0558 | 0.5023 | 0.0000 | 0.5023 | 0.7401 |
| Group 2 | 0.2741 | 0.0274 | 0.2467 | 0.2556 | 0.5023 | 0.7401 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.6103 | 0.0610 | 0.5493 | 0.0000 | 0.5493 | 0.7790 |
| Group 2 | 0.2957 | 0.0296 | 0.2661 | 0.2832 | 0.5493 | 0.7790 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.5566 | 0.0557 | 0.5009 | 0.0000 | 0.5009 | 0.8142 |
| Group 2 | 0.1666 | 0.0167 | 0.1499 | 0.3510 | 0.5009 | 0.8142 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 0.6083 | 0.0608 | 0.5475 | 0.0000 | 0.5475 | 0.7655 |
| Group 2 | 0.4643 | 0.0464 | 0.4179 | 0.1296 | 0.5475 | 0.7655 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.5478 | 0.0548 | 0.4930 | 0.0000 | 0.4930 | 0.7266 |
| Group 2 | 0.5478 | 0.0548 | 0.4930 | 0.0000 | 0.4930 | 0.7266 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.5981 | 0.0598 | 0.5383 | 0.0000 | 0.5383 | 0.7567 |
| Group 2 | 0.3043 | 0.0304 | 0.2739 | 0.2644 | 0.5383 | 0.7567 |

Distribution Statement (continued)**Interim dividend distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.5647 | 0.1565 | 1.4082 | 0.0000 | 1.4082 | 1.3995 |
| Group 2 | 0.8760 | 0.0876 | 0.7884 | 0.6198 | 1.4082 | 1.3995 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.6863 | 0.1686 | 1.5177 | 0.0000 | 1.5177 | 1.4401 |
| Group 2 | 0.9967 | 0.0997 | 0.8970 | 0.6207 | 1.5177 | 1.4401 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 1.6094 | 0.1609 | 1.4485 | 0.0000 | 1.4485 | 1.4156 |
| Group 2 | 1.0823 | 0.1082 | 0.9741 | 0.4744 | 1.4485 | 1.4156 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.7273 | 0.1727 | 1.5546 | 0.0000 | 1.5546 | 1.4585 |
| Group 2 | 0.8004 | 0.0800 | 0.7204 | 0.8342 | 1.5546 | 1.4585 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.5860 | 0.1586 | 1.4274 | 0.0000 | 1.4274 | 1.4030 |
| Group 2 | 0.9354 | 0.0935 | 0.8419 | 0.5855 | 1.4274 | 1.4030 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.7087 | 0.1709 | 1.5378 | 0.0000 | 1.5378 | 1.4378 |
| Group 2 | 0.9780 | 0.0978 | 0.8802 | 0.6576 | 1.5378 | 1.4378 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.5801 | 0.1580 | 1.4221 | 0.0000 | 1.4221 | 1.4056 |
| Group 2 | 1.2213 | 0.1221 | 1.0992 | 0.3229 | 1.4221 | 1.4056 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.7016 | 0.1702 | 1.5314 | 0.0000 | 1.5314 | 1.4474 |
| Group 2 | 1.0632 | 0.1063 | 0.9569 | 0.5745 | 1.5314 | 1.4474 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.5551 | 0.1555 | 1.3996 | 0.0000 | 1.3996 | 1.3848 |
| Group 2 | 1.5551 | 0.1555 | 1.3996 | 0.0000 | 1.3996 | 1.3848 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.6729 | 0.1673 | 1.5056 | 0.0000 | 1.5056 | 1.4212 |
| Group 2 | 1.1173 | 0.1117 | 1.0056 | 0.5000 | 1.5056 | 1.4212 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|--------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 19,439,002 | | 34,903,314 |
| Commissions | 28,010 | | 50,402 | |
| Taxes | <u>33,467</u> | | <u>27,176</u> | |
| Total purchase costs | | 61,477 | | 77,578 |
| Gross purchases total | | <u>19,500,479</u> | | <u>34,980,892</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 25,422,007 | | 30,758,578 |
| Commissions | (40,991) | | (74,216) | |
| Taxes | <u>(36,035)</u> | | <u>(8,637)</u> | |
| Total sales costs | | (77,026) | | (82,853) |
| Total sales net of transaction costs | | <u>25,344,981</u> | | <u>30,675,725</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON EUROPEAN HIGHER INCOME FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £0m |
| Comparative Index: | FTSE Europe ex UK TR GBP |
| Sector: | The Investment Association Europe Excluding UK |
| Key Dates: | Fund Launch 30 January 2007 |
| | Fund Closure 13 December 2013 |

Investment Objective

To achieve income together with long-term capital growth predominantly through investments in European securities (excluding UK). The Fund may also invest in collective investment schemes.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | n/a | n/a | 16.29% | -17.42% | 3.11% |
| Institutional Shares (Income) | n/a | n/a | 16.94% | -16.95% | 3.71% |
| Institutional Shares (Accumulation) | n/a | n/a | 16.94% | -16.92% | 3.67% |
| X Shares (Net Income)* | n/a | n/a | 18.10% | -16.11% | n/a |
| Institutional Shares W (Net Income)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net | n/a | n/a | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| FTSE World Europe ex UK TR GBP | n/a | n/a | 17.82% | -14.71% | 5.75% |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2009 | 91.25 | 65.44 | 4.1824 |
| 2010 | 89.69 | 72.00 | 4.2414 |
| 2011 | 88.58 | 61.01 | 3.9560 |
| 2012 | 74.42 | 62.66 | 3.5356 |
| 2013 (to 13 December) | 88.87 | 74.18 | 3.3499 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2009 | 92.52 | 66.15 | 4.2661 |
| 2010 | 91.16 | 73.26 | 4.3781 |
| 2011 | 90.51 | 62.53 | 4.0974 |
| 2012 | 76.68 | 64.38 | 3.6715 |
| 2013 (to 13 December) | 91.96 | 76.44 | 3.4969 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2009 | 104.06 | 70.40 | 4.6083 |
| 2010 | 103.07 | 85.61 | 5.0399 |
| 2011 | 108.73 | 78.23 | 4.9618 |
| 2012 | 101.17 | 81.31 | 4.6613 |
| 2013 (to 13 December) | 126.94 | 101.08 | 4.6905 |
| X Shares (Net Income)** | Pence | Pence | Pence |
| 2009 (from 2 April) | 92.00 | 67.23 | 3.9333 |
| 2010 (to 28 April) | 91.06 | 80.04 | 0.4680 |
| 2010 (from 12 November) | 105.12 | 96.67 | 0.5762 |
| 2011 | 110.24 | 76.59 | 4.9842 |
| 2012 | 94.97 | 79.27 | 4.5148 |
| 2013 (to 30 October) | 114.85 | 94.70 | 4.3552 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 September) | 110.11 | 99.49 | 0.4911 |
| 2013 (to 13 December) | 132.32 | 109.76 | 4.9985 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 September) | 110.37 | 99.49 | 0.4916 |
| 2013 (to 13 December) | 138.74 | 110.28 | 5.1137 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 2 October) | 106.26 | 97.03 | 0.2224 |
| 2013 (to 13 December) | 127.44 | 105.94 | 4.8031 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 2 October) | 106.26 | 97.03 | 0.2224 |
| 2013 (to 13 December) | 133.20 | 106.16 | 4.8359 |
| P Shares (Net Income)*** | Pence | Pence | Pence |
| 2012 (from 20 September) | 106.04 | 96.82 | 0.4349 |
| 2013 (to 23 September) | 122.59 | 105.70 | 4.4963 |

***P Shares (Net Income) share class closed 23 September 2013.

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| Sterling Income Shares* | | Pence | |
| 30/06/2012 | 8,878,904 | 64.77 | 13,707,993 |
| 30/06/2013 | 9,369,048 | 77.97 | 12,015,757 |
| Institutional Shares (Income)* | | Pence | |
| 30/06/2012 | 3,532,466 | 66.57 | 5,306,426 |
| 30/06/2013 | 1,884,773 | 80.54 | 2,340,121 |
| Institutional Shares (Accumulation)* | | Pence | |
| 30/06/2012 | 53,488 | 87.40 | 61,196 |
| 30/06/2013 | 66,730 | 110.87 | 60,188 |
| X Shares (Net Income)** | | Pence | |
| 30/06/2012 | 3,125,692 | 82.04 | 3,810,001 |
| 30/06/2013 | 10,889,296 | 100.25 | 10,861,738 |
| **The X Shares (Net Income) Share Class was launched on 2 April 2009, closed on 28 April 2010 and re-opened on 12 November 2010 and closed again on 30 October 2013. | | | |
| Institutional Shares W (Net Income)* | | Pence | |
| 30/06/2013 | 647,289 | 115.79 | 559,007 |
| Institutional Shares W (Net Accumulation)* | | Pence | |
| 30/06/2013 | 15,612 | 121.06 | 12,896 |
| Retail Advised Shares B (Net Income)* | | Pence | |
| 30/06/2013 | 5,632 | 111.62 | 5,046 |
| Retail Advised Shares B (Net Accumulation)* | | Pence | |
| 30/06/2013 | 5,818 | 116.35 | 5,001 |
| P Shares (Net Income)*** | | Pence | |
| 30/06/2013 | 36,939 | 111.37 | 33,167 |

***P Shares (Net Income) share class closed 23 September 2013.

*Fund closed 13 December 2013.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------|---------------------|-----------------|-------------------------|
| Income | | | | |
| Net capital (losses)/gains | | - | | 3,530,546 |
| Revenue | (813) | | 144,370 | |
| Expenses | <u>(162)</u> | | <u>(96,710)</u> | |
| Net (expenses)/revenue before taxation | (975) | | 47,660 | |
| Taxation | <u>-</u> | | <u>(20,718)</u> | |
| Net (expenses)/revenue after taxation | | <u>(975)</u> | | <u>26,942</u> |
| Total return before distributions | | (975) | | 3,557,488 |
| Finance costs: Distributions | | - | | (110,348) |
| Change in net assets attributable to Shareholders from investment activities | | <u>(975)</u> | | <u>3,447,140</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|----------|-----------------|---------------------|-----------------|
| Opening net assets attributable to Shareholders | | - | | 22,921,137 |
| Amounts receivable on issue of shares | - | | 12,296,177 | |
| Amounts payable on cancellation of shares | <u>-</u> | | <u>(38,727,211)</u> | |
| | | - | | (26,431,034) |
| Amounts payable to Shareholders at termination | | 975 | | - |
| Dilution adjustment | | - | | 62,439 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (975) | | 3,447,140 |
| Retained distributions on accumulation shares | | - | | 318 |
| Closing net assets attributable to Shareholders | | <u>-</u> | | <u>-</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | 31/12/2014 | | 30/06/2014 | |
|--|-------------------|-----------------|-------------------|------------------|
| | £ | £ | £ | £ |
| ASSETS | | | | |
| Investment assets | | - | | - |
| Debtors | 14,536 | | 42,696 | |
| Cash and bank balances | <u>62,991</u> | | <u>61,517</u> | |
| Total other assets | | <u>77,527</u> | | <u>104,213</u> |
| Total assets | | 77,527 | | 104,213 |
| LIABILITIES | | | | |
| Creditors | (77,527) | | (104,213) | |
| Distribution payable on income shares | <u>-</u> | | <u>-</u> | |
| Total other liabilities | | <u>(77,527)</u> | | <u>(104,213)</u> |
| Total liabilities | | (77,527) | | (104,213) |
| Net assets attributable to Shareholders | | <u>-</u> | | <u>-</u> |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|------------|----------|------------|-------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | - | | 13,301,930 |
| Commissions | - | | 4,503 | |
| Taxes | - | | 8,497 | |
| | | | | |
| Total purchase costs | | - | | 13,000 |
| | | | | |
| Gross purchases total | | - | | 13,314,930 |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | - | | 38,885,439 |
| Commissions | - | | (9,817) | |
| Taxes | - | | (217) | |
| | | | | |
| Total sales costs | | - | | (10,034) |
| | | | | |
| Total sales net of transaction costs | | - | | 38,875,405 |

BNY MELLON INVESTMENT FUNDS – NEWTON GLOBAL BALANCED FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|------------------------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £468.28m |
| Comparative Index: | CAPS Pooled Fund Median (Net) |
| Sector: | The Investment Association Mixed Investment 40-85% Shares |
| Yield as at 31 December 2014: | |
| Exempt Shares 1 (Net Accumulation) | 2.13% |
| Exempt Shares 2 (Net Accumulation) | 2.05% |
| Key Dates: | |
| Fund Launch | 23 September 1998 |
| Converted to ICVC | 02 August 2004 |

Investment Objective

The objective of the Fund is to maximize returns by investing predominantly in a worldwide portfolio of equities and fixed interest securities.

Statutory Performance Data

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Exempt Shares 1 (Net Accumulation) | 7.40% | 14.74% | 6.88% | -4.43% | 11.34% |
| Exempt Shares 2 (Net Accumulation) | 7.30% | 14.65% | 6.80% | -4.50% | 11.25% |
| CAPS Pooled Fund Median (Net) | 4.33% | 16.08% | 10.53% | -5.21% | 13.24% |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, 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 revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period in review, the Exempt 1 Net Sterling Acc Share Class of the Sub-Fund returned +4.90% compared with +3.09% from the CAPS Pooled Median (Net).

Equity holdings were the principal reason for outperformance: cash holdings had a slightly negative effect, while bond and commodity holdings detracted from relative returns. Within equities, being overweight in healthcare and technology was beneficial, as was being underweight in the oil & gas sector, which weakened as the oil price fell. Stock selection was strongest in consumer services and weakest in telecoms. At the stock level, a top contributor was US financial firm Citigroup, which was propelled higher by encouraging second-quarter results. Medtronic also added to performance as its recent acquisition of Covidien renders it better positioned in the US healthcare market. Dollar General, which operates a chain of discount stores in the US, rose in August when the company joined the battle to take over rival Family Dollar. As the oil price fell, the Fund's zero weighting in BG Group were also beneficial. Positioning within fixed income was detrimental, especially the holding in Norwegian government bonds, where the currency was affected by the falling oil price.

Activity in the period included adding Walgreens, a retail pharmacy chain whose recent merger with Alliance Boots provides opportunities to increase profits via synergies and reinvigoration of the retail offer. New positions were also added in both National Grid and Northeast Utilities. Both companies operate in the regulated utility industry and as such are exposed to relatively stable earnings streams. Northeast Utilities has exposure to the North American electricity and gas transmission and distribution sector, National Grid also has exposure to this area but also to regulated assets in the UK where the regulatory framework has some certainty over the medium term. The fund manager believes the stability of the returns and investment opportunities available to these companies will continue to be attractive as global economic growth remains low. Also purchased was Insurance Australia Group, which is one of two companies dominating the Australian insurance industry. Among disposals, the position in Deutsche Telekom was sold as the valuation increased on continued momentum in T-Mobile USA, a return to growth in Germany, along with a potential sale of EE in the UK.

Early in the period, a position was established in US short-dated Treasury bills with the aim of increasing US dollar exposure as sterling looked vulnerable following strong gains. The weighting in high-yield bonds was reduced, as the manager felt yields offered a less attractive balance of risk and reward than previously.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

Treasury 1.75% Bonds 7/9/2022
 US Treasury 1.375% Notes 30/11/2018
 Treasury 1.25% Bonds 22/7/2018
 US Treasury 3.375% Inflation Indexed Bonds 15/4/2032
 US Treasury 4.375% Notes 15/11/2039
 Treasury 4% Stock 7/9/2016
 Reed Elsevier
 National Grid
 Walgreen
 Insurance Australia

Sales

US Treasury 4.375% Notes 15/11/2039
 Treasury 1.25% Bonds 22/7/2018
 New Zealand Government 6.00% Bonds 15/12/2017
 Norway (Kingdom of) 3.75% Bond 25/5/2021
 Deutsche Telekom
 Reed Elsevier
 Air Liquide
 eBay
 BP
 Smiths

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 269.63 | 230.29 | 6.9568 |
| 2011 | 276.34 | 242.14 | 7.2416 |
| 2012 | 279.59 | 252.27 | 7.4019 |
| 2013 | 316.92 | 277.00 | 7.3967 |
| 2014 | 340.67 | 306.05 | 7.2810 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 182.94 | 156.31 | 4.5884 |
| 2011 | 187.42 | 164.19 | 4.7713 |
| 2012 | 189.44 | 170.98 | 4.8715 |
| 2013 | 214.55 | 187.64 | 4.8428 |
| 2014 | 230.40 | 207.14 | 4.7274 |
| X Shares (Net Accumulation)** | Pence | Pence | Pence |
| 2010 | 275.63 | 234.95 | 8.1062 |
| 2011 | 283.08 | 248.29 | 8.4993 |
| 2012 | 287.85 | 259.32 | 8.7136 |
| 2013 | 327.67 | 285.45 | 8.8874 |
| 2014 (to 15 May) | 335.90 | 316.77 | n/a |

**X Shares (Net Accumulation) share class closed 15 May 2014.

| | | | |
|---------------------------------|--------------|--------------|--------------|
| P Shares (Net Income)*** | Pence | Pence | Pence |
| 2012 (from 21 June) | 106.66 | 98.45 | 0.8872 |
| 2013 (to 23 September) | 119.37 | 104.70 | 1.5957 |

***P Shares (Net Income) share class closed 23 September 2013.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|------------------------|--------------|--------------------|
| Exempt Shares 1 (Net Accumulation) | | Pence | |
| 30/06/2012 | 460,855,349 | 260.83 | 176,691,129 |
| 30/06/2013 | 479,959,593 | 298.07 | 161,022,273 |
| 30/06/2014 | 475,691,450 | 322.04 | 147,709,807 |
| 31/12/2014 | 449,080,067 | 337.17 | 133,192,116 |
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 18,712,602 | 176.76 | 10,586,487 |
| 30/06/2013 | 21,645,347 | 201.84 | 10,724,161 |
| 30/06/2014 | 22,550,792 | 217.90 | 10,349,309 |
| 31/12/2014 | 19,204,911 | 228.01 | 8,422,699 |
| X Shares (Net Accumulation)** | | Pence | |
| 30/06/2012 | 15,225,002 | 268.24 | 5,675,834 |
| 30/06/2013 | 17,232,340 | 307.77 | 5,599,068 |

**X Shares (Net Accumulation) share class closed 15 May 2014.

| | | | |
|---------------------------------|--------|--------------|--------|
| P Shares (Net Income)*** | | Pence | |
| 30/06/2012 | 14,944 | 99.63 | 15,000 |
| 30/06/2013 | 16,627 | 110.85 | 15,000 |

***P Shares (Net Income) share class closed 23 September 2013.

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|------------------------------------|-------------------|-------------------|
| Share Class | % | % |
| Exempt Shares 1 (Net Accumulation) | 0.55 | 0.55 |
| Exempt Shares 2 (Net Accumulation) | 0.65 | 0.65 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| UK Government Bonds 4.07% (0.00%) | | | |
| Treasury 1.75% Bonds 7/9/2022 | £11,936,000.00 | 12,098,031 | 2.58 |
| Treasury 4% Stock 7/9/2016 | £6,589,464.00 | 6,978,078 | 1.49 |
| Overseas Government Bonds 8.37% (8.65%) | | | |
| Australia (Commonwealth) 4.75% Bonds 21/4/2027 | AUD 6,435,000 | 4,009,763 | 0.86 |
| Australia (Commonwealth) 5.5% Bonds 21/4/2023 | AUD 3,450,000 | 2,192,290 | 0.47 |
| Norway (Kingdom of) 3.75% Bond 25/5/2021 | NOK 46,085,000 | 4,545,790 | 0.97 |
| Treasury of Victoria 5.5% Guaranteed Senior Notes 17/11/2026 | AUD 3,397,000 | 2,178,709 | 0.46 |
| US Treasury 1.375% Notes 30/11/2018 | USD 16,603,000 | 10,624,775 | 2.27 |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | USD 6,740,000 | 8,229,347 | 1.76 |
| US Treasury 4.375% Notes 15/11/2039 | USD 8,834,800 | 7,427,847 | 1.58 |
| Sterling Denominated Corporate Bonds 2.54% (2.68%) | | | |
| British Telecommunications 3.5% Index Linked Notes 25/4/2025 | £1,055,000 | 2,048,255 | 0.44 |
| Crown Newco 7% Senior Notes 15/2/2018 | £202,027 | 208,593 | 0.04 |
| FirstGroup 8.75% Guaranteed Bonds 8/4/2021 | £644,000 | 819,065 | 0.17 |
| Imperial Tobacco Finance 8.125% Guaranteed European Medium Term Bonds 15/3/2024 | £685,000 | 934,639 | 0.20 |
| Juturna Euro Loan 5.0636% European Medium Term Notes 1/8/2033 | £840,260 | 1,009,917 | 0.22 |
| London Power Networks 3.125% Index Linked Bonds 7/6/2032 | £403,000 | 812,371 | 0.17 |
| Tesco 1.9682% Index Linked Medium Term Notes 24/3/2036 | £640,000 | 807,173 | 0.17 |
| Tesco Property Finance 3 5.744% Guaranteed Mortgage Backed Bonds 13/4/2040 | £1,855,735 | 1,842,338 | 0.39 |
| Thames Water Utilities 3.375% Notes 21/7/2021 | £940,000 | 1,641,842 | 0.35 |
| Transport for London 3.625% European Medium Term Notes 15/5/2045 | £1,660,000 | 1,820,415 | 0.39 |
| Non Sterling Denominated Corporate Bonds 0.19% (2.24%) | | | |
| Smiths 7.2% Guaranteed Senior Notes 15/5/2019 | USD 1,178,000 | 874,957 | 0.19 |
| United Kingdom 26.46% (27.11%) | | | |
| BAE Systems | 838,424 | 3,953,169 | 0.84 |
| Barclays | 1,431,725 | 3,486,250 | 0.74 |
| BHP Billiton | 265,885 | 3,691,813 | 0.79 |
| BP | 1,093,239 | 4,488,839 | 0.96 |
| British American Tobacco | 164,858 | 5,770,030 | 1.23 |
| Bunzl | 190,824 | 3,366,135 | 0.72 |
| Centrica | 2,777,741 | 7,747,120 | 1.65 |
| Cobham | 1,386,450 | 4,490,712 | 0.96 |
| CRH | 319,475 | 4,932,694 | 1.05 |
| Dixons Carphone | 797,254 | 3,680,124 | 0.79 |
| GlaxoSmithKline | 832,648 | 11,457,236 | 2.45 |
| Intermediate Capital | 779,965 | 3,587,059 | 0.77 |
| John Wood | 579,098 | 3,454,320 | 0.74 |
| Mitchells & Butlers | 621,017 | 2,369,801 | 0.51 |
| National Grid | 489,244 | 4,490,771 | 0.96 |
| Prudential | 278,999 | 4,162,665 | 0.89 |
| Reed Elsevier | 570,355 | 6,262,498 | 1.34 |
| Royal Dutch Shell class 'B' shares | 650,934 | 14,532,102 | 3.10 |
| Smith & Nephew | 542,575 | 6,434,940 | 1.37 |
| Standard Life | 858,901 | 3,436,463 | 0.73 |
| Vodafone | 5,154,546 | 11,476,597 | 2.45 |
| Whitbread | 76,831 | 3,664,839 | 0.78 |
| Wolseley | 81,263 | 2,995,354 | 0.64 |
| Commodities 1.01% (1.08%) | | | |
| Physical Gold Source P-ETC | 62,656 | 4,736,420 | 1.01 |
| Canada 0.71% (0.98%) | | | |
| Intact Financial | 71,174 | 3,304,507 | 0.71 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United States Of America 21.61% (18.06%) | | | |
| Abbott Laboratories | 214,125 | 6,182,400 | 1.32 |
| Accenture | 94,788 | 5,429,223 | 1.16 |
| Citigroup | 249,567 | 8,662,220 | 1.85 |
| Dollar General | 135,990 | 6,164,357 | 1.32 |
| EMC | 235,721 | 4,497,483 | 0.96 |
| Equifax | 91,674 | 4,755,230 | 1.02 |
| Express Scripts | 75,342 | 4,090,719 | 0.87 |
| Intuit | 70,618 | 4,175,260 | 0.89 |
| Kraft Foods class 'A' shares | 119,053 | 4,783,499 | 1.02 |
| Medtronic | 143,726 | 6,654,212 | 1.42 |
| Microsoft | 221,692 | 6,604,197 | 1.41 |
| Northeast Utilities | 115,288 | 3,955,689 | 0.84 |
| Pfizer | 181,347 | 3,622,869 | 0.77 |
| PNC Financial Services | 40,403 | 2,363,935 | 0.50 |
| Principal Financial | 145,285 | 4,838,640 | 1.03 |
| Sprint | 343,250 | 913,572 | 0.20 |
| Sysco | 208,052 | 5,294,535 | 1.13 |
| TJX | 149,197 | 6,561,128 | 1.40 |
| Walgreen | 99,801 | 4,867,639 | 1.04 |
| Walt Disney | 113,157 | 6,833,326 | 1.46 |
| Australia 0.71% (0.43%) | | | |
| Insurance Australia | 1,021,017 | 3,343,819 | 0.71 |
| Hong Kong 0.99% (0.79%) | | | |
| AIA | 1,297,600 | 4,614,452 | 0.99 |
| Japan 2.95% (3.52%) | | | |
| LIXIL | 179,100 | 2,446,807 | 0.52 |
| Sawai Pharmaceuticals | 71,500 | 2,654,292 | 0.57 |
| Softbank | 85,400 | 3,293,185 | 0.70 |
| Sugi | 116,800 | 3,073,910 | 0.66 |
| Toyota Motor | 58,200 | 2,352,952 | 0.50 |
| South Africa 0.00% (0.49%) | | | |
| Denmark 0.69% (0.81%) | | | |
| TDC | 653,166 | 3,215,031 | 0.69 |
| France 2.91% (4.78%) | | | |
| L'Oréal | 23,429 | 2,528,270 | 0.54 |
| Sanofi | 114,369 | 6,701,222 | 1.43 |
| Total | 133,127 | 4,392,452 | 0.94 |
| Germany 3.81% (4.88%) | | | |
| Bayer | 117,459 | 10,341,643 | 2.21 |
| MTU Aero Engines | 71,813 | 4,005,433 | 0.86 |
| Siemens | 47,381 | 3,454,616 | 0.74 |
| Italy 0.72% (0.75%) | | | |
| Pirelli | 390,064 | 3,390,413 | 0.72 |
| Netherlands 1.37% (2.29%) | | | |
| Wolters Kluwer | 325,113 | 6,396,038 | 1.37 |
| Norway 1.04% (0.93%) | | | |
| DNB | 513,139 | 4,859,009 | 1.04 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|------------------|-------------------------|-----------------------------|
| Sweden 2.39% (2.43%) | | | |
| Ericsson series 'B' shares | 593,584 | 4,585,801 | 0.98 |
| Millicom International Cellular SDR | 63,331 | 3,022,272 | 0.65 |
| TeliaSonera | 862,785 | 3,562,496 | 0.76 |
| Switzerland 6.37% (5.85%) | | | |
| Nestlé | 117,514 | 5,529,268 | 1.18 |
| Novartis | 157,066 | 9,356,951 | 2.00 |
| Roche | 55,786 | 9,714,437 | 2.07 |
| Zurich Financial Services | 25,966 | 5,223,869 | 1.12 |
| Derivatives 0.06% (0.31%) | | | |
| AUD Forward Foreign Currency Contracts 0.06% (0.01%) | | | |
| AUD Forward Currency Contract 15/01/15 | AUD (14,000,000) | (7,342,875) | (1.57) |
| AUD Forward Currency Contract 15/01/15 | £7,612,245 | 7,612,245 | 1.63 |
| Portfolio of investments* | | 416,654,794 | 88.97 |
| Net current assets | | 51,630,184 | 11.03 |
| Total Net Assets | | 468,284,978 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in Ireland portfolio category, which, at 30 June 2014, represented 0.64% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

SDR = Swedish Depositary Receipt

*Net of investment liabilities.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------------|--------------------------|--------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 18,398,970 | | 23,911,396 |
| Revenue | 4,852,664 | | 6,092,986 | |
| Expenses | <u>(1,319,481)</u> | | <u>(1,426,605)</u> | |
| Net revenue before taxation | 3,533,183 | | 4,666,381 | |
| Taxation | <u>(137,770)</u> | | <u>(233,949)</u> | |
| Net revenue after taxation | | <u>3,395,413</u> | | <u>4,432,432</u> |
| Total return before distributions | | 21,794,383 | | 28,343,828 |
| Finance costs: Distributions | | (3,395,413) | | (4,432,450) |
| Change in net assets attributable to Shareholders from investment activities | | <u>18,398,970</u> | | <u>23,911,378</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 498,242,242 | | 518,853,907 |
| Amounts receivable on issue of shares | 4,110,510 | | 6,598,563 | |
| Amounts payable on cancellation of shares | <u>(55,753,598)</u> | | <u>(28,003,603)</u> | |
| | | (51,643,088) | | (21,405,040) |
| Dilution adjustment | | 37,491 | | 22,053 |
| Stamp Duty Reserve Tax | | (17,334) | | (17,195) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 18,398,970 | | 23,911,378 |
| Retained distributions on accumulation shares | | 3,266,697 | | 4,336,031 |
| Closing net assets attributable to Shareholders | | <u>468,284,978</u> | | <u>525,701,134</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------------|---------------------------|-------------------|---------------------------|
| ASSETS | | | | |
| Investment assets* | | 416,654,794 | | 446,913,458 |
| Debtors | 1,797,513 | | 4,852,183 | |
| Cash and bank balances | <u>50,483,296</u> | | <u>46,986,319</u> | |
| Total other assets | | <u>52,280,809</u> | | <u>51,838,502</u> |
| Total assets | | 468,935,603 | | 498,751,960 |
| LIABILITIES | | | | |
| Creditors | (650,625) | | (509,718) | |
| Distribution payable on income shares | <u>-</u> | | <u>-</u> | |
| Total other liabilities | | <u>(650,625)</u> | | <u>(509,718)</u> |
| Total liabilities | | (650,625) | | (509,718) |
| Net assets attributable to Shareholders | | <u>468,284,978</u> | | <u>498,242,242</u> |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|------------------------------------|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 2.6210 | 0.2621 | 2.3589 | 0.0000 | 2.3589 | 2.5782 |
| Group 2 | 1.3004 | 0.1300 | 1.1704 | 1.1885 | 2.3589 | 2.5782 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 1.6466 | 0.1647 | 1.4819 | 0.0000 | 1.4819 | 1.6609 |
| Group 2 | 1.1592 | 0.1159 | 1.0433 | 0.4386 | 1.4819 | 1.6609 |

The distributions of all Share Classes are 100% franked.

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|---------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 83,564,420 | | 51,677,606 |
| Commissions | 28,631 | | 39,220 | |
| Taxes | <u>84,780</u> | | <u>123,808</u> | |
| Total purchase costs | | 113,411 | | 163,028 |
| Gross purchases total | | <u>83,677,831</u> | | <u>51,840,634</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 130,287,544 | | 76,984,756 |
| Commissions | (55,717) | | (55,673) | |
| Taxes | <u>(549)</u> | | <u>(3,201)</u> | |
| Total sales costs | | (56,266) | | (58,874) |
| Total sales net of transaction costs | | <u>130,231,278</u> | | <u>76,925,882</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON GLOBAL DYNAMIC BOND FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|--|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £1,024.37m |
| Performance Reference: | (1 month GBP LIBOR) + 2% |
| Sector: | The Investment Association Targeted Absolute Return |
| Distribution Yield as at 31 December 2014: | |

| | |
|--|-------|
| Sterling Income Shares | 3.37% |
| Exempt Shares 2 (Gross Accumulation) | 3.44% |
| Institutional Shares (Income) | 3.44% |
| X Shares (Net Accumulation) | 3.44% |
| X Shares (Net Income) | 3.37% |
| X Shares (Gross Accumulation) | 3.36% |
| P Shares (Net Income) | 3.44% |
| Institutional Shares W (Net Income) | 3.44% |
| Institutional Shares W (Net Accumulation) | 3.44% |
| Retail Advised Shares B (Net Income) | 3.44% |
| Retail Advised Shares B (Net Accumulation) | 3.44% |
| Exempt Shares 2 (Gross Income) | 3.44% |

Key Dates: Fund Launch 28 April 2006

Investment Objective

The objective of the Fund is to maximise the total return from income and capital growth from a globally diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The Fund is managed to seek a minimum return of cash (1 month GBP LIBOR) + 2% per annum over 5 years before fees. In so doing we aim to achieve a positive return on a rolling 3 year basis. However, a positive return is not guaranteed and a capital loss may occur.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 1.71% | 1.14% | 9.78% | -0.13% | 11.34% |
| Exempt Shares 2 (Gross Accumulation) | 3.16% | 2.76% | 11.78% | 1.86% | 13.89% |
| Institutional Shares (Income) | 2.23% | 1.70% | 10.38% | 0.43% | 11.95% |
| X Shares (Net Accumulation) | 2.92% | 2.47% | 11.21% | 1.19% | 12.79% |
| X Shares (Net Income)* | 2.93% | 2.46% | 11.21% | 1.19% | n/a |
| X Shares (Gross Accumulation)* | 3.57% | 3.17% | 12.23% | n/a | n/a |
| P Shares (Net Income)* | 2.00% | 1.45% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 2.34% | 1.83% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 2.35% | 1.82% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 2.08% | 1.55% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 2.07% | 1.53% | n/a | n/a | n/a |
| Exempt Shares 2 (Gross Income)* | 3.17% | n/a | n/a | n/a | n/a |
| (1 month GBP LIBOR) + 2% | 2.50% | 2.49% | 2.63% | 2.65% | 2.56% |

Source: Lipper as at 31 December 2014 – Sterling Income; Institutional Shares (Income); X Shares (Net Accumulation); X Shares (Net Income); P Shares (Net Income) – Total return including revenue net of UK tax and annual charges. Exempt Shares 2 (Gross Accumulation); X Shares (Gross Accumulation) – Total return including gross revenue and annual charges. All figures are in Sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund -0.13% against a return of +1.24% from LIBOR GBP 1 Month + 2%.

The Fund's diversified bond positioning helped to protect capital through a period characterised by a sharp rise in financial market volatility. Over the period, core government bonds generated positive returns and yield curves flattened, particularly in the fourth quarter. However, the benefit of holding long-dated conventional US Treasuries was affected by exposure to US Treasury inflation-protected securities (TIPS) and by a short future position on long Gilts. Sterling investment-grade credit contributed positively, although high-yield corporate debt proved a notable drag on returns. (Investment grade is debt issued by companies that is rated BBB and above by the credit rating agency Standard & Poor's.) Meanwhile, despite a widening of headline hard-currency emerging-market sovereign bond spreads, the Fund's selective developing-world government bond holdings made a positive contribution. In October, despite a spike in volatility and a period of severe mid-month risk aversion, a cautious exposure to high-yield corporate bonds and bias towards the long-end of the US Treasury curve helped the Fund to protect capital. Investment-grade corporate-bond holdings added notably to returns, aided by the rally in underlying core government bonds and UK Gilts in particular, in the context of the sterling bias of the Fund's credit holdings. In November, the Fund's bias towards high-quality sovereign and corporate debt proved beneficial as the government rally continued. Despite rising risk premiums on emerging-market sovereign indices, the Fund's firm bias towards euro-denominated and European holdings benefited from expectations of European Central Bank support. Currency strategy was a further positive, as a long US dollar net-currency exposure at the expense of short euro and Japanese yen positions proved beneficial as the dollar rallied.

Activity in credit markets was relatively light, although the Fund invested in new issues by GALP, Isolux, Net4Gas and Aurizon. However, exposure to high-yield credit (lower rated bonds) was reduced. Amid softer eurozone economic output, exposure to peripheral European bonds was reduced. Currency strategy was shifted from a small US-dollar overweight to larger overweight position, in order to benefit from the strong US-dollar environment. In October, in light of weak European economic data and a subdued UK inflation backdrop, a short future position on the Long Gilt was closed out. Given the stronger US economic recovery, the cessation of quantitative easing (creating new money for use in the economy) in the US and prospect of rate hikes by the Federal Reserve over the coming 12 months, a short position in 5-year US Treasuries was retained. In November, exposure to 'safe-haven' government bonds was increased with the purchase of additional 2026 and 2043 US Treasury holdings.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

US Treasury 2.875% Notes 15/5/2043
 US Treasury 6% Notes 15/2/2026
 US Treasury 0% Notes 19/3/2015
 Poland (Government) 5.75% Bonds 23/9/2022
 US Treasury 0.00% Notes 2/10/2014
 Germany (Federal Republic) 2.5% Bonds 4/7/2044
 US Treasury 1.625% Notes 15/8/2022
 Treasury of Victoria 5.5% Guaranteed Senior Notes 17/11/2026
 US Treasury 1.25% Notes 30/11/2018
 Treasury 0% Notes 3/11/2014

Sales

Treasury 1% Notes 7/9/2017
 US Treasury 2.875% Notes 15/5/2043
 US Treasury 6% Notes 15/2/2026
 US Treasury 0.00% Notes 2/10/2014
 Germany (Federal Republic) 2.5% Bonds 4/7/2044
 US Treasury 1.25% Notes 30/11/2018
 Treasury 0% Notes 3/11/2014
 Poland 5.75% Bonds 25/10/2021
 Poland (Government) 5.75% Bonds 23/9/2022
 Treasury 1.75% Gilts 22/7/2019

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 112.15 | 103.17 | 5.8674 |
| 2011 | 109.48 | 103.75 | 4.4786 |
| 2012 | 111.36 | 104.15 | 3.8442 |
| 2013 | 112.62 | 108.30 | 2.9830 |
| 2014 | 110.26 | 107.88 | 2.6955 |
| Exempt Shares 2 (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 154.99 | 134.22 | 9.9560 |
| 2011 | 156.79 | 152.78 | 8.1669 |
| 2012 | 173.86 | 155.53 | 7.4539 |
| 2013 | 180.11 | 173.09 | 6.1007 |
| 2014 | 184.56 | 178.71 | 5.7694 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2010 | 115.31 | 105.65 | 6.0852 |
| 2011 | 112.91 | 107.19 | 4.6822 |
| 2012 | 115.78 | 107.73 | 4.0490 |
| 2013 | 117.29 | 112.86 | 3.1720 |
| 2014 | 115.46 | 113.16 | 2.8905 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2009 | 134.73 | 117.65 | 6.9499 |
| 2010 | 135.71 | 131.98 | 5.6539 |
| 2011 | 149.21 | 134.15 | 5.1303 |
| 2012 | 154.31 | 148.56 | 4.1815 |
| 2014 | 157.70 | 152.93 | 3.9449 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2010 (from 11 October) | 100.34 | 97.79 | 1.0419 |
| 2011 | 98.84 | 94.11 | 4.1008 |
| 2012 | 102.58 | 94.74 | 3.5739 |
| 2013 | 104.20 | 100.37 | 2.8197 |
| 2014 | 103.42 | 101.35 | 2.5896 |
| X Shares (Gross Accumulation) | Pence | Pence | Pence |
| 2011 (from 18 February) | 156.96 | 153.23 | 7.0124 |
| 2012 | 175.17 | 156.08 | 7.4948 |
| 2013 | 181.72 | 174.41 | 6.1574 |
| 2014 | 187.38 | 180.78 | 5.8474 |
| P Shares (Net Income) | Pence | Pence | Pence |
| 2012 (from 21 June) | 104.84 | 100.00 | 1.9058 |
| 2013 | 106.12 | 102.07 | 2.8692 |
| 2014 | 104.18 | 102.01 | 2.6034 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 September) | 103.13 | 100.00 | 1.1799 |
| 2013 | 104.52 | 100.59 | 2.8271 |
| 2014 | 103.03 | 101.02 | 2.5862 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 September) | 103.39 | 100.00 | 1.1711 |
| 2013 | 106.67 | 102.94 | 2.8889 |
| 2014 | 108.17 | 105.30 | 2.7191 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|--------------------------|-------------------------|-----------------------------------|
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 2 October) | 102.31 | 100.00 | 0.8600 |
| 2013 | 103.66 | 99.74 | 2.7461 |
| 2014 | 101.93 | 99.87 | 2.4977 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 2 October) | 102.31 | 100.00 | 0.8600 |
| 2013 | 105.46 | 101.76 | 2.7977 |
| 2014 | 106.54 | 103.90 | 2.5923 |
| P Shares (Net Accumulation)** | Pence | Pence | Pence |
| 2012 (from 3 October) | 102.14 | 100.00 | 0.8634 |
| 2013 (to 18 December) | 105.26 | 101.55 | 2.2431 |

**P Shares (Net Accumulation) share class closed 18 December 2013.

| | | | |
|---------------------------------------|--------------|--------------|--------------|
| Exempt Shares 2 (Gross Income) | Pence | Pence | Pence |
| 2013 (from 11 June) | 100.57 | 98.48 | 2.3366 |
| 2014 | 101.19 | 99.21 | 3.1662 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 292,226,493 | 106.19 | 275,189,620 |
| 30/06/2013 | 344,636,186 | 108.00 | 319,112,317 |
| 30/06/2014 | 287,144,984 | 109.17 | 263,025,078 |
| 31/12/2014 | 270,722,693 | 107.46 | 251,923,555 |
| Exempt Shares 2 (Gross Accumulation) | | Pence | |
| 30/06/2012 | 108,591,749 | 162.91 | 66,658,502 |
| 30/06/2013 | 113,920,740 | 174.29 | 65,364,295 |
| 30/06/2014 | 131,650,532 | 182.92 | 71,972,866 |
| 31/12/2014 | 155,351,247 | 183.99 | 84,436,054 |
| Institutional Shares (Income) | | Pence | |
| 30/06/2012 | 14,275,484 | 110.11 | 12,964,819 |
| 30/06/2013 | 47,816,026 | 112.55 | 42,485,320 |
| 30/06/2014 | 33,844,884 | 114.34 | 29,600,312 |
| 31/12/2014 | 27,649,257 | 112.83 | 24,504,202 |
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 99,674,512 | 140.16 | 71,116,149 |
| 30/06/2013 | 150,351,898 | 149.29 | 100,714,330 |
| 30/06/2014 | 104,350,611 | 156.39 | 66,722,625 |
| 31/12/2014 | 104,649,480 | 157.08 | 66,621,186 |
| X Shares (Net Income) | | Pence | |
| 30/06/2012 | 60,695,564 | 97.19 | 62,448,912 |
| 30/06/2013 | 88,813,758 | 100.09 | 88,731,239 |
| 30/06/2014 | 44,003,200 | 102.46 | 42,948,602 |
| 31/12/2014 | 32,944,509 | 101.49 | 32,460,452 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| X Shares (Gross Accumulation) | | Pence | |
| 30/06/2012 | 43,063,779 | 163.80 | 26,289,846 |
| 30/06/2013 | 56,913,385 | 175.95 | 32,346,962 |
| 30/06/2014 | 59,970,636 | 185.40 | 32,346,961 |
| 31/12/2014 | 60,442,815 | 186.86 | 32,346,961 |
| P Shares (Net Income) | | Pence | |
| 30/06/2012 | 14,976 | 99.84 | 15,000 |
| 30/06/2013 | 343,077 | 101.79 | 337,047 |
| 30/06/2014 | 314,554 | 103.15 | 304,945 |
| 31/12/2014 | 291,239 | 101.67 | 286,466 |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 58,360,566 | 100.31 | 58,177,426 |
| 30/06/2014 | 205,999,000 | 102.04 | 201,879,496 |
| 31/12/2014 | 274,397,195 | 100.76 | 272,320,010 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 15,756,522 | 103.11 | 15,280,903 |
| 30/06/2014 | 40,350,466 | 107.35 | 37,588,225 |
| 31/12/2014 | 62,733,105 | 107.49 | 58,359,350 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 15,987 | 99.46 | 16,074 |
| 30/06/2014 | 52,509 | 100.95 | 52,016 |
| 31/12/2014 | 57,555 | 99.57 | 57,803 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 46,731 | 101.90 | 45,861 |
| 30/06/2014 | 159,367 | 105.78 | 150,653 |
| 31/12/2014 | 77,067 | 105.74 | 72,884 |
| P Shares (Net Accumulation)** | | Pence | |
| 30/06/2013 | 11,095 | 101.69 | 10,911 |
| **P Shares (Net Accumulation) share class closed 18 December 2013. | | | |
| Exempt Shares 2 (Gross Income) | | Pence | |
| 30/06/2013 | 17,059,909 | 98.20 | 17,372,492 |
| 30/06/2014 | 24,906,930 | 100.12 | 24,877,822 |
| 31/12/2014 | 35,054,247 | 98.97 | 35,417,519 |

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| Share Class | % | % |
| Sterling Income Shares | 1.38 | 1.37 |
| Exempt Shares 2 (Gross Accumulation) | 0.46 | 0.45 |
| Institutional Shares (Income) | 0.81 | 0.80 |
| X Shares (Net Accumulation) | 0.06 | 0.05 |
| X Shares (Net Income) | 0.06 | 0.05 |
| X Shares (Gross Accumulation) | 0.06 | 0.05 |
| P Shares (Net Income) | 1.06 | 1.05 |
| Institutional Shares W (Net Income) | 0.69 | 0.68 |
| Institutional Shares W (Net Accumulation) | 0.69 | 0.68 |
| Retail Advised Shares B (Net Income) | 0.98 | 0.97 |
| Retail Advised Shares B (Net Accumulation) | 0.98 | 0.97 |
| Exempt Shares 2 (Gross Income) | 0.46 | 0.45 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-----------------|-------------------------|-----------------------------|
| UK Government Stocks 7.44% (12.93%) | | | |
| Treasury 1.25% Index-Linked 22/11/2017 | £26,030,000 | 37,415,586 | 3.65 |
| Treasury 3.5% War Loan Stock Perpetual | £20,400,000 | 20,503,530 | 2.00 |
| Treasury 8.75% Stock 25/8/2017 | £15,100,000 | 18,332,533 | 1.79 |
| Overseas Government Stocks 31.45% (24.26%) | | | |
| Agence Francaise de Development 1.125% Bonds 3/10/2016 | USD 14,680,000 | 9,473,706 | 0.92 |
| Brazil Letras do Tesouro Nacional 0% Notes 1/1/2018 | BRL 133,000,000 | 22,403,487 | 2.19 |
| Canada (Government) 1% Debentures 1/11/2015 | CAD 33,740,000 | 18,688,175 | 1.82 |
| Fiji Islands (Republic of) 9% Bonds 15/3/2016 | USD 3,000,000 | 2,044,541 | 0.20 |
| Finland (Government) 0.60525% European Medium Term Notes 25/2/2016 | €9,400,000 | 9,404,151 | 0.92 |
| Former Yugoslav Republic of Macedonia 3.975% Bonds 24/7/2021 | EUR 4,800,000 | 3,715,056 | 0.36 |
| Kommunalbanken 0.36235% Bonds 2/5/2019 | USD 15,900,000 | 10,197,024 | 1.00 |
| Kommunekredit 0.875% European Medium Term Notes 29/7/2016 | USD 13,900,000 | 8,946,833 | 0.87 |
| Mexican Bonos 4.75% Bonds 14/6/2018 | MXN 216,060,000 | 9,382,080 | 0.92 |
| Mexican Bonos 6.5% Bonds 9/6/2022 | MXN 146,980,000 | 6,705,188 | 0.65 |
| Morocco (Government) 3.5% Bond 19/6/2024 | EUR 5,220,000 | 4,146,323 | 0.40 |
| Morocco (Government) 4.5% Bond 5/10/2020 | EUR 1,900,000 | 1,630,023 | 0.16 |
| Netherlands (Government) 1% Bond 24/2/2017 | USD 14,852,000 | 9,542,561 | 0.93 |
| Poland (Government) 5.75% Bonds 23/9/2022 | PLN 65,720,000 | 14,645,064 | 1.43 |
| Romanian (Government) 4.625% European Medium Term Notes 18/9/2020 | EUR 10,200,000 | 9,128,136 | 0.89 |
| Singapore (Government) 2.5% Bond 1/6/2019 | SGD 27,760,000 | 14,034,036 | 1.37 |
| Slovenia (Government) 2.25% Bonds 25/3/2022 | EUR 2,950,000 | 2,371,060 | 0.23 |
| Socialist Republic of Vietnam 6.75% European Dollar Bonds 29/1/2020 | USD 5,904,000 | 4,255,651 | 0.42 |
| Treasury of Victoria 5.5% Guaranteed Senior Notes 17/11/2026 | AUD 40,560,000 | 26,013,671 | 2.54 |
| US Treasury 0% Notes 19/3/2015 | USD 78,400,000 | 50,278,472 | 4.91 |
| US Treasury 0.875% Notes 28/2/2017 | USD 32,140,000 | 20,664,005 | 2.02 |
| US Treasury 1.625% Notes 15/8/2022 | USD 41,300,000 | 25,742,144 | 2.51 |
| US Treasury 2.875% Notes 15/5/2043 | USD 17,747,000 | 11,641,400 | 1.14 |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | USD 22,200,000 | 27,105,566 | 2.65 |
| Sterling Denominated Corporate Bonds 19.54% (18.90%) | | | |
| AA Bond 4.2487% Senior European Medium Term Notes 31/7/2043 | £9,200,000 | 9,679,782 | 0.95 |
| Abbey National Treasury Services 0.85775% European Medium Term Notes 20/1/2017 | £8,160,000 | 8,176,509 | 0.80 |
| Arsenal Securities 5.1418% Guaranteed Bonds 1/9/2029 | £5,781,558 | 6,328,630 | 0.62 |
| ASB Finance 1.385% Floating Rate European Medium Term Notes 23/10/2015 | £7,307,000 | 7,347,590 | 0.72 |
| BP Capital Markets 4.325% Guaranteed European Medium Term Notes 10/12/2018 | £5,000,000 | 5,460,691 | 0.53 |
| Bupa Finance 7.5% Guaranteed Senior European Medium Term Notes 4/7/2016 | £6,015,000 | 6,552,305 | 0.64 |
| Chorus 6.75% Guaranteed European Medium Term Notes 6/4/2020 | £4,416,000 | 5,100,922 | 0.50 |
| Close Brothers Finance 3.875% European Medium Term Notes 27/6/2021 | £4,550,000 | 4,857,807 | 0.47 |
| ENW Capital Finance 6.75% Guaranteed European Medium Term Notes 20/6/2015 | £7,366,000 | 7,547,299 | 0.74 |
| European Investment Bank 0.63338% European Medium Term Notes 5/1/2016 | £3,668,000 | 3,670,913 | 0.36 |
| F&C Commercial Property 5.23% Guaranteed Senior Floating Rate Bonds 30/6/2017 | £6,828,000 | 6,972,071 | 0.68 |
| FirstGroup 6.875% Guaranteed Bonds 18/9/2024 | £3,500,000 | 4,269,692 | 0.42 |
| GE Capital 6.44% Guaranteed Senior European Medium Term Bonds 15/11/2022 | £3,627,133 | 4,103,754 | 0.40 |
| Heathrow Funding 3% Guaranteed Senior Floating Rate European Medium Term Notes 8/6/2017 | £7,867,000 | 7,935,207 | 0.77 |
| HSBC 5.375% Guaranteed Subordinated Floating Rate European Medium Term Bonds 4/11/2030 | £7,000,000 | 7,799,777 | 0.76 |
| Hutchison Ports (UK) Finance 6.75% Guaranteed Bonds 7/12/2015 | £6,301,000 | 6,610,851 | 0.64 |
| Iron Mountain 6.125% Senior Notes 15/9/2022 | £5,003,000 | 5,126,624 | 0.50 |
| LBG Capital No.2 15% Guaranteed Bonds 21/12/2019 | £5,140,000 | 7,093,200 | 0.69 |
| Lloyds TSB 1.5% European Medium Term Notes 2/5/2017 | £7,175,000 | 7,276,885 | 0.71 |
| Motability Operations 5.25% Guaranteed European Medium Term Notes 28/9/2016 | £7,000,000 | 7,495,273 | 0.73 |
| Nationwide Building Society 0.76025% Bonds 17/7/2017 | £9,450,000 | 9,457,088 | 0.92 |
| Old Mutual 8% Bonds 3/6/2021 | £6,650,000 | 7,528,657 | 0.73 |
| Pacific Life 5.125% Guaranteed European Medium Term Notes 20/1/2015 | £7,000,000 | 7,011,357 | 0.68 |
| RSA Insurance 9.375% Guaranteed Floating Rate Bonds 20/5/2039 | £4,000,000 | 4,874,920 | 0.48 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Sterling Denominated Corporate Bonds (continued) | | | |
| Silverstone Master ISS 5.063% Guaranteed Mortgage Backed European Medium Term Bonds 21/1/2055 | £5,765,000 | 6,148,563 | 0.60 |
| SLM Student Loan Trust 03-10 5.15% Guaranteed Asset Backed Bonds 15/12/2039 | £5,712,296 | 5,369,558 | 0.52 |
| SSE 5.453% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds | £4,099,000 | 4,162,043 | 0.41 |
| Tesco Property Finance 3 5.744% Guaranteed Mortgage Backed Bonds 13/4/2040 | £3,158,698 | 3,135,894 | 0.31 |
| UBS London 6.625% Guaranteed Senior European Medium Term Notes 11/4/2018 | £6,666,000 | 7,733,955 | 0.75 |
| Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029 | £4,750,000 | 5,123,112 | 0.50 |
| Volkswagen Financial Services 1.75% Guaranteed European Medium Term Notes 21/8/2017 | £6,119,000 | 6,202,731 | 0.61 |
| Yorkshire Building Society 4.125% European Medium Term Notes 20/11/2024 | £4,113,000 | 4,140,557 | 0.40 |
| Non-Sterling Denominated Corporate Bonds 36.59% (39.55%) | | | |
| Aflac 3.625% Bonds 15/11/2024 | USD 9,720,000 | 6,356,017 | 0.62 |
| Algeco Scotsman 9% European Medium Term Notes 15/10/2018 | EUR 5,300,000 | 4,154,282 | 0.41 |
| Allied Irish Banks 2.75% European Medium Term Notes 16/4/2019 | EUR 3,434,000 | 2,801,993 | 0.27 |
| Altice 7.25% Senior Notes 15/5/2022 | EUR 3,000,000 | 2,366,520 | 0.23 |
| Aquarius + Investments for Swiss Reinsurance Co 8.25% Perpetual European Medium Term Notes | USD 9,200,000 | 6,490,300 | 0.63 |
| Ardagh Packaging Finance 4.25% Bonds 15/1/2022 | EUR 6,240,000 | 4,782,119 | 0.47 |
| Asian Development Bank 0.1695% Guaranteed Medium Term Notes 29/5/2015 | USD 16,637,000 | 10,668,591 | 1.04 |
| Atradius Finance 5.25% Floating Rate Guaranteed Subordinate Bonds 23/9/2044 | EUR 4,500,000 | 3,479,201 | 0.34 |
| Barclays Bank/Australia 4.525% Medium Term Notes 17/8/2015 | AUD 6,300,000 | 3,334,967 | 0.33 |
| Bharti Airtel International Netherlands 5.35% Guaranteed Bonds 20/5/2024 | USD 2,287,000 | 1,586,885 | 0.16 |
| Boats Investments Netherlands 7.579% European Medium Term Notes 15/12/2015 | EUR 2,379,000 | 9,231 | 0.00 |
| Boparan Finance 4.375% Senior European Medium Term Notes 15/7/2021 | EUR 4,030,000 | 2,607,592 | 0.25 |
| BP Capital Markets 2.521% Bonds 15/1/2020 | USD 1,500,000 | 961,013 | 0.09 |
| Cemex 7.25% 15/1/2021 | USD 7,500,000 | 5,038,480 | 0.49 |
| China Culiangwang Beverages 10% Bonds 12/4/2016 | CNY 5,487,603 | 352,422 | 0.03 |
| China Culiangwang Beverages 7% Bonds 12/4/2016 | CNY 7,160,000 | 329,350 | 0.03 |
| CHS/Community Health Systems 5.125% Bonds 1/8/2021 | USD 7,700,000 | 5,123,457 | 0.50 |
| Citigroup 5.5% Bonds 13/9/2025 | USD 8,700,000 | 6,173,861 | 0.60 |
| Cognor International Finance 5% Variable Convertible Bonds 1/2/2021 | EUR 566,655 | 268,255 | 0.03 |
| Cognor International Finance 7.5% Guaranteed Senior Notes 1/2/2020 | EUR 2,266,620 | 1,301,695 | 0.13 |
| Co-Operative Bank 2.375% European Medium Term Notes 23/10/2015 | EUR 6,930,000 | 5,216,648 | 0.51 |
| Council Of Europe Development Bank 1.125% Bonds 31/5/2018 | USD 9,715,000 | 6,172,428 | 0.60 |
| Coventry Building Society 2.5% Senior Notes 18/11/2020 | EUR 5,676,000 | 4,772,853 | 0.47 |
| Daimler Finance North America 1.875% Bonds 11/1/2018 | USD 10,198,000 | 6,563,051 | 0.64 |
| Dana Gas Sukuk 9% Notes 31/10/2017 | USD 1,744,490 | 1,006,921 | 0.10 |
| Danske Bank 3.875% Subordinated Floating Rate Notes 4/10/2023 | EUR 8,180,000 | 6,812,466 | 0.67 |
| Dexia Credit Local 2.25% Bonds 30/1/2019 | USD 15,740,000 | 10,222,021 | 1.00 |
| Dexia Credit Local SA 1% European Medium Term Notes 11/7/2016 | EUR 10,500,000 | 8,250,040 | 0.81 |
| Drill Rigs 6.5% Bonds 1/10/2017 | USD 3,815,000 | 2,018,519 | 0.20 |
| Edcon 13.375% Bonds 30/6/2019 | EUR 2,300,000 | 642,583 | 0.06 |
| Eksportfinans 5.5% Bonds 25/5/2016 | USD 6,360,000 | 4261822 | 0.42 |
| ERC Ireland Finance 5.349% Guaranteed Subordinated Notes 15/8/2016 | EUR 2,150,000 | 2,086 | 0.00 |
| Escrow General Motors 7.125% Bonds 31/12/2015 | USD 4,000,000 | 0 | 0.00 |
| Eurofima 0.3376% European Medium Term Notes 10/6/2016 | USD 13,200,000 | 8,459,220 | 0.83 |
| European Bank for Reconstruction & Development 4% Guaranteed Medium Term Notes 11/5/2017 | NOK 30,050,000 | 2,734,311 | 0.27 |
| European Investment Bank 2.125% Notes 4/2/2019 | CAD 17,120,000 | 9,589,631 | 0.94 |
| First Data 7.375% Bonds 15/6/2019 | USD 7,500,000 | 5,062,530 | 0.49 |
| First Quantum Minerals 6.75% Bonds 15/2/2020 | USD 2,089,000 | 1,212,471 | 0.12 |
| First Quantum Minerals 7% Bonds 15/2/2021 | USD 2,089,000 | 1,205,772 | 0.12 |
| Freeport-McMoRan 2.3% Bonds 14/11/2017 | USD 2,660,000 | 1,707,996 | 0.17 |
| Genel Energy Finance 7.5% Bonds 14/5/2019 | USD 3,600,000 | 1,923,994 | 0.19 |
| Grupo Isolux Corsan Finance 6.625% Notes 15/4/2021 | EUR 1,266,000 | 847,406 | 0.08 |
| Hellas Telecommunications Finance 0% Bonds 15/7/2015 | EUR 3,679,267 | 22,843 | 0.00 |
| Hellas Telecommunications II Subordinated Floating Rate Notes 15/1/2015 | EUR 1,600,000 | 124 | 0.00 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Non-Sterling Denominated Corporate Bonds (continued) | | | |
| ING Bank 3.625% Subordinated Floating Rate European Medium Term Notes 25/2/2026 | EUR 6,184,000 | 5,169,417 | 0.50 |
| International Bank for Reconstruction & Development 0.1608% Bonds 14/1/2015 | USD 13,310,000 | 8,536,411 | 0.83 |
| Kerling 10.625% Senior Notes 28/1/2017 | EUR 5,616,000 | 4,391,075 | 0.43 |
| KFW 3.375% European Medium Term Notes 18/8/2017 | NOK 38,920,000 | 3,516,184 | 0.34 |
| KFW 3.75% European Medium Term Notes 14/6/2018 | NZD 13,360,000 | 6,635,749 | 0.65 |
| Labco SAS 8.5% Senior Notes 15/1/2018 | EUR 5,200,000 | 4,196,966 | 0.41 |
| Landwirtschaftliche Rentenbank 3.275% Medium Term Notes 27/1/2016 | AUD 7,200,000 | 3,794,031 | 0.37 |
| LGE HoldCo 7.125% Notes 15/5/2024 | EUR 5,730,000 | 4,893,991 | 0.48 |
| Lloyds TSB Bank 13% Subordinated Floating Rate Bonds 19/12/2021 | AUD 6,068,000 | 3,672,042 | 0.36 |
| Marfrig Overseas 9.5% Bonds 4/5/2020 | USD 3,800,000 | 2,461,440 | 0.24 |
| Millicom International Cellular 6.625% Notes 15/10/2021 | USD 5,700,000 | 3,801,828 | 0.37 |
| National Wealth Management Holdings 3.37% Medium Term Notes 16/6/2026 | AUD 3,720,000 | 1,912,135 | 0.19 |
| National Wealth Management Holdings 6.75% Medium Term Notes 16/6/2026 | AUD 2,500,000 | 1,353,762 | 0.13 |
| Nederlandse Financierings Maatschappij voor Ontwikkelingslanden NV 0.37135% European Medium Term Notes 21/10/2019 | USD 16,050,000 | 10,288,881 | 1.00 |
| NET4GAS 2.5% Senior European Medium Term Notes Bonds 28/7/2021 | EUR 7,190,000 | 5,759,952 | 0.56 |
| New Red Finance 6% Bonds 1/4/2022 | USD 7,851,000 | 5,160,991 | 0.50 |
| Nitrogenmuvek Vegyipari 7.875% Bonds 21/5/2020 | USD 5,600,000 | 3,569,024 | 0.35 |
| Norcell Sweden Holding 3 5.25% Bonds 4/11/2019 | SEK 36,000,000 | 2,971,453 | 0.29 |
| Nordic Investment Bank 4.125% Medium Term Notes 16/3/2017 | NZD 16,501,000 | 8,307,408 | 0.81 |
| Numericable-SFR 5.625% Bonds 15/5/2024 | EUR 5,697,000 | 4,575,992 | 0.45 |
| Orange SA 4% Perpetual European Medium Term Notes | EUR 2,120,000 | 1,712,351 | 0.17 |
| Origin Energy 3.5% Bonds 9/10/2018 | USD 10,681,000 | 6,989,330 | 0.68 |
| Permanent Tsb 4% European Medium Term Notes 10/3/2015 | EUR 9,105,000 | 7,101,526 | 0.69 |
| Petrobras International 7.875% Bonds 15/3/2019 | USD 10,450,000 | 7,052,921 | 0.69 |
| Play Finance 2 5.25% Senior Notes 1/2/2019 | EUR 3,888,000 | 3,122,903 | 0.30 |
| Rabobank Nederland 7.25% Senior Notes 20/4/2018 | AUD 7,750,000 | 4,583,845 | 0.45 |
| Roche Holdings 0.3446% Bonds 29/9/2017 | USD 15,930,000 | 10,207,552 | 1.00 |
| Royal Bank of Canada 1.125% Bonds 22/7/2016 | USD 15,710,000 | 10,118,953 | 0.99 |
| RWE 4.625% Guaranteed Perpetual Subordinated Floating Rate Bonds | EUR 5,190,000 | 4,070,822 | 0.40 |
| Sazka 9% Bonds 12/7/2021 | EUR 816,838 | 18,485 | 0.00 |
| Société Générale 8.75% Perpetual | USD 10,470,000 | 6,823,882 | 0.67 |
| Sprint Capital 8.75% Guaranteed Bonds 15/3/2032 | USD 7,500,000 | 4,653,680 | 0.45 |
| Statoil 7.5% Bonds 1/10/2016 | USD 5,665,000 | 4,030,196 | 0.39 |
| Svensk Exportkredit 2.875% Bonds 14/11/2023 | USD 9,027,000 | 5,716,955 | 0.56 |
| Telefonica Europe 4.2% Variable Rate Subordinated Perpetual Bonds | EUR 3,800,000 | 2,985,023 | 0.29 |
| Telecomov Finance 8% Bonds 1/10/2017 | USD 7,051,000 | 4,657,707 | 0.45 |
| Tenet Healthcare 6% Bonds 1/10/2020 | USD 7,500,000 | 5,165,127 | 0.50 |
| Tullow Oil 6% Bonds 1/11/2020 | USD 6,033,000 | 3,211,409 | 0.31 |
| Unify Germany Holdings 10.75% European Zone 15/11/2015 | EUR 2,168,000 | 1,602,592 | 0.16 |
| Unity Media 7.5% Bonds 15/3/2019 | EUR 5,300,000 | 4,318,808 | 0.42 |
| Unitymedia Hessen 4% Senior Notes 15/1/2025 | EUR 6,695,000 | 5,291,157 | 0.52 |
| Unitymedia Hessen 6.25% Guaranteed Senior Notes 15/1/2029 | EUR 3,500,000 | 3,069,341 | 0.30 |
| Valeant Pharmaceuticals International 7.5% Bonds 15/7/2021 | USD 7,500,000 | 5,194,805 | 0.51 |
| Viridian Group Fund 11.125% Guaranteed Notes 1/4/2017 | EUR 2,953,000 | 2,452,144 | 0.24 |
| Walgreens Boots Alliance 4.8% Bonds 18/11/2044 | USD 8,059,000 | 5,449,528 | 0.53 |
| Wells Fargo 3.1067% Bonds 25/5/2017 | AUD 6,250,000 | 3,228,258 | 0.32 |
| Czech Equities 0.00% (0.00%) | | | |
| Bestsport Arena | 10,388,186 | 0 | 0.00 |
| Bestsport Services | 1,446,977 | 0 | 0.00 |
| Derivatives 0.25% (0.73%) | | | |
| Futures 0.00% (0.06%) | | | |
| US 5 Year Note Future (CBT) Expires March 2015 | USD(1,015) | 25,461 | 0.00 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|---------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| AUD Forward Foreign Currency Contracts 0.09% (-0.01%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | AUD (65,821,097) | (34,401,875) | (3.36) |
| Forward Foreign Currency Contracts 11/03/15 | £35,006,548 | 35,006,548 | 3.42 |
| Forward Foreign Currency Contracts 11/03/15 | AUD (23,716,000) | (12,395,340) | (1.21) |
| Forward Foreign Currency Contracts 11/03/15 | USD 19,744,139 | 12,669,108 | 1.24 |
| BRL Forward Foreign Currency Contracts 0.05% (-0.04%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | BRL (37,699,000) | (8,945,818) | (0.87) |
| Forward Foreign Currency Contracts 11/03/15 | £9,100,543 | 9,100,543 | 0.89 |
| Forward Foreign Currency Contracts 11/03/15 | BRL (56,463,000) | (13,398,439) | (1.31) |
| Forward Foreign Currency Contracts 11/03/15 | USD 21,343,035 | 13,695,062 | 1.34 |
| CAD Forward Foreign Currency Contracts 0.04% (-0.03%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | CAD (51,263,186) | (28,359,271) | (2.77) |
| Forward Foreign Currency Contracts 11/03/15 | £28,751,309 | 28,751,308 | 2.81 |
| EUR Forward Foreign Currency Contracts 0.12% (0.14%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | EUR 50,597,977 | 39,310,037 | 3.84 |
| Forward Foreign Currency Contracts 11/03/15 | £(40,060,963) | (40,060,964) | (3.91) |
| Forward Foreign Currency Contracts 11/03/15 | EUR (206,561,261) | (160,479,355) | (15.67) |
| Forward Foreign Currency Contracts 11/03/15 | £162,622,559 | 162,622,559 | 15.88 |
| Forward Foreign Currency Contracts 11/03/15 | EUR (22,136,762) | (17,198,255) | (1.68) |
| Forward Foreign Currency Contracts 11/03/15 | USD 27,270,830 | 17,498,716 | 1.71 |
| Forward Foreign Currency Contracts 11/03/15 | EUR (17,481,000) | (13,581,151) | (1.33) |
| Forward Foreign Currency Contracts 11/03/15 | NOK 152,993,198 | 13,069,757 | 1.28 |
| JPY Forward Foreign Currency Contracts -0.02% (0.00%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | JPY 958,331,000 | 5,131,761 | 0.50 |
| Forward Foreign Currency Contracts 11/03/15 | USD (8,088,308) | (5,189,978) | (0.51) |
| Forward Foreign Currency Contracts 11/03/15 | JPY (4,813,267,000) | (25,774,534) | (2.52) |
| Forward Foreign Currency Contracts 11/03/15 | USD 40,126,444 | 25,747,704 | 2.51 |
| MXN Forward Foreign Currency Contracts -0.03% (0.03%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | MXN (399,649,920) | (17,327,262) | (1.69) |
| Forward Foreign Currency Contracts 11/03/15 | £18,008,661 | 18,008,661 | 1.76 |
| Forward Foreign Currency Contracts 11/03/15 | MXN 490,721,916 | 21,275,789 | 2.08 |
| Forward Foreign Currency Contracts 11/03/15 | USD (34,576,653) | (22,186,601) | (2.17) |
| Forward Foreign Currency Contracts 11/03/15 | MXN (226,581,000) | (9,823,669) | (0.96) |
| Forward Foreign Currency Contracts 11/03/15 | USD (15,124,861) | 9,705,082 | 0.95 |
| NOK Forward Foreign Currency Contracts 0.11% (0.04%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | NOK (68,933,563) | (5,888,790) | (0.57) |
| Forward Foreign Currency Contracts 11/03/15 | £6,202,524 | 6,202,524 | 0.61 |
| Forward Foreign Currency Contracts 11/03/15 | NOK (148,947,000) | (12,724,102) | (1.24) |
| Forward Foreign Currency Contracts 11/03/15 | USD 20,983,827 | 13,464,571 | 1.31 |
| NZD Forward Foreign Currency Contracts -0.03% (-0.01%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | NZD (29,727,003) | (14,815,085) | (1.45) |
| Forward Foreign Currency Contracts 11/03/15 | £14,591,709 | 14,591,709 | 1.42 |
| PLN Forward Foreign Currency Contracts 0.07% (0.00%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | PLN (4,491,050) | (808,970) | (0.08) |
| Forward Foreign Currency Contracts 11/03/15 | £846,079 | 846,079 | 0.08 |
| Forward Foreign Currency Contracts 11/03/15 | PLN (77,491,000) | (13,958,407) | (1.36) |
| Forward Foreign Currency Contracts 11/03/15 | USD (22,815,579) | 14,639,941 | 1.43 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|-------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| SEK Forward Foreign Currency Contracts 0.01% (0.01%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | SEK (36,676,164) | (3,006,971) | (0.29) |
| Forward Foreign Currency Contracts 11/03/15 | £3,122,486 | 3,122,486 | 0.30 |
| SGD Forward Foreign Currency Contracts 0.00% (0.01%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | SGD (29,437,000) | (14,237,704) | (1.39) |
| Forward Foreign Currency Contracts 11/03/15 | £14,280,523 | 14,280,523 | 1.39 |
| TRY Forward Foreign Currency Contracts 0.00% (0.00%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | TRY (1,629,523) | (440,833) | (0.04) |
| Forward Foreign Currency Contracts 11/03/15 | £456,778 | 456,777 | 0.04 |
| USD Forward Foreign Currency Contracts -0.16% (0.56%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | USD 53,223,299 | 34,151,487 | 3.33 |
| Forward Foreign Currency Contracts 11/03/15 | £(34,074,574) | (34,074,574) | (3.32) |
| Forward Foreign Currency Contracts 11/03/15 | USD (655,625,913) | (420,691,694) | (41.07) |
| Forward Foreign Currency Contracts 11/03/15 | £418,925,471 | 418,925,471 | 40.90 |
| Portfolio of investments* | | 975,926,240 | 95.27 |
| Net current assets | | 48,444,169 | 4.73 |
| Total Net Assets | | 1,024,370,409 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000's) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|---|---------------------------------------|---------------------------------------|
| Standard & Poor's Ratings: | | | |
| AAA | 355,505 | 34.71 | 31.04 |
| AA | 93,329 | 9.11 | 5.28 |
| A | 108,354 | 10.56 | 12.86 |
| BBB | 152,501 | 14.92 | 15.84 |
| BB | 59,915 | 5.85 | 7.12 |
| B | 69,625 | 6.79 | 9.55 |
| CCC | 3,815 | 0.38 | 0.79 |
| Not Rated (by S&P) | 130,352 | 12.70 | 13.16 |
| Derivatives | 2,530 | 0.25 | 0.73 |
| Portfolio of investments | 975,926 | 95.27 | 96.37 |
| Net current assets | 48,444 | 4.73 | 3.63 |
| Total Net Assets | 1,024,370 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | 31/12/2013 £ |
|---|--------------------|----------------------------|-------------------------|
| Income | | | |
| Net capital (losses)/gains | | (9,423,646) | 9,173,230 |
| Revenue | 17,213,400 | | 13,684,661 |
| Expenses | <u>(3,536,202)</u> | <u>(3,244,449)</u> | |
| Net revenue before taxation | 13,677,198 | | 10,440,212 |
| Taxation | <u>-</u> | <u>-</u> | |
| Net revenue after taxation | | <u>13,677,198</u> | <u>10,440,212</u> |
| Total return before distributions | | 4,253,552 | 19,613,442 |
| Finance costs: Distributions | | (16,842,325) | (13,309,930) |
| Change in net assets attributable to Shareholders from investment activities | | <u>(12,588,773)</u> | <u>6,303,512</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | 31/12/2013 £ |
|--|---------------------|-----------------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 932,747,673 | 894,045,880 |
| Amounts receivable on issue of shares | 144,085,090 | | 202,393,523 |
| Amounts payable on cancellation of shares | <u>(45,734,552)</u> | <u>(146,572,426)</u> | |
| | | 98,350,538 | 55,821,097 |
| Dilution adjustment | | 20,587 | 66,630 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (12,588,773) | 6,303,512 |
| Retained distributions on accumulation shares | | 5,840,384 | 4,626,846 |
| Closing net assets attributable to Shareholders | | <u>1,024,370,409</u> | <u>960,863,965</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|--------------------|-----------------------------|--------------------|---------------------------|
| ASSETS | | | | |
| Investment assets* | | 980,292,606 | | 901,125,330 |
| Debtors | 11,294,775 | | 33,528,595 | |
| Cash and bank balances | <u>47,880,164</u> | | <u>36,580,514</u> | |
| Total other assets | | <u>59,174,939</u> | | <u>70,109,109</u> |
| Total assets | | 1,039,467,545 | | 971,234,439 |
| LIABILITIES | | | | |
| Investment liabilities | | (4,366,366) | | (2,270,124) |
| Creditors | (6,644,481) | | (32,907,359) | |
| Distribution payable on income shares | <u>(4,086,289)</u> | | <u>(3,309,283)</u> | |
| Total other liabilities | | <u>(10,730,770)</u> | | <u>(36,216,642)</u> |
| Total liabilities | | (15,097,136) | | (38,486,766) |
| Net assets attributable to Shareholders | | <u>1,024,370,409</u> | | <u>932,747,673</u> |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | | | | | | Period |
|--|----------------------|--------------------------|----------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.7983 | 0.1597 | 0.6386 | 0.0000 | 0.6386 | 0.6244 |
| Group 2 | 0.2995 | 0.0599 | 0.2396 | 0.3990 | 0.6386 | 0.6244 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.8978 | 0.1796 | 0.7182 | 0.0000 | 0.7182 | 0.6680 |
| Group 2 | 0.3659 | 0.0732 | 0.2927 | 0.4255 | 0.7182 | 0.6680 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.3136 | 0.2627 | 1.0509 | 0.0000 | 1.0509 | 0.8938 |
| Group 2 | 1.0623 | 0.2125 | 0.8498 | 0.2011 | 1.0509 | 0.8938 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.8545 | 0.1709 | 0.6836 | 0.0000 | 0.6836 | 0.5958 |
| Group 2 | 0.0605 | 0.0121 | 0.0484 | 0.6352 | 0.6836 | 0.5958 |
| P Shares (Net Income) | | | | | | |
| Group 1 | 0.7876 | 0.1575 | 0.6301 | 0.0000 | 0.6301 | 0.6036 |
| Group 2 | 0.7876 | 0.1575 | 0.6301 | 0.0000 | 0.6301 | 0.6036 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.8178 | 0.1636 | 0.6542 | 0.0000 | 0.6542 | 0.5957 |
| Group 2 | 0.4035 | 0.0807 | 0.3228 | 0.3314 | 0.6542 | 0.5957 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.8715 | 0.1743 | 0.6972 | 0.0000 | 0.6972 | 0.6159 |
| Group 2 | 0.4778 | 0.0956 | 0.3822 | 0.3150 | 0.6972 | 0.6159 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.7716 | 0.1543 | 0.6173 | 0.0000 | 0.6173 | 0.5759 |
| Group 2 | 0.6514 | 0.1303 | 0.5211 | 0.0962 | 0.6173 | 0.5759 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7893 | 0.1579 | 0.6314 | 0.0000 | 0.6314 | 0.5934 |
| Group 2 | 0.5368 | 0.1074 | 0.4294 | 0.2020 | 0.6314 | 0.5934 |
| | | | Gross Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 1.5381 | 0.0000 | 1.5381 | 1.3053 |
| Group 2 | | | 1.2595 | 0.2786 | 1.5381 | 1.3053 |
| X Shares (Gross Accumulation) | | | | | | |
| Group 1 | | | 1.5613 | 0.0000 | 1.5613 | 1.3197 |
| Group 2 | | | 1.5613 | 0.0000 | 1.5613 | 1.3197 |
| Exempt Shares 2 (Gross Income) | | | | | | |
| Group 1 | | | 0.8345 | 0.0000 | 0.8345 | 0.7301 |
| Group 2 | | | 0.3587 | 0.4758 | 0.8345 | 0.7301 |

Distribution Statements (continued)**Interim interest distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|--------------------------|----------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.0368 | 0.2074 | 0.8294 | 0.0000 | 0.8294 | 0.6231 |
| Group 2 | 0.5123 | 0.1025 | 0.4098 | 0.4196 | 0.8294 | 0.6231 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.0706 | 0.2141 | 0.8565 | 0.0000 | 0.8565 | 0.6658 |
| Group 2 | 0.5663 | 0.1133 | 0.4530 | 0.4035 | 0.8565 | 0.6658 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.3913 | 0.2783 | 1.1130 | 0.0000 | 1.1130 | 0.8838 |
| Group 2 | 0.5050 | 0.1010 | 0.4040 | 0.7090 | 1.1130 | 0.8838 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.9115 | 0.1823 | 0.7292 | 0.0000 | 0.7292 | 0.5926 |
| Group 2 | 0.5826 | 0.1165 | 0.4661 | 0.2631 | 0.7292 | 0.5926 |
| P Shares (Net Income) | | | | | | |
| Group 1 | 0.9819 | 0.1964 | 0.7855 | 0.0000 | 0.7855 | 0.6019 |
| Group 2 | 0.9819 | 0.1964 | 0.7855 | 0.0000 | 0.7855 | 0.6019 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9476 | 0.1895 | 0.7581 | 0.0000 | 0.7581 | 0.5935 |
| Group 2 | 0.3690 | 0.0738 | 0.2952 | 0.4629 | 0.7581 | 0.5935 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.9969 | 0.1994 | 0.7975 | 0.0000 | 0.7975 | 0.6100 |
| Group 2 | 0.4160 | 0.0832 | 0.3328 | 0.4647 | 0.7975 | 0.6100 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.9331 | 0.1866 | 0.7465 | 0.0000 | 0.7465 | 0.5741 |
| Group 2 | 0.8323 | 0.1665 | 0.6658 | 0.0807 | 0.7465 | 0.5741 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.9783 | 0.1957 | 0.7826 | 0.0000 | 0.7826 | 0.5881 |
| Group 2 | 0.3276 | 0.0655 | 0.2621 | 0.5205 | 0.7826 | 0.5881 |
| | | | Gross Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 1.6278 | 0.0000 | 1.6278 | 1.2902 |
| Group 2 | | | 1.1685 | 0.4593 | 1.6278 | 1.2902 |
| X Shares (Gross Accumulation) | | | | | | |
| Group 1 | | | 1.6508 | 0.0000 | 1.6508 | 1.3031 |
| Group 2 | | | 1.6508 | 0.0000 | 1.6508 | 1.3031 |
| Exempt Shares 2 (Gross Income) | | | | | | |
| Group 1 | | | 0.8917 | 0.0000 | 0.8917 | 0.7269 |
| Group 2 | | | 0.4066 | 0.4851 | 0.8917 | 0.7269 |

BNY MELLON INVESTMENT FUNDS – NEWTON GLOBAL EQUITY FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Newton Investment Management Limited

Fund Size: £2,291.94

Comparative Index: MSCI AC World NR GBP

Sector: The Investment Association Global

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 0.47% |
| Euro Accumulation Shares | 0.05% |
| Exempt Shares 2 (Net Accumulation) | 1.07% |
| Exempt Shares 1 (Net Accumulation) | 1.29% |
| X Shares (Net Accumulation) | 1.66% |
| Exempt Shares 3 (Net Accumulation) | 1.10% |
| Institutional Shares W (Net Income) | 1.05% |
| Institutional Shares W (Net Accumulation) | 1.03% |
| Retail Advised Shares B (Net Income) | 0.73% |
| Retail Advised Shares B (Net Accumulation) | 0.72% |

Key Dates: Fund Launch 01 June 1987 (Managed by Newton since November 1994)

Investment Objective

The objective of the Fund is to achieve capital growth from a portfolio of international securities.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 10.06% | 23.43% | 11.46% | -10.43% | 14.27% |
| Euro Accumulation Shares | 9.21% | 23.41% | 10.51% | -10.56% | 13.17% |
| Exempt Shares 2 (Net Accumulation) | 11.08% | 24.62% | 12.93% | -9.55% | 15.37% |
| Exempt Shares 1 (Net Accumulation) | 11.19% | 24.75% | 12.66% | -9.45% | 15.48% |
| X Shares (Net Accumulation) | 11.75% | 25.38% | 13.23% | -9.01% | 16.06% |
| Exempt Shares 3 (Net Accumulation) | 10.91% | 24.44% | 12.39% | -9.69% | 15.20% |
| Institutional Shares W (Net Income)* | 10.92% | 24.45% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 10.92% | 24.46% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 10.55% | 24.05% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 10.55% | 24.05% | n/a | n/a | n/a |
| MSCI AC World NR GBP | 10.64% | 20.52% | 11.03% | -6.66% | 16.21% |

Source: Lipper as at 31 December 2014 – Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Fund returned +7.85% against a return of +7.57% from the MSCI AC World Index.

The Fund delivered a positive return, outperforming its comparative index. Asset allocation boosted the Fund's relative returns, especially in the healthcare, materials and energy sectors. Stock selection meanwhile was a source of underperformance, particularly in the healthcare, telecoms and energy sectors. The largest individual contribution to the Fund's outperformance came from US tobacco firm Altria. The company continued to benefit from its healthy growth in revenues and profit margins, while its share price was pushed higher during the quarter by merger rumours surrounding brewer SABMiller, of which Altria owns a stake, and its potential purchase of Heineken. Microsoft was another top contributor to the Fund, as the company reported strong revenues from its cloud-computing business. Elsewhere, TJX, the US-listed parent of retailer TK Maxx, also contributed robust relative returns. The three biggest individual detractors from the Fund's returns were all from the energy sector, as the oil price continued to slide during the period: Canada's Suncor Energy; US holding Marathon Oil; and French oil firm Total.

The Fund established a new position in US pay-TV provider Discovery Communications, to take advantage of the growth opportunity in pay TV outside the US, while affiliate fees in the US are still growing. Another addition was Yum! Brands, which owns KFC, Pizza Hut and Taco Bell. Other significant purchases included global healthcare company Abbott Laboratories; Norwegian bank DNB; US pharmacy chain Walgreens; Trimble Navigation, which sells GPS based solutions which maximise productivity; financial-services group Prudential; and Indian tobacco holding ITC. Notable sales included US transportation company CSX, which retains a dominant position in the railway industry. However, the manager believed the likely decline in coal volumes would not be offset by growth in other areas. The Fund sold German dialysis company Fresenius Medical Care as, despite its cost-savings programme, its net income looks likely to slow. Other disposals included Chinese shoe retailer Belle, on concerns about increased competition, and Lawson, because the manager was not optimistic about the increasingly competitive Japanese food-supermarket space. The Fund also sold RenaissanceRe Holdings, as reinsurance-market conditions are challenged because of an influx of excess capacity.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

Discovery Communications class 'A' shares
DNB
Yum! Brands
Walgreen
Vivendi
Prudential
Google class 'A' shares
Abbott Laboratories
Continental
ITC

Sales

Total
Baker Hughes
CSX
Lawson
Fresenius Medical Care
Renaissance
Toyota Motor
International
Actelion
Alibaba

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 80.78 | 67.29 | 0.7011 |
| 2011 | 83.50 | 66.21 | 0.5086 |
| 2012 | 80.94 | 71.76 | 0.6422 |
| 2013 | 98.83 | 79.46 | 0.4976 |
| 2014 | 107.41 | 92.69 | 0.4284 |
| Euro Accumulation Shares | Cents | Cents | Cents |
| 2010 | 87.50 | 69.21 | 0.3936 |
| 2011 | 86.79 | 69.45 | 0.1182 |
| 2012 | 91.81 | 77.13 | 0.2925 |
| 2013 | 106.30 | 88.08 | 0.0491 |
| 2014 | 123.33 | 100.95 | 0.0000 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 167.58 | 137.94 | 2.7947 |
| 2011 | 175.18 | 139.22 | 2.6084 |
| 2012 | 173.41 | 151.26 | 2.8744 |
| 2013 | 215.80 | 171.14 | 2.5018 |
| 2014 | 237.89 | 202.83 | 2.9869 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 122.13 | 100.44 | 2.1358 |
| 2011 | 127.74 | 101.55 | 2.0264 |
| 2012 | 126.57 | 110.36 | 2.2106 |
| 2013 | 157.23 | 124.56 | 2.2026 |
| 2014 | 173.51 | 147.80 | 2.3302 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 123.92 | 101.46 | 2.6745 |
| 2011 | 129.94 | 103.42 | 2.6375 |
| 2012 | 129.56 | 112.53 | 2.8357 |
| 2013 | 161.83 | 127.65 | 2.9390 |
| 2014 | 179.57 | 152.30 | 3.1916 |
| Exempt Shares 3 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 121.54 | 100.18 | 1.8772 |
| 2011 | 126.95 | 100.86 | 1.7168 |
| 2012 | 125.39 | 109.54 | 1.9151 |
| 2013 | 155.33 | 123.34 | 1.8521 |
| 2014 | 170.94 | 145.94 | 1.9342 |
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 21 June) | 108.79 | 98.21 | 0.0630 |
| 2013 (to 23 September) | 133.09 | 106.94 | 1.3261 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 September) | 103.25 | 98.17 | n/a |
| 2013 | 126.50 | 101.55 | 1.4255 |
| 2014 | 137.38 | 118.75 | 1.5811 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|--------------------------|-------------------------|-----------------------------------|
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 September) | 103.25 | 98.17 | n/a |
| 2013 | 127.91 | 101.56 | 1.4261 |
| 2014 | 140.78 | 120.19 | 1.5974 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 8 October) | 99.86 | 95.05 | n/a |
| 2013 | 122.43 | 98.29 | 0.9554 |
| 2014 | 133.03 | 114.95 | 1.1309 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 8 October) | 99.86 | 95.05 | n/a |
| 2013 | 123.44 | 98.29 | 0.9543 |
| 2014 | 135.39 | 115.91 | 1.1406 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 449,230,304 | 74.64 | 601,861,316 |
| 30/06/2013 | 527,970,182 | 92.90 | 568,342,561 |
| 30/06/2014 | 543,559,561 | 98.47 | 551,985,891 |
| 31/12/2014 | 583,403,153 | 105.80 | 551,405,123 |
| Euro Accumulation Shares | | Cents | |
| 30/06/2012 | 12,793,047 | 83.66 | 18,963,660 |
| 30/06/2013 | 12,642,725 | 98.00 | 15,053,503 |
| 30/06/2014 | 6,699,589 | 111.13 | 7,528,211 |
| 31/12/2014 | 1,570,329 | 122.84 *** | 1,647,180 |
| ***Euro/Sterling exchange rate at close of business 31 December 2014: 1.288550 | | | |
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 18,709,298 | 159.45 | 11,733,694 |
| 30/06/2013 | 79,347 | 202.09 | 39,263 |
| 30/06/2014 | 2,751,568 | 217.25 | 1,266,547 |
| 31/12/2014 | 3,028,675 | 234.45 | 1,291,802 |
| Exempt Shares 1 (Net Accumulation) | | Pence | |
| 30/06/2012 | 134,784,381 | 116.39 | 115,805,542 |
| 30/06/2013 | 106,995,209 | 147.18 | 72,697,866 |
| 30/06/2014 | 248,085,338 | 158.38 | 156,642,438 |
| 31/12/2014 | 165,845,728 | 171.01 | 96,981,829 |
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 475,757,656 | 118.97 | 399,888,301 |
| 30/06/2013 | 617,399,199 | 151.20 | 408,337,162 |
| 30/06/2014 | 1,113,564,454 | 163.52 | 681,002,938 |
| 31/12/2014 | 1,472,126,653 | 177.00 | 831,701,529 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|---------------------|--------------|-----------------|
| Exempt Shares 3 (Net Accumulation) | | Pence | |
| 30/06/2012 | 15,130,942 | 115.39 | 13,113,288 |
| 30/06/2013 | 19,458,270 | 145.55 | 13,369,182 |
| 30/06/2014 | 39,904,933 | 156.23 | 25,543,170 |
| 31/12/2014 | 42,751,008 | 168.47 | 25,376,055 |
| P Shares (Net Income)** | | Pence | |
| 30/06/2012 | 15,025 | 100.17 | 15,000 |
| 30/06/2013 | 26,827 | 124.72 | 21,510 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 446,298 | 118.42 | 376,862 |
| 30/06/2014 | 5,275,592 | 125.54 | 4,202,292 |
| 31/12/2014 | 10,760,924 | 135.39 | 7,948,260 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 483,995 | 119.86 | 403,808 |
| 30/06/2014 | 6,897,646 | 128.65 | 5,361,367 |
| 31/12/2014 | 10,932,317 | 138.75 | 7,879,325 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 1,400,729 | 114.86 | 1,219,519 |
| 30/06/2014 | 1,445,281 | 121.77 | 1,186,936 |
| 31/12/2014 | 1,511,634 | 131.10 | 1,153,071 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 5,791 | 115.80 | 5,001 |
| 30/06/2014 | 6,196 | 123.92 | 5,000 |
| 31/12/2014 | 6,671 | 133.42 | 5,000 |

Ongoing Charges

| Share Class | 31/12/2014 % | 30/06/2014 % |
|--|-----------------|-----------------|
| Sterling Income Shares | 1.62 | 1.62 |
| Euro Accumulation Shares | 2.12 | 2.12 |
| Exempt Shares 2 (Net Accumulation) | 0.65 | 0.65 |
| Exempt Shares 1 (Net Accumulation) | 0.55 | 0.55 |
| X Shares (Net Accumulation) | 0.05 | 0.05 |
| Exempt Shares 3 (Net Accumulation) | 0.80 | 0.80 |
| Institutional Shares W (Net Income) | 0.80 | 0.80 |
| Institutional Shares W (Net Accumulation) | 0.80 | 0.80 |
| Retail Advised Shares B (Net Income) | 1.12 | 1.12 |
| Retail Advised Shares B (Net Accumulation) | 1.12 | 1.12 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United Kingdom 8.96% (7.24%) | | | |
| Associated British Foods | 789,586 | 24,895,647 | 1.09 |
| British American Tobacco | 1,308,166 | 45,785,810 | 2.00 |
| Centrica | 9,834,807 | 27,429,277 | 1.20 |
| GlaxoSmithKline | 1,766,144 | 24,302,141 | 1.06 |
| Prudential | 1,549,418 | 23,117,317 | 1.01 |
| Reed Elsevier | 1,928,379 | 29,669,096 | 1.29 |
| Vodafone | 13,540,348 | 30,147,585 | 1.31 |
| Canada 2.33% (3.02%) | | | |
| Intact Financial | 549,049 | 25,491,561 | 1.11 |
| Suncor Energy | 1,373,773 | 28,053,570 | 1.22 |
| United States of America 50.23% (45.19%) | | | |
| Abbott Laboratories | 634,560 | 18,321,559 | 0.80 |
| Accenture | 730,748 | 41,855,446 | 1.83 |
| Align Technology | 486,330 | 17,438,326 | 0.76 |
| Altria | 1,701,130 | 53,742,289 | 2.34 |
| Apple | 896,990 | 63,498,320 | 2.77 |
| Citigroup | 1,655,705 | 57,467,856 | 2.51 |
| Discovery Communications class 'A' shares | 1,252,170 | 27,641,296 | 1.21 |
| Dollar General | 847,140 | 38,400,420 | 1.67 |
| Dun & Bradstreet | 272,900 | 21,170,424 | 0.92 |
| Eastman Chemical | 317,464 | 15,439,022 | 0.67 |
| eBay | 680,336 | 24,482,061 | 1.07 |
| EMC | 1,224,949 | 23,371,642 | 1.02 |
| Equifax | 477,413 | 24,763,934 | 1.08 |
| Express Scripts | 962,170 | 52,241,342 | 2.28 |
| Google | 71,888 | 24,268,799 | 1.06 |
| Google class 'A' shares | 116,120 | 39,513,940 | 1.72 |
| Intuit | 453,206 | 26,795,614 | 1.17 |
| Kraft Foods class 'A' shares | 802,746 | 32,253,992 | 1.41 |
| Marathon Oil | 1,051,458 | 19,070,215 | 0.83 |
| Mattel | 942,824 | 18,708,337 | 0.82 |
| Medtronic | 899,214 | 41,631,720 | 1.82 |
| Microsoft | 2,597,213 | 77,370,879 | 3.38 |
| Nielsen | 1,078,613 | 30,921,277 | 1.35 |
| Pfizer | 2,251,689 | 44,983,237 | 1.96 |
| PNC Financial Services | 675,909 | 39,546,691 | 1.73 |
| Principal Financial | 1,190,354 | 39,644,113 | 1.73 |
| Sprint | 2,158,254 | 5,744,271 | 0.25 |
| TJX | 950,018 | 41,778,249 | 1.82 |
| Trimble Navigation | 867,775 | 14,770,401 | 0.64 |
| United Technologies | 545,944 | 40,265,230 | 1.76 |
| Walgreen | 695,956 | 33,944,174 | 1.48 |
| Walt Disney | 691,389 | 41,751,604 | 1.82 |
| Willis | 1,053,598 | 30,278,484 | 1.32 |
| Yum! Brands | 603,353 | 28,185,495 | 1.23 |
| Brazil 0.21% (0.74%) | | | |
| International Meal | 1,677,386 | 4,811,841 | 0.21 |
| Australia 0.02% (0.92%) | | | |
| Santos | 93,927 | 405,710 | 0.02 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-----------------------------|---------------------------------|
| China 0.35% (0.45%) | | | |
| Sun Art | 12,442,500 | 7,913,067 | 0.35 |
| Hong Kong 2.50% (2.00%) | | | |
| AIA | 9,758,800 | 34,703,695 | 1.51 |
| Jardine Matheson | 583,600 | 22,662,806 | 0.99 |
| India 1.07% (0.38%) | | | |
| Apollo Hospitals Enterprise | 778,672 | 8,931,997 | 0.39 |
| ITC | 4,163,466 | 15,588,079 | 0.68 |
| Japan 7.89% (9.30%) | | | |
| Don Quijote | 719,300 | 32,089,234 | 1.40 |
| Japan Tobacco | 1,752,700 | 31,149,840 | 1.36 |
| Sawai Pharmaceuticals | 703,000 | 26,097,448 | 1.14 |
| Softbank | 849,100 | 32,742,898 | 1.43 |
| Sugi | 687,700 | 18,098,699 | 0.79 |
| Toyota Motor | 1,001,600 | 40,493,419 | 1.77 |
| Belgium 1.40% (1.38%) | | | |
| Anheuser-Busch InBev | 440,685 | 31,994,165 | 1.40 |
| France 3.25% (5.26%) | | | |
| Air Liquide | 390,434 | 31,148,667 | 1.36 |
| L'Oréal | 183,403 | 19,791,383 | 0.86 |
| Total | 13,205 | 435,692 | 0.02 |
| Vivendi | 1,440,759 | 23,128,400 | 1.01 |
| Germany 6.51% (6.33%) | | | |
| Bayer | 594,348 | 52,329,192 | 2.28 |
| Brenntag | 671,136 | 24,339,129 | 1.06 |
| Continental | 285,608 | 38,977,274 | 1.70 |
| Rocket Internet | 81,499 | 3,280,073 | 0.14 |
| SAP | 673,308 | 30,468,813 | 1.33 |
| Israel 0.90% (0.80%) | | | |
| Teva Pharmaceutical Industries ADR (each convertible into 1 ordinary share) | 561,764 | 20,716,004 | 0.90 |
| Netherlands 2.58% (4.53%) | | | |
| Royal Dutch Shell | 1,686,218 | 36,176,708 | 1.58 |
| Wolters Kluwer | 1,159,663 | 22,814,370 | 1.00 |
| Norway 1.03% (0.00%) | | | |
| DNB | 2,483,356 | 23,515,361 | 1.03 |
| Sweden 1.12% (1.24%) | | | |
| TeliaSonera | 6,229,102 | 25,720,374 | 1.12 |
| Switzerland 6.88% (8.07%) | | | |
| Actelion | 184,810 | 13,741,319 | 0.60 |
| Nestlé | 794,554 | 37,385,347 | 1.63 |
| Novartis | 833,640 | 49,662,744 | 2.17 |
| Roche | 326,940 | 56,932,528 | 2.48 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|------------------|-------------------------|-----------------------------|
| Derivatives 0.03% (0.00%) | | | |
| EUR Forward Foreign Currency Contracts 0.03% (0.00%) | | | |
| Forward Foreign Currency Contracts 15/01/2015 | EUR (19,024,000) | (14,766,557) | (0.64) |
| Forward Foreign Currency Contracts 15/01/2015 | USD 24,100,657 | 15,457,810 | 0.67 |
| Portfolio of investments | | 2,229,090,192 | 97.26 |
| Net current assets | | 62,846,900 | 2.74 |
| Total Net Assets | | 2,291,937,092 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Singapore portfolio category, which, at 30 June 2014, represented 0.94% of the Total Net Assets of the Fund.

ADR = American Depositary Receipt

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------------|---------------------------|--------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 157,189,183 | | 60,787,957 |
| Revenue | 19,133,660 | | 13,027,453 | |
| Expenses | <u>(5,670,449)</u> | | <u>(5,161,432)</u> | |
| Net revenue before taxation | 13,463,211 | | 7,866,021 | |
| Taxation | <u>(1,707,803)</u> | | <u>(1,200,581)</u> | |
| Net revenue after taxation | | <u>11,755,408</u> | | <u>6,665,440</u> |
| Total return before distributions | | 168,944,591 | | 67,453,397 |
| Finance costs: Distributions | | 206,816 | | (227,996) |
| Change in net assets attributable to Shareholders from investment activities | | <u>169,151,407</u> | | <u>67,225,401</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|----------------------|-----------------------------|---------------------|-----------------------------|
| Opening net assets attributable to Shareholders | | 1,968,190,158 | | 1,286,908,572 |
| Amounts receivable on issue of shares | 304,081,458 | | 361,015,374 | |
| Amounts payable on cancellation of shares | <u>(149,514,517)</u> | | <u>(83,951,579)</u> | |
| | | 154,566,941 | | 277,063,795 |
| Dilution adjustment | | 41,721 | | 690,427 |
| Stamp Duty Reserve Tax | | (13,135) | | (13,164) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 169,151,407 | | 67,225,401 |
| Unclaimed distributions | | - | | 1,192 |
| Closing net assets attributable to Shareholders | | <u>2,291,937,092</u> | | <u>1,631,876,223</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|--------------|----------------------|--------------|----------------------|
| ASSETS | | | | |
| Investment assets | | 2,229,090,192 | | 1,924,723,030 |
| Debtors | 13,174,940 | | 15,209,491 | |
| Cash and bank balances | 60,677,651 | | 43,921,829 | |
| Total other assets | | 73,852,591 | | 59,131,320 |
| Total assets | | 2,302,942,783 | | 1,983,854,350 |
| LIABILITIES | | | | |
| Creditors | (11,005,691) | | (13,219,619) | |
| Distribution payable on income shares | - | | (2,444,573) | |
| Total other liabilities | | (11,005,691) | | (15,664,192) |
| Total liabilities | | (11,005,691) | | (15,664,192) |
| Net assets attributable to Shareholders | | 2,291,937,092 | | 1,968,190,158 |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-----------------|---------------------------|----------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 576,617,558 | | 490,524,434 |
| Commissions | 215,833 | | 150,665 | |
| Taxes | <u>230,364</u> | | <u>324,153</u> | |
| Total purchase costs | | 446,197 | | 474,818 |
| Gross purchases total | | <u>577,063,755</u> | | <u>490,999,252</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 429,160,826 | | 196,791,074 |
| Commissions | (289,086) | | (159,067) | |
| Taxes | <u>(25,800)</u> | | <u>(1,967)</u> | |
| Total sales costs | | (314,886) | | (161,034) |
| Total sales net of transaction costs | | <u>428,845,940</u> | | <u>196,630,040</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON GLOBAL HIGH YIELD BOND FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £199.56m |
| Comparative Index: | BofA Merrill Lynch Glo HY ex Bnk Cap & Jr Sub (GBP Hedged) |
| Sector: | The Investment Association £ High Yield |

Distribution Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 7.23% |
| X Shares (Net Accumulation) | 7.32% |
| X Shares (Net Income) | 7.32% |
| Institutional Shares W (Net Income) | 7.32% |
| Institutional Shares W (Net Accumulation) | 7.32% |
| Retail Advised Shares B (Net Income) | 7.23% |
| Retail Advised Shares B (Net Accumulation) | 7.25% |
| P Shares (Net Accumulation) | 7.30% |

Key Dates: Fund Launch 02 October 2000

Investment Objective

The objective of the Fund is to achieve a high yield from a globally diversified portfolio which may include but is not limited to fixed interest bonds and other debt instruments (such as floating rate notes and index-linked notes). At least 80% of the Fund's assets should be in Sterling denominated assets or hedged back to Sterling.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|--|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | -1.63% | 5.29% | 21.79% | -8.67% | 15.40% |
| X Shares (Net Accumulation) | -0.69% | 6.41% | 23.12% | -7.71% | 16.66% |
| X Shares (Net Income)* | -0.68% | 6.41% | 23.09% | n/a | n/a |
| Institutional Shares W (Net Income)* | -1.15% | 5.88% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | -1.16% | 5.89% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | -1.43% | 5.56% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | -1.43% | 5.56% | n/a | n/a | n/a |
| P Shares (Net Accumulation)* | -1.59% | 5.36% | n/a | n/a | n/a |
| BofA Merrill Lynch Glo HY ex Bnk Cap & Jr Sub TR (GBP Hedged) | 2.26% | 6.94% | 17.46% | 3.44% | 14.24% |
| IMA £ High Yield** | 1.14% | 6.58% | 18.18% | -4.18% | 10.62% |

Source: Lipper as at 31 December 2014. Total return, including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

** From 2 January 2015, the IMA will be known as The Investment Association.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned -5.34% against a return of -3.27% from the Bank of America Merrill Lynch Global High Yield excluding Bank Capital & Junior Subordinated GBP (Hedged) Index.

The Fund's underperformance can largely be attributed to exposure to the retail sector and the weakness of individual securities rated 'B' by ratings agencies (a large component of the portfolio). Such weakness is customary during periods when investors are more averse in their attitudes towards risk, such as in the final three months of the review period. There were other factors that contributed to the overall weakness of the market. These included the lower price for oil, concerns regarding the eurozone, such as the threat of deflation (the opposite of inflation, when the price of goods and services in an economy falls) as well as lingering geopolitical threats, namely the situation in Ukraine.

The Fund participated in a number of primary issues across a range of countries and sectors during the six months under review. Purchases were mainly in companies with a strong asset base – underlying assets that give value to a company – and good cash flows (Activity was greater in the first three months given the later fluctuations of the market.) These included Orange hybrids (French telecommunications), Burger King (US food), Atradius (UK financials), Iron Mountain (US industrials), Pizza Express (UK food) and Helios Towers (Nigerian telecommunications towers). Elsewhere, the Fund's purchases in the secondary market were driven by attractive valuations. New positions included Drill Rigs (oil and gas), Oi (Brazilian telecommunications), Galapagos (industrial equipment) and FMG (Australian mining). Meanwhile, notable sales included disposals of credit positions, mainly as a result of expensive valuations. Disposals included Quiksilver (surfing apparel), Turk Telecom and Origin Energy (Australian utility and energy). Among emerging-market sovereigns, the Fund sold Macedonia, Gabon and Ecuador as they had become expensive on valuation grounds.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|---|--|
| US Treasury 2.875% Notes 15/5/2043 | ZIGGO Bond 8% 15/05/2018 |
| LGE HoldCo 7.125% Notes 15/5/2024 | US Treasury 2.875% Notes 15/5/2043 |
| Unitymedia NRW GmbH 6.25% Guaranteed Senior Notes 15/1/2029 | Catalent 9.75% 15/4/2017 |
| Twinkle Pizza 8.625% Bonds 1/8/2022 | Nara Cable 8.875% 01/12/2018 |
| Origin Energy 4% 16/9/2074 | Sunrise Communications International 7% 31/12/2017 |
| Atradius Finance 5.25% Floating Rate Guaranteed Subordinate Bonds 23/9/2044 | Toys R Us 8.5% 1/12/2017 |
| Galapagos 5.375% 15/6/2021 | Boparan Finance 9.875% 30/4/2018 |
| Play Finance 2 5.25% Senior Notes 1/2/2019 | Country Garden 11.125% 2/2018 |
| New Red Finance 6% Bonds 1/4/2022 | Caesars Entertainment 8% 1/10/2020 |
| Telenet Finance 6.75% Bonds 15/8/2024 | Aguila 3 7.875% 31/1/2018 |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 69.00 | 63.73 | 4.6256 |
| 2011 | 69.22 | 55.83 | 4.2829 |
| 2012 | 66.77 | 58.34 | 3.9294 |
| 2013 | 68.14 | 64.78 | 3.5808 |
| 2014 | 67.61 | 60.87 | 3.4365 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 87.31 | 75.47 | 5.7323 |
| 2011 | 90.59 | 75.78 | 5.7367 |
| 2012 | 99.00 | 80.88 | 5.6873 |
| 2013 | 105.73 | 99.16 | 5.5554 |
| 2014 | 110.22 | 102.58 | 5.6980 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2011 (from 25 May) | 90.31 | 74.01 | 3.4252 |
| 2012 | 89.63 | 77.54 | 5.2954 |
| 2013 | 91.79 | 87.39 | 4.8800 |
| 2014 | 92.10 | 83.33 | 4.7443 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 September) | 105.23 | 100.00 | 1.9385 |
| 2013 | 107.57 | 102.34 | 5.7156 |
| 2014 | 107.33 | 96.85 | 5.5331 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 September) | 106.67 | 100.00 | 1.9525 |
| 2013 | 113.37 | 106.83 | 5.9714 |
| 2014 | 117.89 | 109.48 | 6.1018 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 October) | 102.63 | 99.47 | 1.3457 |
| 2013 | 104.82 | 99.70 | 5.5106 |
| 2014 | 104.30 | 94.01 | 5.3223 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 October) | 103.47 | 99.47 | 1.3518 |
| 2013 | 109.64 | 103.48 | 5.7240 |
| 2014 | 113.83 | 105.59 | 5.8224 |
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 21 September) | 103.17 | 99.39 | 1.5771 |
| 2013 (to 23 September) | 105.28 | 100.10 | 3.9539 |

**P Shares (Net Income) share class closed 23 September 2013.

| | | | |
|------------------------------------|--------------|--------------|--------------|
| P Shares (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 15 October) | 103.37 | 100.00 | 1.2069 |
| 2013 | 109.34 | 103.29 | 5.7733 |
| 2014 | 113.41 | 105.11 | 5.4924 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Sterling Income Shares | | | |
| | | Pence | |
| 30/06/2012 | 51,020,854 | 61.16 | 83,415,987 |
| 30/06/2013 | 80,864,079 | 64.75 | 124,895,340 |
| 30/06/2014 | 76,920,167 | 66.89 | 114,997,969 |
| 31/12/2014 | 54,481,618 | 61.32 | 88,842,622 |
| X Shares (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2012 | 27,032,076 | 87.97 | 30,730,287 |
| 30/06/2013 | 36,466,566 | 99.67 | 36,586,909 |
| 30/06/2014 | 97,358,217 | 109.51 | 88,901,193 |
| 31/12/2014 | 69,208,374 | 103.84 | 66,649,947 |
| X Shares (Net Income) | | | |
| | | Pence | |
| 30/06/2012 | 13,351,499 | 81.69 | 16,343,831 |
| 30/06/2013 | 36,110,415 | 87.34 | 41,343,205 |
| 30/06/2014 | 92,510,679 | 91.14 | 101,500,233 |
| 31/12/2014 | 50,835,591 | 83.99 | 60,526,508 |
| Institutional Shares W (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 1,664,345 | 102.29 | 1,627,155 |
| 30/06/2014 | 15,600,076 | 106.20 | 14,689,120 |
| 31/12/2014 | 19,566,345 | 97.59 | 20,048,802 |
| Institutional Shares W (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 543,161 | 107.12 | 507,046 |
| 30/06/2014 | 3,597,508 | 117.12 | 3,071,607 |
| 31/12/2014 | 5,143,345 | 110.76 | 4,643,772 |
| Retail Advised Shares B (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 35,070 | 99.64 | 35,197 |
| 30/06/2014 | 196,691 | 103.20 | 190,597 |
| 31/12/2014 | 203,155 | 94.72 | 214,478 |
| Retail Advised Shares B (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 5,195 | 103.74 | 5,008 |
| 30/06/2014 | 113,061 | 113.08 | 99,980 |
| 31/12/2014 | 106,998 | 106.77 | 100,211 |
| P Shares (Net Income)** | | | |
| | | Pence | |
| 30/06/2013 | 119,640 | 100.03 | 119,600 |
| P Shares (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 64,108 | 103.56 | 61,904 |
| 30/06/2014 | 69,736 | 112.65 | 61,903 |
| 31/12/2014 | 10,589 | 105.89 | 10,000 |

**P Shares (Net Income) share class closed 23 September 2013.

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| Share Class | % | % |
| Sterling Income Shares | 1.15 | 1.14 |
| X Shares (Net Accumulation) | 0.08 | 0.07 |
| X Shares (Net Income) | 0.08 | 0.07 |
| Institutional Shares W (Net Income) | 0.58 | 0.57 |
| Institutional Shares W (Net Accumulation) | 0.58 | 0.57 |
| Retail Advised Shares B (Net Income) | 0.90 | 0.89 |
| Retail Advised Shares B (Net Accumulation) | 0.90 | 0.89 |
| P Shares (Net Accumulation) | 1.07 | 1.07 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Overseas Government Bonds 2.22% (1.90%) | | | |
| US Treasury 2.875% Notes 15/5/2043 | USD 4,426,400 | 2,903,561 | 1.45 |
| Venezuela (Government) 5.75% Bond 26/2/2016 | USD 3,840,000 | 1,533,045 | 0.77 |
| Sterling Denominated Corporate Bonds 16.95% (14.84%) | | | |
| AA Bond 9.5% 31/7/2043 | £1,880,000 | 2,065,650 | 1.04 |
| Arqiva Broadcast Finance 9.5% Guaranteed Senior European Medium Term Notes 31/3/2021 | £1,800,000 | 1,973,250 | 0.99 |
| Boparan Finance 5.25% Bonds 15/7/2019 | £1,000,000 | 862,162 | 0.43 |
| Crown Newco 7% Senior Notes 15/2/2018 | £2,197,808 | 2,269,237 | 1.14 |
| Crown Newco 8.875% European Medium Term Notes 15/2/2019 | £1,450,000 | 1,507,130 | 0.76 |
| Debenhams 5.25% Senior Bonds 15/7/2021 | £1,351,000 | 1,302,945 | 0.65 |
| Enterprise Inns 6.5% Guaranteed Senior Bonds 6/12/2018 | £746,000 | 766,021 | 0.38 |
| Gala Group Finance 8.875% Guaranteed Senior Notes 1/9/2018 | £1,997,100 | 2,084,593 | 1.04 |
| House of Fraser Funding 8.875% Bonds 15/8/2018 | £4,695,000 | 4,932,285 | 2.47 |
| Iron Mountain 6.125% Senior Notes 15/9/2022 | £1,247,000 | 1,277,813 | 0.64 |
| Jerrold Finco 9.75% Notes 15/9/2018 | £1,255,000 | 1,399,325 | 0.70 |
| Lynx II Corp 7% Guaranteed Senior Bonds 15/4/2023 | £1,400,000 | 1,520,316 | 0.76 |
| Moto Finance 10.25% Bonds 15/3/2017 | £1,306,000 | 1,364,835 | 0.68 |
| Moy Park Bondco 6.25% Bonds 29/5/2021 | £2,300,000 | 2,210,990 | 1.11 |
| Odeon & Uci Finco 9% Senior European Medium Term Notes 1/8/2018 | £250,000 | 233,255 | 0.12 |
| SLM Student Loan Trust 03-10 5.15% Guaranteed Asset Backed Bonds 15/12/2039 | £700,000 | 658,000 | 0.33 |
| Stretford 79 6.75% Bonds 15/7/2024 | £300,000 | 231,750 | 0.12 |
| Telecom Italia 6.375% Guaranteed Senior European Medium Term Notes 24/6/2019 | £2,150,000 | 2,359,731 | 1.18 |
| Twinkle Pizza 8.625% Bonds 1/8/2022 | £2,000,000 | 2,038,080 | 1.02 |
| Virgin Media Secured Finance 6% Senior Notes 15/4/2021 | £1,600,000 | 1,684,400 | 0.84 |
| Virgin Media Secured Finance 6.25% Guranteed Senior Notes 28/3/2029 | £1,020,000 | 1,100,121 | 0.55 |
| Non-Sterling Denominated Corporate Bonds 79.96% (77.96%) | | | |
| 3AB Optique Development 5.625% 15/4/2019 | EUR 1,408,000 | 961,510 | 0.48 |
| Abengoa Finance SAU 8.875% Notes 1/11/2017 | USD 2,300,000 | 1,401,315 | 0.70 |
| Adria Bidco 7.875% Bonds 15/11/2020 | EUR 2,992,000 | 2,464,212 | 1.23 |
| Aeropuertos Dominicanos Siglo XXI 9.75% Bonds 13/11/2019 | USD 1,665,000 | 1,030,447 | 0.52 |
| Afren Plc 11.5% 1/2/2016 | USD 3,200,000 | 1,703,383 | 0.85 |
| African Minerals 8.5% Bonds 10/2/2017 | USD 1,600,000 | 51,307 | 0.03 |
| AG Spring Finance 7.5% 01/6/2018 | EUR 2,700,000 | 1,948,702 | 0.98 |
| Agrokor 9.125% Bonds 1/2/2020 | EUR 1,250,000 | 1,052,540 | 0.53 |
| Agrokor dd 8.875% Bonds 1/2/2020 | USD 3,100,000 | 2,145,198 | 1.07 |
| AK Steel 7.625% Bonds 15/5/2020 | USD 2,009,000 | 1,198,249 | 0.60 |
| Algeco Scotsman 9% European Medium Term Notes 15/10/2018 | EUR 2,300,000 | 1,802,802 | 0.90 |
| Algeco Scotsman Global Finance 8.5% Bonds 15/10/2018 | USD 1,500,000 | 928,331 | 0.47 |
| Altice 7.25% Senior Notes 15/5/2022 | EUR 4,090,000 | 3,226,356 | 1.62 |
| Altice Financing 7.875% Bonds 15/12/2019 | USD 1,000,000 | 656,659 | 0.33 |
| Altice Financing 8% Bonds 15/12/2019 | EUR 1,200,000 | 988,395 | 0.49 |
| Ardagh Packaging Finance 4.25% Bonds 15/1/2022 | EUR 2,710,000 | 2,076,850 | 1.04 |
| Atradius Finance 5.25% Floating Rate Guaranteed Subordinate Bonds 23/9/2044 | EUR 2,475,000 | 1,913,561 | 0.96 |
| Banglalink Digital Communications 8.625% Senior Bonds 6/5/2019 | USD 2,200,000 | 1,400,353 | 0.70 |
| Boats Investments Netherlands 7.579% European Medium Term Notes 15/12/2015 | EUR 720,000 | 2,794 | 0.00 |
| Boparan Finance 4.375% Senior European Medium Term Notes 15/7/2021 | EUR 3,403,000 | 2,201,895 | 1.10 |
| Brightstar 7.25% Notes 1/8/2018 | USD 2,002,000 | 1,370,617 | 0.69 |
| Bulgarian Telecommunications Co EAD 6.625% Senior Notes 15/11/2018 | EUR 2,440,000 | 1,884,133 | 0.94 |
| Bumi Investment 10.75% 6/10/2017 | USD 2,200,000 | 313,933 | 0.16 |
| Cemex SAB de 7.25% Bonds 15/1/2021 | USD 3,600,000 | 2,418,470 | 1.21 |
| China Culiangwang Beverages 7% Bonds 12/4/2016 | CNY 4,000,000 | 183,995 | 0.09 |
| China Culiangwang Beverages 10% Bonds 12/4/2016 | CNY 3,065,700 | 196,884 | 0.10 |
| CHS/Community Health Systems 5.125% Bonds 1/8/2021 | USD 1,000,000 | 665,384 | 0.33 |
| Cirsa Funding Luxembourg 8.75% 15/5/2018 | EUR 2,946,000 | 2,346,192 | 1.18 |
| CMA CGM 8.5% Senior Notes 15/4/2017 | USD 1,000,000 | 652,557 | 0.33 |
| CMA CGM 8.875% Senior Bonds 15/4/2019 | EUR 1,500,000 | 1,216,484 | 0.61 |
| Cobre Del Mayo SA de 10.75% Senior Notes 15/11/2018 | USD 3,200,000 | 1,888,087 | 0.95 |
| Cognor International Finance 5% Variable Convertible Bonds 1/2/2021 | EUR 265,885 | 125,870 | 0.06 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Non-Sterling Denominated Corporate Bonds (continued) | | | |
| Cognor International Finance 7.5% Guaranteed Senior Notes 1/2/2020 | EUR 1,063,541 | 610,780 | 0.31 |
| CONSOL Energy 5.875% Bonds 15/4/2022 | USD 2,000,000 | 1,192,881 | 0.60 |
| ConvaTec Healthcare 7.375% Notes 15/12/2017 | EUR 1,600,000 | 1,286,780 | 0.64 |
| Corral Petroleum Holdings 15% Bonds 31/12/2017 | EUR 2,217,201 | 1,528,617 | 0.77 |
| Dana Gas Sukuk 9% Notes 31/10/2017 | USD 900,900 | 520,000 | 0.26 |
| Detour Gold 5.5% Bonds 30/11/2017 | USD 633,000 | 359,025 | 0.18 |
| Drill Rigs 6.5% Bonds 1/10/2017 | USD 6,717,000 | 3,553,968 | 1.78 |
| Edcon 9.5% Bonds 1/3/2018 | EUR 400,000 | 248,341 | 0.12 |
| Edcon 13.375% Bonds 30/6/2019 | EUR 2,678,000 | 748,190 | 0.37 |
| ERC Ireland Finance 5.349% Guaranteed Subordinated Notes 15/8/2016 | EUR 1,100,000 | 1,067 | 0.00 |
| Evraz 6.75% Bonds 27/4/2018 | USD 3,600,000 | 1,927,850 | 0.97 |
| EWOS 6.58% Bonds 1/11/2020 | NOK 24,000,000 | 1,786,260 | 0.90 |
| EXCO Resources 7.5% Bonds 15/9/2018 | USD 3,550,000 | 1,740,280 | 0.87 |
| First Data 7.375% Bonds 15/6/2019 | USD 3,280,000 | 2,214,013 | 1.11 |
| First Data 11.75% Bonds 15/8/2021 | USD 1,625,000 | 1,195,887 | 0.60 |
| First Quantum Minerals 6.75% Bonds 15/2/2020 | USD 894,000 | 518,884 | 0.26 |
| First Quantum Minerals 7% Bonds 15/2/2021 | USD 894,000 | 516,017 | 0.26 |
| FMG Resources August 2006 8.25% Bonds 1/11/2019 | USD 2,000,000 | 1,167,228 | 0.58 |
| Genel Energy Finance 7.5% Bonds 14/5/2019 | USD 3,200,000 | 1,710,217 | 0.86 |
| Gestamp Funding Luxembourg 5.875% 31/5/2020 | EUR 2,600,000 | 2,133,794 | 1.07 |
| Greensill Capital SCF 1 0% Senior Notes 17/2/2015 | USD 2,000,000 | 1,246,208 | 0.62 |
| Grupo Isolux Corsan Finance 6.625% Notes 15/4/2021 | EUR 1,358,000 | 908,987 | 0.46 |
| Heidelberger Druckmaschinen 9.25% Guaranteed Bonds 15/4/2018 | EUR 2,307,000 | 1,823,954 | 0.91 |
| Helios Towers Finance 8.375% Bonds 15/7/2019 | USD 2,430,000 | 1,402,597 | 0.70 |
| Hellas Telecommunications Finance 0% Bonds 15/7/2015 | EUR 552,457 | 3,430 | 0.00 |
| Hellas Telecommunications II Subordinated Floating Rate Notes 15/1/2015 | EUR 300,000 | 23 | 0.00 |
| Hema Bondco I BV 6.25% Bonds 15/6/2019 | EUR 300,000 | 196,151 | 0.10 |
| Holdikks 6.75% Bonds 15/7/2021 | EUR 350,000 | 224,089 | 0.11 |
| Ineos Finance 7.5% Notes 1/5/2020 | USD 2,570,000 | 1,730,640 | 0.87 |
| Kerling 10.625% Senior Notes 28/1/2017 | EUR 4,777,000 | 3,735,072 | 1.87 |
| KPN Qwest 10% Convertible Notes 15/3/2012 | EUR 22,000 | 0 | 0.00 |
| Labco SAS 8.5% Senior Notes 15/1/2018 | EUR 1,932,000 | 1,559,334 | 0.78 |
| LGE HoldCo 7.125% Notes 15/5/2024 | EUR 3,319,000 | 2,834,756 | 1.42 |
| Lottomatica Floating Rate Notes 31/3/2066 | EUR 2,671,000 | 2,240,775 | 1.12 |
| Loxam 7.375% Subordinate Notes 24/1/2020 | EUR 2,425,000 | 1,891,370 | 0.95 |
| Magnetation Finance 11% Bonds 15/5/2018 | USD 2,120,000 | 938,143 | 0.47 |
| Magnolia 9% Bonds 1/8/2020 | EUR 300,000 | 221,761 | 0.11 |
| Marfrig Overseas 9.5% Bonds 4/5/2020 | USD 2,300,000 | 1,489,819 | 0.75 |
| Matterhorn Mobile Sa 6.75% Guaranteed Senior Notes 15/5/2019 | CHF 3,672,000 | 2,488,599 | 1.25 |
| Metalloinvest Finance 5.625% Bonds 17/4/2020 | USD 2,668,000 | 1,300,420 | 0.65 |
| Millicom International Cellular 6.625% Notes 15/10/2021 | USD 5,330,000 | 3,555,042 | 1.78 |
| New Red Finance 6% Bonds 1/4/2022 | USD 2,695,000 | 1,771,605 | 0.89 |
| Nitrogenmuvek Vegyipari Zrt 7.875% Bonds 21/5/2020 | USD 3,100,000 | 1,975,709 | 0.99 |
| Norcell Sweden 2 10.75% Guaranteed Bonds 29/9/2019 | EUR 1,170,000 | 1,011,045 | 0.51 |
| Norcell Sweden Holding 3 5.25% 4/11/2019 | SEK 14,000,000 | 1,155,565 | 0.58 |
| Norske Skogindustrier 11.75% Bonds 15/6/2016 | EUR 1,100,000 | 633,169 | 0.32 |
| Numericable-SFR 5.625% Bonds 15/5/2024 | EUR 7,950,000 | 6,385,666 | 3.20 |
| OI 5.75% Senior Bonds 10/2/2022 | USD 2,600,000 | 1,525,734 | 0.76 |
| Pacific Drilling 7.25% Bonds 1/12/2017 | USD 3,100,000 | 1,789,322 | 0.90 |
| Play Finance 2 5.25% Senior Notes 1/2/2019 | EUR 2,260,000 | 1,815,268 | 0.91 |
| Sazka 9% Bonds 12/7/2021 | EUR 192,197 | 4,349 | 0.00 |
| SMCP 8.875% 15/6/2020 | EUR 800,000 | 637,988 | 0.32 |
| Sprint 7.125% Bonds 15/6/2024 | USD 2,142,000 | 1,277,576 | 0.64 |
| Sprint 7.875% Senior Notes 15/9/2023 | USD 3,360,000 | 2,127,300 | 1.07 |
| Sprint Capital 8.75% Guaranteed Bonds 15/3/2032 | USD 3,296,000 | 2,045,137 | 1.02 |
| Sprint Communications 9.25% Bonds 15/4/2022 | USD 3,970,000 | 2,877,088 | 1.44 |
| Takko Luxembourg 2 9.875% Bonds 15/4/2019 | EUR 350,000 | 95,068 | 0.05 |
| Techem GmbH 6.125% Bonds 1/10/2019 | EUR 1,620,000 | 1,338,947 | 0.67 |
| Telefonica Europe 4.2% Variable Rate Subordinated Perpetual Bonds | EUR 1,400,000 | 1,099,745 | 0.55 |
| Telecomov Finance 8% Bonds 1/10/2017 | USD 8,780,000 | 5,799,840 | 2.91 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|------------------|-------------------------|-----------------------------|
| Non-Sterling Denominated Corporate Bonds (continued) | | | |
| Telenet Finance 6.75% Bonds 15/8/2024 | EUR 1,850,000 | 1,608,224 | 0.81 |
| Tenet Healthcare 6% Bonds 1/10/2020 | USD 1,000,000 | 688,684 | 0.35 |
| T-Mobile USA 6.464% Bonds 28/4/2019 | USD 1,053,000 | 702,338 | 0.35 |
| Tullow Oil 6% Bonds 1/11/2020 | USD 3,864,000 | 2,056,835 | 1.03 |
| Unify Germany Holdings 10.75% Medium Term Notes 15/11/2015 | EUR 1,600,000 | 1,182,725 | 0.59 |
| Unitymedia Hessen 4% Senior Notes 15/1/2025 | EUR 1,400,000 | 1,106,441 | 0.55 |
| Unitymedia NRW GmbH 6.25% Guranteed Senior Notes 15/1/2029 | EUR 2,500,000 | 2,192,387 | 1.10 |
| UPC 6.375% Bonds 15/9/2022 | EUR 2,922,000 | 2,466,086 | 1.24 |
| UPC Holding 8.375% Senior Notes 15/8/2020 | EUR 1,550,000 | 1,288,609 | 0.65 |
| Valeant Pharmaceuticals International 7.5% Bonds 15/7/2021 | USD 1,854,000 | 1,284,156 | 0.64 |
| VimpelCom 7.5043% Notes 1/3/2022 | USD 3,200,000 | 1,662,338 | 0.83 |
| Virgin Media Finance 6.375% Bonds 15/4/2023 | USD 2,400,000 | 1,612,314 | 0.81 |
| Virgolino de Oliveira Finance 10.5% Bonds 28/1/2018 | USD 2,200,000 | 56,437 | 0.03 |
| Viridian FundCo II 11.125% Bonds 1/4/2017 | USD 2,173,000 | 1,491,172 | 0.75 |
| Viridian Group Fund 11.125% Guaranteed Notes 1/4/2017 | EUR 1,502,000 | 1,247,247 | 0.62 |
| Waterford Wedgwood 9.875% Notes 1/12/2010 | EUR 340,000 | 26 | 0.00 |
| Wind Acquisition Finance 4% 15/7/2020 | EUR 2,370,000 | 1,797,893 | 0.90 |
| Wind Acquisition Finance 7% Guaranteed Bonds 23/4/2021 | EUR 3,757,000 | 2,857,367 | 1.43 |
| WinStar Communications 12.75% Senior Notes 15/4/2010 | EUR 400,000 | 0 | 0.00 |
| WMG Acquisition 6.25% Bonds 15/1/2021 | EUR 2,132,100 | 1,704,290 | 0.85 |
| Czech Republic 0.00% (0.00%) | | | |
| Bestsport Arena | 2,444,279 | 0 | 0.00 |
| Bestsport Services | 340,465 | 0 | 0.00 |
| Germany 0.02% (0.00%) | | | |
| Telegate | 12,122 | 31,092 | 0.02 |
| Italy 0.07% (0.00%) | | | |
| Seat-Pagine Gialle | 64,690,314 | 140,571 | 0.07 |
| Derivatives -0.28% (1.37%) | | | |
| BRL Forward Foreign Currency Contracts 0.02% (-0.02%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | BRL(8,276,000) | (1,977,653) | (0.99) |
| Forward Foreign Currency Contracts 12/02/15 | £2,015,342 | 2,015,342 | 1.01 |
| CHF Forward Foreign Currency Contracts 0.02% (0.04%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | CHF 1,073,217 | 693,357 | 0.35 |
| Forward Foreign Currency Contracts 12/02/15 | £(697,574) | (697,574) | (0.35) |
| Forward Foreign Currency Contracts 12/02/15 | CHF(4,969,173) | (3,210,359) | (1.61) |
| Forward Foreign Currency Contracts 12/02/15 | £3,245,348 | 3,245,348 | 1.63 |
| CNY Forward Foreign Currency Contracts 0.00% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | CNY(4,245,007) | (441,866) | (0.22) |
| Forward Foreign Currency Contracts 12/02/15 | £433,531 | 433,531 | 0.22 |
| EUR Forward Foreign Currency Contracts 0.41% (1.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | EUR 27,220,927 | 21,139,262 | 10.59 |
| Forward Foreign Currency Contracts 12/02/15 | £(21,508,099) | (21,508,099) | (10.78) |
| Forward Foreign Currency Contracts 12/02/15 | EUR(130,136,878) | (101,061,858) | (50.64) |
| Forward Foreign Currency Contracts 12/02/15 | £102,265,000 | 102,265,000 | 51.25 |
| MXN Forward Foreign Currency Contracts -0.04% (0.04%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | MXN 108,903,866 | 4,728,626 | 2.37 |
| Forward Foreign Currency Contracts 12/02/15 | £(5,001,465) | (5,001,465) | (2.51) |
| Forward Foreign Currency Contracts 12/02/15 | MXN(108,814,000) | (4,724,724) | (2.37) |
| Forward Foreign Currency Contracts 12/02/15 | £4,923,101 | 4,923,101 | 2.47 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| NOK Forward Foreign Currency Contracts 0.06% (0.04%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | NOK(22,842,188) | (1,952,374) | (0.98) |
| Forward Foreign Currency Contracts 12/02/15 | £2,079,085 | 2,079,085 | 1.04 |
| SEK Forward Foreign Currency Contracts 0.02% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | SEK 29,942,640 | 2,454,136 | 1.23 |
| Forward Foreign Currency Contracts 12/02/15 | £(2,582,562) | (2,582,562) | (1.29) |
| Forward Foreign Currency Contracts 12/02/15 | SEK(45,153,667) | (3,700,851) | (1.85) |
| Forward Foreign Currency Contracts 12/02/15 | £3,845,963 | 3,845,962 | 1.93 |
| USD Forward Foreign Currency Contracts -0.77% (0.25%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | USD 41,363,699 | 26,535,939 | 13.30 |
| Forward Foreign Currency Contracts 12/02/15 | £(26,358,259) | (26,358,259) | (13.21) |
| Forward Foreign Currency Contracts 12/02/15 | USD(155,123,879) | (99,516,191) | (49.87) |
| Forward Foreign Currency Contracts 12/02/15 | £97,803,443 | 97,803,443 | 49.01 |
| Portfolio of investments* | | 197,418,859 | 98.93 |
| Net current assets | | 2,137,156 | 1.07 |
| Total Net Assets | | 199,556,015 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000's) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|---|---------------------------------------|---------------------------------------|
| Standard & Poor's Ratings: | | | |
| AA | 658 | 0.33 | 0.23 |
| BBB | 0 | 0.00 | 1.71 |
| BB | 51,110 | 25.61 | 27.93 |
| B | 103,045 | 51.64 | 49.79 |
| CCC | 13,325 | 6.68 | 4.99 |
| CC | 56 | 0.03 | - |
| D | 314 | 0.16 | 0.27 |
| Not Rated (by S&P) | 29,482 | 14.77 | 9.78 |
| Derivatives | (572) | (0.29) | 1.37 |
| Portfolio of investments | 197,419 | 98.93 | 96.07 |
| Net current assets | 2,137 | 1.07 | 3.93 |
| Total Net Assets | 199,556 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-----------|---------------------|-----------|-------------------|
| Income | | | | |
| Net capital (losses)/gains | | (19,696,634) | | 3,775,355 |
| Revenue | 8,908,078 | | 7,041,717 | |
| Expenses | (483,830) | | (494,278) | |
| Finance costs: Interest | (5,491) | | - | |
| Net revenue before taxation | 8,418,757 | | 6,547,439 | |
| Taxation | - | | - | |
| Net revenue after taxation | | 8,418,757 | | 6,547,439 |
| Total return before distributions | | (11,277,877) | | 10,322,794 |
| Finance costs: Distributions | | (8,804,101) | | (6,950,572) |
| Change in net assets attributable to Shareholders from investment activities | | (20,081,978) | | 3,372,222 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------|--------------------|--------------|--------------------|
| Opening net assets attributable to Shareholders | | 286,366,135 | | 155,872,579 |
| Amounts receivable on issue of shares | 13,606,055 | | 141,157,705 | |
| Amounts payable on cancellation of shares | (82,923,563) | | (27,825,268) | |
| | | (69,317,508) | | 113,332,437 |
| Dilution adjustment | | 33,033 | | 448,856 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (20,081,978) | | 3,372,222 |
| Retained distributions on accumulation shares | | 2,555,537 | | 2,157,494 |
| Unclaimed distributions | | 796 | | 1,197 |
| Closing net assets attributable to Shareholders | | 199,556,015 | | 275,184,785 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|--------------------|--------------|--------------------|
| ASSETS | | | | |
| Investment assets* | | 199,914,261 | | 275,439,777 |
| Debtors | 4,225,613 | | 8,487,123 | |
| Cash and bank balances | 304,292 | | 20,090,269 | |
| Total other assets | | 4,529,905 | | 28,577,392 |
| Total assets | | 204,444,166 | | 304,017,169 |
| LIABILITIES | | | | |
| Investment liabilities | | (2,495,402) | | (333,790) |
| Bank overdraft | - | | (1) | |
| Creditors | (1,912,299) | | (16,568,563) | |
| Distribution payable on income shares | (480,450) | | (748,680) | |
| Total other liabilities | | (2,392,749) | | (17,317,244) |
| Total liabilities | | (4,888,151) | | (17,651,034) |
| Net assets attributable to Shareholders | | 199,556,015 | | 286,366,135 |

*Gross of investment liabilities

Distribution Statement

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | | | | | Period | |
|--|----------------------|--------------------------|--------------------|---------------------|--|---|
| | | | | | Group 1: Shares purchased prior to 1 December 2014 | Group 2: Shares purchased 1 December 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.2528 | 0.0506 | 0.2022 | 0.0000 | 0.2022 | 0.2893 |
| Group 2 | 0.0534 | 0.0107 | 0.0427 | 0.1595 | 0.2022 | 0.2893 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.5645 | 0.1129 | 0.4516 | 0.0000 | 0.4516 | 0.4627 |
| Group 2 | 0.4489 | 0.0898 | 0.3591 | 0.0925 | 0.4516 | 0.4627 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.4586 | 0.0917 | 0.3669 | 0.0000 | 0.3669 | 0.3964 |
| Group 2 | 0.4586 | 0.0917 | 0.3669 | 0.0000 | 0.3669 | 0.3964 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.4856 | 0.0971 | 0.3885 | 0.0000 | 0.3885 | 0.4632 |
| Group 2 | 0.2174 | 0.0435 | 0.1739 | 0.2146 | 0.3885 | 0.4632 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.5536 | 0.1107 | 0.4429 | 0.0000 | 0.4429 | 0.4962 |
| Group 2 | 0.2004 | 0.0401 | 0.1603 | 0.2826 | 0.4429 | 0.4962 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.4425 | 0.0885 | 0.3540 | 0.0000 | 0.3540 | 0.4458 |
| Group 2 | 0.0166 | 0.0033 | 0.0133 | 0.3407 | 0.3540 | 0.4458 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.4874 | 0.0975 | 0.3899 | 0.0000 | 0.3899 | 0.4747 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.3899 | 0.3899 | 0.4747 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.4786 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.4786 |

Interim interest distribution in pence per Share

| | | | | | Period | |
|-------------------------------------|----------------------|--------------------------|--------------------|---------------------|--|---|
| | | | | | Group 1: Shares purchased prior to 1 November 2014 | Group 2: Shares purchased 1 November 2014 to 30 November 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/11/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.3971 | 0.0794 | 0.3177 | 0.0000 | 0.3177 | 0.2470 |
| Group 2 | 0.1708 | 0.0342 | 0.1366 | 0.1811 | 0.3177 | 0.2470 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6495 | 0.1299 | 0.5196 | 0.0000 | 0.5196 | 0.3938 |
| Group 2 | 0.2436 | 0.0487 | 0.1949 | 0.3247 | 0.5196 | 0.3938 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.5305 | 0.1061 | 0.4244 | 0.0000 | 0.4244 | 0.3387 |
| Group 2 | 0.0779 | 0.0156 | 0.0623 | 0.3621 | 0.4244 | 0.3387 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.6271 | 0.1254 | 0.5017 | 0.0000 | 0.5017 | 0.3959 |
| Group 2 | 0.3178 | 0.0636 | 0.2542 | 0.2475 | 0.5017 | 0.3959 |

Distribution Statements (continued)**Interim interest distribution in pence per Share (continued)**

| | | | | | | Period |
|--|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 November 2014 |
| | | | | | | Group 2: Shares purchased 1 November 2014 to 30 November 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/11/2013 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.7051 | 0.1410 | 0.5641 | 0.0000 | 0.5641 | 0.4225 |
| Group 2 | 0.2579 | 0.0516 | 0.2063 | 0.3578 | 0.5641 | 0.4225 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6083 | 0.1217 | 0.4866 | 0.0000 | 0.4866 | 0.3805 |
| Group 2 | 0.0643 | 0.0129 | 0.0514 | 0.4352 | 0.4866 | 0.3805 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.6796 | 0.1359 | 0.5437 | 0.0000 | 0.5437 | 0.4037 |
| Group 2 | 0.0686 | 0.0137 | 0.0549 | 0.4888 | 0.5437 | 0.4037 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6886 | 0.1377 | 0.5509 | 0.0000 | 0.5509 | 0.4077 |
| Group 2 | 0.6886 | 0.1377 | 0.5509 | 0.0000 | 0.5509 | 0.4077 |

Interim interest distribution in pence per Share

| | | | | | | Period |
|--|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 October 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/10/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.4309 | 0.0862 | 0.3447 | 0.0000 | 0.3447 | 0.2872 |
| Group 2 | 0.1809 | 0.0362 | 0.1447 | 0.2000 | 0.3447 | 0.2872 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.7013 | 0.1403 | 0.5610 | 0.0000 | 0.5610 | 0.4548 |
| Group 2 | 0.2988 | 0.0598 | 0.2390 | 0.3220 | 0.5610 | 0.4548 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.5756 | 0.1151 | 0.4605 | 0.0000 | 0.4605 | 0.3928 |
| Group 2 | 0.2425 | 0.0485 | 0.1940 | 0.2665 | 0.4605 | 0.3928 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.6804 | 0.1361 | 0.5443 | 0.0000 | 0.5443 | 0.4593 |
| Group 2 | 0.3059 | 0.0612 | 0.2447 | 0.2996 | 0.5443 | 0.4593 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.7611 | 0.1522 | 0.6089 | 0.0000 | 0.6089 | 0.4881 |
| Group 2 | 0.3630 | 0.0726 | 0.2904 | 0.3185 | 0.6089 | 0.4881 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6600 | 0.1320 | 0.5280 | 0.0000 | 0.5280 | 0.4423 |
| Group 2 | 0.1208 | 0.0242 | 0.0966 | 0.4314 | 0.5280 | 0.4423 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7336 | 0.1467 | 0.5869 | 0.0000 | 0.5869 | 0.4672 |
| Group 2 | 0.3170 | 0.0634 | 0.2536 | 0.3333 | 0.5869 | 0.4672 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.7429 | 0.1486 | 0.5943 | 0.0000 | 0.5943 | 0.4712 |
| Group 2 | 0.7429 | 0.1486 | 0.5943 | 0.0000 | 0.5943 | 0.4712 |

Distribution Statements (continued)**Interim interest distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 September 2014 |
| | | | | | | Group 2: Shares purchased 1 September 2014 to 30 September 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.3741 | 0.0748 | 0.2993 | 0.0000 | 0.2993 | 0.2228 |
| Group 2 | 0.1698 | 0.0340 | 0.1358 | 0.1635 | 0.2993 | 0.2228 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6038 | 0.1208 | 0.4830 | 0.0000 | 0.4830 | 0.3523 |
| Group 2 | 0.6038 | 0.1208 | 0.4830 | 0.0000 | 0.4830 | 0.3523 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.4979 | 0.0996 | 0.3983 | 0.0000 | 0.3983 | 0.3053 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.3983 | 0.3983 | 0.3053 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.5900 | 0.1180 | 0.4720 | 0.0000 | 0.4720 | 0.3572 |
| Group 2 | 0.2656 | 0.0531 | 0.2125 | 0.2595 | 0.4720 | 0.3572 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.6570 | 0.1314 | 0.5256 | 0.0000 | 0.5256 | 0.3783 |
| Group 2 | 0.3151 | 0.0630 | 0.2521 | 0.2735 | 0.5256 | 0.3783 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.5723 | 0.1145 | 0.4578 | 0.0000 | 0.4578 | 0.3431 |
| Group 2 | 0.1160 | 0.0232 | 0.0928 | 0.3650 | 0.4578 | 0.3431 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.6333 | 0.1267 | 0.5066 | 0.0000 | 0.5066 | 0.3613 |
| Group 2 | 0.2705 | 0.0541 | 0.2164 | 0.2902 | 0.5066 | 0.3613 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6430 | 0.1286 | 0.5144 | 0.0000 | 0.5144 | 0.3653 |
| Group 2 | 0.6430 | 0.1286 | 0.5144 | 0.0000 | 0.5144 | 0.3653 |

Interim interest distribution in pence per Share

| | | | | | | Period |
|-----------------------------|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 August 2014 |
| | | | | | | Group 2: Shares purchased 1 August 2014 to 31 August 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/08/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.4139 | 0.0828 | 0.3311 | 0.0000 | 0.3311 | 0.3398 |
| Group 2 | 0.1890 | 0.0378 | 0.1512 | 0.1799 | 0.3311 | 0.3398 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6650 | 0.1330 | 0.5320 | 0.0000 | 0.5320 | 0.5316 |
| Group 2 | 0.3201 | 0.0640 | 0.2561 | 0.2759 | 0.5320 | 0.5316 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.5509 | 0.1102 | 0.4407 | 0.0000 | 0.4407 | 0.4632 |
| Group 2 | 0.5509 | 0.1102 | 0.4407 | 0.0000 | 0.4407 | 0.4632 |

Distribution Statements (continued)**Interim interest distribution in pence per Share (continued)**

| | | | | | | Period |
|--|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 August 2014 |
| | | | | | | Group 2: Shares purchased 1 August 2014 to 31 August 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/08/2013 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.6526 | 0.1305 | 0.5221 | 0.0000 | 0.5221 | 0.5421 |
| Group 2 | 0.2908 | 0.0582 | 0.2326 | 0.2895 | 0.5221 | 0.5421 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.7231 | 0.1446 | 0.5785 | 0.0000 | 0.5785 | 0.5711 |
| Group 2 | 0.3845 | 0.0769 | 0.3076 | 0.2709 | 0.5785 | 0.5711 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6334 | 0.1267 | 0.5067 | 0.0000 | 0.5067 | 0.5231 |
| Group 2 | 0.0833 | 0.0167 | 0.0666 | 0.4401 | 0.5067 | 0.5231 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.6973 | 0.1395 | 0.5578 | 0.0000 | 0.5578 | 0.5478 |
| Group 2 | 0.0394 | 0.0079 | 0.0315 | 0.5263 | 0.5578 | 0.5478 |
| P Shares (Net Income) | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.5301 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.5301 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.7071 | 0.1414 | 0.5657 | 0.0000 | 0.5657 | 0.5517 |
| Group 2 | 0.7071 | 0.1414 | 0.5657 | 0.0000 | 0.5657 | 0.5517 |

Interim interest distribution in pence per Share

| | | | | | | Period |
|---|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 July 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/07/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.4031 | 0.0806 | 0.3225 | 0.0000 | 0.3225 | 0.3818 |
| Group 2 | 0.1704 | 0.0341 | 0.1363 | 0.1862 | 0.3225 | 0.3818 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6434 | 0.1287 | 0.5147 | 0.0000 | 0.5147 | 0.5930 |
| Group 2 | 0.1813 | 0.0363 | 0.1450 | 0.3697 | 0.5147 | 0.5930 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.5351 | 0.1070 | 0.4281 | 0.0000 | 0.4281 | 0.5195 |
| Group 2 | 0.0365 | 0.0073 | 0.0292 | 0.3989 | 0.4281 | 0.5195 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.6350 | 0.1270 | 0.5080 | 0.0000 | 0.5080 | 0.6083 |
| Group 2 | 0.3096 | 0.0619 | 0.2477 | 0.2603 | 0.5080 | 0.6083 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.6986 | 0.1397 | 0.5589 | 0.0000 | 0.5589 | 0.6372 |
| Group 2 | 0.3430 | 0.0686 | 0.2744 | 0.2845 | 0.5589 | 0.6372 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6165 | 0.1233 | 0.4932 | 0.0000 | 0.4932 | 0.5877 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.4932 | 0.4932 | 0.5877 |

Distribution Statements (continued)**Interim interest distribution in pence per Share (continued)**

| | | | | | | Period |
|--|--------------------------|------------------------------|------------------------|---------------------|------------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 July 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/07/2013 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.6756 | 0.1351 | 0.5405 | 0.0000 | 0.5405 | 0.6121 |
| Group 2 | 0.0086 | 0.0017 | 0.0069 | 0.5336 | 0.5405 | 0.6121 |
| P Shares (Net Income) | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.5939 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.5939 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6855 | 0.1371 | 0.5484 | 0.0000 | 0.5484 | 0.6159 |
| Group 2 | 0.6855 | 0.1371 | 0.5484 | 0.0000 | 0.5484 | 0.6159 |

BNY MELLON INVESTMENT FUNDS – NEWTON GLOBAL HIGHER INCOME FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £4,381.80m |
| Comparative Index: | FTSE World TR GBP |
| Sector: | The Investment Association Global Equity Income |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 3.73% |
| Institutional Shares (Income) | 3.78% |
| Institutional Shares (Accumulation) | 3.64% |
| Exempt Shares 2 (Net Income) | 3.78% |
| X Shares (Net Accumulation) | 3.61% |
| X Shares (Net Income) | 3.74% |
| Sterling Accumulation Shares | 3.60% |
| Institutional Shares W (Net Income) | 3.77% |
| Institutional Shares W (Net Accumulation) | 3.64% |
| Retail Advised Shares B (Net Income) | 3.71% |
| Retail Advised Shares B (Net Accumulation) | 3.58% |
| Exempt Shares 2 (Net Accumulation) | 3.63% |
| U Shares (Net Income) | 1.45% |
| U Shares (Net Accumulation) | 1.45% |

Key Dates: Fund Launch 30 November 2005

Investment Objective

The objective of the Fund is to achieve increasing annual distributions together with long-term capital growth from investing predominantly in global securities.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 8.22% | 14.19% | 10.19% | 2.54% | 13.31% |
| Institutional Shares (Income) | 8.84% | 14.84% | 10.83% | 3.12% | 13.96% |
| Institutional Shares (Accumulation) | 8.84% | 14.85% | 10.84% | 3.13% | 13.95% |
| Exempt Shares 2 (Net Income) | 9.12% | 15.14% | 11.10% | 3.38% | 14.24% |
| X Shares (Net Accumulation) | 9.92% | 16.00% | 11.92% | 4.12% | 15.09% |
| X Shares (Net Income)* | 9.92% | 15.99% | 11.91% | 4.12% | n/a |
| Sterling Accumulation Shares* | 8.22% | 14.20% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 9.12% | 15.13% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 9.12% | 15.15% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 8.77% | 14.76% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 8.77% | 14.78% | n/a | n/a | n/a |
| Exempt Shares 2 (Net Accumulation)* | 9.11% | n/a | n/a | n/a | n/a |
| U Shares (Net Income)* | n/a | n/a | n/a | n/a | n/a |
| U Shares (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| FTSE World TR GBP | 11.29% | 22.36% | 11.83% | -5.79% | 16.28% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Fund returned +5.06% against a return of +7.79% for the FTSE World Index.

The Fund delivered a positive return but underperformed its comparative index. Sector allocation boosted the Fund's relative returns, especially in the healthcare and basic materials sectors. Stock selection was a source of underperformance, particularly in the healthcare sector. The biggest individual detractor from the Fund's returns was Norwegian oil company Statoil, which was affected by the falling oil price and declared a surprise net loss in its third-quarter results. Elsewhere, UK utility company Centrica issued a profit warning towards the end of the period, based on the effects of unseasonably warm weather on demand for gas and electricity. Danish telecoms operator TDC was also weak, warning that its earnings would fall short of market expectations. The company also lost out to competitors on two contracts. The largest individual contribution to the Fund's outperformance came from Microsoft, which announced strong results and an attractive 11% rise in its dividend. Reynolds American, the US tobacco company, continued to benefit from optimism surrounding its merger with Lorillard, while Paychex, the US-listed payroll and payroll-tax services holding, also contributed robust relative returns.

The Fund established a new position in Las Vegas Sands, the owner of casinos in Macau, Las Vegas and Singapore. The weakness of activity in Macau following China's clampdowns on spending and entertainment in an anti-corruption drive provided an opportunity to invest in the structural growth of gambling and consumer-related spending in Asia. The Fund also initiated a holding in Northeast Utilities, the US public utility holding company, which is located in areas with growing demand for power and gas infrastructure. The company offers both decent levels of regulated returns and the potential to grow its asset base significantly. On the sales side, the Fund disposed of Cable & Wireless Communications as the business case had changed. Elsewhere, the Fund sold its holding in ICAP as voice-broking revenues continued to slump and the outlook for that part of the business remains uncertain.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|---------------------------|---------------------------------|
| Sanofi | ConocoPhillips |
| Imperial Tobacco | Deutsche Telekom |
| Centrica | Lockheed Martin |
| Las Vegas Sands | MTN Group |
| Verizon Communications | ICAP |
| CRH | Microsoft |
| Cobham | CCR |
| Zurich Financial Services | Balfour Beatty |
| Mattel | Cable & Wireless Communications |
| Cisco Systems | Husky Energy |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 127.41 | 108.53 | 6.0220 |
| 2011 | 130.42 | 111.11 | 5.8884 |
| 2012 | 133.20 | 121.74 | 5.7863 |
| 2013 | 152.74 | 130.17 | 5.8250 |
| 2014 | 151.11 | 135.50 | 5.7030 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2010 | 130.73 | 111.06 | 6.2497 |
| 2011 | 134.10 | 114.35 | 6.1414 |
| 2012 | 137.79 | 125.78 | 6.0721 |
| 2013 | 158.61 | 134.90 | 6.1578 |
| 2014 | 158.12 | 141.19 | 6.0536 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 162.55 | 136.38 | 7.5722 |
| 2011 | 171.03 | 147.58 | 7.8299 |
| 2012 | 188.12 | 166.52 | 8.1222 |
| 2013 | 220.34 | 185.70 | 8.6065 |
| 2014 | 234.65 | 202.64 | 8.8108 |
| Exempt Shares 2 (Net Income) | Pence | Pence | Pence |
| 2010 | 132.14 | 112.12 | 6.2980 |
| 2011 | 135.68 | 115.76 | 6.2142 |
| 2012 | 139.87 | 127.58 | 6.1586 |
| 2013 | 161.29 | 137.05 | 6.2774 |
| 2014 | 161.43 | 143.83 | 6.1775 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 157.06 | 130.57 | 7.2592 |
| 2011 | 166.07 | 143.42 | 7.5326 |
| 2012 | 184.91 | 162.49 | 7.9258 |
| 2013 | 217.91 | 182.95 | 8.5142 |
| 2014 | 235.64 | 201.81 | 8.8268 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2010 (from 8 October) | 107.25 | 100.00 | 0.7396 |
| 2011 | 110.60 | 94.50 | 5.0324 |
| 2012 | 115.19 | 104.75 | 5.0315 |
| 2013 | 133.45 | 113.07 | 5.1905 |
| 2014 | 135.09 | 119.63 | 5.1569 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2012 (from 13 March) | 105.63 | 93.99 | 3.7931 |
| 2013 | 123.29 | 104.13 | 4.7296 |
| 2014 | 130.15 | 112.93 | 4.8194 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 September) | 102.20 | 97.81 | 1.0379 |
| 2013 | 117.85 | 100.14 | 4.5823 |
| 2014 | 117.95 | 105.10 | 4.5121 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 September) | 102.45 | 98.05 | 1.0419 |
| 2013 | 120.19 | 101.20 | 4.7065 |
| 2014 | 128.51 | 110.74 | 4.8235 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--------------------------------|--------------------------|-------------------------|-----------------------------------|
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 21 September) | 101.24 | 96.86 | 0.8962 |
| 2013 (to 23 September) | 116.56 | 99.14 | 2.8287 |

**P Shares (Net Income) share class closed 23 September 2013.

| | | | |
|---------------------------------------|--------------|--------------|--------------|
| P Shares (Net Accumulation)*** | Pence | Pence | Pence |
| 2012 (from 3 October) | 100.92 | 96.56 | 0.7321 |
| 2013 (to 26 July) | 118.21 | 99.62 | 2.8575 |

***P Shares (Net Accumulations) share class closed 26 July 2013.

| | | | |
|---|--------------|--------------|--------------|
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 1 October) | 101.42 | 97.03 | 0.7719 |
| 2013 | 116.74 | 99.31 | 4.4615 |
| 2014 | 116.40 | 103.94 | 4.3845 |

| | | | |
|---|--------------|--------------|--------------|
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 1 October) | 101.42 | 97.03 | 0.7719 |
| 2013 | 118.74 | 100.09 | 4.5657 |
| 2014 | 126.32 | 109.15 | 4.6720 |

| | | | |
|---|--------------|--------------|--------------|
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 14 February) | 110.70 | 99.77 | 4.3201 |
| 2014 | 118.35 | 101.99 | 4.4408 |

| | | | |
|------------------------------|--------------|--------------|--------------|
| U Shares (Net Income) | Pence | Pence | Pence |
| 2014 (from 20 May) | 105.17 | 94.73 | 3.2885 |

| | | | |
|------------------------------------|--------------|--------------|--------------|
| U Shares (Net Accumulation) | Pence | Pence | Pence |
| 2014 (from 20 May) | 107.93 | 97.22 | 3.3229 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 1,683,679,517 | 125.26 | 1,344,147,459 |
| 30/06/2013 | 1,896,306,885 | 140.78 | 1,346,975,201 |
| 30/06/2014 | 1,441,525,755 | 142.02 | 1,014,994,625 |
| 31/12/2014 | 1,329,519,036 | 146.70 | 906,314,756 |
| Institutional Shares (Income) | | Pence | |
| 30/06/2012 | 563,291,435 | 129.48 | 435,045,095 |
| 30/06/2013 | 494,375,606 | 146.25 | 338,027,982 |
| 30/06/2014 | 421,756,833 | 148.27 | 284,449,670 |
| 31/12/2014 | 338,058,307 | 153.55 | 220,157,645 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 173,598,840 | 175.05 | 99,172,471 |
| 30/06/2013 | 222,794,843 | 206.62 | 107,828,574 |
| 30/06/2014 | 193,416,096 | 218.28 | 88,608,604 |
| 31/12/2014 | 193,785,065 | 229.44 | 84,459,637 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| Exempt Shares 2 (Net Income) | | | |
| 30/06/2012 | 18,602,576 | Pence 131.37 | 14,159,989 |
| 30/06/2013 | 25,544,731 | 148.77 | 17,170,787 |
| 30/06/2014 | 48,910,669 | 151.20 | 32,349,137 |
| 31/12/2014 | 27,775,054 | 156.79 | 17,714,747 |
| X Shares (Net Accumulation) | | | |
| 30/06/2012 | 78,327,767 | Pence 171.60 | 45,646,830 |
| 30/06/2013 | 102,565,587 | 204.55 | 50,142,415 |
| 30/06/2014 | 184,498,930 | 218.25 | 84,534,771 |
| 31/12/2014 | 193,596,125 | 230.54 | 83,976,114 |
| X Shares (Net Income) | | | |
| 30/06/2012 | 132,528,302 | Pence 107.97 | 122,741,486 |
| 30/06/2013 | 181,681,344 | 123.19 | 147,483,560 |
| 30/06/2014 | 212,966,225 | 126.13 | 168,848,143 |
| 31/12/2014 | 222,179,546 | 131.26 | 169,265,442 |
| Sterling Accumulation Shares | | | |
| 30/06/2012 | 4,052,689 | Pence 98.43 | 4,117,309 |
| 30/06/2013 | 114,407,801 | 115.54 | 99,016,827 |
| 30/06/2014 | 89,019,563 | 121.37 | 73,344,797 |
| 31/12/2014 | 78,742,120 | 127.21 | 61,899,668 |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 829,087,339 | Pence 108.70 | 762,701,811 |
| 30/06/2014 | 1,273,347,945 | 110.48 | 1,152,610,310 |
| 31/12/2014 | 1,499,499,838 | 114.56 | 1,308,878,127 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 75,650,292 | Pence 112.74 | 67,099,215 |
| 30/06/2014 | 286,573,572 | 119.41 | 239,994,704 |
| 31/12/2014 | 406,217,992 | 125.68 | 323,209,265 |
| P Shares (Net Income)** | | | |
| 30/06/2013 | 458,377 | Pence 107.48 | 426,471 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| P Shares (Net Accumulation)*** | | | |
| 30/06/2013 | 486,914 | Pence 110.84 | 439,277 |
| ***P Shares (Net Accumulations) share class closed 26 July 2013. | | | |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 3,108,991 | Pence 107.67 | 2,887,458 |
| 30/06/2014 | 2,774,522 | 109.16 | 2,541,692 |
| 31/12/2014 | 2,927,063 | 113.04 | 2,589,355 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 701,639 | Pence 111.34 | 630,180 |
| 30/06/2014 | 1,425,690 | 117.54 | 1,212,905 |
| 31/12/2014 | 1,701,575 | 123.51 | 1,377,665 |
| Exempt Shares 2 (Net Accumulation) | | | |
| 30/06/2013 | 56,381,872 | Pence 103.84 | 54,298,365 |
| 30/06/2014 | 59,713,149 | 109.97 | 54,298,365 |
| 31/12/2014 | 87,792,223 | 115.74 | 75,850,800 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|------------------------------------|----------------------------|------------------|------------------------|
| U Shares (Net Income) | | Pence | |
| 30/06/2014 | 4,922 | 98.44 | 5,000 |
| 31/12/2014 | 5,238 | 102.15 | 5,128 |
| U Shares (Net Accumulation) | | Pence | |
| 30/06/2014 | 5,011 | 100.22 | 5,000 |
| 31/12/2014 | 5,278 | 105.56 | 5,000 |

Ongoing Charges

| Share Class | 31/12/2014 % | 30/06/2014 % |
|--|-------------------------|-------------------------|
| Sterling Income Shares | 1.62 | 1.62 |
| Institutional Shares (Income) | 1.04 | 1.05 |
| Institutional Shares (Accumulation) | 1.04 | 1.05 |
| Exempt Shares 2 (Net Income) | 0.79 | 0.80 |
| X Shares (Net Accumulation) | 0.04 | 0.05 |
| X Shares (Net Income) | 0.04 | 0.05 |
| Sterling Accumulation Shares | 1.62 | 1.62 |
| Institutional Shares W (Net Income) | 0.79 | 0.80 |
| Institutional Shares W (Net Accumulation) | 0.79 | 0.80 |
| Retail Advised Shares B (Net Income) | 1.12 | 1.12 |
| Retail Advised Shares B (Net Accumulation) | 1.12 | 1.12 |
| Exempt Shares 2 (Net Accumulation) | 0.79 | 0.80 |
| U Shares (Net Income) | 0.72 | 0.72 |
| U Shares (Net Accumulation) | 0.72 | 0.72 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United Kingdom 16.85% (14.14%) | | | |
| BAE Systems | 9,687,972 | 45,678,788 | 1.04 |
| Balfour Beatty | 17,674,250 | 37,363,364 | 0.85 |
| Centrica | 47,000,000 | 131,083,000 | 2.99 |
| Cobham | 6,975,995 | 22,595,248 | 0.52 |
| GlaxoSmithKline | 8,908,430 | 122,579,997 | 2.80 |
| Imperial Tobacco | 1,600,000 | 45,376,000 | 1.03 |
| Reed Elsevier | 6,730,814 | 103,557,012 | 2.36 |
| SSE | 6,192,000 | 100,434,240 | 2.29 |
| Tesco | 16,476,799 | 31,091,720 | 0.71 |
| Vodafone | 44,584,278 | 99,266,895 | 2.26 |
| Canada 0.56% (0.98%) | | | |
| Husky Energy | 1,600,000 | 24,363,234 | 0.56 |
| United States of America 44.32% (43.27%) | | | |
| Annaly Capital Management | 6,928,779 | 48,035,979 | 1.10 |
| CA | 4,943,039 | 96,530,728 | 2.20 |
| Cisco Systems | 3,700,000 | 65,991,342 | 1.51 |
| Clorox | 1,550,758 | 103,602,668 | 2.36 |
| Kraft Foods class 'A' shares | 1,240,514 | 49,843,323 | 1.14 |
| Las Vegas Sands | 1,138,299 | 42,451,234 | 0.97 |
| Mattel | 3,876,893 | 76,928,696 | 1.75 |
| Merck & Co | 2,350,836 | 85,620,636 | 1.95 |
| Microsoft | 7,819,622 | 232,946,251 | 5.32 |
| Northeast Utilities | 3,198,437 | 109,742,748 | 2.50 |
| Paychex | 3,296,119 | 97,578,229 | 2.23 |
| PDL Bio-Pharma | 4,589,002 | 22,691,169 | 0.52 |
| Pfizer | 4,409,967 | 88,100,351 | 2.01 |
| Philip Morris International | 3,479,512 | 181,735,743 | 4.15 |
| Procter & Gamble | 1,697,551 | 99,191,196 | 2.26 |
| Reynolds American | 6,435,000 | 265,158,730 | 6.05 |
| Sysco | 5,864,717 | 149,246,093 | 3.41 |
| Two Harbors | 6,590,719 | 42,395,326 | 0.97 |
| Verizon Communications | 2,800,000 | 83,968,575 | 1.92 |
| Brazil 0.42% (1.17%) | | | |
| CCR | 5,000,000 | 18,577,495 | 0.42 |
| Australia 0.95% (1.02%) | | | |
| Dexus Property | 11,358,155 | 41,549,500 | 0.95 |
| Hong Kong 1.29% (1.08%) | | | |
| Link Real Estate Investment Trust | 14,060,000 | 56,394,649 | 1.29 |
| South Korea 0.87% (0.85%) | | | |
| MacQuarie Korea Infrastructure | 9,595,580 | 38,352,093 | 0.87 |
| Singapore 0.81% (0.94%) | | | |
| Singapore Tech Engineering | 21,596,000 | 35,432,407 | 0.81 |
| Thailand 0.91% (0.99%) | | | |
| Bangkok Bank | 10,492,200 | 39,883,176 | 0.91 |
| Denmark 1.89% (2.24%) | | | |
| TDC | 16,827,035 | 82,826,488 | 1.89 |
| France 5.63% (6.11%) | | | |
| Sanofi | 2,235,000 | 130,955,337 | 2.99 |
| Suez Environnement | 4,000,000 | 44,794,536 | 1.02 |
| Total | 2,153,532 | 71,054,606 | 1.62 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-------------------|-------------------------|-----------------------------|
| Germany 1.81% (3.56%) | | | |
| Deutsche Post | 3,771,162 | 79,342,053 | 1.81 |
| Ireland 1.05% (0.51%) | | | |
| CRH | 2,969,477 | 45,848,236 | 1.05 |
| Netherlands 4.03% (6.35%) | | | |
| Royal Dutch Shell 'A' | 3,522,914 | 75,581,823 | 1.73 |
| Wolters Kluwer | 5,131,540 | 100,954,204 | 2.30 |
| Norway 3.32% (4.49%) | | | |
| Orkla | 21,000,000 | 91,702,272 | 2.09 |
| Statoil | 4,817,041 | 54,060,397 | 1.23 |
| Sweden 1.86% (1.87%) | | | |
| TeliaSonera | 19,700,000 | 81,342,602 | 1.86 |
| Switzerland 10.23% (9.66%) | | | |
| Credit Suisse | 2,259,782 | 36,565,485 | 0.83 |
| Nestlé | 1,051,956 | 49,496,623 | 1.13 |
| Novartis | 2,183,304 | 130,066,776 | 2.97 |
| Roche | 686,000 | 119,458,354 | 2.73 |
| Zurich Financial Services | 560,000 | 112,661,439 | 2.57 |
| Luxembourg 0.97% (0.00%) | | | |
| SES Global FDR (each representing 1 class 'A' share) | 1,844,544 | 42,457,937 | 0.97 |
| Derivatives 0.10% (0.19%) | | | |
| EUR Forward Foreign Currency Contracts 0.14% (0.06%) | | | |
| Forward Foreign Currency contracts 13/02/15 | EUR(221,411,850) | (171,946,871) | (3.92) |
| Forward Foreign Currency contracts 13/02/15 | USD277,095,541 | 177,765,681 | 4.06 |
| JPY Forward Foreign Currency contracts -0.04% (-0.03%) | | | |
| Forward Foreign Currency contracts 13/02/15 | £(90,633,539) | (90,633,539) | (2.07) |
| Forward Foreign Currency contracts 13/02/15 | JPY16,591,384,385 | 88,806,530 | 2.03 |
| Portfolio of investments* | | 4,288,498,804 | 97.87 |
| Net current assets | | 93,305,656 | 2.13 |
| Total Net Assets | | 4,381,804,460 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the South Africa portfolio category, which, at 30 June 2014, represented 1.00% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities issued by the relevant companies or issuers.

FDR = French Depositary Receipt

*Net of investment liabilities.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|---------------------|---------------------------|---------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 170,090,842 | | 58,856,896 |
| Revenue | 72,195,586 | | 72,201,360 | |
| Expenses | <u>(22,378,982)</u> | | <u>(24,615,744)</u> | |
| Net revenue before taxation | 49,816,604 | | 47,585,616 | |
| Taxation | <u>(6,653,297)</u> | | <u>(6,568,300)</u> | |
| Net revenue after taxation | | <u>43,163,307</u> | | <u>41,017,316</u> |
| Total return before distributions | | 213,254,149 | | 99,874,212 |
| Finance costs: Distributions | | (63,751,646) | | (63,635,701) |
| Change in net assets attributable to Shareholders from investment activities | | <u>149,502,503</u> | | <u>36,238,511</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|----------------------|-----------------------------|----------------------|-----------------------------|
| Opening net assets attributable to Shareholders | | 4,215,938,882 | | 4,003,552,221 |
| Amounts receivable on issue of shares | 308,690,640 | | 403,749,374 | |
| Amounts payable on cancellation of shares | <u>(305,695,732)</u> | | <u>(343,235,225)</u> | |
| | | 2,994,908 | | 60,514,149 |
| Dilution adjustment | | 37,842 | | - |
| Stamp Duty Reserve Tax | | 42,049 | | (332,245) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 149,502,503 | | 36,238,511 |
| Retained distributions on accumulation shares | | 13,280,551 | | 9,749,412 |
| Unclaimed distributions | | 7,725 | | 1,722 |
| Closing net assets attributable to Shareholders | | <u>4,381,804,460</u> | | <u>4,109,723,770</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|--------------|----------------------|--------------|----------------------|
| ASSETS | | | | |
| Investment assets* | | 4,290,325,813 | | 4,228,379,853 |
| Debtors | 23,171,457 | | 59,125,442 | |
| Cash and bank balances | 99,198,605 | | 29,788,181 | |
| Total other assets | | 122,370,062 | | 88,913,623 |
| Total assets | | 4,412,695,875 | | 4,317,293,476 |
| LIABILITIES | | | | |
| Investment liabilities | | (1,827,009) | | (2,322,623) |
| Creditors | (5,676,826) | | (37,974,716) | |
| Distribution payable on income shares | (23,387,580) | | (61,057,255) | |
| Total other liabilities | | (29,064,406) | | (99,031,971) |
| Total liabilities | | (30,891,415) | | (101,354,594) |
| Net assets attributable to Shareholders | | 4,381,804,460 | | 4,215,938,882 |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.1039 | 0.1104 | 0.9935 | 0.0000 | 0.9935 | 0.9595 |
| Group 2 | 0.6113 | 0.0611 | 0.5502 | 0.4433 | 0.9935 | 0.9595 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.1763 | 0.1176 | 1.0587 | 0.0000 | 1.0587 | 1.0251 |
| Group 2 | 0.7554 | 0.0755 | 0.6799 | 0.3788 | 1.0587 | 1.0251 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.7444 | 0.1744 | 1.5700 | 0.0000 | 1.5700 | 1.4613 |
| Group 2 | 0.8484 | 0.0848 | 0.7636 | 0.8064 | 1.5700 | 1.4613 |
| Exempt Shares 2 (Net Income) | | | | | | |
| Group 1 | 1.2013 | 0.1201 | 1.0812 | 0.0000 | 1.0812 | 1.0440 |
| Group 2 | 0.7692 | 0.0769 | 0.6923 | 0.3889 | 1.0812 | 1.0440 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.7459 | 0.1746 | 1.5713 | 0.0000 | 1.5713 | 1.4576 |
| Group 2 | 1.2673 | 0.1267 | 1.1406 | 0.4307 | 1.5713 | 1.4576 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 1.0009 | 0.1001 | 0.9008 | 0.0000 | 0.9008 | 0.8676 |
| Group 2 | 0.5374 | 0.0537 | 0.4837 | 0.4171 | 0.9008 | 0.8676 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 0.9510 | 0.0951 | 0.8559 | 0.0000 | 0.8559 | 0.7945 |
| Group 2 | 0.6611 | 0.0661 | 0.5950 | 0.2609 | 0.8559 | 0.7945 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.8757 | 0.0876 | 0.7881 | 0.0000 | 0.7881 | 0.7627 |
| Group 2 | 0.5773 | 0.0577 | 0.5196 | 0.2685 | 0.7881 | 0.7627 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.9539 | 0.0954 | 0.8585 | 0.0000 | 0.8585 | 0.7983 |
| Group 2 | 0.5871 | 0.0587 | 0.5284 | 0.3301 | 0.8585 | 0.7983 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.8480 | 0.0848 | 0.7632 | 0.0000 | 0.7632 | 0.7356 |
| Group 2 | 0.3962 | 0.0396 | 0.3566 | 0.4066 | 0.7632 | 0.7356 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.9198 | 0.0920 | 0.8278 | 0.0000 | 0.8278 | 0.7672 |
| Group 2 | 0.4196 | 0.0420 | 0.3776 | 0.4502 | 0.8278 | 0.7672 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 0.8781 | 0.0878 | 0.7903 | 0.0000 | 0.7903 | 0.7352 |
| Group 2 | 0.3616 | 0.0362 | 0.3254 | 0.4649 | 0.7903 | 0.7352 |
| U Shares (Net Income) | | | | | | |
| Group 1 | 0.7848 | 0.0785 | 0.7063 | 0.0000 | 0.7063 | n/a |
| Group 2 | 0.3577 | 0.0358 | 0.3219 | 0.3844 | 0.7063 | n/a |
| U Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.8062 | 0.0806 | 0.7256 | 0.0000 | 0.7256 | n/a |
| Group 2 | 0.8062 | 0.0806 | 0.7256 | 0.0000 | 0.7256 | n/a |

Distribution Statements (continued)**Interim dividend distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.2571 | 0.1257 | 1.1314 | 0.0000 | 1.1314 | 1.2064 |
| Group 2 | 0.5916 | 0.0592 | 0.5324 | 0.5990 | 1.1314 | 1.2064 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.3368 | 0.1337 | 1.2031 | 0.0000 | 1.2031 | 1.2840 |
| Group 2 | 0.5428 | 0.0543 | 0.4885 | 0.7146 | 1.2031 | 1.2840 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.9661 | 0.1966 | 1.7695 | 0.0000 | 1.7695 | 1.8153 |
| Group 2 | 1.0714 | 0.1071 | 0.9643 | 0.8052 | 1.7695 | 1.8153 |
| Exempt Shares 2 (Net Income) | | | | | | |
| Group 1 | 1.3636 | 0.1364 | 1.2272 | 0.0000 | 1.2272 | 1.3099 |
| Group 2 | 0.5377 | 0.0538 | 0.4839 | 0.7433 | 1.2272 | 1.3099 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.9741 | 0.1974 | 1.7767 | 0.0000 | 1.7767 | 1.7962 |
| Group 2 | 0.7586 | 0.0759 | 0.6827 | 1.0940 | 1.7767 | 1.7962 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 1.1381 | 0.1138 | 1.0243 | 0.0000 | 1.0243 | 1.0896 |
| Group 2 | 0.3914 | 0.0391 | 0.3523 | 0.6720 | 1.0243 | 1.0896 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.0748 | 0.1075 | 0.9673 | 0.0000 | 0.9673 | 0.9911 |
| Group 2 | 0.5970 | 0.0597 | 0.5373 | 0.4300 | 0.9673 | 0.9911 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.9962 | 0.0996 | 0.8966 | 0.0000 | 0.8966 | 0.9577 |
| Group 2 | 0.5922 | 0.0592 | 0.5330 | 0.3636 | 0.8966 | 0.9577 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.0769 | 0.1077 | 0.9692 | 0.0000 | 0.9692 | 0.9948 |
| Group 2 | 0.6168 | 0.0617 | 0.5551 | 0.4141 | 0.9692 | 0.9948 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.9661 | 0.0966 | 0.8695 | 0.0000 | 0.8695 | 0.9269 |
| Group 2 | 0.4481 | 0.0448 | 0.4033 | 0.4662 | 0.8695 | 0.9269 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.0409 | 0.1041 | 0.9368 | 0.0000 | 0.9368 | 0.9607 |
| Group 2 | 0.7104 | 0.0710 | 0.6394 | 0.2974 | 0.9368 | 0.9607 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 0.9918 | 0.0992 | 0.8926 | 0.0000 | 0.8926 | 0.9140 |
| Group 2 | 0.7288 | 0.0729 | 0.6559 | 0.2367 | 0.8926 | 0.9140 |
| U Shares (Net Income) | | | | | | |
| Group 1 | 0.8906 | 0.0891 | 0.8015 | 0.0000 | 0.8015 | n/a |
| Group 2 | 0.3389 | 0.0339 | 0.3050 | 0.4965 | 0.8015 | n/a |
| U Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.9073 | 0.0907 | 0.8166 | 0.0000 | 0.8166 | n/a |
| Group 2 | 0.9073 | 0.0907 | 0.8166 | 0.0000 | 0.8166 | n/a |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 413,120,154 | | 792,079,024 |
| Commissions | 217,079 | | 597,392 | |
| Taxes | <u>1,079,022</u> | | <u>931,315</u> | |
| Total purchase costs | | 1,296,101 | | 1,528,707 |
| Gross purchases total | | <u>414,416,255</u> | | <u>793,607,731</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 509,162,831 | | 657,962,119 |
| Commissions | (285,951) | | (706,110) | |
| Taxes | <u>(18,290)</u> | | <u>(55,822)</u> | |
| Total sales costs | | (304,241) | | (761,932) |
| Total sales net of transaction costs | | <u>508,858,590</u> | | <u>657,200,187</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON GLOBAL OPPORTUNITES FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Newton Investment Management Limited

Fund Size: £522.69m

Comparative Index: FTSE All World TR GBP

Sector: The Investment Association Global

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 0.46% |
| Exempt Shares 2 (Net Accumulation) | 1.09% |
| X Shares (Net Accumulation) | 1.67% |
| Institutional Shares W (Net Income) | 1.06% |
| Institutional Shares W (Net Accumulation) | 1.04% |
| Retail Advised Shares B (Net Income) | 0.82% |
| Retail Advised Shares B (Net Accumulation) | 0.80% |
| Exempt Shares 2 (Net Income) | 1.12% |

Key Dates: Fund Launch 01 July 2005

Investment Objective

The objective of the Fund is to achieve long-term capital growth from a concentrated portfolio predominately invested in the securities of companies located worldwide. The Fund does not have a bias towards any economic sector or company size.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 11.26% | 20.16% | 10.47% | -9.19% | 20.24% |
| Exempt Shares 2 (Net Accumulation) | 12.16% | 21.15% | 11.38% | -8.43% | 21.21% |
| X Shares (Net Accumulation) | 12.98% | 22.05% | 12.23% | -7.75% | 22.13% |
| Institutional Shares W (Net Income)* | 12.17% | 21.15% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 12.16% | 21.13% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 11.80% | 20.77% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 11.81% | 20.75% | n/a | n/a | n/a |
| Exempt Shares 2 (Net Income)* | 12.16% | n/a | n/a | n/a | n/a |
| FTSE All World TR GBP | 11.30% | 21.03% | 12.00% | -6.57% | 16.74% |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Fund returned +8.44% against a return of +7.83% from the FTSE All World Index.

The Fund delivered a positive return outperforming its comparative index. Asset allocation boosted the Fund's relative returns, especially in the oil & gas sector. The largest individual contribution to the Fund's outperformance came from TJX, the US-listed parent of retailer TK Maxx. Pharmacy benefits manager Express Scripts also did well, reporting a rise in third-quarter profits during the period. Elsewhere, solid results and evidence of product innovation boosted US tech stock Intuit, which also contributed robust relative returns. The list of negative contributors unsurprisingly features a number of businesses affected by the fall in the oil price. The portfolio's relatively low exposure to the oil and gas sector was nonetheless of benefit to relative performance. Canadian miner Yamana Gold also affected the Fund's returns, undermined by weakness in the price of gold and a questionable acquisition. Discovery Communications was weak after reporting mixed results that featured deterioration in US advertising revenues. The manager believes that this business can continue to generate reasonable growth at a good return on capital and is attractively valued.

The Fund established a new position in US pay-TV provider Discovery Communications, to take advantage of the growth opportunity in pay TV outside the US, while affiliate fees in the US are still growing. Other significant purchases included Yum! Brands, which owns KFC, Pizza Hut and Taco Bell; US pharmacy chain Walgreens; Trimble Navigation, which sells precision measurement instruments; Japanese telecoms operator Softbank; search-engine company Google; French cosmetics company L'Oreal; and Vallourec, which manufactures steel tubing for use in the oil and gas industry. On the sales side, the Fund disposed of the holding in eBay on the grounds of competitive threats to its Marketplace and PayPal businesses. The Fund also sold National Oilwell Varco (NOV), as a substantial supply of new oil rigs is on its way, which is likely to depress NOV's business for some time. Elsewhere, the manager disposed of the holding in Compass, a contract-catering business; Air Liquide, as the valuation was relatively full; Royal Dutch Shell, to reduce the portfolio's exposure to oil & gas; Toyota, as its profit margins reached historically high levels; and EMC, which faces headwinds from the growth of cloud-based computing services. Elsewhere, a profit was realised by selling the holding of Align Technology that had been purchased in October.

The table below shows the top ten purchases and sales (excluding any derivative and short term cash transactions) for the period.

| Purchases | Sales |
|---|-------------------------------------|
| USA Treasury Bills 0.00% 5/3/2015 | USA Treasury Bills 0.00% 28/11/2014 |
| USA Treasury Bills 0.00% 28/11/2014 | USA Treasury Bills 0.00% 2/10/2014 |
| USA Treasury Bills 0.00% 19/3/2015 | USA Treasury Bills 0.00% 6/11/2014 |
| Discovery Communications class 'A' shares | Toyota Motor |
| Yum! Brands | eBay |
| Google | Royal Dutch Shell 'A' |
| Walgreen | EMC |
| Trimble Navigation | Air Liquide |
| Softbank | National Oilwell Varco |
| Vallourec | GlaxoSmithKline |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|---------------|--------------|------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 154.79 | 124.63 | 1.4509 |
| 2011 | 157.54 | 128.34 | 1.3851 |
| 2012 | 154.42 | 139.40 | 1.2922 |
| 2013 | 184.76 | 152.66 | 0.9166 |
| 2014 | 203.10 | 181.63 | 0.7591 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 169.75 | 134.15 | 2.6939 |
| 2011 | 174.34 | 142.90 | 2.8276 |
| 2012 | 174.95 | 155.54 | 2.7386 |
| 2013 | 211.62 | 173.24 | 2.5484 |
| 2014 | 236.40 | 211.06 | 2.6056 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 174.42 | 136.92 | 3.7976 |
| 2011 | 179.82 | 147.66 | 4.1321 |
| 2012 | 182.16 | 161.02 | 4.0654 |
| 2013 | 221.83 | 180.69 | 4.1074 |
| 2014 | 250.18 | 222.97 | 4.3822 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 September) | 102.38 | 98.36 | n/a |
| 2013 | 123.13 | 101.41 | 1.4152 |
| 2014 | 135.08 | 120.62 | 1.5073 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 September) | 102.38 | 98.36 | n/a |
| 2013 | 123.86 | 101.41 | 1.4151 |
| 2014 | 138.36 | 123.54 | 1.5312 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 25 September) | 100.60 | 96.61 | n/a |
| 2013 | 120.75 | 99.57 | 1.0657 |
| 2014 | 132.58 | 118.46 | 1.0894 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 25 September) | 100.60 | 96.61 | n/a |
| 2013 | 121.40 | 99.57 | 1.0600 |
| 2014 | 135.02 | 120.62 | 1.1490 |
| Exempt Shares 2 (Net Income) | Pence | Pence | Pence |
| 2013 (from 11 June) | 104.32 | 96.39 | 1.2739 |
| 2014 | 115.12 | 102.80 | 1.2855 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|-------------------------------|---------------------|--------------|-----------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 5,951,212 | 145.10 | 4,101,352 |
| 30/06/2013 | 6,300,893 | 175.07 | 3,599,021 |
| 30/06/2014 | 4,224,318 | 185.12 | 2,281,955 |
| 31/12/2014 | 6,447,937 | 200.20 | 3,220,687 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 74,547,028 | 164.00 | 45,454,203 |
| 30/06/2013 | 64,333,845 | 200.51 | 32,084,891 |
| 30/06/2014 | 57,022,577 | 214.63 | 26,567,389 |
| 31/12/2014 | 44,144,641 | 233.06 | 18,941,560 |
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 303,204,610 | 170.40 | 177,931,894 |
| 30/06/2013 | 351,251,051 | 209.91 | 167,330,383 |
| 30/06/2014 | 392,919,276 | 226.39 | 173,559,221 |
| 31/12/2014 | 442,086,305 | 246.68 | 179,213,686 |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 19,939 | 115.97 | 17,193 |
| 30/06/2014 | 1,721,455 | 122.63 | 1,403,737 |
| 31/12/2014 | 2,151,419 | 133.17 | 1,615,560 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 56,102 | 117.36 | 47,803 |
| 30/06/2014 | 302,814 | 125.62 | 241,047 |
| 31/12/2014 | 858,314 | 136.41 | 629,231 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 149,715 | 114.01 | 131,318 |
| 30/06/2014 | 452,271 | 120.56 | 375,152 |
| 31/12/2014 | 490,329 | 130.70 | 375,152 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 5,754 | 115.08 | 5,000 |
| 30/06/2014 | 2,040,061 | 122.77 | 1,661,654 |
| 31/12/2014 | 2,923,495 | 133.10 | 2,196,423 |
| Exempt Shares 2 (Net Income) | | Pence | |
| 30/06/2013 | 26,205,334 | 98.85 | 26,510,938 |
| 30/06/2014 | 23,817,617 | 104.52 | 22,786,724 |
| 31/12/2014 | 23,591,848 | 113.49 | 20,786,724 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.63 | 1.63 |
| Exempt Shares 2 (Net Accumulation) | 0.81 | 0.81 |
| X Shares (Net Accumulation) | 0.06 | 0.06 |
| Institutional Shares W (Net Income) | 0.81 | 0.81 |
| Institutional Shares W (Net Accumulation) | 0.81 | 0.81 |
| Retail Advised Shares B (Net Income) | 1.13 | 1.13 |
| Retail Advised Shares B (Net Accumulation) | 1.13 | 1.13 |
| Exempt Shares 2 (Net Income) | 0.81 | 0.81 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Overseas Government Bonds 6.96% (6.48%) | | | |
| US Treasury 0% Bonds 5/3/2015 | USD31,500,000 | 20,201,414 | 3.87 |
| US Treasury 0% Notes 19/3/2015 | USD25,200,000 | 16,160,937 | 3.09 |
| United Kingdom 11.04% (11.43%) | | | |
| British American Tobacco | 349,217 | 12,222,595 | 2.34 |
| Centrica | 3,665,684 | 10,223,593 | 1.96 |
| GlaxoSmithKline | 298,917 | 4,113,098 | 0.79 |
| John Wood | 1,211,467 | 7,226,401 | 1.38 |
| Reed Elsevier | 885,883 | 13,629,762 | 2.61 |
| Vodafone | 4,611,415 | 10,267,315 | 1.96 |
| Canada 1.95% (2.97%) | | | |
| Suncor Energy | 360,415 | 7,359,970 | 1.41 |
| Yamana Gold | 1,101,620 | 2,842,497 | 0.54 |
| United States of America 49.00% (42.29%) | | | |
| Accenture | 297,050 | 17,014,292 | 3.26 |
| AGCO | 396,902 | 11,500,422 | 2.20 |
| Apple | 164,750 | 11,662,726 | 2.23 |
| CH Robinson Worldwide | 195,026 | 9,367,001 | 1.79 |
| Citigroup | 442,860 | 15,371,225 | 2.94 |
| Discovery Communications class 'A' shares | 614,376 | 13,562,175 | 2.59 |
| Equifax | 204,736 | 10,619,880 | 2.03 |
| Express Scripts | 293,570 | 15,939,481 | 3.05 |
| Google class 'A' shares | 35,158 | 11,963,754 | 2.29 |
| Intuit | 168,717 | 9,975,322 | 1.91 |
| Kraft Foods class 'A' shares | 270,752 | 10,878,700 | 2.08 |
| Medtronic | 245,058 | 11,345,671 | 2.17 |
| Microsoft | 454,668 | 13,544,543 | 2.59 |
| PNC Financial Services | 233,563 | 13,665,514 | 2.62 |
| Renaissance | 96,271 | 6,003,161 | 1.15 |
| TJX | 313,676 | 13,794,301 | 2.64 |
| Trimble Navigation | 610,636 | 10,393,638 | 1.99 |
| United Technologies | 157,774 | 11,636,370 | 2.23 |
| Walgreen | 278,821 | 13,599,062 | 2.60 |
| Walt Disney | 182,535 | 11,022,925 | 2.11 |
| Yum! Brands | 283,558 | 13,246,346 | 2.53 |
| Hong Kong 1.86% (2.33%) | | | |
| AIA | 2,735,200 | 9,726,764 | 1.86 |
| Japan 3.22% (4.33%) | | | |
| Japan Tobacco | 509,300 | 9,051,528 | 1.73 |
| Softbank | 202,000 | 7,789,501 | 1.49 |
| Belgium 1.94% (2.32%) | | | |
| Anheuser-Busch InBev | 139,882 | 10,155,571 | 1.94 |
| France 1.86% (1.93%) | | | |
| L'Oréal | 45,787 | 4,940,966 | 0.94 |
| Vallourec | 273,074 | 4,804,305 | 0.92 |
| Germany 7.97% (7.13%) | | | |
| Bayer | 121,063 | 10,658,956 | 2.04 |
| Brenntag | 238,395 | 8,645,530 | 1.65 |
| Continental | 67,723 | 9,242,241 | 1.77 |
| SAP | 289,763 | 13,112,476 | 2.51 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Israel 3.17% (3.08%) | | | |
| Bank Hapoalim | 2,061,152 | 6,236,702 | 1.19 |
| Teva Pharmaceutical Industries ADR (each convertible into 1 ordinary share) | 279,824 | 10,318,987 | 1.98 |
| Netherlands 1.26% (6.16%) | | | |
| Wolters Kluwer | 336,024 | 6,610,693 | 1.26 |
| Switzerland 6.64% (7.11%) | | | |
| Nestlé | 253,761 | 11,939,960 | 2.29 |
| Novartis | 174,622 | 10,402,821 | 1.99 |
| Roche | 70,864 | 12,340,083 | 2.36 |
| Portfolio of investments | | 506,331,175 | 96.87 |
| Net current assets | | 16,363,113 | 3.13 |
| Total Net Assets | | 522,694,288 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Options portfolio category, which, at 30 June 2014, represented 0.01% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

ADR = American Depositary Receipt

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|------------------|--------------------------|------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 40,134,102 | | 17,420,967 |
| Revenue | 4,283,149 | | 3,491,589 | |
| Expenses | <u>(480,862)</u> | | <u>(526,901)</u> | |
| Net revenue before taxation | 3,802,287 | | 2,964,688 | |
| Taxation | <u>(296,983)</u> | | <u>(359,479)</u> | |
| Net revenue after taxation | | <u>3,505,304</u> | | <u>2,605,209</u> |
| Total return before distributions | | 43,639,406 | | 20,026,176 |
| Finance costs: Distributions | | (4,348) | | (30,471) |
| Change in net assets attributable to Shareholders from investment activities | | <u>43,635,058</u> | | <u>19,995,705</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 482,500,389 | | 448,322,633 |
| Amounts receivable on issue of shares | 25,294,653 | | 26,497,227 | |
| Amounts payable on cancellation of shares | <u>(28,757,824)</u> | | <u>(26,953,209)</u> | |
| | | (3,463,171) | | (455,982) |
| Dilution adjustment | | 22,012 | | 23,959 |
| Stamp Duty Reserve Tax | | - | | (190) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 43,635,058 | | 19,995,705 |
| Closing net assets attributable to Shareholders | | <u>522,694,288</u> | | <u>467,886,125</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------|--------------------|------------|--------------------|
| ASSETS | | | | |
| Investment assets | | 506,331,175 | | 470,769,405 |
| Debtors | 1,112,262 | | 1,345,626 | |
| Cash and bank balances | 15,340,263 | | 11,051,547 | |
| Total other assets | | 16,452,525 | | 12,397,173 |
| Total assets | | 522,783,700 | | 483,166,578 |
| LIABILITIES | | | | |
| Creditors | (89,412) | | (330,698) | |
| Distribution payable on income shares | - | | (335,491) | |
| Total other liabilities | | (89,412) | | (666,189) |
| Total liabilities | | (89,412) | | (666,189) |
| Net assets attributable to Shareholders | | 522,694,288 | | 482,500,389 |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 183,689,774 | | 210,212,260 |
| Commissions | 77,991 | | 96,112 | |
| Taxes | <u>54,046</u> | | <u>111,661</u> | |
| Total purchase costs | | 132,037 | | 207,773 |
| Gross purchases total | | <u>183,821,811</u> | | <u>210,420,033</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 188,608,143 | | 210,043,697 |
| Commissions | (85,921) | | (102,011) | |
| Taxes | <u>(6,934)</u> | | <u>(8,707)</u> | |
| Total sales costs | | (92,855) | | (110,718) |
| Total sales net of transaction costs | | <u>188,515,288</u> | | <u>209,932,979</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON HIGHER INCOME FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £1,869.34m |
| Comparative Index: | FTSE All Share TR |
| Sector: | The Investment Association UK Equity Income |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 3.98% |
| Exempt Shares 1 (Net Accumulation) | 3.95% |
| Exempt Shares 2 (Net Accumulation) | 3.95% |
| Institutional Shares (Accumulation) | 3.96% |
| Institutional Shares (Income) | 4.04% |
| X Shares (Net Accumulation) | 3.93% |
| X Shares (Net Income) | 4.02% |
| Institutional Shares W (Net Income) | 4.04% |
| Institutional Shares W (Net Accumulation) | 3.95% |
| Retail Advised Shares B (Net Income) | 3.97% |
| Retail Advised Shares B (Net Accumulation) | 3.89% |

Key Dates: Fund Launch 01 June 1987 (Managed by Newton since November 1994)

Investment Objective

The objective of the Fund is to achieve increasing distributions on a calendar year basis with long term capital growth.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 5.54% | 18.94% | 8.54% | 0.05% | 8.21% |
| Exempt Shares 1 (Net Accumulation) | 6.68% | 20.26% | 9.71% | 1.15% | 9.38% |
| Exempt Shares 2 (Net Accumulation) | 6.41% | 20.00% | 9.44% | 0.90% | 9.09% |
| Institutional Shares (Accumulation) | 6.15% | 19.66% | 9.17% | 0.65% | 8.83% |
| Institutional Shares (Income) | 6.15% | 19.62% | 9.15% | 0.61% | 8.84% |
| X Shares (Net Accumulation) | 7.20% | 20.86% | 10.20% | 1.66% | 9.91% |
| X Shares (Net Income)* | 7.22% | 20.83% | 10.18% | 1.64% | n/a |
| Institutional Shares W (Net Income)* | 6.41% | 19.92% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 6.40% | 19.97% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 6.08% | 19.51% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 6.08% | 19.57% | n/a | n/a | n/a |
| FTSE All Share TR | 1.18% | 20.81% | 12.30% | -3.46% | 14.51% |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned +3.09% against a return of -0.40% for the FTSE All-Share Index.

The Fund delivered good performance in the second half of 2014, ahead of the FTSE All-Share Index. In the third quarter, the Fund did not fall as much as the market and managed to deliver a positive return in a flat but volatile fourth quarter. The decision to underweight energy and mining stocks was a positive contribution to performance as the price of oil fell below US\$60 a barrel. The Fund's investments in the IT sector delivered good performance during the period. Sage's new CEO announced a good set of maiden results and that the strategy for growth would be maintained, which was received positively. The Fund's overseas IT companies, Cisco and Microsoft, rose on the back of better expectations for IT spending. The new CEO at Microsoft also detailed how he would deliver further cost savings. Wolters Kluwer and Reed Elsevier both performed well after reporting reassuring trading updates. The stocks that contributed negatively to performance included GlaxoSmithKline and Sanofi, which suffered from more competitive drug pricing in the US. Centrica performed poorly as the lower oil and gas price weighed on profit expectations. Not holding the banks subsector, which rebounded as the US and UK economies strengthened, was also negative for relative performance.

Following a period of outperformance, the position was reduced in Royal Dutch Shell, which, in the fund manager's view, was reflecting the benefits of better capital discipline and not the risks to the oil price. The fund manager also judged the environment of lower oil prices could affect the growth prospects of the major oil companies, so the position in BP was reduced. The fund manager continued to find attractive opportunities in cash-generative IT and the new position in Cisco was one of the stronger performers during the period. Healthcare continues to present attractive opportunities and to increase further the exposure the fund manager added a new position in Johnson & Johnson. The fund manager added to the holding in Imperial Tobacco based on growing confidence about the improving market conditions and the ability of management to improve cash conversion. Also among tobacco companies, profits were taken in Reynolds America. Exposure to the consumer discretionary companies was reduced as the fund manager looked to decrease exposure to some of the more cyclical – more economically sensitive – companies, such as WPP and Berkeley Group. Within financials, the holding in motor insurer Admiral was sold due to worries about pricing in the UK. The fund manager exited Cable & Wireless on concerns about a planned acquisition. The weighting in the world class insurer Prudential was increased, as the fund manager sees potential for significant growth in Asia. Finally, the position in cash generative service companies Compass and Bunzl was increased.

The table below shows the top ten purchases and sales for the period.

Purchases

Imperial Tobacco
Diageo
Cisco Systems
BAE Systems
Johnson & Johnson
Daily Mail & General Trust
AstraZeneca
Compass
HICL Infrastructure
Bunzl

Sales

Royal Dutch Shell class 'B' shares
Cable & Wireless Communications
Sanofi
British American Tobacco
Reynolds American
Nestle
Capita
Royal Dutch Shell
WPP
Diageo

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 57.59 | 48.80 | 3.9736 |
| 2011 | 56.47 | 47.04 | 3.6283 |
| 2012 | 54.47 | 49.91 | 2.8548 |
| 2013 | 61.99 | 53.62 | 2.4990 |
| 2014 | 62.66 | 55.33 | 2.4511 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 227.55 | 192.30 | 15.5712 |
| 2011 | 236.72 | 201.76 | 15.4451 |
| 2012 | 252.69 | 224.69 | 13.1124 |
| 2013 | 300.96 | 253.27 | 12.2469 |
| 2014 | 326.76 | 288.13 | 12.6731 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 143.20 | 121.16 | 9.8113 |
| 2011 | 148.77 | 126.76 | 9.7080 |
| 2012 | 158.24 | 140.90 | 8.2284 |
| 2013 | 188.04 | 158.59 | 7.6610 |
| 2014 | 203.68 | 179.66 | 7.9088 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 137.14 | 116.17 | 9.4071 |
| 2011 | 142.28 | 121.20 | 9.2859 |
| 2012 | 150.80 | 134.46 | 7.8521 |
| 2013 | 178.67 | 151.11 | 7.2919 |
| 2014 | 193.09 | 170.37 | 7.5058 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2010 | 59.59 | 50.55 | 4.1552 |
| 2011 | 58.75 | 49.01 | 3.8153 |
| 2012 | 57.06 | 52.19 | 3.0243 |
| 2013 | 65.16 | 56.25 | 2.6701 |
| 2014 | 66.38 | 58.57 | 2.6348 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 231.31 | 195.03 | 15.7912 |
| 2011 | 241.29 | 205.77 | 15.7381 |
| 2012 | 259.36 | 230.02 | 13.3067 |
| 2013 | 310.43 | 259.96 | 12.5976 |
| 2014 | 338.55 | 298.31 | 13.0973 |
| X Shares (Net Income)** | Pence | Pence | Pence |
| 2010 (to 27 April) | 206.54 | 186.81 | 3.4741 |
| 2010 (from 8 October) | 105.17 | 98.84 | 1.4496 |
| 2011 | 105.84 | 88.53 | 6.8797 |
| 2012 | 104.19 | 95.00 | 5.4542 |
| 2013 | 119.80 | 103.01 | 4.9134 |
| 2014 | 123.94 | 109.21 | 4.8974 |

**X Shares (Net Income) Share Class was closed on 27 April 2010 and was reopened on 8 October 2010 at £1.00.

| | | | |
|--|--------------|--------------|--------------|
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 September) | 102.40 | 97.80 | 1.3406 |
| 2013 | 117.75 | 101.54 | 4.8275 |
| 2014 | 120.41 | 106.21 | 4.7754 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|--------------------------|-------------------------|-----------------------------------|
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 September) | 102.68 | 98.07 | 1.3429 |
| 2013 | 121.97 | 102.90 | 4.9706 |
| 2014 | 132.10 | 116.53 | 5.1300 |
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 21 September) | 100.87 | 96.36 | 1.1521 |
| 2013 (to 23 September) | 115.86 | 100.01 | 3.0293 |

**P Shares (Net Income) share class closed 23 September 2013

| | | | |
|---------------------------------------|--------------|--------------|--------------|
| P Shares (Net Accumulation)*** | Pence | Pence | Pence |
| 2012 (from 4 October) | 100.72 | 96.22 | 1.0384 |
| 2013 (to 26 July) | 118.34 | 100.92 | 3.0781 |

***P Shares (Net Accumulations) share class closed 26 July 2013

| | | | |
|---|--------------|--------------|--------------|
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 October) | 101.10 | 96.59 | 1.0256 |
| 2013 | 116.15 | 100.26 | 4.6609 |
| 2014 | 118.31 | 104.41 | 4.6175 |

| | | | |
|---|--------------|--------------|--------------|
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 October) | 101.10 | 96.58 | 1.0254 |
| 2013 | 119.69 | 101.30 | 4.8099 |
| 2014 | 129.27 | 114.07 | 4.9399 |

*Distributions are shown in the year declared rather than paid

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 1,646,722,940 | 51.71 | 3,184,671,082 |
| 30/06/2013 | 1,471,544,944 | 56.52 | 2,603,648,282 |
| 30/06/2014 | 1,356,510,849 | 60.24 | 2,251,827,489 |
| 31/12/2014 | 1,275,493,521 | 61.18 | 2,084,886,091 |
| Exempt Shares 1 (Net Accumulation) | | Pence | |
| 30/06/2012 | 127,546,056 | 237.31 | 53,747,062 |
| 30/06/2013 | 97,635,228 | 275.98 | 35,377,635 |
| 30/06/2014 | 96,814,517 | 309.76 | 31,254,392 |
| 31/12/2014 | 77,477,626 | 320.95 | 24,140,416 |
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 9,293,346 | 148.77 | 6,246,652 |
| 30/06/2013 | 8,592,001 | 172.60 | 4,978,115 |
| 30/06/2014 | 1,560,855 | 193.29 | 807,500 |
| 31/12/2014 | 1,263,582 | 200.03 | 631,705 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 272,719,847 | 141.93 | 192,145,175 |
| 30/06/2013 | 266,817,544 | 164.25 | 162,443,836 |
| 30/06/2014 | 174,979,169 | 183.44 | 95,388,877 |
| 31/12/2014 | 174,728,842 | 189.59 | 92,161,064 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| Institutional Shares (Income) | | | |
| 30/06/2012 | 54,103,705 | Pence 54.11 | 99,996,972 |
| 30/06/2013 | 28,345,193 | 59.44 | 47,690,604 |
| 30/06/2014 | 22,146,550 | 63.67 | 34,784,362 |
| 31/12/2014 | 19,258,014 | 64.82 | 29,707,739 |
| X Shares (Net Accumulation) | | | |
| 30/06/2012 | 84,004,236 | Pence 243.07 | 34,559,873 |
| 30/06/2013 | 118,953,113 | 283.95 | 41,891,715 |
| 30/06/2014 | 151,443,522 | 320.30 | 47,281,377 |
| 31/12/2014 | 95,047,507 | 332.64 | 28,573,330 |
| X Shares (Net Income) | | | |
| 30/06/2012 | 55,862,948 | Pence 98.59 | 56,664,306 |
| 30/06/2013 | 81,464,490 | 109.39 | 74,468,767 |
| 30/06/2014 | 87,741,783 | 118.37 | 74,125,928 |
| 31/12/2014 | 86,183,492 | 121.12 | 71,152,547 |
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 28,047,544 | Pence 107.43 | 26,107,988 |
| 30/06/2014 | 87,248,907 | 115.37 | 75,626,678 |
| 31/12/2014 | 125,164,054 | 117.61 | 106,422,039 |
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 775,114 | Pence 111.99 | 692,144 |
| 30/06/2014 | 13,413,996 | 125.38 | 10,699,002 |
| 31/12/2014 | 14,376,379 | 129.73 | 11,081,754 |
| P Shares (Net Income)** | | | |
| 30/06/2013 | 505,490 | Pence 105.68 | 478,319 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| P Shares (Net Accumulation)*** | | | |
| 30/06/2013 | 120,276 | Pence 109.70 | 109,638 |
| ***P Shares (Net Accumulations) share class closed 26 July 2013. | | | |
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 26,284 | Pence 108.36 | 24,256 |
| 30/06/2014 | 137,985 | 113.50 | 121,575 |
| 31/12/2014 | 187,102 | 115.56 | 161,914 |
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 36,076 | Pence 108.32 | 33,304 |
| 30/06/2014 | 158,671 | 122.84 | 129,166 |
| 31/12/2014 | 159,822 | 126.92 | 125,925 |

Statistics (continued)**Ongoing Charges**

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.61 | 1.61 |
| Exempt Shares 1 (Net Accumulation) | 0.54 | 0.54 |
| Exempt Shares 2 (Net Accumulation) | 0.79 | 0.79 |
| Institutional Shares (Accumulation) | 1.04 | 1.04 |
| Institutional Shares (Income) | 1.04 | 1.04 |
| X Shares (Net Accumulation) | 0.04 | 0.04 |
| X Shares (Net Income) | 0.04 | 0.04 |
| Institutional Shares W (Net Income) | 0.79 | 0.79 |
| Institutional Shares W (Net Accumulation) | 0.79 | 0.79 |
| Retail Advised Shares B (Net Income) | 1.11 | 1.11 |
| Retail Advised Shares B (Net Accumulation) | 1.11 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom 74.98% (79.29%) | | | |
| Oil & Gas Producers 1.87% (10.76%) | | | |
| BP | 8,526,000 | 35,007,756 | 1.87 |
| Aerospace & Defence 4.60% (2.50%) | | | |
| BAE Systems | 10,690,000 | 50,403,350 | 2.70 |
| Cobham | 10,960,000 | 35,499,440 | 1.90 |
| Chemicals 0.07% (1.13%) | | | |
| Johnson Matthey | 40,000 | 1,358,800 | 0.07 |
| Support Services 4.76% (4.79%) | | | |
| Berendsen | 960,000 | 10,560,000 | 0.56 |
| Bunzl | 2,860,000 | 50,450,400 | 2.70 |
| G4S | 2,460,000 | 6,826,500 | 0.37 |
| Smiths | 60,000 | 657,600 | 0.04 |
| WS Atkins | 1,500,000 | 20,460,000 | 1.09 |
| Beverages 2.07% (1.52%) | | | |
| Diageo | 2,096,000 | 38,744,560 | 2.07 |
| Food Producers 0.81% (0.45%) | | | |
| Tate & Lyle | 2,500,000 | 15,050,000 | 0.81 |
| Tobacco 5.93% (4.74%) | | | |
| British American Tobacco | 1,800,000 | 63,000,000 | 3.37 |
| Imperial Tobacco | 1,690,000 | 47,928,400 | 2.56 |
| Pharmaceuticals & Biotechnology 8.47% (7.98%) | | | |
| AstraZeneca | 2,026,000 | 92,294,430 | 4.94 |
| GlaxoSmithKline | 4,800,000 | 66,048,000 | 3.53 |
| Media 6.64% (4.51%) | | | |
| Daily Mail & General Trust (A) | 2,096,000 | 17,250,080 | 0.92 |
| Pearson | 960,000 | 11,414,400 | 0.61 |
| Reed Elsevier | 8,690,000 | 95,416,200 | 5.11 |
| Travel & Leisure 7.03% (4.55%) | | | |
| Compass | 7,218,000 | 79,470,180 | 4.25 |
| Domino's Pizza | 3,000,000 | 20,940,000 | 1.12 |
| Ladbroke's | 5,860,000 | 6,475,300 | 0.35 |
| National Express | 9,860,000 | 24,413,360 | 1.31 |
| Mobile Telecommunications 3.65% (3.88%) | | | |
| Vodafone | 30,626,000 | 68,188,789 | 3.65 |
| Electricity 1.96% (1.78%) | | | |
| SSE | 2,260,000 | 36,657,200 | 1.96 |
| Gas, Water & Multiutilities 12.49% (11.84%) | | | |
| Centrica | 15,260,000 | 42,560,140 | 2.28 |
| National Grid | 10,496,000 | 96,342,784 | 5.15 |
| Severn Trent | 2,260,000 | 45,313,000 | 2.42 |
| United Utilities | 5,382,600 | 49,304,616 | 2.64 |
| Banks 0.07% (0.00%) | | | |
| Barclays | 500,000 | 1,217,500 | 0.07 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Nonlife Insurance 2.02% (4.32%) | | | |
| Amlin | 1,460,000 | 6,953,980 | 0.37 |
| Catlin | 1,860,000 | 12,480,600 | 0.67 |
| Hiscox | 2,560,000 | 18,342,400 | 0.98 |
| Life Insurance 7.13% (6.02%) | | | |
| Old Mutual | 100,000 | 190,500 | 0.01 |
| Prudential | 4,096,000 | 61,112,320 | 3.27 |
| Standard Life | 18,000,000 | 72,018,000 | 3.85 |
| Financial Services 0.59% (1.04%) | | | |
| Close Brothers | 569,000 | 8,500,860 | 0.45 |
| ICAP | 561,074 | 2,538,299 | 0.14 |
| Software & Computer Services 4.82% (3.10%) | | | |
| Sage | 19,360,000 | 90,159,520 | 4.82 |
| Investment Trusts 3.45% (1.66%) | | | |
| Bilfinger Berger Global | 9,304,985 | 11,607,969 | 0.62 |
| HICL Infrastructure | 23,956,000 | 36,532,900 | 1.95 |
| John Laing Infrastructure | 13,342,315 | 16,384,363 | 0.88 |
| Overseas Equities 20.22% (16.99%) | | | |
| United States of America 7.15% (4.39%) | | | |
| Cisco Systems | 2,000,000 | 35,670,996 | 1.91 |
| Johnson & Johnson | 400,000 | 26,825,717 | 1.44 |
| Merck & Co | 808,000 | 29,428,456 | 1.57 |
| Microsoft | 1,000,000 | 29,789,963 | 1.59 |
| Sysco | 469,000 | 11,935,174 | 0.64 |
| France 1.02% (2.56%) | | | |
| Sanofi | 326,000 | 19,101,315 | 1.02 |
| Netherlands 6.54% (2.26%) | | | |
| Royal Dutch Shell class 'B' shares | 2,326,000 | 51,927,950 | 2.78 |
| Wolters Kluwer | 3,570,205 | 70,237,629 | 3.76 |
| Switzerland 5.51% (7.45%) | | | |
| Novartis | 926,000 | 55,164,940 | 2.95 |
| Roche | 275,000 | 47,887,824 | 2.56 |
| Portfolio of investments | | 1,844,044,460 | 98.65 |
| Net current assets | | 25,295,481 | 1.35 |
| Total Net Assets | | 1,869,339,941 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Oil & Gas Equipment, Services & Distribution, Industrial Engineering, Household Goods & Home Construction, Fixed Line Telecommunications and Thailand portfolio categories, which, at 30 June 2014, represented 0.98%, 0.97%, 0.76%, 1.67% and 0.33% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------|-------------------|--------------|--------------------|
| Income | | | | |
| Net capital gains | | 40,630,624 | | 153,531,247 |
| Revenue | 29,479,652 | | 34,514,988 | |
| Expenses | (12,281,880) | | (14,128,840) | |
| Finance costs: Interest | - | | - | |
| Net revenue before taxation | 17,197,772 | | 20,386,148 | |
| Taxation | (257,380) | | (341,978) | |
| Net revenue after taxation | | 16,940,392 | | 20,044,170 |
| Total return before distributions | | 57,571,016 | | 173,575,417 |
| Finance costs: Distributions | | (28,409,200) | | (33,224,202) |
| Change in net assets attributable to Shareholders from investment activities | | 29,161,816 | | 140,351,215 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------|----------------------|---------------|----------------------|
| Opening net assets attributable to Shareholders | | 1,992,156,804 | | 2,102,863,297 |
| Amounts receivable on issue of shares | 86,849,987 | | 106,049,596 | |
| Amounts payable on cancellation of shares | (244,635,833) | | (275,395,985) | |
| | | (157,785,846) | | (169,346,389) |
| Dilution adjustment | | 26,027 | | 109,362 |
| Stamp Duty Reserve Tax | | - | | (733,196) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 29,161,816 | | 140,351,215 |
| Retained distributions on accumulation shares | | 5,719,533 | | 7,378,722 |
| Unclaimed distributions | | 61,607 | | 36,653 |
| Closing net assets attributable to Shareholders | | 1,869,339,941 | | 2,080,659,664 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|----------------------|--------------|----------------------|
| ASSETS | | | | |
| Investment assets | | 1,844,044,460 | | 1,951,027,913 |
| Debtors | 12,498,522 | | 30,100,676 | |
| Cash and bank balances | 26,411,922 | | 69,355,945 | |
| Total other assets | | 38,910,444 | | 99,456,621 |
| Total assets | | 1,882,954,904 | | 2,050,484,534 |
| LIABILITIES | | | | |
| Creditors | (5,673,944) | | (29,662,634) | |
| Distribution payable on income shares | (7,941,019) | | (28,665,096) | |
| Total other liabilities | | (13,614,963) | | (58,327,730) |
| Total liabilities | | (13,614,963) | | (58,327,730) |
| Net assets attributable to Shareholders | | 1,869,339,941 | | 1,992,156,804 |

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|---|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.3566 | 0.0357 | 0.3209 | 0.0000 | 0.3209 | 0.4063 |
| Group 2 | 0.1808 | 0.0181 | 0.1627 | 0.1582 | 0.3209 | 0.4063 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 1.9261 | 0.1926 | 1.7335 | 0.0000 | 1.7335 | 2.0613 |
| Group 2 | 1.2117 | 0.1212 | 1.0905 | 0.6430 | 1.7335 | 2.0613 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 1.2008 | 0.1201 | 1.0807 | 0.0000 | 1.0807 | 1.2882 |
| Group 2 | 0.5388 | 0.0539 | 0.4849 | 0.5958 | 1.0807 | 1.2882 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.1380 | 0.1138 | 1.0242 | 0.0000 | 1.0242 | 1.2245 |
| Group 2 | 0.2887 | 0.0289 | 0.2598 | 0.7644 | 1.0242 | 1.2245 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.3898 | 0.0390 | 0.3508 | 0.0000 | 0.3508 | 0.4391 |
| Group 2 | 0.2107 | 0.0211 | 0.1896 | 0.1612 | 0.3508 | 0.4391 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.9914 | 0.1991 | 1.7923 | 0.0000 | 1.7923 | 2.1247 |
| Group 2 | 1.9914 | 0.1991 | 1.7923 | 0.0000 | 1.7923 | 2.1247 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.7287 | 0.0729 | 0.6558 | 0.0000 | 0.6558 | 0.8115 |
| Group 2 | 0.7287 | 0.0729 | 0.6558 | 0.0000 | 0.6558 | 0.8115 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.7086 | 0.0709 | 0.6377 | 0.0000 | 0.6377 | 0.7958 |
| Group 2 | 0.2244 | 0.0224 | 0.2020 | 0.4357 | 0.6377 | 0.7958 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.7789 | 0.0779 | 0.7010 | 0.0000 | 0.7010 | 0.8356 |
| Group 2 | 0.3704 | 0.0370 | 0.3334 | 0.3676 | 0.7010 | 0.8356 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6737 | 0.0674 | 0.6063 | 0.0000 | 0.6063 | 0.7644 |
| Group 2 | 0.0637 | 0.0064 | 0.0573 | 0.5490 | 0.6063 | 0.7644 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.7364 | 0.0736 | 0.6628 | 0.0000 | 0.6628 | 0.8000 |
| Group 2 | 0.7364 | 0.0736 | 0.6628 | 0.0000 | 0.6628 | 0.8000 |

Distribution Statements (continued)**Interim dividend distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.6268 | 0.0627 | 0.5641 | 0.0000 | 0.5641 | 0.4912 |
| Group 2 | 0.3368 | 0.0337 | 0.3031 | 0.2610 | 0.5641 | 0.4912 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 3.2891 | 0.3289 | 2.9602 | 0.0000 | 2.9602 | 2.4523 |
| Group 2 | 1.9504 | 0.1950 | 1.7554 | 1.2048 | 2.9602 | 2.4523 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 2.0516 | 0.2052 | 1.8464 | 0.0000 | 1.8464 | 1.5324 |
| Group 2 | 1.1249 | 0.1125 | 1.0124 | 0.8340 | 1.8464 | 1.5324 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.9462 | 0.1946 | 1.7516 | 0.0000 | 1.7516 | 1.4591 |
| Group 2 | 1.0974 | 0.1097 | 0.9877 | 0.7639 | 1.7516 | 1.4591 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 0.6756 | 0.0676 | 0.6080 | 0.0000 | 0.6080 | 0.5280 |
| Group 2 | 0.4009 | 0.0401 | 0.3608 | 0.2472 | 0.6080 | 0.5280 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 3.4029 | 0.3403 | 3.0626 | 0.0000 | 3.0626 | 2.5241 |
| Group 2 | 2.6911 | 0.2691 | 2.4220 | 0.6406 | 3.0626 | 2.5241 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 1.2579 | 0.1258 | 1.1321 | 0.0000 | 1.1321 | 0.9728 |
| Group 2 | 0.4672 | 0.0467 | 0.4205 | 0.7116 | 1.1321 | 0.9728 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.2247 | 0.1225 | 1.1022 | 0.0000 | 1.1022 | 0.9534 |
| Group 2 | 0.8196 | 0.0820 | 0.7376 | 0.3646 | 1.1022 | 0.9534 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.3308 | 0.1331 | 1.1977 | 0.0000 | 1.1977 | 0.9917 |
| Group 2 | 0.8857 | 0.0886 | 0.7971 | 0.4006 | 1.1977 | 0.9917 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.1818 | 0.1182 | 1.0636 | 0.0000 | 1.0636 | 0.9044 |
| Group 2 | 0.4370 | 0.0437 | 0.3933 | 0.6703 | 1.0636 | 0.9044 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.2792 | 0.1279 | 1.1513 | 0.0000 | 1.1513 | 0.9518 |
| Group 2 | 1.2792 | 0.1279 | 1.1513 | 0.0000 | 1.1513 | 0.9518 |

The distributions of all Share Classes are 100% franked.

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|------------------|---------------------------|------------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 537,304,083 | | 414,847,485 |
| Commissions | 369,429 | | 219,927 | |
| Taxes | <u>1,944,173</u> | | <u>1,819,828</u> | |
| Total purchase costs | | 2,313,602 | | 2,039,755 |
| Gross purchases total | | <u>539,617,685</u> | | <u>416,887,240</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 690,774,418 | | 504,231,895 |
| Commissions | (484,967) | | (331,379) | |
| Taxes | <u>(2,366)</u> | | <u>(717)</u> | |
| Total sales costs | | (487,333) | | (332,096) |
| Total sales net of transaction costs | | <u>690,287,085</u> | | <u>503,899,799</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON INDEX LINKED GILT FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|--|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £132.06m |
| Comparative Index: | FTSE A (Index Linked) British Govt over 5 years TR |
| Sector: | The Investment Association UK Index Linked Gilts |
| Distribution Yield as at 31 December 2014: | |
| Exempt Shares 2 (Gross Accumulation) | 0.41% |
| Institutional Shares (Accumulation) | 0.11% |
| X Shares (Gross Accumulation) | 0.61% |
| X Shares (Net Income) | 0.62% |
| Key Dates: Fund Launch | |
| Converted to ICVC | |
| 24 February 1998 | |
| 02 August 2004 | |

Investment Objective

The objective of the Fund is to maximise returns by investment in a portfolio of predominantly sterling index linked gilts.

Statutory Performance Data

| | | | | | |
|--------------------------------------|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Exempt Shares 2 (Gross Accumulation) | 19.89% | 0.07% | 0.51% | 22.77% | 8.99% |
| Institutional Shares (Accumulation) | 19.37% | -0.50% | -0.30% | 21.80% | 8.41% |
| X Shares (Gross Accumulation) | 20.12% | 0.27% | 0.72% | 23.01% | 9.21% |
| X Shares (Net Income)* | 19.85% | -0.10% | n/a | n/a | n/a |
| FTSE A (Index Linked) | | | | | |
| British Govt over 5 years TR | 21.38% | 0.58% | 0.49% | 23.32% | 9.05% |

Source: Lipper as at 31 December 2014 – Institutional Shares (Accumulation) and X Shares (Net Income) - Total return including revenue net of UK tax and annual charges. Exempt Shares 2 (Gross Accumulation) and Sterling X Shares (Gross Accumulation) - Total return including gross revenue and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Institutional Sterling Acc Share Class of the Sub-Fund returned +14.27% against a return of +15.90% from FTSE A (Index Linked) British Govt Over 5 Years TR.

During the review period, the Fund's returns were affected by its shorter overall duration (less sensitivity to falling yields) than the index. (Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates). This had a particularly negative impact in August. Ex-benchmark positions in overseas inflation-protected bonds (approximately 3% of the portfolio) and corporate bonds (3–4% of the portfolio) also affected performance, as returns from these assets were a little lower than from index-linked gilts. US break-even rates fell, in part owing to the perceived disinflationary impact of US dollar strength. Occasional cash balances were also a negative factor.

The Fund saw sizeable inflows over the period. Flows aside, the Fund retained a shorter relative duration stance throughout. In overseas bonds, we increased exposure to Australian index-linked bonds, and reduced exposure to their New Zealand counterparts. Within the corporate index-linked segment, a purchase of Tesco bonds early in the period under review proved ill-timed, as the bonds fell in the wake of an accounting scandal. However, at less than 0.25% of the Fund's value at the time of purchase, it was a small position.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|--|---|
| Treasury 2.5% Index Linked Gilts 17/7/2024 | Treasury 1.25% Index Linked Gilts 22/11/2017 |
| Treasury 2.5% Index Linked Gilts 26/7/2016 | Treasury 2.5% Index Linked Gilts 17/7/2024 |
| Treasury 0.125% Index Linked Gilts 22/3/2044 | Treasury 1.25% Index Linked Gilts 22/11/2027 |
| Treasury 1.25% Index Linked Gilts 22/11/2017 | Treasury 1.25% Index Linked Gilts 22/11/2032 |
| Treasury 1.25% Index Linked Gilts 22/11/2027 | Treasury 1.125% Index Linked Gilts 22/11/2037 |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | Treasury 0.5% Index Linked Gilts 22/3/2050 |
| Treasury 1.125% Index Linked Gilts 22/11/2037 | Treasury 0.75% Index Linked Gilts 22/11/2047 |
| Treasury 0.5% Index Linked Gilts 22/3/2050 | Treasury 4.125% Index Linked Gilts 22/7/2030 |
| Treasury 2.5% Index Linked Gilts 16/4/2020 | Treasury 0.625% Index Linked Gilts 22/3/2040 |
| Treasury 0.125% Index Linked Gilts 22/3/2068 | Treasury 0.75% Index Linked Gilts 22/3/2034 |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Exempt Shares 2 (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 241.12 | 211.71 | 3.3205 |
| 2011 | 296.62 | 230.70 | 7.0889 |
| 2012 | 299.95 | 279.72 | 8.3937 |
| 2013 | 329.94 | 287.01 | 5.1022 |
| 2014 | 361.00 | 294.32 | 3.3505 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 232.12 | 204.52 | 1.9845 |
| 2011 | 282.97 | 221.77 | 4.8380 |
| 2012 | 286.03 | 265.37 | 5.7214 |
| 2013 | 311.64 | 271.54 | 3.1601 |
| 2014 | 338.03 | 276.88 | 1.8469 |
| X Shares (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 242.72 | 212.84 | 3.7932 |
| 2011 | 299.32 | 232.36 | 7.6634 |
| 2012 | 302.70 | 282.38 | 9.0651 |
| 2013 | 333.79 | 290.21 | 5.7818 |
| 2014 | 366.43 | 298.20 | 4.0422 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2011 (from 25 May) | 297.44 | 250.62 | 4.1464 |
| 2012 (from 3 January to 14 March)** | 297.11 | 280.20 | n/a |
| 2012 (from 12 April to 31 May)** | 289.23 | 278.41 | n/a |
| 2012 (from 6 June)** | 282.67 | 265.20 | 3.7142 |
| 2013 | 308.59 | 268.49 | 4.2576 |
| 2014 | 329.29 | 270.77 | 2.8512 |

**The X Shares (Net Income) shareclass closed and re-opened at the dates above.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|------------------------|--------------|--------------------|
| Exempt Shares 2 (Gross Accumulation) | | Pence | |
| 30/06/2012 | 106,348,971 | 290.69 | 36,584,628 |
| 30/06/2013 | 93,966,232 | 297.52 | 31,582,813 |
| 30/06/2014 | 52,091,992 | 310.27 | 16,789,110 |
| 31/12/2014 | 59,436,082 | 355.10 | 16,738,051 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 15,116,658 | 276.11 | 5,474,907 |
| 30/06/2013 | 22,652,814 | 280.63 | 8,072,205 |
| 30/06/2014 | 16,922,630 | 291.05 | 5,814,308 |
| 31/12/2014 | 42,279,063 | 332.61 | 12,711,387 |
| X Shares (Gross Accumulation) | | Pence | |
| 30/06/2012 | 19,348,985 | 293.63 | 6,589,585 |
| 30/06/2013 | 16,663,538 | 301.13 | 5,533,642 |
| 30/06/2014 | 17,299,167 | 314.66 | 5,497,669 |
| 31/12/2014 | 20,920,021 | 360.47 | 5,803,494 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|------------------------------|----------------------------|------------------|------------------------|
| X Shares (Net Income) | | Pence | |
| 30/06/2012 | 4,850 | 275.57 | 1,760 |
| 30/06/2013 | 5,028,969 | 275.59 | 1,824,815 |
| 30/06/2014 | 2,107 | 282.82 | 745 |
| 31/12/2014 | 9,423,026 | 323.34 | 2,914,245 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--------------------------------------|-------------------|-------------------|
| | % | % |
| Exempt Shares 2 (Gross Accumulation) | 0.26 | 0.26 |
| Institutional Shares (Accumulation) | 0.57 | 0.56 |
| X Shares (Gross Accumulation) | 0.06 | 0.06 |
| X Shares (Net Income) | 0.06 | 0.06 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| UK Government Bonds 90.17% (92.08%) | | | |
| Treasury 0.125% Index Linked Gilts 22/11/2019 | £4,350,000 | 4,821,617 | 3.65 |
| Treasury 0.125% Index Linked Gilts 22/3/2029 | £3,600,000 | 4,430,939 | 3.36 |
| Treasury 0.125% Index Linked Gilts 22/3/2044 | £5,620,000 | 7,512,302 | 5.69 |
| Treasury 0.125% Index Linked Gilts 22/3/2068 | £3,625,000 | 5,660,204 | 4.29 |
| Treasury 0.25% Index Linked Gilts 22/3/2052 | £3,900,000 | 5,786,672 | 4.38 |
| Treasury 0.375% Index Linked Gilts 22/3/2062 | £3,700,000 | 6,426,408 | 4.87 |
| Treasury 0.5% Index Linked Gilts 22/3/2050 | £3,600,000 | 6,408,663 | 4.85 |
| Treasury 0.625% Index Linked Gilts 22/3/2040 | £2,780,000 | 4,534,746 | 3.43 |
| Treasury 0.625% Index Linked Gilts 22/11/2042 | £3,820,000 | 6,558,698 | 4.97 |
| Treasury 0.75% Index Linked Gilts 22/3/2034 | £2,630,000 | 3,817,820 | 2.89 |
| Treasury 0.75% Index Linked Gilts 22/11/2047 | £3,310,000 | 6,310,809 | 4.78 |
| Treasury 1.125% Index Linked Gilts 22/11/2037 | £2,550,000 | 4,761,599 | 3.61 |
| Treasury 1.25% Index Linked Gilts 22/11/2027 | £2,930,000 | 5,004,495 | 3.79 |
| Treasury 1.25% Index Linked Gilts 22/11/2032 | £2,100,000 | 3,478,471 | 2.63 |
| Treasury 1.25% Index Linked Gilts 22/11/2055 | £2,620,000 | 6,760,681 | 5.12 |
| Treasury 1.875% Index Linked Gilts 22/11/2022 | £5,150,000 | 8,035,954 | 6.08 |
| Treasury 2% Index Linked Gilts 26/1/2035 | £2,510,000 | 5,861,540 | 4.44 |
| Treasury 2.5% Index Linked Gilts 26/7/2016 | £1,700,000 | 5,600,097 | 4.24 |
| Treasury 2.5% Index Linked Gilts 16/4/2020 | £1,710,000 | 6,312,080 | 4.78 |
| Treasury 2.5% Index Linked Gilts 17/7/2024 | £2,090,000 | 7,295,720 | 5.52 |
| Treasury 4.125% Index Linked Gilts 22/7/2030 | £1,080,000 | 3,694,761 | 2.80 |
| Overseas Government Bonds 4.62% (2.37%) | | | |
| New Zealand (Government) 2% Notes 20/9/2025 | NZD1,700,000 | 875,081 | 0.66 |
| US Treasury 0.875% Notes 28/2/2017 | USD2,060,000 | 1,324,451 | 1.00 |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | USD3,200,000 | 3,907,109 | 2.96 |
| Sterling Denominated Corporate Bonds 3.23% (4.59%) | | | |
| Anglian Water 4.125% Guaranteed Notes 28/7/2020 | £335,000 | 626,571 | 0.48 |
| Dwr Cymru Financing 1.859% European Medium Term Notes 31/3/2048 | £650,000 | 1,047,043 | 0.79 |
| National Grid 1.25% Senior European Medium Term Index Linked Bonds 6/10/2021 | £600,000 | 661,681 | 0.50 |
| Network Rail Infrastructure Finance 1.125% European Medium Term Notes 22/11/2047 | £480,000 | 923,842 | 0.70 |
| Scotland Gas Networks 2.127% European Medium Term Notes 21/10/2022 | £500,000 | 753,233 | 0.57 |
| Tesco 1.9682% Index Linked Medium Term Notes 24/3/2036 | £200,000 | 252,241 | 0.19 |
| Derivatives -0.02% (0.01%) | | | |
| AUD Forward Foreign Currency Contracts 0.02% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | AUD571,200 | 299,047 | 0.23 |
| Forward Foreign Currency Contracts 12/02/15 | £(300,612) | (300,612) | (0.23) |
| Forward Foreign Currency Contracts 12/02/15 | AUD1,779,954 | (931,880) | (0.71) |
| Forward Foreign Currency Contracts 12/02/15 | £959,438 | 959,438 | 0.73 |
| EUR Forward Foreign Currency Contracts 0.00% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | EUR592,785 | 460,346 | 0.35 |
| Forward Foreign Currency Contracts 12/02/15 | £(466,620) | (466,620) | (0.35) |
| Forward Foreign Currency Contracts 12/02/15 | EUR(567,641) | (440,819) | (0.33) |
| Forward Foreign Currency Contracts 12/02/15 | £446,056 | 446,056 | 0.33 |
| NZD Forward Foreign Currency Contracts -0.02% (0.01%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | NZD(1,606,346) | (802,234) | (0.61) |
| Forward Foreign Currency Contracts 12/02/15 | £774,594 | 774,594 | 0.59 |
| USD Forward Foreign Currency Contracts -0.02% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | USD(2,825,103) | (1,812,382) | (0.87) |
| Forward Foreign Currency Contracts 12/02/15 | £1,783,152 | 1,783,152 | 0.86 |
| Forward Foreign Currency Contracts 12/02/15 | USD(2,069,435) | (1,327,599) | (1.01) |
| Forward Foreign Currency Contracts 12/02/15 | £1,334,249 | 1,334,249 | 1.01 |

Portfolio Statement (continued)

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Portfolio of investments* | | 129,420,264 | 98.01 |
| Net current assets | | 2,637,928 | 2.00 |
| Total Net Assets | | 132,058,192 | 100.01 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| Standard & Poor's Ratings: | Market Value (£'000's) | Total Net Assets (%) | Total Net Assets (%) |
|---------------------------------------|-------------------------------|-----------------------------|-----------------------------|
| | 31/12/2014 | 31/12/2014 | 30/06/2014 |
| AAA | 119,998 | 90.87 | 93.90 |
| AA+ | 6,106 | 4.62 | 0.00 |
| AA | 753 | 0.57 | 1.90 |
| A | 1,047 | 0.79 | 1.94 |
| A- | 879 | 0.67 | 0.76 |
| Not rated (by S&P) | 662 | 0.50 | 0.54 |
| Derivatives | (25) | (0.02) | 0.01 |
| Portfolio of investments | 129,420 | 98.00 | 99.05 |
| Net current assets | 2,638 | 2.00 | 0.95 |
| Total Net Assets | 132,058 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|------------------|--------------------------|------------------|---------------------------|
| Income | | | | |
| Net capital gains/(losses) | | 15,209,853 | | (1,140,292) |
| Revenue | 422,467 | | 1,083,348 | |
| Expenses | <u>(160,337)</u> | | <u>(188,786)</u> | |
| Net revenue before taxation | 262,130 | | 894,562 | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>262,130</u> | | <u>894,562</u> |
| Total return before distributions | | 15,471,983 | | (245,730) |
| Finance costs: Distributions | | (262,130) | | (894,577) |
| Change in net assets attributable to Shareholders from investment activities | | <u>15,209,853</u> | | <u>(1,140,307)</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|--------------------------|
| Opening net assets attributable to Shareholders | | 86,315,896 | | 138,311,553 |
| Amounts receivable on issue of shares | 75,554,436 | | 13,561,525 | |
| Amounts payable on cancellation of shares | <u>(45,350,063)</u> | | <u>(55,691,877)</u> | |
| | | 30,204,373 | | (42,130,352) |
| Dilution adjustment | | 134,026 | | 92,548 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 15,209,853 | | (1,140,307) |
| Retained distributions on accumulation shares | | 194,044 | | 609,303 |
| Closing net assets attributable to Shareholders | | <u>132,058,192</u> | | <u>95,742,745</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------------|---------------------------|----------------|--------------------------|
| ASSETS | | | | |
| Investment assets* | | 129,484,973 | | 85,499,622 |
| Debtors | 1,102,084 | | 1,253,177 | |
| Cash and bank balances | <u>1,612,236</u> | | <u>399,276</u> | |
| Total other assets | | <u>2,714,320</u> | | <u>1,652,453</u> |
| Total assets | | 132,199,293 | | 87,152,075 |
| LIABILITIES | | | | |
| Investment liabilities | | (64,709) | | (6,804) |
| Creditors | (55,494) | | (829,359) | |
| Distribution payable on income shares | <u>(20,898)</u> | | <u>(16)</u> | |
| Total other liabilities | | <u>(76,392)</u> | | <u>(829,375)</u> |
| Total liabilities | | (141,101) | | (836,179) |
| Net assets attributable to Shareholders | | <u>132,058,192</u> | | <u>86,315,896</u> |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | Period | | | | | |
|--------------------------------------|--|--------------------------|----------------------|---|--------------------|--------------------------------|
| | Group 1: Shares purchased prior to 1 July 2014 | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 | | |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 0.2196 | 0.0439 | 0.1757 | 0.0000 | 0.1757 | 1.1765 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.1757 | 0.1757 | 1.1765 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 0.8963 | 0.1793 | 0.7170 | 0.0000 | 0.7170 | 1.7155 |
| Group 2 | 0.6134 | 0.1227 | 0.4907 | 0.2263 | 0.7170 | 1.7155 |
| | | | Gross Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 0.6721 | 0.0000 | 0.6721 | 2.0136 |
| Group 2 | | | 0.0000 | 0.6721 | 0.6721 | 2.0136 |
| X Shares (Gross Accumulation) | | | | | | |
| Group 1 | | | 1.0201 | 0.0000 | 1.0201 | 2.3447 |
| Group 2 | | | 0.6806 | 0.3395 | 1.0201 | 2.3447 |

BNY MELLON INVESTMENT FUNDS – NEWTON INTERNATIONAL BOND FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £559.68m |
| Comparative Index: | JP Morgan Global Government Bond Index (GBI) (unhedged) |
| Sector: | The Investment Association Global Bonds |

Distribution Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 1.32% |
| Euro Accumulation Shares | 0.82% |
| Institutional Shares (Accumulation) | 1.89% |
| Institutional Shares (Income) | 1.89% |
| Exempt Shares 2 (Gross Accumulation) | 2.09% |
| Institutional Shares W (Net Income) | 1.89% |
| Institutional Shares W (Net Accumulation) | 1.89% |
| P Shares (Net Accumulation) | 1.39% |
| Retail Advised Shares B (Net Income) | 1.57% |
| Retail Advised Shares B (Net Accumulation) | 1.57% |

Key Dates: Fund Launch 01 February 1991

Investment Objective

The objective of the Fund is to maximise the total return from income and capital growth in the world bond markets through investment predominantly in Government and other public securities.

Fund Ratings

Gold/V4 Rating by Standard & Poor's Fund Manager Ratings.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 5.34% | -8.46% | -1.33% | 6.17% | 10.99% |
| Euro Accumulation Shares | 4.66% | -8.43% | -2.07% | 6.14% | 10.02% |
| Institutional Shares (Accumulation) | 5.82% | -8.04% | -0.88% | 6.65% | 11.48% |
| Institutional Shares (Income) | 5.81% | -8.03% | -0.88% | 6.65% | 11.49% |
| Exempt Shares 2 (Gross Accumulation) | 6.37% | -7.58% | -0.32% | 7.23% | 12.38% |
| Institutional Shares W (Net Income)* | 5.81% | -8.03% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 5.82% | -8.04% | n/a | n/a | n/a |
| P Shares (Net Accumulation)* | 5.40% | -8.41% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 5.53% | -8.29% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 5.54% | -8.27% | n/a | n/a | n/a |
| JP Morgan Global GBI Unhedged TR | 6.93% | -6.27% | -3.15% | 8.02% | 9.77% |

Source: Lipper as at 31 December 2014 – For all share classes except Exempt Shares 2 (Gross Accumulation) – Total return including revenue net of UK tax and annual charges. For Exempt Shares 2 (Gross Accumulation) - Total return including gross revenue and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned +4.39% against a return of +5.09% from the JP Morgan Global GBI Unhedged TR.

An overweight position in the dollar and a long Australian duration position provided positive contributions to relative returns. (Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates). US Treasury Inflation-Protected Securities (TIPS) and French index-linked government bond positions both underperformed conventional sovereign issuance, which negated some of the benefit of long-duration exposure in Europe and the US. An underweight sterling duration stance for much of the period was also unhelpful, as Gilts rallied strongly. In October (and again in December), there was a further rally in core government bonds amid a sharp rise in volatility and risk aversion. Long US dollar and euro duration positions proved beneficial as US Treasuries and German Bunds rallied in response to rising investor anxiety over subdued global growth and low inflation. Overweight positions in some of the smaller high-quality bond markets (such as Australia and Sweden) also aided returns as yields fell sharply. However, underweight exposure to UK Gilts (although latterly reduced) and Japanese government bonds (in which the Fund retained a zero-duration position) detracted from relative returns – both markets performed well, aided respectively by the weak European economic outlook and further Bank of Japan (BoJ) balance-sheet expansion. In November, the rally in Japanese government bonds in the wake of the BoJ's quantitative easing (creating new money for use in the economy) further affected the Fund's performance.

The Fund increased headline duration to move further overweight US and European interest-rate risk, while the nil exposure to Japanese government bonds remained. In the US, duration was increased with the purchase of Treasury 2026 and 2043 issuance. The Fund also increased Australian government bond exposure to benefit from weak economic data from China. In light of further economic contraction in Italy, the Fund reduced exposure to Italian government bonds but lengthened the maturity profile of its Polish government bond holdings. Divergent interest rate and growth expectations between the US and the other developed markets supported an aggressive shift in favour of the US dollar over the period (from near neutral as at end June, to circa 10% overweight at year end), at the expense of the Japanese yen, sterling and the euro in which the Fund's net exposure was underweight versus the index.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|--|------------------------------------|
| US Treasury 6% Notes 15/2/2026 | US Treasury 1% Notes 31/3/2017 |
| US Treasury 2.875% Notes 15/5/2043 | US Treasury 2.875% Notes 15/5/2043 |
| US Treasury 1.25% Notes 30/11/2018 | US Treasury 6% Notes 15/2/2026 |
| Treasury 3.25% Stock 22/1/2044 | UK Treasury 1.25% Bonds 2017 |
| Spain (Kingdom) 4.4% Bonds 31/10/2023 | France 4.25% Bonds 25/10/2023 |
| Poland (Government) 5.75% Bonds 23/9/2022 | US Treasury 1.25% Notes 30/11/2018 |
| Treasury 1.75% Gilts 22/7/2019 | Poland 5.75% Bonds 25/10/2021 |
| Treasury of Victoria 5.5% Guaranteed Senior Notes 17/11/2026 | Germany 2.50% Bonds 04/07/2044 |
| France (Government) 6% Bonds 25/10/2025 | UK Treasury Gilt 1.25% 22/07/2018 |
| Poland 5.75% Bonds 25/10/2021 | Canada 1.00% Bonds 01/11/2015 |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 216.42 | 190.25 | 3.9288 |
| 2011 | 223.78 | 197.63 | 2.6010 |
| 2012 | 223.11 | 208.41 | 2.1343 |
| 2013 | 222.07 | 194.19 | 1.5204 |
| 2014 | 205.12 | 192.37 | 1.6142 |
| Euro Accumulation Shares | Cents | Cents | Cents |
| 2010 | 153.41 | 126.53 | 2.1971 |
| 2011 | 157.83 | 134.94 | 1.2124 |
| 2012 | 172.21 | 150.76 | 0.9468 |
| 2013 | 158.89 | 141.02 | 0.4897 |
| 2014 | 157.06 | 142.31 | 0.6417 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 252.13 | 218.69 | 5.6291 |
| 2011 | 266.01 | 232.68 | 4.2034 |
| 2012 | 267.48 | 249.68 | 3.7513 |
| 2013 | 269.81 | 237.81 | 3.0179 |
| 2014 | 253.80 | 237.33 | 3.1041 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2010 | 229.18 | 201.17 | 5.1490 |
| 2011 | 236.89 | 209.10 | 3.7612 |
| 2012 | 236.39 | 220.65 | 3.3033 |
| 2013 | 235.01 | 205.82 | 2.6209 |
| 2014 | 217.16 | 203.40 | 2.6623 |
| Exempt Shares 2 (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 167.89 | 144.67 | 4.9928 |
| 2011 | 178.05 | 155.27 | 3.8422 |
| 2012 | 179.88 | 167.62 | 3.5015 |
| 2013 | 182.08 | 161.12 | 2.8945 |
| 2014 | 172.65 | 160.80 | 2.9656 |
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 22 June) | 102.15 | 98.27 | 0.5702 |
| 2013 | 102.25 | 92.57 | 0.4213 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 September) | 100.81 | 97.72 | 0.7459 |
| 2013 | 101.54 | 88.93 | 1.1323 |
| 2014 | 93.82 | 87.88 | 1.1502 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 September) | 100.81 | 97.72 | 0.7460 |
| 2013 | 102.33 | 90.19 | 1.1445 |
| 2014 | 96.26 | 90.01 | 1.1774 |
| P Shares (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 16 October) | 100.84 | 97.71 | 0.2195 |
| 2013 | 102.23 | 89.80 | 0.7554 |
| 2014 | 95.54 | 89.58 | 0.8047 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|--------------------------|-------------------------|-----------------------------------|
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 3 October) | 101.06 | 97.93 | 0.5672 |
| 2013 | 101.90 | 89.15 | 0.8899 |
| 2014 | 94.11 | 88.21 | 0.9221 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 3 October) | 101.06 | 97.93 | 0.5674 |
| 2013 | 102.50 | 90.15 | 0.8973 |
| 2014 | 96.01 | 89.96 | 0.9386 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 621,319,252 | 217.48 | 285,692,083 |
| 30/06/2013 | 508,256,761 | 209.80 | 242,256,803 |
| 30/06/2014 | 338,696,087 | 194.00 | 174,582,315 |
| 31/12/2014 | 310,967,359 | 201.80 | 154,098,865 |
| Euro Accumulation Shares | | Cents | |
| 30/06/2012 | 13,335,461 | 163.53 | 10,113,064 |
| 30/06/2013 | 688,343 | 149.21 | 538,303 |
| 30/06/2014 | 287,177 | 148.08 | 242,208 |
| 31/12/2014 | 165,300 | 159.37 ** | 133,648 |
| **Euro/Sterling exchange rate at close fo business 31 December 2014: 1.288550 | | | |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 47,535,892 | 262.03 | 18,141,324 |
| 30/06/2013 | 39,379,856 | 256.33 | 15,362,675 |
| 30/06/2014 | 41,007,882 | 239.72 | 17,106,483 |
| 31/12/2014 | 40,247,037 | 251.14 | 16,025,935 |
| Institutional Shares (Income) | | Pence | |
| 30/06/2012 | 138,579,160 | 229.99 | 60,253,561 |
| 30/06/2013 | 159,340,966 | 221.85 | 71,825,101 |
| 30/06/2014 | 166,765,603 | 205.11 | 81,304,165 |
| 31/12/2014 | 168,951,885 | 213.36 | 79,187,046 |
| Exempt Shares 2 (Gross Accumulation) | | Pence | |
| 30/06/2012 | 224,050 | 176.14 | 127,197 |
| 30/06/2013 | 286,528 | 173.25 | 165,382 |
| 30/06/2014 | 305,269 | 162.80 | 187,514 |
| 31/12/2014 | 290,643 | 171.04 | 169,930 |
| P Shares (Net Income)*** | | Pence | |
| 30/06/2012 | 15,019 | 100.13 | 15,000 |
| 30/06/2013 | 317,457 | 96.59 | 328,666 |

***P Shares (Net Income) share class closed 23 September 2013.

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|---------------------|--------------|-----------------|
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 22,018,001 | 95.85 | 22,970,726 |
| 30/06/2014 | 23,746,006 | 88.62 | 26,794,585 |
| 31/12/2014 | 28,313,838 | 92.18 | 30,714,386 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 1,645,011 | 97.22 | 1,692,113 |
| 30/06/2014 | 5,906,151 | 90.91 | 6,496,355 |
| 31/12/2014 | 10,639,885 | 95.25 | 11,170,206 |
| P Shares (Net Accumulation) | | Pence | |
| 30/06/2013 | 8,524 | 97.00 | 8,788 |
| 30/06/2014 | 7,939 | 90.35 | 8,787 |
| 31/12/2014 | 8,300 | 94.46 | 8,787 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 4,839 | 96.23 | 5,029 |
| 30/06/2014 | 66,826 | 88.96 | 75,121 |
| 31/12/2014 | 69,531 | 92.53 | 75,142 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 15,967 | 97.29 | 16,412 |
| 30/06/2014 | 18,837 | 90.75 | 20,756 |
| 31/12/2014 | 25,687 | 94.95 | 27,053 |

Ongoing Charges

| Share Class | 31/12/2014 % | 30/06/2014 % |
|--|-----------------|-----------------|
| Sterling Income Shares | 1.14 | 1.13 |
| Euro Accumulation Shares | 1.64 | 1.63 |
| Institutional Shares (Accumulation) | 0.57 | 0.56 |
| Institutional Shares (Income) | 0.57 | 0.56 |
| Exempt Shares 2 (Gross Accumulation) | 0.37 | 0.36 |
| Institutional Shares W (Net Income) | 0.57 | 0.56 |
| Institutional Shares W (Net Accumulation) | 0.57 | 0.56 |
| P Shares (Net Accumulation) | 1.06 | 1.06 |
| Retail Advised Shares B (Net Income) | 0.89 | 0.88 |
| Retail Advised Shares B (Net Accumulation) | 0.89 | 0.88 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| UK Government Bonds 6.32% (8.96%) | | | |
| Treasury 1.75% Bonds 7/9/2022 | £5,890,000 | 5,969,957 | 1.07 |
| Treasury 1.75% Gilts 22/7/2019 | £11,180,000 | 11,463,693 | 2.05 |
| Treasury 3.25% Stock 22/1/2044 | £15,520,000 | 17,886,412 | 3.20 |
| USA Government Bonds 23.88% (19.21%) | | | |
| US Treasury 0.875% Notes 28/2/2017 | USD13,210,000 | 8,493,202 | 1.52 |
| US Treasury 1% Notes 31/3/2017 | USD21,080,000 | 13,579,524 | 2.43 |
| US Treasury 1.125% Notes 31/5/2019 | USD27,290,000 | 17,192,984 | 3.07 |
| US Treasury 1.25% Notes 30/11/2018 | USD23,200,000 | 14,769,681 | 2.64 |
| US Treasury 1.625% Notes 15/8/2022 | USD22,700,000 | 14,148,830 | 2.53 |
| US Treasury 2.875% Notes 15/5/2043 | USD42,420,000 | 27,826,010 | 4.97 |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | USD17,800,000 | 21,733,291 | 3.88 |
| US Treasury 6% Notes 15/2/2026 | USD18,080,000 | 15,894,645 | 2.84 |
| Australia Government Bonds 3.55% (0.00%) | | | |
| New South Wales Treasury 2.75% Index Linked Bonds 20/11/2025 | AUD4,630,000 | 3,534,602 | 0.63 |
| Treasury of Victoria 5.5% Guranteed Senior Notes 17/11/2026 | AUD25,490,000 | 16,348,335 | 2.92 |
| Austria Government Bonds 1.57% (0.00%) | | | |
| Austria (Government) 4.85% Bond 15/3/2026 | EUR7,900,000 | 8,771,862 | 1.57 |
| Bermuda Government Bonds 0.29% (0.26%) | | | |
| Bermuda (Government) 4.138% Bonds 3/1/2023 | USD2,500,000 | 1,598,794 | 0.29 |
| Brazil Government Bonds 2.59% (2.67%) | | | |
| Brazil Letras do Tesouro Nacional 0% Notes 1/1/2018 | BRL86,000,000 | 14,486,466 | 2.59 |
| Czech Republic Government Bonds 1.04% (0.00%) | | | |
| Czech Republic International 3.875% European Medium Term Notes 24/5/2022 | EUR6,170,000 | 5,828,728 | 1.04 |
| Denmark Government Bonds 1.29% (0.00%) | | | |
| Kommunekredit 0.875% European Medium Term Notes 29/7/2016 | USD11,200,000 | 7,208,959 | 1.29 |
| France Government Bonds 8.18% (3.42%) | | | |
| Agence Francaise de Development 1.125% Bonds 3/10/2016 | USD10,800,000 | 6,969,757 | 1.25 |
| Caisse d'Amortissement de la Dette Sociale 1.375% Bonds 29/1/2018 | USD12,400,000 | 7,972,100 | 1.42 |
| France (Government) 0.25% Bonds 25/7/2024 | EUR10,620,000 | 8,728,306 | 1.56 |
| France (Government) 3.25% Bonds 25/5/2045 | EUR7,460,000 | 7,591,595 | 1.36 |
| France (Government) 6% Bonds 25/10/2025 | EUR12,290,000 | 14,511,366 | 2.59 |
| Germany Government Bonds 1.50% (1.52%) | | | |
| Germany (Federal Republic) 6.5% Bonds 4/7/2027 | EUR6,440,000 | 8,423,237 | 1.50 |
| Ireland Government Bonds 2.18% (1.28%) | | | |
| Ireland (Republic) 5.4% Bonds 13/3/2025 | EUR11,450,000 | 12,228,765 | 2.18 |
| Italy Government Bonds 1.37% (4.25%) | | | |
| Italy (Republic) 4.75% Bonds 1/9/2044 | EUR7,610,000 | 7,658,329 | 1.37 |
| Norway Government Bonds 1.17 (0.00%) | | | |
| Kommunalbanken 0.36235% Bonds 2/5/2019 | USD10,200,000 | 6,541,487 | 1.17 |
| South Korea Government Bonds 1.07% (1.03%) | | | |
| Korea (Republic) 2.125% Bonds 10/6/2024 | EUR7,330,000 | 5,995,861 | 1.07 |
| Mexico Government Bonds 2.00% (1.74%) | | | |
| Mexican Bonos 4.75% Bonds 14/6/2018 | MXN121,360,000 | 5,269,875 | 0.94 |
| Mexican Bonos 6.5% Bonds 9/6/2022 | MXN129,560,000 | 5,910,492 | 1.06 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Morocco Government Bonds 0.58% (0.00%) | | | |
| Morocco (Government) 3.5% Bond 19/6/2024 | EUR2,930,000 | 2,327,342 | 0.42 |
| Morocco (Government) 4.5% Bond 5/10/2020 | EUR1,060,000 | 909,381 | 0.16 |
| Netherlands Government Bonds 3.86% (3.48%) | | | |
| Netherlands (Kingdom) 1% Bond 24/2/2017 | USD23,830,000 | 15,311,018 | 2.74 |
| Netherlands (Kingdom) 2% Bonds 15/7/2024 | EUR7,200,000 | 6,265,722 | 1.12 |
| New Zealand Government Bonds 1.24% (1.16%) | | | |
| New Zealand (Government) 2% Notes 20/9/2025 | NZD13,510,000 | 6,954,323 | 1.24 |
| Poland Government Bonds 2.29% (1.51%) | | | |
| Poland (Government) 5.75% Bonds 23/9/2022 | PLN57,620,000 | 12,840,058 | 2.29 |
| Singapore Government Bonds 1.63% (1.56%) | | | |
| Singapore (Government) 2.5% Bond 1/6/2019 | SGD18,020,000 | 9,109,990 | 1.63 |
| Slovenia Government Bonds 0.24% (0.19%) | | | |
| Slovenia (Government) 2.25% Bonds 25/3/2022 | EUR1,680,000 | 1,350,298 | 0.24 |
| Spain Government Bonds 3.24% (2.08%) | | | |
| Spain (Kingdom) 4.4% Bonds 31/10/2023 | EUR11,540,000 | 11,139,183 | 1.99 |
| Spain (Kingdom) 5.15% Bond 31/10/2044 | EUR6,270,000 | 6,982,276 | 1.25 |
| Sweden Government Bonds 1.88% (3.34%) | | | |
| Sweden (Kingdom) 1.5% Bonds 13/11/2023 | SEK83,520,000 | 7,251,426 | 1.30 |
| Sweden (Kingdom) 2.25% Bonds 1/6/2032 | SEK35,200,000 | 3,246,717 | 0.58 |
| Sterling Denominated Corporate Bonds 2.55% (4.41%) | | | |
| Affordable Housing Finance 3.8% European Medium Term Notes 20/5/2044 | GBP2,730,000 | 3,224,922 | 0.58 |
| KFW 2.75% Guaranteed European Medium Term Notes 7/9/2015 | GBP10,880,000 | 11,043,588 | 1.97 |
| Non-Sterling Denominated Corporate Bonds 24.11% (21.70%) | | | |
| Asian Development Bank 0.1695% Guaranteed Medium Term Notes 29/5/2015 | USD14,650,000 | 9,394,413 | 1.68 |
| Asian Development Bank 0.5% Guaranteed Medium Term Notes 25/1/2017 | TRY9,020,000 | 2,080,827 | 0.37 |
| Asian Development Bank 2.625% Bonds 9/2/2015 | USD7,180,000 | 4,614,885 | 0.82 |
| Banca Monte dei Paschi di Siena SpA 3.5% Bond 20/3/2017 | EUR8,200,000 | 6,666,656 | 1.19 |
| Caisse Centrale du Credit Immobilier de France SA 0.25% European Medium Term Notes 25/11/2018 | EUR7,300,000 | 5,674,605 | 1.01 |
| Dexia Credit Local 2.25% Bonds 30/1/2019 | USD8,740,000 | 5,676,014 | 1.01 |
| Dexia Credit Local SA 1% European Medium Term Notes 11/7/2016 | EUR8,550,000 | 6,717,889 | 1.20 |
| Eurofima 0.3376% European Medium Term Notes 10/6/2016 | USD11,400,000 | 7,305,690 | 1.31 |
| European Investment Bank 2.125% Notes 4/2/2019 | CAD11,500,000 | 6,441,633 | 1.15 |
| European Investment Bank 4.25% European Medium Term Notes 19/5/2017 | NOK60,770,000 | 5,569,035 | 1.00 |
| FMS Wertmanagement 1.625% Bonds 20/11/2018 | USD9,930,000 | 6,379,922 | 1.14 |
| FMS Wertmanagement AoER 3% European Medium Term Notes 8/9/2021 | EUR13,300,000 | 12,099,219 | 2.16 |
| German Postal Pensions Securitisation 2 4.25% Bonds 18/1/2017 | EUR8,800,000 | 7,400,876 | 1.32 |
| ING Bank 3.075% Bonds 3/3/2015 | AUD4,500,000 | 2,362,469 | 0.42 |
| Inter-American Development Bank 0.2699% Guaranteed Medium Term Notes 12/9/2018 | USD10,800,000 | 6,956,883 | 1.24 |
| International Bank for Reconstruction & Development 0.1608% Bonds 14/1/2015 | USD8,780,000 | 5,631,081 | 1.01 |
| International Bank for Reconstruction & Development 3.375% Medium Term Notes 13/8/2017 | NZD14,250,000 | 7,050,442 | 1.26 |
| KFW 1% Bonds 11/6/2018 | USD7,712,000 | 4,881,720 | 0.87 |
| Landwirtschaftliche Rentenbank 3.275% Medium Term Notes 27/1/2016 | AUD11,600,000 | 6,112,606 | 1.09 |
| Oesterreichische Kontrollbank AG 1.75% Bonds 5/10/2015 | USD12,620,000 | 8,175,356 | 1.46 |
| Svensk Exportkredit 2.875% Bonds 14/11/2023 | USD6,509,000 | 4,122,262 | 0.74 |
| Svensk Exportkredit 5.125% Bonds 1/3/2017 | USD5,326,000 | 3,714,831 | 0.66 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|---------------------|-------------------------|-----------------------------|
| Derivatives 0.38% (-0.19%) | | | |
| AUD Forward Foreign Currency Contracts 0.08% (-0.02%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | AUD(16,741,635) | (8,750,137) | (1.56) |
| Forward Foreign Currency Contracts 11/03/15 | £8,903,936 | 8,903,936 | 1.59 |
| Forward Foreign Currency Contracts 11/03/15 | AUD(11,428,000) | (5,972,927) | (1.07) |
| Forward Foreign Currency Contracts 11/03/15 | JPY1,139,969,742 | 6,104,417 | 1.09 |
| Forward Foreign Currency Contracts 11/03/15 | AUD(12,280,829) | (6,418,664) | (1.14) |
| Forward Foreign Currency Contracts 11/03/15 | USD10,224,085 | 6,560,429 | 1.17 |
| BRL Forward Foreign Currency Contracts 0.05% (-0.04%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | BRL(20,987,000) | (4,980,129) | (0.89) |
| Forward Foreign Currency Contracts 11/03/15 | £5,066,264 | 5,066,264 | 0.91 |
| Forward Foreign Currency Contracts 11/03/15 | BRL(38,817,000) | (9,211,115) | (1.65) |
| Forward Foreign Currency Contracts 11/03/15 | USD14,672,841 | 9,415,037 | 1.68 |
| CAD Forward Foreign Currency Contracts 0.00% (-0.05%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | CAD 8,871,964 | 4,908,053 | 0.88 |
| Forward Foreign Currency Contracts 11/03/15 | £(4,974,065) | (4,974,065) | (0.89) |
| Forward Foreign Currency Contracts 11/03/15 | CAD6,568,841 | (3,633,944) | (0.65) |
| Forward Foreign Currency Contracts 11/03/15 | USD5,768,213 | 3,701,256 | 0.66 |
| EUR Forward Foreign Currency Contracts 0.03% (-0.10%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | EUR46,371,934 | 36,026,785 | 6.44 |
| Forward Foreign Currency Contracts 11/03/15 | £(36,605,985) | (36,605,985) | (6.54) |
| Forward Foreign Currency Contracts 11/03/15 | EUR5,939,000 | 4,614,064 | 0.82 |
| Forward Foreign Currency Contracts 11/03/15 | USD(7,405,262) | (4,751,692) | (0.85) |
| Forward Foreign Currency Contracts 11/03/15 | EUR(25,536,325) | (19,839,407) | (3.54) |
| Forward Foreign Currency Contracts 11/03/15 | £20,082,416 | 20,082,416 | 3.59 |
| Forward Foreign Currency Contracts 11/03/15 | EUR(43,793,463) | (34,023,546) | (6.08) |
| Forward Foreign Currency Contracts 11/03/15 | USD53,950,261 | 34,617,953 | 6.19 |
| JPY Forward Foreign Currency Contracts 0.15% (-0.27%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | JPY33,886,668,864 | 181,459,520 | 32.42 |
| Forward Foreign Currency Contracts 11/03/15 | £(180,649,222) | (180,649,222) | (32.28) |
| Forward Foreign Currency Contracts 11/03/15 | JPY(16,219,872,445) | (86,855,698) | (15.52) |
| Forward Foreign Currency Contracts 11/03/15 | USD135,493,652 | 86,941,429 | 15.53 |
| MXN Forward Foreign Currency Contracts -0.01% (-0.03%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | MXN17,655,024 | 765,453 | 0.14 |
| Forward Foreign Currency Contracts 11/03/15 | USD(1,243,987) | (798,222) | (0.14) |
| Forward Foreign Currency Contracts 11/03/15 | MXN27,890,817 | 1,209,237 | 0.22 |
| Forward Foreign Currency Contracts 11/03/15 | £(1,256,119) | (1,256,119) | (0.22) |
| Forward Foreign Currency Contracts 11/03/15 | MXN(113,352,000) | (4,914,501) | (0.88) |
| Forward Foreign Currency Contracts 11/03/15 | USD7,566,536 | 4,855,175 | 0.87 |
| NOK Forward Foreign Currency Contracts 0.04% (0.01%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | NOK(77,778,693) | (6,644,404) | (1.19) |
| Forward Foreign Currency Contracts 11/03/15 | £6,998,394 | 6,998,394 | 1.25 |
| Forward Foreign Currency Contracts 11/03/15 | NOK14,035,802 | 1,199,037 | 0.21 |
| Forward Foreign Currency Contracts 11/03/15 | USD(1,975,996) | (1,267,926) | (0.23) |
| NZD Forward Foreign Currency Contracts -0.04% (0.04%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | NZD(30,183,000) | (15,042,341) | (2.69) |
| Forward Foreign Currency Contracts 11/03/15 | £14,815,538 | 14,815,538 | 2.65 |
| Forward Foreign Currency Contracts 11/03/15 | NZD(2,565,403) | 1,278,524 | 0.23 |
| Forward Foreign Currency Contracts 11/03/15 | USD(1,970,189) | (1,264,200) | (0.23) |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| PLN Forward Foreign Currency Contracts 0.12% (0.00%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | PLN(21,890,353) | (3,943,096) | (0.70) |
| Forward Foreign Currency Contracts 11/03/15 | £4,123,975 | 4,123,976 | 0.74 |
| Forward Foreign Currency Contracts 11/03/15 | PLN13,141,460 | 2,367,163 | 0.42 |
| Forward Foreign Currency Contracts 11/03/15 | USD(3,874,685) | (2,486,247) | (0.44) |
| Forward Foreign Currency Contracts 11/03/15 | PLN(62,886,000) | (11,327,617) | (2.02) |
| Forward Foreign Currency Contracts 11/03/15 | USD18514419 | 11,880,040 | 2.12 |
| SEK Forward Foreign Currency Contracts 0.04% (0.06%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | SEK(85,768,043) | (7,031,870) | (1.26) |
| Forward Foreign Currency Contracts 11/03/15 | £7,302,004 | 7,302,004 | 1.30 |
| Forward Foreign Currency Contracts 11/03/15 | SEK(5,488,995) | (450,027) | (0.08) |
| Forward Foreign Currency Contracts 11/03/15 | USD729,910 | 468,357 | 0.08 |
| SGD Forward Foreign Currency Contracts 0.01% (0.00%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | SGD(19,103,000) | (9,239,490) | (1.65) |
| Forward Foreign Currency Contracts 11/03/15 | USD14,517,656 | 9,315,461 | 1.66 |
| TRY Forward Foreign Currency Contracts 0.01% (0.01%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | TRY(7,042,000) | (1,905,065) | (0.34) |
| Forward Foreign Currency Contracts 11/03/15 | USD1,973,969 | 1,973,969 | 0.35 |
| USD Forward Foreign Currency Contracts -0.10% (0.22%) | | | |
| Forward Foreign Currency Contracts 11/03/15 | USD(225,012,321) | (144,382,357) | (25.80) |
| Forward Foreign Currency Contracts 11/03/15 | £143,790,369 | 143,790,369 | 25.69 |
| Forward Foreign Currency Contracts 11/03/15 | USD22,483,247 | 14,426,695 | 2.58 |
| Forward Foreign Currency Contracts 11/03/15 | £(14,404,990) | (14,404,990) | (2.57) |
| Portfolio of investments* | | 559,668,651 | 100.00 |
| Net current assets | | 10,814 | 0.00 |
| Total Net Assets | | 559,679,465 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holding in the Azerbaijan Government Bonds, Belgium Government Bonds, Bulgaria Government Bonds, Canada Government Bonds, Non-Sterling Denominated Floating Rate Notes and PHP Forward Foreign Currency Contracts portfolio categories, which, at 30 June 2014, represented 0.54%, 1.91%, 1.01%, 2.16%, 9.84% & -0.02%, respectively, of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

*Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000's) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|--|--|--|
| Standard & Poor's Ratings: | | | |
| AAA | 141,817,990 | 25.34 | 44.15 |
| AA | 167,659,681 | 29.96 | 10.86 |
| A | 26,096,709 | 4.66 | 5.09 |
| BBB | 49,868,333 | 8.91 | 7.07 |
| Not rated (by S&P) | 172,079,990 | 30.75 | 32.06 |
| Derivatives | 2,145,948 | 0.38 | (0.19) |
| Portfolio of investments | 559,668,651 | 100.00 | 99.04 |
| Net current assets | 10,814 | 0.00 | 0.96 |
| Total Net Assets | 559,679,465 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|------------------|--------------------------|------------------|----------------------------|
| Income | | | | |
| Net capital gains/(losses) | | 22,556,020 | | (56,583,354) |
| Revenue | 6,748,230 | | 6,671,199 | |
| Expenses | (2,541,939) | | (3,235,500) | |
| Net revenue before taxation | <u>4,206,291</u> | | <u>3,435,699</u> | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>4,206,291</u> | | <u>3,435,699</u> |
| Total return before distributions | | 26,762,311 | | (53,147,655) |
| Finance costs: Distributions | | (4,198,921) | | (3,464,434) |
| Change in net assets attributable to Shareholders from investment activities | | <u>22,563,390</u> | | <u>(56,612,089)</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 576,807,777 | | 731,962,253 |
| Amounts receivable on issue of shares | 10,209,095 | | 43,219,395 | |
| Amounts payable on cancellation of shares | <u>(50,265,677)</u> | | <u>(91,966,485)</u> | |
| | | (40,056,582) | | (48,747,090) |
| Dilution adjustment | | - | | 17,373 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 22,563,390 | | (56,612,089) |
| Retained distributions on accumulation shares | | 363,338 | | 237,755 |
| Unclaimed distributions | | 1,542 | | 783 |
| Closing net assets attributable to Shareholders | | <u>559,679,465</u> | | <u>626,858,985</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|--------------------|---------------------------|--------------------|---------------------------|
| ASSETS | | | | |
| Investment assets* | | 561,597,232 | | 575,417,544 |
| Debtors | 4,633,499 | | 16,749,823 | |
| Cash and bank balances | <u>1,056,089</u> | | <u>5,697,290</u> | |
| Total other assets | | <u>5,689,588</u> | | <u>22,447,113</u> |
| Total assets | | 567,286,820 | | 597,864,657 |
| LIABILITIES | | | | |
| Investment liabilities | | (1,928,581) | | (4,164,558) |
| Creditors | (2,767,518) | | (14,718,584) | |
| Distribution payable on income shares | <u>(2,911,256)</u> | | <u>(2,173,738)</u> | |
| Total other liabilities | | <u>(5,678,774)</u> | | <u>(16,892,322)</u> |
| Total liabilities | | (7,607,355) | | (21,056,880) |
| Net assets attributable to Shareholders | | <u>559,679,465</u> | | <u>576,807,777</u> |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | | | | | | Period |
|--|----------------------|--------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.2216 | 0.2443 | 0.9773 | 0.0000 | 0.9773 | 0.6651 |
| Group 2 | 0.6748 | 0.1350 | 0.5398 | 0.4375 | 0.9773 | 0.6651 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.2196 | 0.4439 | 1.7757 | 0.0000 | 1.7757 | 1.3864 |
| Group 2 | 1.0813 | 0.2163 | 0.8650 | 0.9107 | 1.7757 | 1.3864 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 1.8993 | 0.3799 | 1.5194 | 0.0000 | 1.5194 | 1.1999 |
| Group 2 | 1.6969 | 0.3394 | 1.3575 | 0.1619 | 1.5194 | 1.1999 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.8205 | 0.1641 | 0.6564 | 0.0000 | 0.6564 | 0.5184 |
| Group 2 | 0.3225 | 0.0645 | 0.2580 | 0.3984 | 0.6564 | 0.5184 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.8420 | 0.1684 | 0.6736 | 0.0000 | 0.6736 | 0.5258 |
| Group 2 | 0.5194 | 0.1039 | 0.4155 | 0.2581 | 0.6736 | 0.5258 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.6049 | 0.1210 | 0.4839 | 0.0000 | 0.4839 | 0.3341 |
| Group 2 | 0.6049 | 0.1210 | 0.4839 | 0.0000 | 0.4839 | 0.3341 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.6760 | 0.1352 | 0.5408 | 0.0000 | 0.5408 | 0.3994 |
| Group 2 | 0.4988 | 0.0998 | 0.3990 | 0.1418 | 0.5408 | 0.3994 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.6891 | 0.1378 | 0.5513 | 0.0000 | 0.5513 | 0.4039 |
| Group 2 | 0.2313 | 0.0463 | 0.1850 | 0.3663 | 0.5513 | 0.4039 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 1.6772 | 0.0000 | 1.6772 | 1.3427 |
| Group 2 | | | 1.2520 | 0.4252 | 1.6772 | 1.3427 |

Interim interest distribution in cents per Share

| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
|--------------------------|----------------------|--------------------------|--------------------|---------------------|--------------------|--------------------------------|
| Euro Accumulation Shares | | | | | | |
| Group 1 | 0.5659 | 0.1132 | 0.4527 | 0.0000 | 0.4527 | 0.1862 |
| Group 2 | 0.2894 | 0.0579 | 0.2315 | 0.2212 | 0.4527 | 0.1862 |

BNY MELLON INVESTMENT FUNDS – NEWTON LONG CORPORATE BOND FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|--|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £324.20m |
| Comparative Index: | BofA Merrill Lynch Non-Gilt (over 10 years) Investment Grade TR |
| Sector: | The Investment Association £ Corporate Bond |

Distribution Yield as at 31 December 2014:

| | |
|--------------------------------------|-------|
| Exempt Shares 1 (Gross Accumulation) | 3.57% |
| Exempt Shares 2 (Gross Accumulation) | 3.47% |
| Institutional Shares (Accumulation) | 3.27% |
| X Shares (Gross Accumulation) | 3.77% |
| X Shares (Net Income) | 3.77% |
| X Shares (Net Accumulation) | 3.78% |

| | | |
|------------|-------------------|----------------|
| Key Dates: | Fund Launch | 29 June 2000 |
| | Converted to ICVC | 02 August 2004 |

Investment Objective

The objective of the Fund is to maximise returns through investment in predominantly sterling denominated fixed interest securities excluding gilts.

Statutory Performance Data

| | | | | | |
|--|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Exempt Shares 1 (Gross Accumulation) | 16.55% | 0.01% | 13.70% | 12.25% | 9.98% |
| Exempt Shares 2 (Gross Accumulation) | 16.44% | -0.08% | 13.58% | 12.13% | 9.88% |
| Institutional Shares (Accumulation) | 15.37% | -1.07% | 12.41% | 10.37% | 8.38% |
| X Shares (Gross Accumulation) | 16.78% | 0.22% | 13.93% | 12.47% | 10.20% |
| X Shares (Net Income)* | 15.85% | n/a | n/a | n/a | n/a |
| BofA Merrill Lynch Non-Gilt (over 10 years) Investment Grade TR | 17.96% | -0.66% | 14.57% | 11.26% | 9.92% |

Source: Lipper as at 31 December 2014 – Institutional Shares (Net Accumulation) and X Shares (Net Income) - Total return including revenue net of UK tax and annual charges, but excluding initial charge. Exempt Shares 1 (Gross Accumulation); Exempt Shares 2 (Gross Accumulation) and Sterling X Shares (Gross Accumulation) - Total return including gross revenue and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Institutional Sterling Net Acc Share Class of the Sub-Fund returned +9.84% against a return of +10.85% for the BofA Merrill Lynch Non-Gilt 10 yr+ Investment Grade TR Index.

The Fund generated a positive return but underperformed its comparative index. This underperformance was a result of a shorter duration – a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates – than the index. Falling inflation expectations, thanks to a collapse in the price of oil, drove the strength in global bond markets, which filtered through to high-quality corporate bonds. This reduced the need for early rate increases from central banks. The underweight position in quasi-government bonds (debt issued by an agency that has government backing) was a negative factor for the Fund.

Most of the Fund's activity related to adding to or reducing existing holdings. Brazilian state-owned energy company Petrobras performed poorly largely as a result of a deteriorating operating environment and the position was trimmed. New holdings included BT. Concerned that yields on long-dated bonds might have fallen too far, the fund manager added to very short-dated bonds, in the expectation that they should be less volatile (Pacific Life, Intercontinental Hotels, ENW Capital Finance).

The table below shows the top ten purchases and sales for the period.

| Purchases | Sales |
|---|---|
| ENW Capital Finance 6.75% Guaranteed European Medium Term Notes 20/6/2015 | Kreditanstalt Fur Wiederaufbau 5.50% Bonds 18/6/2025 |
| Silverstone Master ISS 5.063% Guaranteed Mortgage Backed European Medium Term Bonds 21/1/2055 | Network Rail 4.75% Guaranteed European Medium Term Bonds 29/11/2035 |
| BHP Billiton Finance 4.3% European Medium Term Bonds 25/9/2042 | Vodafone 4.625% European Medium Term Bonds 8/9/2014 |
| InterContinental Hotels 6% Guaranteed European Medium Term Notes 9/12/2016 | Bank of Scotland 4.875% European Medium Term Notes 20/12/24 |
| Commonwealth Bank of Australia 3.875% Guaranteed Senior European Medium Term Notes 14/12/2015 | BHP Billiton Finance 3.25% European Medium Term Bonds 25/9/2024 |
| Citigroup 7.375% Guaranteed Senior European Medium Term Bonds 1/9/2039 | Royal Bank of Scotland 5.125% Bonds 13/1/2024 |
| Asciano Finance 5% Guaranteed European Medium Term Notes 19/9/2023 | Harbour Funding 5.28% Bonds 31/3/2044 |
| FirstGroup 6.875% Guaranteed Bonds 18/9/2024 | SNCF 5.375% European Medium Term Notes 18/03/27 |
| European Investment Bank 4.5% Guaranteed Senior European Medium Term Bonds 7/3/2044 | Places For People Homes 5.09% Bonds 31/7/2043 |
| Vodafone 4.625% European Medium Term Bonds 08/09/2014 | Coventry Building Society 5.875% Bonds 28/9/2022 |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Exempt Shares 1 (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 195.31 | 168.15 | 9.1059 |
| 2011 | 208.61 | 181.24 | 9.3719 |
| 2012 | 238.12 | 206.58 | 9.9184 |
| 2013 | 249.87 | 228.79 | 10.0907 |
| 2014 | 276.78 | 236.64 | 9.8333 |
| Exempt Shares 2 (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 131.79 | 113.53 | 6.0237 |
| 2011 | 140.60 | 122.25 | 6.1882 |
| 2012 | 160.31 | 139.20 | 6.5316 |
| 2013 | 168.16 | 153.97 | 6.6301 |
| 2014 | 185.98 | 159.16 | 6.4396 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 115.60 | 100.13 | 4.0581 |
| 2011 | 120.78 | 106.41 | 4.0955 |
| 2012 | 136.21 | 119.23 | 4.2546 |
| 2013 | 142.31 | 130.10 | 4.2650 |
| 2014 | 154.95 | 133.78 | 4.0823 |
| X Shares (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 196.52 | 169.02 | 9.5240 |
| 2011 | 210.42 | 182.53 | 9.8374 |
| 2012 | 240.67 | 208.48 | 10.4641 |
| 2013 | 252.77 | 231.52 | 10.6924 |
| 2014 | 280.90 | 239.71 | 10.4848 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2013 (from 18 November) | 100.39 | 98.26 | 1.8530 |
| 2014 | 110.54 | 99.63 | 3.3397 |
| X Shares (Net Accumulation)** | Pence | Pence | Pence |
| 2014 (from 30 April to 30 September) | 106.05 | 100.29 | 1.6346 |

**X Shares (Net Accumulation) share class closed 30 September 2014.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|------------------------|--------------|--------------------|
| Exempt Shares 1 (Gross Accumulation) | | Pence | |
| 30/06/2012 | 64,966,343 | 216.64 | 29,987,495 |
| 30/06/2013 | 69,320,611 | 230.07 | 30,130,121 |
| 30/06/2014 | 46,650,260 | 249.60 | 18,689,919 |
| 31/12/2014 | 49,240,162 | 274.28 | 17,952,803 |
| Exempt Shares 2 (Gross Accumulation) | | Pence | |
| 30/06/2012 | 12,757,004 | 145.93 | 8,742,086 |
| 30/06/2013 | 14,399,198 | 154.82 | 9,300,822 |
| 30/06/2014 | 28,164,580 | 167.79 | 16,785,549 |
| 31/12/2014 | 24,848,988 | 184.29 | 13,483,801 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 9,323,930 | 124.52 | 7,488,118 |
| 30/06/2013 | 3,933,852 | 130.81 | 3,007,191 |
| 30/06/2014 | 106,877 | 140.40 | 76,124 |
| 31/12/2014 | 38,622,317 | 153.49 | 25,163,208 |
| X Shares (Gross Accumulation) | | Pence | |
| 30/06/2012 | 147,995,788 | 218.79 | 67,642,140 |
| 30/06/2013 | 160,970,908 | 232.82 | 69,140,963 |
| 30/06/2014 | 171,017,586 | 253.08 | 67,573,296 |
| 31/12/2014 | 178,100,019 | 278.39 | 63,975,628 |
| X Shares (Net Income) | | Pence | |
| 30/06/2014 | 25,599,512 | 99.97 | 25,607,905 |
| 31/12/2014 | 33,388,145 | 107.82 | 30,966,575 |
| X Shares (Net Accumulation)* | | Pence | |
| 30/06/2014 | 1,205,489 | 101.10 | 1,192,377 |

*X Shares (Net Accumulation) share class closed 30 September 2014.

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--------------------------------------|-------------------|-------------------|
| | % | % |
| Exempt Shares 1 (Gross Accumulation) | 0.26 | 0.26 |
| Exempt Shares 2 (Gross Accumulation) | 0.36 | 0.36 |
| Institutional Shares (Accumulation) | 0.56 | 0.56 |
| X Shares (Gross Accumulation) | 0.06 | 0.06 |
| X Shares (Net Income) | 0.06 | 0.06 |
| X Shares (Net Accumulation)** | n/a | 0.06 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

**X Shares (Net Accumulation) share class closed 30 September 2014.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Sterling Denominated Corporate Bonds 92.31% (96.93%) | | | |
| 3i 5.75% Guaranteed Senior European Medium Term Bonds 3/12/2032 | £2,500,000 | 3,039,575 | 0.94 |
| AA Bond 6.269% Bonds 2/7/2043 | £2,850,000 | 3,471,411 | 1.07 |
| ABP Finance 6.25% Guaranteed European Medium Term Bonds 14/12/2026 | £2,350,000 | 2,976,195 | 0.92 |
| Affinity Sutton 4.25% European Medium Term Bonds 8/10/2042 | £2,149,000 | 2,353,692 | 0.73 |
| Affordable Housing Finance 3.8% European Medium Term Notes 20/5/2044 | £1,500,000 | 1,771,935 | 0.55 |
| Annington Repack No 1 5.3236% Guaranteed Bonds 10/1/2023 | £2,560,000 | 2,946,375 | 0.91 |
| Arsenal Securities 5.1418% Guaranteed Bonds 1/9/2029 | £2,814,765 | 3,081,108 | 0.95 |
| Artesian Finance II 6% Guaranteed Senior European Medium Term Bonds 30/9/2033 | £2,100,000 | 2,751,210 | 0.85 |
| Asciano Finance 5% Guaranteed European Medium Term Notes 19/9/2023 | £1,000,000 | 1,118,930 | 0.35 |
| Aspire Defence Finance 4.674% Asset Backed Bonds 31/3/2040 | £2,729,375 | 3,084,918 | 0.95 |
| Barclays 5.75% Guaranteed Senior European Medium Term Bonds 14/9/2026 | £2,650,000 | 2,994,981 | 0.92 |
| BAT International Finance 5.75% Guaranteed European Medium Term Bonds 5/7/2040 | £2,350,000 | 3,124,762 | 0.96 |
| BG Energy Capital 5.125% Guaranteed European Medium Term Bonds 1/12/2025 | £3,147,000 | 3,716,684 | 1.15 |
| BHP Billiton Finance 3.25% European Medium Term Bonds 25/9/2024 | £1,000,000 | 1,027,202 | 0.32 |
| BHP Billiton Finance 4.3% European Medium Term Bonds 25/9/2042 | £3,000,000 | 3,262,200 | 1.01 |
| British Telecommunications 5.75% Guaranteed Senior Bonds 7/12/2028 | £1,400,000 | 1,709,266 | 0.53 |
| Bupa Finance 6.125% Guaranteed Perpetual Floating Rate Bonds | £1,014,000 | 1,077,375 | 0.33 |
| Cambridge University 3.75% Notes 17/10/2052 | £2,300,000 | 2,728,449 | 0.84 |
| Centrica 7% Guaranteed Senior European Medium Term Bonds 19/9/2033 | £1,850,000 | 2,644,068 | 0.82 |
| Citigroup 5.15% Guaranteed Senior European Medium Term Bonds 21/5/2026 | £2,600,000 | 3,098,182 | 0.96 |
| Citigroup 7.375% Guaranteed Senior European Medium Term Bonds 1/9/2039 | £1,700,000 | 2,684,761 | 0.83 |
| Clydesdale Bank 4.625% Guaranteed European Medium Term Bonds 8/6/2026 | £2,450,000 | 2,923,055 | 0.90 |
| Commonwealth Bank of Australia 3.875% Guaranteed Senior European Medium Term Notes 14/12/2015 | £2,600,000 | 2,674,111 | 0.82 |
| Danske Bank 4% Guaranteed Senior European Medium Term Notes 9/12/2015 | £3,000,000 | 3,079,139 | 0.95 |
| Delamare Finance 6.067% Guaranteed Bonds 19/2/2029 | £900,000 | 990,873 | 0.31 |
| Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028 | £2,050,000 | 3,261,977 | 1.01 |
| DirecTV Financing 4.375% Guaranteed Medium Term Notes 14/9/2029 | £2,100,000 | 2,228,046 | 0.69 |
| Dong Energy 4.875% Guaranteed Senior European Medium Term Bonds 12/1/2032 | £3,650,000 | 4,201,262 | 1.30 |
| DWR Cymru Financing 4.473% Guaranteed Asset Backed European Medium Term Bonds 31/3/2057 | £1,750,000 | 1,996,925 | 0.62 |
| E.ON International Finance 6.375% Guaranteed European Medium Term Bonds 7/6/2032 | £3,023,000 | 4,017,680 | 1.24 |
| Electricite de France 5.875% Perpetual Subordinated Floating Rate European Medium Term Notes | £900,000 | 938,250 | 0.29 |
| Electricite de France 6% Perpetual Subordinated Floating Rate Bonds | £1,400,000 | 1,487,780 | 0.46 |
| Electricite de France 6.125% Guaranteed Senior European Medium Term Bonds 2/6/2034 | £4,900,000 | 6,464,973 | 1.99 |
| Enel-Societa Per Azioni 5.75% Senior European Medium Term Bonds 22/6/2037 | £1,950,000 | 2,362,460 | 0.73 |
| ENW Capital Finance 6.75% Guaranteed European Medium Term Notes 20/6/2015 | £3,100,000 | 3,176,300 | 0.98 |
| European Investment Bank 0% Bonds 7/12/2028 | £6,656,000 | 4,579,994 | 1.41 |
| European Investment Bank 4.5% Guaranteed Senior European Medium Term Bonds 7/3/2044 | £3,950,000 | 5,359,115 | 1.65 |
| European Investment Bank 5.625% Guaranteed Senior Bonds 7/6/2032 | £2,010,000 | 2,865,703 | 0.88 |
| Exchequer Partnership 2 5.396% Guaranteed Bonds 13/7/2036 | £2,318,777 | 2,930,861 | 0.90 |
| FirstGroup 6.875% Guaranteed Bonds 18/9/2024 | £2,000,000 | 2,439,824 | 0.75 |
| GDF Suez 5% Guaranteed European Medium Term Bonds 1/10/2060 | £2,700,000 | 3,331,970 | 1.03 |
| GE Capital 6.44% Guaranteed Senior European Medium Term Bonds 15/11/2022 | £1,556,570 | 1,761,110 | 0.54 |
| GE Capital UK Funding 6.25% Guaranteed European Medium Term Bonds 5/5/2038 | £2,600,000 | 3,655,860 | 1.13 |
| GlaxoSmithKline Capital 4.25% European Medium Term Bonds 18/12/2045 | £1,860,000 | 2,059,353 | 0.63 |
| GlaxoSmithKline Capital 6.375% Guaranteed European Medium Term Bonds 9/3/2039 | £2,450,000 | 3,553,756 | 1.10 |
| Greater Gabbard 4.137% Senior Notes 29/11/2032 | £1,484,252 | 1,639,504 | 0.51 |
| Health Care 4.5% Medium Term Notes 1/12/2034 | £2,265,000 | 2,348,805 | 0.72 |
| Health Care REIT 4.8% Senior Notes 20/11/2028 | £1,440,000 | 1,576,241 | 0.49 |
| Heathrow Funding 3% Guaranteed Senior Floating Rate European Medium Term Notes 8/6/2017 | £1,500,000 | 1,513,005 | 0.47 |
| Heathrow Funding 4.625% Senior European Medium Term Notes 31/10/2048 | £3,200,000 | 3,476,723 | 1.07 |
| High Speed Rail Financial 4.375% European Medium Term Notes 1/11/2038 | £4,500,000 | 5,102,871 | 1.57 |
| HSBC 5.375% Guaranteed Subordinated Floating Rate European Medium Term Bonds 4/11/2030 | £5,000,000 | 5,571,269 | 1.72 |
| HSBC 6.75% Guaranteed Subordinated Bonds 11/9/2028 | £2,850,000 | 3,561,225 | 1.10 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Hutchison Whampoa Finance UK 5.625% Guaranteed Bonds 24/11/2026 | £2,300,000 | 2,856,046 | 0.88 |
| Imperial Tobacco Finance 8.125% Guaranteed European Medium Term Bonds 15/3/2024 | £1,247,000 | 1,701,453 | 0.52 |
| InterContinental Hotels 6% Guaranteed European Medium Term Notes 9/12/2016 | £2,500,000 | 2,704,147 | 0.83 |
| International Bank for Reconstruction & Development 4.875% European Medium Term Bonds 7/12/2028 | £1,500,000 | 1,983,498 | 0.61 |
| Intu SGS Finance 4.25% European Medium Term Notes 17/9/2030 | £1,607,000 | 1,686,948 | 0.52 |
| Juturna Euro Loan 5.0636% European Medium Term Notes 1/8/2033 | £2,878,358 | 3,459,528 | 1.07 |
| KFW 2.75% Guaranteed European Medium Term Notes 7/9/2015 | £800,000 | 812,029 | 0.25 |
| KFW 5% Guaranteed European Medium Term Bonds 9/6/2036 | £3,000,000 | 4,199,089 | 1.29 |
| Koninklijke KPN 5.75% Guaranteed Senior European Medium Term Bonds 17/9/2029 | £2,300,000 | 2,725,035 | 0.84 |
| LBG Capital No.2 15% Guaranteed Bonds 21/12/2019 | £1,500,000 | 2,070,000 | 0.64 |
| LCR Finance 4.5% Guaranteed Bonds 7/12/2028 | £2,882,000 | 3,594,400 | 1.11 |
| Lloyds TSB 5.125% Guaranteed Subordinated European Medium Term Bonds 7/3/2025 | £2,300,000 | 2,855,749 | 0.88 |
| London & Quadrant Housing 5.5% Guaranteed Senior Bonds 27/1/2040 | £2,070,000 | 2,707,377 | 0.83 |
| Manchester Airport Funding 4.75% Senior European Medium Term Notes 31/3/2034 | £2,700,000 | 3,025,539 | 0.93 |
| Merseylink Issuer 3.842% Bonds 31/3/2043 | £2,000,000 | 2,356,138 | 0.73 |
| Mitchells & Butlers Finance 6.013% Guaranteed Asset Backed Bonds 15/12/2030 | £2,513,000 | 3,013,037 | 0.93 |
| Motability Operations 5.625% Guaranteed Senior European Medium Term Bonds 29/11/2030 | £3,050,000 | 3,966,099 | 1.22 |
| National Grid 5.875% Guaranteed Senior Bonds 2/2/2024 | £2,376,000 | 2,966,049 | 0.91 |
| National Grid 6.5% Guaranteed Senior Bonds 27/7/2028 | £1,200,000 | 1,620,273 | 0.50 |
| Nationwide Building Society 5.625% Guaranteed European Medium Term Bonds 28/1/2026 | £2,150,000 | 2,818,685 | 0.87 |
| Nederlandse Waterschapsbank 5.375% Guaranteed Senior European Medium Term Bonds 7/6/2032 | £1,800,000 | 2,450,330 | 0.76 |
| Network Rail 4.75% Guaranteed European Medium Term Bonds 29/11/2035 | £2,900,000 | 3,888,339 | 1.20 |
| Next 4.375% Senior Notes 2/10/2026 | £500,000 | 551,044 | 0.17 |
| Northern Gas Networks 4.875% Guaranteed Bonds 30/6/2027 | £1,993,000 | 2,298,792 | 0.71 |
| Orange 5.625% Guaranteed Senior Bonds 23/1/2034 | £2,200,000 | 2,709,297 | 0.84 |
| Pacific Life 5.125% Guaranteed European Medium Term Notes 20/1/2015 | £2,147,000 | 2,150,483 | 0.66 |
| Petrobras Global Finance 6.625% Guaranteed Bonds 16/1/2034 | £1,800,000 | 1,521,018 | 0.47 |
| Pfizer 6.5% Guaranteed Senior Bonds 3/6/2038 | £2,150,000 | 3,133,195 | 0.97 |
| Places for People Homes 5.875% European Medium Term Notes 23/5/2031 | £1,500,000 | 1,874,613 | 0.58 |
| Prudential 11.375% Guaranteed Subordinated Floating Rate European Medium Term Bonds 29/5/2039 | £1,600,000 | 2,116,992 | 0.65 |
| Prudential 5.875% Guaranteed Senior Bonds 11/5/2029 | £2,000,000 | 2,591,400 | 0.80 |
| RSA Insurance 9.375% Guaranteed Floating Rate Bonds 20/5/2039 | £1,850,000 | 2,254,650 | 0.69 |
| RWE Finance 6.125% Guaranteed European Medium Term Bonds 6/7/2039 | £2,250,000 | 2,936,089 | 0.91 |
| Sceptre Funding No.1 5.253% Guaranteed Senior Bonds 9/2/2027 | £2,406,785 | 2,858,306 | 0.88 |
| Scottish Widows 5.5% Bonds 16/6/2023 | £1,750,000 | 1,878,100 | 0.58 |
| Silverstone Master ISS 5.063% Guaranteed Mortgage Backed European Medium Term Bonds 21/1/2055 | £2,962,000 | 3,159,071 | 0.97 |
| SLM Student Loan Trust 03-10 5.15% Guaranteed Asset Backed Bonds 15/12/2039 | £2,162,000 | 2,032,280 | 0.63 |
| Southern Electric Power 4.625% Guaranteed Senior Bonds 20/2/2037 | £3,100,000 | 3,515,944 | 1.08 |
| Southern Gas Network 4.875% Guaranteed European Medium Term Bonds 21/3/2029 | £3,110,000 | 3,649,778 | 1.13 |
| Southern Water Services Finance 5.125% Guaranteed Senior European Medium Term Bonds 30/9/2056 | £1,861,000 | 2,325,201 | 0.72 |
| Standard Chartered 4.375% European Medium Term Bonds 18/1/2038 | £3,150,000 | 3,281,062 | 1.01 |
| Sunderland (SHG) Finance 6.38% Guaranteed Senior Bonds 31/3/2042 | £1,314,000 | 1,790,062 | 0.55 |
| TeliaSonera 4.375% European Medium Term Bonds 5/12/2042 | £2,700,000 | 2,942,460 | 0.91 |
| Temasek Financial I 5.125% Guaranteed Bonds 26/7/2040 | £4,700,000 | 6,403,038 | 1.97 |
| Tesco Property Finance 3 5.744% Guaranteed Mortgage Backed Bonds 13/4/2040 | £3,350,194 | 3,326,008 | 1.03 |
| THFC 5.125% Guaranteed Senior European Medium Term Bonds 21/12/2037 | £2,500,000 | 3,029,294 | 0.93 |
| THFC 5.2% Guaranteed Senior European Medium Term Bonds 11/10/2043 | £2,340,000 | 2,929,657 | 0.90 |
| Transport for London 3.625% European Medium Term Notes 15/5/2045 | £3,120,000 | 3,421,504 | 1.05 |
| UNITE USAF II 3.374% Senior Bonds 30/6/2028 | £3,130,000 | 3,200,738 | 0.99 |
| UPP Bond 1 Issuer 4.9023% Senior European Medium Term Notes 28/2/2040 | £2,746,253 | 3,095,027 | 0.95 |
| Verizon Communications 4.75% Senior European Medium Term Notes 17/2/2034 | £2,700,000 | 3,052,080 | 0.94 |
| Wells Fargo 4.875% Guaranteed Subordinated European Medium Term Bonds 29/11/2035 | £2,950,000 | 3,241,165 | 1.00 |
| Yorkshire Building Society 4.125% European Medium Term Notes 20/11/2024 | £1,482,000 | 1,491,929 | 0.46 |
| Yorkshire Power Finance 7.25% Guaranteed Bonds 4/8/2028 | £2,400,000 | 3,260,523 | 1.01 |

Portfolio Statement (continued)

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Government Bond 1.70% (0.00%) | | | |
| Belgium (Kingdom) 5.7% Bonds 28/5/2032 | £2,450,000 | 3,303,645 | 1.02 |
| New South Wales Treasury 5% Bonds 25/2/2039 | £1,600,000 | 2,213,492 | 0.68 |
| Portfolio of investments | | 304,791,024 | 94.01 |
| Net current assets | | 19,408,607 | 5.99 |
| Total Net Assets | | 324,199,631 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

| | Market Value (£'000's) | Total Net Assets (%) | Total Net Assets (%) |
|---------------------------------------|-------------------------------|-----------------------------|-----------------------------|
| Standard & Poor's Ratings: | 31/12/2014 | 31/12/2014 | 30/06/2014 |
| AAA | 43,648 | 13.46 | 18.33 |
| AA | 38,587 | 11.90 | 15.13 |
| A | 111,881 | 34.51 | 31.91 |
| BBB | 72,660 | 22.41 | 24.68 |
| BB | 3,326 | 1.03 | 0.00 |
| Not rated (by S&P) | 34,689 | 10.70 | 6.88 |
| Portfolio of investments | 304,791 | 94.01 | 96.93 |
| Net current assets | 19,409 | 5.99 | 3.07 |
| Total Net Assets | 324,200 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|------------------|--------------------------|------------------|-----------------------|
| Income | | | | |
| Net capital gains | | 21,670,797 | | 289,201 |
| Revenue | 6,252,694 | | 5,821,616 | |
| Expenses | <u>(230,375)</u> | | <u>(165,088)</u> | |
| Net revenue before taxation | 6,022,319 | | 5,656,528 | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>6,022,319</u> | | <u>5,656,528</u> |
| Total return before distributions | | 27,693,116 | | 5,945,729 |
| Finance costs: Distributions | | (6,022,319) | | (5,656,521) |
| Change in net assets attributable to Shareholders from investment activities | | <u>21,670,797</u> | | <u>289,208</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 272,744,304 | | 248,624,569 |
| Amounts receivable on issue of shares | 103,472,692 | | 32,980,965 | |
| Amounts payable on cancellation of shares | <u>(79,500,662)</u> | | <u>(55,540,727)</u> | |
| | | 23,972,030 | | (22,559,762) |
| Dilution adjustment | | 496,837 | | 99,899 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 21,670,797 | | 289,208 |
| Retained distributions on accumulation shares | | 5,315,663 | | 5,338,419 |
| Closing net assets attributable to Shareholders | | <u>324,199,631</u> | | <u>231,792,333</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------|--------------------|-----------|--------------------|
| ASSETS | | | | |
| Investment assets | | 304,791,024 | | 264,378,248 |
| Debtors | 5,132,268 | | 4,766,765 | |
| Cash and bank balances | 15,073,253 | | 4,956,377 | |
| Total other assets | | 20,205,521 | | 9,723,142 |
| Total assets | | 324,996,545 | | 274,101,390 |
| LIABILITIES | | | | |
| Creditors | (271,500) | | (936,348) | |
| Distribution payable on income shares | (525,414) | | (420,738) | |
| Total other liabilities | | (796,914) | | (1,357,086) |
| Total liabilities | | (796,914) | | (1,357,086) |
| Net assets attributable to Shareholders | | 324,199,631 | | 272,744,304 |

Distribution Statement

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | | | | | | Period |
|--------------------------------------|----------------------|--------------------------|----------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.6056 | 0.5211 | 2.0845 | 0.0000 | 2.0845 | 2.2488 |
| Group 2 | 0.6391 | 0.1278 | 0.5113 | 1.5732 | 2.0845 | 2.2488 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 2.1209 | 0.4242 | 1.6967 | 0.0000 | 1.6967 | 1.8530 |
| Group 2 | 1.4205 | 0.2841 | 1.1364 | 0.5603 | 1.6967 | 1.8530 |
| | | | | | | Period |
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | | | Gross Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Exempt Shares 1 (Gross Accumulation) | | | | | | |
| Group 1 | | | 5.0392 | 0.0000 | 5.0392 | 5.3154 |
| Group 2 | | | 2.3056 | 2.7336 | 5.0392 | 5.3154 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 3.2981 | 0.0000 | 3.2981 | 3.4956 |
| Group 2 | | | 3.2981 | 0.0000 | 3.2981 | 3.4956 |
| X Shares (Gross Accumulation) | | | | | | |
| Group 1 | | | 5.3797 | 0.0000 | 5.3797 | 5.6231 |
| Group 2 | | | 3.1076 | 2.2721 | 5.3797 | 5.6231 |

BNY MELLON INVESTMENT FUNDS – NEWTON LONG GILT FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: Newton Investment Management Limited

Fund Size: £87.69m

Comparative Index: FTSE A British Govt over 15 years TR

Sector: The Investment Association UK Gilt

Distribution Yield as at 31 December 2014:

Exempt Shares 2 (Gross Accumulation) 2.32%

Institutional Shares (Accumulation) 2.02%

X Shares (Gross Accumulation) 2.52%

Key Dates: Fund Launch 01 March 1979
 Converted to ICVC 02 August 2004

Investment Objective

The objective of the Fund is to maximise returns through investment in securities issued or guaranteed by the UK Government or the Governments of foreign countries or corporate bodies.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|--------------------------------------|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Exempt Shares 2 (Gross Accumulation) | 24.65% | -5.48% | 3.30% | 25.33% | 8.91% |
| Institutional Shares (Accumulation) | 23.64% | -6.26% | 2.45% | 24.14% | 7.77% |
| X Shares (Gross Accumulation) | 24.90% | -5.28% | 3.52% | 25.58% | 9.13% |
| FTSE A British Govt over 15 years TR | 26.13% | -5.93% | 2.91% | 26.26% | 8.78% |

Source: Lipper as at 31 December 2014 – Institutional Shares (Accumulation) - Total return including revenue net of UK tax and annual charges. Exempt Shares 2 (Gross Accumulation) and X Shares (Gross Accumulation) - Total return including revenue gross of UK Tax and net annual charges. All figures are in sterling terms.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Institutional Sterling Acc Share Class of the Sub-Fund returned +17.26% against a return of +19.18% for the FTSE Actuaries British Government over 15 years Index.

Although the Fund generated a strong positive return, it underperformed its comparative index. This underperformance was predominantly because it had shorter duration – a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates – than the index. The size of the position varied throughout the period – the deteriorating situation in Greece and the collapse in the price of oil encouraged a slight addition to long-dated Gilts, despite record low yields, for instance.

Ex-benchmark corporate bond positions were also a relative drag on performance. Although returns on these were still strongly positive, they failed to keep pace with Gilts. Cash holdings also cost performance when government bonds performed very well.

Two corporate bond positions were initiated in the Fund – Orange and Affordable Housing Finance. The Fund's exposure to US Treasuries maturing in 2039 was reduced. The only index-linked corporate bond holding (Scottish Gas Networks) was also sold.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

Purchases

Treasury 4.00% Stock 07/09/2016
 Treasury 4.75% Stock 07/12/2030
 Treasury 4.5% Stock 07/12/2042
 Treasury 4.25% Loan Stock 07/12/2055
 Treasury 4.25% Stock 07/12/2046
 Treasury 3.50% Bonds 22/07/2068
 Treasury 4.25% Bonds 07/12/2027
 Treasury 4.25% Bonds 07/12/2040
 Treasury 4.00% Stock 22/01/2060
 Treasury 4.75% Stock 07/12/2038

Sales

Treasury 4.00% Stock 07/09/2016
 Treasury 4.75% Stock 07/12/2030
 Treasury 4.75% Stock 07/12/2038
 Treasury 4.25% Bonds 07/12/2027
 Treasury 4.75% Stock 07/09/2015
 Treasury 4.00% Stock 07/03/2022
 Treasury 4.25% Loan Stock 07/12/2055
 Treasury 4.00% Stock 22/01/2060
 Treasury 3.50% War Loan Stock Perpetual
 Treasury 4.25% Bonds 07/12/2040

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Exempt Shares 2 (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 322.70 | 273.26 | 11.6324 |
| 2011 | 386.04 | 292.49 | 11.6240 |
| 2012 | 406.31 | 361.90 | 11.3858 |
| 2013 | 410.68 | 369.21 | 11.3767 |
| 2014 | 472.26 | 375.57 | 11.4452 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 306.56 | 261.05 | 8.1821 |
| 2011 | 362.05 | 276.63 | 8.0234 |
| 2012 | 379.24 | 338.79 | 7.6343 |
| 2013 | 380.94 | 341.45 | 7.5751 |
| 2014 | 432.22 | 346.42 | 7.5031 |
| X Shares (Gross Accumulation) | Pence | Pence | Pence |
| 2010 | 324.92 | 274.84 | 12.3038 |
| 2011 | 389.72 | 294.77 | 12.3852 |
| 2012 | 410.68 | 365.54 | 12.2925 |
| 2013 | 415.76 | 374.05 | 12.3018 |
| 2014 | 479.69 | 380.74 | 12.4460 |
| X Shares (Net Income)** | Pence | Pence | Pence |
| 2013 (from 18 November) | 100.65 | 97.84 | 0.6570 |
| 2014 (to 10 June) | 103.67 | 97.58 | 0.6434 |

**X Shares (Net Income) share class closed 10 June 2014.

| | | | |
|---------------------------------------|--------------|--------------|--------------|
| X Shares (Net Accumulation)*** | Pence | Pence | Pence |
| 2014 (from 14 April to 25 September) | 108.20 | 99.18 | 0.6403 |

***X Shares (Net Accumulation) share class closed 25 September 2014.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|------------------------|--------------|--------------------|
| Exempt Shares 2 (Gross Accumulation) | | Pence | |
| 30/06/2012 | 84,521,584 | 392.85 | 21,515,092 |
| 30/06/2013 | 53,569,142 | 377.37 | 14,195,414 |
| 30/06/2014 | 36,895,495 | 398.46 | 9,259,444 |
| 31/12/2014 | 42,547,967 | 468.20 | 9,087,614 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 11,033,176 | 366.87 | 3,007,364 |
| 30/06/2013 | 2,689,591 | 349.59 | 769,350 |
| 30/06/2014 | 5,006,095 | 366.01 | 1,367,756 |
| 31/12/2014 | 27,336,564 | 428.38 | 6,381,309 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--------------------------------------|----------------------------|------------------|------------------------|
| X Shares (Gross Accumulation) | | Pence | |
| 30/06/2012 | 14,628,665 | 397.03 | 3,684,513 |
| 30/06/2013 | 23,761,093 | 382.16 | 6,217,590 |
| 30/06/2014 | 13,210,564 | 404.35 | 3,267,127 |
| 31/12/2014 | 17,807,788 | 475.59 | 3,744,350 |
| X Shares (Net Accumulation)* | | Pence | |
| 30/06/2014 | 1,220,413 | 100.47 | 1,214,699 |

*X Shares (Net Accumulation) share class closed 25 September 2014.

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--------------------------------------|-------------------|-------------------|
| | % | % |
| Exempt Shares 2 (Gross Accumulation) | 0.28 | 0.27 |
| Institutional Shares (Accumulation) | 0.58 | 0.57 |
| X Shares (Gross Accumulation) | 0.08 | 0.07 |
| X Shares (Net Accumulation)** | n/a | 0.07 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

**X Shares (Net Accumulation) share class closed 25 September 2014.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| UK Government Stocks 90.03% (90.76%) | | | |
| Treasury 1.25% Stock 22/7/2018 | £880,000 | 888,690 | 1.01 |
| Treasury 2.75% Stock 22/1/2015 | £1,850,000 | 1,851,249 | 2.11 |
| Treasury 3.25% Stock 22/1/2044 | £3,980,000 | 4,586,851 | 5.23 |
| Treasury 3.5% Bonds 22/7/2068 | £2,700,000 | 3,502,103 | 3.99 |
| Treasury 3.5% War Loan Stock Perpetual | £1,650,000 | 1,658,374 | 1.89 |
| Treasury 3.75% Gilts 22/7/2052 | £3,430,000 | 4,477,436 | 5.11 |
| Treasury 4% Stock 7/9/2016 | £1,700,000 | 1,800,257 | 2.05 |
| Treasury 4% Stock 22/1/2060 | £3,470,000 | 4,904,758 | 5.59 |
| Treasury 4.25% Bonds 7/12/2040 | £3,900,000 | 5,232,142 | 5.97 |
| Treasury 4.25% Stock 7/6/2032 | £4,077,000 | 5,258,413 | 6.00 |
| Treasury 4.25% Stock 7/3/2036 | £3,250,000 | 4,260,019 | 4.86 |
| Treasury 4.25% Stock 7/9/2039 | £2,710,000 | 3,621,034 | 4.13 |
| Treasury 4.25% Stock 7/12/2046 | £4,325,000 | 6,002,992 | 6.85 |
| Treasury 4.25% Gilts 7/12/2049 | £2,870,000 | 4,058,682 | 4.63 |
| Treasury 4.25% Loan Stock 7/12/2055 | £3,570,000 | 5,211,397 | 5.94 |
| Treasury 4.5% Bonds 7/9/2034 | £4,360,000 | 5,851,447 | 6.67 |
| Treasury 4.5% Stock 7/12/2042 | £4,450,000 | 6,274,834 | 7.16 |
| Treasury 4.75% Stock 7/12/2030 | £3,900,000 | 5,262,172 | 6.00 |
| Treasury 4.75% Stock 7/12/2038 | £2,550,000 | 3,635,726 | 4.15 |
| Treasury 8.75% Stock 25/8/2017 | £500,000 | 607,037 | 0.69 |
| Overseas Government Bonds 3.48% (2.09%) | | | |
| US Treasury 0.875% Notes 28/2/2017 | USD1,330,000 | 855,107 | 0.97 |
| US Treasury 2.875% Notes 15/5/2043 | USD585,000 | 383,739 | 0.44 |
| US Treasury 4.375% Notes 15/11/2039 | USD2,160,000 | 1,816,017 | 2.07 |
| Sterling Denominated Corporate Bonds 3.64% (4.13%) | | | |
| Cambridge University 3.75% Notes 17/10/2052 | £289,000 | 342,836 | 0.39 |
| DNB Bank 7.25% Guaranteed Subordinated Floating Rate European Medium Term Bonds 23/6/2020 | £250,000 | 255,540 | 0.29 |
| Dong Energy 4.875% Guaranteed Senior European Medium Term Bonds 12/1/2032 | £200,000 | 230,206 | 0.26 |
| Electricite de France 6.125% Guaranteed Senior European Medium Term Bonds 2/6/2034 | £200,000 | 263,876 | 0.30 |
| Exchequer Partnership 2 5.396% Guaranteed Bonds 13/7/2036 | £333,379 | 421,380 | 0.48 |
| GDF Suez 5% Guaranteed European Medium Term Bonds 1/10/2060 | £200,000 | 246,813 | 0.28 |
| GlaxoSmithKline Capital 4.25% European Medium Term Bonds 18/12/2045 | £300,000 | 332,154 | 0.38 |
| KFW 2.75% Guaranteed European Medium Term Notes 7/9/2015 | £200,000 | 203,007 | 0.23 |
| Network Rail 4.75% Guaranteed European Medium Term Bonds 29/11/2035 | £210,000 | 281,569 | 0.32 |
| Orange 5.625% Guaranteed Senior Bonds 23/1/2034 | £200,000 | 246,300 | 0.28 |
| THFC 5.2% Guaranteed Senior European Medium Term Bonds 11/10/2043 | £300,000 | 375,597 | 0.43 |
| USD Forward Foreign Currency Contracts 0.00% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/02/15 | USD(676,413) | (433,937) | (0.49) |
| Forward Foreign Currency Contracts 12/02/15 | £425,979 | 425,979 | 0.49 |
| Forward Foreign Currency Contracts 12/02/15 | USD(1,336,092) | (857,139) | (0.98) |
| Forward Foreign Currency Contracts 12/02/15 | £861,355 | 861,355 | 0.98 |
| Portfolio of investments* | | 85,196,012 | 97.15 |
| Net current assets | | 2,496,307 | 2.85 |
| Total Net Assets | | 87,692,319 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

Unless otherwise indicated, the holdings in the Portfolio Statement represent debt securities issued by the relevant companies or issuers.

* Net of investment liabilities.

Portfolio Statement by Credit Rating

as at 31 December 2014

| | Market Value (£'000's) 31/12/2014 | Total Net Assets (%) 31/12/2014 | Total Net Assets (%) 30/06/2014 |
|---------------------------------------|--|--|--|
| Standard & Poor's Ratings: | | | |
| AAA | 79,773 | 90.97 | 93.83 |
| AA | 3,476 | 3.96 | 1.21 |
| A | 1,474 | 1.68 | 1.71 |
| BBB | 477 | 0.54 | - |
| Not rated | - | - | 0.23 |
| Derivatives | (4) | 0.00 | - |
| Portfolio of investments | 85,196 | 97.15 | 96.98 |
| Net current assets | 2,496 | 2.85 | 3.02 |
| Total Net Assets | 87,692 | 100.00 | 100.00 |

Standard & Poor's (S&P) are one of the best-known and most influential credit rating agencies. Their role is to assess the risk of certain bonds through the study of all information provided to the public and to assign to the issue and issuing company grades that accurately reflect the company's ability to meet the promised principal and interest payments.

While S&P warns investors that a credit rating is not a recommendation to purchase, sell or hold a particular security, their initial ratings and revised downgrades and upgrades greatly affect the attractiveness of the issuance in the eyes of both issuers and holders. Bonds with higher ratings offer lower yields and easier money for the issuer. A lower rating usually results in a lower price on the bond – a less expensive purchase for the investor, but a riskier investment.

S&P's ratings range is as follows:

| | |
|--------------------------------------|-----|
| Highest quality | AAA |
| High quality | AA |
| Upper medium quality | A |
| Medium grade | BBB |
| Somewhat speculative | BB |
| Low grade, speculative | B |
| Low grade, default possible | CCC |
| Low grade, partial recovery possible | CC |
| Default, recovery unlikely | C |
| In default | D |

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|------------------|--------------------------|-----------------|-------------------------|
| Income | | | | |
| Net capital gains/(losses) | | 10,896,248 | | (770,528) |
| Revenue | 1,095,724 | | 1,107,672 | |
| Expenses | <u>(111,852)</u> | | <u>(84,106)</u> | |
| Net revenue before taxation | 983,872 | | 1,023,566 | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>983,872</u> | | <u>1,023,566</u> |
| Total return before distributions | | 11,880,120 | | 253,038 |
| Finance costs: Distributions | | (983,872) | | (1,023,569) |
| Change in net assets attributable to Shareholders from investment activities | | <u>10,896,248</u> | | <u>(770,531)</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|--------------------------|---------------------|--------------------------|
| Opening net assets attributable to Shareholders | | 56,332,567 | | 80,019,826 |
| Amounts receivable on issue of shares | 57,770,604 | | 26,916,712 | |
| Amounts payable on cancellation of shares | <u>(38,261,414)</u> | | <u>(51,698,127)</u> | |
| | | 19,509,190 | | (24,781,415) |
| Dilution adjustment | | 39,886 | | 66,425 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 10,896,248 | | (770,531) |
| Retained distributions on accumulation shares | | 914,428 | | 951,986 |
| Closing net assets attributable to Shareholders | | <u>87,692,319</u> | | <u>55,486,291</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------------|--------------------------|------------------|--------------------------|
| ASSETS | | | | |
| Investment assets* | | 85,203,970 | | 54,635,512 |
| Debtors | 607,220 | | 618,720 | |
| Cash and bank balances | <u>1,983,887</u> | | <u>1,228,496</u> | |
| Total other assets | | <u>2,591,107</u> | | <u>1,847,216</u> |
| Total assets | | 87,795,077 | | 56,482,728 |
| LIABILITIES | | | | |
| Investment liabilities | | (7,958) | | (4,117) |
| Creditors | <u>(94,800)</u> | | <u>(146,044)</u> | |
| Total other liabilities | | <u>(94,800)</u> | | <u>(146,044)</u> |
| Total liabilities | | (102,758) | | (150,161) |
| Net assets attributable to Shareholders | | <u>87,692,319</u> | | <u>56,332,567</u> |

* Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim interest distribution in pence per Share

| | | | | | | Period |
|--------------------------------------|---------------|-------------------|---------------|--------------|-------------|--|
| | | | | | | Group 1: Shares purchased 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.2313 | 0.4463 | 1.7850 | 0.0000 | 1.7850 | 1.9455 |
| Group 2 | 0.9196 | 0.1839 | 0.7357 | 1.0493 | 1.7850 | 1.9455 |
| X Shares (Net Income)* | | | | | | |
| Group 1 | n/a | n/a | n/a | n/a | n/a | 0.6570 |
| Group 2 | n/a | n/a | n/a | n/a | n/a | 0.6570 |
| | | | Gross Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 2.7717 | 0.0000 | 2.7717 | 2.9216 |
| Group 2 | | | 1.0794 | 1.6923 | 2.7717 | 2.9216 |
| X Shares (Gross Accumulation) | | | | | | |
| Group 1 | | | 3.0417 | 0.0000 | 3.0417 | 3.1559 |
| Group 2 | | | 2.8950 | 0.1467 | 3.0417 | 3.1559 |

*X Shares (Net Income) share class closed 10 June 2014.

Interim interest distribution in pence per Share

| | | | | | | Period |
|--------------------------------------|---------------|-------------------|---------------|--------------|-------------|--|
| | | | | | | Group 1: Shares purchased 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Withheld @20% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.2693 | 0.4539 | 1.8154 | 0.0000 | 1.8154 | 1.9732 |
| Group 2 | 1.3519 | 0.2704 | 1.0815 | 0.7339 | 1.8154 | 1.9732 |
| | | | Gross Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Exempt Shares 2 (Gross Accumulation) | | | | | | |
| Group 1 | | | 2.7900 | 0.0000 | 2.7900 | 2.9499 |
| Group 2 | | | 1.7957 | 0.9943 | 2.7900 | 2.9499 |
| X Shares (Gross Accumulation) | | | | | | |
| Group 1 | | | 3.0437 | 0.0000 | 3.0437 | 3.1805 |
| Group 2 | | | 1.7340 | 1.3097 | 3.0437 | 3.1805 |

**BNY MELLON INVESTMENT FUNDS – NEWTON MULTI-ASSET BALANCED FUND (FORMERLY NEWTON
BALANCED FUND)**

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|-------------------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £2,772.18m |
| Comparative Index: | The Investment Association Mixed Investment 40-85% Shares |
| Sector: | The Investment Association Mixed Investment 40-85% Shares |
| Yield as at 31 December 2014: | |

| | |
|--|-------|
| Sterling Income Shares | 2.39% |
| Institutional Shares (Accumulation) | 2.38% |
| Institutional Shares W (Net Income) | 2.45% |
| Institutional Shares W (Net Accumulation) | 2.38% |
| Retail Advised Shares B (Net Income) | 2.40% |
| Retail Advised Shares B (Net Accumulation) | 2.33% |

Key Dates: Fund Launch 04 November 1986 (managed by Newton since July 1997)

Investment Objective

The objective of the Fund is to achieve a balance between capital growth and income predominantly from a portfolio of UK and international securities.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 5.04% | 11.07% | 5.26% | -5.33% | 9.82% |
| Institutional Shares (Accumulation) | 5.64% | 11.72% | 5.87% | -4.77% | 10.45% |
| Institutional Shares W (Net Income)* | 5.90% | 11.99% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 5.90% | 11.99% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 5.57% | 11.63% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 5.57% | 11.64% | n/a | n/a | n/a |
| IMA Mixed Investment 40-85% Shares** | 4.69% | 14.43% | 9.87% | -5.57% | 12.34% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

** From 2 January 2015, the IMA will be known as The Investment Association.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period in review, the Sterling Income Share Class of the Fund returned +3.70% compared with +3.36% from The Investment Association Mixed Investment 40-85% Shares.

Equity holdings were the principal reason for outperformance: cash holdings had a small positive effect, while bond and commodity holdings detracted from relative returns. Within equities, being overweight in telecoms and healthcare was beneficial, as was being underweight in oil & gas, as the sector weakened as the oil price fell. Stock selection was strongest in consumer services and weakest in telecoms. At the stock level, top contributors included Dollar General, which rose strongly in August when the company joined the battle to take over rival Family Dollar, as investors welcomed the prospect of consolidation among discount retailers. Citigroup was propelled higher by encouraging second-quarter results and better US economic data, while Vodafone Group outperformed in November after releasing better-than-expected interim sales figures. Positioning within fixed income was detrimental, especially the holding in Norwegian government bonds, which were impacted by the falling price of oil given Norway's reliance on the commodity.

Although the Fund reduced exposure to US equities overall, as valuations looked stretched, two new US holdings were added: Walgreen, a retail pharmacy chain whose merger with Boots provides opportunities to increase profits, and fast-food chain owner Yum! Brands, trading more cheaply than it should in the manager's view after food contamination was discovered at a supplier's factory. The Fund also participated in the stock-market flotation of German technology firm Rocket Internet. Also purchased were Insurance Australia Group, a well-managed business which is one of two companies dominating the Australian insurance industry, and Cobham, a UK-listed aerospace company, on optimism over defence spending following several years of contraction. Positions exited included eBay, on concerns over competition, and Standard Chartered, on increasing caution over the company's Asian operations.

Early in the period, a position was established in US short-dated Treasury bills with the aim of increasing US dollar exposure as sterling looked vulnerable following strong gains. The weighting in high-yield bonds was reduced, as the manager felt yields in that area offered a less attractive balance of risk and reward than previously. Toward the end of the period, the manager increased the portfolio's duration (sensitivity to interest-rate changes) reflecting the view that interest-rate rises would be later and less steep than the market was currently expecting.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|--|---|
| US Treasury 0% Notes 19/3/2015 | US Treasury 0% Notes 28/11/2014 |
| US Treasury 0% Notes 28/11/2014 | Treasury 1.25% Bonds 22/7/2018 |
| Treasury 1.75% Bonds 7/9/2022 | Australia (Commonwealth) 4.5% Bonds 21/4/2033 |
| Australia (Commonwealth) 3.75% Bonds 21/4/2037 | eBay |
| Cable & Wireless Communications | BHP Billiton |
| CRH | GlaxoSmithKline |
| Insurance Australia | Norway (Kingdom of) 3.75% Bonds 25/5/2021 |
| Yum! Brands | Microsoft |
| TJX | PNC Financial |
| Walgreen | Mattel |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|---------------|--------------|------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 170.38 | 146.93 | 4.9022 |
| 2011 | 171.47 | 148.82 | 4.7051 |
| 2012 | 163.19 | 151.96 | 4.5095 |
| 2013 | 180.98 | 159.55 | 4.4065 |
| 2014 | 178.29 | 164.52 | 4.2431 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 200.87 | 172.70 | 5.8070 |
| 2011 | 205.19 | 181.15 | 5.7942 |
| 2012 | 205.61 | 187.76 | 5.7520 |
| 2013 | 231.45 | 203.60 | 5.9267 |
| 2014 | 239.88 | 219.46 | 5.8455 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 31 August) | 102.07 | 98.47 | 0.7358 |
| 2013 | 114.23 | 100.39 | 2.9503 |
| 2014 | 113.69 | 104.79 | 2.8233 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 31 August) | 102.07 | 98.47 | 0.7342 |
| 2013 | 115.07 | 101.14 | 2.9989 |
| 2014 | 119.73 | 109.30 | 2.9418 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 28 September) | 100.44 | 96.87 | 1.1239 |
| 2013 | 111.74 | 98.32 | 2.7977 |
| 2014 | 110.82 | 102.19 | 2.6736 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 28 September) | 100.44 | 96.87 | 1.1225 |
| 2013 | 113.03 | 99.45 | 2.8624 |
| 2014 | 117.02 | 107.12 | 2.7991 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|---------------------|--------------|-----------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 1,193,485,755 | 153.89 | 775,545,628 |
| 30/06/2013 | 1,297,157,885 | 167.28 | 775,419,689 |
| 30/06/2014 | 1,177,997,355 | 170.46 | 691,067,222 |
| 31/12/2014 | 1,101,383,386 | 175.06 | 629,155,846 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 1,575,912,163 | 193.62 | 813,916,116 |
| 30/06/2013 | 1,662,897,098 | 217.58 | 764,276,168 |
| 30/06/2014 | 1,534,957,870 | 228.78 | 670,926,552 |
| 31/12/2014 | 1,499,388,311 | 237.62 | 630,994,650 |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 5,363,112 | 105.61 | 5,078,020 |
| 30/06/2014 | 36,013,290 | 108.31 | 33,250,156 |
| 31/12/2014 | 80,867,949 | 111.66 | 72,421,714 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 3,195,942 | 108.20 | 2,953,642 |
| 30/06/2014 | 48,201,649 | 114.06 | 42,259,550 |
| 31/12/2014 | 62,107,159 | 118.63 | 52,354,315 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 4,271,852 | 103.32 | 4,134,723 |
| 30/06/2014 | 18,301,632 | 105.71 | 17,312,484 |
| 31/12/2014 | 28,324,033 | 108.85 | 26,019,967 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 8,528 | 106.25 | 8,027 |
| 30/06/2014 | 173,588 | 111.64 | 155,494 |
| 31/12/2014 | 107,711 | 115.91 | 92,926 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.62 | 1.61 |
| Institutional Shares (Accumulation) | 1.04 | 1.04 |
| Institutional Shares W (Net Income) | 0.79 | 0.79 |
| Institutional Shares W (Net Accumulation) | 0.79 | 0.79 |
| Retail Advised Shares B (Net Income) | 1.12 | 1.11 |
| Retail Advised Shares B (Net Accumulation) | 1.12 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-----------------|-------------------------|-----------------------------|
| UK Government Bonds 2.56% (2.15%) | | | |
| Treasury 1.75% Bonds 7/9/2022 | £70,000,000 | 70,950,250 | 2.56 |
| Overseas Government Bonds 14.62% (10.34%) | | | |
| Australia (Commonwealth) 3.75% Bonds 21/4/2037 | AUD 99,000,000 | 55,202,558 | 1.99 |
| Australia (Commonwealth) 4.75% Bonds 21/4/2027 | AUD 46,000,000 | 28,663,416 | 1.03 |
| New South Wales Treasury 2.75% Index Linked Bonds 20/11/2025 | AUD 16,960,000 | 12,947,483 | 0.47 |
| New Zealand 5.5% Bonds 15/4/2023 | NZD 42,770,000 | 24,247,787 | 0.88 |
| New Zealand (Government) 6% Notes 15/5/2021 | NZD 45,850,000 | 26,097,824 | 0.94 |
| New Zealand (Government) 2% Notes 20/9/2025 | NZD 34,000,000 | 17,501,628 | 0.63 |
| Norway (Kingdom of) 3.75% Bond 25/5/2021 | NOK 340,000,000 | 33,537,343 | 1.21 |
| Treasury of Victoria 5.5% Guaranteed Senior Notes 17/11/2026 | AUD 42,500,000 | 27,257,914 | 0.98 |
| US Treasury 0% Notes 19/3/2015 | USD 165,000,000 | 105,815,661 | 3.82 |
| US Treasury 4.375% Notes 15/11/2039 | USD 88,000,000 | 73,985,891 | 2.67 |
| Sterling Denominated Corporate Bonds 1.63% (2.60%) | | | |
| British Telecommunications 3.5% Index Linked Notes 25/4/2025 | £5,890,000 | 11,435,284 | 0.41 |
| FirstGroup 8.75% Guaranteed Bonds 8/4/2021 | £2,073,000 | 2,636,525 | 0.09 |
| Imperial Tobacco Finance 8.125% Guaranteed European Medium Term Bonds 15/3/2024 | £2,650,000 | 3,615,758 | 0.13 |
| Juturna Euro Loan 5.0636% European Medium Term Notes 1/8/2033 | £3,460,939 | 4,159,738 | 0.15 |
| London Power Networks 3.125% Index Linked Bonds 7/6/2032 | £833,000 | 1,679,170 | 0.06 |
| Tesco 1.9682% Index Linked Medium Term Notes 24/3/2036 | £3,267,000 | 4,120,364 | 0.15 |
| Tesco Property Finance 3 5.744% Guaranteed Mortgage Backed Bonds 13/4/2040 | £7,995,455 | 7,937,732 | 0.29 |
| Thames Water Utilities 3.375% Notes 21/7/2021 | £5,531,000 | 9,660,666 | 0.35 |
| Non-Sterling Denominated Corporate Bonds 0.86% (3.46%) | | | |
| Altria Group 10.2% Guaranteed Bonds 6/2/2039 | USD 5,596,000 | 6,248,790 | 0.23 |
| BAT International Finance 9.5% Guaranteed Senior Notes 15/11/2018 | USD 4,477,000 | 3,614,189 | 0.13 |
| Smiths 7.2% Guaranteed Senior Notes 15/5/2019 | USD 3,243,000 | 2,408,732 | 0.09 |
| Sprint Capital 8.75% Guaranteed Bonds 15/3/2032 | USD 18,463,000 | 11,456,118 | 0.41 |
| United Kingdom 25.14% (27.26%) | | | |
| Associated British Foods | 520,213 | 16,402,316 | 0.59 |
| BAE Systems | 4,722,843 | 22,268,205 | 0.80 |
| Barclays | 8,067,363 | 19,644,029 | 0.71 |
| BP | 7,995,446 | 32,829,301 | 1.18 |
| British American Tobacco | 1,718,771 | 60,156,985 | 2.17 |
| Bunzl | 1,048,488 | 18,495,328 | 0.67 |
| Cable & Wireless | 45,894,986 | 22,777,682 | 0.82 |
| Centrica | 15,843,863 | 44,188,534 | 1.59 |
| Cobham | 5,034,959 | 16,308,232 | 0.59 |
| CRH | 2,991,491 | 46,188,621 | 1.67 |
| Dixons Carphone | 4,119,707 | 19,016,567 | 0.69 |
| GlaxoSmithKline | 4,572,840 | 62,922,278 | 2.27 |
| John Wood | 1,707,294 | 10,184,009 | 0.37 |
| Johnson Matthey | 442,072 | 15,017,186 | 0.54 |
| Mitchells & Butlers | 6,885,121 | 26,273,622 | 0.95 |
| Prudential | 2,578,696 | 38,474,144 | 1.39 |
| Royal Dutch Shell class 'B' shares | 3,849,020 | 85,929,371 | 3.10 |
| Smith & Nephew | 1,762,117 | 20,898,708 | 0.75 |
| Vodafone | 35,352,476 | 78,712,288 | 2.84 |
| Wolseley | 1,092,781 | 40,279,908 | 1.45 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Investment Trusts 0.34% (0.00%) | | | |
| HICL Infrastructure | 4,578,835 | 6,982,723 | 0.25 |
| John Laing Infrastructure | 1,878,103 | 2,306,310 | 0.09 |
| Commodities 2.04% (2.02%) | | | |
| ETFS Physical Gold | 217,558 | 15,985,577 | 0.58 |
| ETFS Physical Gold ETF | 544,575 | 40,510,934 | 1.46 |
| Canada 0.37% (1.80%) | | | |
| Yamana Gold | 3,936,712 | 10,157,850 | 0.37 |
| United States of America 16.85% (15.94%) | | | |
| Abbott Laboratories | 472,866 | 13,652,992 | 0.49 |
| Accenture | 831,615 | 47,632,859 | 1.72 |
| Barrick Gold | 2,309,653 | 15,923,534 | 0.57 |
| Citigroup | 1,952,920 | 67,783,890 | 2.45 |
| Dollar General | 1,266,762 | 57,421,669 | 2.07 |
| Dun & Bradstreet | 249,673 | 19,368,572 | 0.70 |
| Express Scripts | 309,449 | 16,801,637 | 0.61 |
| Kraft Foods class 'A' shares | 340,969 | 13,699,989 | 0.49 |
| Marathon Oil | 688,834 | 12,493,330 | 0.45 |
| Medtronic | 613,874 | 28,421,077 | 1.03 |
| Microsoft | 1,362,008 | 40,574,168 | 1.46 |
| Principal Financial | 399,410 | 13,302,140 | 0.48 |
| Sprint | 4,240,785 | 11,287,002 | 0.41 |
| Sysco | 619,234 | 15,758,349 | 0.57 |
| Teva Pharmaceutical Industries ADR (each convertible into 1 ordinary share) | 533,376 | 19,669,149 | 0.71 |
| TJX | 536,423 | 23,589,883 | 0.85 |
| Walgreen | 511,698 | 24,957,276 | 0.90 |
| Yum! Brands | 531,432 | 24,825,722 | 0.89 |
| Australia 1.81% (1.00%) | | | |
| Insurance Australia | 6,939,353 | 22,726,304 | 0.82 |
| Newcrest Mining | 4,856,503 | 27,553,362 | 0.99 |
| Hong Kong 1.53% (1.34%) | | | |
| AIA | 11,923,400 | 42,401,323 | 1.53 |
| India 0.59% (0.00%) | | | |
| ITC | 4,372,188 | 16,369,538 | 0.59 |
| Japan 3.85% (4.41%) | | | |
| Sawai Pharmaceuticals | 549,200 | 20,387,935 | 0.73 |
| Softbank | 1,140,000 | 43,960,550 | 1.59 |
| Sugi | 709,500 | 18,672,426 | 0.67 |
| Toyota Motor | 586,600 | 23,715,495 | 0.86 |
| France 3.21% (4.72%) | | | |
| Air Liquide | 341,074 | 27,210,746 | 0.98 |
| Sanofi | 637,446 | 37,349,868 | 1.35 |
| Total | 739,604 | 24,402,828 | 0.88 |
| Germany 3.94% (2.90%) | | | |
| Bayer | 581,659 | 51,211,993 | 1.85 |
| MTU Aero Engines | 383,597 | 21,395,457 | 0.77 |
| Rocket Internet | 304,375 | 12,250,116 | 0.44 |
| SAP | 539,700 | 24,422,729 | 0.88 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|-------------------|-------------------------|-----------------------------|
| Netherlands 3.90% (3.18%) | | | |
| Reed Elsevier | 1,839,003 | 28,294,001 | 1.02 |
| Wolters Kluwer | 4,056,179 | 79,798,330 | 2.88 |
| Norway 0.86% (0.82%) | | | |
| DNB | 2,530,188 | 23,958,822 | 0.86 |
| Sweden 1.75% (2.28%) | | | |
| Ericsson series 'B' shares | 1,789,013 | 13,821,223 | 0.50 |
| Millicom International Cellular | 443,563 | 21,167,645 | 0.76 |
| TeliaSonera | 3,289,027 | 13,580,610 | 0.49 |
| Switzerland 5.27% (5.60%) | | | |
| Credit Suisse | 1,688,537 | 27,322,182 | 0.99 |
| Nestlé | 992,055 | 46,678,161 | 1.68 |
| Novartis | 435,451 | 25,941,283 | 0.94 |
| Roche | 265,004 | 46,147,145 | 1.66 |
| Derivatives 0.23% (0.31%) | | | |
| AUD Forward Foreign Currency Contracts 0.23% (0.04%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | AUD (234,269,560) | (122,872,302) | (4.44) |
| Forward Foreign Currency Contracts 15/01/15 | £127,407,528 | 127,407,528 | 4.60 |
| Forward Foreign Currency Contracts 15/01/15 | AUD (49,872,000) | (26,157,421) | (0.94) |
| Forward Foreign Currency Contracts 15/01/15 | £26,946,579 | 26,946,578 | 0.97 |
| Forward Foreign Currency Contracts 15/01/15 | AUD (40,187,000) | (21,077,724) | (0.76) |
| Forward Foreign Currency Contracts 15/01/15 | £22,225,818 | 22,225,818 | 0.80 |
| Portfolio of investments | | 2,532,467,316 | 91.35 |
| Net current assets | | 239,711,233 | 8.65 |
| Total Net Assets | | 2,772,178,549 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Belgium, Ireland, Israel and EUR Forward Foreign Currency Contracts portfolio categories, which, at 30 June 2014, represented 0.53%, 0.46%, 0.58% and 0.27% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

ADR = American Depositary Receipt

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------|--------------------|--------------|--------------------|
| Income | | | | |
| Net capital gains | | 92,188,479 | | 87,725,264 |
| Revenue | 27,696,940 | | 34,187,787 | |
| Expenses | (17,721,168) | | (19,506,892) | |
| Finance costs: Interest | (4,975) | | - | |
| Net revenue before taxation | 9,970,797 | | 14,680,895 | |
| Taxation | (697,472) | | (755,214) | |
| Net revenue after taxation | | 9,273,325 | | 13,925,681 |
| Total return before distributions | | 101,461,804 | | 101,650,945 |
| Finance costs: Distributions | | (24,393,178) | | (30,176,450) |
| Change in net assets attributable to Shareholders from investment activities | | 77,068,626 | | 71,474,495 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------|----------------------|---------------|----------------------|
| Opening net assets attributable to Shareholders | | 2,815,645,384 | | 2,972,894,417 |
| Amounts receivable on issue of shares | 46,858,747 | | 70,161,888 | |
| Amounts payable on cancellation of shares | (180,917,082) | | (180,379,289) | |
| | | (134,058,335) | | (110,217,401) |
| Stamp Duty Reserve Tax | | - | | (118,094) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 77,068,626 | | 71,474,495 |
| Retained distributions on accumulation shares | | 13,521,680 | | 16,882,733 |
| Unclaimed distributions | | 1,194 | | 561 |
| Closing net assets attributable to Shareholders | | 2,772,178,549 | | 2,950,916,711 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|--------------|----------------------|--------------|----------------------|
| ASSETS | | | | |
| Investment assets | | 2,532,467,316 | | 2,638,260,297 |
| Debtors | 13,496,622 | | 15,345,898 | |
| Cash and bank balances | 249,905,804 | | 194,684,911 | |
| Total other assets | | 263,402,426 | | 210,030,809 |
| Total assets | | 2,795,869,742 | | 2,848,291,106 |
| LIABILITIES | | | | |
| Creditors | (13,420,156) | | (12,647,863) | |
| Distribution payable on income shares | (10,271,037) | | (19,997,859) | |
| Total other liabilities | | (23,691,193) | | (32,645,722) |
| Total liabilities | | (23,691,193) | | (32,645,722) |
| Net assets attributable to Shareholders | | 2,772,178,549 | | 2,815,645,384 |

Distribution Statements

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | Period | |
|--|----------------------|------------------------|--------------------|---------------------|--|---|
| | | | | | Group 1: Shares purchased prior to 1 July 2014 | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.6469 | 0.1647 | 1.4822 | 0.0000 | 1.4822 | 1.6606 |
| Group 2 | 0.8639 | 0.0864 | 0.7775 | 0.7047 | 1.4822 | 1.6606 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.2861 | 0.2286 | 2.0575 | 0.0000 | 2.0575 | 2.3082 |
| Group 2 | 0.5346 | 0.0535 | 0.4811 | 1.5764 | 2.0575 | 2.3082 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.0830 | 0.1083 | 0.9747 | 0.0000 | 0.9747 | 1.1526 |
| Group 2 | 0.5616 | 0.0562 | 0.5054 | 0.4693 | 0.9747 | 1.1526 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.1406 | 0.1141 | 1.0265 | 0.0000 | 1.0265 | 1.1871 |
| Group 2 | 0.6311 | 0.0631 | 0.5680 | 0.4585 | 1.0265 | 1.1871 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.0227 | 0.1023 | 0.9204 | 0.0000 | 0.9204 | 1.0762 |
| Group 2 | 0.5167 | 0.0517 | 0.4650 | 0.4554 | 0.9204 | 1.0762 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.0800 | 0.1080 | 0.9720 | 0.0000 | 0.9720 | 1.1301 |
| Group 2 | 1.0800 | 0.1080 | 0.9720 | 0.0000 | 0.9720 | 1.1301 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio Transaction cost

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|----------------|---------------------------|----------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 662,951,571 | | 455,077,789 |
| Commissions | 242,658 | | 201,651 | |
| Taxes | <u>733,732</u> | | <u>729,664</u> | |
| Total purchase costs | | 976,390 | | 931,315 |
| Gross purchases total | | <u>663,927,961</u> | | <u>456,009,104</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 850,674,411 | | 448,531,986 |
| Commissions | (365,867) | | (263,198) | |
| Taxes | <u>(6,920)</u> | | <u>(9,677)</u> | |
| Total sales costs | | (372,787) | | (272,875) |
| Total sales net of transaction costs | | <u>850,301,624</u> | | <u>448,259,111</u> |

**BNY MELLON INVESTMENT FUNDS – NEWTON MULTI-ASSET DIVERSIFIED RETURN FUND (FORMERLY
NEWTON PHOENIX MULTI-ASSET FUND)**

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|------------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £97.16m |
| Performance Reference: | LIBOR GBP 1 Month +2% (From 02/01/2015: LIBOR GBP 1 Month +3%) |
| Sector: | The Investment Association Mixed Investment 20-60% Shares (From 02/01/2015: The Investment Association Specialist) |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 1.56% |
| Sterling Accumulation Shares | 1.54% |
| Exempt Shares 2 (Net Accumulation) | 2.17% |
| Institutional Shares W (Net Income) | 2.30% |
| Institutional Shares W (Net Accumulation) | 2.26% |
| Retail Advised Shares B (Net Income) | 2.06% |
| Retail Advised Shares B (Net Accumulation) | 2.03% |
| X Shares (Net Accumulation) | 2.51% |

Key Dates: Fund Launch 27 November 2006

Investment Objective

The objective of the Fund is to achieve long-term capital growth in excess of cash (1 Month GBP LIBOR) +3% p.a. over 5 years before fees, from a balanced portfolio diversified across a range of assets. A positive return is not guaranteed and a capital loss may occur.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 5.59% | 5.22% | 7.60% | -1.82% | 11.58% |
| Sterling Accumulation Shares | 5.59% | 5.22% | 7.61% | -1.82% | 11.58% |
| Exempt Shares 2 (Net Accumulation) | 6.29% | 5.91% | 8.28% | -1.18% | 12.32% |
| Institutional Shares W (Net Income)* | 6.40% | 6.01% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 6.39% | 6.02% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 6.14% | 5.76% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 6.14% | 5.76% | n/a | n/a | n/a |
| X Shares (Net Accumulation)* | 6.92% | n/a | n/a | n/a | n/a |
| LIBOR GBP 1 Month + 2% | 2.50% | 2.49% | 2.63% | 2.65% | 2.56% |

Source: Lipper as at 31 December 2014 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned +1.79% against a return of +1.24% for LIBOR GBP 1 Month + 2%.

In equities, top individual contributors to performance included Philippine utilities companies Energy Development and First Gen, Chinese e-commerce firm Alibaba and US tech giant Apple. Among the detractors were French industrial cable company Nexans and additive manufacturing company Arcam. Within alternative investments, infrastructure holdings continued to provide a stable core to the Fund's performance. In the Fund's fixed-interest holdings, government bonds— debt issued by governments – contributed positively. However, holdings in high-yield bonds – debt rated below BBB by the credit rating agency Standard and Poor's – were less successful, given the weakness of South African department store Edcon, whose bond price fell as investors became concerned about the availability of credit in South Africa.

During the period, the Fund disposed of holdings in government bonds through sales of UK Gilts and the holding of New South Wales index-linked bonds. The Fund also sold positions in the Ecuador 9.375 2015 bond and the Brazilian JBS Investments 7.75% 2020 corporate bond— debt issued by companies, which had performed well since purchase. Within equities, the Fund sold Balfour Beatty on frustration with the direction in which management was taking the business. The Fund also sold Fresenius Medical Care, reduced the holding in Apple following the company's re-rating, and sold the position in the Biotech Growth Trust, as the biotechnology sector has a seen significant re-rating over the last three years. New positions included US drugstore Walgreens, which part owns UK retail pharmacy chain Boots; Bank Leumi of Israel, which looked significantly discounted compared with its global peers; UK pub group Mitchells & Butlers and UK betting company Betfair; and participated in the initial public offering of Alibaba. In alternatives, the Fund initiated a position in the Blackstone GSO loan fund, which offered exposure to the equity tranche of collateralised loan obligations (CLOs), and added to the position in private equity group Oakley Capital, which was trading at about a 20% discount to net asset value.

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the period.

| Purchases | Sales |
|--|---|
| Pershing Square Holdings Fund | Treasury 4.25% Gilt 7/12/2040 |
| Blackstone | New South Wales Treasury 2.75% Index Linked 20/11/2025 |
| International Public Partnership | International Public Partnership |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | John Laing Infrastructure |
| Wolters Kluwer | HICL Infrastructure |
| Walgreen | Treasury 3.25% Gilt 22/1/2044 |
| Oakley Capital Investments | Boparan 9.875% Bonds 30/4/2018 |
| Foresight Solar Fund | Cable & Wireless International Finance 8.625% Bonds 25/3/2019 |
| Samsonite International | Alibaba |
| Betfair | Nara Cable Funding 8.875% Bonds 1/12/2018 |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 126.31 | 113.46 | 1.5934 |
| 2011 | 129.23 | 118.29 | 1.7219 |
| 2012 | 130.79 | 122.09 | 1.8454 |
| 2013 | 139.79 | 129.60 | 2.0708 |
| 2014 | 141.18 | 132.32 | 2.4418 |
| Sterling Accumulation Shares | Pence | Pence | Pence |
| 2010 | 143.47 | 127.70 | 1.7986 |
| 2011 | 148.23 | 136.02 | 1.9704 |
| 2012 | 152.52 | 141.19 | 2.1420 |
| 2013 | 164.03 | 152.11 | 2.4395 |
| 2014 | 169.96 | 157.70 | 2.9224 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 148.24 | 131.17 | 2.7652 |
| 2011 | 153.69 | 141.25 | 3.0157 |
| 2012 | 159.42 | 146.86 | 3.2452 |
| 2013 | 172.10 | 159.19 | 3.6660 |
| 2014 | 180.12 | 166.23 | 4.2269 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 5 September) | 102.44 | 100.19 | 0.6158 |
| 2013 | 109.98 | 101.66 | 2.4300 |
| 2014 | 111.08 | 103.85 | 2.7330 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 5 September) | 102.44 | 100.19 | 0.6156 |
| 2013 | 110.66 | 102.30 | 2.4556 |
| 2014 | 115.97 | 106.94 | 2.8320 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 27 September) | 101.15 | 99.16 | 0.7489 |
| 2013 | 108.32 | 100.22 | 2.1447 |
| 2014 | 109.40 | 102.36 | 2.4348 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 27 September) | 101.15 | 99.16 | 0.7489 |
| 2013 | 109.12 | 100.99 | 2.1708 |
| 2014 | 113.96 | 105.29 | 2.5269 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2013 (from 21 May) | 100.23 | 93.53 | 2.4842 |
| 2014 | 105.85 | 97.22 | 3.0882 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|---------------------|--------------|-----------------|
| Sterling Income Shares | | | |
| | | Pence | |
| 30/06/2012 | 19,358,651 | 124.16 | 15,591,071 |
| 30/06/2013 | 17,184,278 | 130.81 | 13,137,078 |
| 30/06/2014 | 12,450,314 | 137.08 | 9,082,806 |
| 31/12/2014 | 12,669,718 | 138.33 | 9,159,089 |
| Sterling Accumulation Shares | | | |
| | | Pence | |
| 30/06/2012 | 91,865,779 | 144.80 | 63,442,649 |
| 30/06/2013 | 85,030,287 | 154.77 | 54,939,525 |
| 30/06/2014 | 68,170,757 | 165.03 | 41,308,502 |
| 31/12/2014 | 62,811,229 | 167.80 | 37,432,246 |
| Exempt Shares 2 (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2012 | 46,918,385 | 151.10 | 31,051,811 |
| 30/06/2013 | 2,870,609 | 162.51 | 1,766,463 |
| 30/06/2014 | 3,076,290 | 174.41 | 1,763,785 |
| 31/12/2014 | 2,669,698 | 177.93 | 1,500,397 |
| Institutional Shares W (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 239,177 | 102.59 | 233,147 |
| 30/06/2014 | 1,662,798 | 107.51 | 1,546,602 |
| 31/12/2014 | 1,784,939 | 108.50 | 1,645,081 |
| Institutional Shares W (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 931,926 | 104.49 | 891,863 |
| 30/06/2014 | 4,922,432 | 112.25 | 4,385,083 |
| 31/12/2014 | 5,177,123 | 114.58 | 4,518,545 |
| Retail Advised Shares B (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 5,094 | 101.15 | 5,036 |
| 30/06/2014 | 5,449 | 106.00 | 5,141 |
| 31/12/2014 | 5,567 | 106.95 | 5,205 |
| Retail Advised Shares B (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 12,083 | 103.02 | 11,728 |
| 30/06/2014 | 64,639 | 110.41 | 58,545 |
| 31/12/2014 | 165,270 | 112.56 | 146,828 |
| X Shares (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 10,753,155 | 94.70 | 11,355,346 |
| 30/06/2014 | 11,610,536 | 102.25 | 11,355,346 |
| 31/12/2014 | 11,880,467 | 104.62 | 11,355,346 |

Statistics (continued)**Ongoing Charges**

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.68 | 1.65 |
| Sterling Accumulation Shares | 1.68 | 1.65 |
| Exempt Shares 2 (Net Accumulation) | 0.86 | 0.83 |
| Institutional Shares W (Net Income) | 0.73 | 0.71 |
| Institutional Shares W (Net Accumulation) | 0.73 | 0.71 |
| Retail Advised Shares B (Net Income) | 1.04 | 1.00 |
| Retail Advised Shares B (Net Accumulation) | 1.04 | 1.01 |
| X Shares (Net Accumulation) | 0.11 | 0.08 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|--------------|------------------|----------------------|
| Overseas Government Bonds 5.30% (5.44%) | | | |
| Brazil Letras do Tesouro Nacional 0% Bonds 1/7/2016 | BRL2,670,000 | 536,665 | 0.55 |
| Fiji Islands (Republic of) 9% Bonds 15/3/2016 | USD850,000 | 579,286 | 0.60 |
| Mongolia (Government) 4.125% European Medium Term Notes 5/1/2018 | USD950,000 | 566,619 | 0.58 |
| New Zealand 5.5% Bonds 15/4/2023 | NZD3,500,000 | 1,984,271 | 2.04 |
| US Treasury 3.375% Inflation Indexed Bonds 15/4/2032 | USD904,600 | 1,104,491 | 1.14 |
| Venezuela (Government) 5.75% Bond 26/2/2016 | USD943,500 | 376,674 | 0.39 |
| Sterling Denominated Corporate Bonds 8.01% (9.32%) | | | |
| Anglian Water 4.125% Guaranteed Notes 28/7/2020 | £580,000 | 1,084,809 | 1.12 |
| Chorus 6.75% Guaranteed European Medium Term Notes 6/4/2020 | £500,000 | 577,550 | 0.59 |
| National Grid Gas 4.1875% Bonds 14/12/2022 | £755,000 | 1,522,646 | 1.57 |
| Scottish Widows 5.5% Bonds 16/6/2023 | £640,000 | 686,848 | 0.71 |
| Standard Chartered 8.103% Guaranteed Perpetual Subordinated Floating Rate Bonds | £1,131,000 | 1,179,181 | 1.21 |
| Tesco 4% European Medium Term Bonds 8/9/2016 | £679,000 | 1,090,114 | 1.12 |
| Tesco Property Finance 3 5.744% Guaranteed Mortgage Backed Bonds 13/4/2040 | £700,836 | 695,776 | 0.72 |
| Unique Pub Finance 5.659% Bonds 30/6/2027 | £961,370 | 945,136 | 0.97 |
| Non-Sterling Denominated Corporate Bonds 6.17% (8.27%) | | | |
| Altice Financing 8% Bonds 15/12/2019 | EUR500,000 | 411,831 | 0.42 |
| Breeze Finance 0% Bonds 19/4/2027 | EUR635,833 | 201,820 | 0.21 |
| Bumi Investment 10.75% 6/10/2017 | USD800,000 | 114,157 | 0.12 |
| China Culiangwang Beverages 10% Bonds 12/4/2016 | CNY2,789,787 | 179,164 | 0.18 |
| China Culiangwang Beverages 7% Bonds 12/4/2016 | CNY3,640,000 | 167,435 | 0.17 |
| Cirsa Funding Luxembourg 8.75% 15/5/2018 | EUR600,000 | 477,839 | 0.49 |
| Detour Gold 5.5% Bonds 30/11/2017 | USD1,083,000 | 614,256 | 0.63 |
| Drill Rigs 6.5% Bonds 1/10/2017 | USD453,000 | 239,683 | 0.25 |
| Edcon 13.375% Bonds 30/6/2019 | EUR422,000 | 117,900 | 0.12 |
| Ineos Finance Plc 7.25% Senior Floating Rate European Medium Term Notes 15/2/2019 | EUR340,000 | 267,498 | 0.27 |
| Nitrogenmuvék Vegyipari 7.875% Bonds 21/5/2020 | USD840,000 | 535,354 | 0.55 |
| Pacific Drilling 7.25% Bonds 1/12/2017 | USD610,000 | 352,092 | 0.36 |
| Palo Alto Networks 0% Bonds 1/7/2019 | USD500,000 | 405,042 | 0.42 |
| PT Jersey 0.5% Bonds 19/11/2019 | EUR300,000 | 245,508 | 0.25 |
| Sprint 7.125% Bonds 15/6/2024 | USD559,000 | 333,410 | 0.34 |
| Sprint Capital 8.75% Guaranteed Bonds 15/3/2032 | USD882,000 | 547,273 | 0.56 |
| Tullow Oil 6% Bonds 1/11/2020 | USD698,000 | 371,550 | 0.38 |
| Viridian Group Fund 11.125% Guaranteed Notes 1/4/2017 | EUR526,000 | 436,785 | 0.45 |
| United Kingdom 8.96% (9.53%) | | | |
| Bank of Georgia | 19,610 | 407,104 | 0.42 |
| Betfair | 28,815 | 451,243 | 0.46 |
| BG | 26,445 | 228,723 | 0.23 |
| BHP Billiton | 15,552 | 215,939 | 0.22 |
| Blackstone | 1,938,021 | 1,519,073 | 1.56 |
| British American Tobacco | 13,498 | 472,430 | 0.49 |
| Centrica | 100,908 | 281,432 | 0.29 |
| Dixons Carphone | 110,302 | 509,154 | 0.52 |
| GlaxoSmithKline | 27,055 | 372,277 | 0.38 |
| Imagination Technologies | 271,640 | 620,697 | 0.64 |
| Infinis Energy | 92,000 | 200,560 | 0.21 |
| Jardine Lloyd Thompson | 36,536 | 326,266 | 0.34 |
| Ladbroke's | 217,273 | 240,087 | 0.25 |
| Merlin Entertainments | 69,929 | 277,338 | 0.29 |
| Mitchells & Butlers | 181,622 | 693,070 | 0.71 |
| Old Mutual | 147,952 | 281,849 | 0.29 |
| Prudential | 19,232 | 286,941 | 0.29 |
| Reed Elsevier | 23,650 | 259,677 | 0.27 |
| Renishaw | 8,268 | 162,053 | 0.17 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom (continued) | | | |
| SSE | 26,380 | 427,884 | 0.44 |
| Wolseley | 13,002 | 479,254 | 0.49 |
| Preference Shares 1.19% (0.34%) | | | |
| Balfour Beatty | 293,468 | 334,553 | 0.34 |
| Doric Nimrod Air Three | 805,000 | 829,150 | 0.85 |
| Investment Trusts 27.40% (22.27%) | | | |
| BH Global - GBP shares | 129,047 | 1,593,730 | 1.64 |
| BH Macro - GBP shares | 94,245 | 1,926,368 | 1.98 |
| Bilfinger Berger Global | 664,431 | 828,878 | 0.85 |
| BlueCrest Allblue Fund | 1,034,624 | 1,926,470 | 1.98 |
| Bluefield Solar Income Fund | 1,783,054 | 1,836,546 | 1.89 |
| CQS Diversified Fund | 991,611 | 1,056,066 | 1.09 |
| Foresight Solar Fund | 592,529 | 617,711 | 0.64 |
| GCP Infrastructure Investments Fund | 1,862,063 | 2,262,407 | 2.33 |
| Greencoat UK Wind | 623,707 | 692,315 | 0.71 |
| HICL Infrastructure | 1,192,156 | 1,818,038 | 1.87 |
| ICG-Longbow Senior Secured UK Property Debt | 1,142,649 | 1,194,068 | 1.23 |
| International Public Partnership | 1,429,174 | 1,932,243 | 1.99 |
| Invista European Real Estate Trust | 1,876,015 | 18,760 | 0.02 |
| John Laing Infrastructure | 1,203,107 | 1,477,415 | 1.52 |
| NB Global Floating Rate Income Fund | 532,823 | 529,093 | 0.54 |
| Oakley Capital Investments | 1,252,091 | 1,909,439 | 1.97 |
| Pershing Square Holdings Fund | 127,500 | 1,960,847 | 2.02 |
| Renewables Infrastructure | 1,951,206 | 2,024,376 | 2.08 |
| Starwood European Real Estate Finance | 964,352 | 1,024,624 | 1.05 |
| Commodities 2.88% (2.81%) | | | |
| ETFS Metal Securities Physical Platinum (USD) | 6,965 | 519,589 | 0.53 |
| Physical Gold Source P-ETC | 30,207 | 2,283,469 | 2.35 |
| Collective Investment Schemes 1.10% (0.75%) | | | |
| Fair Oaks Income Fund | 1,609,793 | 1,068,549 | 1.10 |
| Canada 0.33% (0.31%) | | | |
| Intact Financial | 6,859 | 318,454 | 0.33 |
| Cayman Islands 0.81% (0.00%) | | | |
| Sands China | 97,200 | 307,072 | 0.32 |
| Shenguan | 993,000 | 210,233 | 0.22 |
| Yingde Gases | 589,142 | 264,077 | 0.27 |
| United States of America 8.35% (5.37%) | | | |
| Accenture | 8,567 | 490,697 | 0.51 |
| American Residential Properties | 60,465 | 680,946 | 0.70 |
| Apple | 8,276 | 585,862 | 0.60 |
| Applied Materials | 20,184 | 322,582 | 0.33 |
| Citigroup | 6,860 | 238,104 | 0.25 |
| Heartware International | 5,636 | 265,417 | 0.27 |
| Intuit | 4,134 | 244,421 | 0.25 |
| Materialise (sponsored ADR representing 1 ordinary share each) | 64,554 | 392,064 | 0.40 |
| NB Distressed Debt | 589,172 | 453,427 | 0.47 |
| Reynolds American | 6,827 | 281,311 | 0.29 |
| Silver Bay Realty | 75,972 | 806,860 | 0.83 |
| Sysco | 12,337 | 313,954 | 0.32 |
| Taiwan Semiconductor Manufacturing ADS (each representing 5 ordinary shares) | 21,972 | 315,224 | 0.32 |
| TBC Bank GDR(representing 1 ordinary share each) | 70,895 | 559,249 | 0.58 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United States of America (continued) | | | |
| Teva Pharmaceutical Industries ADR (each convertible into 1 ordinary share) | 17,867 | 658,876 | 0.68 |
| United Technologies | 4,691 | 345,977 | 0.36 |
| Walgreen | 9,952 | 485,393 | 0.50 |
| Wiley(John)& Sons | 2,318 | 88,082 | 0.09 |
| Yum! Brands | 12,479 | 582,954 | 0.60 |
| Brazil 0.41% (0.69%) | | | |
| CCR | 63,267 | 235,068 | 0.24 |
| International Meal | 56,882 | 163,175 | 0.17 |
| Mexico 0.66% (0.62%) | | | |
| Fibra Shop | 773,098 | 639,120 | 0.66 |
| Australia 0.27% (0.00%) | | | |
| Mesoblast | 113,576 | 258,107 | 0.27 |
| New Zealand 0.40% (0.38%) | | | |
| Telecom | 247,457 | 385,770 | 0.40 |
| Hong Kong 1.50% (1.24%) | | | |
| AIA | 200,400 | 712,651 | 0.73 |
| Link Real Estate Investment Trust | 186,782 | 749,182 | 0.77 |
| India 1.22% (1.43%) | | | |
| Fortis Healthcare | 272,793 | 307,372 | 0.32 |
| ITC | 106,425 | 398,457 | 0.41 |
| Jain Irrigation Systems | 242,891 | 172,870 | 0.18 |
| Jain Irrigation Systems (Differential Voting Rights) | 7,297 | 3,796 | 0.00 |
| Larsen & Toubro | 19,804 | 300,610 | 0.31 |
| Japan 1.31% (1.89%) | | | |
| Softbank | 10,300 | 397,187 | 0.41 |
| Sugi | 15,000 | 394,766 | 0.41 |
| Toyota Motor | 11,800 | 477,059 | 0.49 |
| Philippines 1.16% (1.21%) | | | |
| Energy Development | 4,599,900 | 540,783 | 0.56 |
| First Gen | 1,210,100 | 442,408 | 0.46 |
| LT | 756,000 | 131,367 | 0.14 |
| Singapore 0.97% (0.84%) | | | |
| Mapletree Greater | 1,270,000 | 580,849 | 0.60 |
| Mapletree Logistics Trust | 623,000 | 357,301 | 0.37 |
| Thailand 1.50% (1.42%) | | | |
| Bangkok Bank | 57,900 | 220,091 | 0.23 |
| Intouch | 9,274 | 14,146 | 0.01 |
| Intouch (non-voting Depository Receipts) | 229,862 | 351,743 | 0.36 |
| Tesco Lotus Retail Growth Freehold & Leasehold Property | 3,648,678 | 874,841 | 0.90 |
| South Africa 0.60% (0.61%) | | | |
| Life Healthcare | 170,232 | 403,154 | 0.41 |
| Naspers class 'N' shares | 2,153 | 180,838 | 0.19 |
| France 1.34% (1.50%) | | | |
| Nexans | 16,748 | 330,138 | 0.34 |
| Sanofi | 10,749 | 629,816 | 0.65 |
| Total | 10,179 | 335,851 | 0.35 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|------------------|-------------------------|-----------------------------|
| Germany 1.23% (0.79%) | | | |
| Bayer | 4,412 | 388,453 | 0.40 |
| Brenntag | 8,211 | 297,777 | 0.31 |
| Infineon Technologies | 44,230 | 302,716 | 0.31 |
| Rocket Internet | 5,092 | 204,937 | 0.21 |
| Ireland 0.42% (0.00%) | | | |
| CRH | 26,382 | 407,334 | 0.42 |
| Israel 0.85% (1.51%) | | | |
| Bank Hapoalim | 127,344 | 385,322 | 0.40 |
| Bank Leumi Le-Israel | 197,174 | 432,839 | 0.45 |
| Italy 0.28% (0.15%) | | | |
| Pirelli | 31,468 | 273,518 | 0.28 |
| Luxembourg 0.47% (0.00%) | | | |
| Samsonite International | 242,605 | 461,465 | 0.47 |
| Netherlands 0.83% (0.00%) | | | |
| Wolters Kluwer | 41,179 | 810,126 | 0.83 |
| Sweden 0.81% (1.05%) | | | |
| Arcam | 31,668 | 374,895 | 0.39 |
| Kinnevik | 19,425 | 406,128 | 0.42 |
| Switzerland 1.45% (1.48%) | | | |
| Novartis | 12,882 | 767,424 | 0.79 |
| Roche | 3,663 | 637,866 | 0.66 |
| Derivatives 0.23% (0.44%) | | | |
| Options 0.05% (0.10%) | | | |
| FTSE 100 Index February 2015 7000 (Call Option) | £142 | 9,940 | 0.01 |
| FTSE 100 Index January 2015 6800 (Call Option) | £144 | 7,200 | 0.01 |
| S&P 500 Index January 2015 1900 (Put Option) | USD124 | 31,015 | 0.03 |
| AUD Forward Foreign Currency Contracts 0.01% (0.00%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | AUD(559,879) | (293,102) | (0.30) |
| Forward Foreign Currency Contracts 13/02/15 | £300,687 | 300,687 | 0.31 |
| CHF Forward Foreign Currency Contracts 0.01% (0.06%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | CHF(2,266,000) | (1,463,999) | (1.51) |
| Forward Foreign Currency Contracts 13/02/15 | £1,479,138 | 1,479,138 | 1.52 |
| EUR Forward Foreign Currency Contracts 0.09% (0.08%) | | | |
| Forward Foreign Currency Contracts 12/03/15 | EUR(9,000,462) | (6,992,671) | (7.20) |
| Forward Foreign Currency Contracts 12/03/15 | £7,080,933 | 7,080,933 | 7.29 |
| JPY Forward Foreign Currency Contracts 0.15% (0.02%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | JPY(334,840,000) | (1,791,402) | (1.84) |
| Forward Foreign Currency Contracts 15/01/15 | £1,930,622 | 1,930,622 | 1.99 |
| NZD Forward Foreign Currency Contracts -0.08% (0.02%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | NZD(4,147,987) | (2,077,093) | (2.14) |
| Forward Foreign Currency Contracts 15/01/15 | £1,999,967 | 1,999,967 | 2.06 |

Portfolio Statement (continued)

| | | Market | Total Net |
|---|-----------------|-------------------|-------------------|
| Investments | Holding | Value (£) | Assets (%) |
| USD Forward Foreign Currency Contracts 0.00% (0.16%) | | | |
| Forward Foreign Currency Contracts 12/03/15 | USD(15,129,228) | (9,707,975) | (9.99) |
| Forward Foreign Currency Contracts 12/03/15 | £9,708,440 | 9,708,440 | 9.99 |
| Portfolio of investments* | | 85,898,670 | 88.41 |
| Net current assets | | 11,265,341 | 11.59 |
| Total Net Assets | | 97,164,011 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the period ended 31 December 2014, the Fund disposed of its holdings in the categories UK Government Bonds, China, Taiwan, Belgium & Denmark which, at 30 June 2014, represented 2.51%, 0.72%, 0.31%, 0.43% and 0.39% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

ADR = American Depositary Receipt

ADS = American Depositary Share

*Net of investment liabilities.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|------------------|-----------------------|------------------|-------------------------|
| Income | | | | |
| Net capital gains | | 918,988 | | 2,345,145 |
| Revenue | 1,594,874 | | 1,847,219 | |
| Expenses | <u>(682,854)</u> | | <u>(835,971)</u> | |
| Net revenue before taxation | 912,020 | | 1,011,248 | |
| Taxation | <u>(47,818)</u> | | <u>(81,894)</u> | |
| Net revenue after taxation | | <u>864,202</u> | | <u>929,354</u> |
| Total return before distributions | | 1,783,190 | | 3,274,499 |
| Finance costs: Distributions | | (863,481) | | (939,158) |
| Change in net assets attributable to Shareholders from investment activities | | <u>919,709</u> | | <u>2,335,341</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------------|--------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 101,963,215 | | 117,026,609 |
| Amounts receivable on issue of shares | 3,272,451 | | 2,196,857 | |
| Amounts payable on cancellation of shares | <u>(9,722,122)</u> | | <u>(11,710,654)</u> | |
| | | (6,449,671) | | (9,513,797) |
| Dilution adjustment | | 4,325 | | 5,177 |
| Stamp Duty Reserve Tax | | - | | (2,257) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 919,709 | | 2,335,341 |
| Retained distributions on accumulation shares | | 725,598 | | 784,803 |
| Unclaimed distributions | | 835 | | 9,110 |
| Closing net assets attributable to Shareholders | | <u>97,164,011</u> | | <u>110,644,986</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------|-------------------|-------------|--------------------|
| ASSETS | | | | |
| Investment assets* | | 85,975,796 | | 87,713,806 |
| Debtors | 467,459 | | 1,017,124 | |
| Cash and bank balances | 11,799,977 | | 14,525,216 | |
| Total other assets | | 12,267,436 | | 15,542,340 |
| Total assets | | 98,243,232 | | 103,256,146 |
| LIABILITIES | | | | |
| Investment liabilities | | (77,126) | | (2,309) |
| Creditors | (885,521) | | (1,140,994) | |
| Distribution payable on income shares | (116,574) | | (149,628) | |
| Total other liabilities | | (1,002,095) | | (1,290,622) |
| Total liabilities | | (1,079,221) | | (1,292,931) |
| Net assets attributable to Shareholders | | 97,164,011 | | 101,963,215 |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|---------------|-----------------|-------------|--------------|-------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 1.1661 | 0.1166 | 1.0495 | 0.0000 | 1.0495 | 0.9775 |
| Group 2 | 0.3051 | 0.0305 | 0.2746 | 0.7749 | 1.0495 | 0.9775 |
| Sterling Accumulation Shares | | | | | | |
| Group 1 | 1.4038 | 0.1404 | 1.2634 | 0.0000 | 1.2634 | 1.1564 |
| Group 2 | 0.4717 | 0.0472 | 0.4245 | 0.8389 | 1.2634 | 1.1564 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 2.1347 | 0.2135 | 1.9212 | 0.0000 | 1.9212 | 1.7655 |
| Group 2 | 0.4750 | 0.0475 | 0.4275 | 1.4937 | 1.9212 | 1.7655 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.3772 | 0.1377 | 1.2395 | 0.0000 | 1.2395 | 1.1667 |
| Group 2 | 0.7717 | 0.0772 | 0.6945 | 0.5450 | 1.2395 | 1.1667 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.4378 | 0.1438 | 1.2940 | 0.0000 | 1.2940 | 1.1874 |
| Group 2 | 0.3397 | 0.0340 | 0.3057 | 0.9883 | 1.2940 | 1.1874 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 1.2069 | 0.1207 | 1.0862 | 0.0000 | 1.0862 | 1.0278 |
| Group 2 | 0.7920 | 0.0792 | 0.7128 | 0.3734 | 1.0862 | 1.0278 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.2663 | 0.1266 | 1.1397 | 0.0000 | 1.1397 | 1.0470 |
| Group 2 | 0.3213 | 0.0321 | 0.2892 | 0.8505 | 1.1397 | 1.0470 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.6014 | 0.1601 | 1.4413 | 0.0000 | 1.4413 | 1.3237 |
| Group 2 | 1.6014 | 0.1601 | 1.4413 | 0.0000 | 1.4413 | 1.3237 |

| | Franked (%) | Unfranked (%) | Utilised foreign tax (£) | foreign tax (pence per share) |
|---|-------------|---------------|--------------------------|-------------------------------|
| Interim distributions for 31 December 2014 | | | | |
| Sterling Income Shares | 87.21 | 12.79 | n/a | n/a |
| Sterling Accumulation Shares | 87.21 | 12.79 | n/a | n/a |
| Exempt Shares 2 (Net Accumulation) | 87.21 | 12.79 | n/a | n/a |
| Institutional Shares W (Net Income) | 87.21 | 12.79 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 87.21 | 12.79 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 87.21 | 12.79 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 87.21 | 12.79 | n/a | n/a |
| X Shares (Net Accumulation) | 87.21 | 12.79 | n/a | n/a |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|--------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 19,089,008 | | 23,742,665 |
| Commissions | 6,419 | | 11,406 | |
| Taxes | <u>15,261</u> | | <u>15,572</u> | |
| Total purchase costs | | 21,680 | | 26,978 |
| Gross purchases total | | <u>19,110,688</u> | | <u>23,769,643</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 22,502,259 | | 30,864,644 |
| Commissions | (6,433) | | (10,324) | |
| Taxes | <u>(2,921)</u> | | <u>(1,157)</u> | |
| Total sales costs | | (9,354) | | (11,481) |
| Total sales net of transaction costs | | <u>22,492,905</u> | | <u>30,853,163</u> |

**BNY MELLON INVESTMENT FUNDS – NEWTON MULTI-ASSET GROWTH FUND
(FORMERLY NEWTON MANAGED FUND)**

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £1,456.71m |
| Comparative Index: | The Investment Association Flexible Investment Sector |
| Sector: | The Investment Association Flexible Investment |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 1.02% |
| Institutional Shares (Accumulation) | 1.50% |
| Institutional Shares W (Net Income) | 1.76% |
| Institutional Shares W (Net Accumulation) | 1.72% |
| Retail Advised Shares B (Net Income) | 1.48% |
| Retail Advised Shares B (Net Accumulation) | 1.12% |

Key Dates: Fund Launch 02 April 1990

Investment Objective

The objective of the Fund is to achieve capital growth and income from a portfolio of UK and international securities.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 9.69% | 20.72% | 11.38% | -8.77% | 13.39% |
| Institutional Shares (Accumulation) | 10.32% | 21.42% | 12.02% | -8.24% | 14.04% |
| Institutional Shares W (Net Income)* | 10.59% | 21.71% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 10.59% | 21.73% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 10.24% | 21.32% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 10.24% | 21.34% | n/a | n/a | n/a |
| IMA Flexible Investment** | 4.88% | 15.37% | 10.19% | -8.45% | 14.59% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

** From 2 January 2015, the IMA will be known as The Investment Association.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period in review, the Sterling Income Share Class of the Sub-Fund returned +8.19% compared with +3.68% from The Investment Association Flexible Investment Sector.

The Fund delivered good performance in the second half of 2014, ahead of the comparative sector. The position in equities, which is higher than several peers, was the principal reason for outperformance. Media stocks, Wolters Kluwer and Reed Elsevier both performed well after reporting positive trading updates. Carphone Warehouse benefited from its merger with Dixons and the increasing expectations for synergies. US consumer stocks TJX, Walt Disney and Dollar General benefited from an improving consumer environment. The Fund's holdings in IT companies made a positive contribution. Sage's new CEO announced a good set of maiden results and that the strategy for growth would be maintained. Intuit and Microsoft rose on the back of better expectations for IT spending. The decision to underweight energy and mining stocks was a positive relative contribution to performance as the oil price fell below US\$60 a barrel, although equities with exposure, such as BP, detracted from absolute performance. Danish telecoms operator TDC was a detractor to performance as the loss of a major government contract triggered a profit warning. The relative underweight in longer dated government bonds meant missing out on some of the strongest performing part of the fixed income market.

The fund manager continues to find attractive opportunities in cash-generative IT and added a new position in Cisco, provider of corporate IT solutions. A holding in the UK life insurer Prudential was added to the Fund as the fund manager sees potential for significant growth in Asia over several years. A holding in Northeast Utilities (NU), a US utility located in areas with growing demand for power and gas infrastructure, was added, as it offers both decent levels of regulated returns and the potential to significantly grow its asset base. A new position was established in Sysco, a US distributor of food-related products as the fund manager saw the potential for cost reduction. The Fund took profits in the US regional bank PNC where the valuation looked full. Two internet companies were sold; eBay and Google, where growth expectations were looking harder to achieve and expenditure was increasing. Exposure was reduced to European telecoms with the sale of TeliSonera where pricing continued to show signs of competitive pressure.

The table below shows the top ten purchases and sales for the period.

Purchases

Cisco
USA Treasury Bonds 1.375% TII 30/11/2018
Prudential
Northeast Utilities
Walgreen
Sysco
Reynolds American
Betfair
DNB
Equifax

Sales

BP
Total
eBay
Smiths
Vodafone
Citi
Teliasonera
Next
Pearson
DNB

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 504.99 | 416.22 | 6.9122 |
| 2011 | 508.58 | 426.43 | 6.0588 |
| 2012 | 501.38 | 449.80 | 7.6218 |
| 2013 | 591.72 | 498.92 | 7.5904 |
| 2014 | 646.02 | 572.44 | 5.4858 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 553.32 | 454.77 | 10.3184 |
| 2011 | 561.48 | 474.70 | 9.6985 |
| 2012 | 570.58 | 504.55 | 11.6608 |
| 2013 | 688.47 | 570.65 | 12.3891 |
| 2014 | 764.34 | 670.39 | 10.4395 |
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 22 June) | 109.36 | 99.32 | 0.8273 |
| 2013 (to 23 September) | 129.02 | 108.55 | 1.7238 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 31 August) | 102.64 | 99.10 | 0.4691 |
| 2013 | 121.69 | 102.19 | 2.4974 |
| 2014 | 132.88 | 117.55 | 2.1410 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 31 August) | 102.64 | 99.10 | 0.4682 |
| 2013 | 124.16 | 102.67 | 2.5208 |
| 2014 | 138.19 | 120.93 | 2.2082 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 5 October) | 100.28 | 96.85 | 0.5875 |
| 2013 | 118.53 | 99.70 | 2.0777 |
| 2014 | 129.42 | 114.56 | 1.7000 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 5 October) | 100.28 | 96.85 | 0.5876 |
| 2013 | 120.92 | 100.29 | 1.6685 |
| 2014 | 134.15 | 117.74 | 1.7470 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|---------------------|-----------|-----------------|
| Sterling Income Shares | | | |
| 30/06/2012 | 1,165,658,719 | 465.35 | 250,492,334 |
| 30/06/2013 | 1,248,032,944 | 548.84 | 227,394,960 |
| 30/06/2014 | 1,236,423,589 | 591.71 | 208,956,140 |
| 31/12/2014 | 1,265,032,885 | 638.21 | 198,214,223 |
| Institutional Shares (Accumulation) | | | |
| 30/06/2012 | 73,168,676 | 528.25 | 13,851,112 |
| 30/06/2013 | 81,418,744 | 636.79 | 12,785,837 |
| 30/06/2014 | 84,505,293 | 698.10 | 12,105,042 |
| 31/12/2014 | 98,859,369 | 755.34 | 13,088,047 |
| P Shares (Net Income)** | | | |
| 30/06/2012 | 15,187 | 101.25 | 15,000 |
| 30/06/2013 | 23,800 | 119.41 | 19,932 |

**P Shares (Net Income) share class closed 23 September 2013.

| | | | |
|--|------------|--------|------------|
| Institutional Shares W (Net Income) | | | |
| 30/06/2013 | 3,088,705 | 112.42 | 2,747,563 |
| 30/06/2014 | 30,690,278 | 121.22 | 25,318,585 |
| 31/12/2014 | 64,978,615 | 130.77 | 49,690,958 |

| | | | |
|--|------------|--------|------------|
| Institutional Shares W (Net Accumulation) | | | |
| 30/06/2013 | 1,585,485 | 114.70 | 1,382,300 |
| 30/06/2014 | 11,383,502 | 126.06 | 9,030,421 |
| 31/12/2014 | 20,035,521 | 136.56 | 14,671,189 |

| | | | |
|---|-----------|--------|-----------|
| Retail Advised Shares B (Net Income) | | | |
| 30/06/2013 | 5,216,686 | 109.67 | 4,756,690 |
| 30/06/2014 | 6,726,499 | 118.25 | 5,688,500 |
| 31/12/2014 | 7,564,022 | 127.55 | 5,930,143 |

| | | | |
|---|---------|--------|---------|
| Retail Advised Shares B (Net Accumulation) | | | |
| 30/06/2013 | 34,465 | 111.89 | 30,803 |
| 30/06/2014 | 169,882 | 122.57 | 138,602 |
| 31/12/2014 | 238,596 | 132.57 | 179,981 |

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|------------|------------|
| | % | % |
| Sterling Income Shares | 1.62 | 1.62 |
| Institutional Shares (Accumulation) | 1.05 | 1.05 |
| Institutional Shares W (Net Income) | 0.80 | 0.80 |
| Institutional Shares W (Net Accumulation) | 0.80 | 0.80 |
| Retail Advised Shares B (Net Income) | 1.12 | 1.12 |
| Retail Advised Shares B (Net Accumulation) | 1.12 | 1.12 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Overseas Government Bonds 2.93% (0.00%) | | | |
| USA Treasury Bonds 1.375% TII 30/11/2018 | 50,000,000 | 31,996,553 | 2.20 |
| USA Treasury Bonds 4.375% TII 15/11/2039 | 12,600,000 | 10,593,434 | 0.73 |
| Sterling Denominated Corporate Bonds 2.05% (3.85%) | | | |
| British Telecommunications 3.50% Index Linked 25/04/2025 | 3,680,000 | 7,144,625 | 0.49 |
| Daily Mail & General Trust 5.75% Bonds 07/12/2018 | 8,000,000 | 9,019,124 | 0.62 |
| Network Rail Infrastructure Finance 1.75% Index Linked 22/11/2027 | 4,000,000 | 6,550,119 | 0.45 |
| Tesco 3.322% Index Linked Notes 05/11/2025 | 4,428,000 | 7,215,603 | 0.49 |
| Non-Sterling Denominated Corporate Bonds 0.00% (0.00%) | | | |
| ERC Ireland Finance FRN 15/08/2016 | 4,000,000 | 3,880 | 0.00 |
| United Kingdom 30.39% (34.66%) | | | |
| Associated British Foods | 100,000 | 3,153,000 | 0.22 |
| AstraZeneca | 426,000 | 19,406,430 | 1.33 |
| Atkins (WS) | 846,000 | 11,539,440 | 0.79 |
| Betfair | 1,000,000 | 15,660,000 | 1.07 |
| BP | 1,000,000 | 4,106,000 | 0.28 |
| Bunzl | 1,860,000 | 32,810,400 | 2.25 |
| Chemring | 2,500,000 | 5,893,750 | 0.40 |
| Daily Mail & General Trust | 1,096,000 | 9,020,080 | 0.62 |
| Dixons Carphone | 4,800,000 | 22,156,800 | 1.52 |
| GlaxoSmithKline | 800,000 | 11,008,000 | 0.76 |
| Imagination Technologies | 1,000,000 | 2,285,000 | 0.16 |
| Kuala Warrants | 2,144,996 | 0 | 0.00 |
| Mitchells & Butlers | 2,646,000 | 10,097,136 | 0.69 |
| National Express | 8,000,000 | 19,808,000 | 1.36 |
| National Grid | 2,096,000 | 19,239,184 | 1.32 |
| Next | 160,000 | 10,888,000 | 0.75 |
| Prudential | 1,860,000 | 27,751,200 | 1.90 |
| QinetiQ | 4,260,000 | 8,004,540 | 0.55 |
| Reed Elsevier | 4,800,000 | 52,704,000 | 3.62 |
| Sage | 10,860,000 | 50,575,020 | 3.47 |
| Smith & Nephew | 3,800,000 | 45,068,000 | 3.09 |
| Standard Life | 6,000,000 | 24,006,000 | 1.65 |
| Whitbread | 500,000 | 23,850,000 | 1.64 |
| Workspace | 1,800,000 | 13,770,000 | 0.95 |
| Investment Trusts 3.32% (3.32%) | | | |
| BBGI SICAV S.A | 10,000,000 | 12,475,000 | 0.86 |
| HICL Infrastructure | 10,960,000 | 16,714,000 | 1.15 |
| John Laing Infrastructure Fund | 15,600,000 | 19,156,800 | 1.31 |
| Thompson Clive Investments | 3,491 | 698 | 0.00 |
| United States of America 35.25% (28.72%) | | | |
| Abbott | 926,000 | 26,736,264 | 1.84 |
| Accenture | 428,000 | 24,514,786 | 1.68 |
| Apple | 260,000 | 18,405,516 | 1.26 |
| Cisco | 2,096,000 | 37,383,203 | 2.57 |
| Dollar General | 360,000 | 16,318,615 | 1.12 |
| EMC | 750,000 | 14,309,764 | 0.98 |
| Equifax | 749,985 | 38,902,541 | 2.67 |
| Google | 26,000 | 8,847,420 | 0.61 |
| Hewlett-Packard | 563,000 | 14,493,391 | 0.99 |
| Interpublic | 1,023,460 | 13,626,442 | 0.94 |
| Intuit | 386,000 | 22,822,088 | 1.57 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United States of America (continued) | | | |
| Johnson & Johnson | 400,000 | 26,825,717 | 1.84 |
| Medtronic | 400,000 | 18,519,160 | 1.27 |
| Merck & Company | 563,000 | 20,505,224 | 1.41 |
| Microsoft | 900,000 | 26,810,967 | 1.84 |
| Northeast Utilities | 636,000 | 21,822,030 | 1.50 |
| Principal Financial | 1,096,000 | 36,501,703 | 2.51 |
| Reynolds American | 686,000 | 28,267,116 | 1.94 |
| Sysco | 896,000 | 22,801,526 | 1.56 |
| TJX Companies | 360,000 | 15,831,457 | 1.09 |
| Walgreen | 388,000 | 18,924,098 | 1.30 |
| Walt Disney | 336,000 | 20,290,370 | 1.39 |
| Wiley (John) & Sons | 526,000 | 19,987,494 | 1.37 |
| Hong Kong 1.62% (1.43%) | | | |
| AIA | 6,646,000 | 23,634,131 | 1.62 |
| Thailand 0.63% (0.58%) | | | |
| Intouch | 6,000,000 | 9,181,412 | 0.63 |
| Denmark 0.43% (1.53%) | | | |
| TDC | 1,260,000 | 6,202,006 | 0.43 |
| France 1.89% (3.86%) | | | |
| Sanofi | 469,000 | 27,480,113 | 1.89 |
| Germany 3.45% (3.41%) | | | |
| Bayer | 460,000 | 40,500,563 | 2.78 |
| MTU Aero Engines | 175,000 | 9,760,778 | 0.67 |
| Netherlands 3.70% (2.65%) | | | |
| Wolters Kluwer | 2,740,637 | 53,917,309 | 3.70 |
| Norway 0.49% (0.67%) | | | |
| DNB | 760,000 | 7,196,582 | 0.49 |
| Sweden 0.37% (2.54%) | | | |
| Ericsson | 700,000 | 5,407,930 | 0.37 |
| Switzerland 7.35% (7.32%) | | | |
| Novartis | 750,000 | 44,680,027 | 3.07 |
| Roche | 230,000 | 40,051,635 | 2.75 |
| Swisscom | 66,000 | 22,257,721 | 1.53 |
| Portfolio of investments | | 1,367,386,915 | 93.87 |
| Net current assets | | 89,322,093 | 6.13 |
| Total Net Assets | | 1,456,709,008 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Japan and Italy portfolio categories, which, at 30 June 2014, represented 0.63% and 0.44% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|---------------------|---------------------------|---------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 106,652,417 | | 97,825,624 |
| Revenue | 12,411,552 | | 14,544,810 | |
| Expenses | <u>(10,788,975)</u> | | <u>(10,825,791)</u> | |
| Net revenue before taxation | 1,622,577 | | 3,719,019 | |
| Taxation | <u>(618,154)</u> | | <u>(472,818)</u> | |
| Net revenue after taxation | | <u>1,004,423</u> | | <u>3,246,201</u> |
| Total return before distributions | | 107,656,840 | | 101,071,825 |
| Finance costs: Distributions | | (1,042,677) | | (3,262,626) |
| Change in net assets attributable to Shareholders from investment activities | | <u>106,614,163</u> | | <u>97,809,199</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|-----------------------------|---------------------|-----------------------------|
| Opening net assets attributable to Shareholders | | 1,369,899,043 | | 1,339,400,829 |
| Amounts receivable on issue of shares | 38,217,782 | | 27,902,874 | |
| Amounts payable on cancellation of shares | <u>(58,412,783)</u> | | <u>(59,149,243)</u> | |
| | | (20,195,001) | | (31,246,369) |
| Stamp Duty Reserve Tax | | - | | (73,891) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 106,614,163 | | 97,809,199 |
| Retained distributions on accumulation shares | | 382,695 | | 436,385 |
| Unclaimed distributions | | 8,108 | | 5,142 |
| Closing net assets attributable to Shareholders | | <u>1,456,709,008</u> | | <u>1,406,331,295</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | 31/12/2014 | | 30/06/2014 | |
|--|-------------------|----------------------|-------------------|----------------------|
| | £ | £ | £ | £ |
| ASSETS | | | | |
| Investment assets | | 1,367,386,915 | | 1,309,817,451 |
| Debtors | 15,100,938 | | 20,876,183 | |
| Cash and bank balances | 98,742,478 | | 65,972,006 | |
| Total other assets | | 113,843,416 | | 86,848,189 |
| Total assets | | 1,481,230,331 | | 1,396,665,640 |
| LIABILITIES | | | | |
| Creditors | (23,875,283) | | (15,194,343) | |
| Distribution payable on income shares | (646,040) | | (11,572,254) | |
| Total other liabilities | | (24,521,323) | | (26,766,597) |
| Total liabilities | | (24,521,323) | | (26,766,597) |
| Net assets attributable to Shareholders | | 1,456,709,008 | | 1,369,899,043 |

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 0.1968 | 0.0197 | 0.1771 | 0.0000 | 0.1771 | 1.2305 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.1771 | 0.1771 | 1.2305 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 2.5273 | 0.2527 | 2.2746 | 0.0000 | 2.2746 | 3.3286 |
| Group 2 | 0.4947 | 0.0495 | 0.4452 | 1.8294 | 2.2746 | 3.3286 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 0.6140 | 0.0614 | 0.5526 | 0.0000 | 0.5526 | 0.7343 |
| Group 2 | 0.1832 | 0.0183 | 0.1649 | 0.3877 | 0.5526 | 0.7343 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 0.6387 | 0.0639 | 0.5748 | 0.0000 | 0.5748 | 0.7489 |
| Group 2 | 0.2390 | 0.0239 | 0.2151 | 0.3597 | 0.5748 | 0.7489 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.3802 | 0.0380 | 0.3422 | 0.0000 | 0.3422 | 0.5326 |
| Group 2 | 0.0764 | 0.0076 | 0.0688 | 0.2734 | 0.3422 | 0.5326 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 0.3943 | 0.0394 | 0.3549 | 0.0000 | 0.3549 | 0.5429 |
| Group 2 | 0.1350 | 0.0135 | 0.1215 | 0.2334 | 0.3549 | 0.5429 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 338,232,400 | | 354,449,108 |
| Commissions | 195,181 | | 222,628 | |
| Taxes | <u>397,609</u> | | <u>393,933</u> | |
| Total purchase costs | | 592,790 | | 616,561 |
| Gross purchases total | | <u>338,825,190</u> | | <u>355,065,669</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 387,868,820 | | 369,784,303 |
| Commissions | (256,794) | | (236,627) | |
| Taxes | <u>(2,693)</u> | | <u>(8,126)</u> | |
| Total sales costs | | (259,487) | | (244,753) |
| Total sales net of transaction costs | | <u>387,609,333</u> | | <u>369,539,550</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON ORIENTAL FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|-------------------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £370.43m |
| Comparative Index: | FTSE AW Asia Pacific ex Japan TR Index (GBP) |
| Sector: | The Investment Association Asia Pacific Excluding Japan |
| Yield as at 31 December 2014: | |

| | |
|--|-------|
| Sterling Income Shares | 0.75% |
| Euro Accumulation Shares | 0.26% |
| Exempt Shares 1 (Net Accumulation) | 1.79% |
| Institutional Shares (Accumulation) | 1.31% |
| P Shares (Net Income) | 1.26% |
| Institutional Shares W (Net Income) | 1.42% |
| Institutional Shares W (Net Accumulation) | 1.38% |
| Retail Advised Shares B (Net Income) | 1.02% |
| Retail Advised Shares B (Net Accumulation) | 1.00% |

| | |
|------------------------|---|
| Key Dates: Fund Launch | 30 November 1990† |
| | †Managed by Newton since November 1994. |

Investment Objective

The objective of the Fund is to achieve capital growth by investing in securities predominantly Asian and in Pacific markets including Australia and New Zealand but excluding Japan.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|--|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 3.33% | -3.81% | 10.06% | -18.34% | 30.93% |
| Euro Accumulation Shares | 2.57% | -3.86% | 9.13% | -18.44% | 29.64% |
| Exempt Shares 1 (Net Accumulation) | 4.44% | -2.79% | 11.25% | -17.46% | 32.33% |
| Institutional Shares (Accumulation) | 3.92% | -3.26% | 10.69% | -17.87% | 31.65% |
| X Shares (Net Accumulation)* | n/a | -2.31% | 11.81% | -17.05% | 32.99% |
| P Shares (Net Income)* | 3.93% | -3.27% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 4.17% | -3.07% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 4.18% | -3.06% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 3.84% | -3.38% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 3.84% | -3.39% | n/a | n/a | n/a |
| FTSE AW Asia Pacific ex Japan TR Index (GBP) | 10.05% | 1.32% | 17.47% | -14.84% | 23.88% |

Source: Lipper as at 31 December 2014 – Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch and closure dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period in review, the Sterling Income Share Class of the Sub-Fund returned +0.39% compared with +5.77% from the FTSE AW Asia Pacific ex Japan index.

The Fund's exposure to the oil & gas sector was a key reason for underperformance, with the underweight position in financials also hurting performance. Large negative contributors at the stock level included oil explorers Santos of Australia and Oil Search of Papua New Guinea, which fell in sympathy with the weakening oil price. The build-up of credit and intense competition prompted caution on the banking systems of Asia and an underweight position. However, while being selective, unfortunately the Fund's preferred name, Standard Chartered, underperformed as the company issued a full-year profit warning and came under pressure from US regulators regarding its dealings with Iran. The top contributor was Apollo Hospitals, as the structural undersupply of healthcare services in India continued to create strong demand. Two Philippine holdings were notable positives: First Gen Corp outperformed following impressive first-half earnings, while Universal Robina benefited from strong sales of both its snack foods and its agricultural products.

Early in the period, the Fund reduced exposure to Chinese consumer companies, selling Sun Art (hypermarkets) and Biostime (baby milk), on worries over slowing sales, and Shenguan (sausage casings), given concerns that it had become a 'value trap'. (The 'trap' is sprung when investors buy into a company at low prices and the stock never improves.) Two Australian holdings were increased: Mesoblast (stem cells) and Veda (data analytics). In August, Apollo Hospitals was trimmed following strong performance, and a new holding in Yum! Brands (fast-food chains) also purchased. In September, the Fund bought into Alibaba (e-commerce) of China, took some profit from it after a strong debut in the initial public offering, and deployed the proceeds in Tencent, another leading Chinese internet company. PetroChina was also bought after a positive meeting with management. Going into the fourth quarter, cash was raised in anticipation of ongoing market volatility by selling out of WorleyParsons (oilfield services) and Keppel Corp (oil-rig manufacture), which looked vulnerable given the oil-price weakness. Yingde Gases (industrial gases) was also sold, given its exposure to Chinese steel companies. Some profits were taken in IHH (private hospitals), and exposure to Taiwan Semiconductor reduced. In November, Standard Chartered was reduced because of the heightened risk from its commodity exposure. Singapore's United Overseas Bank was sold and the holding in Australia & New Zealand Bank reduced, with the resultant cash used to build up positions in Bangkok Dusit Medical Services and Bangkok Bank, and to increase the weighting in Tencent.

The table below shows the top purchases and sales for the period.

| Purchases | Sales |
|--|--|
| Alibaba (sponsored ADS representing 1 ordinary share each) | Standard Chartered |
| Tencent | Taiwan Semiconductor Manufacturing |
| Mesoblast | Alibaba (sponsored ADS representing 1 ordinary share each) |
| Hero MotoCorp | Keppel |
| Bangkok Dusit Medical Services | Santos |
| Bangkok Bank | Apollo Hospitals Enterprise |
| Intouch (non-voting Depository Receipts) | IHH Healthcare |
| Yum! Brands | Australia & New Zealand Banking |
| Veda | United Overseas Bank |
| PetroChina | Worleyparsons |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 577.02 | 408.27 | 3.1483 |
| 2011 | 579.42 | 434.11 | 3.6320 |
| 2012 | 531.36 | 453.48 | 2.0344 |
| 2013 | 588.27 | 479.56 | 3.7479 |
| 2014 | 547.66 | 466.40 | 3.5100 |
| Euro Accumulation Shares | Cents | Cents | Cents |
| 2010 | 247.46 | 171.79 | 0.4619 |
| 2011 | 253.58 | 186.94 | 0.3556 |
| 2012 | 238.32 | 208.56 | 0.0000 |
| 2013 | 255.21 | 210.20 | 0.4773 |
| 2014 | 252.73 | 178.78 | 0.4067 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 402.07 | 279.83 | 5.2950 |
| 2011 | 404.76 | 306.97 | 6.5205 |
| 2012 | 377.52 | 323.18 | 5.2261 |
| 2013 | 425.08 | 351.15 | 6.6860 |
| 2014 | 406.96 | 341.99 | 6.5333 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 190.07 | 132.90 | 1.8225 |
| 2011 | 191.05 | 144.57 | 2.1768 |
| 2012 | 177.40 | 151.64 | 1.6389 |
| 2013 | 198.58 | 163.57 | 2.2580 |
| 2014 | 188.89 | 159.20 | 2.1815 |
| X Shares (Net Accumulation)** | Pence | Pence | Pence |
| 2010 | 408.30 | 282.90 | 6.8667 |
| 2011 | 411.66 | 312.92 | 8.5000 |
| 2012 | 385.68 | 330.63 | 7.1188 |
| 2013 | 436.87 | 361.92 | 8.7925 |
| 2014 (to 16 October) | 420.95 | 352.71 | 8.6436 |
| **X Shares (Net Accumulation) share class closed 16 October 2014. | | | |
| P Shares (Net Income) | Pence | Pence | Pence |
| 2012 (from 22 June) | 113.07 | 98.44 | 0.0000 |
| 2013 | 128.84 | 104.89 | 1.3797 |
| 2014 | 119.53 | 102.09 | 1.4539 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 4 September) | 107.12 | 98.74 | n/a |
| 2013 | 122.22 | 99.45 | 1.4736 |
| 2014 | 113.30 | 96.83 | 1.5875 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 4 September) | 107.13 | 98.74 | n/a |
| 2013 | 122.22 | 100.81 | 1.4790 |
| 2014 | 116.62 | 98.15 | 1.6348 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

| Calendar Year | Highest Price | Lowest Price | Net Revenue per share* |
|---|---------------|--------------|------------------------|
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 26 September) | 102.96 | 98.89 | n/a |
| 2013 | 117.28 | 95.61 | 1.0220 |
| 2014 | 109.02 | 93.04 | 1.2055 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 26 September) | 102.96 | 98.89 | n/a |
| 2013 | 117.28 | 96.53 | 1.0194 |
| 2014 | 111.41 | 93.95 | 1.2162 |
| P Shares (Net Accumulation)*** | Pence | Pence | Pence |
| 2012 (from 5 October) | 100.35 | 96.39 | n/a |
| 2013 (to 26 July) | 114.35 | 97.97 | 0.3326 |

***P Shares (Net Accumulation) share class closed 26 July 2013.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---------------------------------|---------------------|--------------|-----------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 403,800,443 | 467.22 | 86,426,494 |
| 30/06/2013 | 333,846,661 | 529.43 | 63,058,177 |
| 30/06/2014 | 226,787,520 | 498.38 | 45,505,340 |
| 31/12/2014 | 194,317,828 | 500.21 | 38,847,219 |
| Euro Accumulation Shares | | Cents | |
| 30/06/2012 | 13,363,349 | 214.05 | 7,742,217 |
| 30/06/2013 | 11,129,523 | 228.69 | 5,678,627 |
| 30/06/2014 | 5,303,741 | 230.88 | 2,868,834 |
| 31/12/2014 | 4,800,952 | 238.50 ** | 2,593,853 |

**Euro/Sterling exchange rate at close of business 31 December 2014: 1.288550

Exempt Shares 1 (Net Accumulation)

| | | | |
|------------|-----------|--------------|-----------|
| | | Pence | |
| 30/06/2012 | 5,606,659 | 334.45 | 1,676,357 |
| 30/06/2013 | 4,902,612 | 385.71 | 1,271,048 |
| 30/06/2014 | 3,270,285 | 369.58 | 884,865 |
| 31/12/2014 | 2,858,112 | 372.94 | 766,366 |

Institutional Shares (Accumulation)

| | | | |
|------------|-------------|--------------|-------------|
| | | Pence | |
| 30/06/2012 | 193,623,309 | 156.93 | 123,379,597 |
| 30/06/2013 | 147,574,071 | 180.10 | 81,941,809 |
| 30/06/2014 | 117,893,035 | 171.70 | 68,661,064 |
| 31/12/2014 | 109,277,620 | 172.83 | 63,229,407 |

X Shares (Net Accumulation)**

| | | | |
|------------|-----------|--------------|-----------|
| | | Pence | |
| 30/06/2012 | 6,074,505 | 342.18 | 1,775,213 |
| 30/06/2013 | 7,026,861 | 396.60 | 1,771,758 |
| 30/06/2014 | 6,753,281 | 381.92 | 1,768,242 |

**X Shares (Net Accumulation) share class closed 16 October 2014.

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| P Shares (Net Income) | | Pence | |
| 30/06/2012 | 15,279 | 101.86 | 15,000 |
| 30/06/2013 | 386,485 | 115.43 | 334,808 |
| 30/06/2014 | 12,439 | 108.65 | 11,449 |
| 31/12/2014 | 12,683 | 109.37 | 11,596 |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 48,889,119 | 109.37 | 44,701,491 |
| 30/06/2014 | 26,278,853 | 102.95 | 25,526,322 |
| 31/12/2014 | 25,997,436 | 103.75 | 25,057,554 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 20,502,919 | 110.84 | 18,497,581 |
| 30/06/2014 | 11,819,665 | 105.96 | 11,154,544 |
| 31/12/2014 | 12,617,508 | 106.79 | 11,815,231 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 22,433,789 | 105.30 | 21,305,044 |
| 30/06/2014 | 16,322,337 | 99.12 | 16,467,621 |
| 31/12/2014 | 20,538,932 | 99.73 | 20,594,342 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 8,180 | 106.32 | 7,694 |
| 30/06/2014 | 5,065 | 101.30 | 5,000 |
| 31/12/2014 | 5,096 | 101.92 | 5,000 |
| P Shares (Net Accumulation)*** | | Pence | |
| 30/06/2013 | 101,992 | 103.67 | 98,380 |

***P Shares (Net Accumulation) share class closed 26 July 2013.

Ongoing Charges

| Share Class | 31/12/2014 | 30/06/2014 |
|--|-------------------|-------------------|
| | % | % |
| Sterling Income Shares | 1.68 | 1.66 |
| Euro Accumulation Shares | 2.18 | 2.16 |
| Exempt Shares 1 (Net Accumulation) | 0.61 | 0.59 |
| Institutional Shares (Accumulation) | 1.11 | 1.09 |
| X Shares (Net Accumulation)* | n/a | 0.09 |
| P Shares (Net Income) | 1.10 | 1.09 |
| Institutional Shares W (Net Income) | 0.86 | 0.84 |
| Institutional Shares W (Net Accumulation) | 0.86 | 0.84 |
| Retail Advised Shares B (Net Income) | 1.18 | 1.16 |
| Retail Advised Shares B (Net Accumulation) | 1.18 | 1.16 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

*X Shares (Net Accumulation) share class closed 16 October 2014.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom 1.20% (9.23%) | | | |
| Standard Chartered | 460,000 | 4,429,800 | 1.20 |
| Australia 19.26% (21.50%) | | | |
| Amcor | 800,000 | 5,693,442 | 1.54 |
| Australia & New Zealand Banking | 435,000 | 7,321,726 | 1.98 |
| BHP Billiton | 960,000 | 13,329,600 | 3.60 |
| Insurance Australia | 620,000 | 2,030,493 | 0.55 |
| Mesoblast | 5,200,000 | 11,817,252 | 3.19 |
| Monash | 922,581 | 673,046 | 0.18 |
| Oil Search | 3,300,000 | 13,509,329 | 3.65 |
| Santos | 1,140,000 | 4,924,135 | 1.33 |
| Spotless | 8,000,000 | 7,977,537 | 2.15 |
| Veda | 3,400,000 | 4,050,699 | 1.09 |
| New Zealand 2.51% (1.96%) | | | |
| Meridian Energy | 6,000,000 | 5,263,290 | 1.42 |
| Telecom | 2,600,000 | 4,053,235 | 1.09 |
| China 4.22% (1.61%) | | | |
| Alibaba (sponsored ADS representing 1 ordinary share each) | 84,000 | 5,599,461 | 1.51 |
| Boshiwa* | 27,000,000 | 0 | 0.00 |
| Hengan International | 1,240,000 | 8,280,853 | 2.23 |
| PetroChina | 2,500,000 | 1,773,937 | 0.48 |
| Hong Kong 17.79% (14.82%) | | | |
| AIA | 4,750,000 | 16,891,682 | 4.56 |
| Belle International | 7,550,000 | 5,438,460 | 1.47 |
| Noble | 34,700,000 | 19,061,320 | 5.15 |
| Sands China | 4,400,000 | 13,900,387 | 3.75 |
| Tencent | 800,000 | 7,443,091 | 2.01 |
| Wynn Macau | 1,750,000 | 3,140,571 | 0.85 |
| India 12.69% (10.44%) | | | |
| Apollo Hospitals Enterprise | 2,200,000 | 25,235,779 | 6.81 |
| Fortis Healthcare | 4,000,000 | 4,507,042 | 1.22 |
| Hero MotoCorp | 132,000 | 4,157,533 | 1.12 |
| ITC | 3,500,000 | 13,104,053 | 3.54 |
| Indonesia 3.37% (3.20%) | | | |
| Indofood Sukses | 12,800,000 | 8,666,423 | 2.34 |
| Matahari Department Store | 5,000,000 | 3,819,005 | 1.03 |
| South Korea 2.57% (1.98%) | | | |
| Samsung Electronics | 8,000 | 6,189,574 | 1.67 |
| SK Hynix Semiconductors | 120,000 | 3,343,350 | 0.90 |
| Malaysia 3.03% (3.72%) | | | |
| IHH Healthcare | 12,750,000 | 11,225,444 | 3.03 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Philippines 12.80% (10.44%) | | | |
| Energy Development | 30,000,000 | 3,526,925 | 0.95 |
| First Gen | 37,600,000 | 13,746,404 | 3.71 |
| GT Capital | 700,000 | 10,357,116 | 2.80 |
| LT | 18,779,800 | 3,263,282 | 0.88 |
| Robinsons Retail | 4,000,000 | 4,332,669 | 1.17 |
| Universal Robina | 4,400,000 | 12,193,984 | 3.29 |
| Singapore 0.00% (8.82%) | | | |
| Taiwan 5.54% (6.93%) | | | |
| Taiwan Semiconductor Manufacturing | 7,200,000 | 20,529,514 | 5.54 |
| Thailand 7.39% (4.24%) | | | |
| Advanced Info Service (Alien Market) | 800,000 | 3,914,283 | 1.06 |
| Bangkok Bank | 1,000,000 | 3,801,221 | 1.03 |
| Bangkok Dusit Medical Services | 11,000,000 | 3,688,159 | 0.99 |
| Intouch (non-voting Depository Receipts) | 9,000,000 | 13,772,118 | 3.72 |
| Robinson Department Store | 2,500,000 | 2,180,829 | 0.59 |
| United States of America 0.81% (0.00%) | | | |
| Yum! Brands | 64,000 | 2,989,745 | 0.81 |
| Portfolio of investments | | 345,147,798 | 93.18 |
| Net current assets | | 25,278,369 | 6.82 |
| Total Net Assets | | 370,426,167 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

*Suspended.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------------|-------------------------|--------------------|----------------------------|
| Income | | | | |
| Net capital gains/(losses) | | 860,524 | | (46,358,621) |
| Revenue | 5,189,856 | | 6,705,047 | |
| Expenses | <u>(2,802,940)</u> | | <u>(3,818,245)</u> | |
| Net revenue before taxation | 2,386,916 | | 2,886,802 | |
| Taxation | <u>-</u> | | <u>(621,123)</u> | |
| Net revenue after taxation | | <u>2,386,916</u> | | <u>2,265,679</u> |
| Total return before distributions | | 3,247,440 | | (44,092,942) |
| Finance costs: Distributions | | (227,414) | | (218,990) |
| Change in net assets attributable to Shareholders from investment activities | | <u>3,020,026</u> | | <u>(44,311,932)</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|---------------------------|---------------------|---------------------------|
| Opening net assets attributable to Shareholders | | 414,446,221 | | 596,802,212 |
| Amounts receivable on issue of shares | 5,802,523 | | 9,872,138 | |
| Amounts payable on cancellation of shares | <u>(52,859,941)</u> | | <u>(71,552,118)</u> | |
| | | (47,057,418) | | (61,679,980) |
| Dilution adjustment | | 17,338 | | 80,138 |
| Stamp Duty Reserve Tax | | - | | (11,362) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 3,020,026 | | (44,311,932) |
| Unclaimed distributions | | - | | 2,624 |
| Closing net assets attributable to Shareholders | | <u>370,426,167</u> | | <u>490,881,700</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|--------------------|-------------|--------------------|
| ASSETS | | | | |
| Investment assets | | 345,147,798 | | 409,864,450 |
| Debtors | 86,741 | | 4,458,311 | |
| Cash and bank balances | 26,806,450 | | 5,515,346 | |
| Total other assets | | 26,893,191 | | 9,973,657 |
| Total assets | | 372,040,989 | | 419,838,107 |
| LIABILITIES | | | | |
| Creditors | (1,614,822) | | (3,190,736) | |
| Distribution payable on income shares | - | | (2,201,150) | |
| Total other liabilities | | (1,614,822) | | (5,391,886) |
| Total liabilities | | (1,614,822) | | (5,391,886) |
| Net assets attributable to Shareholders | | 370,426,167 | | 414,446,221 |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|---------------------------|-------------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 49,304,848 | | 31,272,951 |
| Commissions | 48,105 | | 82,752 | |
| Taxes | <u>17,821</u> | | <u>1,312</u> | |
| Total purchase costs | | 65,926 | | 84,064 |
| Gross purchases total | | <u>49,370,774</u> | | <u>31,357,015</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 115,136,840 | | 58,928,175 |
| Commissions | (175,052) | | (131,490) | |
| Taxes | <u>(104,296)</u> | | <u>(57,178)</u> | |
| Total sales costs | | (279,348) | | (188,668) |
| Total sales net of transaction costs | | <u>114,857,492</u> | | <u>58,739,507</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON REAL RETURN FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|--|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £9,524.85m |
| Performance Reference: | (1 month GBP LIBOR) + 4% |
| Sector: | The Investment Association Targeted Absolute Return |
| Yield as at 31 December 2014: | |
| Sterling Income Shares | 2.67% |
| Sterling Income A Shares | 2.73% |
| Exempt Shares 2 (Net Accumulation) | 2.63% |
| X Shares (Net Accumulation) | 2.57% |
| Institutional Shares (Accumulation) | 2.65% |
| X Shares (Net Income) | 2.65% |
| Exempt Shares 2 (Net Income) | 2.71% |
| Exempt Shares 1 (Net Accumulation) | 2.62% |
| Institutional Shares W (Net Income) | 2.72% |
| Institutional Shares W (Net Accumulation) | 2.64% |
| Retail Advised Shares B (Net Income) | 2.69% |
| Retail Advised Shares B (Net Accumulation) | 2.63% |
| P Shares (Net Accumulation) | 2.65% |
| Key Dates: Fund Launch | 01 September 1993 |

Investment Objective

The objective of the Fund is to achieve significant real rates of return in sterling terms predominantly from a portfolio of UK and international securities. The Fund is managed to seek a minimum return of cash (1 month GBP LIBOR) + 4% per annum over 5 years before fees. In so doing we aim to achieve a positive return on a rolling 3 year basis. However, a positive return is not guaranteed and a capital loss may occur.

Statutory Performance Data

| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
|---|------------|------------|------------|------------|------------|
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 3.08% | 5.30% | 3.40% | -0.35% | 9.73% |
| Sterling Income A Shares | 2.67% | 4.88% | 2.98% | -0.75% | 9.29% |
| Exempt Shares 2 (Net Accumulation) | 3.34% | 5.57% | 3.68% | -0.09% | 10.00% |
| X Shares (Net Accumulation) | 3.97% | 6.22% | 4.29% | 0.52% | 10.67% |
| Institutional Shares (Accumulation) | 3.13% | 5.37% | 3.47% | -0.29% | 9.76% |
| X Shares (Net Income) | 3.97% | 6.21% | 4.28% | 0.51% | 10.68% |
| Exempt Shares 2 (Net Income) | 3.35% | 5.57% | 3.66% | -0.10% | 9.99% |
| Exempt Shares 1 (Net Accumulation)* | 3.43% | 5.66% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 3.35% | 5.56% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 3.35% | 5.56% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 3.08% | 5.30% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 3.07% | 5.30% | n/a | n/a | n/a |
| P Shares (Net Accumulation)* | 3.13% | 5.42% | n/a | n/a | n/a |
| LIBOR GBP 1 Month +4% | 4.50% | 4.49% | 4.63% | 4.65% | 4.56% |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income A Share Class of the Fund returned +0.44% against a return of +2.21% from LIBOR GBP 1 Month +2%.

During the first three months, the Fund's equity exposure contributed meaningfully, led by technology and healthcare holdings Microsoft, Sanofi and Novartis. Other notable positive contributors included Citigroup, Accenture and Sysco. Telecommunications holdings were the largest negative contributors, with Sprint, TDC and Millicom proving particularly challenged and outweighing gains made in Spark New Zealand and Vodafone Group. In the latter half, Accenture continued its run of strong returns and was joined by professional publisher Wolters Kluwer, the Fund's top returning stock.

The main detractor from the Fund's return was from exposure to gold and oil. Exposure to gold affected the Fund's performance as the price of physical gold fell in US dollar terms, which negatively affected gold-mining equities. The decision to switch some of the Fund's gold-mining equities into physical gold early in October moderated the overall impact. Similarly, a large fall in the oil price later in the period affected oil & gas holdings, Suncor, Total and Royal Dutch Shell.

Positions in government bond – debt issued by governments – proved highly beneficial over the review period as developed market government bond yields reached new historic lows in many jurisdictions. Strong positive contributions were made from the Fund's holdings in Norway, Australia, New Zealand and US government bonds. The Fund benefited from maintaining exposure to the US dollar over the period as the US dollar appreciated significantly against sterling.

The Fund established new equity positions including German software firm SAP, French media group Vivendi, Canadian integrated-energy company Suncor, Irish building-materials business CRH and technology stocks Computer Associates and Rocket Internet. Notable sales included Orkla where the shares had reached the price target, and BB Biotech and Biotech Growth Trust, which had generated significant returns, making their valuations look stretched. Elsewhere, the Fund tactically added to its sterling exposure prior to the Scottish referendum in September when, amid the uncertainty surrounding the result, sterling depreciated significantly against the US dollar. The Fund also sold its exposure to Norwegian government debt and reinvested proceeds in Australian government debt. In November, the Fund's derivatives exposure was amended to allow more upside participation.

The table below shows the top ten purchases and sales (excluding any derivative and short term cash transactions) for the period.

Purchases

Treasury 2.75% Stock 22/1/2015
US Treasury 2.375% Notes 15/8/2024
US Treasury 1.5% Notes 31/8/2018
Vivendi
US Treasury 2% Notes 30/9/2020
Australia (Commonwealth) 3.75% Bonds 21/4/2037
CRH
ETFS Physical Gold
CA
Australia (Commonwealth) 4.5% Bonds 21/4/2033

Sales

Treasury 5% Stock 7/9/2014
Treasury 2.75% Stock 22/1/2015
Norway 4.5% Bonds 22/5/2019
GlaxoSmithKline
Norway 3.75% Bonds 25/5/2021
Citigroup
Treasury Bill 0% 17/11/2014
Paychex
Severn Trent
Orkla

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share * |
|--|------------------|-----------------|----------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 291.07 | 262.21 | 9.7938 |
| 2011 | 296.55 | 266.80 | 8.7503 |
| 2012 | 288.82 | 272.85 | 8.5460 |
| 2013 | 299.87 | 278.75 | 8.2973 |
| 2014 | 292.46 | 279.51 | 7.3315 |
| Sterling Income A Shares | Pence | Pence | Pence |
| 2010 | 120.63 | 108.88 | 4.1778 |
| 2011 | 122.63 | 110.19 | 3.7302 |
| 2012 | 118.61 | 112.28 | 3.6313 |
| 2013 | 122.77 | 114.30 | 3.4249 |
| 2014 | 119.18 | 113.75 | 3.0000 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 197.68 | 173.86 | 6.5421 |
| 2011 | 204.12 | 187.30 | 6.0773 |
| 2012 | 209.40 | 194.13 | 6.1422 |
| 2013 | 220.55 | 204.82 | 6.2727 |
| 2014 | 225.47 | 214.78 | 5.7475 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 157.09 | 137.41 | 4.9675 |
| 2011 | 162.62 | 149.39 | 4.6077 |
| 2012 | 168.17 | 155.55 | 4.6820 |
| 2013 | 177.80 | 164.74 | 4.9928 |
| 2014 | 183.46 | 173.87 | 4.6566 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 126.06 | 111.09 | 4.2354 |
| 2011 | 130.05 | 119.30 | 3.9301 |
| 2012 | 133.06 | 123.46 | 3.9696 |
| 2013 | 139.98 | 130.09 | 3.9926 |
| 2014 | 142.66 | 136.13 | 3.6490 |
| X Shares (Net Income) | Pence | Pence | Pence |
| 2010 | 124.37 | 111.26 | 3.9960 |
| 2011 | 127.26 | 114.77 | 3.5816 |
| 2012 | 125.66 | 118.24 | 3.5327 |
| 2013 | 131.28 | 121.63 | 3.6599 |
| 2014 | 129.32 | 123.79 | 3.3152 |
| Exempt Shares 2 (Net Income) | Pence | Pence | Pence |
| 2010 | 191.24 | 172.06 | 6.4042 |
| 2011 | 195.04 | 175.56 | 5.7607 |
| 2012 | 190.60 | 179.89 | 5.6505 |
| 2013 | 198.21 | 184.07 | 5.5822 |
| 2014 | 193.75 | 185.26 | 4.9832 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 29 February) | 103.83 | 96.22 | 2.6852 |
| 2013 | 109.41 | 101.58 | 3.1142 |
| 2014 | 111.99 | 106.60 | 2.8592 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|--------------------------|-------------------------|-----------------------------------|
| P Shares (Net Income)*** | Pence | Pence | Pence |
| 2012 (from 25 June) | 105.32 | 100.00 | 1.3674 |
| 2013 (to 23 September) | 109.36 | 101.64 | 1.9181 |
| ***P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 5 September) | 101.52 | 98.05 | 1.2850 |
| 2013 | 105.56 | 98.03 | 3.0126 |
| 2014 | 103.14 | 98.61 | 2.6611 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 5 September) | 101.52 | 98.05 | 1.2861 |
| 2013 | 106.95 | 99.33 | 3.0681 |
| 2014 | 109.33 | 104.15 | 2.7958 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 8 October) | 100.00 | 96.56 | 1.2540 |
| 2013 | 103.84 | 96.53 | 2.8986 |
| 2014 | 101.24 | 96.74 | 2.5549 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 8 October) | 100.00 | 96.56 | 1.2518 |
| 2013 | 105.19 | 97.78 | 2.9962 |
| 2014 | 107.10 | 102.25 | 2.6893 |
| P Shares (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 5 October) | 100.00 | 96.56 | 0.5416 |
| 2013 | 105.22 | 97.78 | 2.2658 |
| 2014 | 107.28 | 102.37 | 2.7402 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 494,025,823 | 275.62 | 179,241,665 |
| 30/06/2013 | 406,324,379 | 280.78 | 144,713,681 |
| 30/06/2014 | 252,885,892 | 285.99 | 88,424,267 |
| 31/12/2014 | 222,556,033 | 285.55 | 77,939,603 |
| Sterling Income A Shares | | Pence | |
| 30/06/2012 | 1,023,764,220 | 113.31 | 903,535,303 |
| 30/06/2013 | 1,171,159,525 | 114.87 | 1,019,539,619 |
| 30/06/2014 | 774,761,686 | 116.54 | 664,807,702 |
| 31/12/2014 | 646,605,474 | 116.11 | 556,909,736 |
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 2,258,275,849 | 199.71 | 1,130,778,143 |
| 30/06/2013 | 2,992,005,249 | 210.38 | 1,422,182,266 |
| 30/06/2014 | 3,834,222,585 | 220.83 | 1,736,259,256 |
| 31/12/2014 | 4,169,091,243 | 222.73 | 1,871,774,599 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|----------------------------|------------------|------------------------|
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 1,449,918,829 | 160.14 | 905,415,010 |
| 30/06/2013 | 2,053,558,673 | 169.71 | 1,210,038,073 |
| 30/06/2014 | 2,114,055,143 | 179.21 | 1,179,630,702 |
| 31/12/2014 | 2,194,620,023 | 181.31 | 1,210,435,054 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 175,710,256 | 126.98 | 138,381,087 |
| 30/06/2013 | 249,864,787 | 133.49 | 187,173,090 |
| 30/06/2014 | 321,453,659 | 139.85 | 229,861,806 |
| 31/12/2014 | 246,773,807 | 140.91 | 175,129,263 |
| X Shares (Net Income) | | Pence | |
| 30/06/2012 | 182,058,566 | 119.65 | 152,155,015 |
| 30/06/2013 | 187,101,194 | 123.05 | 152,047,515 |
| 30/06/2014 | 262,990,265 | 126.32 | 208,192,243 |
| 31/12/2014 | 229,367,220 | 126.65 | 181,096,743 |
| Exempt Shares 2 (Net Income) | | Pence | |
| 30/06/2012 | 330,901,396 | 181.77 | 182,044,936 |
| 30/06/2013 | 505,205,491 | 185.61 | 272,193,557 |
| 30/06/2014 | 474,947,336 | 189.39 | 250,778,853 |
| 31/12/2014 | 370,659,901 | 189.32 | 195,789,888 |
| Exempt Shares 1 (Net Accumulation) | | Pence | |
| 30/06/2012 | 28,429,343 | 99.00 | 28,715,528 |
| 30/06/2013 | 108,495,563 | 104.37 | 103,952,685 |
| 30/06/2014 | 241,625,105 | 109.64 | 220,375,750 |
| 31/12/2014 | 487,568,602 | 110.64 | 440,699,731 |
| P Shares (Net Income)*** | | Pence | |
| 30/06/2012 | 15,075 | 100.50 | 15,000 |
| 30/06/2013 | 2,425,317 | 102.38 | 2,369,033 |
| ***P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 102,837,270 | 98.83 | 104,057,514 |
| 30/06/2014 | 515,532,235 | 100.81 | 511,402,086 |
| 31/12/2014 | 539,370,264 | 100.76 | 535,276,203 |
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 66,011,857 | 102.02 | 64,707,131 |
| 30/06/2014 | 272,201,812 | 107.08 | 254,194,455 |
| 31/12/2014 | 410,455,465 | 108.00 | 380,034,999 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 2,468,593 | 97.21 | 2,539,532 |
| 30/06/2014 | 3,073,358 | 98.99 | 3,104,832 |
| 31/12/2014 | 3,219,776 | 98.84 | 3,257,692 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 1,313,961 | 100.31 | 1,309,943 |
| 30/06/2014 | 4,142,960 | 105.02 | 3,944,926 |
| 31/12/2014 | 4,537,538 | 105.78 | 4,289,480 |
| P Shares (Net Accumulation) | | Pence | |
| 30/06/2013 | 2,363,676 | 100.34 | 2,355,630 |
| 30/06/2014 | 25,937 | 105.17 | 24,662 |
| 31/12/2014 | 26,133 | 105.96 | 24,662 |

Statistics (continued)

| Ongoing Charges | | |
|--|-------------------|-------------------|
| Share Class | 31/12/2014 | 30/06/2014 |
| | % | % |
| Sterling Income Shares | 1.09 | 1.11 |
| Sterling Income A Shares | 1.61 | 1.61 |
| Exempt Shares 2 (Net Accumulation) | 0.79 | 0.79 |
| X Shares (Net Accumulation) | 0.04 | 0.04 |
| Institutional Shares (Accumulation) | 1.04 | 1.04 |
| X Shares (Net Income) | 0.04 | 0.04 |
| Exempt Shares 2 (Net Income) | 0.79 | 0.79 |
| Exempt Shares 1 (Net Accumulation) | 0.69 | 0.69 |
| Institutional Shares W (Net Income) | 0.79 | 0.79 |
| Institutional Shares W (Net Accumulation) | 0.79 | 0.79 |
| Retail Advised Shares B (Net Income) | 1.11 | 1.11 |
| Retail Advised Shares B (Net Accumulation) | 1.11 | 1.11 |
| P Shares (Net Accumulation) | 1.04 | 1.04 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| UK Government Bonds 1.89% (9.44%) | | | |
| Treasury 2.75% Stock 22/1/2015 | £180,217,555 | 180,339,202 | 1.89 |
| Overseas Government Bonds 19.50% (11.71%) | | | |
| Australia (Commonwealth) 3.75% Bonds 21/4/2037 | AUD333,210,000 | 185,798,428 | 1.95 |
| Australia (Commonwealth) 4.5% Bonds 21/4/2033 | AUD352,997,000 | 218,469,692 | 2.29 |
| Australia (Commonwealth) 4.75% Bonds 21/4/2027 | AUD161,784,000 | 100,810,482 | 1.06 |
| New South Wales Treasury 2.75% Index Linked Bonds 20/11/2025 | AUD94,072,000 | 71,815,780 | 0.75 |
| New Zealand (Government) 2% Notes 20/9/2025 | NZD80,477,000 | 41,425,838 | 0.44 |
| New Zealand (Government) 6% Notes 15/5/2021 | NZD130,237,000 | 74,130,911 | 0.78 |
| Queensland Treasury 5.75% Guranteed Senior Bonds 22/7/2024 | AUD64,329,000 | 41,057,163 | 0.43 |
| Treasury of Victoria 5.5% Guranteed Senior Notes 17/11/2026 | AUD111,398,000 | 71,446,521 | 0.75 |
| US Treasury 1.5% Notes 31/8/2018 | USD893,422,600 | 575,712,889 | 6.05 |
| US Treasury 2% Notes 30/9/2020 | USD288,400,300 | 186,752,720 | 1.96 |
| US Treasury 2.375% Notes 15/8/2024 | USD443,435,400 | 289,500,324 | 3.04 |
| Sterling Denominated Corporate Bonds 1.37% (1.32%) | | | |
| Anglian Water 4.125% Guaranteed Notes 28/7/2020 | £4,786,000 | 8,951,543 | 0.09 |
| Anglian Water Services Financing 3.666% Index Linked Bonds 30/7/2024 | £1,895,000 | 3,607,568 | 0.04 |
| British Telecommunications 3.5% Index Linked Notes 25/4/2025 | £8,235,000 | 15,988,041 | 0.17 |
| Dwr Cymru Financing 1.859% European Medium Term Notes 31/3/2048 | £17,950,000 | 28,914,486 | 0.30 |
| National Grid 2.983% Senior Index Linked Bonds 8/7/2018 | £11,395,000 | 18,358,143 | 0.19 |
| National Grid Gas 4.1875% Bonds 14/12/2022 | £7,373,000 | 14,869,498 | 0.16 |
| Network Rail Infrastructure Finance 1.75% European Medium Term Notes 22/11/2027 | £5,800,000 | 9,497,673 | 0.10 |
| Scotland Gas Networks 2.127% European Medium Term Notes 21/10/2022 | £6,500,000 | 9,792,023 | 0.10 |
| Tesco 4% European Medium Term Bonds 8/9/2016 | £12,915,000 | 20,734,645 | 0.22 |
| Non-Sterling Denominated Corporate Bonds 1.20% (1.36%) | | | |
| Drill Rigs 6.5% Bonds 1/10/2017 | USD30,092,000 | 15,921,693 | 0.17 |
| Sprint 7.125% Bonds 15/6/2024 | USD28,611,000 | 17,064,762 | 0.18 |
| Sprint 7.875% Senior Notes 15/9/2023 | USD64,784,000 | 41,016,364 | 0.43 |
| Sprint Capital 8.75% Guaranteed Bonds 15/3/2032 | USD64,372,000 | 39,942,222 | 0.42 |
| United Kingdom 10.70% (13.22%) | | | |
| BAE Systems | 21,341,944 | 100,627,266 | 1.05 |
| Balfour Beatty | 17,873,882 | 37,785,387 | 0.40 |
| British American Tobacco | 3,317,871 | 116,125,485 | 1.22 |
| Centrica | 73,691,980 | 205,526,932 | 2.16 |
| GlaxoSmithKline | 9,767,707 | 134,403,648 | 1.41 |
| Royal Dutch Shell class 'B' shares | 8,128,872 | 181,477,067 | 1.90 |
| United Utilities | 11,011,656 | 100,866,769 | 1.06 |
| Vodafone | 64,009,379 | 142,516,882 | 1.50 |
| Investment Trusts 3.89% (3.57%) | | | |
| Aviva Investors Global Convertibles Fund | 912,754 | 104,700,075 | 1.10 |
| Bilfinger Berger Global | 21,119,609 | 26,346,712 | 0.28 |
| Bluefield Solar Income Fund | 23,451,810 | 24,155,364 | 0.25 |
| Foresight Solar Fund | 11,205,998 | 11,682,253 | 0.12 |
| HICL Infrastructure | 32,075,890 | 48,915,732 | 0.51 |
| International Public Partnership | 23,408,629 | 31,648,466 | 0.33 |
| John Laing Infrastructure | 38,777,506 | 47,618,777 | 0.50 |
| NB Global Floating Rate Income Fund | 76,422,226 | 75,887,270 | 0.80 |
| Collective Investment Schemes 1.14% (1.18%) | | | |
| RWC Global Convertibles Fund | 146,196 | 108,213,479 | 1.14 |
| Commodities 4.43% (2.84%) | | | |
| ETFS Physical Gold | 3,348,974 | 249,640,050 | 2.62 |
| iShares Physical Gold ETC | 18,822 | 286,147 | 0.01 |
| Physical Gold Source P-ETC | 2,271,450 | 171,708,072 | 1.80 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Canada 1.48% (3.01%) | | | |
| Eldorado Gold | 10,950,448 | 42,807,399 | 0.45 |
| Silver Wheaton | 5,269,286 | 68,856,672 | 0.72 |
| Yamana Gold | 11,200,949 | 28,901,674 | 0.31 |
| United States of America 15.75% (13.97%) | | | |
| Abbott Laboratories | 4,528,300 | 130,744,952 | 1.37 |
| Accenture | 4,101,146 | 234,903,543 | 2.47 |
| Barrick Gold | 8,168,500 | 56,316,418 | 0.59 |
| CA | 5,289,218 | 103,291,126 | 1.08 |
| Dun & Bradstreet | 757,471 | 58,761,387 | 0.62 |
| Merck & Co | 3,694,574 | 134,561,396 | 1.41 |
| Microsoft | 6,949,234 | 207,017,425 | 2.17 |
| Northeast Utilities | 1,539,389 | 52,818,542 | 0.55 |
| PDL Bio-Pharma | 5,912,474 | 29,235,321 | 0.31 |
| Reynolds American | 3,311,098 | 136,436,137 | 1.43 |
| Sprint | 24,411,539 | 64,972,190 | 0.68 |
| Sysco | 6,380,467 | 162,370,967 | 1.71 |
| Trimble Navigation | 1,824,168 | 31,049,170 | 0.33 |
| Willis | 3,398,891 | 97,677,926 | 1.03 |
| Australia 1.68% (2.10%) | | | |
| Dexus Property (Stapled) | 25,175,005 | 92,093,203 | 0.97 |
| Newcrest Mining | 11,951,376 | 67,806,112 | 0.71 |
| New Zealand 1.03% (0.95%) | | | |
| Telecom | 63,016,245 | 98,238,313 | 1.03 |
| Japan 2.87% (3.15%) | | | |
| Japan Tobacco | 9,458,800 | 168,106,410 | 1.77 |
| Softbank | 2,728,500 | 105,216,106 | 1.10 |
| South Africa 0.49% (0.92%) | | | |
| Naspers class 'N' shares | 559,386 | 46,984,759 | 0.49 |
| Denmark 1.10% (1.26%) | | | |
| TDC | 21,200,208 | 104,352,239 | 1.10 |
| Finland 0.52% (0.46%) | | | |
| Nokia | 9,724,797 | 49,508,881 | 0.52 |
| France 5.72% (4.44%) | | | |
| Sanofi | 3,397,882 | 199,092,073 | 2.09 |
| Total | 4,243,120 | 139,999,415 | 1.47 |
| Vivendi | 12,837,239 | 206,075,270 | 2.16 |
| Germany 4.41% (3.47%) | | | |
| Bayer | 2,819,332 | 248,227,244 | 2.61 |
| Brenntag | 2,995,065 | 108,617,739 | 1.14 |
| Rocket Internet | 438,104 | 17,632,279 | 0.19 |
| SAP | 998,664 | 45,191,958 | 0.47 |
| Ireland 1.13% (0.00%) | | | |
| CRH | 6,975,657 | 107,702,996 | 1.13 |
| Israel 0.29% (0.17%) | | | |
| Bank Hapoalim | 9,276,861 | 28,070,235 | 0.29 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|---------------------|-------------------------|-----------------------------|
| Netherlands 3.83% (2.91%) | | | |
| Reed Elsevier | 9,370,046 | 144,162,944 | 1.52 |
| Wolters Kluwer | 11,194,356 | 220,229,657 | 2.31 |
| Norway 0.00% (0.57%) | | | |
| Sweden 2.85% (2.98%) | | | |
| Millicom International Cellular | 2,513,255 | 119,937,166 | 1.26 |
| TeliaSonera | 36,711,925 | 151,585,964 | 1.59 |
| Switzerland 5.16% (4.79%) | | | |
| Novartis | 4,300,831 | 256,214,994 | 2.69 |
| Roche | 1,348,537 | 234,830,918 | 2.47 |
| Derivatives -0.27% (0.39%) | | | |
| Futures -0.34% (0.00%) | | | |
| Euro Stoxx 50 Future Expires March 2015 | EUR10 | (573,366) | (0.01) |
| FTSE 100 Index Future Expires March 2015 | £10 | (10,313,424) | (0.11) |
| S&P 500 Future Expires March 2015 | USD250 | (21,341,504) | (0.22) |
| Options 0.03% (-0.20%) | | | |
| Japanese Yen February 2015 (Call Option) | USD6,766 | 8,136 | 0.00 |
| S&P 500 Index January 2015 2000 (Put Option) | USD3,881 | 2,986,821 | 0.03 |
| AUD Forward Foreign Currency Contracts 0.18% (-0.01%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | AUD(1,604,873,172) | (840,166,291) | (8.82) |
| Forward Foreign Currency Contracts 13/02/15 | £857,701,261 | 857,701,261 | 9.00 |
| CAD Forward Foreign Currency Contracts -0.02% (-0.03%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | CAD202,710,156 | 112,181,742 | 1.18 |
| Forward Foreign Currency Contracts 13/02/15 | £(111,939,274) | (111,939,274) | (1.18) |
| Forward Foreign Currency Contracts 13/02/15 | CAD(452,118,739) | (250,206,839) | (2.63) |
| Forward Foreign Currency Contracts 13/02/15 | £248,270,424 | 248,270,424 | 2.61 |
| CHF Forward Foreign Currency Contracts 0.02% (0.00%) | | | |
| Forward Foreign Currency Contracts 12/03/15 | CHF(241,125,452) | 157,980,930 | 1.66 |
| Forward Foreign Currency Contracts 12/03/15 | £157,980,930 | (155,900,672) | (1.64) |
| DKK Forward Foreign Currency Contracts 0.02% (0.04%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | DKK(1,047,881,523) | (109,228,783) | (1.15) |
| Forward Foreign Currency Contracts 15/01/15 | £110,983,550 | 110,983,550 | 1.17 |
| EUR Forward Foreign Currency Contracts 0.27% (0.46%) | | | |
| Forward Foreign Currency Contracts 15/01/15 | EUR141,740,405 | 110,019,856 | 1.16 |
| Forward Foreign Currency Contracts 15/01/15 | £(112,235,538) | (112,235,538) | (1.18) |
| Forward Foreign Currency Contracts 15/01/15 | EUR(2,219,948,912) | (1,723,139,283) | (18.09) |
| Forward Foreign Currency Contracts 15/01/15 | £1,750,857,631 | 1,750,857,631 | 18.38 |
| ILS Forward Foreign Currency Contracts 0.00% (0.00%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | ILS(180,542,746) | (29,765,688) | (0.31) |
| Forward Foreign Currency Contracts 13/02/15 | £29,967,839 | 29,967,839 | 0.31 |
| JPY Forward Foreign Currency Contracts -0.10% (0.01%) | | | |
| Forward Foreign Currency Contracts 12/03/15 | JPY56,288,583,096 | 301,425,700 | 3.16 |
| Forward Foreign Currency Contracts 12/03/15 | £(308,011,477) | (308,011,477) | (3.23) |
| Forward Foreign Currency Contracts 12/03/15 | JPY(56,288,583,096) | (301,425,700) | (3.16) |
| Forward Foreign Currency Contracts 12/03/15 | £298,375,739 | 298,375,739 | 3.13 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|--------------------|-------------------------|-----------------------------|
| Derivatives (continued) | | | |
| SEK Forward Foreign Currency Contracts 0.10% (0.10%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | SEK162,111,592 | 13,287,019 | 0.14 |
| Forward Foreign Currency Contracts 13/02/15 | £(13,976,732) | (13,976,732) | (0.15) |
| Forward Foreign Currency Contracts 13/02/15 | SEK(3,008,570,180) | (246,588,959) | (2.59) |
| Forward Foreign Currency Contracts 13/02/15 | £256,921,833 | 256,921,833 | 2.70 |
| SGD Forward Foreign Currency Contracts 0.00% (-0.02%) | | | |
| USD Forward Foreign Currency Contracts -0.43% (0.04%) | | | |
| Forward Foreign Currency Contracts 13/02/15 | USD501,685,267 | 321,847,196 | 3.38 |
| Forward Foreign Currency Contracts 13/02/15 | £(319,743,823) | (319,743,823) | (3.36) |
| Forward Foreign Currency Contracts 13/02/15 | USD(4,711,451,028) | (3,022,547,015) | (31.73) |
| Forward Foreign Currency Contracts 13/02/15 | £2,979,821,888 | 2,979,821,888 | 31.28 |
| Portfolio of investments* | | 8,778,182,761 | 92.16 |
| Net current assets | | 746,668,718 | 7.84 |
| Total Net Assets | | 9,524,851,479 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Norway portfolio category, which, at 30 June 2014, represented 0.57%, of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities

*Net of investment liabilities.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | 31/12/2013 £ |
|---|---------------------|-----------------------|---------------------------|
| Income | | | |
| Net capital gains | | 25,363,219 | 127,516,759 |
| Revenue | 95,708,317 | | 109,912,577 |
| Expenses | <u>(31,388,617)</u> | <u>(29,524,747)</u> | |
| Net revenue before taxation | 64,319,700 | | 80,387,830 |
| Taxation | <u>(4,495,223)</u> | <u>(8,834,223)</u> | |
| Net revenue after taxation | | <u>59,824,477</u> | <u>71,553,607</u> |
| Total return before distributions | | 85,187,696 | 199,070,366 |
| Finance costs: Distributions | | (84,268,107) | (93,402,623) |
| Change in net assets attributable to Shareholders from investment activities | | <u>919,589</u> | <u>105,667,743</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | 31/12/2013 £ |
|--|----------------------|-----------------------------|-----------------------------|
| Opening net assets attributable to Shareholders | | 9,071,917,973 | 7,851,135,535 |
| Amounts receivable on issue of shares | 862,212,222 | | 1,039,944,627 |
| Amounts payable on cancellation of shares | <u>(477,686,381)</u> | <u>(468,567,858)</u> | |
| | | 384,525,841 | 571,376,769 |
| Stamp Duty Reserve Tax | | - | (601,402) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 919,589 | 105,667,743 |
| Retained distributions on accumulation shares | | 67,487,201 | 69,739,506 |
| Unclaimed distributions | | 875 | 585 |
| Closing net assets attributable to Shareholders | | <u>9,524,851,479</u> | <u>8,597,318,736</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|---------------------|-----------------------------|---------------------|-----------------------------|
| ASSETS | | | | |
| Investment assets* | | 8,867,613,730 | | 8,261,286,410 |
| Debtors | 105,590,949 | | 232,733,742 | |
| Cash and bank balances | <u>730,386,985</u> | | <u>756,694,079</u> | |
| Total other assets | | <u>835,977,934</u> | | <u>989,427,821</u> |
| Total assets | | 9,703,591,664 | | 9,250,714,231 |
| LIABILITIES | | | | |
| Investment liabilities | | (89,430,969) | | (80,058,902) |
| Bank overdraft | (475) | | - | |
| Creditors | (71,180,706) | | (59,774,248) | |
| Distribution payable on income shares | <u>(18,128,035)</u> | | <u>(38,963,108)</u> | |
| Total other liabilities | | <u>(89,309,216)</u> | | <u>(98,737,356)</u> |
| Total liabilities | | (178,740,185) | | (178,796,258) |
| Net assets attributable to Shareholders | | <u>9,524,851,479</u> | | <u>9,071,917,973</u> |

*Gross of investment liabilities.

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|---|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 2.8089 | 0.2809 | 2.5280 | 0.0000 | 2.5280 | 3.1187 |
| Group 2 | 1.6169 | 0.1617 | 1.4552 | 1.0728 | 2.5280 | 3.1187 |
| Sterling Income A Shares | | | | | | |
| Group 1 | 1.1597 | 0.1160 | 1.0437 | 0.0000 | 1.0437 | 1.2714 |
| Group 2 | 0.6438 | 0.0644 | 0.5794 | 0.4643 | 1.0437 | 1.2714 |
| Exempt Shares 2 (Net Accumulation) | | | | | | |
| Group 1 | 2.2241 | 0.2224 | 2.0017 | 0.0000 | 2.0017 | 2.4183 |
| Group 2 | 1.2688 | 0.1269 | 1.1419 | 0.8598 | 2.0017 | 2.4183 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.8061 | 0.1806 | 1.6255 | 0.0000 | 1.6255 | 1.9500 |
| Group 2 | 0.4184 | 0.0418 | 0.3766 | 1.2489 | 1.6255 | 1.9500 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.4156 | 0.1416 | 1.2740 | 0.0000 | 1.2740 | 1.5317 |
| Group 2 | 0.8817 | 0.0882 | 0.7935 | 0.4805 | 1.2740 | 1.5317 |
| X Shares (Net Income) | | | | | | |
| Group 1 | 1.2689 | 0.1269 | 1.1420 | 0.0000 | 1.1420 | 1.4134 |
| Group 2 | 0.6114 | 0.0611 | 0.5503 | 0.5917 | 1.1420 | 1.4134 |
| Exempt Shares 2 (Net Income) | | | | | | |
| Group 1 | 1.9050 | 0.1905 | 1.7145 | 0.0000 | 1.7145 | 2.1226 |
| Group 2 | 1.1170 | 0.1117 | 1.0053 | 0.7092 | 1.7145 | 2.1226 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 1.1041 | 0.1104 | 0.9937 | 0.0000 | 0.9937 | 1.2031 |
| Group 2 | 0.3173 | 0.0317 | 0.2856 | 0.7081 | 0.9937 | 1.2031 |
| Institutional Shares W (Net Income) | | | | | | |
| Group 1 | 1.0152 | 0.1015 | 0.9137 | 0.0000 | 0.9137 | 1.1547 |
| Group 2 | 0.5781 | 0.0578 | 0.5203 | 0.3934 | 0.9137 | 1.1547 |
| Institutional Shares W (Net Accumulation) | | | | | | |
| Group 1 | 1.0793 | 0.1079 | 0.9714 | 0.0000 | 0.9714 | 1.1860 |
| Group 2 | 0.6066 | 0.0607 | 0.5459 | 0.4255 | 0.9714 | 1.1860 |
| Retail Advised Shares B (Net Income) | | | | | | |
| Group 1 | 0.9731 | 0.0973 | 0.8758 | 0.0000 | 0.8758 | 1.0871 |
| Group 2 | 0.6590 | 0.0659 | 0.5931 | 0.2827 | 0.8758 | 1.0871 |
| Retail Advised Shares B (Net Accumulation) | | | | | | |
| Group 1 | 1.0342 | 0.1034 | 0.9308 | 0.0000 | 0.9308 | 1.1462 |
| Group 2 | 0.6146 | 0.0615 | 0.5531 | 0.3777 | 0.9308 | 1.1462 |
| P Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.0656 | 0.1066 | 0.9590 | 0.0000 | 0.9590 | 0.4183 |
| Group 2 | 1.0656 | 0.1066 | 0.9590 | 0.0000 | 0.9590 | 0.4183 |

Distribution Statement (continued)

| | | | Utilised foreign tax (£) | Utilised foreign tax (pence per share) |
|---|--------------------|----------------------|-----------------------------|---|
| Interim distributions for 31 December 2014 | Franked (%) | Unfranked (%) | | |
| Sterling Income Shares | 100.00 | 0.00 | n/a | n/a |
| Sterling Income A Shares | 100.00 | 0.00 | n/a | n/a |
| Exempt Shares 2 (Net Accumulation) | 100.00 | 0.00 | n/a | n/a |
| X Shares (Net Accumulation) | 100.00 | 0.00 | n/a | n/a |
| Institutional Shares (Accumulation) | 100.00 | 0.00 | n/a | n/a |
| X Shares (Net Income) | 100.00 | 0.00 | n/a | n/a |
| Exempt Shares 2 (Net Income) | 100.00 | 0.00 | n/a | n/a |
| Exempt Shares 1 (Net Accumulation) | 100.00 | 0.00 | n/a | n/a |
| Institutional Shares W (Net Income) | 100.00 | 0.00 | n/a | n/a |
| Institutional Shares W (Net Accumulation) | 100.00 | 0.00 | n/a | n/a |
| Retail Advised Shares B (Net Income) | 100.00 | 0.00 | n/a | n/a |
| Retail Advised Shares B (Net Accumulation) | 100.00 | 0.00 | n/a | n/a |
| P Shares (Net Accumulation) | 100.00 | 0.00 | n/a | n/a |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|-----------------------------|-------------------|-----------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 2,943,436,344 | | 2,725,540,870 |
| Commissions | 894,073 | | 1,073,529 | |
| Taxes | <u>2,193,137</u> | | <u>1,511,573</u> | |
| Total purchase costs | | 3,087,210 | | 2,585,102 |
| Gross purchases total | | <u>2,946,523,554</u> | | <u>2,728,125,972</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 2,397,924,454 | | 1,717,393,655 |
| Commissions | (646,004) | | (809,035) | |
| Taxes | <u>(6,432)</u> | | <u>(79,216)</u> | |
| Total sales costs | | (652,436) | | (888,251) |
| Total sales net of transaction costs | | <u>2,397,272,018</u> | | <u>1,716,505,404</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON UK EQUITY FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £1,046.3m |
| Comparative Index: | FTSE All Share |
| Sector: | The Investment Association UK All Companies |

Yield as at 31 December 2014:

| | |
|-------------------------------------|-------|
| Sterling Income Shares | 2.02% |
| Institutional Shares (Accumulation) | 2.04% |
| Institutional Shares (Income) | 2.08% |
| X Shares (Net Accumulation) | 2.02% |
| Exempt Shares 1 (Net Accumulation) | 2.03% |
| Exempt Shares 3 (Net Accumulation) | 2.03% |
| Institutional W (Net Income) | 2.07% |
| Institutional W (Net Accumulation) | 2.03% |
| Retail Advised B (Net Income) | 2.01% |
| Retail Advised B (Net Accumulation) | 1.98% |

Key Dates: Fund Launch 01 May 1985

Investment Objective

The objective of the Fund is to achieve capital growth and income from a portfolio of predominantly UK securities.

Statutory Performance Data

| | | | | | |
|--------------------------------------|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 6.49% | 17.48% | 17.86% | -12.05% | 14.66% |
| Institutional Shares (Accumulation) | 7.10% | 18.17% | 18.56% | -11.54% | 15.32% |
| Institutional Shares (Income) | 7.10% | 18.15% | 18.54% | -11.55% | 15.31% |
| X Shares (Net Accumulation) | 8.17% | 19.36% | 19.75% | -10.66% | 16.47% |
| Exempt Shares 1 (Net Accumulation)* | 7.64% | 18.76% | n/a | n/a | n/a |
| Exempt Shares 3 (Net Accumulation)* | 7.53% | 18.64% | n/a | n/a | n/a |
| Institutional W (Net Income)* | 7.37% | 18.44% | n/a | n/a | n/a |
| Institutional W (Net Accumulation)* | 7.37% | 18.46% | n/a | n/a | n/a |
| Retail Advised B (Net Income)* | 7.03% | 18.06% | n/a | n/a | n/a |
| Retail Advised B (Net Accumulation)* | 7.02% | 18.09% | n/a | n/a | n/a |
| FTSE All Share | 1.18% | 20.81% | 12.30% | -3.46% | 14.51% |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Exempt 1 Net Sterling Acc Share Class of the Sub-Fund returned 8.77% against -0.40% for the FTSE All-Share Index.

The second half of 2014, during which the Fund produced a good positive return, significantly ahead of its comparative index, was a period dominated by falling commodity prices and diminishing growth prospects. The Fund's significant underweight position in commodities was particularly beneficial as Newton's cautious view of the world played out – that a critical commodity like oil can halve in price in six months is a symptom of the fragile and increasingly volatile environment faced by investors. There were parts of the Fund however, particularly in consumer facing areas, where it was possible to achieve excellent returns from companies such as Dixons Carphone, a beneficiary of the collapse of Phones 4u and synergies from its merger, and Domino's Pizza, whose UK stores continue to grow sales impressively. The bid at a 30% premium for the Fund's long-held Synergy Health position was also notable. The largest detractor was Wood Group, the oil services company, which is likely to see lower activity levels given the material oil price falls seen.

In the period, the Fund took the opportunity to reduce some of its mid-cap exposure following good performance. Reductions were made in Dixons Carphone, Synergy Health and Rightmove, while Ashtead and Berkeley Group were sold entirely. US exposure was reduced as valuations continued to creep higher – disposals were made of Dollar General, Apple, eBay and Walt Disney. In their place, positions were initiated in a number of large-cap, resilient global companies. These included Diageo, the spirits and beer group, British American Tobacco, AstraZeneca and Imperial Tobacco.

The table below shows the top ten purchases and sales for the period.

Purchases

Diageo
British American Tobacco
AstraZeneca
Reckitt Benckiser
Imperial Tobacco
BAE Systems
SSE
Centrica
Standard Chartered
CRH

Sales

Dixons Carphone
Ashtead
Dollar General
Berkeley
Synergy Health
Prudential
Vodafone
ARM
Apple
eBay

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|--|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 654.88 | 543.76 | 19.7240 |
| 2011 | 663.75 | 499.89 | 16.6618 |
| 2012 | 643.11 | 565.72 | 15.5927 |
| 2013 | 736.80 | 649.78 | 19.5957 |
| 2014 | 762.22 | 675.68 | 16.8432 |
| Exempt Shares 2 (Net Accumulation)** | Pence | Pence | Pence |
| 2010 | 182.94 | 150.06 | 5.5126 |
| 2011 | 186.72 | 144.68 | 4.8594 |
| 2012 (to 4 September) | 186.05 | 164.68 | 2.4280 |
| **Exempt Shares 2 (Net Accumulation) class closed on 4 September 2012. | | | |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 160.85 | 132.23 | 4.8539 |
| 2011 | 163.97 | 126.96 | 4.2663 |
| 2012 | 168.72 | 144.43 | 4.1403 |
| 2013 | 198.19 | 171.11 | 5.3606 |
| 2014 | 212.98 | 188.59 | 4.7695 |
| Institutional Shares (Income) | Pence | Pence | Pence |
| 2010 | 662.73 | 548.83 | 20.3251 |
| 2011 | 672.12 | 507.74 | 17.3287 |
| 2012 | 657.29 | 575.31 | 16.3317 |
| 2013 | 754.58 | 664.14 | 20.5822 |
| 2014 | 786.97 | 696.86 | 17.8351 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 186.61 | 152.03 | 5.5987 |
| 2011 | 191.20 | 148.42 | 4.9722 |
| 2012 | 199.63 | 169.26 | 4.8733 |
| 2013 | 236.94 | 202.55 | 6.3782 |
| 2014 | 257.09 | 227.22 | 5.7065 |
| X Shares (Net Income)*** | Pence | Pence | Pence |
| 2011 (from 25 May to 26 September) | 190.91 | 151.23 | 0.3062 |
| ***X Shares (Net Income) class closed on 26 September 2011. | | | |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 2 April) | 315.26 | 271.86 | 5.5535 |
| 2013 | 372.24 | 319.79 | 10.0431 |
| 2014 | 401.96 | 355.61 | 8.9780 |
| Exempt Shares 3 (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 2 April) | 136.72 | 117.97 | 2.4093 |
| 2013 | 161.27 | 138.68 | 4.3532 |
| 2014 | 173.98 | 153.94 | 3.8878 |
| Institutional W (Net Income) | Pence | Pence | Pence |
| 2012 (from 5 September) | 105.31 | 100.48 | 0.5162 |
| 2013 | 121.02 | 106.42 | 3.3047 |
| 2014 | 126.72 | 112.16 | 2.8680 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price (p) | Lowest Price (p) | Net Revenue per share (p)* |
|---|------------------------------|-----------------------------|---------------------------------------|
| Institutional W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 5 September) | 105.44 | 100.60 | 0.5167 |
| 2013 | 124.18 | 109.95 | 3.3556 |
| 2014 | 133.76 | 118.39 | 2.9916 |
| P Shares (Net Income)**** | Pence | Pence | Pence |
| 2012 (from 21 September) | 102.44 | 97.76 | 0.4067 |
| 2013 (to 23 September) | 117.60 | 103.50 | 1.6729 |

****P Shares (Net Income) share class closed 23 September 2013.

| | | | |
|--|--------------|--------------|--------------|
| Retail Advised B (Net Income) | Pence | Pence | Pence |
| 2012 (from 9 October) | 102.25 | 97.58 | 0.3550 |
| 2013 | 117.39 | 103.33 | 3.1258 |
| 2014 | 122.42 | 108.42 | 2.6978 |
| Retail Advised B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 9 October) | 102.25 | 97.59 | 0.3549 |
| 2013 | 120.03 | 103.70 | 3.1676 |
| 2014 | 128.89 | 114.15 | 2.8142 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 998,702,808 | 590.59 | 169,102,078 |
| 30/06/2013 | 1,021,808,883 | 676.94 | 150,945,329 |
| 30/06/2014 | 909,339,444 | 703.33 | 129,291,495 |
| 31/12/2014 | 909,296,893 | 756.90 | 120,133,641 |
| Exempt Shares 2 (Net Accumulation)** | | Pence | |
| 30/06/2012 | 437,340 | 174.94 | 250,000 |

**Exempt Shares 2 (Net Accumulation) class closed on 4 September 2012.

| | | | |
|--|-------------|--------------|-------------|
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 12,870,078 | 153.23 | 8,399,092 |
| 30/06/2013 | 10,044,744 | 181.42 | 5,536,793 |
| 30/06/2014 | 4,000,027 | 194.92 | 2,052,159 |
| 31/12/2014 | 4,183,586 | 212.19 | 1,971,615 |
| Institutional Shares (Income) | | Pence | |
| 30/06/2012 | 1,646,657 | 602.09 | 273,490 |
| 30/06/2013 | 4,204,609 | 693.59 | 606,212 |
| 30/06/2014 | 3,875,114 | 724.25 | 535,055 |
| 31/12/2014 | 4,016,749 | 781.43 | 514,024 |
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 180,474,078 | 180.46 | 100,008,404 |
| 30/06/2013 | 28,727,094 | 215.80 | 13,312,159 |
| 30/06/2014 | 15,353,589 | 234.17 | 6,556,673 |
| 31/12/2014 | 17,642,634 | 256.18 | 6,886,829 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Exempt Shares 1 (Net Accumulation) | | | |
| 30/06/2012 | 49,122,140 | Pence 285.65 | 17,196,767 |
| 30/06/2013 | 44,032,136 | 339.88 | 12,955,178 |
| 30/06/2014 | 43,930,138 | 367.00 | 11,969,904 |
| 31/12/2014 | 32,803,069 | 400.52 | 8,190,175 |
| Exempt Shares 3 (Net Accumulation) | | | |
| 30/06/2012 | 5,888,687 | Pence 123.94 | 4,751,251 |
| 30/06/2013 | 6,519,710 | 147.32 | 4,425,447 |
| 30/06/2014 | 6,328,120 | 158.92 | 3,981,942 |
| 31/12/2014 | 6,902,667 | 173.35 | 3,981,942 |
| Institutional W (Net Income) | | | |
| 30/06/2013 | 5,875,134 | Pence 111.27 | 5,279,958 |
| 30/06/2014 | 41,861,960 | 116.48 | 35,938,962 |
| 31/12/2014 | 60,427,017 | 125.84 | 48,019,730 |
| Institutional W (Net Accumulation) | | | |
| 30/06/2013 | 758,344 | Pence 113.53 | 667,973 |
| 30/06/2014 | 6,594,856 | 122.28 | 5,393,242 |
| 31/12/2014 | 10,656,279 | 133.28 | 7,995,553 |
| P Shares (Net Income)**** | | | |
| 30/06/2013 | 21,327 | Pence 108.09 | 19,730 |
| ****P Shares (Net Income) share class closed 23 September 2013. | | | |
| Retail Advised B (Net Income) | | | |
| 30/06/2013 | 35,769 | Pence 107.92 | 33,145 |
| 30/06/2014 | 333,429 | 112.69 | 295,888 |
| 31/12/2014 | 353,721 | 121.58 | 290,936 |
| Retail Advised B (Net Accumulation) | | | |
| 30/06/2013 | 42,742 | Pence 109.91 | 38,889 |
| 30/06/2014 | 51,605 | 118.00 | 43,732 |
| 31/12/2014 | 15,119 | 128.41 | 11,774 |

Statistics (continued)**Ongoing Charges**

| | 31/12/2014 | 30/06/2014 |
|-------------------------------------|-------------------|-------------------|
| Share Class | % | % |
| Sterling Income Shares | 1.61 | 1.61 |
| Institutional Shares (Accumulation) | 1.04 | 1.04 |
| Institutional Shares (Income) | 1.04 | 1.04 |
| X Shares (Net Accumulation) | 0.04 | 0.04 |
| Exempt Shares 1 (Net Accumulation) | 0.54 | 0.54 |
| Exempt Shares 3 (Net Accumulation) | 0.64 | 0.64 |
| Institutional W (Net Income) | 0.79 | 0.79 |
| Institutional W (Net Accumulation) | 0.79 | 0.79 |
| Retail Advised B (Net Income) | 1.11 | 1.11 |
| Retail Advised B (Net Accumulation) | 1.11 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| United Kingdom 86.62% (82.64%) | | | |
| Oil & Gas Equipment, Services & Distribution 2.43% (3.61%) | | | |
| John Wood | 4,266,895 | 25,452,029 | 2.43 |
| Chemicals 1.49% (2.81%) | | | |
| Johnson Matthey | 169,293 | 5,750,883 | 0.55 |
| Victrix | 474,183 | 9,863,006 | 0.94 |
| Aerospace & Defence 4.26% (3.46%) | | | |
| BAE Systems | 2,173,244 | 10,246,846 | 0.98 |
| Meggitt | 2,736,963 | 14,191,153 | 1.36 |
| Rolls Royce | 2,307,639 | 20,041,845 | 1.92 |
| Support Services 7.87% (10.25%) | | | |
| Bunzl | 967,607 | 17,068,588 | 1.63 |
| Capita | 2,934,682 | 31,723,912 | 3.03 |
| Digital Barriers | 10,034,177 | 5,518,797 | 0.53 |
| Intertek | 198,279 | 4,627,832 | 0.44 |
| Rolls-Royce class 'C' preference shares | 296,622,090 | 296,622 | 0.03 |
| Wolseley | 305,152 | 11,247,903 | 1.07 |
| WS Atkins | 874,260 | 11,924,906 | 1.14 |
| Beverages - 4.36% (0.00%) | | | |
| Diageo | 2,467,675 | 45,614,972 | 4.36 |
| Food Producers 0.76% (1.04%) | | | |
| Associated British Foods | 252,661 | 7,966,401 | 0.76 |
| Household Goods & Home Construction 2.58% (1.96%) | | | |
| Reckitt Benckiser | 519184 | 27049486 | 2.58 |
| Tobacco - 6.53% (0.00%) | | | |
| British American Tobacco | 1135037 | 39726295 | 3.80 |
| Imperial Tobacco | 1,005,862 | 28,526,246 | 2.73 |
| Healthcare Equipment & Services 0.54% (1.92%) | | | |
| Synergy Healthcare | 271,086 | 5,616,902 | 0.54 |
| Pharmaceuticals & Biotechnology 6.19% (4.96%) | | | |
| Abcam | 3,674,026 | 17,065,851 | 1.63 |
| AstraZeneca | 780,493 | 35,555,359 | 3.40 |
| Indivior | 519,184 | 772,027 | 0.07 |
| Dechra Pharmaceuticals | 1,360,013 | 11,369,709 | 1.09 |
| Food & Drug Retailers 1.57% (1.74%) | | | |
| Booker | 10,110,601 | 16,449,948 | 1.57 |
| General Retailers 3.34% (6.86%) | | | |
| Dixons Carphone | 3,743,499 | 17,279,991 | 1.65 |
| Next | 120,669 | 8,211,525 | 0.78 |
| Pets at Home | 4,715,373 | 9,534,484 | 0.91 |
| Media 6.91% (8.59%) | | | |
| ITV | 4,998,685 | 10,757,170 | 1.03 |
| Moneysupermarket.com | 3,240,506 | 7,537,417 | 0.72 |
| Reed Elsevier | 3,513,304 | 38,576,078 | 3.69 |
| Rightmove | 683,726 | 15,363,323 | 1.47 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom (continued) | | | |
| Travel & Leisure 10.18% (8.95%) | | | |
| Compass | 1,355,904 | 14,928,503 | 1.43 |
| Domino's Pizza | 2,662,717 | 18,585,765 | 1.78 |
| Merlin Entertainments | 5,595,801 | 22,192,947 | 2.12 |
| Playtech | 4,230,250 | 29,019,515 | 2.77 |
| Whitbread | 456,669 | 21,783,111 | 2.08 |
| Fixed Line Telecommunications 1.40% (0.95%) | | | |
| Cable & Wireless | 29,510,693 | 14,646,157 | 1.40 |
| Mobile Telecommunications 3.94% (5.75%) | | | |
| Vodafone | 18,529,006 | 41,254,832 | 3.94 |
| Electricity 2.39% (0.00%) | | | |
| SSE | 1,538,775 | 24,958,931 | 2.39 |
| Gas, Water & Multiutilities 1.84% (0.00%) | | | |
| Centrica | 6,920,097 | 19,300,151 | 1.84 |
| Banks 1.31% (0.00%) | | | |
| Standard Chartered | 1,422,097 | 13,694,794 | 1.31 |
| Nonlife Insurance 1.51% (0.00%) | | | |
| Admiral | 1,198,048 | 15,838,195 | 1.51 |
| Life Insurance 6.22% (7.98%) | | | |
| Prudential | 2,500,286 | 37,304,267 | 3.56 |
| Standard Life | 6,945,337 | 27,788,293 | 2.66 |
| Real Estate Investment & Services 0.53% (0.00%) | | | |
| Market Tech | 2,448,079 | 5,581,620 | 0.53 |
| Real Estate Investment Trusts 3.69% (4.11%) | | | |
| Derwent London | 691,777 | 20,877,830 | 2.00 |
| Great Portland Estates | 2,393,326 | 17,662,746 | 1.69 |
| Financial Services 2.61% (3.94%) | | | |
| Intermediate Capital | 5,940,120 | 27,318,612 | 2.61 |
| Technology Hardware & Equipment 2.17% (3.76%) | | | |
| Imagination Technologies | 9,925,265 | 22,679,231 | 2.17 |
| Overseas Equities 10.86% (17.32%) | | | |
| United States of America 3.01% (11.06%) | | | |
| TJX | 78,578 | 3,455,567 | 0.33 |
| Discovery Communications class 'A' shares | 308,493 | 6,809,895 | 0.65 |
| Google | 28,534 | 9,632,844 | 0.92 |
| Microsoft | 390,806 | 11,642,096 | 1.11 |
| France 1.25% (1.68%) | | | |
| Air Liquide | 163,600 | 13,051,942 | 1.25 |
| Ireland 0.97% (0.00%) | | | |
| CRH | 658,775 | 10,171,486 | 0.97 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Overseas (continued) | | | |
| Israel 1.44% (0.00%) | | | |
| Plus 500 | 2,539,333 | 15,096,335 | 1.44 |
| Switzerland 4.19% (3.14%) | | | |
| Novartis | 320,746 | 19,107,920 | 1.83 |
| Roche | 85,866 | 14,952,494 | 1.43 |
| Zurich Financial Services | 48,141 | 9,685,061 | 0.93 |
| Portfolio of investments | | 1,019,948,646 | 97.48 |
| Net current assets | | 26,349,088 | 2.52 |
| Total Net Assets | | 1,046,297,734 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Germany portfolio category, which, at 30 June 2014, represented 1.44% of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|--------------------|--------------------------|--------------------|--------------------------|
| Income | | | | |
| Net capital gains | | 83,340,554 | | 90,953,292 |
| Revenue | 9,719,841 | | 15,622,442 | |
| Expenses | <u>(7,717,353)</u> | | <u>(8,682,607)</u> | |
| Net revenue before taxation | 2,002,488 | | 6,939,835 | |
| Taxation | <u>(139,789)</u> | | <u>(21,859)</u> | |
| Net revenue after taxation | | <u>1,862,699</u> | | <u>6,917,976</u> |
| Total return before distributions | | 85,203,253 | | 97,871,268 |
| Finance costs: Distributions | | (9,055,800) | | (15,009,862) |
| Change in net assets attributable to Shareholders from investment activities | | <u>76,147,453</u> | | <u>82,861,406</u> |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|---------------------|-----------------------------|---------------------|-----------------------------|
| Opening net assets attributable to Shareholders | | 1,031,668,282 | | 1,122,070,492 |
| Amounts receivable on issue of shares | 12,042,920 | | 11,270,498 | |
| Amounts payable on cancellation of shares | <u>(74,177,346)</u> | | <u>(85,179,732)</u> | |
| | | (62,134,426) | | (73,909,234) |
| Dilution adjustment | | (17,507) | | - |
| Stamp Duty Reserve Tax | | - | | (330,782) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 76,147,453 | | 82,861,406 |
| Retained distributions on accumulation shares | | 610,043 | | 1,092,171 |
| Unclaimed distributions | | 23,889 | | 17,825 |
| Closing net assets attributable to Shareholders | | <u>1,046,297,734</u> | | <u>1,131,801,878</u> |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|----------------------|-------------|----------------------|
| ASSETS | | | | |
| Investment assets | | 1,019,948,646 | | 1,031,232,820 |
| Debtors | 4,141,126 | | 9,902,339 | |
| Cash and bank balances | 30,334,993 | | 7,134,277 | |
| Total other assets | | 34,476,119 | | 17,036,616 |
| Total assets | | 1,054,424,765 | | 1,048,269,436 |
| LIABILITIES | | | | |
| Creditors | (4,999,324) | | (7,717,289) | |
| Distribution payable on income shares | (3,127,707) | | (8,883,865) | |
| Total other liabilities | | (8,127,031) | | (16,601,154) |
| Total liabilities | | (8,127,031) | | (16,601,154) |
| Net assets attributable to Shareholders | | 1,046,297,734 | | 1,031,668,282 |

Distribution Statement

for the six months ended 31 December 2014

Interim dividend distribution in pence per Share

| | | | | | | Period |
|-------------------------------------|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 October 2014 |
| | | | | | | Group 2: Shares purchased 1 October 2014 to 31 December 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 31/12/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 2.6910 | 0.2691 | 2.4219 | 0.0000 | 2.4219 | 4.4033 |
| Group 2 | 1.0040 | 0.1004 | 0.9036 | 1.5183 | 2.4219 | 4.4033 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 0.7912 | 0.0791 | 0.7121 | 0.0000 | 0.7121 | 1.2251 |
| Group 2 | 0.4908 | 0.0491 | 0.4417 | 0.2704 | 0.7121 | 1.2251 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 2.9237 | 0.2924 | 2.6313 | 0.0000 | 2.6313 | 4.6498 |
| Group 2 | 0.2477 | 0.0248 | 0.2229 | 2.4084 | 2.6313 | 4.6498 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 0.9539 | 0.0954 | 0.8585 | 0.0000 | 0.8585 | 1.4625 |
| Group 2 | 0.0000 | 0.0000 | 0.0000 | 0.8585 | 0.8585 | 1.4625 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 1.4924 | 0.1492 | 1.3432 | 0.0000 | 1.3432 | 2.2996 |
| Group 2 | 0.7418 | 0.0742 | 0.6676 | 0.6756 | 1.3432 | 2.2996 |
| Exempt Shares 3 (Net Accumulation) | | | | | | |
| Group 1 | 0.6460 | 0.0646 | 0.5814 | 0.0000 | 0.5814 | 0.9964 |
| Group 2 | 0.6460 | 0.0646 | 0.5814 | 0.0000 | 0.5814 | 0.9964 |
| Institutional W (Net Income) | | | | | | |
| Group 1 | 0.4707 | 0.0471 | 0.4236 | 0.0000 | 0.4236 | 0.7485 |
| Group 2 | 0.1830 | 0.0183 | 0.1647 | 0.2589 | 0.4236 | 0.7485 |
| Institutional W (Net Accumulation) | | | | | | |
| Group 1 | 0.4968 | 0.0497 | 0.4471 | 0.0000 | 0.4471 | 0.7681 |
| Group 2 | 0.2122 | 0.0212 | 0.1910 | 0.2561 | 0.4471 | 0.7681 |
| Retail Advised B (Net Income) | | | | | | |
| Group 1 | 0.4321 | 0.0432 | 0.3889 | 0.0000 | 0.3889 | 0.7060 |
| Group 2 | 0.0191 | 0.0019 | 0.0172 | 0.3717 | 0.3889 | 0.7060 |
| Retail Advised B (Net Accumulation) | | | | | | |
| Group 1 | 0.4610 | 0.0461 | 0.4149 | 0.0000 | 0.4149 | 0.7214 |
| Group 2 | 0.4092 | 0.0409 | 0.3683 | 0.0466 | 0.4149 | 0.7214 |

Distribution Statement (continued)**Interim dividend distribution in pence per Share**

| | | | | | | Period |
|--|----------------------|------------------------|--------------------|---------------------|--------------------|--|
| | | | | | | Group 1: Shares purchased prior to 1 July 2014 |
| | | | | | | Group 2: Shares purchased 1 July 2014 to 30 September 2014 |
| | Gross Revenue | Tax Credit @10% | Net Revenue | Equalisation | Amount Paid | Prior Period 30/09/2013 |
| Sterling Income Shares | | | | | | |
| Group 1 | 4.3380 | 0.4338 | 3.9042 | 0.0000 | 3.9042 | 4.9443 |
| Group 2 | 1.4927 | 0.1493 | 1.3434 | 2.5608 | 3.9042 | 4.9443 |
| Institutional Shares (Accumulation) | | | | | | |
| Group 1 | 1.2341 | 0.1234 | 1.1107 | 0.0000 | 1.1107 | 1.3594 |
| Group 2 | 0.1952 | 0.0195 | 0.1757 | 0.9350 | 1.1107 | 1.3594 |
| Institutional Shares (Income) | | | | | | |
| Group 1 | 4.5856 | 0.4586 | 4.1270 | 0.0000 | 4.1270 | 5.1971 |
| Group 2 | 3.6184 | 0.3618 | 3.2566 | 0.8704 | 4.1270 | 5.1971 |
| X Shares (Net Accumulation) | | | | | | |
| Group 1 | 1.4842 | 0.1484 | 1.3358 | 0.0000 | 1.3358 | 1.6200 |
| Group 2 | 1.4842 | 0.1484 | 1.3358 | 0.0000 | 1.3358 | 1.6200 |
| Exempt Shares 1 (Net Accumulation) | | | | | | |
| Group 1 | 2.3248 | 0.2325 | 2.0923 | 0.0000 | 2.0923 | 2.5484 |
| Group 2 | 0.7702 | 0.0770 | 0.6932 | 1.3991 | 2.0923 | 2.5484 |
| Exempt Shares 3 (Net Accumulation) | | | | | | |
| Group 1 | 1.0066 | 0.1007 | 0.9059 | 0.0000 | 0.9059 | 1.1045 |
| Group 2 | 1.0066 | 0.1007 | 0.9059 | 0.0000 | 0.9059 | 1.1045 |
| Institutional W (Net Income) | | | | | | |
| Group 1 | 0.7377 | 0.0738 | 0.6639 | 0.0000 | 0.6639 | 0.8338 |
| Group 2 | 0.3492 | 0.0349 | 0.3143 | 0.3496 | 0.6639 | 0.8338 |
| Institutional W (Net Accumulation) | | | | | | |
| Group 1 | 0.7742 | 0.0774 | 0.6968 | 0.0000 | 0.6968 | 0.8503 |
| Group 2 | 0.3923 | 0.0392 | 0.3531 | 0.3437 | 0.6968 | 0.8503 |
| Retail Advised B (Net Income) | | | | | | |
| Group 1 | 0.6953 | 0.0695 | 0.6258 | 0.0000 | 0.6258 | 0.7886 |
| Group 2 | 0.2223 | 0.0222 | 0.2001 | 0.4257 | 0.6258 | 0.7886 |
| Retail Advised B (Net Accumulation) | | | | | | |
| Group 1 | 0.7296 | 0.0730 | 0.6566 | 0.0000 | 0.6566 | 0.8027 |
| Group 2 | 0.7296 | 0.0730 | 0.6566 | 0.0000 | 0.6566 | 0.8027 |

As the Fund pays no corporation tax, the distributions of all Share Classes are 100% franked.

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|------------------|---------------------------|------------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 422,367,466 | | 382,490,963 |
| Commissions | 295,637 | | 257,469 | |
| Taxes | <u>1,982,905</u> | | <u>1,307,819</u> | |
| Total purchase costs | | 2,278,542 | | 1,565,288 |
| Gross purchases total | | <u>424,646,008</u> | | <u>384,056,251</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 520,533,864 | | 387,736,646 |
| Commissions | (347,142) | | (267,970) | |
| Taxes | <u>(2,705)</u> | | <u>(287)</u> | |
| Total sales costs | | (349,847) | | (268,257) |
| Total sales net of transaction costs | | <u>520,184,017</u> | | <u>387,468,389</u> |

BNY MELLON INVESTMENT FUNDS – NEWTON UK OPPORTUNITIES FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

| | |
|---------------------|---|
| Investment Adviser: | Newton Investment Management Limited |
| Fund Size: | £366.47m |
| Comparative Index: | FTSE All Share TR |
| Sector: | The Investment Association UK All Companies |

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 1.79% |
| Exempt Shares 2 (Net Accumulation) | 2.33% |
| Institutional Shares (Accumulation) | 2.15% |
| X Shares (Net Accumulation) | 2.87% |
| Institutional Shares W (Net Income) | 2.44% |
| Institutional Shares W (Net Accumulation) | 2.30% |
| Retail Advised Shares B (Net Income) | 2.11% |
| Retail Advised Shares B (Net Accumulation) | 2.01% |

Key Dates: Fund Launch 08 February 2002

Investment Objective

The objective of the Fund is to maximise long-term capital growth from a concentrated portfolio primarily invested in the securities of UK companies. The Fund does not have a bias towards any economic sector or company size.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares | 9.61% | 21.52% | 12.26% | -4.64% | 14.75% |
| Exempt Shares 2 (Net Accumulation) | 10.48% | 22.54% | 13.20% | -3.86% | 15.68% |
| Institutional Shares (Accumulation) | 10.20% | 22.24% | 12.92% | -4.10% | 15.39% |
| X Shares (Net Accumulation) | 11.25% | 23.46% | 14.05% | -3.14% | 16.55% |
| Institutional Shares W (Net Income)* | 10.48% | 22.53% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 10.48% | 22.54% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 10.13% | 22.12% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 10.12% | 22.14% | n/a | n/a | n/a |
| FTSE All Share TR | 1.18% | 20.81% | 12.30% | -3.46% | 14.51% |

Source: Lipper as at 31 December 2014 - Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms.

*Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 4.66% against -0.40% for the FTSE All-Share Index.

In the second half of 2014, the Fund produced a good positive return, significantly ahead of its comparative index. This was a period dominated by falling commodity prices and diminishing growth prospects. The Fund's significant underweight in commodities was particularly beneficial as Newton's cautious view of the world played out. That a critical commodity like oil can halve in price in six months is a symptom of the fragile and increasingly volatile environment faced by investors. There were parts of the Fund, however, particularly in consumer-facing areas, where it was possible to achieve excellent returns from companies, such as Moneysupermarket, which benefited from continued steady growth, and Domino's Pizza, whose UK business is still performing impressively.

Key transactions in the period included the initiation of positions in BAE Systems, the defence contractor, AstraZeneca, the global drugs firm, and Imperial Tobacco, now embarking on a major US growth project via the acquisition of three brands from Lorillard. A position was established in Admiral, the motor insurer, on hopes of a recovery in UK premiums and in acknowledgement of its excellent cash-generative business model. Disposals were made of large positions in GlaxoSmithKline and Sainsbury's. The rationale for selling BHP Billiton in August was the belief that the prevailing share price priced in flawless execution and continuing high commodity prices.

The table below shows the top ten purchases and sales for the period.

| Purchases | Sales |
|-------------------------|-----------------|
| BAE Systems | GlaxoSmithKline |
| AstraZeneca | Sainsbury (J) |
| Imperial Tobacco | BHP Billiton |
| Reckitt Benckiser | Meggitt |
| Standard Chartered | BAE Systems |
| Discovery Communication | Wolseley |
| Admiral | Whitbread |
| Total | Unilever |
| Capita | Admiral |
| Express Scripts | Standard Life |

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 191.31 | 168.43 | 3.0925 |
| 2011 | 204.07 | 167.85 | 2.4222 |
| 2012 | 206.33 | 182.38 | 3.8087 |
| 2013 | 245.89 | 208.05 | 4.7035 |
| 2014 | 264.22 | 233.90 | 4.5611 |
| Exempt Shares 2 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 167.29 | 147.05 | 3.9198 |
| 2011 | 185.52 | 152.95 | 3.5749 |
| 2012 | 193.88 | 167.26 | 4.8940 |
| 2013 | 235.87 | 195.57 | 6.0667 |
| 2014 | 260.85 | 227.17 | 6.3550 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2010 | 160.24 | 140.92 | 3.3986 |
| 2011 | 177.15 | 146.01 | 3.0065 |
| 2012 | 184.47 | 159.36 | 4.2573 |
| 2013 | 223.85 | 186.06 | 5.2987 |
| 2014 | 246.98 | 215.54 | 5.4691 |
| X Shares (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 170.38 | 149.56 | 5.1202 |
| 2011 | 190.69 | 157.36 | 4.9770 |
| 2012 | 201.51 | 173.10 | 6.3822 |
| 2013 | 247.01 | 203.29 | 7.8695 |
| 2014 | 274.93 | 238.05 | 8.5140 |
| P Shares (Net Income)** | Pence | Pence | Pence |
| 2012 (from 25 June) | 111.47 | 99.50 | 0.0220 |
| 2013 (to 23 September) | 133.18 | 112.44 | 3.1992 |
| **P Shares (Net Income) share class closed 23 September 2013. | | | |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 5 September) | 104.61 | 99.78 | n/a |
| 2013 | 125.12 | 105.52 | 3.2522 |
| 2014 | 134.59 | 118.54 | 3.3368 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 5 September) | 104.61 | 99.78 | n/a |
| 2013 | 127.27 | 105.53 | 3.2358 |
| 2014 | 140.75 | 122.58 | 3.4315 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 27 September) | 102.71 | 98.00 | n/a |
| 2013 | 122.68 | 103.60 | 2.7529 |
| 2014 | 132.03 | 116.52 | 2.8847 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Price and Revenue Record by Share Class (continued)**

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|--------------------------|-------------------------|-----------------------------------|
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 27 September) | 102.71 | 98.00 | n/a |
| 2013 | 124.55 | 103.60 | 2.7544 |
| 2014 | 137.33 | 119.92 | 2.8232 |
| X Shares (Net Income)*** | Pence | Pence | Pence |
| 2013 (from 18 November) | 101.89 | 97.37 | n/a |
| 2014 (to 13 February) | 103.43 | 98.20 | n/a |

***X Shares (Net Income) share class closed 14 February 2014.

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|--|--------------------------------|------------------|----------------------------|
| Sterling Income Shares | | Pence | |
| 30/06/2012 | 243,909,323 | 189.12 | 128,968,179 |
| 30/06/2013 | 241,263,469 | 223.20 | 108,092,282 |
| 30/06/2014 | 227,077,475 | 250.93 | 90,493,945 |
| 31/12/2014 | 228,989,306 | 262.16 | 87,347,978 |
| Exempt Shares 2 (Net Accumulation) | | Pence | |
| 30/06/2012 | 24,555,193 | 177.06 | 13,868,492 |
| 30/06/2013 | 25,102,335 | 215.10 | 11,670,041 |
| 30/06/2014 | 29,151,981 | 248.24 | 11,743,263 |
| 31/12/2014 | 30,943,252 | 260.33 | 11,886,339 |
| Institutional Shares (Accumulation) | | Pence | |
| 30/06/2012 | 84,713,150 | 168.66 | 50,226,477 |
| 30/06/2013 | 9,131,506 | 204.40 | 4,467,559 |
| 30/06/2014 | 9,663,318 | 235.30 | 4,106,842 |
| 31/12/2014 | 8,964,170 | 246.43 | 3,637,576 |
| X Shares (Net Accumulation) | | Pence | |
| 30/06/2012 | 43,615,494 | 183.34 | 23,789,291 |
| 30/06/2013 | 53,857,583 | 224.41 | 24,000,124 |
| 30/06/2014 | 81,215,934 | 260.93 | 31,125,323 |
| 31/12/2014 | 67,847,472 | 274.52 | 24,715,180 |
| P Shares (Net Income)** | | Pence | |
| 30/06/2012 | 15,288 | 101.92 | 15,000 |
| 30/06/2013 | 16,888 | 120.31 | 14,037 |

**P Shares (Net Income) share class closed 23 September 2013.

| | | | |
|--|------------|--------------|------------|
| Institutional Shares W (Net Income) | | Pence | |
| 30/06/2013 | 2,202,874 | 112.82 | 1,952,497 |
| 30/06/2014 | 20,804,584 | 126.87 | 16,397,931 |
| 31/12/2014 | 19,986,222 | 133.07 | 15,019,684 |

Statistics (continued)**Net Asset Value History by Share Class (continued)**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|-------------------|------------------------|
| Institutional Shares W (Net Accumulation) | | Pence | |
| 30/06/2013 | 602,820 | 116.07 | 519,375 |
| 30/06/2014 | 3,026,643 | 133.95 | 2,259,561 |
| 31/12/2014 | 5,910,534 | 140.47 | 4,207,809 |
| Retail Advised Shares B (Net Income) | | Pence | |
| 30/06/2013 | 9,646,241 | 111.01 | 8,689,619 |
| 30/06/2014 | 5,344,424 | 124.82 | 4,281,663 |
| 31/12/2014 | 3,818,564 | 130.70 | 2,921,639 |
| Retail Advised Shares B (Net Accumulation) | | Pence | |
| 30/06/2013 | 5,689 | 113.77 | 5,001 |
| 30/06/2014 | 7,772 | 130.86 | 5,939 |
| 31/12/2014 | 12,170 | 137.02 | 8,882 |
| Ongoing Charges | | | |
| Share Class | | 31/12/2014 | 30/06/2014 |
| | | % | % |
| Sterling Income Shares | | 1.62 | 1.62 |
| Exempt Shares 2 (Net Accumulation) | | 0.80 | 0.80 |
| Institutional Shares (Accumulation) | | 1.05 | 1.05 |
| X Shares (Net Accumulation) | | 0.05 | 0.05 |
| Institutional Shares W (Net Income) | | 0.80 | 0.80 |
| Institutional Shares W (Net Accumulation) | | 0.80 | 0.80 |
| Retail Advised Shares B (Net Income) | | 1.12 | 1.12 |
| Retail Advised Shares B (Net Accumulation) | | 1.12 | 1.12 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom 91.46% (93.17%) | | | |
| Oil & Gas Equipment, Services & Distributions 2.49% (2.37%) | | | |
| John Wood | 1,530,669 | 9,130,441 | 2.49 |
| Chemicals 0.00% (1.32%) | | | |
| Mining 0.00% (2.15%) | | | |
| Aerospace & Defence 2.77% (3.50%) | | | |
| BAE Systems | 767,951 | 3,620,889 | 0.99 |
| Meggitt | 1,257,332 | 6,519,266 | 1.78 |
| Support Services 7.35% (9.24%) | | | |
| Bunzl | 387,894 | 6,842,450 | 1.87 |
| Capita | 1,432,813 | 15,488,709 | 4.23 |
| Intertek | 196,510 | 4,586,543 | 1.25 |
| Beverages 5.43% (4.09%) | | | |
| Diageo | 1,076,448 | 19,898,141 | 5.43 |
| Food Producers 1.59% (3.56%) | | | |
| Associated British Foods | 184,417 | 5,814,668 | 1.59 |
| Household Goods & Home Construction 2.60% (0.00%) | | | |
| Reckitt Benckiser | 183,215 | 9,545,502 | 2.60 |
| Tobacco 8.05% (4.48%) | | | |
| British American Tobacco | 536,928 | 18,792,480 | 5.13 |
| Imperial Tobacco | 377,417 | 10,703,546 | 2.92 |
| Pharmaceuticals & Biotechnology 4.39% (6.13%) | | | |
| AstraZeneca | 347,524 | 15,831,456 | 4.32 |
| Indivior | 183,215 | 272,441 | 0.07 |
| Food & Drug Retailers 0.00% (3.64%) | | | |
| General Retailers 3.08% (3.80%) | | | |
| Just Eat | 559,070 | 1,724,731 | 0.47 |
| Next | 28,051 | 1,908,871 | 0.52 |
| Pets at Home | 3,790,548 | 7,664,488 | 2.09 |
| Media 8.83% (5.48%) | | | |
| Daily Mail & General Trust (A) | 447,757 | 3,685,040 | 1.01 |
| Moneysupermarket.com | 5,072,588 | 11,798,840 | 3.22 |
| Reed Elsevier | 1,536,474 | 16,870,485 | 4.60 |
| Travel & Leisure 14.86% (14.44%) | | | |
| Compass | 1,403,326 | 15,450,619 | 4.22 |
| Domino's Pizza | 926,360 | 6,465,993 | 1.76 |
| Merlin Entertainments | 2,096,000 | 8,312,736 | 2.27 |
| Playtech | 2,781,820 | 19,083,285 | 5.21 |
| Whitbread | 107,713 | 5,137,910 | 1.40 |
| Fixed Line Telecommunications 0.99% (1.50%) | | | |
| Cable & Wireless | 7,333,311 | 3,639,522 | 0.99 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| United Kingdom (continued) | | | |
| Electricity 3.01% (3.04%) | | | |
| SSE | 681,010 | 11,045,982 | 3.01 |
| Gas, Water & Multiutilities 3.62% (4.39%) | | | |
| Centrica | 4,758,207 | 13,270,639 | 3.62 |
| Banks 1.83% (0.00%) | | | |
| Standard Chartered | 697,586 | 6,717,753 | 1.83 |
| Nonlife Insurance 3.08% (3.10%) | | | |
| Admiral | 852,460 | 11,269,521 | 3.08 |
| Life Insurance 5.75% (6.80%) | | | |
| Prudential | 751,627 | 11,214,275 | 3.06 |
| Standard Life | 2,465,127 | 9,862,973 | 2.69 |
| Real Estate Investment Trusts 1.62% (1.95%) | | | |
| Derwent London | 197,230 | 5,952,401 | 1.62 |
| Financial Services 8.07% (6.40%) | | | |
| Intermediate Capital | 2,560,275 | 11,774,705 | 3.21 |
| Plus500 | 2,995,208 | 17,806,512 | 4.86 |
| Technology Hardware & Equipment 2.05% (1.79%) | | | |
| Imagination Technologies | 3,286,807 | 7,510,354 | 2.05 |
| Overseas Equities 6.46% (5.88%) | | | |
| United States of America 2.14% (1.28%) | | | |
| Discovery Communications class 'A' shares | 354,591 | 7,827,495 | 2.14 |
| Switzerland 4.32% (4.60%) | | | |
| Novartis | 122,968 | 7,325,618 | 2.00 |
| Roche | 27,191 | 4,734,974 | 1.29 |
| Zurich Financial Services | 18,674 | 3,756,857 | 1.03 |
| Portfolio of investments | | 358,859,111 | 97.92 |
| Net current assets | | 7,612,579 | 2.08 |
| Total Net Assets | | 366,471,690 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Chemicals, Mining and Food & Drug Retailers portfolio categories, which, at 30 June 2014, represented 1.32%, 2.15% and 3.64% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-------------|-------------------|-------------|-------------------|
| Income | | | | |
| Net capital gains | | 13,782,488 | | 29,662,192 |
| Revenue | 5,023,621 | | 5,181,722 | |
| Expenses | (2,130,252) | | (2,246,906) | |
| Finance costs: Interest | (4,529) | | - | |
| Net revenue before taxation | 2,888,840 | | 2,934,816 | |
| Taxation | (92,567) | | (44,587) | |
| Net revenue after taxation | | 2,796,273 | | 2,890,229 |
| Total return before distributions | | 16,578,761 | | 32,552,421 |
| Finance costs: Distributions | | (114,666) | | 185,719 |
| Change in net assets attributable to Shareholders from investment activities | | 16,464,095 | | 32,738,140 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------|--------------------|--------------|--------------------|
| Opening net assets attributable to Shareholders | | 376,292,131 | | 341,829,405 |
| Amounts receivable on issue of shares | 14,276,909 | | 43,877,203 | |
| Amounts payable on cancellation of shares | (40,561,445) | | (26,244,781) | |
| | | (26,284,536) | | 17,632,422 |
| Stamp Duty Reserve Tax | | - | | (86,713) |
| Shareholders from investment activities (see above) | | 16,464,095 | | 32,738,140 |
| Unclaimed distributions | | - | | 1,098 |
| Closing net assets attributable to Shareholders | | 366,471,690 | | 392,114,352 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|------------------|---------------------------|--------------------|---------------------------|
| ASSETS | | | | |
| Investment assets | | 358,859,111 | | 372,700,062 |
| Debtors | 987,413 | | 8,040,186 | |
| Cash and bank balances | <u>7,837,083</u> | | <u>5,441,608</u> | |
| Total other assets | | <u>8,824,496</u> | | <u>13,481,794</u> |
| Total assets | | 367,683,607 | | 386,181,856 |
| LIABILITIES | | | | |
| Creditors | (1,211,917) | | (5,091,526) | |
| Distribution payable on income shares | <u>-</u> | | <u>(4,798,199)</u> | |
| Total other liabilities | | <u>(1,211,917)</u> | | <u>(9,889,725)</u> |
| Total liabilities | | (1,211,917) | | (9,889,725) |
| Net assets attributable to Shareholders | | <u>366,471,690</u> | | <u>376,292,131</u> |

Portfolio Transaction Costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 118,928,928 | | 112,102,396 |
| Commissions | 82,096 | | 71,025 | |
| Taxes | <u>480,354</u> | | <u>449,904</u> | |
| Total purchase costs | | 562,450 | | 520,929 |
| Gross purchases total | | <u>119,491,378</u> | | <u>112,623,325</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 148,057,040 | | 94,172,568 |
| Commissions | (111,650) | | (62,875) | |
| Taxes | <u>(333)</u> | | <u>(70)</u> | |
| Total sales costs | | (111,983) | | (62,945) |
| Total sales net of transaction costs | | <u>147,945,057</u> | | <u>94,109,623</u> |

BNY MELLON INVESTMENT FUNDS – THE BOSTON COMPANY US OPPORTUNITIES FUND

**Interim Report
for the six months ended
31 December 2014**

Fund Report

for the six months ended 31 December 2014

General Information

Investment Adviser: The Boston Company Asset Management LLC

Fund Size: £102.49m

Comparative Index: S&P 500 TR

Sector: The Investment Association North America

Yield as at 31 December 2014:

| | |
|--|-------|
| Sterling Income Shares | 0.00% |
| Euro Accumulation Shares | 0.00% |
| Exempt Shares 1 (Net Accumulation) | 0.43% |
| Institutional Shares (Accumulation) | 0.00% |
| Institutional Shares W (Net Income) | 0.22% |
| Institutional Shares W (Net Accumulation) | 0.22% |
| Retail Advised Shares B (Net Income) | 0.00% |
| Retail Advised Shares B (Net Accumulation) | 0.00% |
| Institutional F Shares (Net Income) | 0.10% |
| Institutional Shares F (Net Accumulation) | 0.08% |

Key Dates: Fund Launch 31 October 1986 (Managed by TBCAM since 30 January 2012)

Investment Objective

The objective of the Fund is to achieve capital growth from a portfolio of predominantly US securities.

Statutory Performance Data

| | | | | | |
|---|------------|------------|------------|------------|------------|
| From | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 | 31/12/2009 |
| To | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 | 31/12/2010 |
| Sterling Income Shares* | 13.70% | 33.65% | n/a | n/a | n/a |
| Euro Accumulation Shares* | 12.90% | 34.24% | n/a | n/a | n/a |
| Exempt Shares 1 (Net Accumulation)* | 14.93% | 35.09% | n/a | n/a | n/a |
| Institutional Shares (Accumulation)* | 14.35% | 34.42% | n/a | n/a | n/a |
| Institutional Shares W (Net Income)* | 14.57% | 34.74% | n/a | n/a | n/a |
| Institutional Shares W (Net Accumulation)* | 14.64% | 34.74% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Income)* | 14.27% | 34.33% | n/a | n/a | n/a |
| Retail Advised Shares B (Net Accumulation)* | 14.27% | 34.32% | n/a | n/a | n/a |
| Institutional F Shares (Net Income)* | n/a | n/a | n/a | n/a | n/a |
| Institutional Shares F (Net Accumulation)* | n/a | n/a | n/a | n/a | n/a |
| S&P 500 TR | 20.76% | 29.93% | n/a | n/a | n/a |

Source: Lipper as at 31 December 2014 - Total return including revenue 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 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

* Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Past performance is not a guide to future performance. The value of investments and the revenue 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.

Fund Report (continued)

Portfolio Summary

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 12.26% against 16.37% for the Standard & Poor's 500 Index TR.

The Fund posted a solid return, although it underperformed its comparative index. US stocks delivered gains in the third and fourth quarters, helped by positive economic data points and a relatively upbeat economic assessment from the Federal Reserve (Fed). Allocation benefited the Fund's relative performance, while stock selection detracted during the second half. At the sector level, the healthcare sector was the top performer in the period, on both relative and absolute bases, as a strong second-quarter earnings season refocused investors on company-specific valuations. Relative outperformance in energy was driven by a sizeable underweight to the worst performing benchmark sector. Conversely, difficult stock selection weighed on information technology holdings. An initial lack of exposure to Apple hurt relative performance as the stock generated returns more than twice that of the sector overall, although the Fund did ultimately establish a position given increased confidence in the company's pricing and margin discipline. The cyclical consumer discretionary sector (whose price is affected by ups and downs in the overall economy) was pressured by the media holdings and related secular concerns about a shift in ad spending from traditional to digital. In addition, overall economic weakness in emerging markets and Europe resulted in sell-offs of apparel and gaming positions.

In 2015, US markets could be pushed higher by healthy domestic profit growth, which may be offset at times by the downward pull of challenges in the economy as a whole. Volatility is also likely to rise during the year, especially if market participant have not fully expected the Fed to stick to its promise of raising interest rates over time.

During the fourth quarter, the Fund managers initiated positions in Apple, Fortinet, Infoblox, Fidelity National Financial, Ulta Salon, Valspar, McKesson, and Norwegian Cruise Line. Positions were eliminated in Juniper Networks, Las Vegas Sands, Schlumberger, Anadarko Petroleum, AmerisourceBergen, MSC Industrial Direct, Danaher, HCA Holdings, TD Ameritrade, and Microsoft.

The table below shows the top ten purchases and sales for the period.

Purchases

SPDR Trust Series 1
Vanguard S&P 500 ETF
iShares Russell 3000 Growth
iShares Russell 1000 Growth
Apple
Wells Fargo
Phillips 66
Intercontinental Exchange
PepsiCo
Fortinet

Sales

SPDR Trust Series 1
iShares Russell 3000 Growth
Vanguard S&P 500 ETF
iShares Russell 1000 Growth
Microsoft
HCA
TD Ameritrade
Consol Energy
JDS Uniphase
Danaher

Statistics

Price and Revenue Record by Share Class

Calendar Year

| | Highest Price | Lowest Price | Net Revenue per share* |
|---|------------------|-----------------|---------------------------|
| Sterling Income Shares | Pence | Pence | Pence |
| 2010 | 112.25 | 89.16 | 0.0000 |
| 2011 | 114.30 | 87.43 | 0.0000 |
| 2012 | 114.93 | 99.42 | 0.0000 |
| 2013 | 147.56 | 111.05 | 0.0000 |
| 2014 | 168.73 | 140.43 | 0.0000 |
| Euro Accumulation Shares | Cents | Cents | Cents |
| 2010 | 67.67 | 52.71 | 0.0000 |
| 2011 | 69.82 | 51.06 | 0.0000 |
| 2012 | 73.99 | 60.73 | 0.0000 |
| 2013 | 89.83 | 75.51 | 0.0000 |
| 2014 | 108.91 | 87.20 | 0.0000 |
| Exempt Shares 1 (Net Accumulation) | Pence | Pence | Pence |
| 2010 | 106.21 | 83.55 | 0.5113 |
| 2011 | 108.33 | 83.32 | 0.5282 |
| 2012 | 110.74 | 95.10 | 0.6769 |
| 2013 | 144.11 | 107.33 | 0.8170 |
| 2014 | 166.59 | 137.70 | 0.7051 |
| Institutional Shares (Accumulation) | Pence | Pence | Pence |
| 2012 (from 24 April) | 106.55 | 95.73 | 0.0719 |
| 2013 | 137.78 | 103.12 | 0.2430 |
| 2014 | 158.46 | 131.41 | 0.0047 |
| Institutional Shares W (Net Income) | Pence | Pence | Pence |
| 2012 (from 30 August) | 101.66 | 95.42 | 0.0000 |
| 2013 | 122.33 | 98.45 | 0.4652 |
| 2014 | 150.98 | 125.38 | 0.3247 |
| Institutional Shares W (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 30 August) | 101.66 | 95.42 | 0.0000 |
| 2013 | 122.33 | 98.45 | 0.4003 |
| 2014 | 152.04 | 125.88 | 0.3250 |
| Retail Advised Shares B (Net Income) | Pence | Pence | Pence |
| 2012 (from 24 September) | 100.38 | 94.24 | 0.0000 |
| 2013 | 129.60 | 97.20 | 0.1614 |
| 2014 | 148.93 | 123.58 | 0.0000 |
| Retail Advised Shares B (Net Accumulation) | Pence | Pence | Pence |
| 2012 (from 24 September) | 100.38 | 94.25 | 0.0000 |
| 2013 | 129.79 | 97.20 | 0.1661 |
| 2014 | 149.15 | 123.76 | 0.0000 |
| Institutional F Shares (Net Income) | Pence | Pence | Pence |
| 2014 (from 7 May) | 120.16 | 99.48 | 0.1198 |
| Institutional Shares F (Net Accumulation) | Pence | Pence | Pence |
| 2014 (from 7 May) | 118.12 | 98.03 | 0.0885 |

*Distributions are shown in the year declared rather than paid.

Statistics (continued)**Net Asset Value History by Share Class**

| Share class as at | Net Asset Value (£) | Per share | Shares in issue |
|---|----------------------------|------------------|------------------------|
| Sterling Income Shares | | | |
| | | Pence | |
| 30/06/2012 | 53,691,017 | 106.36 | 50,479,569 |
| 30/06/2013 | 40,220,623 | 130.81 | 30,746,965 |
| 30/06/2014 | 36,296,967 | 148.48 | 24,445,466 |
| 31/12/2014 | 39,520,876 | 165.61 | 23,864,525 |
| Euro Accumulation Shares | | | |
| | | Cents | |
| 30/06/2012 | 1,558,713 | 67.36 | 2,869,623 |
| 30/06/2013 | 1,227,356 | 77.33 | 1,851,959 |
| 30/06/2014 | 838,487 | 93.97 | 1,114,389 |
| 31/12/2014 | 1,144,979 | 107.86 * | 1,367,793 |
| *Euro/Sterling exchange rate at close of business 31 December 2014 1.288550 | | | |
| Exempt Shares 1 (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2012 | 884,377 | 102.22 | 865,204 |
| 30/06/2013 | 996,227 | 127.09 | 783,848 |
| 30/06/2014 | 730,370 | 145.81 | 500,907 |
| 31/12/2014 | 897,875 | 163.51 | 549,119 |
| Institutional Shares (Accumulation) | | | |
| | | Pence | |
| 30/06/2012 | 14,767 | 98.45 | 15,000 |
| 30/06/2013 | 307,314 | 121.81 | 252,289 |
| 30/06/2014 | 484,918 | 139.05 | 348,731 |
| 31/12/2014 | 542,388 | 155.53 | 348,731 |
| Institutional Shares W (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 575,004 | 115.63 | 497,288 |
| 30/06/2014 | 11,221,112 | 132.40 | 8,475,346 |
| 31/12/2014 | 16,684,255 | 148.19 | 11,258,801 |
| Institutional Shares W (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 29,404 | 116.52 | 25,236 |
| 30/06/2014 | 26,468,059 | 133.25 | 19,863,486 |
| 31/12/2014 | 35,203,496 | 149.21 | 23,592,491 |
| Retail Advised Shares B (Net Income) | | | |
| | | Pence | |
| 30/06/2013 | 2,443,432 | 114.69 | 2,130,386 |
| 30/06/2014 | 1,156,540 | 130.75 | 884,531 |
| 31/12/2014 | 1,227,137 | 146.18 | 839,469 |
| Retail Advised Shares B (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2013 | 8,614 | 114.52 | 7,522 |
| 30/06/2014 | 9,847 | 130.93 | 7,521 |
| 31/12/2014 | 11,010 | 146.39 | 7,521 |
| Institutional F Shares (Net Income) | | | |
| | | Pence | |
| 30/06/2014 | 2,589,281 | 105.20 | 2,461,275 |
| 31/12/2014 | 6,140,199 | 117.94 | 5,206,115 |
| Institutional Shares F (Net Accumulation) | | | |
| | | Pence | |
| 30/06/2014 | 645,448 | 103.42 | 624,093 |
| 31/12/2014 | 1,122,742 | 115.94 | 968,381 |

Statistics (continued)

| Ongoing Charges | | |
|--|-------------------|-------------------|
| Share Class | 31/12/2014 | 30/06/2014 |
| | % | % |
| Sterling Income Shares | 1.68 | 1.68 |
| Euro Accumulation Shares | 2.19 | 2.18 |
| Exempt Shares 1 (Net Accumulation) | 0.61 | 0.63 |
| Institutional Shares (Accumulation) | 1.11 | 1.12 |
| Institutional Shares W (Net Income) | 0.86 | 0.88 |
| Institutional Shares W (Net Accumulation) | 0.86 | 0.88 |
| Retail Advised Shares B (Net Income) | 1.20 | 1.18 |
| Retail Advised Shares B (Net Accumulation) | 1.20 | 1.18 |
| Institutional F Shares (Net Income) | 0.66 | 0.72 |
| Institutional Shares F (Net Accumulation) | 0.66 | 0.72 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months' history may be estimated based on other share class data.

Portfolio Statement

as at 31 December 2014

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Apparel 1.98% (1.34%) | | | |
| Michael Kors | 42,173 | 2,030,958 | 1.98 |
| Banks 7.51% (6.17%) | | | |
| Comerica | 49,709 | 1,493,263 | 1.46 |
| Svb Financial | 48,476 | 3,608,536 | 3.52 |
| Wells Fargo | 73,618 | 2,588,256 | 2.53 |
| Beverages 3.86% (1.97%) | | | |
| PepsiCo | 65,211 | 3,954,691 | 3.86 |
| Biotechnology 13.66% (7.70%) | | | |
| Actavis | 13,796 | 2,279,293 | 2.22 |
| Biogen Idec | 10,138 | 2,207,636 | 2.15 |
| Bristol-Myers Squibb | 61,334 | 2,321,192 | 2.26 |
| Gilead Sciences | 45,502 | 2,750,401 | 2.68 |
| Illumina | 16,897 | 1,999,790 | 1.95 |
| Vertex Pharmaceuticals | 32,314 | 2,461,812 | 2.40 |
| Computers 1.02% (1.33%) | | | |
| EMC | 54,660 | 1,042,896 | 1.02 |
| Construction & Materials 2.08 (0.00%) | | | |
| Valspar | 38,342 | 2,126,791 | 2.08 |
| Diversified Financial Services 3.08% (3.14%) | | | |
| Discover Financial Services | 75,265 | 3,161,202 | 3.08 |
| Electronic & Electrical Equipment 3.14% (2.80%) | | | |
| Arrow Electronics | 36,522 | 1,356,414 | 1.32 |
| Veeco Instruments | 83,595 | 1,869,461 | 1.82 |
| Industrial Engineering 2.96% (1.67%) | | | |
| Parker-Hannifin | 36,683 | 3,032,979 | 2.96 |
| Financial Services 14.89% (12.32%) | | | |
| E*Trade Financial | 284,493 | 4,424,534 | 4.32 |
| FNF | 117,058 | 2,585,524 | 2.52 |
| Goldman Sachs | 12,774 | 1,587,933 | 1.55 |
| Intercontinental Exchange | 19,616 | 2,759,009 | 2.69 |
| Invesco | 92,745 | 2,350,075 | 2.29 |
| Raymond James Financial | 42,452 | 1,559,500 | 1.52 |
| Food & Drug Retailers 1.93 (0.00%) | | | |
| McKesson | 14,835 | 1,975,146 | 1.93 |
| General Retailers 2.11 (0.00%) | | | |
| Ulta Salon Cosmet | 26,384 | 2,162,667 | 2.11 |
| Internet 2.91% (3.52%) | | | |
| Google | 5,771 | 1,948,242 | 1.90 |
| Google class 'A' shares | 3,041 | 1,034,808 | 1.01 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|----------------|-------------------------|-----------------------------|
| Manufacturers 3.26% (3.88%) | | | |
| Steelcase | 290,593 | 3,343,427 | 3.26 |
| Media 3.40% (4.33%) | | | |
| AMC Networks | 48,033 | 1,964,139 | 1.92 |
| Viacom New class 'B' non-voting shares | 31,495 | 1,519,961 | 1.48 |
| Mining 1.05% (5.70%) | | | |
| Yamana Gold | 416,724 | 1,071,710 | 1.05 |
| Non Equity Investment Instruments 3.07% (5.43%) | | | |
| SPDR Trust Series 1 | 15,542 | 2,048,544 | 2.00 |
| Vanguard S&P 500 ETF | 9,068 | 1,096,011 | 1.07 |
| Oil & Gas Producers 1.60% (0.00%) | | | |
| Phillips 66 | 35,611 | 1,637,524 | 1.60 |
| Pharmaceuticals & Biotechnology 1.48% (3.50%) | | | |
| Isis Pharmaceuticals | 38,253 | 1,514,664 | 1.48 |
| Real Estate 3.36% (2.24%) | | | |
| Realogy | 120,522 | 3,438,848 | 3.36 |
| Semiconductors 3.33% (5.07%) | | | |
| Applied Micro Circuits | 228,599 | 955,886 | 0.93 |
| Mellanox Technologies | 89,856 | 2,462,432 | 2.40 |
| Software 8.03% (2.56%) | | | |
| Dealertrack Technologies | 60,053 | 1,705,016 | 1.66 |
| Fortinet | 144,277 | 2,836,037 | 2.77 |
| Infoblox | 205,760 | 2,666,929 | 2.60 |
| Symantec | 62,567 | 1,029,241 | 1.00 |
| Technology, Hardware & Equipment 5.06% (1.25%) | | | |
| Apple | 73,213 | 5,182,781 | 5.06 |
| Telecommunications 1.50% (7.11%) | | | |
| Ciena | 123,699 | 1,539,048 | 1.50 |
| Transportation 1.69% (2.14%) | | | |
| Kirby | 33,387 | 1,729,037 | 1.69 |

Portfolio Statement (continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|----------------|-------------------------|-----------------------------|
| Travel & Leisure 1.75 (0.00%) | | | |
| Norwegian Cruise Line | 59,609 | 1,786,836 | 1.75 |
| Portfolio of investments | | 102,201,080 | 99.71 |
| Net current assets | | 293,877 | 0.29 |
| Total Net Assets | | 102,494,957 | 100.00 |

Total unapproved and unquoted securities 0.00%

Comparative figures in brackets refer to 30 June 2014.

During the six months ended 31 December 2014, the Fund disposed of its holdings in the Agriculture, Healthcare Equipment & Services, Lodging, Non-Life Insurance, Oil & Gas Services, Pharmaceuticals, Retail and Support Services portfolio categories, which, at 30 June 2014, represented 1.91%, 1.65%, 1.46%, 1.74%, 2.42%, 1.54%, 1.70% and 1.72% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Financial Statements

Statement of Total Return

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|---|-----------|-------------------|-----------|------------------|
| Income | | | | |
| Net capital gains | | 11,529,151 | | 6,556,969 |
| Revenue | 541,242 | | 315,405 | |
| Expenses | (557,706) | | (404,024) | |
| Finance costs: Interest | (116) | | (17) | |
| Net expenses before taxation | (16,580) | | (88,636) | |
| Taxation | (47,168) | | (27,885) | |
| Net expenses after taxation | | (63,748) | | (116,521) |
| Total return before distributions | | 11,465,403 | | 6,440,448 |
| Finance costs: Distributions | | (21,479) | | 24,780 |
| Change in net assets attributable to Shareholders from investment activities | | 11,443,924 | | 6,465,228 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 31 December 2014

| | £ | 31/12/2014 £ | £ | 31/12/2013 £ |
|--|--------------|--------------------|--------------|-------------------|
| Opening net assets attributable to Shareholders | | 80,441,029 | | 45,807,974 |
| Amounts receivable on issue of shares | 45,391,277 | | 27,456,154 | |
| Amounts payable on cancellation of shares | (34,809,378) | | (16,939,639) | |
| | | 10,581,899 | | 10,516,515 |
| Dilution adjustment | | 28,105 | | 16,196 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 11,443,924 | | 6,465,228 |
| Closing net assets attributable to Shareholders | | 102,494,957 | | 62,805,913 |

Financial Statements (continued)**Balance Sheet**

as at 31 December 2014

| | £ | 31/12/2014 £ | £ | 30/06/2014 £ |
|--|-------------|--------------------|-------------|-------------------|
| ASSETS | | | | |
| Investment assets | | 102,201,080 | | 79,883,813 |
| Debtors | 2,918,338 | | 1,646,136 | |
| Cash and bank balances | 499,487 | | 259,866 | |
| Total other assets | | 3,417,825 | | 1,906,002 |
| Total assets | | 105,618,905 | | 81,789,815 |
| LIABILITIES | | | | |
| Creditors | (3,123,948) | | (1,318,315) | |
| Distribution payable on income shares | - | | (30,471) | |
| Total other liabilities | | (3,123,948) | | (1,348,786) |
| Total liabilities | | (3,123,948) | | (1,348,786) |
| Net assets attributable to Shareholders | | 102,494,957 | | 80,441,029 |

Portfolio transaction costs

for the six months ended 31 December 2014

| | 31/12/2014 | | 31/12/2013 | |
|---|----------------|---------------------------|--------------|--------------------------|
| | £ | £ | £ | £ |
| Analysis of total purchase costs: | | | | |
| Purchases before transaction costs | | 116,770,198 | | 35,019,971 |
| Commissions | 38,520 | | 8,443 | |
| Taxes | <u>-</u> | | <u>-</u> | |
| Total purchase costs | | 38,520 | | 8,443 |
| Gross purchases total | | <u>116,808,718</u> | | <u>35,028,414</u> |
| Analysis of total sales proceeds: | | | | |
| Sales before transaction costs | | 106,055,571 | | 25,236,073 |
| Commissions | (39,398) | | (6,947) | |
| Taxes | <u>(2,332)</u> | | <u>(432)</u> | |
| Total sales costs | | (41,730) | | (7,379) |
| Total sales net of transaction costs | | <u>106,013,841</u> | | <u>25,228,694</u> |

Director's Statement

In accordance with the requirements of the rules in the Financial Conduct Authority Collective Investment Schemes Sourcebook, I hereby certify the Report on behalf of the Directors of BNY Mellon Fund Managers Limited.

David Turnbull
Director
BNY Mellon Fund Managers Limited

10 February 2015

Investor Information

General

BNY Mellon Investment Funds (the “Company”) is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC 27 and authorised by the Financial Conduct Authority with effect from 13 April 1999.

The Company has been established as an “umbrella company”. The assets of each sub-fund are treated as separate from those of every other sub-fund and will be invested in accordance with that sub-fund’s own investment objective and policy.

Each sub-fund has a specific portfolio of assets and investments to which the Sub-Fund’s assets and/or liabilities are attributable and each investor should view each sub-fund as a separate investment entity.

Investors should be aware that the Company’s creditors may look to all the Company’s assets for payment regardless of the sub-fund in respect of which the debt has arisen. Assets may be re-allocated to and from other sub-funds if it is necessary to do so to satisfy any creditor proceeding against the Company. In the event that any assets are so re-allocated, BNY Mellon Fund Managers Limited, the authorised corporate director, (“ACD”) will advise shareholders in the next report to shareholders. The FSA registered number for the ACD is 122007.

Each sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that sub-fund and within the sub-funds charges will be allocated between share classes in accordance with the terms of issue of those share classes.

Any assets, liabilities, expenses, costs or charges not attributable to a particular sub-fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all sub-funds pro rata to the value of the net assets of the relevant funds.

Although each sub-fund, so far as possible, will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient, the ACD may re-allocate assets, liabilities, expenses, costs and charges between the sub-funds in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant sub-funds. If there is any such re-allocation the ACD will advise shareholders of it in the next succeeding annual or half-yearly report to shareholders.

Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

Significant events

The following additions and amendments have been made:-

Additions:-

2000 – launched Newton Global Innovation Fund (24 March); Newton European High Yield Bond Fund (02 October) and A Share Class of Newton Intrepid Fund (27 October);

2002 – launched Newton UK Opportunities Fund (08 February);

2004 – launched Newton American Fund – Exempt 1 Net Acc. (02 August), Newton Income Fund – Exempt 2 Net Acc. (14 September), Newton Absolute Intrepid Fund - Exempt 2 Net Acc. (28 October), Newton UK Equity Fund – Exempt 2 Net Acc. (14 November);

2005 – launched Newton Higher Income Fund – Exempt 2 Net Acc. (26 January) and Institutional Net Acc. (11 April), Newton Overseas Equity Fund – Exempt 2 Net Acc. (26 January), Newton UK Opportunities Fund – Exempt 2 Net Acc. (31 January) and Institutional Net Acc. (25 May), Newton Income Fund – Institutional Net Acc. (11 April), Newton Global Balanced Fund – Exempt 2 Net Acc. (14 April), Newton Long Corporate Bond Fund – Exempt 2 Gross Acc. (6 May), Newton Global Opportunities Fund (01 July), Newton 60/40 Global Equity Fund – Exempt 2 Net Acc. (3 November), Newton Global Higher Income Fund (30 November), Newton Asian Income Fund (30 November), Newton International Bond Fund – Institutional Net Acc. (7 December).

2006 – launched the following sub-funds/share classes: Newton Absolute Intrepid Fund – X Net Acc. (27 February), Newton International Growth Fund – Exempt 1 Net Acc. (02 February), Newton Global Dynamic Bond Fund – Sterling Inc. and Exempt 2 Gross Acc. (28 April), Newton Higher Income Fund – Institutional Net Inc. (2 May), Newton Balanced Fund – Institutional Net Acc. (5 June), Newton Managed Fund – Institutional Net Acc. (12 June), Newton Income Fund – Institutional Net Inc. (23 June), Newton Global Dynamic Bond Fund – Institutional Net Inc. (29 June), Newton Global Higher Income Fund – Exempt Shares 2 Net Inc. (4 August), Newton Long Corporate Bond Fund – Institutional Net Acc. (24 October), Newton Phoenix Multi-Asset Fund – Sterling Inc. and Sterling Acc. (27 November), Newton Global Opportunities Fund – X Net Acc. (12 December).

2007 – launched the following sub-funds/share classes: Newton Oriental Fund – Institutional Net Acc. (29 January) and X Net Acc. (3 July), Newton European Higher Income Fund – Sterling Inc. and Institutional Net Inc. launched (30 January) and Institutional Net Acc. (10 September), Newton Long Corporate Bond Fund – X Gross Acc. (2 April), Newton Long Gilt Fund – X Shares Gross Acc. (2 April), Newton Overseas Equity Fund – X Gross Acc. (16 April), Newton UK Equity Fund – X Net Acc. (16 April), Newton International Bond Fund – Institutional Net Inc. (27 April), and Exempt 2 Gross Acc. (18 May), Newton Higher Income Fund – X Net Acc. (2 July), Newton UK Opportunities Fund – X Gross Acc. (2 July), Mellon Long-Term Global Equity Fund (Walter Scott & Partners Limited act as Investment Advisers to this sub-fund) – Institutional Net Acc. and Exempt 2 Net Acc. (24 August) and Sterling Inc. (28 September), Newton International Growth Fund – X Net Acc. (10 September), Newton Global Higher Income Fund – X Net Acc. (1 October), Newton Index Linked Gilt Fund – X Gross Acc. (1 October), Newton Diversified Growth Fund – Institutional Acc. and Exempt 2 Net Acc. (14 December).

Investor Information (continued)

2008 – launched the following share classes: Newton European High Yield Bond Fund – X Net Acc. (19 March); Newton Global Dynamic Bond Fund – X Net Acc. (19 March); Newton Income Fund – X Net Acc. (19 March); Newton Phoenix Multi-Asset Fund – Exempt Shares 2 Net Acc. (1 February); Newton Strategic Corporate Bond Fund – X Net Acc. (19 March);

2009 – launched the following sub-funds/share classes: Newton International Growth Fund – Exempt 3 Net Acc. (2 February); Newton Growth Fund – Institutional Net Acc (3 March); Newton Asian Income Fund – X Net Inc (2 April); Newton European Higher Income Fund – X Net Inc. (2 April); Newton Higher Income Fund – X Net Inc. (2 April); BNY Mellon Global Strategic Bond Fund – Sterling Inc., Institutional Net Inc., Institutional Net Acc. (9 April); Newton Real Return Fund – Institutional Net Acc. (30 June); X Net Inc. (15 July); Newton International Bond Fund – X Net Acc. (29 June); Newton Real Return Fund X Shares Net Inc share class (15 July); Newton Real Return Fund Exempt 2 Net Inc share class (14 August); Newton Overseas Equity Fund – Exempt 3 Net Acc (22 September); Newton UK Equity Fund – Exempt 2 Net Acc reopened (15 October); Newton UK Equity Fund – X Shares Net Acc re-launched (14 December);

2010 – launched the following share classes: Newton Real Return Fund – P Net Acc (26 February); Newton Higher Income Fund – X Net Inc re-launched (8 October 2010); Newton Global Higher Income Fund – X Net Inc (8 October 2010); Newton Global Dynamic Bond Fund – X Net Inc (11 October 2010); Newton European Higher Income Fund – X Net Inc re-launched (12 November 2010); BNY Mellon Long-Term Global Equity Fund – X Net Acc (17 December 2010).

2011 – launched the following share classes: Newton Global Dynamic Bond Fund – X Gross Acc (18 February); Newton Global High Yield Bond Fund – X Net Inc (25 May); Newton Index Linked Gilt Fund – X Net Inc (25 May); Newton Income Fund – X Net Inc (25 May);

2012 – launched the following share classes: Newton Asian Income Fund – Euro Institutional Acc (30 January); Newton Real Return Fund – Sterling Exempt 1 Net Acc (29 February); Newton Asian Income Fund – Euro Acc (5 March); Newton Asian Income Fund – Euro Inc (5 March); Newton Asian Income Fund – Euro Institutional Inc (5 March); Newton Global Higher Income Fund – Sterling Acc (13 March); Newton UK Equity Fund – Sterling Exempt 1 Net Acc (30 March); Newton UK Equity Fund – Sterling Exempt 3 Net Acc (30 March); Newton Asian Income Fund – USD Institutional Inc (2 April); Newton Asian Income Fund – USD Institutional Acc (2 April); Newton Asian Income Fund – USD Inc (2 April); Newton Asian Income Fund – USD Acc (2 April); BNY Mellon American Fund – Sterling Institutional Acc (24 April); Newton Continental European Fund – P Net Inc (20 June); Newton Corporate Bond Fund – P Net Inc (20 June); Newton Global Balanced Fund – P Net Inc (21 June); Newton Global Dynamic Bond Fund – P Net Inc (21 June); Newton Global Equity Fund – P Net Inc (21 June); Newton International Bond Fund – P Net Inc (22 June); Newton Managed Fund – P Net Inc (22 June); Newton Oriental Fund – P Net Inc (22 June); Newton Real Return Fund – P Net Inc (25 June); Newton UK Opportunities Fund – P Net Inc (25 June); Newton Continental European Fund – Institutional W Net Inc (30 August); Newton Continental European Fund – Institutional W Net Acc (30 August); Newton Asian Income Fund – Institutional W Net Inc (30 August); Newton Asian Income Fund – Institutional W Net Acc (30 August); BNY Mellon Long-Term Global Equity Fund – Institutional W Net Inc (30 August); BNY Mellon Long-Term Global Equity Fund – Institutional W Net Acc (30 August); BNY Mellon Global Strategic Bond Fund – Institutional W Net Inc (30 August); BNY Mellon Global Strategic Bond Fund – Institutional W Net Acc (30 August); BNY Mellon American Fund – Institutional W Net Inc (30 August); BNY Mellon American Fund – Institutional W Net Acc (30 August); Newton Pan-European Fund – Institutional W Net Inc (31 August); Newton Pan-European Fund – Institutional W Net Acc (31 August); Newton Managed Fund – Institutional W Net Inc (31 August); Newton Managed Fund – Institutional W Net Acc (31 August); Newton Cautious Managed Fund – Institutional W Net Inc (31 August); Newton Cautious Managed Fund – Institutional W Net Acc (31 August); Newton Balanced Fund – Institutional W Net Inc (31 August); Newton Balanced Fund – Institutional W Net Acc (31 August); Newton Global High Yield Bond Fund – Institutional W Net Inc (3 September); Newton Global High Yield Bond Fund – Institutional W Net Acc (3 September); Newton Global Equity Fund – Institutional W Net Inc (3 September); Newton Global Equity Fund – Institutional W Net Acc (3 September); Newton Global Dynamic Bond Fund – Institutional W Net Inc (3 September); Newton Global Dynamic Bond Fund – Institutional W Net Acc (3 September); Newton European Higher Income Fund – Institutional W Net Inc (3 September); Newton European Higher Income Fund – Institutional W Net Acc (3 September); Newton Corporate Bond Fund – Institutional W Net Inc (3 September); Newton Corporate Bond Fund – Institutional W Net Acc (3 September); Newton Oriental Fund – Institutional W Net Inc (4 September); Newton Oriental Fund – Institutional W Net Acc (4 September); Newton International Bond Fund – Institutional W Net Inc (4 September); Newton International Bond Fund – Institutional W Net Acc (4 September); Newton Higher Income Fund – Institutional W Net Inc (4 September); Newton Higher Income Fund – Institutional W Net Acc (4 September); Newton Global Opportunities Fund – Institutional W Net Inc (4 September); Newton Global Opportunities Fund – Institutional W Net Acc (4 September); Newton Global Higher Income Fund – Institutional W Net Inc (4 September); Newton Global Higher Income Fund – Institutional W Net Acc (4 September); Newton UK Opportunities Fund – Institutional W Net Inc (5 September); Newton UK Opportunities Fund – Institutional W Net Acc (5 September); Newton UK Equity Fund – Institutional W Net Inc (5 September); Newton UK Equity Fund – Institutional W Net Acc (5 September); Newton Real Return Fund – Institutional W Net Inc (5 September); Newton Real Return Fund – Institutional W Net Acc (5 September); Newton Phoenix Multi-Asset Fund – Institutional W Net Inc (5 September); Newton Phoenix Multi-Asset Fund – Institutional W Net Acc (5 September); Newton European Higher Income Fund – P Net Inc (20 September); Newton Cautious Managed Fund – P Net Inc (20 September); Newton Asian Income Fund – P Net Inc (20 September); Newton UK Equity Fund – P Net Inc (21 September); Newton Higher Income Fund – P Net Inc (21 September); Newton Global Higher Income Fund – P Net Inc (21 September); Newton Global High Yield Bond Fund – P Net Inc (21 September); BNY Mellon Global Strategic Bond Fund – Retail Advised B Net Inc (24 September); BNY Mellon Global Strategic Bond Fund – Retail Advised B Net Acc (24 September); BNY Mellon American Fund – Retail Advised B Net Inc (24 September); BNY Mellon American Fund – Retail Advised B Net Acc (24 September); Newton Global Opportunities Fund – Retail Advised B Net Inc (25 September); Newton Global Opportunities Fund – Retail Advised B Net Acc (25 September); BNY Mellon Long-Term Global Equity Fund – Retail Advised B Net Inc (25 September); BNY Mellon Long-Term Global Equity Fund – Retail Advised B Net Acc (25 September); Newton Phoenix Multi-Asset Fund – Retail Advised B Net Inc (27 September); Newton Phoenix Multi-Asset Fund – Retail Advised B Net Acc (27 September); Newton Oriental Fund – Retail Advised B Net Inc (26 September); Newton Oriental Fund – Retail Advised B Net Acc (26 September); Newton UK Opportunities Fund – Retail Advised B Net Inc (27 September); Newton UK Opportunities Fund – Retail Advised B Net Acc (27 September); Newton Continental European Fund – Retail Advised B Net Inc (27 September); Newton Continental European Fund – Retail Advised B Net Acc (27 September); Newton Pan-European Fund – Retail Advised B Net Inc (28 September); Newton Pan-European Fund – Retail Advised B Net Acc (28 September);

Investor Information (continued)**2012 (continued)**

Newton Balanced Fund – Retail Advised B Net Inc (28 September); Newton Balanced Fund – Retail Advised B Net Acc (28 September); Newton Global Higher Income Fund – Retail Advised B Net Inc (1 October); Newton Global Higher Income Fund – Retail Advised B Net Acc (1 October); Newton Asian Income Fund – Retail Advised B Net Inc (1 October); Newton Asian Income Fund – Retail Advised B Net Acc (1 October); Newton Asian Income Fund – P Net Acc (1 October); Newton Global Dynamic Bond Fund – Retail Advised B Net Inc (2 October); Newton Global Dynamic Bond Fund – Retail Advised B Net Acc (2 October); Newton European Higher Income Fund – Retail Advised B Net Inc (2 October); Newton European Higher Income Fund – Retail Advised B Net Acc (2 October); Newton International Bond Fund – Retail Advised B Net Inc (3 October); Newton International Bond Fund – Retail Advised B Net Acc (3 October); Newton Higher Income Fund – Retail Advised B Net Inc (3 October); Newton Higher Income Fund – Retail Advised B Net Acc (3 October); Newton Global Higher Income Fund – P Net Acc (3 October); Newton Global Dynamic Bond Fund – P Net Acc (3 October); Newton Higher Income Fund – P Net Acc (4 October); Newton Global High Yield Bond Fund – Retail Advised B Net Inc (4 October); Newton Global High Yield Bond Fund – Retail Advised B Net Acc (4 October); Newton Emerging Income Fund – X Net Inc (4 October); Newton Emerging Income Fund – X Net Acc (4 October); Newton Emerging Income Fund – Institutional W Net Inc (4 October); Newton Emerging Income Fund – Sterling Acc (4 October); Newton Emerging Income Fund – Sterling Inc (4 October); Newton Corporate Bond Fund – Retail Advised B Net Inc (4 October); Newton Corporate Bond Fund – Retail Advised B Net Acc (4 October); Newton Real Return Fund – P Net Acc (5 October); Newton Oriental Fund – P Net Acc (5 October); Newton Managed Fund – Retail Advised B Net Inc (5 October); Newton Managed Fund – Retail Advised B Net Acc (5 October); Newton Cautious Managed Fund – Retail Advised B Net Inc (5 October); Newton Cautious Managed Fund – Retail Advised B Net Acc (5 October); Newton Real Return Fund – Retail Advised B Net Inc (8 October); Newton Real Return Fund – Retail Advised B Net Acc (8 October); Newton Global Equity Fund – Retail Advised B Net Inc (8 October); Newton Global Equity Fund – Retail Advised B Net Acc (8 October); Newton UK Equity Fund – Retail Advised B Net Inc (9 October); Newton UK Equity Fund – Retail Advised B Net Acc (9 October); Newton Corporate Bond Fund – P Net Acc (12 October); Newton Global High Yield Bond Fund – P Net Acc (15 October); Newton Emerging Income Fund – Institutional Inc (15 October); Newton Emerging Income Fund – Institutional Acc (15 October); Newton Emerging Income Fund – Institutional W Net Acc (15 October); Newton International Bond Fund – P Net Acc (16 October); Newton Emerging Income Fund – Retail Advised B Net Inc (23 October); Newton Emerging Income Fund – Retail Advised B Net Acc (23 October).

2013 – launched the following share classes: Insight Equity Income Booster Fund – Institutional W Net Acc (9 February); Insight Equity Income Booster Fund – Institutional W Net Inc (9 February); Insight Equity Income Booster Fund – Sterling Acc (9 February); Insight Equity Income Booster Fund – Sterling Inc (9 February); Insight Equity Income Booster Fund – X Net Acc (9 February); Insight Equity Income Fund – Institutional W Net Acc (9 February); Insight Equity Income Fund – Institutional W Net Inc (9 February); Insight Equity Income Fund – Sterling Acc (9 February); Insight Equity Income Fund – Sterling Inc (9 February); Insight Global Absolute Return Fund – Institutional Acc (9 February); Insight Global Absolute Return Fund – Sterling Acc (9 February); Insight Global Multi-Strategy Fund – Institutional Acc (9 February); Insight Global Multi-Strategy Fund – Institutional Inc (9 February); Insight Global Multi-Strategy Fund – S Net Acc (9 February); Insight Global Multi-Strategy Fund – S Net Inc (9 February); Insight Global Multi-Strategy Fund – Sterling Acc (9 February); Insight Global Multi-Strategy Fund – Sterling Inc (9 February); Insight Inflation-Linked Corporate Bond Fund – Institutional Acc (9 February); Insight Inflation-Linked Corporate Bond Fund – Institutional Inc (9 February); Insight Inflation-Linked Corporate Bond Fund – Sterling Acc (9 February); Insight Inflation-Linked Corporate Bond Fund – Sterling Inc (9 February); Insight Strategic Bond Fund – Sterling Acc (9 February); Insight Strategic Bond Fund – Sterling Inc (9 February); Insight Equity Income Booster Fund – Retail Advised B Net Acc (11 February); Insight Equity Income Booster Fund – Retail Advised B Net Inc (11 February); Insight Equity Income Fund – Retail Advised B Net Acc (11 February); Insight Equity Income Fund – Retail Advised B Net Inc (11 February); Insight Global Absolute Return Fund – Institutional W Net Acc (11 February); Insight Global Absolute Return Fund – Institutional W Net Inc (11 February); Insight Global Absolute Return Fund – Retail Advised B Net Acc (11 February); Insight Global Absolute Return Fund – Retail Advised B Net Inc (11 February); Insight Global Absolute Return Fund – Sterling Inc (11 February); Insight Global Multi-Strategy Fund – Institutional W Net Acc (11 February); Insight Global Multi-Strategy Fund – Institutional W Net Inc (11 February); Insight Global Multi-Strategy Fund – Retail Advised B Net Acc (11 February); Insight Global Multi-Strategy Fund – Retail Advised B Net Inc (11 February); Insight Inflation-Linked Corporate Bond Fund – Institutional W Net Acc (11 February); Insight Inflation-Linked Corporate Bond Fund – Institutional W Net Inc (11 February); Insight Inflation-Linked Corporate Bond Fund – Retail Advised B Net Acc (11 February); Insight Inflation-Linked Corporate Bond Fund – Retail Advised B Net Inc (11 February); Insight Strategic Bond Fund – Institutional W Net Acc (11 February); Insight Strategic Bond Fund – Institutional W Net Inc (11 February); Insight Strategic Bond Fund – Retail Advised B Net Acc (11 February); Insight Strategic Bond Fund – Retail Advised B Net Inc (11 February); Newton Global Higher Income Fund – Exempt 2 Net Acc (14 February); Newton Phoenix Multi-Asset Fund – X Net Acc (21 May); Newton Global Dynamic Bond Fund – Exempt 2 Gross Inc (11 June); Newton Global Opportunities Fund – Exempt 2 Net Inc (11 June); Insight Inflation-Linked Corporate Bond Fund – X Net Acc (6 November); Newton Long Corporate Bond Fund – X Net Inc (18 November); Newton Long Gilt Fund – X Net Inc (18 November); Newton UK Opportunities Fund – X Net Inc (18 November); Newton Asian Income Fund – X Net Acc USD (2 December).

2014 – launched the following share classes: Insight Strategic Bond Fund Institutional Inc (17 February); Insight Strategic Bond Fund Institutional Acc (17 February); Newton Long Gilt Fund X Net Acc (14 April); Newton Long Corporate Bond Fund X Net Acc (30 April); The Boston Company US Opportunities Fund F Net Inc (7 May); The Boston Company US Opportunities Fund F Net Acc (14 May); Newton Global Higher Income Fund U Net Inc (19 May); Newton Global Higher Income Fund U Net Acc (19 May); BNY Mellon Long-Term Global Equity Exempt shares 1 Net Acc (17 Sept).

Amendments:-**2004 –**

- 30 July - Newton Intrepid Fund name changed to Newton Absolute Intrepid Fund.
- 31 July - Following the restructuring of Newton's range of exempt unit trusts, a number of sub-funds and/or share classes were added to the Company. The sub-funds offer one or more of the following Share Class types – Sterling Inc., Mellon Newton Euro Acc., Exempt 1 Net Acc., Exempt 2 Net Acc., Exempt 1 Gross Acc., Exempt 2 Gross Acc., Institutional Net Acc..
- 2 August – The name of the Company was changed from Newton Investment Funds to Mellon Investment Funds ICVC (“MIF”) and the name of the ACD was changed from Newton Fund Managers Limited to Mellon Fund Managers Limited.

Investor Information (continued)

2005 –

- 31 March – Mellon Newton Euro Acc. shares name changed to Euro Acc. shares. The following funds offer a Euro Acc. share class: Newton American Fund; Newton Continental European Fund; Newton Global Innovation Fund; Newton International Bond Fund; Newton International Growth Fund; Newton Japan Fund; Newton Oriental Fund and Newton Pan-European Fund. The MIF Prospectus was amended to include an Exempt 3 class for all sub-funds as and when required.
- 1 July –
 - The MIF Prospectus was amended to include an X Share Class for all Sub-Funds as and when required.
 - MIF is meeting the requirements of the European Union Savings Directive (EUSD).
- 30 September - At a series of Extraordinary General Meetings of Shareholders in the Company the following changes were approved and effected from:
 - 1 October -
 - The objective of the Company was changed, as stated in the Instrument of Incorporation, to enable sub-funds of the Company to take up the wider powers prescribed by the recently amended UCITS Directive. The wider powers were adopted by the following sub-funds: Newton European High Yield Bond Fund, Newton Strategic Corporate Bond Fund (formerly Newton High Yield Bond Fund), Newton International Bond Fund, Newton Long Corporate Bond Fund, Newton Absolute Intrepid Fund, Newton Balanced Fund, Newton Global Balanced Fund and Newton Managed Intrepid Fund. Consequently the investment objective and policy of these sub-funds was amended to permit greater investment flexibility, including the greater use of derivatives.
 - The Newton High Yield Bond Fund name changed to Newton Strategic Corporate Bond Fund.
 - The following sub-funds had the investment objective and policy amended to take up/permit greater investment flexibility but did not take up the wider investment powers permitted under the amended UCITS Directive: Newton American Fund; Newton Continental European Fund; Newton Income Fund; Newton Index Linked Gilt Fund; Newton Japan Fund; Newton Oriental Fund; Newton Pan-European Fund and Newton UK Equity Fund.
 - The limit on investing in other collective investment schemes was increased from 5% to 10% on all sub-funds.
 - The investment objective of all sub-funds explicitly permits the use of collective investment schemes as an asset class.
 - The investment objective and policy of the Newton International Bond Fund was amended to remove the list of Government and other public securities allowable for investment.
- 14 October – The basis for charging Registrar Fees and other allowable expenses to the sub-funds changed. An Administration Fee of 0.10% per annum is charged on Sterling Income shares; 0.03% per annum is charged on Institutional Income shares, Institutional Accumulation shares and all Exempt and X share classes. The Administration Fee is calculated and accrued daily and payable monthly.
- 8 November – The Prospectus was amended to include an Institutional Inc. share class for all sub-funds as and when required.
- 13 November – The annual management charge of the Newton Absolute Intrepid Fund is charged to capital rather than income.

2006 –

- 30 June – Newton Managed Intrepid Fund was merged into Newton Absolute Intrepid Fund.
- 18 December – Newton Global Innovation Fund was closed.

2007 –

- 1 September – Newton Growth Fund annual management charge increased to 1.50%.
- 1 October – Following the successful merger of Mellon Financial Corporation with Bank of New York, Mellon Fund Managers Limited became part of BNY Asset Management International Holdings Limited.
- 1 October - Newton Strategic Corporate Bond Fund changed from the IMA UK Other Bond to the IMA UK Corporate Bond Sector.
- 3 October - the Exempt 3 Net Acc. share class of both the Newton Overseas Equity Fund and the Newton UK Equity Fund was closed.
- 31 December – Newton Equity & Bond Fund changed sector from IMA UK Equity & Bond Income to IMA Balanced Managed. The performance record was retained.

2008 –

- 31 March –
 - Following the successful merger of Mellon Financial Corporation with The Bank of New York, the name of the Company changed from Mellon Investment Funds ICVC (“MIF”) to BNY Mellon Investment Funds (“BNYMIF”) and the name of the ACD from Mellon Fund Managers Limited to BNY Mellon Fund Managers Limited.
 - Mellon Long-Term Global Equity Fund name changed to BNY Mellon Long-Term Global Equity Fund.
- 11 June – Newton Absolute Intrepid Fund changed sector from IMA Active Managed to IMA Absolute Return. The performance record from 31 March 2004 is retained.
- 1 July - No initial charge will be applied to the reinvestment of distribution income.
- 18 September – Newton UK Equity Fund X Net Acc. share class was closed.
- 31 December –
 - The name of the Newton Strategic Corporate Bond Fund changed to Newton Corporate Bond Fund.
 - The Newton Corporate Bond Fund moved from the IMA UK Corporate Bond Sector to the IMA £ Corporate Bond Sector. The performance record was retained.
 - Suspension of dealing – the ACD and Depositary have agreed that the previous suspension limit of 28 days be extended to indefinite. The ACD and Depositary must review the temporary suspension at least every 28 days and inform the FSA of the result of that review with the aim of ending the temporary suspension as soon as practicable after the exceptional circumstances have ceased. Following the end of the temporary suspension, for dealing purposes, the ACD will recommence the calculation of the net asset value and share price of the fund(s) at the next relevant valuation point.

Investor Information (continued)

2009 –

- 28 January – Newton Diversified Growth Fund Exempt 2 Net Acc. share class was closed.
- 5 February – Newton Diversified Growth Fund Institutional Net Acc. share class was closed.
- 25 February – Newton UK Equity Fund Exempt 2 Net Acc. share class was closed.
- 1 July –
 - The Newton Absolute Intrepid Fund name changed to Newton Real Return Fund.
 - The Newton Higher Income Fund distribution frequency changed from half-yearly to quarterly.
 - The BNY Mellon Long-Term Global Equity Fund minimum investment level reduced to £1,000 and ISA functionality introduced.
 - Administration for the Exempt and X share classes moved from the London office to BNY Mellon House, Ingrave Road, Brentwood, CM15 8TG.

- Shares in Exempt and X share classes represented to 4 decimal places.
- 1 August – the annual management charge of the Newton Income Fund is charged to capital rather than income.
- 9 October - Newton International Bond Fund X Shares Net Acc closed.
- 30 October (close of business)

Newton European High Yield Bond Fund

- At an Extraordinary General Meeting held on 28 October 2009, Shareholders voted in favour of the following changes which will be implemented with effect from midnight on 30 October 2009:-
 - The name of the Newton European High Yield Bond Fund changed to Newton Global High Yield Bond Fund; will be implemented with effect from midnight on 30 October 2009:-
 - The investment objective changed to:-

“The objective of the Sub-Fund is to achieve a high yield from a globally diversified portfolio which may include but is not limited to fixed interest bonds and other debt instruments (such as floating rate notes and index-linked notes).

- The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes. At least 80% of the Sub-Fund’s assets should be in Sterling denominated assets or hedged back to Sterling” with effect from 31 October 2009.
- The IMA sector changed from Global Bonds to £ High Yield – please note that the performance history has been retained.

Newton Equity & Bond Fund

- The lead fund manager changed from Jamie Korner to Simon Nicholls.
- 30 November 2009 (close of business) – Newton Global Dynamic Bond – change of benchmark from a customised benchmark of 25% Merrill Lynch Global Bond Index; 25% Merrill Lynch Global High Yield index; 25% JP Morgan Emerging Markets Bond Index; 25% JP Morgan Global Bonds Index hedged to a cash benchmark of LIBOR 1 month GBP + 2% p.a. (gross).
- 31 December 2009 (midnight) – the following changes were implemented on the Newton Equity & Bond Fund:-
 - The Annual Management Charge was reduced on the Sterling Income share class from 1.50% to 1.25% and on the Institutional Net Acc. share class from 1.00% to 0.75%.
 - The IMA sector changed from Balanced Managed to Cautious Managed.

2010 –

- 29 January 2010 (midnight) - the name of the Newton Equity & Bond Fund changed to Newton Cautious Managed Fund;
- 19 March 2010 – Newton Real Return Fund P Net Acc share class was reduced to zero;
- 31 March 2010 (midnight) – the following changes were made to the Newton 60/40 Global Equity Fund:-
 - name changed to Newton 50/50 Global Equity Fund.
 - investment objective changed as follows:
 - The objective of the Sub-Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term.
 - The Sub-Fund will be managed to a benchmark of approximately 50% UK and 50% international equities.
 - The Sub-Fund may also invest in collective investment schemes.
 - The benchmark changed to:
 - 50% UK equities represented by FTSE All-Share; and
 - 50% overseas equities represented by 1/3 FTSE AW North America, 1/3 FTSE AW Europe ex UK and 1/3 FTSE AW Asia Pacific.
- 27 April 2010 –
 - The Newton European Higher Income Fund X shares net income share class was reduced to zero.
 - The Newton Higher Income Fund X shares net income share class was reduced to zero.

2011 –

- 4 February 2011- Newton Corporate Bond Fund X Net Acc. share class closed.
- 17 June 2011 – Newton Japan Fund Exempt 1 Net Acc. share class closed.
- 24 June 2011 – Newton Japan Fund closed.
- 26 September 2011 – Newton Income Fund X Inc share class was reduced to zero.
- 17 October 2011 –
 - As part of an internal re-structuring in 2011 The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as depositary of the Funds on 17 October 2011. As depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland and the change of depositary will have no impact on the way the Funds are operated.
 - The settlement cycle of Newton Long Gilt Fund Exempt Shares 2 (Gross Accumulation) and X Shares (Gross Accumulation), and of Newton Index Linked Gilt Fund Exempt Shares 2 (Gross Accumulation), X Shares (Net Income) and X Shares (Gross Accumulation) changed from T+1 to T+4.

Investor Information (continued)

2012 –

- 30 January 2012 –
 - The name of the Newton International Growth Fund changed to Newton Global Equity Fund.
 - The Investment Adviser of the Newton American Fund changed from Newton Investment Management Limited to The Boston Company Asset Management, LLC. The fund name also changed to the BNY Mellon American Fund.
- 31 March 2012 – the Newton Growth Fund and Newton UK Equity Fund merged into the Newton Income Fund.
- 2 April 2012 – following the successful merger, the Newton Income Fund was renamed the Newton UK Equity Fund.
- 4 September 2012 – Newton UK Equity Exempt Shares 2 (Net Accumulation) share class was closed.
- 4 October 2012 – Newton Emerging Income Fund launched.
- 7 December 2012 – The ACD notified investors of its intention, subject to shareholder and regulatory approval, to merge the Newton Cautious Managed Fund into the Newton Managed Income Fund; a sub-fund of BNY Mellon Managed Funds I. The ACD continues to progress with this process and investors will be updated as appropriate.

2013 –

- 28 January 2013 – Newton Pan-European Fund closed.
- 9 February 2013 – Insight Strategic Bond Fund, Insight Inflation-Linked Corporate Bond Fund, Insight Global Multi-Strategy Fund, Insight Global Absolute Return Fund, Insight Equity Income Booster Fund and Insight Equity Income Fund launched;
- 15 June 2013 – the Newton Cautious Managed Fund merged into the Newton Managed Income Fund; a sub-fund of BNY Mellon Managed Funds I;
- 2 December 2013 – Following regulatory approval, the ACD updated investors of its intention to merge the Newton Overseas Equity Fund into the Newton Global Equity Fund, subject to shareholder approval, with effect from 15 February 2014;
- 2 December 2013 – Following regulatory approval, the ACD updated investors of its intention to merge the BNY Mellon Global Strategic Bond Fund into the Insight Strategic Bond Fund, subject to shareholder approval, with effect from 15 February 2014;
- 13 December 2013 – Newton European Higher Income Fund closed.
- 23 December 2013 – In line with Investment Management Association (IMA) and Financial Conduct Authority (FCA) changes in relation to targeted absolute return funds, clarification has been made to the investment objective of certain sub-funds to specify a) the investment period over which the sub-fund aims to achieve a positive return; b) the performance aim and the time period in which the sub-fund will aim to achieve that; and c) that capital is at risk and there is no guarantee that the absolute return or performance aim will be achieved. Affected sub-funds are the Newton Real Return Fund, Newton Global Dynamic Bond Fund, Newton Phoenix Multi-Asset Fund and Insight Global Absolute Return Fund. There is no change to the way the sub-funds are managed.

2014 -

- 13 February 2014 – The BNY Mellon American Fund changed name to The Boston Company US Opportunities Fund and the investment objective and policy of the fund was updated.
- 14 February 2014 - the Newton UK Opportunites X Shares (Net Income) closed.
- 15 February 2014 – the Newton Overseas Equity Fund merged into the Newton Global Equity Fund.
- 15 February 2014 – the BNY Mellon Global Strategic Bond Fund merged into the Insight Strategic Bond Fund.
- 15 May 2014 - the Newton Global Balanced X Shares (Net Accumulation) closed.
- 10 June 2014 - the Newton Long Gilt X Shares (Net Income) closed.
- 15 August 2014 - the Insight Equity Income Booster X Shares (Net Accumulation) closed.
- 25 September 2014 - the Newton Long Gilt X Shares (Net Accumulation) closed.
- 30 September 2014 - the Newton Long Corporate Bond X Shares (Net Accumulation) closed.
- 1 October 2014 - The Investment Manager of the Newton Corporate Bond Fund changed from Newton Investment Management Limited to Insight Investment Management (Global) Limited and the Fund was renamed to Insight Corporate Bond Fund.
- 16 October 2014 - the Newton Oriental X Shares (Net Accumulation) closed.
- Effective 17 December 2014, the assets of a Sub-Fund belong exclusively to that Sub-Fund and may not be used to discharge the liabilities of or claims against any other person or body, including BNY Mellon Investment Funds or any Sub-Fund within the umbrella.

2015 -

- 2 January 2015 – the Newton Balanced Fund changed name to Newton Multi-Asset Balanced Fund and the Annual Management Charge was reduced on the Institutional W share classes from 0.75% to 0.625%.
- 2 January 2015 – the Newton Phoenix Multi-Asset Fund changed name to Newton Multi-Asset Diversified Return Fund, the Annual Management Charge was reduced on the Institutional W share classes from 0.75% to 0.625% and the Sector changed from The Investment Association Mixed Investment 20-60% Shares to the Specialist Sector.
- 2 January 2015 – the Newton Managed Fund changed name to Newton Multi-Asset Growth Fund and the Annual Management Charge was reduced on the Institutional W share classes from 0.75% to 0.625%.
- 2 January 2015 - the Investment Management Association (IMA) changed name to The Investment Association.

Investor Information (continued)

Client classification notice: Under the FCA's Conduct of Business rules we are required to classify our investors. We have classified you as a Retail Client unless otherwise notified. This means that you will have the maximum amount of protection available for complaints and compensation, and will receive information in a straightforward way. However, some clients, such as professional investors, may not necessarily have the same rights under the Financial Ombudsman Service and the Financial Services Compensation Scheme. Further details may be found on our website – www.bnymellonim.co.uk under Client Classification.

The ACD makes available the daily prices of shares on its website: www.bnymellonim.com. Selected share prices are also available, free, via our Priceline on 0500 330 000. The ACD has dispensed with the requirement to convene Annual General Meetings of the Company. However, Extraordinary General Meetings will continue to take place as and when required.

Dilution Adjustment

As set out in the Prospectus, the ACD may make a dilution adjustment when calculating the price of a share. In deciding whether to make a dilution adjustment at any valuation point, the ACD will take into account the number of shares to be created or cancelled. Where the number of shares to be created exceeds the number of shares to be cancelled, the dilution adjustment to the share price will be upwards. Where the number of shares to be cancelled exceeds the number of shares to be created, the dilution adjustment to the share price will be downwards.

Annual and Interim Reports

The ACD acts on instructions received from shareholders when making a copy of the Interim and Annual Short Report for BNY Mellon Investment Funds available each year.

Help the Environment - Access the Reports Online

You can log on to our website and access a copy of the Long Form Financial Statements and the Short Report in English, German or Spanish using the following links:-

English Long Form – www.bnymellonam.com/mifenlong

English Short Report – www.bnymellonam.com/mifenshort

German Long Form – www.bnymellonam.com/mifdelong

German Short Report – www.bnymellonam.com/mifdeshort

Spanish Long Form – www.bnymellonam.com/mifeslong

Spanish Short Report – www.bnymellonam.com/mifesshort

A copy of the full Long Form financial statements is also available upon written request from BNY Mellon Fund Managers Limited, Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, United Kingdom. The annual accounting period is to 30 June and the interim accounting period is to 31 December.

If you have received a copy of the latest Short Report but would prefer not to receive a hard copy for future reporting periods, please write to BNY Mellon Fund Managers Limited at Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, United Kingdom. We will note your instructions on your account.

If you reside outside the UK but wish to receive a copy of the Annual and Interim Short Reports in English, please write to BNY Mellon Fund Managers Limited, Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, UK and we will record your preference on your account.

The cost of producing the BNY MIF Interim and Annual Reports is charged to the Company in accordance with the provisions of the Regulations and the Prospectus. This Short Report is printed on recycled material from sustainable sources.

Investor Information (continued)**Synthetic Risk & Reward Indicators****The Boston Company US Opportunities Fund**

Sterling Income Shares

Euro Accumulation Shares

Exempt Shares 1 (Net Accumulation)

Institutional Shares (Accumulation)

Institutional Shares W (Net Income)

Institutional Shares W (Net Accumulation)

Retail Advised Shares B (Net Income)

Retail Advised Shares B (Net Accumulation)

Institutional F Shares (Net Income)

Institutional Shares F (Net Accumulation)

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BNY Mellon Long-Term Global Equity Fund

Sterling Income Shares

Institutional Shares (Net Accumulation)

Exempt Shares 1 (Net Accumulation)

Exempt Shares 2 (Net Accumulation)

X Shares (Net Accumulation)

Institutional Shares W (Net Income)

Institutional Shares W (Net Accumulation)

Retail Advised Shares B (Net Income)

Retail Advised Shares B (Net Accumulation)

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Insight Equity Income Fund

Sterling Income Shares

Sterling Accumulation Shares

Institutional Shares W (Net Income)

Institutional Shares W (Net Accumulation)

Retail Advised Shares B (Net Income)

Retail Advised Shares B (Net Accumulation)

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Insight Equity Income Booster Fund

Sterling Income Shares

Sterling Accumulation Shares

Institutional Shares W (Net Income)

Institutional Shares W (Net Accumulation)

Retail Advised Shares B (Net Income)

Retail Advised Shares B (Net Accumulation)

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Insight Global Absolute Return Fund

Sterling Accumulation Shares

Institutional Shares (Accumulation)

Sterling Income Shares

Institutional W (Net Income)

Institutional W (Net Accumulation)

Retail Advised B (Net Income)

Retail Advised B (Net Accumulation)

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Insight Global Multi-Strategy Fund

Sterling Income Shares

Sterling Accumulation Shares

Institutional Shares (Income)

Institutional Shares (Accumulation)

S Shares (Net Income)

S Shares (Net Accumulation)

Institutional Shares W (Net Income)

Institutional Shares W (Net Accumulation)

Retail Advised Shares B (Net Income)

Retail Advised Shares B (Net Accumulation)

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Investor Information (continued)**Synthetic Risk & Reward Indicators (continued)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|---|---|---|---|---|
| Newton Continental European Fund | | | | | | | |
| Sterling Income Shares | | | | | | | |
| Euro Accumulation Shares | | | | | | | |
| Exempt Shares 1 (Net Accumulation) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |

Insight Corporate Bond Fund

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |
| P Shares (Net Accumulation) | | | | | | | |

Newton Emerging Income Fund

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|--|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Sterling Accumulation Shares | | | | | | | |
| X Shares (Net Income) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Institutional Shares (Income) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |

Newton Global Balanced Fund

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|------------------------------------|--|--|--|--|--|--|--|
| Exempt Shares 1 (Net Accumulation) | | | | | | | |
| Exempt Shares 2 (Net Accumulation) | | | | | | | |

Newton Global Dynamic Bond Fund

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|--|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Exempt Shares 2 (Gross Accumulation) | | | | | | | |
| Institutional Shares (Income) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |
| X Shares (Net Income) | | | | | | | |
| X Shares (Gross Accumulation) | | | | | | | |
| P Shares (Net Income) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |
| Exempt Shares 2 (Gross Income) | | | | | | | |

Investor Information (continued)**Synthetic Risk & Reward Indicators (continued)****Newton Global Equity Fund**

Sterling Income Shares
 Euro Accumulation Shares
 Exempt Shares 2 (Net Accumulation)
 Exempt Shares 1 (Net Accumulation)
 X Shares (Net Accumulation)
 Exempt Shares 3 (Net Accumulation)
 Institutional Shares W (Net Income)
 Institutional Shares W (Net Accumulation)
 Retail Advised Shares B (Net Income)
 Retail Advised Shares B (Net Accumulation)

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Newton Global High Yield Bond Fund

Sterling Income Shares
 X Shares (Net Accumulation)
 X Shares (Net Income)
 Institutional Shares W (Net Income)
 Institutional Shares W (Net Accumulation)
 Retail Advised Shares B (Net Income)
 Retail Advised Shares B (Net Accumulation)
 P Shares (Net Accumulation)

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Newton Global Higher Income Fund

Sterling Income Shares
 Institutional Shares (Income)
 Institutional Shares (Accumulation)
 Exempt Shares 2 (Net Income)
 X Shares (Net Accumulation)
 X Shares (Net Income)
 Sterling Accumulation Shares
 Institutional Shares W (Net Income)
 Institutional Shares W (Net Accumulation)
 Retail Advised Shares B (Net Income)
 Retail Advised Shares B (Net Accumulation)
 Exempt Shares 2 (Net Accumulation)
 U Shares (Net Income)
 U Shares (Net Accumulation)

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Newton Global Opportunities Fund

Sterling Income Shares
 Exempt Shares 2 (Net Accumulation)
 X Shares (Net Accumulation)
 Institutional Shares W (Net Income)
 Institutional Shares W (Net Accumulation)
 Retail Advised Shares B (Net Income)
 Retail Advised Shares B (Net Accumulation)
 Exempt Shares 2 (Net Income)

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Investor Information (continued)**Synthetic Risk & Reward Indicators (continued)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|---|---|---|---|---|
| Newton Higher Income Fund | | | | | | | |
| Sterling Income Shares | | | | | | | |
| Exempt Shares 1 (Net Accumulation) | | | | | | | |
| Exempt Shares 2 (Net Accumulation) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| Institutional Shares (Income) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |
| X Shares (Net Income) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |

Newton Index Linked Gilt Fund

| | | | | | | | |
|--------------------------------------|--|--|--|--|--|--|--|
| Exempt Shares 2 (Gross Accumulation) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| X Shares (Gross Accumulation) | | | | | | | |
| X Shares (Net Income) | | | | | | | |

Newton International Bond Fund

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Euro Accumulation Shares | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| Institutional Shares (Income) | | | | | | | |
| Exempt Shares 2 (Gross Accumulation) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| P Shares (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |

Newton Long Corporate Bond Fund

| | | | | | | | |
|--------------------------------------|--|--|--|--|--|--|--|
| Exempt Shares 1 (Gross Accumulation) | | | | | | | |
| Exempt Shares 2 (Gross Accumulation) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| X Shares (Gross Accumulation) | | | | | | | |
| X Shares (Net Income) | | | | | | | |

Newton Long Gilt Fund

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|--|--|--|--|--|--|--|--|
| Exempt Shares 2 (Gross Accumulation) | | | | | | | |
| Newton Long Gilt Institutional Shares (Accumulation) | | | | | | | |
| Newton Long Gilt X Shares (Gross Accumulation) | | | | | | | |

Newton Multi-Asset Growth Fund (formerly Newton Managed Fund)

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |

Investor Information (continued)**Synthetic Risk & Reward Indicators (continued)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|---|---|---|---|---|
| Newton Oriental Fund | | | | | | | |
| Sterling Income Shares | | | | | | | |
| Euro Accumulation Shares | | | | | | | |
| Exempt Shares 1 (Net Accumulation) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| P Shares (Net Income) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |

Newton Multi-Asset Diversified Return Fund (formerly Newton Phoenix Multi-Asset Fund)

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Sterling Accumulation Shares | | | | | | | |
| Exempt Shares 2 (Net Accumulation) | | | | | | | |
| Institutional Shares W (Net Income) | | | | | | | |
| Institutional Shares W (Net Accumulation) | | | | | | | |
| Retail Advised Shares B (Net Income) | | | | | | | |
| Retail Advised Shares B (Net Accumulation) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |

Newton Real Return Fund

| | | | | | | | |
|-------------------------------------|--|--|--|--|--|--|--|
| Sterling Income Shares | | | | | | | |
| Sterling Income A Shares | | | | | | | |
| Exempt Shares 2 (Net Accumulation) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| X Shares (Net Income) | | | | | | | |
| Exempt Shares 2 (Net Income) | | | | | | | |
| Exempt Shares 1 (Net Accumulation) | | | | | | | |
| Institutional W (Net Income) | | | | | | | |
| Institutional W (Net Accumulation) | | | | | | | |
| Retail Advised B (Net Income) | | | | | | | |
| Retail Advised B (Net Accumulation) | | | | | | | |
| P Shares (Net Accumulation) | | | | | | | |

Newton UK Equity Fund

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| Sterling Income Shares | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| Institutional Shares (Income) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |
| Exempt Shares 1 (Net Accumulation) | | | | | | | |
| Exempt Shares 3 (Net Accumulation) | | | | | | | |
| Institutional W (Net Income) | | | | | | | |
| Institutional W (Net Accumulation) | | | | | | | |
| Retail Advised B (Net Income) | | | | | | | |
| Retail Advised B (Net Accumulation) | | | | | | | |

Investor Information (continued)**Synthetic Risk & Reward Indicators (continued)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------------------------|---|---|---|---|---|---|---|
| Newton UK Opportunities Fund | | | | | | | |
| Sterling Income Shares | | | | | | | |
| Exempt Shares 2 (Net Accumulation) | | | | | | | |
| Institutional Shares (Accumulation) | | | | | | | |
| X Shares (Net Accumulation) | | | | | | | |
| Institutional W (Net Income) | | | | | | | |
| Institutional W (Net Accumulation) | | | | | | | |
| Retail Advised B (Net Income) | | | | | | | |
| Retail Advised B (Net Accumulation) | | | | | | | |

1 The Synthetic Risk Reward Indicator was changed from category 6 to 5, effective 31st October 2014.

2 The Synthetic Risk Reward Indicator was changed from category 5 to 6, effective 31st July 2014 and then from category 6 to 5, effective 31st October 2014.

Please note that these amendments are not due to a change in the investment objectives of the sub-fund, but are due to market movements during the reporting period.

We have calculated the risk and reward category, as shown above, using a method of calculation derived from EU rules. It is based on the rate at which the value of the Fund has moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the Fund. The

Funds in category 3 have in the past shown moderately low volatility. With a fund of category 3, you have a moderately low risk of losing money but your chance for gains is also moderately low.

Funds in category 4 have in the past shown moderate volatility. With a fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Funds in category 5 have in the past shown moderately high volatility. With a fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately high.

Funds in category 6 have in the past shown relatively high volatility. With a fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

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J F Lubran
M J Oomen
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(i) Call, **free**, on 0500 330 000

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Authorisation

BNY Mellon Fund Managers Limited
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Authority and regulated by the Financial
Conduct Authority and the Prudential

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