



News Release

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MELLON ANNOUNCES LAUNCH OF NEW EUROPEAN EQUITY INCOME FUND MANAGED BY NEWTON

The latest edition to its successful equity income range offers Newton's unique disciplined yield approach in a new continental European equity income fund

Mellon Global Investments has announced the eagerly awaited launch of the **Newton European Higher Income Fund**, a new sub fund within its Mellon Investment Funds ICVC (MIF) range. The Fund, which is to be managed by Newton Investment Management, will launch on 30 January following a two week initial offer period.

The Newton European Higher Income Fund will aim to offer a gross yield of 4.0%–4.4%* at launch operating as an unconstrained portfolio of entirely European ex UK equities to achieve increasing annual distributions and long term growth. Running this latest addition to Newton's equity income fund range is Aaron Barnfather, director of European equities, who will actively manage the portfolio using a global thematic approach championed by Newton.

Underpinned by the same rigorous investment process as its sister funds in Newton's equity income range, the new Fund will utilise the prospective yields of Europe's domestic markets as the trigger for its buy and sell disciplines. To ensure the Fund's true high yield status, new holdings must meet a prospective yield at least 15% greater than the yield of its domestic market. The Fund targets a minimum yield of +15% against the FTSE W Europe ex UK Index and any stock whose yield falls below its domestic market will be sold, forcing capital to be recycled into stocks with greater potential upside.

Commenting on today's European markets, Barnfather said: "Dividends in Europe have increased by over **40%**** in the last few years. Newton's process identifies Europe's outstanding value stocks and our conviction enables us to hold these stocks until they deliver their true potential. A climate of low interest rates, rising yields and the reduction of corporation tax in several European countries all point towards a sea change in

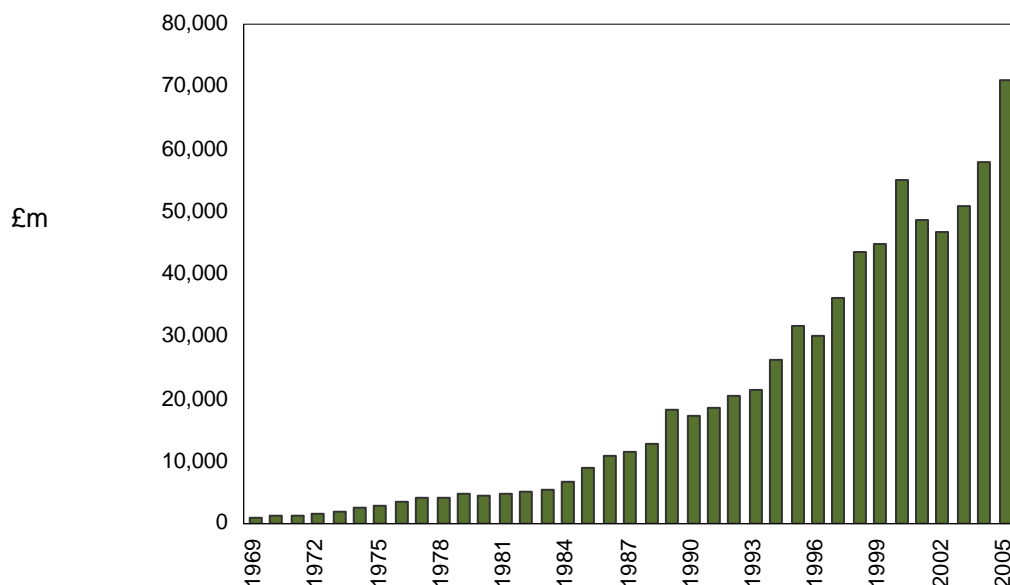
Source: *The target yield at launch is estimated gross of tax and charges **Lehman Brothers, FTSE. Figures refer to European dividend growth between 2003 - 2006 ***MSCI, Worldscope, Morgan Stanley Research
All information and figures source Mellon Global Investments unless otherwise stated as at 31 December 2006. This press release is issued by Mellon Global Investments Limited to members of the financial press and media and the information contained herein should not be construed as investment advice.

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European investor attitudes. Newton strongly believes that the building blocks are now in place for a European equity income market.”

***Europe ex UK dividends paid out annually – a rising trend



Commenting on the new Fund, Alan Mearns, chief executive of Mellon Global Investments, said: “There is a compelling case for income funds and there are few equity funds available which truly set income as their primary target. This is reflected by the success of the Newton Higher Income, Asian Income and Global Higher Income funds. This new European Higher Income Fund is an important addition to the range and we anticipate UK IFAs will recognise the value of the fund when building long-term income portfolios for investors.”

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Notes to editors

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