



# Assessment of Value

BNY Mellon Investment Funds

October 2022





**Carole Judd**

Chair of BNY Mellon  
Fund Managers Ltd  
Board of Directors

## Dear investors,

It is time again for our annual Assessment of Value (AoV) report. With events and markets moving as fast as they have over the past 12 months (to the end of June 2022), it is hard to believe a year has gone by since we last wrote this report.

Over the past year we have seen queues in UK petrol stations, **inflation** hit a 40-year high, a war break out in Ukraine, and rising interest rates. One could be forgiven for thinking we had returned to the 1970s and 80s. (Much bad news continued from the end of our review period but that will be the backdrop of next year's report!)

Cognisant as we are of the news with which we have all had to grapple, and the consequent market environment it created, lessons learned from the global pandemic were put to good use – in particular, the importance of communication. Your board, BNY Mellon Investment Management (BNY Mellon IM), and at the affiliate firms which run your money, have all been focused on responding to market events. Our investment experts proffered their analysis to try and reassure investors, offering insight into market events – and their impact on investments.

One area of increased focus in the investment industry over the past year was **responsible investing**. Awareness of, and interest in, **environmental social and governance** (ESG) factors by investors has undoubtedly increased significantly. Such considerations are now a critical aspect of investment management. This is an area

the board takes extremely seriously and I am pleased to report BNY Mellon IM is working hard to align and improve its product offering to address this.

Reflecting on the social side, over the review period BNY Mellon IM spearheaded a global campaign underscoring the importance of diversity, and female participation in investing. Its research and report, *The Pathway to Inclusive Investment*, encouraged action to engage more women in investing. It also sought to get the financial industry to work harder and inspire the next generation of women to improve their financial literacy and invest.

### WHAT HAPPENED IN 2022?

We, the board overseeing the BNY Mellon Investment Funds (BNY MIF) range, have looked to maintain our focus on providing value to you at this time. Among the funds we oversee, we have made closures where we saw no ongoing value being presented and reduced fees where we could and where it was appropriate.

Last year the UK's Financial Conduct Authority reviewed the Assessment of Value (AoV) practices across the industry. It highlighted some gaps in the industry's approach. We believe we have conducted our assessments with the appropriate rigour and integrity but recognise such analysis will continue to adapt and evolve over time.



As part of that, this year we explored new ways to assess costs and quality of service. We also shifted our ratings measurement. We remain of the view that delivery of value has many components, but performance is an important one.

Sometimes a simple rating system doesn't enable a proper distinction between a fund that has struggled in the short-term and one that has perpetually disappointed. And we recognise there are degrees of action we can take as a result. We believe a red status indicates "poor" value and an overall red indicates a poor outcome for clients – an outcome we feel is unacceptable and one whereby significant change or scrutiny is warranted. A fund demonstrating poor value does not necessarily mean it has no value. But that is a question we ask of any fund given a red rating and our intended remediation is guided by that analysis. An amber rating, therefore, is a warning light that a fund may be headed in such direction and requires monitoring or potential correction.

This shift in our analysis is an evolution of our AoV process. We see this review as a chance to be truly self-critical, challenge the status quo and see our funds through your eyes.

We hope the publication of this report reflects our efforts to be openly self-critical and transparent. On behalf of the board, I hope you find it informative and helpful. We also welcome any comments or feedback you may have so we can improve future reports.



Yours faithfully,

**Carole Judd**

Chair of BNY Mellon Fund Managers Ltd Board of Directors



# Backdrop to the review period: A turbulent time

It has been an eventful 12 months (to 30 June 2022) for investors. Indeed, some seasoned observers estimated they had never witnessed such a tsunami of market-moving events.

Back in the summer of 2021, the mood was upbeat. With the pandemic appearing to be nearing an end, hopes were high economies would rebound as consumers went out and consumed – spending cash accumulated during the lockdowns. There were nagging concerns at the time that dislocations in energy supply and the global movement of goods and materials were lending a little more impetus to **inflation** than was desired. However, it was not seen as serious enough to force the central banks to hit the panic button and take action - yet. Inflation was expected to tail off at the start of 2022, allowing monetary policy to be normalised at a pace gentle enough not to spook the markets.

By the autumn of 2021 it felt like a return of the 1970s in the UK when panic buying and weather disruption combined to create fuel shortages.

Still, by the turn of 2022, confidence seemed reasonably high. Even the emergence of two new Covid-19 variants appeared to have only a modest impact on confidence. Then, the mood started to sour. The Chinese re-imposed strict lockdowns in a number of cities as part of a 'zero-Covid' policy. This had an impact not only on growth in local markets and across South-East Asia, but it also served to disrupt global supply chains.

Then in February the outbreak of war in Ukraine had a profound impact on the investment backdrop. Inflationary pressures ramped up. (See our infographic on page 5 of global inflation rates at the end of June 2022 versus their five year average). The supply of energy to Europe and elsewhere stalled. Ukraine's role as the "bread basket" of Europe was emphasised when food supply shortages were felt across the world. With prices rising at their fastest rate in decades and economic growth tumbling, markets sensed a return to a time of soaring levels of inflation. Faced with an unenviable dilemma, central banks began to raise interest rates – in some places, like the US, this was "aggressive". By the end of our review period at the end of June, there was still little sign the medicine of higher interest rates was taking effect. Inflation continued to march higher.

For investors, at times there were few places to shelter amid the strong market **volatility**. Among the biggest losers were **bonds** given their greater sensitivity to rising interest rates.

(Bond prices go down when **yields** go up). **Equities** were resilient at times but most markets nevertheless sustained losses through the spring and into the summer, in sterling terms. During this time the market favoured "old fashioned" **value** and **income-producing companies** over those with a **growth bias**, like technology, which had done so well for so long.

We were saddened by the humanitarian crisis that unfolded in Ukraine beginning in February. As nations, leaders and companies reacted by instituting measures against Russia, global markets responded with heightened volatility, inflation and supply chain disruption.

As a global investment company and a responsible investor, BNY Mellon Investment Management was conscious of the investment ramifications of this crisis. We, the board of BNY MIF, also watched the developments in Ukraine and its ramifications from a social and governance perspective. As such, measures were implemented to ensure we adhered to the imposed sanctions.

We do not have any dedicated Russian or Eastern European funds. However, funds in our range do invest in **emerging markets**. Many **developed market** companies also have exposure to Russia.

Within BNY MIF, equity exposure was limited to a single Russian company (which was listed in the US). Still, in late February/early March, and where it was in the best interest of clients, these Russian equity holdings were fair value priced at zero. This had an impact on the short-term performance in those affected funds.

Those funds directly affected/or contained Russia or Ukraine exposure included:

- Responsible Horizons Strategic Bond Fund
- BNY Mellon Global Emerging Markets Fund
- BNY Mellon Sustainable Global Emerging Markets Fund
- BNY Mellon Sustainable Real Return Fund



# Macro map

## Global Inflation

### Inflation rates around the world as of the end of June 2022.

Source: TradingEconomics.com as at 25 July 2022.

**↑ 9.1%** | Highest since November 1981.  
**UNITED STATES**

**↑ 9.4%** | Highest since 1982.  
**UK**

**↑ 8.6%**  
**EUROZONE**

**↓ 15.9%**  
**RUSSIA**

**↓ 2.4%**  
**JAPAN**

**↑ 2.5%**  
**CHINA**

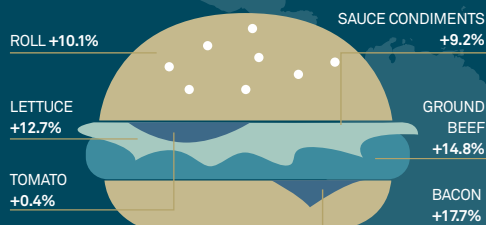
**↓ 11.9%**  
**BRAZIL**

**↑ 6.7%**  
**AUSTRALIA**

**↑ 7.3%**  
**NEW ZEALAND**

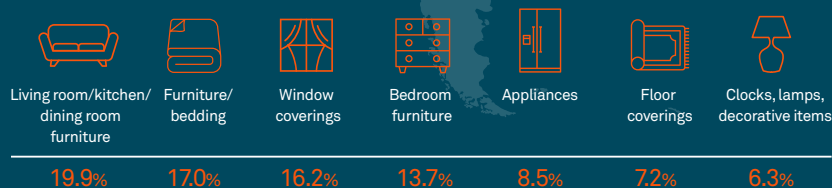
### Why your burger costs more

% RISE 30 APRIL 2021 – 30 APRIL 2022 IN USD



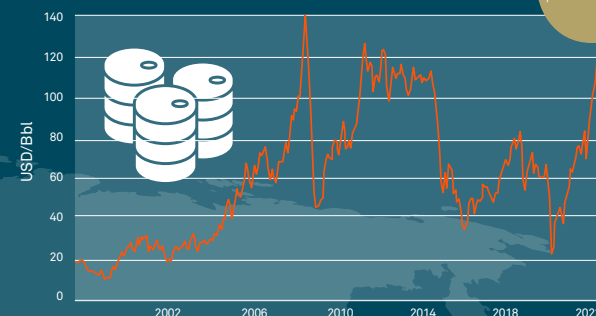
Source, World Economic Forum, Statista and US Bureau of Labor Statistics.

### US HOUSEHOLD ITEMS % RISE OVER SAME TIME LAST YEAR



Source: CNBC 11 February 2022.

25-year price of Brent Crude per barrel in USD as at 8 June 2022



Source: Trading economics.com as at 8 June 2022.

### China's zero-Covid policy has hurt global supply chains

Nearly **20%** of container vessels globally are currently waiting outside congested ports

Almost a quarter of those unberthed ships are stuck outside Chinese ports. That's **412 ships** up **58%** since February

Source: CNN Business: Shipping delays are back as China's lockdowns ripple around the world. 6 May 2022.



# Meet the Board



**Greg Brisk**  
executive director

Greg is head of governance at BNY Mellon Investment Management and as such is responsible for fund oversight.



**Sarah Cox**  
executive director

Sarah is head of fund operations and governance at BNY Mellon Investment Management EMEA.



**Carole Judd**  
board chair  
(independent)

Carole has over 30 years' experience in asset management and investment consulting.



**Anne-Marie McConnon**  
executive director

Anne-Marie is global chief marketing and client experience officer for BNY Mellon Investment Management.



**Gerald Rehn**  
executive director

Gerald oversees BNY Mellon Investment Management's international product and operations functions.



**Marc Saluzzi**  
independent director

Marc, retired from PwC Luxembourg since 2015, has extensive experience in asset management across both the US and Luxembourg.

## In times of market turmoil how can we continue to deliver value?

“

Ensuring we are pro-active in communicating regularly is so important. That's why we have increased our capabilities to provide greater access to our fund managers through digital, offline and in-person events.

**Anne-Marie McConnon**

“

By rigorously sticking to our investment approach, delivering what we said we would and by communicating to investors accordingly. Creating confusion in times of market turbulence would be detrimental to the value offered to investors in our funds.

**Marc Saluzzi**

“

In challenging markets such as we saw in 2022, the real strengths of an **authorised corporate director** shines through, particularly with respect to ensuring our funds continue to meet daily dealing expectations. Doing all this at a competitive price point is our real value proposition to our investors.

**Gerald Rehn**

“

By providing clear, understandable commentary on the impact of market turmoil on their investments – providing context, insights and reassurance.

**Carole Judd**

“

Keeping the needs of our clients in the forefront of our minds, reacting promptly to news and using the full scope of our discretion to act quickly and decisively when necessary. We also strive to avoid being buffeted by short-term market gyrations when managing long-term investments.

**Greg Brisk**

“

Our clients are central to everything, so excellent customer service is imperative. We need to be easy to deal with and respond to queries efficiently along with helping to provide solutions to all of our customers.

**Sarah Cox**








# Our 2021 ratings and actions

In 2021 we examined 40 funds in the BNY Mellon Investment Funds’ range. This covered the 12 months to 30 June 2021.







In analysing the funds we followed the seven-factor criteria as outlined by the UK regulator, the Financial Conduct Authority (FCA). Out of the 34 funds in the BNY MIF range with a sufficient track record for rating at the time, 26 were rated green by the board – showing value for money.

8 were rated amber, showing some value. None were given an overall red rating.

Here we summarise our 2021 findings with regards to those we rated amber last year. We also outline the action we have taken since our last report.

Fund Name	Issues Identified in 2021	Action Taken
<b>BNY Mellon Equity Income Fund</b>	<p> The Fund met its <b>yield</b> target, however the five-year <b>capital growth</b> return – also one of its objectives – remained weak due to historic performance.</p> <p> The Funds share classes were slightly more expensive relative to comparable peers. This is due to higher expenses.</p>	<p>The performance of the Fund was monitored throughout the year.</p> <p>A cap on the additional expenses of the Fund were introduced to lower the costs.</p>
<b>BNY Mellon Global Absolute Return Fund</b>	<p> The Fund met two of its three performance objectives, not achieving its cash (three-month GBP <b>Libor*</b>) plus 4% target.</p>	<p>The Funds performance was monitored throughout the period.</p>
<b>BNY Mellon Global High Yield Bond Fund</b>	<p> The Fund <b>underperformed</b> on a short-term basis on both a total return and <b>yield</b> basis.</p>	<p>The Funds performance was monitored throughout the period.</p>
<b>BNY Mellon Global Multi-Strategy Fund</b>	<p> While the Fund achieved its stated objective of capital growth, its performance was below its peer group average (the IA Mixed Investment 20-60% Shares sector – a grouping of similar funds on offer from competitors).</p>	<p>Performance was monitored throughout the period. The manager confirmed that they thought reviewing the performance against the peer group average (the IA Mixed Investment 20-60% Shares sector) was still the most appropriate peer group.</p>



Fund Name	Issues Identified in 2021	Action Taken
<b>BNY Mellon Global Opportunities Fund</b>	 The Fund <b>underperformed</b> its <b>benchmark</b> , the MSCI AC World (NR) <b>Index</b> , over the 12 months ending 30 June 2021 as well as the five years to the same end date.	The Funds performance was monitored throughout the period.
<b>BNY Mellon Long Corporate Bond Fund</b>	 The Fund underperformed its benchmark over one, three and five years to 30 June 2021.   The Funds institutional share class was more costly than comparative peers.	The Fund was closed on 7 September 2021.
<b>BNY Mellon Sustainable European Opportunities Fund (Formally BNY Mellon Continental European Fund)</b>	 The Fund achieved its stated target of <b>capital growth</b> , but underperformed versus its benchmark.	The performance of the Fund was monitored throughout the year.
<b>BNY Mellon US Opportunities Fund</b>	 The Fund underperformed its benchmark over its long-term (seven years) target.   The majority of the Funds share classes had higher costs relative to similar competitor funds.	The performance of the Fund was monitored throughout the year.  A cap on the additional expenses of the Fund were introduced to lower the costs.

\* **Libor** was replaced with **SONIA** as the targeted return objective on 1st October 2021 as part of a global withdrawal of the London Interbank Offered rate. The Fund's objective now strives to beat SONIA (90-day compounded) + 4%pa before fees on a rolling annualised 5 year basis.





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CLICK ON THE INDIVIDUAL FUND NAME TO JUMP TO THAT SECTION



# Our 2022 results



# Assessment of Value 2022

For the BNY Mellon Investment Funds range (BNY MIF) June 2021 to June 2022

## How we judge our funds

34 out of 41 funds in the BNY MIF range had a sufficient track record for rating

**Green** – Funds that are adding value.

**65%**



All funds were rated green for quality of service, economies of scale, classes of units/shares, comparable services and costs.

**Amber** – Adding value but some elements need to improve.

**26%**



7 out of 9 scored green for quality of service, economies of scale, classes of units/shares, comparable services, comparable market rates and costs.

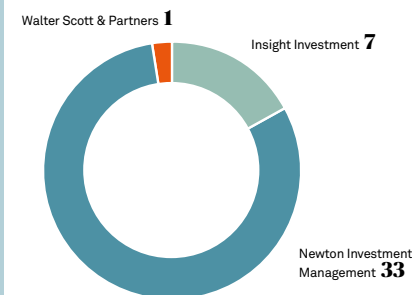
**Red** – poor value.

**9%**



3 out of 3 scored green for quality of service, economies of scale, classes of units/shares, comparable services and costs.

## BNY MIF breakdown by investment firm



## Assets under management:

As at 30 June 2022 the AUM was **£24.1bn**

A decrease of **£2.5bn**

A fall across the range of **c.9%**

## Communication with clients:

(over the 12 months to 30 June 2022)

- Calls received down 14%**
- Letters received fell 15%**
- 604 LinkedIn social posts from UK Sales**
- Complaints were down 26%**

## Client satisfaction:

In the Q1 2022 retail client survey **80%** of clients are quite or very satisfied. **17%** recorded a neutral position.

BNY Mellon IM ranked **4th** in terms of satisfaction compared to a group of 8 other managers.

Assessment of value was based mostly on investment returns, followed by quality of customer service & then charges. BNY Mellon IM is ranked **2nd** in peer group.

## Sustainability

10 sustainable funds in the range with an average Morningstar Sustainability Rating™ of 4 globes (above average).



## Impact of 2021 review:

- 7 - funds monitored for performance
- 5 - fee reductions considered
- 4 - objectives reviewed
- 2 - introduction of a new cheaper share class
- 1 - fund was closed

## This report:

Spans **4** months of in-depth analysis

Covers **12** months

Utilises **16** Different sources of information

Across **41** funds

With **212** share classes



# 2022 Methodology

In this year's Assessment of Value report, we cover the 41 funds in the BNY Mellon Investment Funds' (BNY MIF) range. Of these, seven are relatively new funds and were not given a rating due to insufficient track record in all assessment areas.

We review BNY MIF throughout the year but for this annual report we conducted more formal analysis, following the seven-factor criteria outlined by the UK regulator, the Financial Conduct Authority (FCA). We used a variety of data in each of these areas, including external, independent consultants. This includes a London-based fund research house specialising in the calculations of fund fees and expenses and a specialist provider of **asset servicing**, cost and quality of services.

This year we expanded our analysis and implemented some changes. Quality of services received not just from BNY Mellon Investment Management, but from the different investment managers, including Newton, Walter Scott and Insight Investment, was measured. This was against new internal and external measures.

The depth of our profitability analysis was improved this year by expanding to look at all funds at the individual share class level. We also further honed our own assessment system, noting a red rating was an indication of poor value while amber indicates rising concerns. A fund assessed as showing poor value will have a range of remediation options, depending on the level of the board's concerns.

## Financial Conduct Authority's assessment categories

### PERFORMANCE

The net-of-fees return provided to investors in the fund. This is to be measured over the appropriate timescale and against the fund's objective, as stated in the prospectus.

### QUALITY OF SERVICE

The range and the quality of service provided to holders of the fund. This is to take into account services provided to the fund by third parties, along with the services investors receive.

### ECONOMIES OF SCALE

An assessment of whether savings were able to be achieved due to greater fund size and whether these savings were passed on to investors.

### CLASSES OF UNITS/SHARES

An assessment of whether all the investors within a fund are in the appropriate investment class, and whether they could be in a cheaper class for their investor type and investment amount.

### COMPARABLE SERVICES

This is an internal comparison, similar to comparable market rates, but based on comparable services offered by the firm.

### COMPARABLE MARKET RATES

A comparison between the charges of the fund and those levied by similar funds in the market. Comparability is determined by the size, investment objectives and policies of the fund.

### COSTS

A breakdown of all costs borne by the fund and an identification of whether that charge was fair or not. Costs will not only relate to annual charges, but also other costs charged by the fund, relative to the cost base.



We used a matrix of many different data points to arrive at our conclusions. This data covered different share classes and varying time frames, according to what was being measured. For the 2022 report, **all performance-related data covers the varied time periods stated in each of the fund's individual objectives, as outlined in the prospectus. All had an end date of 30 June 2022.**

Non-performance-related data was assessed for the year ending 30 June 2022.

For all funds the performance was considered for all share classes in the final review. In the fund pages of this report, performance is displayed using the primary share class, W, for 32 of the funds in BNY MIF. Three funds in the range do not have this share class, so we used the most applicable share class for each fund's majority investor base. In addition, not all W share classes represent the majority of shareholders by **assets under management (AUM)**. As such, for the remaining six cases we used the retail B share class.

The depth of any cost discrepancy between the share classes and the extent of any departure from performance objectives, and for how long, were also considerations for the final scores.

In some cases, the board felt so strongly about the performance of a fund it outweighed green assessments in the other metrics. The board believes no amount of good quality service and competitive fees can mitigate a fund with substantial and persistently unacceptable performance.

## WHAT'S IN A SHARE CLASS?

Like most investment funds, ours have multiple share classes. This is because there are different types of investors – retail, intermediary and institutional – and varying ways to invest. By the latter we mean **accumulation** or **income**. Typically if you're looking to grow your capital you may re-invest your income and as

such you are likely to invest in accumulation shares. If you invest via the income shares, you will receive the income in the form of **dividends**.

In this report you will see us refer to various share classes. Here is what they mean and how we colloquially refer to them in the text of this report.

Class (income and accumulation)	Typical investor and description	Our reference in this report
<b>Sterling Shares Sterling A Shares Euro Shares USD Shares</b>	<b>Retail investors (with or without an adviser)</b> Legacy direct share class. Commissions paid to advisers are included in the price.	<b>Bundled or legacy retail</b>
<b>B Shares</b>	<b>Retail investors (with or without an adviser)</b> Retail direct share class with no commissions paid.	<b>Retail</b>
<b>Institutional Institutional Euro Institutional USD</b>	<b>Institutional investors</b> Legacy share class designed for institutional investors.	<b>Legacy institutional</b>
<b>W Shares W USD Shares</b>	<b>Institutional investors and Retail investors via platforms</b> With a higher minimum investment threshold than the Retail, but no advisory commissions. By <b>platforms</b> we mean fund centres often used by financial advisers buying on behalf of their clients.	<b>Primary</b>
<b>T Shares U Shares F Shares</b>	<b>Institutional investors</b> Share classes with lower <b>Annual Management Charges (AMCs)</b> due to their much higher minimum investment, or minimum holding period.	<b>Institutional</b>
<b>Newton Institutional 1 Shares Newton Institutional 2 Shares Newton Institutional 3 Shares Newton Institutional 4 Shares Newton Institutional 5 Shares Newton Institutional 6 Shares Newton Institutional L1 Shares Institutional 1 Shares Institutional 2 Shares</b>	<b>Institutional investors</b> Share classes for investors that have a direct relationship with the investment manager of the fund. The share classes have increasing minimum investments corresponding to decreasing AMCs.	<b>Investment manager institutional</b>
<b>X Shares X 1 Shares</b>	<b>Institutional investors</b> Share classes with negotiated fees and minimum holdings. Designed for very large holdings.	<b>Negotiated</b>



# Results

Out of the 41 funds in the BNY Mellon Investment Funds' (BNY MIF) range, seven are relatively new, leaving 34 funds to be rated in this year's Assessment of Value report.

The headline summary of our assessments this year was to rate 65% of the funds within BNY Mellon Investment Funds that were eligible for assessment as showing good value; 26% were rated amber, showing some value, with more work to be done; 9% were rated as poor value.

While we acknowledge the difficult market backdrop, failure to meet performance objectives, such as **capital growth**, were the main cause for concern in our assessments this year.

Each fund has a performance objective, which is over a set time frame. For the relatively new funds, the time frame in each was insufficient for our analysis. We designated these funds with a grey overall rating but graded the underlying metrics where we could.

The seven funds with insufficient track record are:

- BNY Mellon Global Infrastructure Income Fund
- BNY Mellon Sustainable Global Dynamic Bond Fund
- BNY Mellon Sustainable Global Emerging Markets Fund
- BNY Mellon Sustainable Global Equity Fund
- BNY Mellon Sustainable Global Equity Income Fund
- BNY Mellon US Equity Income Fund
- Responsible Horizons Strategic Bond Fund

Of the 34 that could be fully assessed, we awarded three funds as red overall, and cognisant of the difficult market environment of the last year, showing poor value. A further nine were rated amber, showing some value – leaving 22 rated green. Within all funds, there are aspects of individual

share classes where we thought more value could be had. As such there may be funds where we believe the overall value is good but where there is still work to be done on select share classes.

In the majority of cases the funds' ratings were a result of performance-related concerns, although we acknowledge this past year has been difficult considering the **volatility** in global markets.

The following funds were rated red. Please click on any name to read more about our decision specific to that fund:

- BNY Mellon Global Multi-Strategy Fund
- BNY Mellon Sustainable UK Opportunities Fund
- BNY Mellon US Opportunities Fund

The following funds were rated amber. Please click on any name to read more about our decision specific to that fund:

- BNY Mellon Equity Income Fund
- BNY Mellon Global Absolute Return Fund
- BNY Mellon Global Dynamic Bond Fund
- BNY Mellon Global Dynamic Bond Income Fund
- BNY Mellon Global Equity Fund
- BNY Mellon Global High Yield Bond Fund
- BNY Mellon Global Opportunities Fund
- BNY Mellon Sustainable European Opportunities Fund
- BNY Mellon UK Equity Fund



FCA assessment criteria	Performance	Quality of service	Comparable market rates	Costs general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon 50/50 Global Equity Fund	●	●	●	●	●	●	●	●
BNY Mellon Asian Income Fund	●	●	●	●	●	●	●	●
BNY Mellon Emerging Income Fund	●↓	●	●	●	●	●	●	●
BNY Mellon Equity Income Booster Fund	●↓	●	●↑	●	●	●	●	●
BNY Mellon Equity Income Fund	●↓	●	●↑	●	●	●	●	●=
BNY Mellon Global Absolute Return Fund	●↓	●	●	●	●	●	●	●=
BNY Mellon Global Dynamic Bond Fund	●↓	●	●	●	●	●	●	●↓
BNY Mellon Global Dynamic Bond Income Fund	●↓	●	●↓	●	●	●	●	●↓
BNY Mellon Global Emerging Markets Fund	●	●	●	●	●	●	●	●
BNY Mellon Global Equity Fund	●↓	●	●	●	●	●	●	●↓
BNY Mellon Global High Yield Bond Fund	●=	●	●	●	●	●	●	●=
BNY Mellon Global Income Fund	●	●	●	●	●	●	●	●
BNY Mellon Global Infrastructure Income Fund	●	●	●	●	●	●	●	●
BNY Mellon Global Multi-Strategy Fund	●↓	●	●	●	●	●	●	●↓
BNY Mellon Global Opportunities Fund	●=	●	●↓	●	●	●	●	●=
BNY Mellon Index Linked Gilt Fund	●	●	●=	●	●	●	●	●
BNY Mellon Inflation-Linked Corporate Bond Fund	●	●	●↑	●	●	●	●	●
BNY Mellon International Bond Fund	●↓	●	●	●	●	●	●	●
BNY Mellon Long Gilt Fund	●	●	●↑	●	●	●	●	●
BNY Mellon Long-Term Global Equity Fund	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Balanced Fund	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Diversified Return Fund	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Global Balanced Fund	●	●	●	●	●	●	●	●



FCA assessment criteria	Performance	Quality of service	Comparable market rates	Costs general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Multi-Asset Growth Fund	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Income Fund	●	●	●	●	●	●	●	●
BNY Mellon Oriental Fund	●	●	●↑	●	●	●	●	●
BNY Mellon Real Return Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable European Opportunities Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Dynamic Bond Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Emerging Markets Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Equity Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Equity Income Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Real Return Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Sterling Bond Fund	●	●	●	●	●	●	●	●
BNY Mellon Sustainable UK Opportunities Fund	●↓	●	●	●	●	●	●	●↓
BNY Mellon UK Equity Fund	●↓	●	●	●	●	●	●	●↓
BNY Mellon UK Income Fund	●	●	●	●	●	●	●	●
BNY Mellon US Equity Income Fund	●	●	●	●	●	●	●	●
BNY Mellon US Opportunities Fund	●↓	●	●=	●	●	●	●	●↓
Responsible Horizons Strategic Bond Fund	●	●	●	●	●	●	●	●
Responsible Horizons UK Corporate Bond Fund	●	●	●	●	●	●	●	●

**KEY** ● Provided good value to investors over the assessment period    ● Provided value but merits further action or monitoring to meet our value criteria    ● Has provided poor value    ● N/A    ↑↓ Upgrade/downgrade from 2021 assessment





# Our analysis

How, what and why



# Our analysis



In this section we explain what we analysed, how this was done, and the conclusions we reached. For further detail on any individual fund, and, where applicable, the steps we planned to redress any problems identified, please go to the individual fund pages, which are in alphabetical order or click on the individual fund names in the contents.

## PERFORMANCE

There were 10 funds rated amber for performance and six were red rated on this metric; a further seven had insufficient track records for analysis.

We don't believe performance is simply about the absolute amount of money gained or lost. Instead, this assessment looks at whether the fund performed as expected. Did it meet its objective(s)? And if it didn't, why not?

We used data from external consultants to provide independent peer analysis to help with this relative assessment.

With respect to funds with an objective to invest for **income**, we assessed their **yield** versus the market as well as their peers. Where an income fund also states an objective to seek **capital growth**, we also judged it on that measure.

In cases where a fund has multiple objectives and was found to have partially met these, an amber rating was given. Red is given to a fund which has failed most or all of its objectives.

- Where a fund's objective is capital growth, **total return** performance was assessed.
- Where a fund's objective is income, yield was assessed.
- If the objective was both income and capital growth, yield was used to judge income and price return for capital growth.

Other aspects of our performance analysis included:

1. Did the fund meet its stated objective?
2. Did the fund **outperform** its **index**?
3. If it did not outperform, did **active management** provide other benefits? Such as:
  - a. Higher **yield**
  - b. Lower **drawdown**
  - c. Lower **volatility**
  - d. Superior **risk-adjusted returns**
  - e. Are there **passive** equivalents?

We looked at **relative returns** on both a gross basis (before fees), and net (after fees). Which measurement weighed more heavily in our assessment depended on a fund's stated objective – whether it aimed to beat its target on a gross or net basis.

However, on the individual fund pages you will see we include a chart of the fund's performance on a net basis only. This is for consistency and is in keeping with industry standards.

This year we took a harder line with respect to performance issues. Failing to meet the fund's stated objective was given a stricter consideration, no matter what the prevailing market environment was, particularly when considering longer term numbers. In some cases, a fund may have fallen steeply, along

with others in its peer group. However, we don't believe performing in line with others is a rationale for missing a stated objective – rather, perhaps most of the sector failed to add value.

### Market backdrop 30 June 2021 – 30 June 2022

Performance of major equity markets in £ terms	
MSCI AC ASIA PACIFIC EX JAPAN NR GBP	-12.80%
MSCI EM (EMERGING MARKETS) NR GBP	-15.01%
MSCI EUROPE EX UK NR GBP	-10.57%
MSCI NORTH AMERICA NR GBP	-0.94%
MSCI UNITED KINGDOM NR GBP	9.20%
MSCI WORLD NR GBP	-2.56%

Performance of major bond markets in US\$ terms	
ICE BOFA GLOBAL CORPORATE TR USD	-16.47%
ICE BOFA GLOBAL GOVERNMENT TR USD	-16.58%
ICE BOFA GLOBAL HIGH YIELD TR	-17.63%
JP MORGAN EMBI GLOBAL DIVERSIFIED TR	-21.22%
JPM CEMBI BROAD DIVERSIFIED TR USD	-14.25%

Source: Lipper-IM.



## ECONOMIES OF SCALE

*With a newly expanded framework for investigating economies of scale, we rated all the funds in this category as green. When examining profitability versus charges, we did not find any inconsistencies or anomalies. Meanwhile due to the difficult market environment, many funds shrank in size over the review period, although costs did not rise correspondingly.*

At a superficial level, economies of scale mean the larger a fund is, the better able it should be to spread the costs and pass on or reinvest that saving for investors. Yet there are many ways to achieve scale. As such there are areas where levels of economies of scale can be generated.

This year we expanded the scope of documents and areas to be examined within this metric. We examined the size of each fund relative to the costs charged to different clients (as we assessed all share classes in each fund individually). We also scrutinised profitability of each fund across the BNY MIF range and examined costs – looking at the absolute amounts charged to investors and the relative percentage of profitability generated.

When looking at each cost individually, some did not explicitly contribute to better economies of scale but neither did they hinder our ability to achieve it in other places.

We have some fees, which keep pace with the size of the fund. For example, administration charges whereby an increase in a fund's size would also mean a corresponding increase in admin costs. As such economies of scale cannot directly be made.

Additionally, some fees, such as those charged by trustees, are tiered, so the fee paid to them reduces when the fund hits certain size thresholds. This enables economies of scale as the fund grows.

## CLASSES OF UNITS/SHARES

*We determined that overall, all funds are rated green on this metric. Over the past two years we have undergone a large exercise whereby we moved retail clients from a more expensive legacy share class to a cheaper retail share class.*

This criterion is all about examining the different ways an investor can hold an individual fund. Some funds have several different classes – some for retail, some for institutional. The difference between them is often based on the amounts invested. For instance, an institutional investor may have large lump sums while the former may be drip feeding smaller amounts and there are correspondingly different costs as a result.

As such our assessment was to examine whether all the share classes on all funds are needed. And where there were differences between them, from a cost perspective, we looked to ascertain whether it was justified and why.

## QUALITY OF SERVICE

*We rated all eligible funds, green on this assessment. Although we believe there are always areas that can be improved upon, we did not identify any major issues or cause for concern. In last year's report we noted a rise in communication and length of time clients had to wait for a response. We were pleased to see a large improvement in these areas this year.*

As the board governing these funds, we are ultimately responsible for the service provided to them and to investors within them. The majority of the services examined in this measurement are shared resources. For instance, all the funds use the same third-party service providers such as: **fund accountants, transfer agents, auditors and custodians.**

Internal services are also shared, such as marketing and communications. This means assessments in this category are quite uniform.

Investment management is the main service that differs between the funds. In this assessment the funds are managed by either Newton Investment Management, Insight Investment or Walter Scott. To come to our conclusions, we looked at data that applied to all funds as well as those that gave us a more individual picture on servicing.

An example of the latter would be regular information received from the investment managers. We keep a record of the timing of these versus the deadline. How they met these deadlines, and the regularity in doing so, forms part of our service analysis.

We also draw on independent reports for the third-party service providers the funds utilise. These reports compare the service we receive as well as the service delivered to other groups. This way we ensure the service received was not just of high quality, but also high quality when compared to peers.

Reviewing and considering third party analyst research of the funds (where available) is also carried out in order to gauge the opinion of external analysts. Although not a direct service, this material is useful to understand what the perception of these funds is in the wider investment community.

## COMPARABLE SERVICES

*We assessed all funds as green on this factor. This is about making sure we don't charge much less to some clients versus others, for similar products.*

We compared the charge of our most accessible share class (W) with the other share classes available in each fund. We



were comfortable with the difference between the individual share classes for each fund. We acknowledge there are always discounts available for scale and consequently agreements made to pay slightly less on large investments. But we were happy any difference we examined were justifiable.

### COMPARABLE MARKET RATES

*Four funds were given an amber score for this factor. None were assessed as red overall. However, at a share class level – across 212 individual share classes in BNY MIF – we rated 14 as amber and 10 as red. In the majority of these cases, it was the institutional share classes assessed as relatively higher in cost. We are reviewing the best option to reduce the costs paid by investors in these share classes. This could result in reducing the **AMC** or moving the investors to a different share class.*

The **on-going fee (OCF)** of each fund in the BNY MIF range was scrutinised compared to those on offer from competitor funds – on a like-for-like basis. We examined each share class on this basis. To arrive at an overall fund decision, we assigned a percentage to each share class as to what proportion it made up of the whole. Meaning if a retail share class was responsible for 90% of the assets under management, and it was assessed as green – a green rating was given to the entire fund on this metric, even if other share classes were rated amber or red.

We also considered the actual fee paid by investors rather than the stated fee as often, as a result of proffered discounts, it can be imprecise.

### COSTS (GENERAL)

*All funds received an overall green rating for this metric, including at the share class level. There were a few areas of concern around transaction costs that will be monitored going forward, but they were minor enough that the overall review still yielded a green result.*

This criterion covers everything that makes up the **annual management charge**. This assessment includes transaction costs, admin and additional expenses (such as **trustee** fees). For this assessment, we also considered the profitability of the fund to BNY Mellon Investment Management (BNY Mellon IM) as a business and to what extent any charges being levied lead to profit, rather than covering costs.

In general, and on the basis of our research, we were satisfied with the fees being paid to all parties involved in the funds. Our analysis suggests the charges are appropriate for the costs involved.

We did not find anything concerning regarding the profitability level of any of the funds.

We note that in a couple of funds we had a cap on expenses in place in order to dampen the cost to investors. This is typically done when the costs of a small fund are disproportionate. Rather than have investors bear the brunt of this, BNY Mellon IM subsidises the cost. In a few cases the cost of the cap was greater than expected. However, we still feel it is the right thing to do as it enables a small fund to grow without penalising existing investors.



# Our funds



# BNY Mellon 50/50 Global Equity Fund

## OBJECTIVE

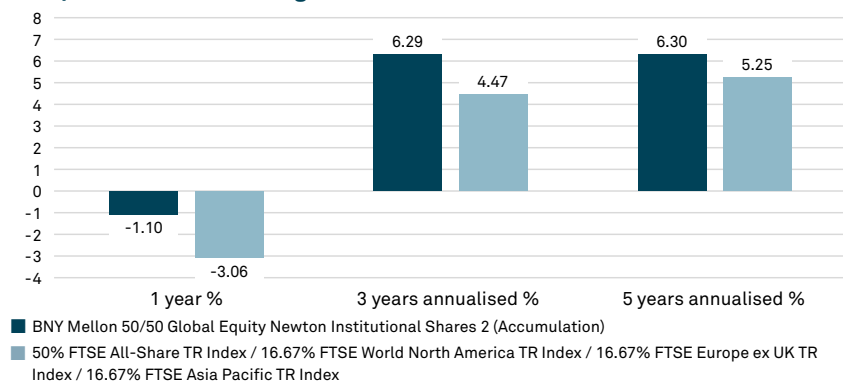
The Fund aims to achieve **capital growth** and **income** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £36.50m

(as of 30 June 2022)

## BNY Mellon 50/50 Global Equity Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct and Lipper as at 30 June 2022. Fund Performance for the Newton Institutional Shares 2 (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against a composite **index**, comprising 50% FTSE All-Share TR Index, 16.67% FTSE World North America TR Index, 16.67% FTSE Europe ex UK TR Index and 16.67% FTSE Asia Pacific TR Index, as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset classes, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we have concluded this fund is demonstrating value overall. The board notes that despite a significant drop in the Fund's size over the past year, performance and service have fared well.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Relative performance benefited from **stock** picking, with investments in North America and Europe ex-UK adding the most value. However, the strongest contributor was UK defence contractor BAE Systems, which saw its order book fill as countries committed to greater defence spending. University operator Laureate Education also performed well as it continued its strategy of selling **assets**. With demand for electric vehicles strong, the holding in lithium producer Albemarle added value.

While significant economic and geopolitical uncertainty persists, financial markets are likely to remain **volatile**. We nevertheless believe this provides opportunities for active investors with a long-term mindset.



# BNY Mellon Asian Income Fund

## OBJECTIVE

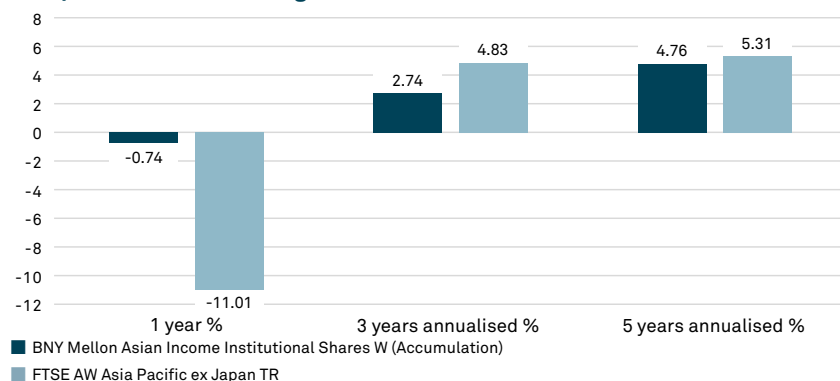
The Fund aims to achieve income together with **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £907.14m

(as of 30 June 2022)

## BNY Mellon Asian Income Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the W Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Asian Income Fund to BNY Mellon Asian Income Fund. The Fund will measure its performance against the FTSE Asia Pacific ex-Japan TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises it when measuring the Fund's income yield.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following assessment across all seven categories, the board has determined the Fund is offering overall value. In its assessment of the 10 different share classes available for this Fund, the legacy institutional share class was flagged as being relatively more expensive than comparable peers. However, the additional **yield** generated by the Fund over and above that of the **index**, compensated for the higher cost. As such the institutional share classes were awarded amber ratings. All other share classes were assessed as green and as such, green overall. We are looking at ways to reduce the costs for the institutional share class.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

“

Our most impactful **stock** holding was Indian tobacco company ITC, which offered more dependable revenues in an uncertain global economic backdrop. Singapore banks DBS and United Overseas Bank performed well on expectations of strong loan growth in 2022. Sands China was the biggest disappointment as Macau gaming companies fell victim to investor sensitivity to China's sharpened regulatory oversight.

China's continued imposition of its 'zero-Covid' policy and underwhelming **monetary stimulus** response have been the main drags on Asia's performance. However, we believe strong company finances and our focus on higher-quality businesses should help us navigate the **volatile** times ahead.”



# BNY Mellon Emerging Income Fund

## OBJECTIVE

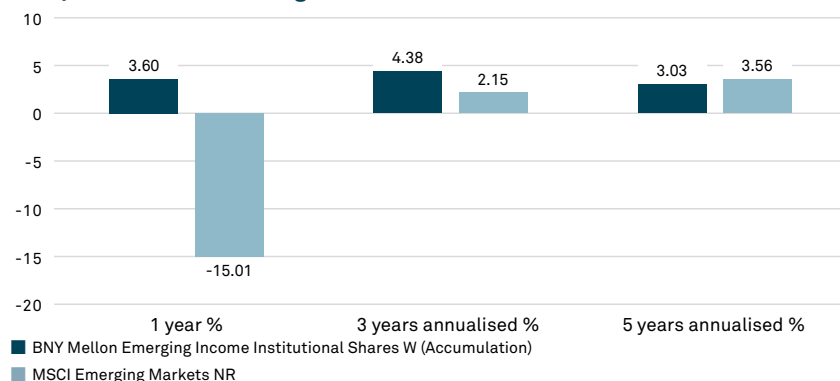
The Fund aims to achieve **income** together with **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £87.70m

(as of 30 June 2022)

## BNY Mellon Emerging Income Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Emerging Income Fund to the BNY Mellon Emerging Income Fund.

The Fund will measure its performance against the MSCI Emerging Markets NR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises it when measuring the Fund's income **yield**.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following assessment across all seven categories, the board has determined the BNY Mellon Emerging Income Fund is offering overall good value. Performance in the Fund has narrowly missed its five-year capital growth objective, despite strong performance over the past year. This is an income fund and consequently its pursuit of **dividend-paying** companies can impact capital growth over the long-term. Despite this, and its current improvement, we still think the performance amber rating is warranted at this time.

Going forward we will look to review our marketing literature and how we articulate the Fund's dual income and capital growth target. While all other categories were rated acceptable across the four share classes in this Fund, there was one exception. The institutional share class was deemed to be more expensive than its comparable peer group. That, alongside the amber performance rating means the institutional share class for this Fund received an amber rating.

## Manager's commentary on the five years to 30 June 2022



Over the five-years from June 2017 – June 2022 for the Emerging Income Fund encompassed a very difficult environment – with the starting point characterised by the low interest rate era, low **volatility** and high growth (ie not conducive for **equity income outperformance** in our view). The global Covid-19 pandemic brought further challenges, as many income-generating companies saw their businesses grind to a halt with the loss of traffic, thereby suspending dividends or cancelling them altogether. Some economies are still coming out of Covid lockdowns and have yet to recover and be fully reflected in share prices. Finally, the onset of **inflation** and the withdrawal of easy **monetary policy** have led to higher interest rates, a stronger US dollar and big swings in global currencies, especially within **emerging markets** such as the Brazilian real, Mexican peso, South African rand, South Korean won and the New Taiwan dollar.

For these reasons, the Emerging Income Fund has underperformed its benchmark and peer group on a five-year view.



## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates





# BNY Mellon Equity Income Booster Fund

## OBJECTIVE

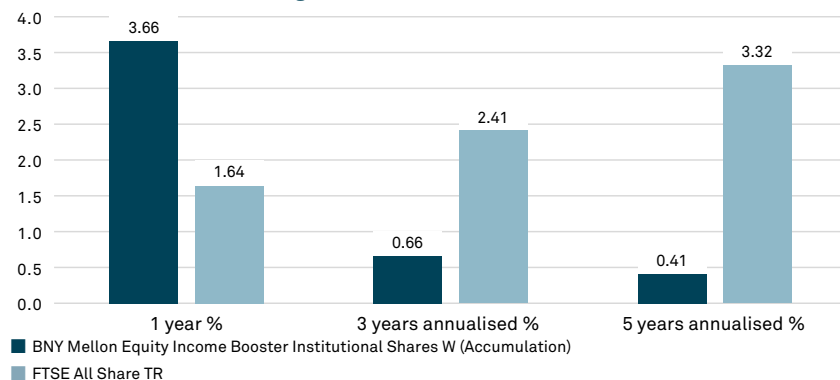
The Fund aims to provide **income** together with the potential for **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £65.57m

(as of 30 June 2022)

## BNY Mellon Equity Income Booster Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Insight Equity Income Booster Fund to BNY Mellon Equity Income Booster Fund.

The Fund will measure its performance against the FTSE All-Share TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it is representative of the UK equity market.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

We, the board, have determined this Fund is offering overall good value, although its performance was amber rated. Despite the strong performance over the past year, over the five-years to the end of the review period (30 June 2022), the Fund has lagged, missing its long-term capital growth performance objective. Still, we note, the Fund's literature makes it clear that search for **yield** is a dominant part of its objective. It did meet that income objective – yielding almost twice that of the market (6% versus 3.5% for the FTSE All-Share index).

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The most value added over the review period was by stock selection, although sector allocation also made a useful contribution.

Stock picking was strong, notably in the **industrials**, basic materials and **consumer discretionary sectors**. This more than offset some disappointments in real estate, technology and healthcare. At the sector level, holding higher-than-benchmark positions in healthcare and utilities was also helpful.

Against a challenging macroeconomic backdrop, we continued to combine a traditional **equity** portfolio approach with an income-generating strategy, which aims to enhance overall yield. While this strategy can reduce the potential for capital growth in strongly rising markets, we believe it also has the scope for enhanced income generation.



## Overall rating



## Performance



## Quality of Service



## Economies of scale



## Classes of units/shares



## Comparable services



## Costs



## Comparable market rates



# BNY Mellon Equity Income Fund

## OBJECTIVE

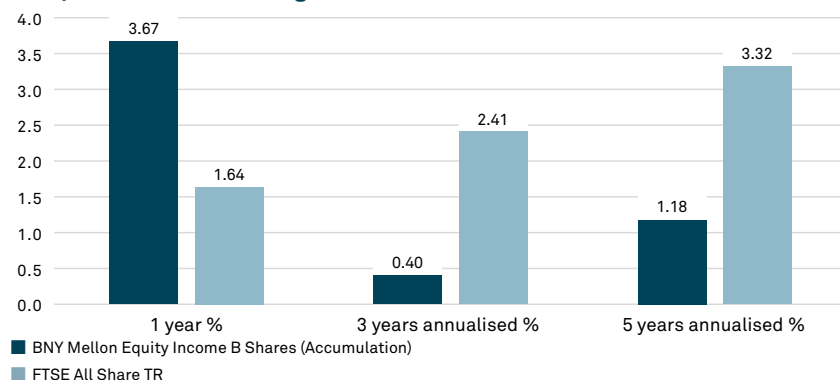
The Fund aims to provide **income** together with long term **capital growth** (5 years or more). The fund targets a **dividend yield** in excess of the yield of the FTSE All-Share Index on an annual basis as at the fund's financial year end. There is no guarantee that the fund will achieve its objective over this, or any other, period.

## ASSETS UNDER MANAGEMENT (AUM)

# £122.15m

(as of 30 June 2022)

## BNY Mellon Equity Income Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the B Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Insight Equity Income Fund to BNY Mellon Equity Income Fund.

Performance data covering periods prior to **share class** launch include synthetic returns calculated using the fund's primary share class, adjusted to reflect the annual management charge of the Institutional Shares W (Income) share class. The data assumes that all other charges are consistent. Synthetic results do not represent actual investment returns nor costs and are not a reliable indicator of future performance. Performance data covering the period since share class launch is a record of actual returns achieved. The Fund will measure its performance against the FTSE All-Share TR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it is representative of the UK equity market.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

We, the board, believe the BNY Mellon Equity Income Fund continues to offer some value for investors. In our assessment, we rated the Fund red for performance, having missed its five-year target on a capital growth basis. We note the Fund did achieve income greater than its benchmark over the review period.

Although we acknowledge the manager has a dominant yield preference, which may lead to its **underperformance** on a capital growth basis, this is the third year in a row we have rated it amber. In defence of the missed target the manager notes there is always tension between generating income and achieving capital growth. This is particularly difficult at a time when income is hard to find – such was the case during the pandemic.

The manager said: "That was a particularly difficult time for **equity income** funds given the vast number of companies that cut dividends or in many cases didn't pay them at all. In light of all the uncertainty and lack of visibility on dividends, it was pleasing the fund met its yield target during those times."

## What's next?

We will review the Fund's literature, looking to strengthen the stance that generating income is favoured over, and sometimes at the expense of, capital growth opportunities. We will continue to monitor the Fund's performance but given the strong rebound in its performance over this review period, we don't feel any further action is necessary at this time.

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Our effective stock picking in **basic materials**, **consumer discretionary** and **industrial** companies more than offset some disappointments in the real estate, technology and energy **sectors**. The most profitable individual stock holdings were business information group Euromoney Institutional Investor, multinational pharmaceutical company GSK and UK utility National Grid. At the sector level, being **overweight** relative to the benchmark in healthcare and utilities and **underweight** in technology boosted performance.

In light of the challenging macroeconomic environment, the outlook for returns from **equities** is likely to remain fragile. With markets vulnerable to further declines, we continue to favour diverse, larger-sized **stocks** with sustainable dividend yields.

## Overall rating



## Performance



## Quality of Service



## Economies of scale



## Classes of units/shares



## Comparable services



## Costs



## Comparable market rates



# BNY Mellon Global Absolute Return Fund

## OBJECTIVE

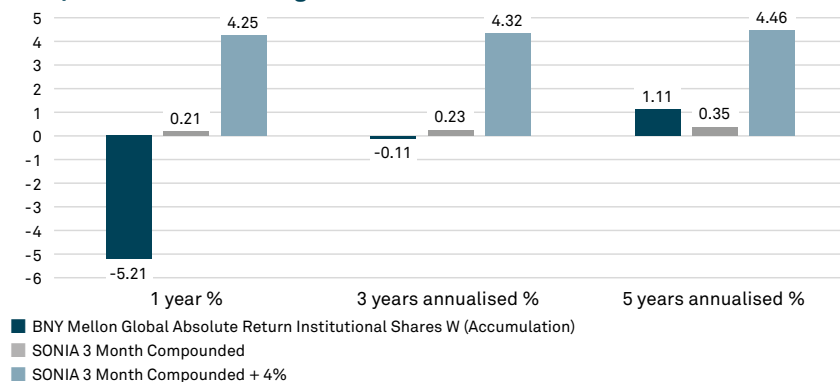
To deliver positive returns on an annual basis. The Fund aims to deliver cash (SONIA (90-day compounded)) before fees on an annual basis and cash (SONIA (90-day compounded)) +4% pa before fees on a rolling annualised five year basis (meaning a period of five years, no matter which day you start on). However, a positive return is not guaranteed and a **capital loss** may occur.

## ASSETS UNDER MANAGEMENT (AUM)

# £629.23m

(as of 30 June 2022)

## BNY Mellon Global Absolute Return Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Insight Global Absolute Return Fund to BNY Mellon Global Absolute Return Fund.

The Fund will measure its performance before fees against SONIA 3 month compounded on an annual basis (the "12 month Benchmark") and SONIA 3 month compounded +4% per annum on a rolling annualised five year basis (the "5 year Benchmark") as target benchmarks.

SONIA is the average interbank interest rate at which a large number of banks on the London money market are prepared to lend one another unsecured funds denominated in British pounds sterling. The Fund will use the 12 month Benchmark as a target for the Fund's performance to match or exceed over a rolling 12 month period as it is representative of cash; and the 5 year Benchmark as a target for its performance to match or exceed over a rolling annualised 5 year basis as it is consistent with the risk taken in the Fund.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

Following this year's assessment, and due to its performance versus stated objectives, the board has questioned the value on offer from the BNY Mellon Global Absolute Return Fund.

The Fund has three performance targets and for the review period ending 30 June 2022, it has missed all three. This includes its target of achieving a positive return, although we note this year the Fund narrowly missed meeting this goal. On track for a positive return over 10 months of the review period, events of the final two months pushed the full year negative on a net basis. We acknowledge this has been a difficult year in which to achieve positive results with most asset classes falling in value.

## What's next?

We are in discussions with the manager regarding its ongoing performance issues and will review its objectives. We will review the Fund's five-year objective and clarify a more specific **outperformance** target. In past discussions with the manager, we were assured it remained a relevant and achievable objective. The current higher interest rate environment does mean its cash plus 4% target appears more realistically achievable today.

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



A sharply deteriorating macroeconomic backdrop in 2022 created extremely challenging conditions for investors. Our **equity** holdings performed well through the first half of the period but were negatively impacted by events in Ukraine in early 2022, as a combination of increased uncertainty and more **hawkish** central bank rhetoric caused risk assets (such as equities) to broadly decline. Although positioned relatively **defensively** in what was an unfavourable backdrop, our **bond** holdings also generated a negative return.

As we believe the risk of market setbacks is higher than earlier in the post-pandemic recovery, we took a more defensive currency stance and added positions we believe will perform well if equity markets soften in the months ahead.



## Overall rating



### Performance



### Quality of Service



### Economies of scale



### Classes of units/shares



### Comparable services



### Costs



### Comparable market rates



# BNY Mellon Global Dynamic Bond Fund

## OBJECTIVE

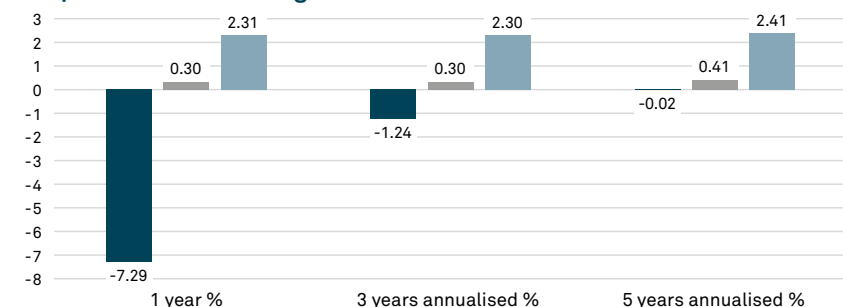
To maximise the **total return**, comprising **income** and **capital growth**. The Fund is managed to seek a minimum return of cash (**SONIA** (30day compounded)) +2% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period of three years, no matter which day you start on). However, a positive return is not guaranteed and a **capital loss** may occur.

## ASSETS UNDER MANAGEMENT (AUM)

# £1.8bn

(as of 30 June 2022)

## BNY Mellon Global Dynamic Bond Fund Net performance ending 30 June 2022



■ BNY Mellon Global Dynamic Bond Institutional Shares W (Accumulation)  
 ■ SONIA 1 Month Compounded  
 ■ SONIA 1 Month Compounded + 2%

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Dynamic Bond Fund to the BNY Mellon Global Dynamic Bond Fund.

The Fund will measure its performance before fees against SONIA 1 month compounded +2% per annum over five years as a target **benchmark** (the "Benchmark").

SONIA is the average interbank interest rate at which a large number of banks on the London money market are prepared to lend one another unsecured funds denominated in British pounds sterling. The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because it is representative of sterling cash and the Fund's investment objective is to seek a minimum return of sterling cash +2% per annum. The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

Following assessment across all seven categories, the board has determined the BNY Mellon Global Dynamic Bond Fund is offering value. However, we note that this year its investment performance meant it failed to meet its stated objectives. The latter includes achieving a positive return on a rolling three-year basis.

The manager says this is one of the worst **bond** markets on record, adding that in 2022 there have been few places to hide. However, he also notes in hindsight he had too much invested in **high yield** bonds (the riskier end of **corporate bonds**) at the start of the year in the belief it would protect better in the early phases of this market. He also noted he had too much in **longer-dated bonds**.

## What's next?

We will continue to monitor the Fund's performance. Bond markets have been hard hit and are typically slow to recover, meaning it may take some time for the Fund to recover sufficiently to meet its five-year objective. We don't feel any further action is necessary at this time.

*Manager's commentary on the 12 months to 30 June 2022  
(as taken from the BNY MIF Annual Report & Account)*



While our **hedging** strategy was able to cushion some of the turbulence we saw in markets, our exposure to riskier high-yield bonds weighed on fund returns as investor confidence ebbed. **Short-dated US Treasury bonds** also hampered performance, although this was partially offset by gains made by other holdings, such as **inflation-linked securities**.

While we are optimistic **government bonds** will perform better in coming months, we also believe some caution on the outlook for **risk assets** is warranted because of reduced market **liquidity** and uncertainty about the extent of the economic slowdown.



**Overall rating**



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



# BNY Mellon Global Dynamic Bond Income Fund

## OBJECTIVE

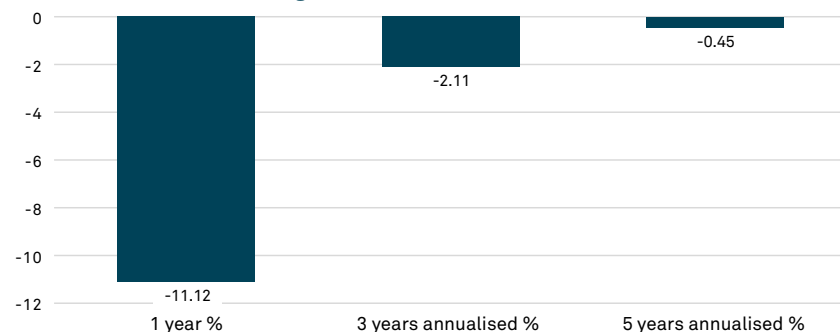
The Fund aims to achieve **income** over the medium term (3-5 years).

## ASSETS UNDER MANAGEMENT (AUM)

# £81.42m

(as of 30 June 2022)

## BNY Mellon Global Dynamic Bond Income Fund Net performance ending 30 June 2022



■ BNY Mellon Global Dynamic Bond Income Institutional Shares W (Income)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Income) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Dynamic Bond Income Fund to the BNY Mellon Global Dynamic Bond Income Fund.

The Fund will not measure its performance against a **benchmark** because it is not possible to state a comparator that will be relevant at all times. Instead, the **authorised corporate director (ACD)** invites investors to consider the Fund's **yield** versus other **fixed income** investment products that seek to generate income.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus.

Amber rated due to performance and costs; the board believes the BNY Mellon Global Dynamic Bond Income Fund continues to offer some value.

In our assessment for the 2021-2022 review period, we found the retail share class, the B shares, more expensive than comparable funds. The additional cost was not offset by better performance. While the B shares received a red rating, the other share classes were amber or green based on cost – resulting in an overall amber for the Fund as a whole.

Performance for all share classes was also amber. Although the Fund has achieved income, it posted a negative return over five, three and one year.

## What's next?

We continue to monitor the Fund's performance in what has been a difficult period for bonds. We do believe there has been an improvement in this area over the latest review period, following a change to its approach but we will keep it on a watch list. We are also taking more direct action on costs. The board will consult with the manager and look at ways to reduce costs, in particular on the B shares. This includes potentially lowering the **annual management charge**.

*Manager's commentary on the 12 months to 30 June 2022  
(as taken from the BNY MIF Annual Report & Account)*



Rising **inflation**, tighter **monetary policy** (rising interest rates) and investors' growing reluctance to take on risk all combined to create headwinds for **bonds**.

Our significant exposure to **high-yield bonds** was the main drag on returns, with the deterioration in market confidence in 2022 hitting the sector particularly hard. Our holding in an Asia ex-Japan high-yield bond fund was a notable detractor. We did, however, benefit from some good performance by certain **government bonds**, and particularly **inflation-linked securities** earlier in the period.

Better-quality corporate bonds are looking increasingly attractively valued, while high-yield bonds appear to be pricing in a recession, despite their relatively strong finances suggesting **defaults** will stay low.



## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



# BNY Mellon Global Emerging Markets Fund

## OBJECTIVE

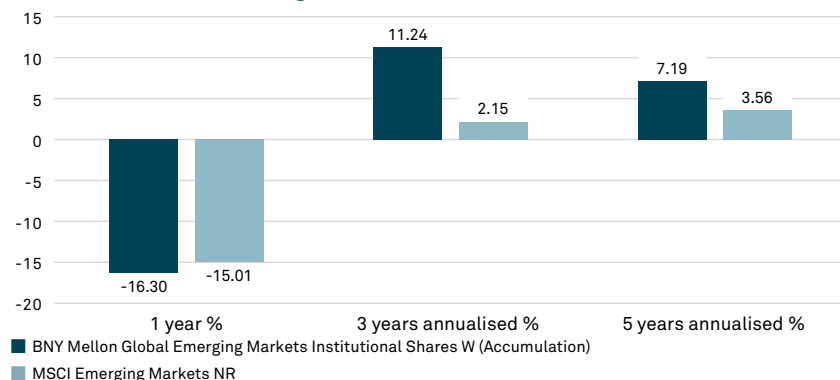
The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £219.25m

(as of 30 June 2022)

## BNY Mellon Global Emerging Markets Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Emerging Markets Fund to the BNY Mellon Global Emerging Markets Fund.

The Fund will measure its performance against the MSCI Emerging Markets NR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded this fund is demonstrating value overall.

Although performance has been weaker than its benchmark over the difficult past year, it continues to meet its five-year performance objective.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Our investment in Latin American e-commerce company MercadoLibre was the biggest disappointment as investors worried about its sensitivity to rising interest rates. Technology company EPAM Systems also lagged as **growth stocks** fell from favour. NARI Technology nevertheless did well for the fund. As the leading supplier of electricity hardware and software to the Chinese state grid it was boosted by national plans to implement a new and favourable pricing mechanism.

We believe **emerging market equities** are currently (as at 30 June 2022) attractively priced relative to their counterparts in developed markets. We think this may equate to a compelling opportunity to invest in emerging market companies well-exposed to reliable long-term trends.



# BNY Mellon Global Equity Fund

## OBJECTIVE

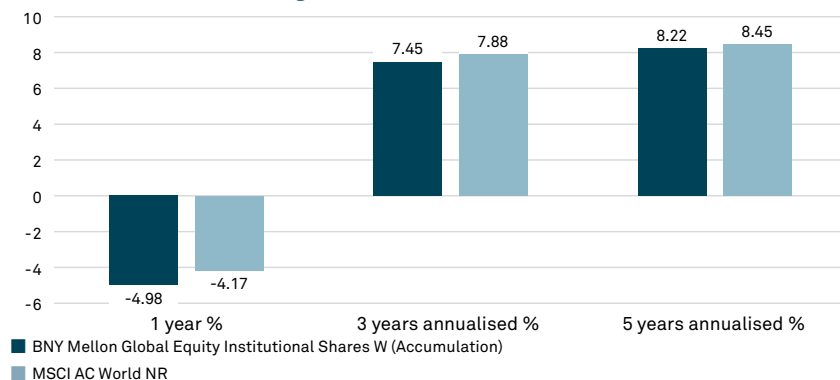
The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £1.1bn

(as of 30 June 2022)

## BNY Mellon Global Equity Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Equity Fund to the BNY Mellon Global Equity Fund.

The Fund will measure its performance against the MSCI AC World NR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class**, sectors and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviated from the Benchmark.

The board believes the BNY Mellon Global Equity Fund continues to offer some value, rating the Fund amber for this review period. Performance for all share classes was rated amber as the Fund failed to meet its stated objective. It also marginally underperformed its benchmark, the MSCI All Countries World index, over five, three and one year to 30 June 2022.

It was rated green for all other metrics.

## What's next?

The Fund has been placed on the board's watch list to ensure it is closely monitored. This involves being part of our quarterly performance management committee's regular discussions, singling it out for regular assessment.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on performance over the latest review period, ending 30 June 2022.



The portfolio underperformed over the review period. It was the initial phases of 2022 that proved most detrimental in terms of **relative returns**. Against the backdrop of war in Ukraine and rising **inflation, sectors** that exhibited stronger performance, such as **commodity**-related names, were not well-represented in the portfolio given well-established concerns around the long-term outlook for the energy sector. Alongside this, pressure on certain **growth stocks** in a rising interest rate environment further contributed to a difficult market environment for the Fund.

An **underweight** in energy was unhelpful following a surge in the oil price as tight supply/demand conditions already present were exacerbated by the invasion of Ukraine and its broader consequences.



# BNY Mellon Global High Yield Bond Fund

## OBJECTIVE

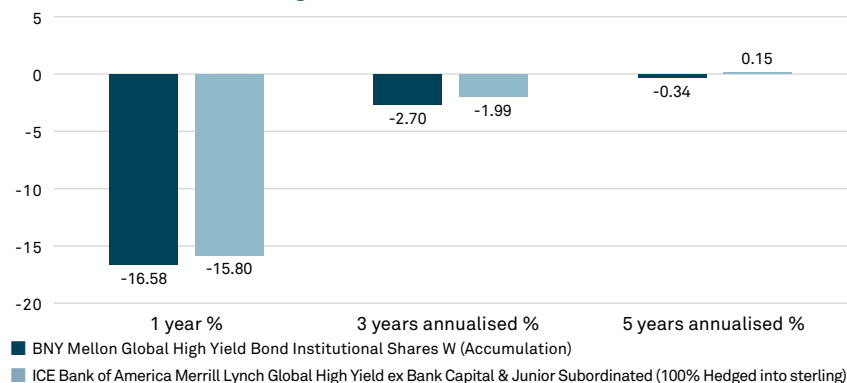
The Fund aims to achieve **income** over the medium term (3-5 years).

## ASSETS UNDER MANAGEMENT (AUM)

# £92.06m

(as of 30 June 2022)

## BNY Mellon Global High Yield Bond Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global High Yield Bond Fund to the BNY Mellon Global High Yield Bond Fund.

The Fund will measure its performance against the ICE Bank of America Merrill Lynch Global High Yield ex Bank Capital & Junior Subordinated (100% Hedged into sterling) TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, credit** quality, sectors and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

The board believes the BNY Mellon Global High Yield Bond Fund continues to offer some value, rating it amber for this review period. Performance for all share classes was rated amber as the Fund underperformed its benchmark over five, three and one year to 30 June 2022. Although, it did meet its objective of having achieved income over the medium-term (three to five years), this is the second consecutive year the board has queried its performance.

It was rated green for all other metrics.

## What's next?

The Fund remains on the board's watch list to ensure it is closely monitored. This involves being part of our quarterly performance management committee's regular discussions, singling it out for regular assessment. We will discuss with the manager any other ways its performance can be improved as well as reviewing its stated goals.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the performance over the latest review period, ending 30 June 2022.



This has been a very challenging environment for all **fixed income** asset classes, including **global high yield**. The Fund is not actively trying to generate income at the expense of the capital. However, **defaults** are a feature of the high yield asset class and hence periodically capital will be impacted. The falls we have witnessed this year are primarily a feature of underlying **government bond yields** spiking higher (repricing **bonds** lower) rather than an uptick in defaults.

Admittedly, we did enter the Asian high yield market a bit early, which led to **underperformance** in the short-term due to the distress in the Chinese property market. However, we expect the Chinese government to provide more support for the real estate sector post their Plenary Congress (mid-October 2022). As such we expect a better performance from this holding over the next 12 months.

This should help bridge the performance gap with the benchmark.





# BNY Mellon Global Income Fund

## OBJECTIVE

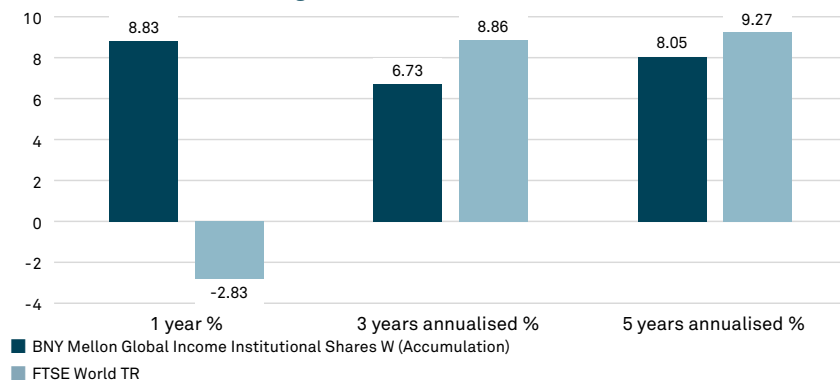
The Fund aims to achieve **income** over an annual period together with **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £3.3bn

(as of 30 June 2022)

## BNY Mellon Global Income Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Income Fund to the BNY Mellon Global Income Fund.

The Fund will measure its performance against the FTSE World TR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises it when measuring the Fund's income yield.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded this Fund is demonstrating good value overall. In our assessment we did note the legacy institutional share class of the BNY Mellon Global Income Fund was expensive relative to its peers. As such we graded that share class amber for comparable market rates. We will review the costs for the institutional share class. However, as 94.3% of the Fund's **assets under management** were in share classes we assessed as green for comparable market rates, we awarded it green overall.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

Strong **stock selection** was the key driver of the fund's performance over the review period, particularly in the **industrials** sector.



BAE Systems was a top-performing stock in what was a strong 12-months for the fund. The defence contractor is expected to benefit from increased government spending as geopolitical tensions rise. British American Tobacco also performed well due to its seemingly attractive valuation and robust **cash flows** on strong pricing for cigarettes. Tyre maker Continental was the weakest performer as the market became concerned about car production being held back by the global semiconductor shortage.

We believe the outlook for **income stocks** remains positive as higher **inflation** and interest rates will drive investors back towards **dividend**-paying stocks.



# BNY Mellon Global Infrastructure Income Fund

## OBJECTIVE

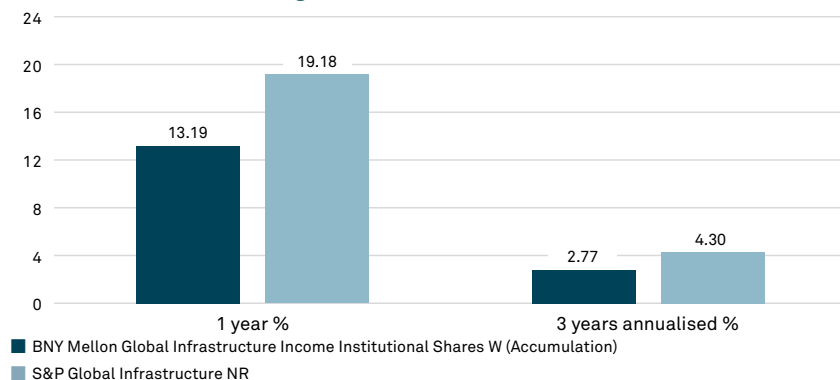
The Fund aims to achieve **income** and **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £29.44m

(as of 30 June 2022)

## BNY Mellon Global Infrastructure Income Fund Net performance ending 30 June 2022



(Please note, this fund launched on 11 August 2018 and therefore did not have a five-year track record as of 30 June 2022)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the S&P Global Infrastructure NR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it represents a traditional equity infrastructure universe of companies.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. The portfolio holdings of the Fund will not be limited to components of the Benchmark and the Investment Manager will use its discretion to invest outside the Benchmark in pursuit of the Fund's investment objective.

Following analysis across all areas of assessment, we concluded this fund is demonstrating value overall. Although the Fund's size remains somewhat small, it has more than doubled since the 2021 report.

Performance over the past year has been weak versus its benchmark. However, as the Fund has yet to reach its five-year anniversary, its performance cannot yet be assessed against its five-year objective.

## Overall rating

Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



*Manager's commentary on the 12 months to 30 June 2022  
(as taken from the BNY MIF Annual Report & Account)*

**Sector allocation** was the main drag on performance over the review period.



The utilities sector weighed on performance most, primarily due to positioning in Enel. Shares in the electricity generator pulled back amid growing concerns over energy sourcing costs as its hydro reservoirs in Italy remained at low levels. Healthcare real estate trust Medical Properties also weighed on performance as it was challenged by the rising interest rate environment. A bright spot for the fund was Canadian energy company Enbridge, which rose along with the broader energy sector in a strong pricing environment.



# BNY Mellon Global Multi-Strategy Fund

## OBJECTIVE

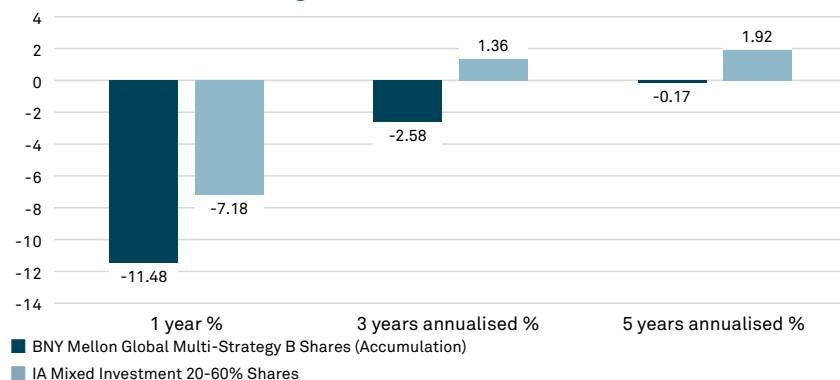
The Fund aims to achieve **capital growth**.

## ASSETS UNDER MANAGEMENT (AUM)

# £71.99m

(as of 30 June 2022)

## BNY Mellon Global Multi-Strategy Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the B Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Insight Global Multi-Strategy Fund to BNY Mellon Global Multi-Strategy Fund.

The Fund will measure its performance against the UK Investment Association Mixed Investment 20-60% Shares NR Sector average as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of funds with levels of equity and bond exposure similar to those of the Fund.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

Based solely on its performance versus stated objectives, the board has questioned the value on offer from the BNY Mellon Global Multi-Strategy Fund. While all other metrics for the Fund are rated green, there are ongoing performance issues on both an **absolute** and **relative** basis. The Fund's objective is to achieve capital growth. It has produced net negative returns over five, three and one year. It is also fourth quartile versus its peers over one, three and five years to 30 June 2022.

Notwithstanding recent improvement, the fact this Fund has scored low on performance for three straight years persuaded the board to award a red overall rating this year.

## What's next?

We will discuss our concerns with the manager and whether or not the benchmark, and/or its stated objectives, are suitable.

The Fund remains on the board's watch list to ensure it is closely monitored. This involves being part of our quarterly performance management committee's regular discussions, singling it out for regular assessment.

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



With growth rebounding and **inflationary** fears growing, we maintained a relatively high exposure to **commodities**, which proved an effective strategy as the price of oil and other raw materials rose. Our **infrastructure holdings** also recorded notable gains. However, despite a good start, our **equity** investments weighed on performance as confidence was rocked by Russia's invasion of Ukraine and worries about tighter **monetary policy** (rising interest rates). In **bonds**, our cautious positioning was not sufficient to protect from losses against what was a highly negative backdrop for **fixed income**.



## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



# BNY Mellon Global Opportunities Fund

## OBJECTIVE

The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £65.55m

(as of 30 June 2022)

## BNY Mellon Global Opportunities Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Opportunities Fund to the BNY Mellon Global Opportunities Fund.

The Fund will measure its performance against the MSCI AC World NR Index as a comparator benchmark (the "Benchmark"). The Fund will use the **benchmark** as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded this Fund is demonstrating some value.

Although the Fund has met its goal of achieving capital growth over five years, it has **underperformed** on a **relative** basis. Over five, three and one year the Fund has lagged the **index**. As such we marked the Fund amber for performance for the second consecutive year.

Our assessment found additional expenses in the Fund rose over this review period. The end result was an amber rating as well for comparable market rates.

## What's next?

We are interrogating the expenses in the Fund to determine the root cause of the spike in costs this year. The Fund's size has shrunk over the past year, which will have an impact. Additionally, higher costs would have arisen from the manager moving opportunistically to invest in markets that are more expensive to trade in, such as smaller or **emerging markets**.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The main contributor to **underperformance** was the avoidance of the energy sector, given well-established concerns around the long-term challenges facing the sector as the world transitions away from fossil fuels. In the short-term, the energy sector performed very well as demand rebounded following easing of Covid restrictions. Latterly the invasion of Ukraine removed a source of supply from global energy markets as Western nations placed sanctions on the Russian regime. This led to a significant rally in **commodity** prices, which we did not benefit from.

Our relative positioning in healthcare also weighed versus the index. Despite strong performance from **stocks** we own such as AstraZeneca, Bayer and Roche, not owning larger **index** constituents such as United Health, Pfizer and Johnson and Johnson was unhelpful in the more uncertain environment.



# BNY Mellon Index Linked Gilt Fund

## OBJECTIVE

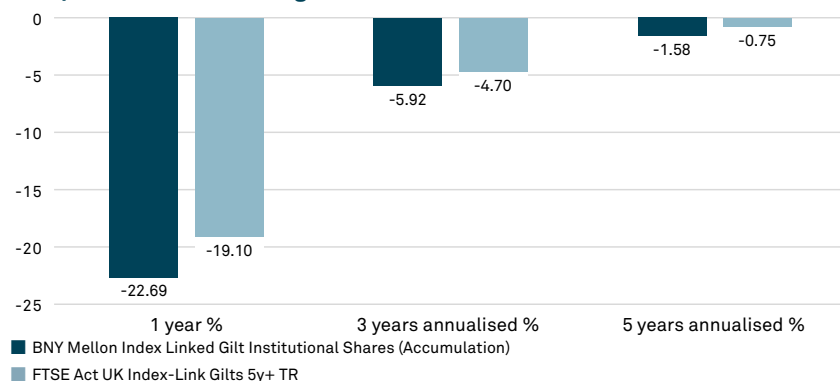
The Fund aims to achieve **income** together with the potential for **capital growth** over the medium term (3-5 years).

## ASSETS UNDER MANAGEMENT (AUM)

# £50.53m

(as of 30 June 2022)

## BNY Mellon Index Linked Gilt Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Index Linked Gilt Fund to the BNY Mellon Index Linked Gilt Fund.

The Fund will measure its performance against the FTSE Actuaries UK **Index-Linked Gilts** Over 5 Years TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, credit quality, sectors** and geographical area in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded the BNY Mellon Index Linked Gilt Fund is demonstrating some value, with more work needed.

We found the institutional share class, which accounts for 77% of the Fund's **assets under management**, to be relatively expensive compared to its peers. In last year's report we pointed to the same issue with this share class. Consequently, and because the institutional share class was the only freely available share class open to investors, last year we launched a less expensive share class and invited investors to move. None took advantage of this offer. We will explore why this was.

We also note the Fund's performance was not sufficient to offset the additional expenses.

We rated the Fund as green overall for performance, after a close look at the figures as well as the prevailing market conditions. The last day of the review period, 30 June 2022, was an unusually **volatile** day for the **gilt** market. As the Fund is priced mid-day, its one-year figures reflect the market swings of that day. However, if the Fund had been priced at the end of the day on the 30 June (which is when the index is valued), the impact would have been far less and as such we took that into consideration.

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The review period was characterised by unprecedented volatility in the **index-linked bond** market. Few areas of the **fixed income** market offered effective shelter as soaring **inflation** and rising interest rates rattled confidence and pushed **yields** higher. Exposure to **conventional gilts** (nominal bonds that pay a fixed coupon rate at set time intervals; gilts are debt issued by the UK government) and off-benchmark positions in **US Treasury** bonds and **investment-grade corporate debt** all hurt performance. Holdings in **index-linked bonds** from Australia, New Zealand and in particular the US did have a cushioning impact, however.

With many of the future interest rate rises already priced into **bond yields** and inflation potentially nearing a peak, we believe that **government bonds** will enjoy a more favourable environment in coming months.



## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



# BNY Mellon Inflation-Linked Corporate Bond Fund

## OBJECTIVE

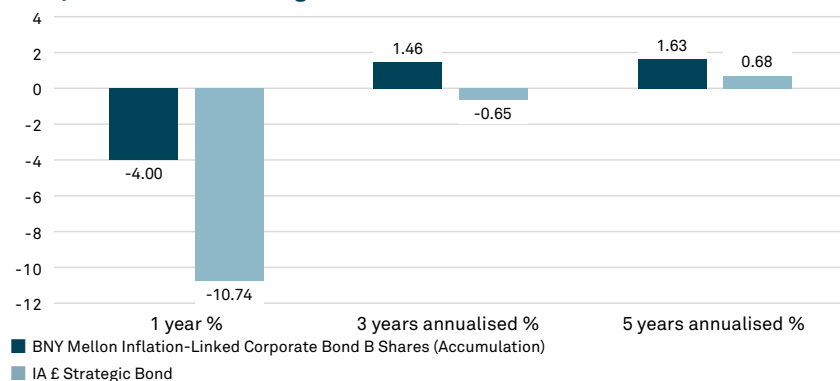
The Fund aims to generate **income** and **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £40.70m

(as of 30 June 2022)

## BNY Mellon Inflation-Linked Corporate Bond Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the B Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Insight Inflation-Linked Corporate Bond Fund to BNY Mellon Inflation-Linked Corporate Bond Fund.

The Fund will measure its performance against the UK Investment Association Sterling Strategic Bond NR Sector average as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator as, although not representative of **inflation-linked corporate bond** funds specifically, it represents a broad range of sterling-denominated **bond** funds that invest in corporate bonds, **government bonds** and **derivatives**.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies disclosed in the Prospectus.

Following analysis across all areas of assessment, we have concluded the BNY Mellon Inflation-Linked Corporate Bond Fund is demonstrating value overall.

Last year the Fund was rated a partial amber on costs due to its more expensive retail share class compared to its peers. The board is satisfied this has since been rectified.

Overall rating	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The review period that saw **fixed income** markets buffeted by major geopolitical, monetary policy and macroeconomic headwinds. Against a challenging backdrop for **corporate** and **government bonds**, the fund's stance in terms of sensitivity to changes in interest rates and credit positioning weighed on performance. However, our trading of **inflation-hedging** investments added value.

The combination of **monetary tightening**, weakening growth and persistent **inflation** has led to market **volatility**. We believe corporate bonds will remain vulnerable to ongoing uncertainty in the coming months. While, in our view, the market does now offer more attractive value (as at 30 June 2022), it is not sufficiently cheap to warrant anything more than a mild increase in **credit risk**.



# BNY Mellon International Bond Fund

## OBJECTIVE

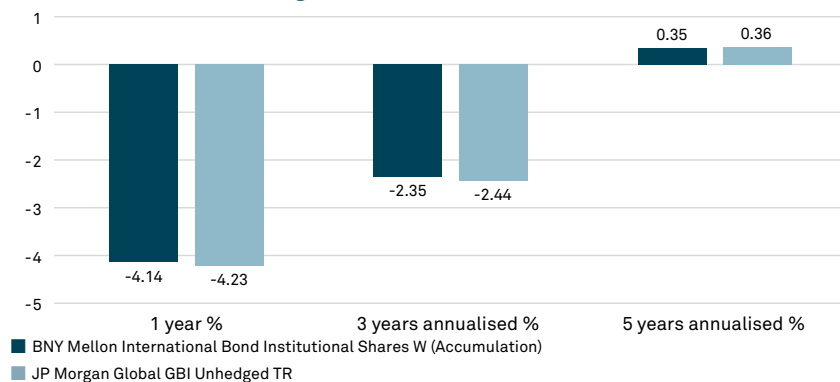
The Fund aims to achieve **income** and **capital growth** over the medium term (3-5 years).

## ASSETS UNDER MANAGEMENT (AUM)

# £357.19m

(as of 30 June 2022)

## BNY Mellon International Bond Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton International Bond Fund to the BNY Mellon International Bond Fund.

The Fund will measure its performance against the JP Morgan Global GBI Unhedged TR Index as a comparator benchmark (the "Benchmark"). The Fund will use the **Benchmark** as an appropriate comparator because it includes a broad representation of the **asset class, credit quality, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded the BNY Mellon International Bond Fund is demonstrating value. We viewed the performance as a marginal amber rating, having only narrowly **underperformed** its index over five years and showing slight **outperformance** over the shorter three and one-year periods.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



*Manager's commentary on the 12 months to 30 June 2022  
(as taken from the BNY MIF Annual Report & Account)*



**Emerging market bonds** (debt issued by governments or corporates in countries considered **emerging markets**) held up relatively well over the review period, compared with the wider market. We suffered some lost performance from holdings in **local currency Colombian bonds**. However, our exposure to Chinese **government bonds** proved helpful as **yields** remained more stable than elsewhere.

With many of the future interest rate rises already priced into **bond yields** and **inflation** potentially nearing a peak, we believe government bonds will enjoy a more favourable environment in coming months.



# BNY Mellon Long Gilt Fund

## OBJECTIVE

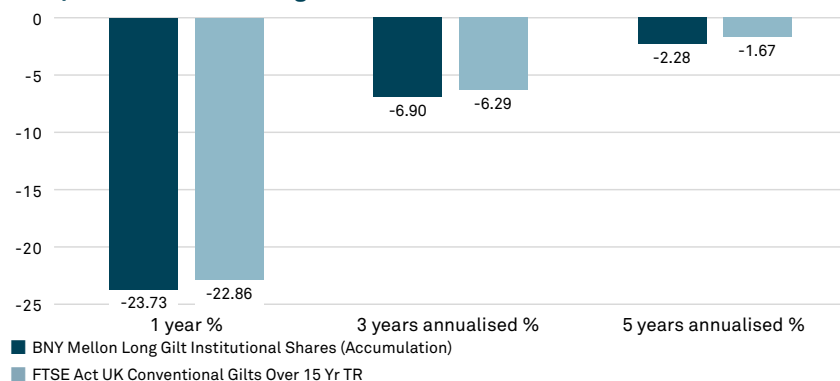
The Fund aims to achieve income together with the potential for **capital growth** over the medium term (3-5 years).

## ASSETS UNDER MANAGEMENT (AUM)

# £59.51m

(as of 30 June 2022)

## BNY Mellon Long Gilt Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the FTSE Actuaries UK Conventional Gilts Over 15 Years **Index** (the "Benchmark"). The Fund will use the **benchmark** as an appropriate comparator because it includes a broad representation of the **asset class, credit quality, sectors** and geographical area in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the majority of the Fund's holdings are expected to be constituents of, and have similar weightings to, the Benchmark, the investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

We have found the BNY Mellon Long Gilt Fund to be demonstrating value across all seven of the assessment criteria. We did, however, find the institutional share class continues to be relatively more expensive compared to its peer group. All other share classes were rated green for comparable market rates and as together they account for almost 90% of the Fund's **assets under management**, we rated it green overall.

We rated the Fund as green overall for performance, after a close look at the figures as well as the prevailing market conditions. The last day of the review period, 30 June 2022, was an unusually **volatile** day for the **gilt** market. As the Fund is priced mid-day, its one-year figures reflect the market swings of that day. However, if the Fund had been priced at the end of the day on the 30 June (which is when the index is valued), the impact would have been far less and as such took that into consideration.

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



It was a period of unprecedented turbulence for gilts. The long-dated (those with **maturities** c15+ years in the future) segment of the market was hit hard by the rapid rise in interest rates on the back of soaring **inflation**. Taking effective tactical positions in a fast-moving market was challenging.

While positive returns from some **off-benchmark exposure** to overseas **government bonds** (from the US, Australia and New Zealand) aided performance in the first half of the period, the US and New Zealand holdings detracted in the second.

With many of the future interest rate rises already priced into **bond yields** and inflation potentially nearing a peak, we believe that government bonds will enjoy a more favourable environment in coming months.



## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates





# BNY Mellon Long-Term Global Equity Fund

## OBJECTIVE

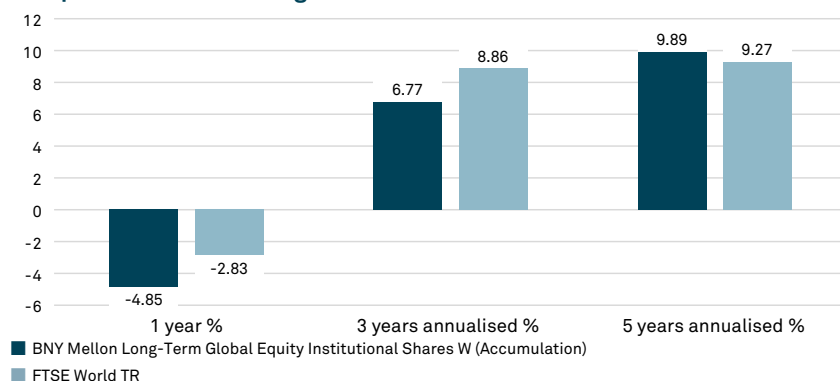
The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £1.7bn

(as of 30 June 2022)

## BNY Mellon Long-Term Global Equity Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the FTSE All World TR GBP Index as a comparator benchmark (the "Benchmark"). The Fund will use the **Benchmark** as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded the BNY Mellon Long-Term Global Equity Fund offers value.

We did find the Fund's institutional share class to be relatively more expensive compared to its peer group. Returns over five and seven years are ahead of the excess costs incurred. Given almost 90% of the Fund's shareholders are in share classes rated green, we rated the Fund green overall for comparable market rates.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Over the review period, we benefited from an **overweight** position versus the benchmark in information technology, where **stock selection** was particularly strong. Danish pharmaceutical maker Novo Nordisk also made a good contribution thanks to good results driven by its diabetes drug. However, a shift in investor sentiment away from **growth-orientated stocks** led to disappointing returns from Illumina, the world leader in next-generation gene-sequencing technology. Disney performed disappointingly despite reassuring results and the long-term business case remaining in place.



# BNY Mellon Multi-Asset Balanced Fund

## OBJECTIVE

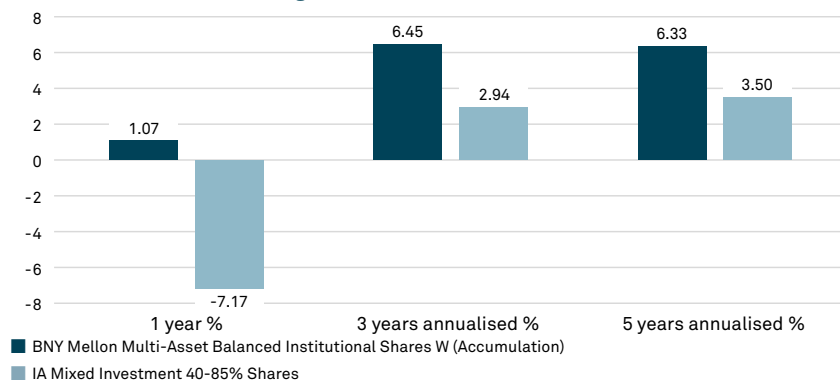
The Fund aims to achieve a balance between **income** and **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £2.2bn

(as of 30 June 2022)

## BNY Mellon Multi-Asset Balanced Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Multi-Asset Balanced Fund to BNY Mellon Multi-Asset Balanced Fund.

Performance data covering periods prior to share class launch include synthetic returns calculated using the fund's primary share class, adjusted to reflect the annual management charge of the Institutional Shares W (Income) share class. The data assumes that all other charges are consistent. Synthetic results do not represent actual investment returns nor costs and are not a reliable indicator of future performance. Performance data covering the period since share class launch is a record of actual returns achieved.

The Fund will measure its performance against the UK Investment Association Mixed Investment 40-85% Shares NR Sector average as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of funds with levels of equity and bond exposure similar to those of the Fund.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

Following analysis across all areas of assessment, we concluded this fund is demonstrating value overall.

<b>Overall rating</b>	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

**Stock selection** was the key driver of performance over the review period, particularly in **equities**.

“

Defence-related manufacturer BAE Systems added value for the fund as many countries reassessed their security requirements as war broke out in Ukraine. Lithium producer Albemarle also stood out as it benefited from the strong demand building for electric vehicles. On the negative side, Chinese technology company Alibaba was hit by the government's far-reaching regulatory changes.

”



# BNY Mellon Multi-Asset Diversified Return Fund

## OBJECTIVE

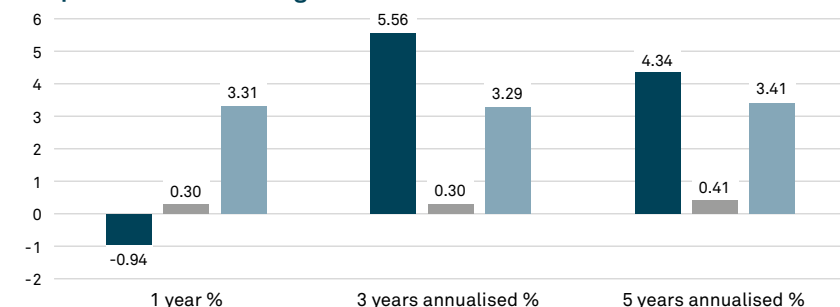
To achieve long-term **capital growth** over a period of at least 5 years from a portfolio **diversified** across a range of assets. The Fund is managed to seek a return in excess of cash (**SONIA** (30-day compounded)) +3% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period of three years, no matter which day you start on). However, a positive return is not guaranteed and a **capital loss** may occur.

## ASSETS UNDER MANAGEMENT (AUM)

# £511.87m

(as of 30 June 2022)

## BNY Mellon Multi-Asset Diversified Return Fund Net performance ending 30 June 2022



■ BNY Mellon Multi-Asset Diversified Return Institutional Shares W (Accumulation)  
 ■ SONIA 1 Month Compounded  
 ■ SONIA 1 Month Compounded + 3%

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Multi-Asset Diversified Return Fund to BNY Mellon Multi-Asset Diversified Return Fund.

The Fund will measure its performance before fees against SONIA 1 month compounded + 3% per annum over five years as a target **benchmark** (the "Benchmark").

SONIA is the average interbank interest rate at which a large number of banks on the London money market are prepared to lend one another unsecured funds denominated in British pounds sterling. The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because it is representative of sterling cash and the Fund's investment objective is to seek a return in excess of sterling cash +3% per annum.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

Following analysis across all areas of assessment, we concluded the BNY Mellon Multi-Asset Diversified Return Fund is demonstrating value overall.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

While the exposure to **alternative investments** contributed positively, other segments of the fund, including **equities** and **bonds**, had a negative impact.



Retailers ASOS and B&M European Value Retail were weak on concerns about consumer incomes given slowing economic growth and **inflation**. Continental and Volkswagen suffered as sentiment towards auto-related **stocks** was dented by a global semiconductor shortage and a deteriorating economic outlook. At the stock level, strong performance was posted by Greencoat UK Wind and JLEN Environmental Assets, with investors finding the stocks attractive given the developing power price dynamics.



# BNY Mellon Multi-Asset Global Balanced Fund

## OBJECTIVE

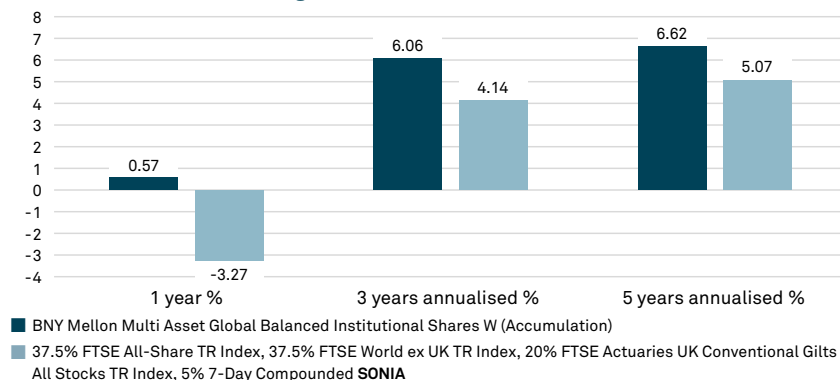
The Fund aims to achieve a balance between **income** and **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £482.05m

(as of 30 June 2022)

## BNY Mellon Multi-Asset Global Balanced Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct and Lipper as at 30 June 2022. Fund Performance for the Institutional W Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Balanced Fund to the BNY Mellon Multi-Asset Global Balanced Fund.

The Fund will measure its performance against a composite index, comprising 37.5% FTSE All-Share TR Index, 37.5% FTSE World ex UK TR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index and 5% 7-Day Compounded SONIA, as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset classes, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded the BNY Mellon Multi-Asset Global Balanced Fund is demonstrating value overall.

<b>Overall rating</b>	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



It was an effective 12 months for **stock picking**. BAE Systems was the top **equity** performer as countries are expected to reassess their defence spending in light of the war in Ukraine. Lithium producer Albemarle also performed well given the accelerating demand for electric vehicles. Holding a preference for equities over **bonds** was also helpful.

The short-term macroeconomic outlook appears challenging at a time when central banks are fighting **inflation** and tightening **monetary policy**. The ongoing war in Ukraine is a further headwind, although financial markets have moved to discount these factors to a degree. With asset prices likely to remain **volatile**, we see opportunities for active investors with a long-term mindset. ”



# BNY Mellon Multi-Asset Growth Fund

## OBJECTIVE

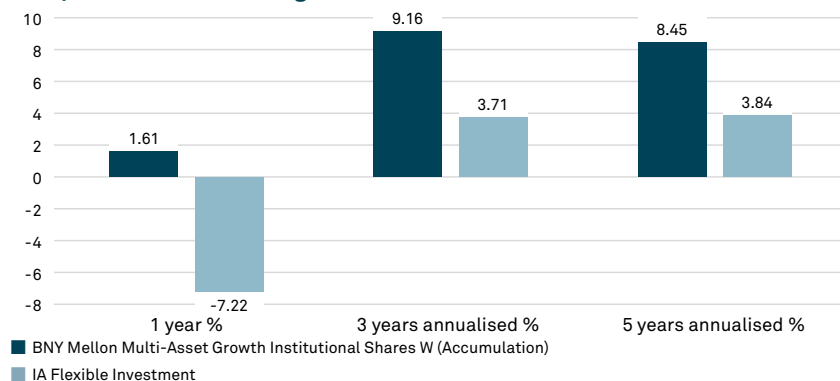
The Fund aims to achieve **capital growth** and **income** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £1.8bn

(as of 30 June 2022)

## BNY Mellon Multi-Asset Growth Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Multi-Asset Growth Fund to BNY Mellon Multi-Asset Growth Fund.

Performance data covering periods prior to share class launch include synthetic returns calculated using the fund's primary share class, adjusted to reflect the annual management charge of the Institutional Shares W (Income) share class. The data assumes that all other charges are consistent. Synthetic results do not represent actual investment returns nor costs and are not a reliable indicator of future performance. Performance data covering the period since share class launch is a record of actual returns achieved.

The Fund will measure its performance against the UK Investment Association Flexible Investment NR Sector average as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of funds with the same flexibility, in terms of equity and bond exposure, as the Fund.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

We found the BNY Mellon Multi-Asset Growth Fund to be demonstrating value across all seven of the assessment criteria.

We did find the Fund's institutional share class to be relatively expensive compared to its peer group. We rated that share class amber for comparable market rates. As the performance of the Fund is well ahead of the **index**, it more than offset the costs we found to be some 0.20% higher than the same share on competitor funds. As some 93% of the Fund's **assets under management** are in other share classes, which we rated green, we graded comparable market rates as green overall.

## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

**Stock selection**, particularly in **equities**, was the main driver of returns, while **asset allocation** also added value, notably the exposure to **commodities**.



We saw strong performance by lithium producer Albemarle which profited from the strong demand environment for electric vehicles. The holding in BAE Systems also performed well as countries are expected to reassess their security requirements and defence spending in light of the war in Ukraine. On the negative side, Alibaba Group was affected by regulatory changes in China.



# BNY Mellon Multi-Asset Income Fund

## OBJECTIVE

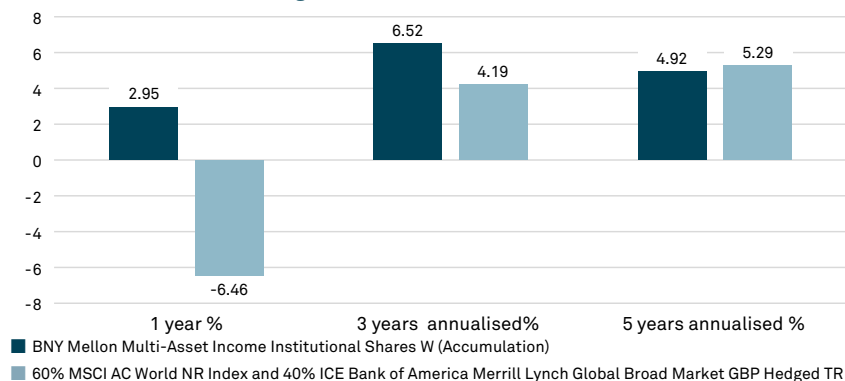
The Fund aims to achieve **income** together with the potential for **capital growth** over the long term (5 years or more). The Fund is managed without **benchmark**-related constraints.

## ASSETS UNDER MANAGEMENT (AUM)

# £158.98m

(as of 30 June 2022)

## BNY Mellon Multi-Asset Income Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct and Lipper as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Multi-Asset Income Fund to BNY Mellon Multi-Asset Income Fund.

The Fund will measure its performance against a composite index, comprising 60% MSCI AC World NR Index and 40% ICE Bank of America Merrill Lynch Global Broad Market GBP Hedged TR Index, as a comparator benchmark (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises this index when measuring the Fund's income yield.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded this fund is demonstrating value overall.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

“

With mainstream assets struggling against a challenging macroeconomic and geopolitical backdrop, the strongest contribution to fund performance came from **alternatives**. Here, returns were driven by Greencoat UK Wind and JLEN Environmental Assets Group as investors found the companies attractive given the strong power price dynamics created by the energy crisis. In **equities**, lithium producer Albemarle benefited as electric vehicles saw rising demand, while BAE Systems was boosted by expectations of increased defence spending. However, the fund's **bond** exposure detracted from performance over the review period.”



# BNY Mellon Oriental Fund

## OBJECTIVE

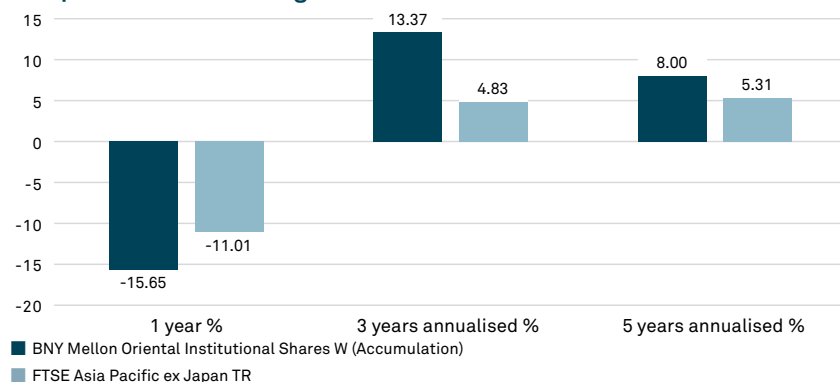
The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £105.61m

(as of 30 June 2022)

## BNY Mellon Oriental Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Oriental Fund to BNY Mellon Oriental Fund.

The Fund will measure its performance against the FTSE Asia Pacific ex Japan TR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

We determined the BNY Mellon Oriental Fund is demonstrating value across all seven of the assessment criteria.

We did find the Fund's institutional share class to be relatively more expensive compared to its peer group. We rated that share class red for comparable market rates. As the performance of the Fund is well ahead of the **index**, it offset the costs we found to be some 0.20% higher than the same share on competitor funds. As some 99% of the Fund's **assets under management** are in other share classes, which we rated green, we graded comparable market rates as green overall.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

Both **stock selection** and **sector allocation** detracted from performance, with the **overweighting** of the information technology sector being the most significant drag.

“

Some of the biggest stock disappointments were those affected by the regulatory crackdown in China, such as Tencent Music Entertainment and education-services provider New Oriental. However, NARI Technology performed well. It is the leading supplier of electricity hardware and software to the Chinese state grid and was boosted by strong **earnings growth** and an attractive outlook for grid investment.”



# BNY Mellon Real Return Fund

## OBJECTIVE

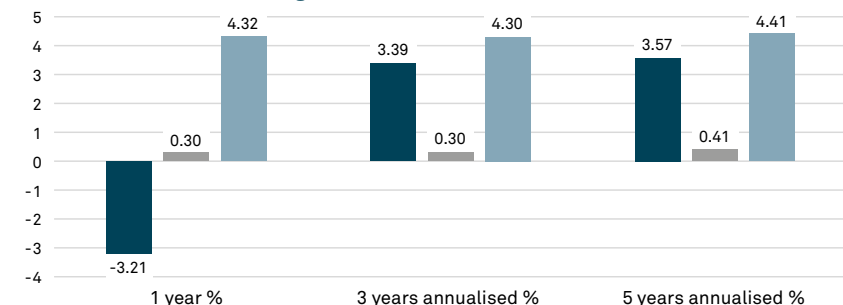
To achieve a rate of return in sterling terms that is equal to or above a minimum return from cash (SONIA (30-day compounded)) + 4% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period of three years, no matter which day you start on). However, capital is in fact at risk and there is no guarantee that this will be achieved over that, or any, time period.

## ASSETS UNDER MANAGEMENT (AUM)

# £4.8bn

(as of 30 June 2022)

## BNY Mellon Real Return Fund Net performance ending 30 June 2022



■ BNY Mellon Real Return Institutional Shares W (Accumulation)  
 ■ SONIA 1 Month Compounded  
 ■ SONIA 1 Month Compounded + 4%

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Real Return Fund to BNY Mellon Real Return Fund.

The Fund will measure its performance before fees against SONIA 1 month compounded +4% per annum over five years as a target **benchmark** (the "Benchmark").

SONIA is the average interbank interest rate at which a large number of banks on the London money market are prepared to lend one another unsecured funds denominated in British pounds sterling. The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because, in typical market conditions, it represents a target that will be equal to or greater than UK **inflation** rates over the same period and is commensurate with the Investment Manager's approach.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

Following analysis across all areas of assessment, we concluded the BNY Mellon Real Return Fund is demonstrating value overall.

We acknowledge the Fund has had a difficult year, most notably in the final month of this review period. However, for the majority of the 12 months to 30 June 2022 the Fund was ahead of its targeted objective. We will continue to monitor its performance.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The assets we use to stabilise the fund when markets are **volatile**, such as **government bonds** and gold, had a slightly negative impact on returns. Return-seeking assets, such as **equities**, weighed on performance. These included long-term growth companies such as Amazon and those affected by a weakening Chinese economy. The picture was more positive in **alternatives**, where a **commodity** position benefited from the surge in the oil price.

"Viewing this as one of the toughest environments faced by investors in recent decades, we remain focused on capital preservation in the short run."





# BNY Mellon Sustainable European Opportunities Fund

## OBJECTIVE

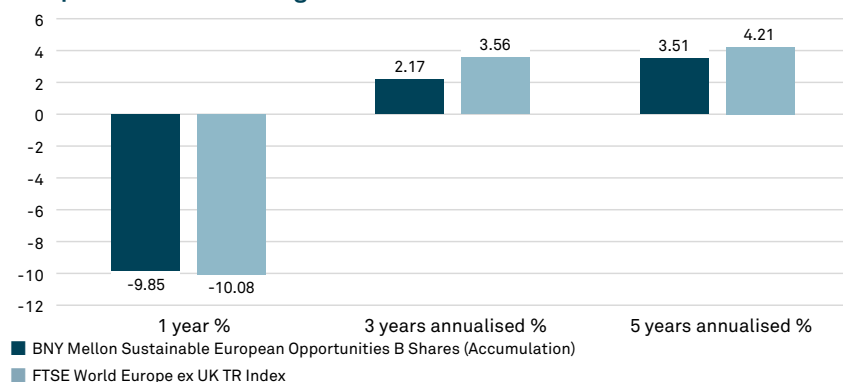
To achieve **capital growth** and **income** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £117.19m

(as of 30 June 2022)

## BNY Mellon Sustainable European Opportunities Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 8 December 2021, the Fund name changed from BNY Mellon Continental European Fund to BNY Mellon Sustainable European Opportunities Fund.

The Fund will measure its performance against the FTSE World Europe ex UK TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

We found the BNY Mellon Sustainable European Opportunities Fund to be demonstrating some value, with work to be done with respect to performance.

We rated the Fund amber on this metric as it has failed to meet its performance objective target over five years.

## What's next?

We note it did move to a new mandate, one focused on **sustainable investments**, over the course of the review period. The trajectory of the Fund is one of ongoing improvement and we are encouraged by the Fund's shorter-term performance.

<b>Overall rating</b>	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



We saw good performance from insurance group Zurich, which was supported by a favourable backdrop for commercial pricing and the company's exposure to rising **bond yields**. Sanofi was also strong owing to positive earnings momentum from its pharmaceutical and consumer divisions. French payments company Worldline was a weaker performer given concerns about disruption to its merchant services division from emerging competition. SAP was on the receiving end of market scepticism regarding its transition from a licensed software company to a cloud-based business model.

We moved the fund to a more **defensive** position given the concerns around the economic outlook and tightening **monetary policy** (rising interest rates). The course policymakers choose to take will continue to be important for valuations. ”



# BNY Mellon Sustainable Global Dynamic Bond Fund

## OBJECTIVE

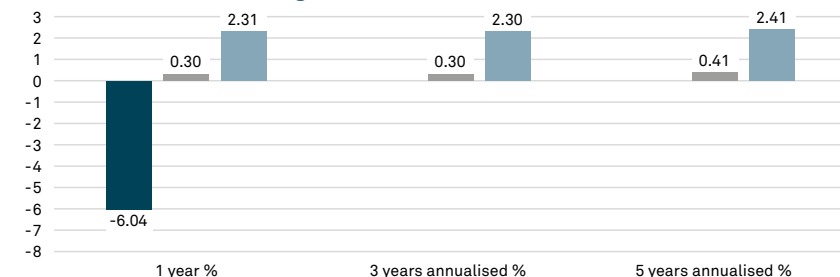
To achieve **income** and **capital growth** over the medium term (3-5 years). The Fund is managed to seek a minimum return of cash (**SONIA** (30-day compounded)) +2% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period of three years, no matter which day you start on). However, a positive return is not guaranteed and a **capital loss** may occur.

## ASSETS UNDER MANAGEMENT (AUM)

# £246.34m

(as of 30 June 2022)

## BNY Mellon Sustainable Global Dynamic Bond Fund Net performance ending 30 June 2022



- BNY Mellon Sustainable Global Dynamic Bond Institutional Shares W (Accumulation)
- SONIA 1 Month Compounded
- SONIA 1 Month Compounded + 2%

(Please note, this fund launched on 30 January 2020 and therefore did not have a three or five-year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the SONIA 1 Month Compounded as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

SONIA is the average interbank interest rate at which a large number of banks on the London money market are prepared to lend one another unsecured funds denominated in British pounds sterling. The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because it is representative of sterling cash and the Fund's investment objective is to seek a minimum return of sterling cash +2% per annum.

The BNY Mellon Sustainable Global Dynamic Bond Fund was launched in January 2020. As its performance objectives have a three to five year target, its history is not sufficient for us to grade it properly. However, we did determine it was green on all other factors.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Exposure to riskier **high-yield bonds** was the main drag on performance in what was a very challenging 12 months for the markets. Our exposure to **government bonds** and other areas aided returns but not enough to compensate for the losses from a high yield market that was particularly sensitive to rising interest rates.

While **government bonds** may perform better in coming months, we are cautious on the outlook for riskier assets because of reduced market **liquidity** and uncertainty about the extent of the economic slowdown.



# BNY Mellon Sustainable Global Emerging Markets Fund

## OBJECTIVE

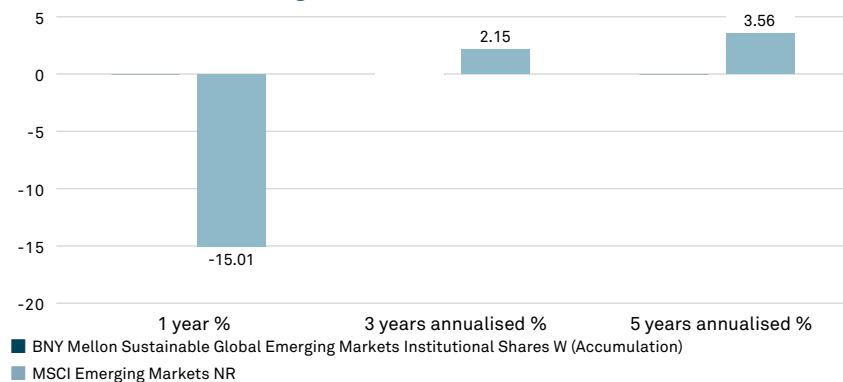
To achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £8.51m

(as of 30 June 2022)

## BNY Mellon Sustainable Global Emerging Markets Fund Net performance ending 30 June 2022



(Please note, this fund launched on 16 December 2021 and therefore did not have a one, three or five-year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the MSCI Emerging Markets NR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

The BNY Mellon Sustainable Global Emerging Markets Fund was launched in December 2021. As its performance objective has a five year target, its history is not sufficient for us to grade it properly. However, we did determine it was green on all other factors.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The fund faced a number of headwinds in the period since it launched on 16 December 2021.

**Stock picking** was the biggest drag on returns, particularly within the **industrials** and **consumer discretionary sectors**. Russia-based recruitment company HeadHunter was the greatest disappointment as, like all Russian stocks, it suffered sharp losses in the wake of the country's invasion of Ukraine. India-based diagnostic and healthcare test provider Dr Lal Pathlabs also weighed on performance.

By the end of the review period, **emerging market equities** were offering unusually good value relative to **developed markets**. We believe this may equate to a unique opportunity for emerging market companies that are well exposed to reliable long-term growth trends.



# BNY Mellon Sustainable Global Equity Fund

## OBJECTIVE

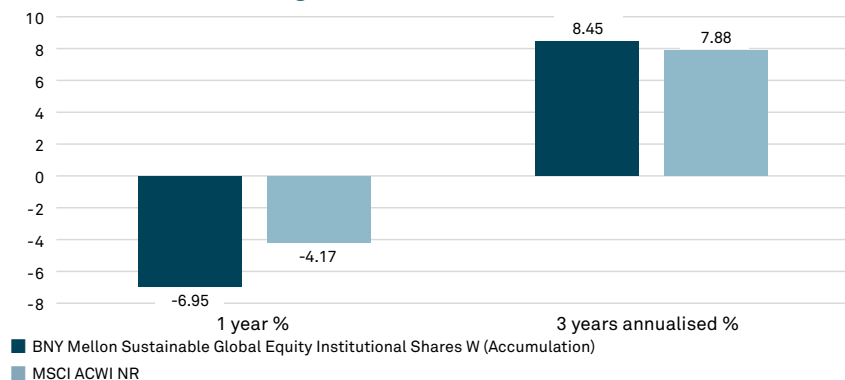
The Fund aims to achieve **capital growth** and **income** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £67.48m

(as of 30 June 2022)

## BNY Mellon Sustainable Global Equity Fund Net performance ending 30 June 2022



(Please note, this fund launched on 22 January 2018 and therefore did not have a five-year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Sustainable Global Equity Fund to BNY Mellon Sustainable Global Equity Fund.

The Fund will measure its performance against the MSCI AC World NR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

The BNY Mellon Sustainable Global Equity Fund was launched in January 2018. As its performance objective has a five year target, its history is just outside of a complete period for review purposes. Although, we note from its inception to the end of this review period, 30 June 2022, it has outperformed its benchmark. We determined it was green on all other factors.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



A number of factors held the fund back over the period, notably the relatively low exposure to strongly performing **commodity**-related companies, few of which qualify for investment in the fund.

Having no investments in energy was particularly unhelpful following a surge in the oil price as tight supply/demand conditions were exacerbated by the invasion of Ukraine and its broader consequences. **Stock selection** also weighed on performance in healthcare, **financials** and the consumer sectors.

Wholesaler Costco was a top performer, benefiting from quarterly earnings that were better than anticipated. Information technology group Accenture contributed well on positive forecasts for sales and earnings growth, with the company experiencing strong demand, particularly for its cloud engineering, cybersecurity and data services.



# BNY Mellon Sustainable Global Equity Income Fund

## OBJECTIVE

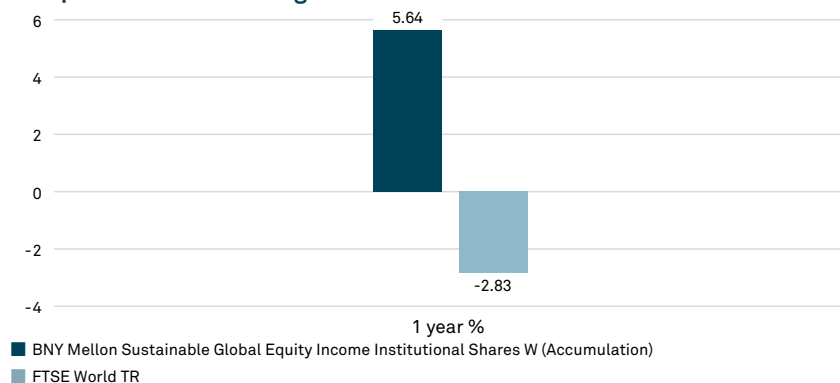
The Fund aims to achieve **income** together with the potential for **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £120.90m

(as of 30 June 2022)

## BNY Mellon Sustainable Global Equity Income Fund Net performance ending 30 June 2022



(Please note, this fund launched on 18 July 2019 and therefore did not have a three-year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the FTSE World TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises this when measuring the Fund's income **yield**.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

The BNY Mellon Sustainable Global Equity Income Fund was launched in July 2019. As its performance objectives have a five year target, its history is not sufficient for us to grade it properly. However, we did determine it was green on all other factors.

<b>Overall rating</b>	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



While **stock selection** was the main contributor to relative performance over the 12 months to end June, value was also added by sector positioning in **industrials** and healthcare. It was a good 12 months for stock picking in the fund. Although our holdings in the **emerging markets** and the Middle East performed a little disappointingly, this was more than offset by effective positions in North America and developed Europe. Here, notable contributions were made by **US consumer staples** stock PepsiCo and pharmaceutical maker Merck. These companies were regarded as having business models that are more resilient to the uncertain economic outlook.

In spite of the recovery by **income stocks** since the fourth quarter of 2021, we still believe they are cheap relative to the broader market.



# BNY Mellon Sustainable Real Return Fund

## OBJECTIVE

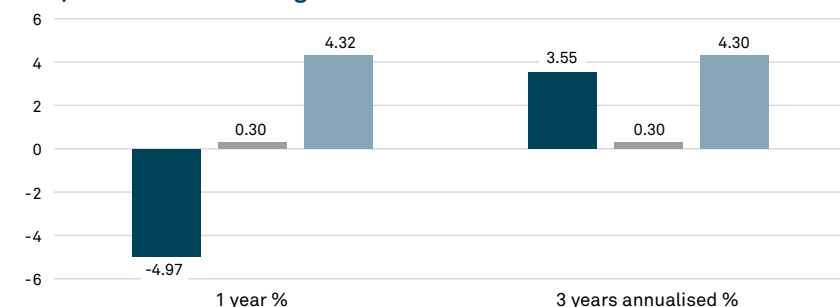
To achieve a rate of return in sterling terms that is equal to or above the return from cash (**SONIA** (30-day compounded)) + 4% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period of three years, no matter which day you start on). However, capital is in fact at risk and there is no guarantee that this will be achieved over that, or any, time period.

## ASSETS UNDER MANAGEMENT (AUM)

# £553.33m

(as of 30 June 2022)

## BNY Mellon Sustainable Real Return Fund Net performance ending 30 June 2022



- BNY Mellon Sustainable Real Return Institutional Shares W (Accumulation)
- SONIA 1 Month Compounded
- SONIA 1 Month Compounded + 4%

(Please note, this fund launched on 24 April 2018 and therefore did not have a five year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Sustainable Real Return Fund to BNY Mellon Sustainable Real Return Fund.

The Fund will measure its performance before fees against SONIA 1 Month Compounded + 4% per annum over five years as a target **benchmark** (the "Benchmark").

SONIA is the average interbank interest rate at which a large number of banks on the London money market are prepared to lend one another unsecured funds denominated in British pounds sterling. The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because, in typical market conditions, it represents a target that will be equal to or greater than UK **inflation** rates over the same period and is commensurate with the Investment Manager's approach.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

We determined the BNY Mellon Sustainable Real Return Fund is demonstrating good value across all metrics.

We did find the Fund's institutional share class to be relatively expensive compared to its peer group. We rated that share class amber for comparable market rates. As the performance of the Fund is well ahead of the **index**, it offset the excess costs incurred relative to competitor funds. With one client in this more expensive legacy share class, we will encourage them to move to the lower cost share class going forward.

As the vast majority of the Fund's **assets under management** are in other share classes, which we rated green, we graded comparable market rates as green overall.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Having exposure to global **equities** when market confidence fell was a significant headwind for the fund. A weakening Chinese economy was a feature of the period and performance was hurt by the share price slumps suffered by technology **stocks** Alibaba Group and Tencent Music. Our positions, designed to protect the fund from **volatility**, posted slightly negative returns, largely owing to weakness in precious metals prices and **government bonds**.

As we believe investors are facing one of the toughest environments in recent decades, we remain focused on **capital preservation** in the short run.



# BNY Mellon Sustainable Sterling Bond Fund

## OBJECTIVE

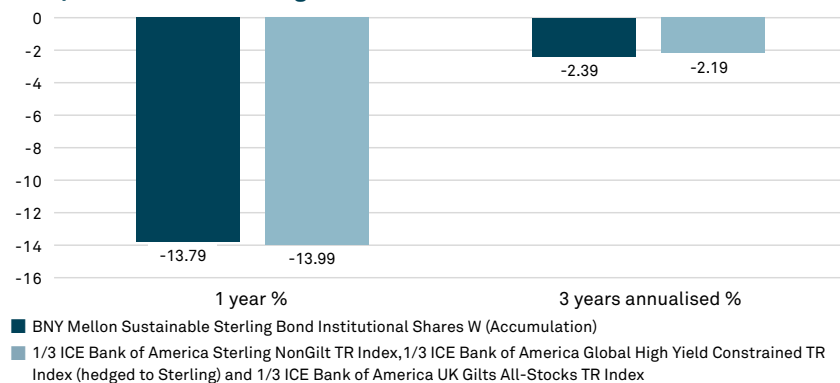
The Fund aims to achieve **income** and **capital growth** over the medium term (3-5 years).

## ASSETS UNDER MANAGEMENT (AUM)

# £18.21m

(as of 30 June 2022)

## BNY Mellon Sustainable Sterling Bond Fund Net performance ending 30 June 2022



(Please note, this fund launched on 15 May 2018 and therefore did not have a five year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct and Lipper as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Sustainable Sterling Bond Fund to BNY Mellon Sustainable Sterling Bond Fund.

The Fund will measure its performance against a composite **index**, comprising 1/3 ICE Bank of America Sterling NonGilt TR Index, 1/3 ICE Bank of America Global High Yield Constrained TR Index (hedged to Sterling) and 1/3 ICE Bank of America UK Gilts All-Stocks TR Index, as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset classes, credit quality, sectors** and geographical areas in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

We determined the BNY Mellon Sustainable Sterling Bond Fund is demonstrating good value overall.

We did grade the Fund amber for performance. While we assessed the Fund's performance as amber across all share classes, we note the Fund has only marginally missed its objective over three years. It has yet to register its five-year returns given it launched in May 2018. As such we felt it warranted an overall green rating at this time.

Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



Against a markedly unfavourable backdrop for **bonds**, the fund's returns were supported by the **underweight** exposure to UK **government bonds (gilts)** as the Bank of England implemented successive hikes in interest rates. However, this was offset to a degree by positions in US and New Zealand government bonds.

Other negatives included **underperformance** from some of our **high-yield corporate bond** holdings and the drag of not owning certain **commodity**-linked bonds, which generally did well.

We believe the environment for government bonds will be more positive in coming months. We are, however, more cautious on corporate bonds because of the deterioration in the **liquidity** environment as well as uncertainty about the extent of the economic slowdown.



# BNY Mellon Sustainable UK Opportunities Fund

## OBJECTIVE

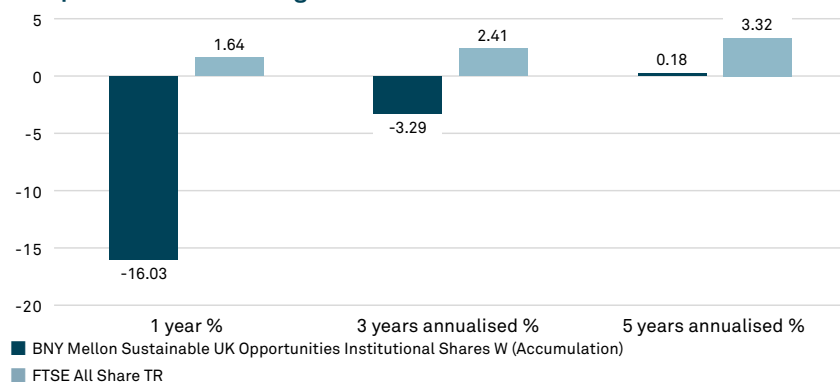
The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £201.29m

(as of 30 June 2022)

## BNY Mellon Sustainable UK Opportunities Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 8 December 2021, the Fund name changed from BNY Mellon UK Opportunities Fund to BNY Mellon Sustainable UK Opportunities Fund.

Performance data covering periods prior to share class launch include synthetic returns calculated using the fund's primary share class, adjusted to reflect the annual management charge of the share class. The data assumes that all other charges are consistent. Synthetic results do not represent actual investment returns nor costs and are not a reliable indicator of future performance. Performance data covering the period since share class launch is a record of actual returns achieved.

The Fund will measure its performance against the FTSE All-Share TR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical area in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

In our assessment this year, we found the performance from the BNY Mellon Sustainable UK Opportunities Fund to be disappointing. We believe the depth of its **underperformance** is poor value and as such it is deserving of a red overall rating.

The Fund's long-term performance was not satisfactory. However, it has since undergone a drastic change to its investment objective, becoming a **sustainable** portfolio in 2021. Still, its performance has remained sub-par and our analysis shows this was not just a result of its more restrictive mandate. Although the new sustainable remit of the Fund meant it could not invest in the strongly performing energy markets, this only accounted for some 3% of its 17% underperformance (versus its index) over the year to 30 June.

## What's next?

The market backdrop for the Fund in its first year as a sustainable mandate, has been difficult. In our assessment we found that relative to other similar sustainable mandates, the BNY Mellon Sustainable UK Opportunities Fund was roughly average. While we have graded the Fund's as offering poor value at this time, highlighting our concerns overall, the Fund's new mandate does warrant more time before any stronger action is taken.

We will monitor the Fund going forward and it has been added to the board's watch list.

## Manager's commentary on the performance over the latest review period, ending 30 June 2022.

Performance of the Fund has been brought down by a particularly challenging 2022 where market conditions have not been conducive for the strategy.



This is in part explained by the dramatic rotation away from **secular-growth sectors** (such as renewable energy) toward more short-term driven, **economically sensitive** sectors (like **industrials**). The Fund is significantly **overweight** to secular-growth sectors such as technology and healthcare, as we believe these businesses are the ones which will prosper over the long-term, being dialled into multi-year themes such as ageing populations, digitalisation and tackling climate change.

Conversely, the fund had no exposure to some of the best performing sectors in 2022, such as energy, aerospace & defence, tobacco, banks and mining. Companies within these sectors are either not suitable for a sustainable strategy or are – in our view – generally low quality and/or thematically challenged. These sectors also make up a significant portion of the UK benchmark, meaning rotations like these can have a pronounced effect for a Fund with no such exposure.

Overall rating	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	





# BNY Mellon UK Equity Fund

## OBJECTIVE

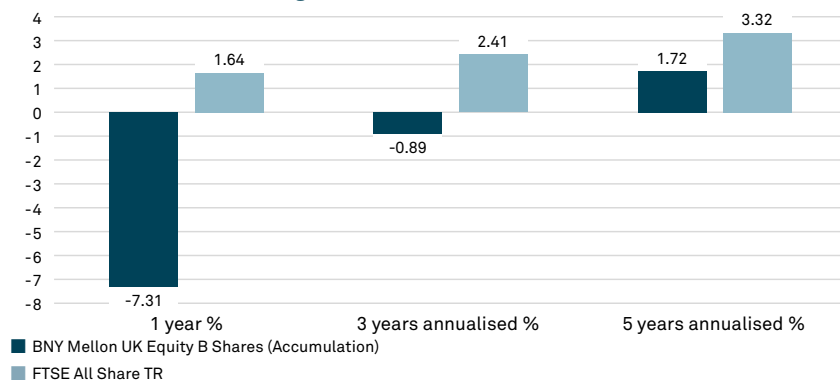
The Fund aims to achieve **capital growth** and **income** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £575.17m

(as of 30 June 2022)

## BNY Mellon UK Equity Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the B Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton UK Equity Fund to BNY Mellon UK Equity Fund.

Performance data covering periods prior to share class launch include synthetic returns calculated using the fund's primary share class, adjusted to reflect the **annual management charge** of the Institutional Shares W (Income) share class. The data assumes that all other charges are consistent. Synthetic results do not represent actual investment returns nor costs and are not a reliable indicator of future performance. Performance data covering the period since share class launch is a record of actual returns achieved.

The Fund will measure its performance against the FTSE All-Share TR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset class, sectors** and geographical area in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

In our assessment this year, we found the BNY Mellon UK Equity Fund to be showing some value. The Fund's long-term performance was not satisfactory, slightly lagging its benchmark over five years after fees (it beat the benchmark over this time frame on a gross basis). However, its shorter-term performance is of concern. We rated the Fund green in both our 2020 and 2021 reports.

With respect to comparable market rates, we marked the institutional share class as red. As it represents just 1.6% of the Fund's **assets under management** and all other share classes were rated as green, we marked the Fund as green overall for comparable market rates.

## What's next?

Disappointed in the Fund's performance, we will actively monitor it going forward. The Fund has been placed on the board's watch list to ensure it is closely monitored. This involves being part of our quarterly performance management committee's regular discussions, singling it out for regular assessment.

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

Both **stock selection** and **sector allocation** detracted from performance over the review period.



Sometimes it's the stocks you don't hold that weigh most on performance. Having no exposure to HSBC was a significant drag as the bank's share price benefited from rising UK interest rates. E-commerce retailer ASOS was another disappointment as it was hit hard by the prospect of falling sales. AstraZeneca was a top performer as investors favoured healthcare companies with positive earnings streams and well-stocked drug pipelines.

The fund was **overweight** in **sectors** such as technology and healthcare, as we believe these businesses are the ones which will prosper over the long-term. We believe they are dialed into multi-year themes such as aging populations, digitalisation and tackling climate change. The **industrial sector** also detracted, as within the sector we are **overweight** to **stocks** aligned to more long-term trends.



## Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



# BNY Mellon UK Income Fund

## OBJECTIVE

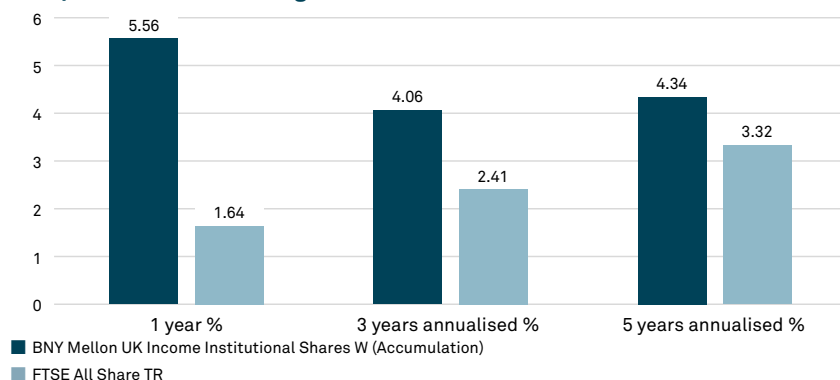
The Fund aims to achieve **income** over an annual period together with **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £1.07bn

(as of 30 June 2022)

## BNY Mellon UK Income Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton UK Income Fund to BNY Mellon UK Income Fund.

Performance data covering periods prior to share class launch include synthetic returns calculated using the fund's primary share class, adjusted to reflect the **annual management charge** of the Institutional Shares W (Income) share class. The data assumes that all other charges are consistent. Synthetic results do not represent actual investment returns nor costs and are not a reliable indicator of future performance. Performance data covering the period since share class launch is a record of actual returns achieved.

The Fund will measure its performance against the FTSE All-Share TR **Index** as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises it when measuring the Fund's income **yield**.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

Following analysis across all areas of assessment, we concluded the BNY Mellon UK Income Fund is demonstrating value overall.

<b>Overall rating</b>	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

Positive **stock selection**, particularly in the **industrials** and **consumer discretionary** sectors, was the key driver of the fund's performance.

“

BAE Systems was a top performer, with the defence contractor expected to benefit from increased government spending as geopolitical tensions rise. British American Tobacco performed well owing to its robust **cash flows** thanks to strong cigarette pricing. Well placed to benefit from rising interest rates, Zurich Insurance added value against a favourable backdrop for commercial pricing. Smith & Nephew was weak as regulated prices fell for its products in the Chinese market.”



# BNY Mellon US Equity Income Fund

## OBJECTIVE

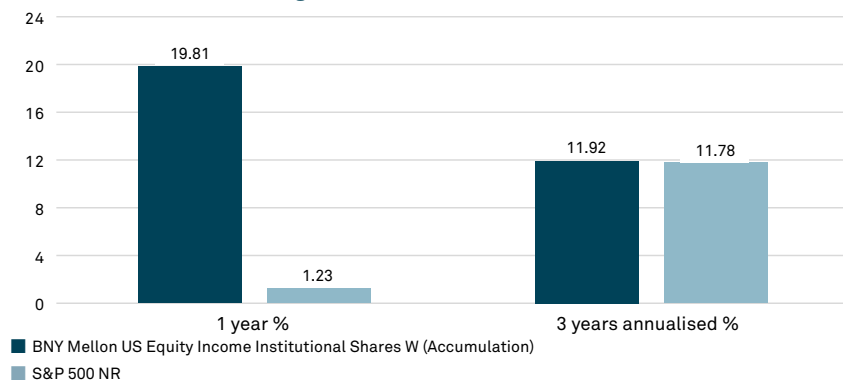
The Fund aims to achieve **income** and **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £176.30m

(as of 30 June 2022)

## BNY Mellon US Equity Income Fund Net performance ending 30 June 2022



(Please note, this fund launched on 4 December 2018 and therefore did not have a five year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against S&P 500 NR Index (the "**Benchmark**").

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. However, as the Benchmark covers a significant proportion of the investable universe, the majority of the Fund's holdings will be constituents of the Benchmark but the weightings in the portfolio are not influenced by those of the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

The BNY Mellon US Equity Income Fund was launched in December 2018 and is just shy of its five-year performance target. As such we were unable to grade its performance properly.

However, we did determine it was green on all other factors.

## Overall rating

Performance

Quality of Service

Economies of scale

Classes of units/shares

Comparable services

Costs

Comparable market rates

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)

Both **overweight** positioning and effective **stock selection** in the energy **sector** buoyed performance over the review period as the sector benefited from rising oil prices in the wake of the war in Ukraine.



**Overweight** exposure to the oil, gas and consumable fuels subsector added value, particularly our holdings in Marathon Petroleum and Devon Energy. Additionally, favouring pharmaceutical companies within the healthcare sector contributed to returns, as did positioning in the biotechnology subsector, and particularly shares of AbbVie. On the downside, **underweight** exposure (relative to the benchmark's positioning) to the **consumer staples** sector weighed on performance.



# BNY Mellon US Opportunities Fund

## OBJECTIVE

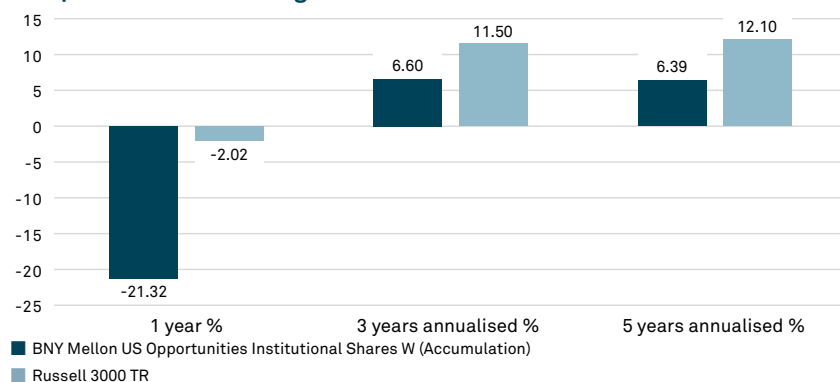
The Fund aims to achieve **capital growth** over the long term (5 years or more).

## ASSETS UNDER MANAGEMENT (AUM)

# £43.80m

(as of 30 June 2022)

## BNY Mellon US Opportunities Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 3 January 2019, the Fund name changed from The Boston Company US Opportunities Fund to the BNY Mellon US Opportunities Fund.

The Fund will measure its performance against the Russell 3000 TR Index as a comparator **benchmark** (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because it includes a broad representation of the **asset classes**, sectors and geographical area in which the Fund predominantly invests.

The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the selection of investments and their weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

In our assessment this year, we found the BNY Mellon US Opportunities Fund to be showing little value. In our 2021 report we rated the Fund amber for performance and costs. This year we found performance has continued to struggle and it now lags its index over the medium and short-term.

With an emphasis on long-term growth, the Fund's managers skew toward identifying fundamentally strong companies with solid growth metrics, which are trading at reasonable **valuations**.

Although the Fund has done well in the final part of this review period, it wasn't sufficient to pull up the long-term returns. In addition, we believe the costs are still too high.

This year we evaluated the Fund's B shares as being slightly more expensive versus its peers, likewise the W share class was above average. Together the B and W share classes make up the majority of the Fund's **assets under management (AUM)**. The institutional share class we graded as red but note it makes up a tiny portion of the AUM. This resulted in an amber overall for comparable market rates.

## What's next?

It is clear the Fund has struggled performance-wise. We will seek to get the manager to present to the board, enabling us to question the Fund's style and the reasons behind its relative weaknesses. With respect to costs, we will review these and seek ways to reduce them.

*Manager's commentary on the performance over the latest review period, ending 30 June 2022.*



Our skew towards **growth** (and being slightly more **mid-cap** (invested in more mid-sized companies)) was a key headwind in the current environment. The portfolio has struggled relative to a benchmark that has much more **cyclical/defensive** exposure. Our relative strength in energy, materials and **consumer staples** was more than offset by the relative weakness in technology, **consumer discretionary**, healthcare and **industrials sectors**.

"Many of our more **growth-oriented stocks** experienced more pronounced downward pressure. The first was a rally on the back of distortions primarily attributable to Covid. This benefited cyclical companies. It also, in turn, caused a secondary effect – **inflation** (to levels not seen in decades). This led to US interest rate hikes.

However, as the economy and company earnings start to return to normalized rates of growth and actually become somewhat challenged, investors should likely turn their attention back to growth drivers and focusing on companies benefitting from thematic economic/demographic tailwinds. One area we are really excited about is healthcare innovation."

<b>Overall rating</b>	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	



# Responsible Horizons Strategic Bond Fund

## OBJECTIVE

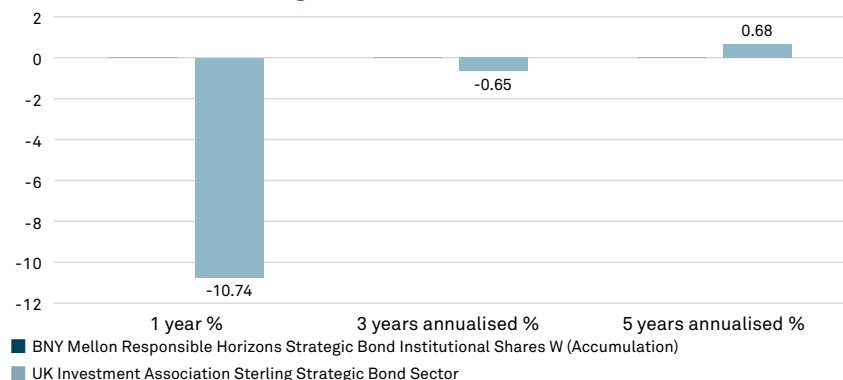
To generate a return through a combination of **income** and **capital returns**, while taking **environmental, social and governance (ESG)** factors into account.

## ASSETS UNDER MANAGEMENT (AUM)

# £17.45m

(as of 30 June 2022)

## BNY Mellon Responsible Horizons Strategic Bond Fund Net performance ending 30 June 2022



(Please note, this fund launched on 24 August 2021 and therefore did not have a three year track record as of 30 June 2022.)

Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the W Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

The Fund will measure its performance against the UK Investment Association Sterling Strategic Bond Sector (the **"Benchmark"**) after fees over any rolling three year period (meaning a period of three years, no matter which day you start on). The Fund will use Markit iBoxx GBP Collateralized & Corporate **Index** as a target for the purposes of monitoring the risk taken in the Fund and the UK Investment Association's Sterling Corporate Bond NR Sector average as an appropriate comparator because it includes a broad representation of similar Sterling denominated funds that invest in **corporate bonds**.

The Fund is actively managed, which means the Investment Manager has discretion to invest outside the Benchmarks, subject to the investment objective and policy as disclosed in the Prospectus.

The Responsible Horizons Strategic Bond Fund was launched in August 2021. While the Fund has no performance time frame in its objectives, the board felt just under one year was not sufficient to judge its value properly. Where we felt assessment was possible, we rated this green.

## Overall rating

Overall rating	
Performance	
Quality of Service	
Economies of scale	
Classes of units/shares	
Comparable services	
Costs	
Comparable market rates	

## Manager's commentary on the 12 months to 30 June 2022 (as taken from the BNY MIF Annual Report & Account)



The review period was an extremely challenging period for **bond** markets, characterised by sharply rising **inflation**, higher interest rates and slowing growth. Overall, our **security selection** dragged on performance, with losses being sustained by our holdings in Chinese property bonds and Ukrainian **government bonds**. However, our **credit management** was positive, as **underweight exposure** relative to the benchmark to higher-quality **corporate bonds** and **overweight** exposure to **high-yield** bonds proved helpful.

The combination of higher interest rates, weakening growth and persistent **inflation** continues to weigh on investor sentiment. We believe it will continue to be a bumpy ride for the bond markets over the coming months.



# Responsible Horizons UK Corporate Bond Fund

## OBJECTIVE

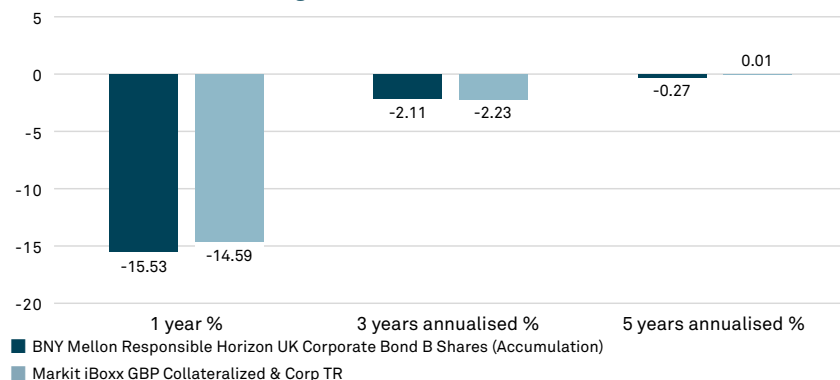
The objective of the Fund is to generate a return through a combination of **income** and **capital returns**, while taking environmental, social and governance (**ESG**) factors into account. The Fund targets the **outperformance** of the Markit iBoxx GBP Collateralized & Corporate Index after fees over any rolling three year period (meaning a period of three years, no matter which day you start on). However, performance is not guaranteed and a **capital loss** may occur.

## ASSETS UNDER MANAGEMENT (AUM)

# £22.05m

(as of 30 June 2022)

## BNY Mellon Responsible Horizons UK Corporate Bond Fund Net performance ending 30 June 2022



Source for all performance: Morningstar Direct as at 30 June 2022. Fund Performance for the B Shares (Accumulation) calculated as total return, including reinvested income net of UK tax and charges, based on **net asset value**. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 1st April 2021, the Fund name changed from BNY Mellon Corporate Bond Fund to Responsible Horizons UK Corporate Bond Fund.

The Fund will measure its performance against the Markit iBoxx GBP Collateralized & Corporate **Index** (the "**Benchmark**") after fees over any rolling three year period (meaning a period of three years, no matter which day you start on). The Fund will use Markit iBoxx GBP Collateralized & Corporate Index as a target for the purposes of monitoring the risk taken in the Fund and the UK Investment Association's Sterling Corporate Bond NR Sector average as an appropriate comparator because it includes a broad representation of similar Sterling denominated funds that invest in corporate bonds.

The Fund is actively managed, which means the Investment Manager has discretion to invest outside the Benchmarks, subject to the investment objective and policy as disclosed in the Prospectus.

We found the Responsible Horizons UK Corporate Fund to be demonstrating value across all seven of the assessment criteria.

We did note the Fund's legacy sterling share class missed its performance target due to fees. As such we rated the performance for the sterling share class as amber. As more than 80% of the Fund's assets under management are in other share classes, which we assessed as green, the overall rating shows value.

Overall rating



Performance



Quality of Service



Economies of scale



Classes of units/shares



Comparable services



Costs



Comparable market rates



*Manager's commentary on the 12 months to 30 June 2022  
(as taken from the BNY MIF Annual Report & Account)*



It was a highly challenging review period for **bond** investors. Heightened geopolitical tensions, accelerating **inflation**, a **hawkish monetary policy** (rising interest rates) shift by the central banks and latterly the spectre of recession drove **volatility** across markets, including **corporate bonds**.

The fund's positioning within the corporate bond market was the main detractor from returns, with both the higher-than-**benchmark** exposure to good-quality corporate bonds and an allocation to riskier **high-yield bonds** both proving unhelpful as the economic outlook soured.

We remained cautiously optimistic on the corporate bond market, given our view that an economic slowdown had already been factored into valuations. We nevertheless restricted exposure to **issuers** that had limited ability to raise prices, looking instead for bargain opportunities among oversold bonds.

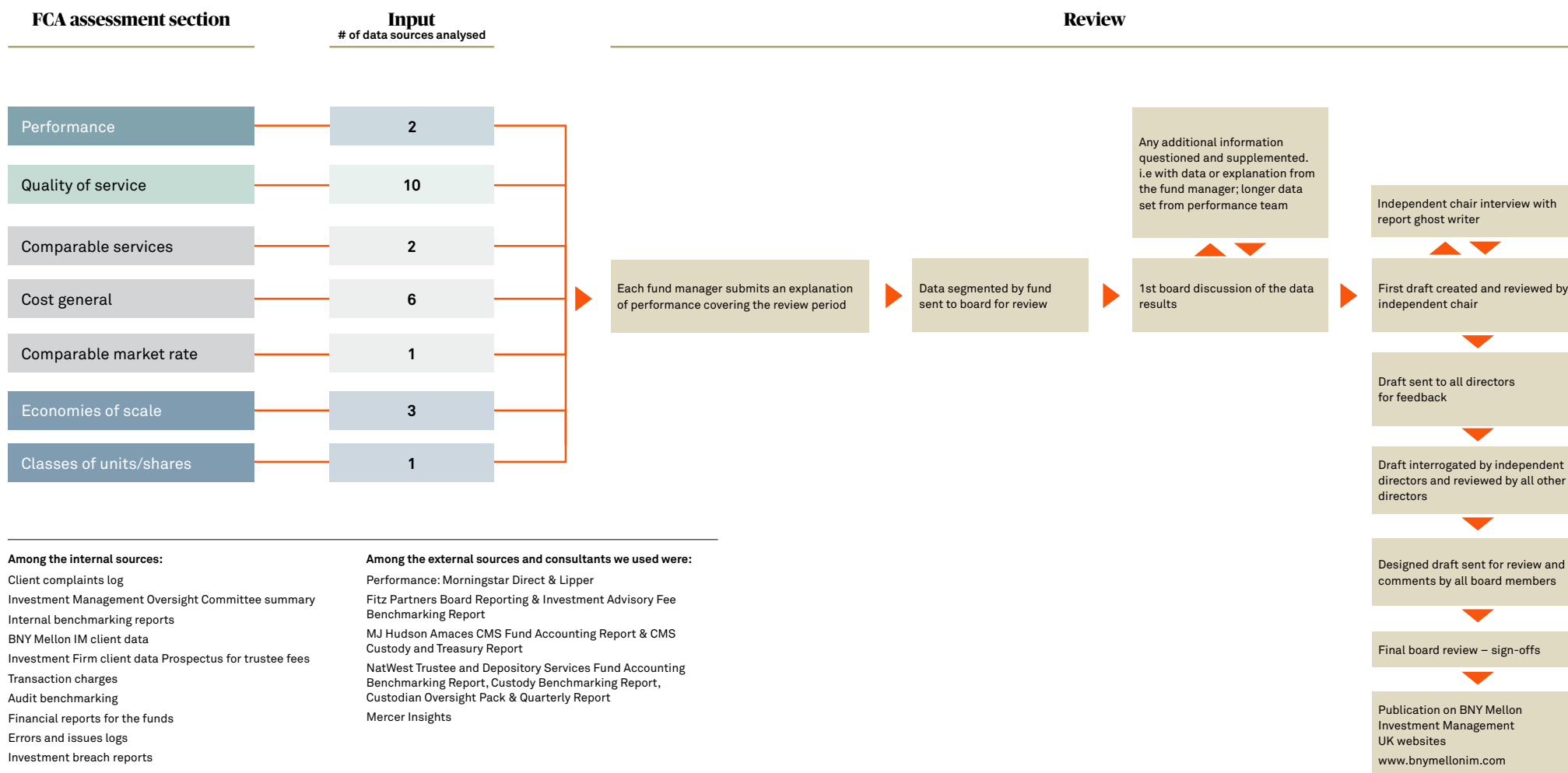


# Appendix



# Our AoV review process

A complex review process using multiple sets of data, across seven criteria analysed on a fund by fund basis, the board of BNY Mellon Fund Managers Ltd has honed its methodology over the past year since the Assessment of Value was introduced. Here is a simplified flow chart outlining our process.



**Among the internal sources:**

- Client complaints log
- Investment Management Oversight Committee summary
- Internal benchmarking reports
- BNY Mellon IM client data
- Investment Firm client data Prospectus for trustee fees
- Transaction charges
- Audit benchmarking
- Financial reports for the funds
- Errors and issues logs
- Investment breach reports
- Communications data
- Traffic on Investorzone portal

**Among the external sources and consultants we used were:**

- Performance: Morningstar Direct & Lipper
- Fitz Partners Board Reporting & Investment Advisory Fee Benchmarking Report
- MJ Hudson Amaces CMS Fund Accounting Report & CMS Custody and Treasury Report
- NatWest Trustee and Depository Services Fund Accounting Benchmarking Report, Custody Benchmarking Report, Custodian Oversight Pack & Quarterly Report
- Mercer Insights





# 2022 Assessment of Value results table

## (SHARE CLASS DATA)

FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon 50/50 Global Equity Fund	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
BNY Mellon Asian Income Fund	B Shares	●	●	●	●	●	●	●	●
	Euro Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares Euro	●	●	●	●	●	●	●	●
	Institutional Shares USD	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●
	USD Shares	●	●	●	●	●	●	●	●
BNY Mellon Emerging Income Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Equity Income Booster Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Equity Income Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Global Absolute Return Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Global Dynamic Bond Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
	Newton Institutional Shares 6	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Newton X Shares 1	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●
BNY Mellon Global Dynamic Bond Income Fund	B Shares	●	●	●	●	●	●	●	●
	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Global Emerging Markets Fund	B Shares	●	●	●	●	●	●	●	●
	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Global Equity Fund	B Shares	●	●	●	●	●	●	●	●
	Euro Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Global High Yield Bond Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Global Income Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Global Infrastructure Income Fund	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
BNY Mellon Global Multi-Strategy Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Global Opportunities Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Index Linked Gilt Fund	Institutional Shares	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
BNY Mellon Inflation-Linked Corporate Bond Fund	B Shares	●	●	●	●	●	●	●	●
	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon International Bond Fund	B Shares	●	●	●	●	●	●	●	●
	Euro Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Long Gilt Fund	Institutional Shares	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
BNY Mellon Long-Term Global Equity Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares 1	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●
	X Shares	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Balanced Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	T Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Multi-Asset Diversified Return Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	T Shares	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Global Balanced Fund	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Growth Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	T Shares	●	●	●	●	●	●	●	●
BNY Mellon Multi-Asset Income Fund	B Shares	●	●	●	●	●	●	●	●
	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	T Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Oriental Fund	B Shares	●	●	●	●	●	●	●	●
	Euro Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon Real Return Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional L Shares 1	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling A Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●
BNY Mellon Sustainable European Opportunities Fund	B Shares	●	●	●	●	●	●	●	●
	Euro Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Sustainable Global Dynamic Bond Fund	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
	Newton Institutional Shares 4	●	●	●	●	●	●	●	●
	Newton Institutional Shares 6	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Emerging Markets Fund	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Institutional Shares W USD	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Equity Fund	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Global Equity Income Fund	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
BNY Mellon Sustainable Real Return Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton Institutional Shares 4	●	●	●	●	●	●	●	●
	Newton Institutional Shares 5	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
U Shares	●	●	●	●	●	●	●	●	





FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon Sustainable Sterling Bond Fund	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
BNY Mellon Sustainable UK Opportunities Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 1	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon UK Equity Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 3	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon UK Income Fund	B Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Newton Institutional Shares 2	●	●	●	●	●	●	●	●
	Newton X Shares	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
BNY Mellon US Equity Income Fund	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●



FCA assessment criteria		Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
BNY Mellon US Opportunities Fund	B Shares	●	●	●	●	●	●	●	●
	Euro Shares	●	●	●	●	●	●	●	●
	Institutional Shares	●	●	●	●	●	●	●	●
	Institutional Shares 2	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●
Responsible Horizons Strategic Bond Fund	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	U Shares	●	●	●	●	●	●	●	●
Responsible Horizons UK Corporate Bond Fund	B Shares	●	●	●	●	●	●	●	●
	F Shares	●	●	●	●	●	●	●	●
	Institutional Shares W	●	●	●	●	●	●	●	●
	Sterling Shares	●	●	●	●	●	●	●	●

**KEY** ● Provided good value to investors over the assessment period    ● Provided value but merits further action or monitoring to meet our value criteria    ● Has provided poor value    ● N/A



## Glossary

**Absolute:** Aims to achieve a positive return over a set time frame and in all market conditions, although this is never guaranteed.

**Accumulation:** Easing the position size in one asset, increasing the number of assets owned/positions, or an overall increase in buying activity in an asset.

**Active management:** A process whereby an investment professional actively makes buy, hold and sell decisions and aims to outperform the overall market.

**Alternatives:** An alternative is a financial asset that does not fall into one of the conventional investment categories, such as equities or bonds.

**Annual management charge (AMC):** An ongoing fee paid to the management company for managing an investment, usually charged as a percentage of the investment.

**Asset:** Resource with economic value.

**Asset allocation:** An investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance, and investment horizon.

**Asset class:** A grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations

**Asset servicing:** Describes a group of tasks and activities provided by a custodian to its clients around the assets it has under custody.

**Assets under management (AUM):** The total market value of the investments that a person or entity handles on behalf of investors.

**Authorised Corporate Director (ACD):** Is responsible for the running of an investment fund. They have a duty to act in the best interests of the fund's investors, and ensure that the fund is well managed in line with regulations and with the investment objectives and policies set out in its prospectus.

**Basic materials:** The sector of companies involved in the discovery, development and processing of raw materials. The sector includes the mining and refining of metals, chemical products and forestry products.

**Benchmark:** A baseline for comparison against which a fund can be measured.

**Bond:** A loan of money by an investor to a company or government for a stated period of time in exchange for a fixed interest rate payment and the repayment of the initial amount at its conclusion.

**Capital growth:** When the current value of an investment is greater than the initial amount invested.

**Capital loss:** When an asset is sold for less than the price it was purchased for.

**Capital preservation:** A conservative investment strategy where the primary goal is to preserve capital and prevent loss in a portfolio.

**Capital returns:** Payment, or gain, received from an investment.

**Cash flow:** The term cash flow refers to the net amount of cash and cash equivalents being transferred in and out of a company.

**Commodity/Commodities:** An asset in the form of a raw material that can be bought and sold such as gold, oil, coffee, wheat, etc.

**Consumer discretionary:** Goods and services considered non essential by consumers but desirable if their income is sufficient to purchase them.

**Consumer staples:** Goods and services that people are unable or unwilling to cut out of their budgets regardless of their financial situation.

**Corporate bonds:** A loan made to a company for a fixed period by an investor, for which they receive a defined return.

**Corporate debt:** Involves the issuance of bonds to investors to generate capital, often for projects.

### SERVICE PROVIDERS:

- **Administrator:** Independently verifies the assets and valuation of the fund.
- **Auditor:** Authorised to review and verify the accuracy of financial records and ensure that companies comply with tax laws.
- **Custodian:** Holds customers' securities for safekeeping to minimise the risk of their theft or loss.
- **Depository:** Is an entity that acts in a safekeeping and a fiduciary capacity for a fund, providing global custody services. A depository acts as a custodian.
- **Fund accountant:** Responsible for the day-to-day accounting for one or more assigned funds. It is their responsibility to prepare timely and accurate net asset values (NAV), yields, distributions, and other fund accounting output for review.
- **Issuer:** A legal entity that develops, registers and sells securities.
- **Transfer agent:** Also known as the registrar, they are the trusts or institutions that register and maintain detailed records of the transactions of investors.
- **Trustee:** A trustee is a person or firm that holds and administers property or assets for the benefit of a third party.



**Credit Management:** The process of granting credit, setting payment terms and conditions, recovering payments, and ensuring compliance with a company's credit policy.

**Credit risk:** The possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations.

**Credit(s):** In this context it is synonymous with corporate bonds, debt issued by companies.

**Cyclical(s):** A stock or industry deemed sensitive to the wider economy. As such its revenues are generally higher in periods of economic prosperity and expansion and lower in periods of economic downturn and contraction.

**Default(s):** The failure to pay interest or principal on a loan or security when due.

**Defensive:** A stock or industry considered less sensitive to the wider economy.

**Derivatives:** Financial contracts, set between two or more parties, that derive their value from an underlying asset, group of assets, or benchmark.

**Developed markets:** A country that is most developed in terms of its economy and financial markets.

**Diversified/Diversification:** Investing in a variety of companies or financial instruments, which typically perform differently from one another.

**Dividend yield(s):** Income received from an investment, expressed as a percentage based on the investment's costs, its current market value or its face value.

**Dividend(s):** A sum paid regularly by a company to its investors as a reward for holding their shares.

**Drawdown:** The extent to which an investment declines from its highest peak, expressed as a percentage.

**Earnings growth:** The annual compound annual growth rate of earnings from investments.

**Emerging markets:** Countries in the process of becoming developed economies.

**Economically sensitive:** Refers to the impact on a security given a change in some relevant factor within the economy.

**Emerging market bonds:** Fixed income debt issued by countries with developing economies as well as by corporations within those nations.

**Environmental, social and governance (ESG):** Elements or factors of responsible investment consisting of a set of standards through which a company's operations can be screened prior to investing.

**Equity/Equities:** Shares issued by a company, representing an ownership interest.

**Equity Income:** Primarily refers to income from stock dividends, which are cash payments from companies to their shareholders as a reward for investing in their stock.

**Financials:** A sector made up of companies that provide financial services.

**Fixed income:** Broadly refers to those types of investment security that pay investors fixed interest or dividend payments until their maturity date.

**Gilt(s):** Fixed income security issued by the UK government.

**Global high yield:** See high yield.

**Government bonds:** A loan of money by an investor to a government for a stated period of time in exchange for a (generally) fixed rate of interest and the repayment of the initial amount at its conclusion.

**Growth bias or growth investing:** Growth investing is an investment approach, style or strategy focused on or biased to increasing an investor's capital.

**Growth Stocks:** Companies expected to grow sales and earnings at a faster rate than the market average.

**Hawkish:** Those who support high rates are commonly described as hawks, while those who favour low-interest rates are labelled doves.

**Hedge:** An investment with the aim of offsetting potential losses incurred by a related investment.

**High yield:** Fixed income securities with a low credit rating that are considered to be at higher risk of default than better quality securities but have the potential for higher rewards.

**High Yield Bond:** Bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds.

**High yield corporate bonds:** A type of corporate bond that offers a higher rate of interest because of its higher risk of default.

**Income:** Income producing companies are companies whose stocks (see below) produce a relatively stable income stream for investors.

**Income generating funds:** Income producing companies are companies whose stocks (see below) produce a relatively stable income stream for investors.

**Income stocks:** Stocks that offer regular and steady income, usually in the form of dividends, over a period of time with low exposure to risk.

**Index/Indices:** A portfolio of investments representing a particular market or a portion of it. For example: The FTSE 100 is an index of the shares of the 100 largest companies on the London Stock Exchange.

**Index-linked bonds:** Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as Inflation-linked bonds.

**Index-linked Gilts:** UK government bonds where both the value of the loan and the interest payments are adjusted in line with inflation.

**Industrials:** The industrial goods sector includes stocks of companies that mainly produce capital goods used in manufacturing, resource extraction, and construction.

**Inflation/Inflationary:** The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

**Inflation hedging:** An investment that is considered to protect the decreased purchasing power of a currency that results from the loss of its value due to rising prices either macro-economically or due to inflation.

**Inflation Linked Securities:** A security that guarantees a return higher than the rate of inflation if it is held to maturity.



**Infrastructure holdings:** Infrastructure funds focus on services and systems required for living. Holdings may include construction and engineering companies.

**Investment grade:** Fixed income securities with a medium or high credit rating that are considered to be at lower risk from default than those issued with lower credit ratings.

**Issuer:** A legal entity that develops, registers and sells securities.

**Libor:** The London Interbank Offered Rate – a rate that some of the world's leading banks charged each other for short-term loans. This has been replaced by SONIA.

**Liquid/Liquidity:** The degree to which an investment can easily be bought or sold on a market without affecting its price.

**Local currency:** A currency that can be spent in a particular geographical locality at participating organisations.

**Long-Dated Bonds:** Long bonds offer a maturity date far out on the investment horizon.

**Maturity/maturities:** The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

**Mid-Cap:** Companies with a market cap (capitalization) – or market value – between \$2 billion and \$10 billion.

**Monetary policy:** A central bank's regulation of money in circulation and interest rates.

**Monetary stimulus:** An attempt by a government to make the economy grow faster by increasing the money supply (the amount of money in the economy) or lowering interest rates.

**Monetary tightening:** A course of action undertaken by a central bank to slow down overheated economic growth.

**Multi-Asset:** An investment containing more than one asset class, such as cash, equity or bond.

**NAV/Net Asset Value:** A fund's price per share calculated by taking the current value of its assets and subtracting its debts.

**Off-benchmark:** A fund often compares its performance to a specified index. Known as its benchmark, a fund will hold many of the same companies (or governments) as that index. When they don't, they are referred to as off-benchmark positions.

**Ongoing charge figure (OCF):** The amount an investor will pay for the service provided by a fund. The OCF is made up of the manager's fees along with other costs, such as administration. It's meant to be used as a standardised method to compare the costs of funds.

**Outperformance:** Producing a better rate of return than similar companies.

**Overweight(ing):** Having more invested in a company, region or sector, than the benchmark or comparative product.

**Passive:** An investment strategy, which tries to replicate the behaviour of a specified index.

**Platform:** Online service that enables investors and traders to place trades and monitor accounts through financial intermediaries.

**Portfolio:** A collection of financial investments such as stocks, bonds and other tradeable financial products.

**Relative:** The return an asset achieves over a period of time compared to a benchmark.

**Relative return:** The return an asset achieves over a period of time compared to a benchmark.

**Responsible investing:** An approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and of the long-term health and stability of the market as a whole.

**Risk-adjusted returns:** A calculation of the profit or potential profit from an investment that takes into account the degree of risk that must be accepted in order to achieve it.

**Risk asset(s):** Refers to assets that have a significant degree of price volatility, such as equities, commodities, high yield bonds and currencies.

**Sectors:** An area of the economy in which businesses share the same or related business activity, product, or service.

**Sector Allocation:** The investment of certain proportions of a portfolio in certain specific sectors.

**Secular Growth Sectors:** When a growth company's earnings remain constant regardless of other trends occurring within the market.

**Security selection:** An active portfolio management technique that focuses on advantageous selection of particular security rather than on broad asset allocation choices.

**Share class:** A designation applied to a specified type of security such as common stock or mutual fund unit.

**Short-Dated US Treasury Bonds:** Generally a US government bond with a short time to maturity (typically five years or less).

**SONIA (Sterling Overnight Index Average):** An index based on actual transactions and which reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

**Stock:** Also known as equity, is a security that represents the ownership of a fraction of the issuing corporation.

**Stock Selection:** The process of determining which financial securities are included in a specific portfolio.

**Sustainable investing:** Focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, environmental, and social.

**Total return:** The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

**Treasury/Treasuries:** US government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually.

**Underweight(ing):** Having less invested in a company, region or sector, than the benchmark or comparative product.

**Underperformance:** Seeing greater losses in a down market and below-average gains in a rising market.



**US treasury:** The U.S. Treasury is a government department in charge of managing all federal finances.

**Value companies:** Well run companies that trade at a discount.

**Valuation:** A quantitative process of determining the fair value of an asset, investment, or firm

**Volatile/volatility:** Large and/or frequent moves up or down in the price or value of an investment or market.

**Yield:** Income received from investments, either expressed as a percentage of the investment's current market value, or dividends received by the holder.





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Registered office: BNY Mellon Fund Managers Limited, BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. T10843 08/22

## CONTACT US

**Write:**

BNY Mellon Fund Managers Limited  
Client Service Centre  
PO Box 366  
Darlington DL1 9RF

**Phone and email:**

**Retail investors**

Tel: 0800 614 330/ +44 (0)20 3528 4002  
Fax: 0870 275 0010/ +44 (0)20 7964 2708  
Email: [clientservices@bnymellon.com](mailto:clientservices@bnymellon.com)

**Institutional Investors**

Tel: 0344 892 0149/ +44 (0)20 3528 4157  
Fax: 0844 892 2716/ +44 (0)20 7964 2708  
Email: [institutions@bnymellon.com](mailto:institutions@bnymellon.com)

**Pension Funds and Charity Organisations**

Tel: 0344 892 2715/ +44 (0)20 3528 4070  
Fax: 0844 892 2716/ +44 (0)20 7964 2708  
Email: [pfco@bnymellon.com](mailto:pfco@bnymellon.com)

**Our phone lines are open Monday to Friday 8.30am until 5.30pm, UK time, excluding bank holidays.**

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