Consolidated Assessment of Value Report

BNY Mellon Fund Managers Ltd

To 31 March 2022

BNY MELLON
INVESTMENT MANAGEMENT

Carole Judd
Chair of BNY Mellon Fund Managers Ltd Board of Directors

Dear investors,

Welcome to our latest Assessment of Value report, covering six of our specialised managed investment funds for the year ending 31 March 2022.

These funds feature varying financial year ends and so have been consolidated in this report:

- Absolute Insight Fund
- Newton Managed Targeted Return Fund
- Newton Growth & Income Fund for Charities
- Newton Sustainable Growth & Income Fund for Charities
- Newton SRI Fund for Charities
- BNY Mellon (Schroder Solutions) Global Equity Fund

This document – the third report covering these six funds - outlines the scrutiny and review they have undergone as part of our annual Assessment of Value review. We also highlight the actions and efforts, where necessary, we have taken over the past year to improve their value to you.

The timeframe this report covers has seen some periods of marked market uncertainty. As the worst of the Covid-19 pandemic receded, many investors saw some positive returns before renewed **volatility** roiled markets. Largely unforeseen market events, such as the outbreak of war in Ukraine earlier this year and a worrying upward spike in **inflation** across many markets gave new cause for concern in early 2022.

Whatever the prevailing market conditions throughout this period, we – the board overseeing your funds – have remained focused on ensuring they continue to provide good value.

Since our first value assessment in 2020, the board has taken appropriate, timely and demonstrable action to address several key areas. This included reducing fees on specific **share classes** as well as closing funds deemed unviable or poor value for investors.

Ultimately, we believe value is a combination of investment performance, product goals and design, transparency, competitive fees and quality of service.

Within the wider investment industry, Assessment of Value reports have undergone their own review by the UK regulator, the Financial Conduct Authority (FCA). We have listened carefully to industry feedback from the FCA and have worked, wherever possible, to enhance and develop our assessment criteria and analysis.

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INVESTMENT MANAGEMENT

Consequently, we believe we have approached this review with appropriate rigour and integrity but recognise this process will continue to adapt and evolve over time.

As was the case last year, our latest assessment of value process has examined a wide range of factors we consider to be of importance to our clients. In line with the feedback to the industry from the UK regulator, this year we have considered these factors under the seven criteria outlined by the regulator and reported our assessment in this way.

One area of increased focus is responsible investment. Awareness of and interest in **environmental social and governance (ESG)** factors increased significantly and are becoming a critical aspect of investment management. This is an area the board takes extremely seriously and I am pleased to report BNY Mellon Investment Management is working hard to align and improve its product offering to address this.

2022 RESULTS

Our analysis was conducted using multiple individual data points for each fund, supplemented by our evaluation of the funds' objectives and achievements. Where we could, data and expertise from a range of independent consultants was used to augment our own data.

In most cases, the analysis shows we are delivering value. However, there are areas where we can do better. In such cases, we have highlighted where we believe further action may be required. We will seek to address these in coming months.

We hope the publication of this report enhances transparency for our clients. On behalf of the board, I hope you find it both accessible and helpful. We also welcome any comments or feedback you may have so we can improve future reports (email: **clientservices@bnymellon.com**).

Carole.

Yours faithfully,

Carole Judd
Chair of BNY Mellon Fund Managers Ltd Board of Directors

Meet the Board

Anne-Marie McConnon
executive director

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

Marc Saluzzi
independent director

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

Greg Brisk
executive director

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

Gerald Rehn
executive director

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

Carole Judd
board chair (independent)

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

Sarah Cox
executive director

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

Assessment of Value – our 2021 ratings and actions

Consolidated Assessment of Value BNY Mellon Fund Managers Ltd

In last year's report all funds with sufficient track record were deemed to have provided good value over the period covered, however two funds were rated amber for performance, showing some value.

Fund name	Performance issues identified in 2021	Action taken
Absolute Insight Fund	An amber score was given for failing to meet one of its performance objectives.	The fund was monitored during the period with a focus on the performance. Independently of this, we also conducted a review on the viability of the fund. The review concluded that the fund was no longer a viable product, and therefore the fund is due to close on 5 August 2022.
Newton Managed Targeted Return Fund	An amber score was given for failing to meet one of its performance objectives.	The fund was monitored during the period with a focus on the performance. Unfortunately, the performance has not improved sufficiently, and we will be taking further actions as a result of the 2022 review.

How we judge our funds

Communication with clients:

(over the 12 months)

Calls received decreased 5% (in the period 31 March 2021 - 31 March 2022)

Letters received dropped 11% (in the period 31 March 2021 - 31 March 2022)

LinkedIn social posts from UK sales 753 posts March – March 2022

Complaints down **7%** from the previous year

Client satisfaction:

In the 2022 survey client satisfaction level was high at **80%**, 17% of participants returned a neutral opinion

Ranked **4th** in satisfaction when compared to peer group of nine asset managers

Strong results across most drivers of business placement

Best scores for reliability, ease of doing business and clear communication

This report:

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

Covers **12** months

Utilises **22** sources of information

Across **6** funds

*To 31 March 2022.

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Our 2022 results

2022 Methodology

In this Assessment of Value report, we examined a sub-set of six funds with accounting end dates up to and including 31 March 2022.

For this annual report we followed 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. These included 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 reviews. Further details on the seven criteria that were applied are explained below:

	FCA DEFINITION	OUR ASSESSMENT
PERFORMANCE	The performance of the scheme*, after deduction of all payments out of scheme property** as set out in the prospectus. Performance should be considered over an appropriate timescale having regard to the scheme's investment objectives, policy and strategy.	We assessed the performance of each **share class** against the stated objective, as different levels of costs can impact the final performance.
QUALITY OF SERVICE	The range and quality of services provided to unitholders.	We assessed the quality of the service provided to holders of the fund. Our analysis considered services provided to the fund by third parties, as well as the services investors received.
COMPARABLE MARKET RATES	In relation to each service, the market rate for any comparable service provided: a) **by the Authorised Fund Manager (AFM);** or b) to the AFM or on its behalf, including by a person to which any aspect of the scheme's management has been delegated.	We assessed the fees paid by the investors in the funds against similar competitor funds.
AFM (AUTHORISED FUND MANAGER) COSTS – GENERAL	In relation to each charge, the cost of providing the service to which the charge relates, and when money is paid directly to associates or external parties, the cost is the amount paid to that person.	We assessed the individual costs for services provided in the fund. These included the payment to the **trustee**, **depositary**, and investment manager amongst others. We also considered the profitability of the funds.
COMPARABLE SERVICES	In relation to each separate charge, the AFM's charges and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size and having similar investment objectives and policies.	We assessed the costs of the share classes of the fund, when compared to a negotiated fee share class, or a broadly similar mandate only available to institutional investors.
ECONOMIES OF SCALE	Whether the AFM is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property and taking into account the value of the scheme property and whether it has grown or contracted in size as a result of the sale and redemption of units.	We assessed whether any savings achieved by the fund increasing in size were passed on to the underlying investors. If a fund decreased in size, we assessed whether the costs disproportionately increased.
CLASSES OF UNITS/SHARES	Whether it is appropriate for unitholders to hold units in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.	We examined whether the investors of the fund were in the appropriate share class. If there were many share classes for one fund, it was assessed whether all of the share classes were still fit for purpose and required.

*Scheme is what we would call the Fund.
**Scheme property is what we would call the underlying investments held by the Fund.

Results

Out of the six funds in the report, one did not have sufficient track record to be fully rated. Of the remaining five, three were rated green (showing value for money), one amber (showing some value for money) and one red (not giving value for money).

The Newton Managed Targeted Return Fund received an amber rating overall but was rated red for performance. There are more details about the rating on the individual page of this report relating to the fund. Overall, we felt that although the fund had consistently missed one of its performance targets, it did demonstrate value in all other categories. With this in mind, our view was the fund deserved an overall amber rating.

The Absolute Insight Fund was rated red for performance and one of its share classes was rated amber for costs, leading to a red rating overall. This fund missed all of its performance targets for the review period. **Underperformance** has been a feature of this fund for some time. Independently of this review we had considered ways to redress this. After careful consideration, we the **Authorised Fund Manager (AFM)**, decided to close the fund on 5 August 2022.

The closure is due to multiple reasons, including the fund's diminishing size making it increasingly difficult to manage its portfolio construction in a way we deem satisfactory. All investors were notified of this change prior to the publication of this latest Assessment of Value report.

2022 Assessment of Value results table

FCA assessment criteria	Performance	Quality of service	Comparable market rates	AFM Costs – general	Comparable services	Economies of scale	Classes of units/shares	Overall rating
Absolute Insight Fund	🔴↓	🟢	🟡🟢↓	🟢	🟢	🟢	🟢	🔴↓
Newton Managed Targeted Return Fund	🔴↓	🟢	🟢	🟢	🟢	🟢	🟢	🟡↓
Newton Growth & Income Fund for Charities	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Newton Sustainable Growth & Income Fund for Charities	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Newton SRI Fund for Charities	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
BNY Mellon (Schroder Solutions) Global Equity 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 not provided good value
- ⚪ Insufficient track record or not applicable
- ↑↓ Upgrade/downgrade from 2021 assessment

Our analysis

What, how and why

Our analysis

WHAT, HOW AND WHY

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 intend to take to redress any problems identified, please go to the individual fund pages in this report.

PERFORMANCE

In this collection of six specialist managed investment funds with varying financial year ends (the last of which was 31 March 2022) two funds were rated red for performance in 2022. Three were rated green and one did not have sufficient history for assessment.

We do not believe performance is simply just about the absolute amount of money gained or lost. Instead, our assessment looks at whether any individual fund being assessed performed as expected in terms of both risk and return. Did it meet its objective(s)? And if it did not, why was this?

For instance, if a fund sought to achieve **capital growth** over a set time period, we looked deeper to see what happened over that period and why. We used data from external consultants to provide independent peer analysis to help with this relative assessment. In our analysis:

- Where a fund's objective was capital growth, **total return** performance was assessed.
- Where a fund's objective was 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 its index, did **active management** provide other benefits? Such as:
   a. Higher yield (income)
   b. Lower **drawdown** (losses)
   c. Lower **volatility**
   d. Superior **risk-adjusted returns**
4. Were there **passive** equivalents?

With respect to income funds (those with an objective to invest for income) we examined the yield produced versus the market as well as its peers. In some cases an income fund uses a **broad index** as a performance **benchmark**. These indices are designed to provide investors with a meaningful and widely recognised performance measure.

However, such indices often feature companies that do not pay **dividends** (like some technology companies). This means at times **income** funds may underperform on a relative, capital growth basis relative to that index. Given the bias of an income fund to dividend-paying companies, its yield will likely also look higher relative to a broad index.

Market backdrop – performance of major equity and bond markets over 12 months to 31 March 2022

Performance of major equity markets in £ terms	
MSCI WORLD INDEX	15.4%
MSCI NORTH AMERICA INDEX	19.4%
MSCI EMERGING MARKETS INDEX	-7.1%
MSCI ASIA PACIFIC EX JAPAN INDEX	-6.6%
MSCI EUROPE EX UK INDEX	5.5%
MSCI UK INDEX	19.1%

Performance of major bond markets in US$ terms	
GLOBAL HIGH YIELD BONDS (ICE BOFA US DOLLAR GLOBAL HIGH YIELD INDEX)	-0.3%
EMERGING MARKET CORPORATE DEBT (JP MORGAN CEMBI BROAD DIVERSIFIED INDEX)	-7.9%
EMERGING MARKET DEBT – DIVERSIFIED AND DENOMINATED IN US DOLLARS (JP MORGAN EMBI DIVERSIFIED INDEX)	-7.4%
GLOBAL CORPORATE BONDS (ICE BOFA GLOBAL CORPORATE INDEX)	-6.2%
GLOBAL GOVERNMENT BONDS (ICE BOFA GLOBAL GOVERNMENT INDEX)	-7.6%

Source: Lipper.

In cases where a fund had multiple objectives, all objectives were considered and the final rating was based on multiple considerations.

We looked at **relative returns** on both a gross basis (before fees), and net basis (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 of this report (pages 17 to 23) we include a chart of each fund's performance on a net basis only. This is for consistency and is in keeping with industry standards.

PERFORMANCE FINDINGS

One of the funds in the review, the BNY Mellon (Schroder Solutions) Global Equity Fund, did not have sufficient history to be rated for performance. Of the remaining five funds, three were rated green for performance.

Two of the funds were rated red for performance, as they did not meet all of their stated performance targets. Both of these funds – the Absolute Insight Fund and the Newton Managed Targeted Return Fund – were also amber-rated for performance reasons in our 2020 and 2021 reports.

In looking at the returns, the board did consider the pressures facing some funds at the start of this review period. Markets dealt with the aftermath of the Covid-19 pandemic and the new threat posed by the Russia/Ukraine conflict, resulting sanctions as well as rising **inflation**.

Ultimately, as both the Absolute Insight Fund and the Newton Managed Targeted Return Fund had repeatedly been highlighted for performance issues in our assessments, the decision was made to mark them as red this year, to indicate they were consistently missing their targets.

For the Absolute Insight Fund, the fund is closing so there are no further actions to be taken with it. For the Newton Managed Targeted Return Fund, there are further details on our plan to address the issues on its individual fund page.

QUALITY OF SERVICE

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, Insight Investment or Mellon Investments Corporation.

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.

To this end, we draw on independent reports for the third-party service providers the funds utilise. These reports compared the third-party services of the funds to their competitors, to ensure the service received was not just of high quality, but also high quality when compared to peers.

We also reviewed and considered third party analyst research of the funds (where available) 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.

QUALITY OF SERVICE FINDINGS

We have rated all funds green on the quality-of-service metric.

Overall, we have a strong relationship with all our third-party service providers. While we believe there are always areas that can be improved upon, such as response times, we did not identify any major issues or cause for concern. Analysis showed all of our services were steady in their performance when compared to previous years, with some of these services receiving perfect scores.

Only one of the six funds received complaints in the review period, and these complaints were around processes such as dealing and documentation rather than about the fund itself.

Our internal review of the services did not raise any concern. These internal reviews monitor whether funds with **environmental, social and governance (ESG)** frameworks are being run within their agreed criteria. The Newton Sustainable Growth & Income Fund for Charities and the Newton SRI Fund for Charities both have these ESG frameworks. We are satisfied the funds are operating within their ESG criteria.

Four of the six funds had third party analyst reviews, all of which were positive.

In our assessment of this metric, one area of concern was for the Absolute Insight Fund. When considering a holistic review of the fund there were concerns its poor performance, significant redemptions, and dwindling assets under management (AUM) were not representative of good quality service. This failing alone is not enough to mark the high quality-of-service section for the fund as amber, as it was only one element of the larger review, but is worth highlighting.

COMPARABLE MARKET RATES

This category is an assessment of the total costs of the funds in this review, when compared to similar funds available from our competitors.

Although value is derived from many different areas, one key area to value for money is making sure a similar product cannot be purchased considerably cheaper elsewhere.

For this review we engaged with a third-party data provider, which assessed the total costs of our funds as well as those of our competitors. It provided us with a comprehensive report showing the costs of our funds at a **share class** level alongside the costs of competitors for their similar share classes.

When we considered this report, we considered both the **annual management charge (AMC)** and the additional expenses, which, when combined, provided the **ongoing charges figure (OCF)**.

COMPARABLE MARKET RATES FINDINGS

Five out of the six funds were rated green in this review. The Absolute Insight Fund was marked partially amber, as one of its four available share classes was found to be more expensive than similar share classes of competitors.

The W share class of the Absolute Insight Fund was found to have a below average AMC, but the OCF was higher than peers. This was despite capping the OCF of the fund as a result of previous value assessments. As the fund is closing there is no further actions that can be taken on this.

The remainder of the share classes for this fund all represented value when considering their comparable market rates.

AUTHORISED FUND MANAGER (AFM) COSTS – GENERAL

This category is an assessment of every figure used in the calculation of a fund's OCF. It also assesses whether the charges are suitable for the services received.

For this assessment, we also considered the profitability of the fund to us as a business, and to what extent any charges being levied lead to profit, rather than covering costs.

We also assessed the fees paid to the investment manager, the fees paid to the **administrator** and other third-parties. For these overall charges we considered if there was a cap (a way to limit the costs) in place and whether there should be one. We also considered the transaction costs of the fund.

When reviewing transaction costs, it is important to note these are not included in the OCF. Costs arising from transactions within a fund related to the buying and selling of the underlying holdings. Such costs are reflected in the performance of the fund. This means if transactions are unduly costly, they can act as a drag on returns. We think this impact is important to consider even if that performance is ahead of its **benchmark**.

AFM COSTS – GENERAL FINDINGS

All of the funds were marked green for this assessment. 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.

The one area of concern was the fee paid to the investment manager of the Absolute Insight Fund. This was found to be higher than that paid for similar funds both internally, and with competitors across the industry. As it was only one part of the review of **AFM** costs, we did not think it was enough to mark the whole metric as amber. As the Absolute Insight Fund is being closed there will be no further action on this point.

In general, and on the basis of our research, we were happy with the fees being paid to all parties involved in the funds. Our analysis suggests the charges levied are appropriate for the costs involved. When considering profitability, we are comfortable with the levels of profit for all of the funds in the review, no profit level is high enough to cause concern that value is not being provided, and aside from the Absolute Insight Fund that is being closed, no profit level is too low to suggest the fund is unsustainable. The Absolute Insight Fund has a cost cap in place, meaning that we cover the costs for the fund over a certain level. This has helped reduce the overall costs for the fund for the benefit of the investors.

COMPARABLE SERVICES

This category examines whether the charges of the **share classes** available to all investors represent good value when compared to similar products run by the investment manager.

To assess this, we examined the charges of all open **share classes** with others available for a large sum investment (and therefore able to negotiate a lower fee). Likewise we compared the fees to similar "segregated mandates". These are, in essence, bespoke products created for a client (typically a large institutional investor) for a bespoke fee.

COMPARABLE SERVICES FINDINGS

We have rated all funds in this category as green, noting the BNY Mellon (Schroder Solutions) Global Equity Fund is an authorised contractual scheme, which only has one client with one single fee arrangement.

We compared the charge of our most expensive share class with the other share classes available in each fund. None had a similar bespoke "segregated mandate" for comparison.

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 that any difference is justifiable.

ECONOMIES OF SCALE

In theory, 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 and hence different levels of economies of scale which can be generated.

This year we expanded the scope of documents and areas to be examined within this metric. Beyond leveraging the size of an individual fund to lower costs, we looked at its profitability, transactions and every element constituting the **OCF**. This included a review into the AMC of the funds and whether it is possible for the AMC to change in line with the overall size of the fund.

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. Examples of these would be transaction costs or administration charges. For instance, an increase in a fund's AUM would also mean a corresponding increase in administration costs. As such economies of scale cannot directly be made.

However, the size of BNY Mellon Investment Management (BNY Mellon IM) as a group means we are able to negotiate for competitive pricing from fund administration service providers. 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.

When launching a new fund there are a series of steps taken to ensure that, as soon as it is launched, new investors are not hindered by its small size. This includes BNY Mellon IM "seeding" the fund (providing an initial investment) and capping its ongoing charges.

ECONOMIES OF SCALE FINDINGS

With the newly expanded framework for investigating economies of scale, we rated all the funds in this category as green. This was achieved by analysing the individual fees paid by the funds, based on their scale, and judging whether increased scale would lead to these fees becoming smaller when compared to the size of the fund.

We have investigated and believe any potential opportunities for investors to benefit from the economies of scale are being passed on. At a high level this can be seen where a fund's AUM increased over the period and the OCF decreased. We are also happy to note that in cases where the AUM has decreased over the period, the fund's OCF has at most increased by 0.01%, but for the majority the OCF is the same or less than at the start of the review.

When looking to the future, we believe for all funds considered, if the scale of the fund were to increase, the investors would continue to benefit from greater economies of scale.

One of the funds in the review, the Absolute Insight Fund, has capped additional costs. This means that over a certain threshold any additional costs were paid for by a combination of the **AFM** and the investment manager, rather than being passed on to the investor. As such, when the fund's size shrank as a result of redemptions, its OCF also lowered. This is something that we do, where necessary, to protect investors from increasing costs.

CLASSES OF UNITS/SHARE

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

This review is not simply checking if the existing investors have the minimum investment required to change to a cheaper **share class**, but also to see if the share classes available for the fund are appropriate and up to date. Share classes that were appropriate in the past might not still be relevant in 2022.

CLASSES OF UNITS/SHARE FINDINGS

The BNY Mellon (Schroder Solutions) Global Equity Fund was marked as N/A as it only has one share class.

Four of the six funds only have two types of share class – one of which is openly available for investors who meet the criteria, and one which is designed for those with large lump sums to invest and engage for negotiated terms.

The Absolute Insight Fund has four share classes, one of which is soft closed to new investors. We believe the other share classes were appropriate.

UPDATES FROM THE FCA

The FCA conducted a review of value assessments and on 6 July 2021 published its findings. This publication date meant it was too late for us to fully integrate its suggestions for our 2021 review, but we have considered the FCA's publication for this 2022 report.

We were pleased to note that the vast majority of issues highlighted in the publication were already part of our process. This helped to confirm our belief that our review was thorough and fair.

However there are always improvements to be made. With that in mind since the last review we have updated several areas. One of the more noticeable areas is the length and detail of our value assessment. We now go into more detail to explain our processes and logic than in previous reports. We have also reverted to separately reporting against the FCA's seven defined criteria, where we had previously merged similar points together to give us four overarching assessment criteria.

We have also updated our methodology to ensure we are investigating the performance of every share class of our funds, rather than just looking at the most popular share class. We also now include a table with results for every share class, rather than just the fund as a whole, providing detail in any cases where there are different costs for similar share classes. With this in mind we have also bolstered our review of classes of units/share, to ensure we can justify why there are different costs for some similar share classes. This is less relevant for this report, as the six main funds it covers tend not to have many share classes.

Lastly, we have improved the framework and data for our economies of scale, profitability, and performance reviews. For performance it was important that we were reviewing more than just the results for the year covered, but also the quality of the underlying investment process. For profitability we have revamped the process from start to finish to give us far more data and in order to give us a much better picture of the profitability of the funds. For the economies of scale review we have created a larger framework than was previously used so we can fully analyse where there are benefits to scale, and at what point the client no longer sees the benefit.

The value assessment is constantly updating and we are always looking for more information to add to it and further analysis to perform so we can make sure it is the most complete and fair review possible.

Our funds

Absolute Insight Fund

OBJECTIVE

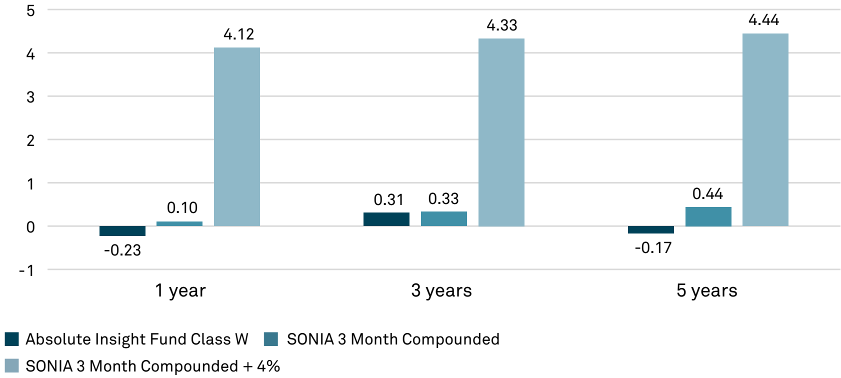
The fund seeks to deliver a positive **absolute return** in all market conditions on a rolling 12 month basis (meaning a period of 12 months, no matter which day you start on). In addition, the fund aims to match or exceed **SONIA** (90-day compounded) on a rolling 12 month basis after fees and to deliver cash (SONIA (90-day compounded)) +4% p.a. (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)

£23.50m

(as at 31 March 2022)

Absolute Insight Fund
Net performance ending 31 March 2022



Source for all performance: Lipper-IM & Morningstar Direct as at 31 March 2022. Fund performance for the W (Accumulation) share class 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 Fund will measure its performance after fees against SONIA (90-day compounded) on a rolling 12 month basis (the “12 month Benchmark”) and before fees against cash (SONIA (90-day compounded)) +4% p.a. on a rolling annualised five year basis (the “5 year Benchmark”) as target benchmarks. SONIA is a nearly risk-free rate meaning no bank **credit risk** is included, the rate can rise or fall as a result of central bank policy decisions or changing economic conditions. The Fund will use the 12 month Benchmark as a target forthe 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 the Fund’s performance to match over a rolling annualised five year period because it is consistent with the risk taken in the Fund. The Fund is actively managed, which means the Investment Manager has discretion to invest in the investments described in the investment objectives and policies as disclosed in the Prospectus.

Following analysis across all areas of assessment we concluded the fund is not offering value overall. At the cut-off date for the review (31 March 2022) the fund had negative performance over one year and five years and did not achieve any of its three targets. Considering the fund missed all three of its targets at the review date and was marked amber in the previous two reviews, we marked the fund red overall for 2022.

Additionally, it was noted that the **ongoing charges figure (OCF)** for the **W share class** of the fund was higher than those of its peers. As such the comparable market rates for this share class have been marked amber.

Typically, when a fund is marked as amber or red, we will outline what we plan to do to rectify this. However, in this case the Absolute Insight Fund is due to close shortly after publication of this report.

This closure was decided independently of this assessment; however, the previous amber ratings were considered. Over the last five years the performance of the fund has been below its **benchmark**. The fund has also had consistent outflows and is less than 5% of the size it was in 2016.

Due to these factors and more it was agreed to close the fund on 5 August 2022.

Overall ratings

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

Newton Managed Targeted Return Fund

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

OBJECTIVE

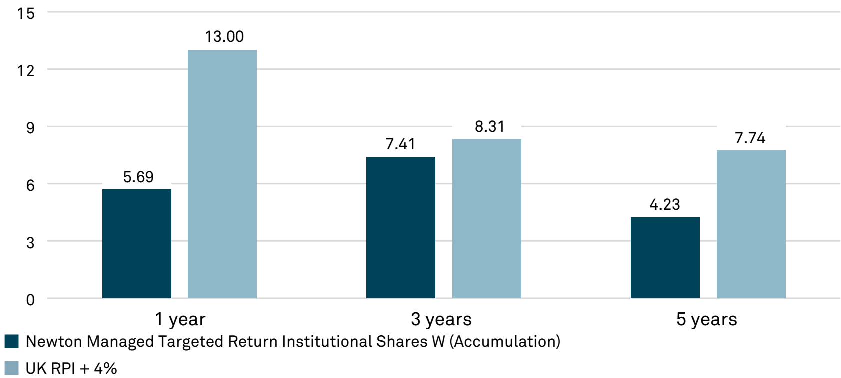
To achieve a positive return in sterling terms by investing across a range of asset classes. The fund is managed to seek a minimum return of **Retail Prices Index (RPI)** +4% per annum over five years before fees. In doing so,the fund aims to achieve a positive return on a rolling three year basis (meaning 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)

£113.87m

(as at 31 March 2022)

Newton Managed Targeted Return Fund Net performance ending 31 March 2022



Source for all performance: Lipper-IM & Morningstar Direct as at 31 March 2022. Fund performance for the Institutional Shares W (Accumulation) share class 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 Fund will measure its performance before fees against the UK Retail Prices Index (RPI) +4% per annum over five years as a target benchmark (the ""Benchmark""). The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because RPI is representative of UK **inflation** and +4% is above inflation and therefore aligned with the Fund's investment objective to deliver positive returns in sterling terms. 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 fund is offering some value overall. The fund has three targets in its objective, one is to achieve a positive return, which it has done. Another is to achieve a positive return on a rolling three-year basis (meaning whichever day it was invested in, three years later the fund should be positive) which it also achieved. The final target was to return more than the Retail Prices Index (RPI) +4%. The fund failed to achieve this target. As such we have marked the performance of the fund as red, leading to an overall amber rating.

In our 2021 report we stated we would monitor the fund's performance, as it was improving relative to the 2020 report. The performance did not improve enough to be ahead of the RPI+4% **benchmark** for the 2022 report.

As such the board will be speaking to the manager of the fund to see if they still believe this benchmark is aligned to the fund. If not we will look to update the benchmark.

Manager's commentary on the period leading to 31 March 2022

"Developing investor headwinds in the early part of this year included growing investor unease on rising inflationary pressures, together with the likelihood of rising interest rates.

Over the first quarter of 2022, the BNY Mellon Managed Targeted Return Fund fell and **underperformed** its performance benchmark. The growth-biased BNY Mellon Global Equity Fund and BNY Mellon Global Opportunities Fund it has exposure to both suffered the largest falls. Their relatively high weightings in technology and **industrials**, in addition to not holding any stocks in the energy **sector**, meant both funds underperformed their respective performance benchmarks. These funds were the key detractors over the quarter.

As was the case in the final quarter of 2021, the BNY Mellon Global Income Fund and the BNY Mellon UK Income Fund both made a positive contribution to overall performance, as sector positioning and **stock selection** meant they both produced positive returns and outperformed their respective performance benchmarks."

Newton Growth & Income Fund for Charities

OBJECTIVE

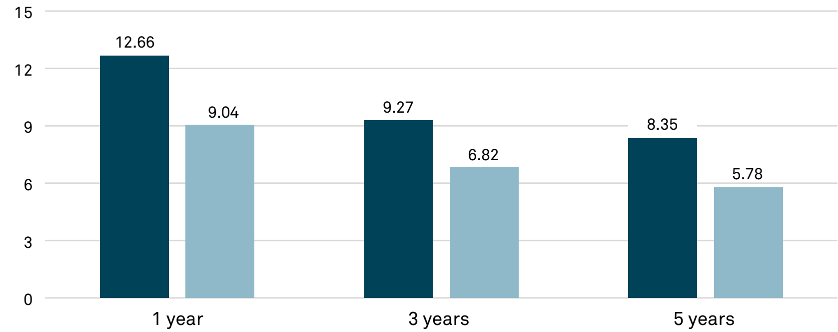
To generate **capital growth** and income growth over a period of 5-7 years by investing at least 70% of the fund's assets in a global portfolio of **equities** (company shares) and **fixed income** securities.

ASSETS UNDER MANAGEMENT (AUM)

£742.00m

(as at 31 March 2022)

Newton Growth & Income Fund for Charities Net performance ending 31 March 2022



■ Newton Growth and Income Fund for Charities Sterling Accumulation

■ 50% FTSE All-Share TR Index, 25% FTSE World ex UK TR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index, 5% 7-Day Compounded SONIA

Source for all performance: Lipper-IM & Morningstar Direct as at 31 March 2022. Fund performance for the Sterling Accumulation share class 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 Fund will measure its performance against a composite **index**, comprising 50% FTSE All-Share TR Index, 25% 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 fund is offering value overall and achieved its objective.

The fund has outperformed its **benchmark** in the short term and the longer term, with competitive costs and a quality service. We are happy that the investors of the fund benefit from the economies of scale it has achieved, and that all share classes of the fund are appropriate.

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

Manager's commentary on the period leading to 31 March 2022

"Following a strong period for both **absolute and relative returns** over the course of 2021, more negative returns in the first quarter of 2022 saw us reduce the fund's equity exposure over this period, particularly in the **cyclical** and **financials sectors** of the market.

In a more uncertain market environment, some of the fund's equity holdings in the technology, **industrials** and **financials** sectors declined and contributed to negative returns in the first three months of this year. This was owing to the valuations of equities with growth characteristics coming under pressure from higher interest rates and worries about lower profitability as economic growth slows. Holdings in **utilities** and defence stocks performed well in this period.

Relative to the performance benchmark, the fund's lower exposure to **bonds** in early 2022 was positive as bond markets produced a negative return; however, the fund's lower exposure to energy stocks, which did very well as the oil price increased, was negative."

Newton Sustainable Growth & Income Fund for Charities

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

OBJECTIVE

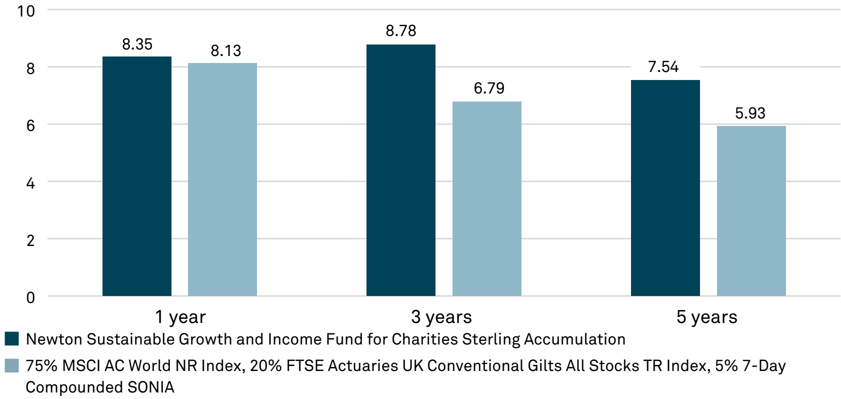
To generate **capital growth** and income over the long term (5 years or more).

ASSETS UNDER MANAGEMENT (AUM)

£70.68m

(as at 31 March 2022)

Newton Sustainable Growth & Income Fund for Charities Net performance ending 31 March 2022



Source for all performance: Lipper-IM & Morningstar Direct as at 31 March 2022. Fund performance for the Sterling Income share class 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 Fund will measure its performance against a composite **index**, comprising 75% MSCI AC World NR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index, 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 fund is offering value overall and achieved its objective.

The fund has outperformed its **benchmark** in the short term and the longer term, with competitive costs and a quality service. We are happy that the investors of the fund benefit from the economies of scale it has achieved and that all **share classes** of the fund are appropriate.

The fund is being managed within its **sustainability** criteria, and this can be seen by its 5-globe rating from Morningstar.

Manager's commentary on the period leading to 31 March 2022

"The first quarter of 2022 was the most challenging period faced by **equity** investors since the outbreak of the Covid-19 pandemic two years ago. Global equities ended the quarter in negative territory, although the extent of the decline was more than double this magnitude at its worst point in early March.

Russia's invasion of Ukraine at the end of February this year was an obvious catalyst for equity market weakness, particularly in Europe, where global equity **indices** had already been under considerable pressure. **Stock selection** in **industrials** was the primary drag on **relative performance** over the first quarter of 2022 for the fund.

A key cause of this was tightening US **monetary policy**, with the Federal Reserve signaling that US interest-rate rises would now come earlier, and potentially be more aggressive, than previously suggested."

MORNINGSTAR SUSTAINABILITY SCORES

Current Sustainability Scores based on 92% of corporate AUM and 100% of sovereign AUM. Sustainability Score and Rating as of 31/05/2022. Portfolio as of 31/05/2022. Sustainalytics provides issuer-level **ESG** Risk analysis used in the calculation of Morningstar's Sustainability Scores. **Sustainable** Investment mandate information is derived from the fund prospectus.

Newton SRI Fund for Charities

OBJECTIVE

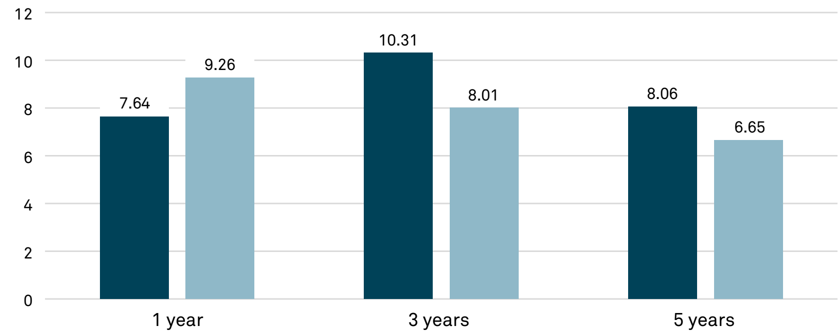
To achieve a balance between **capital growth** and income for charity investors, over the long term (5 years or more).

ASSETS UNDER MANAGEMENT (AUM)

£113.02m

(as at 31 March 2022)

Newton SRI Fund for Charities
Net performance ending 31 March 2022



■ Newton SRI Fund for Charities Sterling Accumulation

■ 75% MSCI AC World NR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index, 5% 7-Day Compounded SONIA

Source for all performance: Lipper-IM & Morningstar Direct as at 31 March 2022. Fund performance for the Sterling Income share class 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 Fund will measure its performance against a composite **index**, comprising 75% MSCI AC World NR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index, 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 have concluded the fund is offering value overall and achieved its objective.

The fund is outperforming its **benchmark** in the medium and long term, albeit behind in the short term, with competitive costs and a quality service. We are happy that the investors of the fund benefit from the economies of scale achieved by the fund, and that all its **share classes** are appropriate.

The fund is being managed within its sustainability criteria, and this can be seen by its 5-globe rating from Morningstar.

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

Manager's commentary on the period leading to 31 March 2022

"An evolving and uncertain economic environment saw some of the fund's **equity** holdings in the **industrials** sector decline and contribute negatively to returns during the first quarter of 2022.

This was owing to the valuations of equities with growth characteristics coming under pressure from higher interest rates and worries about lower profitability as economic growth slows. Within the **financials** sector, the Fund's insurance holdings and those in a **derivatives exchange operator** partially offset the negative return from the banks sub-sector. The fund's exposure to **utilities** and **renewables** contributed positively.

Relative to the performance **benchmark**, the fund's lower exposure to **bonds** was positive in the first three months of 2022 as bond markets produced a negative return; however, the fund's lower exposure to **basic materials** and energy stocks was more negative over this period."

MORNINGSTAR SUSTAINABILITY SCORES

Current Sustainability Scores based on 98% of corporate AUM and 100% of sovereign AUM. Sustainability Score and Rating as of 31/05/2022. Portfolio as of 31/03/2022. Sustainalytics provides issuer-level **ESG** Risk analysis used in the calculation of Morningstar's Sustainability Scores. **Sustainable** Investment mandate information is derived from the fund prospectus.

BNY Mellon (Schroder Solutions) Global Equity Fund

OBJECTIVE

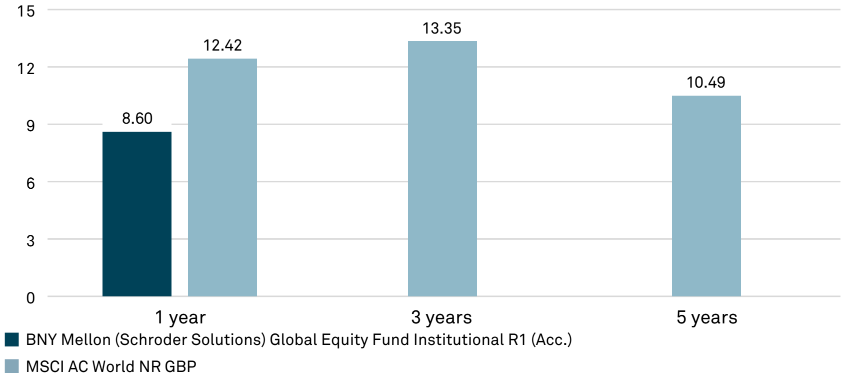
To achieve **capital growth** over the long term (a period of at least 7 years).

ASSETS UNDER MANAGEMENT (AUM)

£2,244m

(as at 31 March 2022)

BNY Mellon (Schroder Solutions) Global Equity Fund Net performance ending 31 March 2022



Institutional R1 (Accumulation) share class 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 MSCI All Country World Index is used as a comparator against which to measure the performance of the Fund (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. 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.

The fund launched on 27 January 2020 and therefore does not have sufficient performance history to assess versus its stated objective of growth over the long term (at least 7 years). However, in the period since launch (27 January 2020 to 31 March 2022) the fund has achieved a positive return in excess of its **index**, even if the one-year returns are below the index.

The Fund is a single client solution and is being run with significant influence from the client. As a single client solution it was not possible to rate the fund for its classes of units/shares as it only has one **share class** for this client.

Although it is not possible to give an overall rating to the fund, we are comfortable with every element we could measure, and have no concerns about the fund going forward. We are happy with the service quality, the overall costs and that benefits of scale are being passed on to the client.

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

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.

FCA assessment section	Input # of data sources analysed
Performance	1
Quality of service	7
Comparable services	2
Costs general	7
Comparable market rate	1
Economies of scale	3
Classes of units/shares	1

Review

Each fund manager submits an explanation of performance covering the review period

Data segmented by fund sent to board for review

1st board discussion of the data results

Any additional information questioned and supplemented. i.e with data or explanation from the fund manager; longer data set from performance team

First draft created and reviewed by independent chair

Independent chair interview with report ghost writer

Draft sent to all directors for feedback

Draft interrogated by independent directors and reviewed by all other directors

Designed draft sent for review and comments by all board members

Final board review – sign-offs

Publication on BNY Mellon Investment Management UK websites
www.bnymellonim.com

Among the internal sources:

Client complaints log
Investment Management Oversight Committee summary
Prospectus for trustee fees
Transaction charges
Audit benchmarking
Financial reports for the funds
European MIFID Template (EMT) report
Client holding and fee database

Among the external sources and consultants we used were:

Performance: Morningstar
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

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
Absolute Insight Fund	**A**	Red ↓	Green	Green	Green	Green	Green	Green	Red ↓
	Ap	Red ↓	Green	Green	Green	Green	Green	Green	Red ↓
	Fp	Red ↓	Green	Green	Green	Green	Green	Green	Red ↓
	W	Red ↓	Green	Amber ↓	Green	Green	Green	Green	Red ↓
Newton Managed Targeted Return Fund	**Acc/Inc**	Red ↓	Green	Green	Green	Green	Green	Green	Amber ↓
	X	Red ↓	Green	Green	Green	Green	Green	Green	Amber ↓
Newton Growth & Income Fund for Charities	**Acc/Inc**	Green	Green	Green	Green	Green	Green	Green	Green
	X	Green	Green	Green	Green	Green	Green	Green	Green
Newton Sustainable Growth & Income Fund for Charities	**Acc/Inc**	Green	Green	Green	Green	Green	Green	Green	Green
	X	Green	Green	Green	Green	Green	Green	Green	Green
Newton SRI Fund for Charities	**Acc/Inc**	Green	Green	Green	Green	Green	Green	Green	Green
	X	Green	Green	Green	Green	Green	Green	Green	Green
BNY Mellon (Schroder Solutions) Global Equity Fund	**R1**	Grey	Green	Green	Green	Green	Green	Grey	Grey

KEY

- Green: Provided good value to investors over the assessment period
- Amber: Provided value but merits further action or monitoring to meet our value criteria
- Red: Has not provided good value
- Grey: Insufficient track record
- ↑↓ Upgrade/downgrade from 2021 assessment

Glossary

Absolute return: A type of investing that aims to achieve a positive return over a set time frame and in all market conditions, although this is never guaranteed.

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

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

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.

Broad index: A benchmark used to track the performance of a large group of stocks picked to represent the broader stock market.

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.

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

Credit rating: An evaluation of the credit worthiness of a borrower, such as a particular company or government. A company with debt rated AAA is considered to be more credit worthy than one with debt which is rated BBB.

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 exchange operator: An intermediary in the global derivatives market on a regulated exchange. A derivative is an arrangement or product (such as a future, option, or warrant) whose value derives from and is dependent on the value of an underlying asset, such as a commodity, currency, or security.

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.

Duration: A measure of a fixed interest investment's sensitivity to changes in interest rates. The longer the "duration", the greater exposure to future changes in interest rates.

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

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

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.
- **Authorised Fund Manager (AFM):** The fund operator of an authorised open-ended investment company, an authorised contractual scheme or authorised unit trust.
- **Custodian:** holds customers' securities for safekeeping to minimise the risk of their theft or loss.
- **Depositary:** is an entity that acts in a safekeeping and a fiduciary capacity for a fund, providing global custody services. A depositary 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.
- **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.

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

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.

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.

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.

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.

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

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

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.

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

Relative performance: The return an asset class 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.

Renewables: A renewable resource is one that can be used repeatedly and does not run out because it is naturally replaced.

RPI Index: Index used to calculate cost of living and wage escalation.

Sector / Sub-sector: Typically considered to be broad classifications such as manufacturing, financial, or technology. Within each sector are numerous sub-sectors.

Share class(es): Different types of shares representing a fund investment. For example, some share classes pay out income and others pay it back into the fund.

SONIA: The Sterling Overnight Index Average, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market.

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

Sustainable: 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.

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

Utilities: The utilities sector is an industrial category of stocks, consisting of companies that provide basic everyday amenities, including natural gas and electricity.

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

W share class: Shares of the class W are intended for private and institutional investors.

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

Yield spreads: The difference between the quoted rate of return on different debt instruments which often have varying maturities, credit ratings, and risk.

BNY MELLON
INVESTMENT MANAGEMENT

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Our phone lines are open Monday to Friday 8.30am until 5.30pm, UK time, excluding bank holidays.
Telephone calls may be recorded for monitoring and training purposes.