

BNY MELLON INTERNATIONAL BOND FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

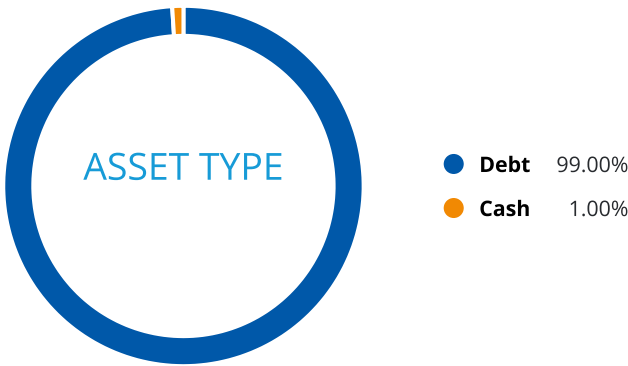
Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

SUMMARY

Newton is part of the BNY Mellon group which manages a large pool of assets in 35 countries and over 100 markets. This fund is managed by a Newton team that is known for having a global top-down thematic-driven process with a long-term timeframe.

The fund is managed by Newton's Fixed Income team led by Paul Brain. The team has considerable experience across all fixed income strategies and instruments and adopt a largely top-down approach to investing. Paul Brain has over 30 years of industry experience and has been at Newton for nearly 15 years. He oversees the wider fixed income team including the portfolio managers and research analysts which themselves average a 20 year industry expertise with 12 years at Newton.

An active, long-only strategy that focuses primarily on global, investment grade sovereign debt driven by Newton's top-down thematic investment process with a bottom-up overlay. It adopts a long-term, structurally cautious view of the world, favouring a sustained low growth world with a rising debt conundrum. The fund invests in high-quality bonds to express its thematic views, adding value by taking duration, yield curve, country and currency risk in an appropriate manner. Duration risk can vary between 2-10 years while EM Debt is also invested in, up to a maximum of 15% of the portfolio. The fund differs from some of Newton's other bond strategies in its conservatism, acting like an "insurance" fund to protect capital. The target return is to outperform the Global Government Bond Index by 1% per annum, over a 5-year rolling period.



INVESTMENT PROCESS

Newton's investment philosophy is characterised by their structural themes. These currently include ideas related to 'deflationary challenges' such as the 'debt drag on growth', 'demographic challenges' and 'rapid technological change'. This direction of travel has been long held within the firm and is adopted across many of their Fund strategies. The team then look to populate the fund from a bottom-up perspective with appropriate securities. Fundamental analysis is the core feature here, looking at global asset classes and securities within those asset classes. This approach avoids any regional bias therefore and focuses on selecting the best ideas wherever they may be. The research process is very much a team-based, collaborative approach, with ideas challenged among all.

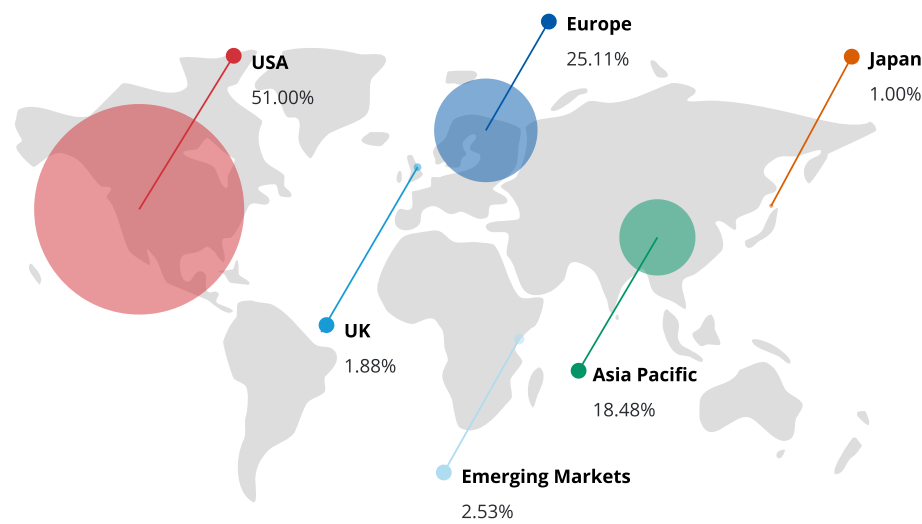
The fund looks at high-quality bonds - typically AAA/AA ratings - adjusting for duration, yield, country and currency risks. The portfolio is well-diversified with a minimum of five country/currency exposures. Government bonds tend to have a higher weighting to reflect their higher levels of liquidity. Derivatives can be used for investment purposes but in reality are used scarcely.

They do not think of themselves as 'benchmark huggers' but are mindful of taking excessive risk too on a relative basis. Once themes have been decided upon, the fixed income team will agree on the direction of short rates and the shape of the various yield curves using a broad range of data available to them. The fund has a variable duration adapting to the market regime in rates and inflation. These views do not always necessarily tie in with the house view but allows for some 'tactical' decisions to be taken, more so than other Newton strategies. The top-down asset allocation process allows the team to identify the best performing assets along the yield curve with the lowest exposure to risk. Currency allocation is active. The portfolio may also execute currency hedges for protection measures or to enhance returns. Country allocation is also driven by the long-term thematic views where the best case scenario is when a currency is expected to appreciate or that bond yields may fall. Themes have both a global and regional influence so the fund can allocate accordingly and where opportunities exist.

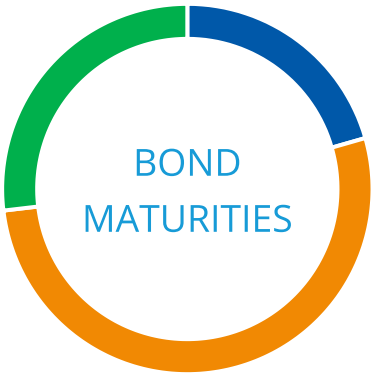
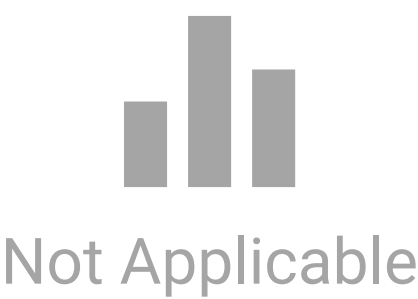
All this is overlayed by newton's ESG analysis, led by a dedicated ESG team. They use proprietary tools to assess and identify key ESG risks and opportunities faced by companies.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Short Term (1-3 yr)	20.56%
Intermediate Term (3-10 yr)	52.58%
Long Term (>10 yr)	26.86%



Investment Grade	89.60%
Speculative Grade/High Yield	10.40%

OVERALL PERFORMANCE

● BNY Mellon International Bond Fund Institutional W Acc ● Bloomberg Barclays Global Aggregate Government Total Return

GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



GROWTH (%) - FROM INCEPTION

24 Oct 2008 - 29 Mar 2024



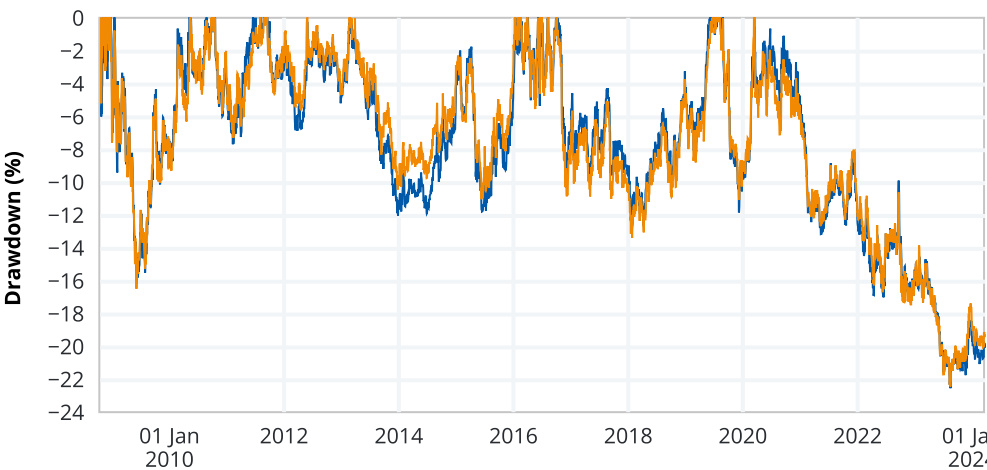
DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



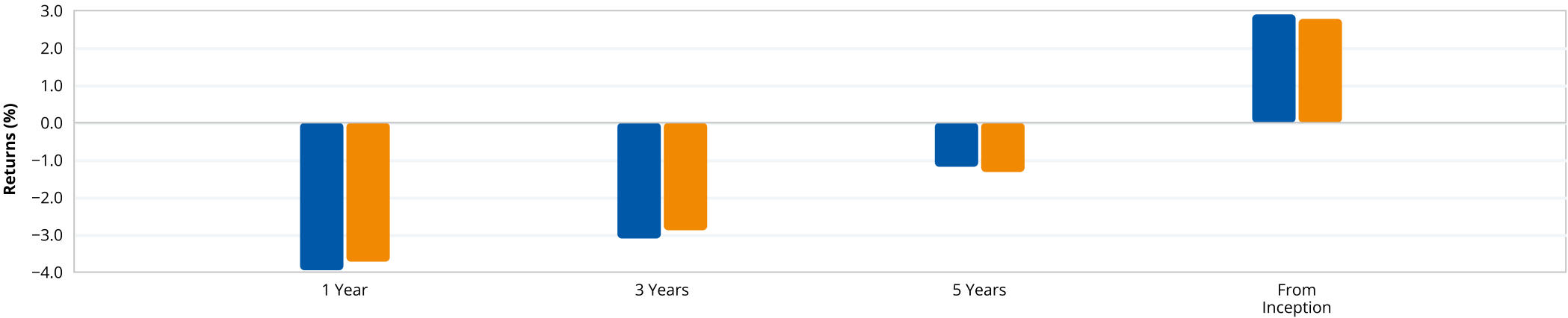
DRAWDOWN (%) - FROM INCEPTION

24 Oct 2008 - 29 Mar 2024



RETURNS

BNY Mellon International Bond Fund Institutional W Acc Bloomberg Barclays Global Aggregate Government Total Return



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-1.93	-0.67	1.10										-1.52
2023	0.09	-1.10	0.92	-0.61	-1.10	-2.86	-1.17	-0.08	0.30	-0.18	0.19	3.16	-2.54
2022	-1.31	-1.28	-1.08	-0.84	-0.12	-0.03	1.63	0.67	0.77	-4.68	0.08	0.11	-6.06
2021	-1.88	-4.44	-0.79	0.31	-1.55	1.75	0.66	1.06	0.19	-2.80	3.20	-1.73	-6.10
2020	2.03	2.87	3.07	0.02	2.52	1.12	-2.79	-2.14	3.75	-1.16	-1.41	-0.85	6.96
2019	-1.37	-1.70	2.72	0.13	5.20	1.73	4.05	3.14	-2.34	-4.87	-0.45	-2.11	3.67

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
BNY Mellon International Bond Fund Institutional W Acc	-3.95	-3.10	-1.18	2.90
Bloomberg Barclays Global Aggregate Government Total Return	-3.72	-2.88	-1.32	2.78

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
BNY Mellon International Bond Fund Institutional W Acc	-3.92	-8.97	-5.72	55.18
Bloomberg Barclays Global Aggregate Government Total Return	-3.69	-8.34	-6.40	52.29

● BNY Mellon International Bond Fund Institutional W Acc ● Bloomberg Barclays Global Aggregate Government Total Return

PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

RETURNS (%)	-3.95	-3.72
VOLATILITY (%)	6.09	6.01
ALPHA	-0.04 *	
BETA	0.94 *	1.00
CORRELATION	0.91 *	1.00
SHARPE RATIO	-1.39	-1.37
SORTINO RATIO	-1.86	-1.89
MAX DRAWDOWN (%)	-7.88	-7.61

*Calculated over a 3 year period where history permits.

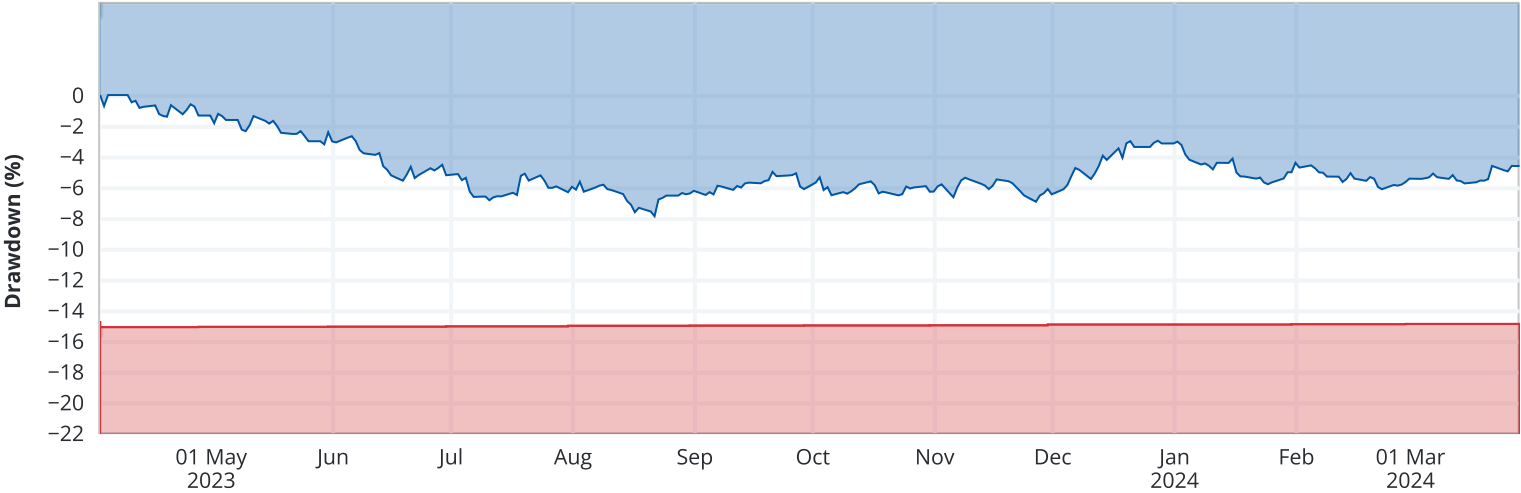
PERFORMANCE - FROM INCEPTION

24 Oct 2008 - 29 Mar 2024

RETURNS (%)	2.90	2.78
VOLATILITY (%)	9.33	9.50
ALPHA	0.01	
BETA	0.99	1.00
CORRELATION	0.97	1.00
SHARPE RATIO	0.20	0.18
SORTINO RATIO	0.30	0.27
MAX DRAWDOWN (%)	-22.54	-22.44

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

The chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

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