

# BNY MELLON GLOBAL OPPORTUNITIES FUND

## INVESTMENT MANAGER



Newton Investment Management: Newton pursues a distinctive global thematic investment approach and provides added value from extensive proprietary research.

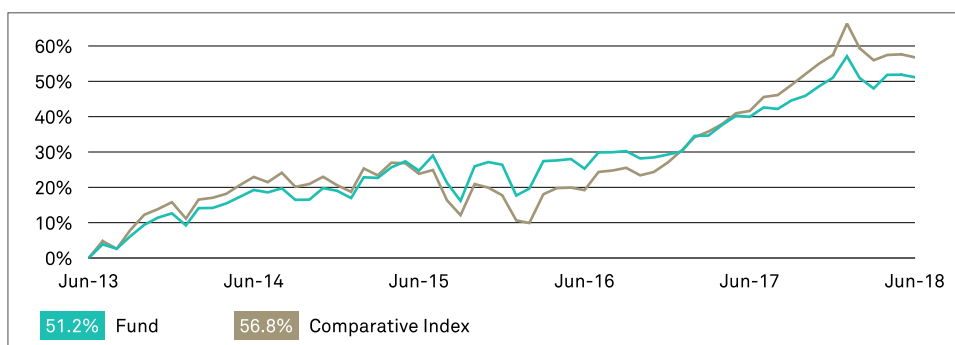
## PERFORMANCE NOTE

Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed.

## QUARTERLY HIGHLIGHTS

- Performance: The Fund gave a positive return over the quarter, net of fees, and performed strongly.
- Activity: New purchases included industrial business ABB, Deutsche Post, eBay and semiconductor manufacturer Infineon Technologies.
- Outlook & Strategy: We will continue to invest in those companies where we anticipate growth expectations are achievable and where valuations are reflective of the wider environment.

## 5 YEAR CUMULATIVE PERFORMANCE (%)



## PERFORMANCE SUMMARY (%)

					Annualised		
	1M	3M	YTD	1YR	2YR	3YR	5YR
USD W (Acc.)	-0.47	2.15	0.09	8.01	9.84	6.61	8.61
Comparative Index	-0.54	0.53	-0.43	10.73	14.68	8.18	9.41
Sector	-0.83	-0.21	-1.43	8.30	12.27	5.74	6.85
No. of funds in sector	1,301	1,280	1,249	1,173	1,045	912	693
Quartile	2	1	2	3	3	2	2

	2013	2014	2015	2016	2017
Fund	23.59	5.67	6.20	2.26	16.83
Comparative Index	22.80	4.16	-2.36	7.86	23.97

Source: Lipper as at 30 June 2018. Fund performance USD W (Acc.) calculated as total return, based on net asset value, including charges, but excluding initial charge, income reinvested gross of tax, expressed in share class currency. The impact of the initial charge, which may be up to 5%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Performance data covering periods prior to share class launch include synthetic returns. 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. Performance data for USD W (Acc.) is derived from USD C (Acc.) before 01/11/2017, adjusted to reflect the annual management charge of the USD W (Acc.) share class.

Effective 1 April 2015, the comparative index changed to the MSCI AC World (NR) Index from FTSE All World Index.

## PERFORMANCE COMMENTARY

The Fund gave a positive return over the quarter, net of fees, and performed strongly. Politics came to the fore as the major determinant of investor sentiment, displacing the actions of central bankers, who, remaining true to their prior commitments, continued progressively to move towards policy normalisation.

### TOP INDIVIDUAL CONTRIBUTORS INCLUDED TJX COMPANIES AND COSTCO WHOLESALE

President Trump's strident rhetoric on trade proved to be a constant throughout the period. However, this ebbed and flowed, with the objects of his invective changing as the quarter progressed – the Chinese technology sector, Canada and European automobile manufacturers all drawing his ire at some point. The other major focus of investors' attention, at least from a political standpoint, was Italy, where a constitutional crisis at the end of May briefly roiled markets. The major impact was, however, largely contained, with the disagreement between the president and the parliamentary coalition being resolved relatively rapidly.

Against this more febrile political backdrop, global macroeconomic conditions appeared somewhat less buoyant and synchronised than at the start of 2018, given the moderation in eurozone economic growth and a series of squalls in the developing world. On a more positive note, the US economy continued to deliver as it reaped the benefits of last year's tax cuts, though in certain quarters faster cost inflation and tightening labour supply have started to weigh upon corporate profitability.

Stock picking made a positive contribution to performance within financials and the consumer sectors, while an underweight to the former also proved beneficial. Information technology contributed positively from an asset allocation and stock selection perspective. On this occasion, stock selection within healthcare detracted, while the portfolio's overweight to consumer staples and underweight to energy also limited outperformance.

The Fund's top contributor emerged in the form of off-price retailer TJX Companies. In a tough retail environment, solid first-quarter results provided some reassurance to investors. Management provided further encouragement as it raised the high end of its full-year guidance. Costco Wholesale also enthused the market as it continued to exhibit strong momentum with some impressive May sales.

Boasting a clear competitive advantage in both scale and technology and having proven somewhat lacklustre for a period of time, Alphabet returned to favour with investors as the share price moved higher. Also within the technology space, SAP reported solid results for the first quarter, exhibiting revenue and operating-profit growth on a constant-currency basis. The company increased its revenue forecast for the full year and underlying growth in operating expenditure moderated.

Deutsche Post reported a mixed set of results for the first quarter; this was attributed to weakness in its Post and Parcel division, driven by cost increases in Germany. As highlighted in the activity review, we then chose to purchase the stock. However, management subsequently cut earnings guidance for the year owing to one-off restructuring expenses, which led the share price to decline further. Nevertheless, we believe the investment case remains unchanged.

Although Japanese industrial business Yokogawa's results for the fourth quarter and fiscal year were broadly as expected, profit guidance for the latter was significantly below the level anticipated by the market. Orders also showed little organic growth and, as such, the share price gave back all of its recent outperformance. Also in Japan, pump and

compressor manufacturer Ebara issued a disappointing set of results for the first quarter of the fiscal year, negatively affected by a delay in the oil and gas-related recovery. Nevertheless, although sales and margins were weak, order improvement may yet signal a turning point.

Elsewhere, Amazon's share price continued to rise higher still, meaning the Fund's zero weighting in the stock detracted from the relative performance of the portfolio.

## ACTIVITY REVIEW

We purchased ABB, a large industrial with a thematically well-positioned portfolio with automation and electrification as the main end markets. ABB shares had been weak, in a similar fashion to those of its direct peer group, and we liked the cash-generative nature of the business alongside an attractive dividend yield. We believe that this, combined with an unlevered balance sheet, could create additional upside driven by capital allocation.

## ABB, DEUTSCHE POST AND EBAY WERE AMONG OUR PURCHASES OVER THE QUARTER

We purchased Deutsche Post, a global leader in the logistics industry. The company is benefiting from the strength of the e-commerce trend and has world-leading businesses with significant potential to unlock value and reduce the profitability gap with its competitors. We believe that Deutsche Post's investment in its Express division, which offers courier and express services to business and private customers, should be the main driver in helping the company to achieve its 2020 earnings targets and significantly improve free cash flow.

We used a pullback in the share price following results for the second quarter to introduce eBay to the portfolio. We found the company's valuation attractive compared to other retailers, taking into account its growth prospects. Gross merchandise volume and active user growth had been showing some acceleration recently on the back of continued investment in structured data and customer experience, while we acknowledged the potential for increased shareholder returns.

Similarly, we took advantage of some lacklustre performance to purchase Infineon Technologies, the leading provider of semiconductors to the automotive and industrial markets. The company boasts a strong competitive position – given substantial barriers to entry – and there is an opportunity for revenue growth and margin expansion. We believe Infineon is well positioned to benefit from electric-vehicle adoption, automation, alternative energy and regulatory pressures on the auto industry to reduce carbon-dioxide emissions.

Following some solid relative performance since we purchased the stock in February, we chose to exit the position in BAE Systems. A number of the potential catalysts that we acknowledged at the time of our investment had crystallised, yet, in our view, a range of risks remained. Upon review, we decided it was sensible to take profits and look for less complex opportunities elsewhere.

Having performed reasonably in the context of global banks over the course of our investment, we sold the position in Israeli holding Bank Hapoalim. Although it remains a well financed bank, with a sufficiently conservative regulator, operating in a single market in a volatile part of the world comes with some rather idiosyncratic risks.

The oil price has risen sharply over the last 12 months and is far above the trough reached in the early part of 2016. Against this background, ConocoPhillips has transpired as one of

the Fund's highest-returning investments so far in 2018, aided by a growing belief that the management team would maintain discipline over capital spending. We concluded that our investment case had run its course, and that it was appropriate to bring the portfolio's exposure to oil & gas producers back down.

Walmart de Mexico had experienced a strong run of performance, supported by good results and a recovery in the Mexican peso. On account of the expanded valuation and our limited conviction in the Mexican macroeconomic environment, we decided it would be prudent to exit the stock.

## INVESTMENT STRATEGY AND OUTLOOK

Stimulatory monetary policy has buoyed financial asset prices over the course of the last decade, and better growth and inflation prospects have allowed a number of central banks to embark on a tightening cycle. Their ability to continue this course remains dependent on the stabilisation and continuing growth of the global economy.

### WE SEE SEVERAL THREATS TO ECONOMIC GROWTH REMAINING, INCLUDING UNCERTAINTY AROUND TRADE AGREEMENTS

We believe uncertainty around the future of international trade agreements poses a threat to economic growth and, unless resolved, is likely to lead to disruption in global supply chains and an unwillingness from companies to invest. We will continue to invest in those companies where we anticipate growth expectations will be achieved and where valuations are reflective of the wider environment.

## TOP 10 HOLDINGS (%)

	Fund
Alphabet Inc	4.2
Microsoft Corp	4.1
Citigroup Inc	2.9
Cisco Systems Inc	2.8
Medtronic PLC	2.8
Accenture PLC	2.8
Gilead Sciences Inc	2.7
SAP SE	2.7
ABB Ltd	2.6
Altria Group Inc	2.6

## INDUSTRIAL ALLOCATION (%)

	Fund	Comp. Index
Financials	10.7	17.5
Information Technology	30.3	19.6
Consumer Discretionary	8.5	12.4
Telecoms	0.0	2.8
Materials	1.4	5.2
Options	0.0	0.0
Consumer Staples	16.6	8.1
Utilities	0.0	2.9
Real Estate	0.0	3.0
Bonds	5.0	0.0
Industrials	13.1	10.5
Energy	2.5	6.8
Health Care	10.0	11.1
Cash	1.9	0.0

## GEOGRAPHICAL ALLOCATION (%)

	Fund	Comp. Index
United States	46.71	53.64
Japan	9.15	7.61
Netherlands	8.74	1.14
United Kingdom	8.08	5.70
Switzerland	7.21	2.47
Germany	6.66	3.02
Norway	2.34	0.24
France	2.23	3.48
Hong Kong	2.15	1.15
Canada	2.06	3.07
Cash	1.90	0.00
South Korea	1.47	1.69
Ireland	1.27	0.18
Israel	0.02	0.17
United Arab Emirates	0.00	0.07
Austria	0.00	0.08
Australia	0.00	2.20
Belgium	0.00	0.34
Brazil	0.00	0.68
Chile	0.00	0.13
China	0.00	3.79
Czech Republic	0.00	0.02
Denmark	0.00	0.53
Spain	0.00	0.97
Finland	0.00	0.33
Greece	0.00	0.04
Indonesia	0.00	0.22
India	0.00	1.00
Italy	0.00	0.77
Mexico	0.00	0.34
Malaysia	0.00	0.27
New Zealand	0.00	0.07
Peru	0.00	0.05
Philippines	0.00	0.11
Pakistan	0.00	0.01
Poland	0.00	0.13
Portugal	0.00	0.05
Russia	0.00	0.41
Sweden	0.00	0.82
Singapore	0.00	0.40
Thailand	0.00	0.25
Turkey	0.00	0.09
Taiwan	0.00	1.35
South Africa	0.00	0.76
Hungary	0.00	0.03
Colombia	0.00	0.06
Egypt	0.00	0.02
Qatar	0.00	0.10

## QUARTERLY ATTRIBUTION BY INDUSTRY

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Financials	-0.36	-5.63	0.63	0.40	1.03
Information Technology	4.49	3.86	0.18	0.28	0.47
Consumer Discretionary	6.22	2.98	0.28	-0.09	0.19
Telecommunication Services	0.00	-4.22	0.00	0.14	0.14
Materials	3.61	0.41	0.08	0.01	0.09
Options	-24.17	0.00	-0.02	0.00	-0.02
Consumer Staples	-0.46	-1.30	0.19	-0.21	-0.02
Utilities	0.00	1.28	0.00	-0.02	-0.02
Real Estate	0.00	1.39	0.00	-0.03	-0.03
Bonds	-0.65	0.00	-0.03	-0.03	-0.06
Industrials	-2.99	-2.74	-0.08	-0.06	-0.15
Energy	11.38	10.25	0.05	-0.27	-0.22
Health Care	-1.82	2.51	-0.39	-0.02	-0.41
Cash	-	0.00	0.07	0.00	0.07

## QUARTERLY ATTRIBUTION BY GEOGRAPHY - TOP 5 CONTRIBUTORS

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
United Kingdom	8.61	2.95	0.47	0.15	0.63
Netherlands	5.41	-1.79	0.67	-0.19	0.47
South Korea	6.34	-9.15	0.23	0.04	0.27
Brazil	0.00	-26.39	0.00	0.24	0.24
China	0.00	-3.50	0.00	0.15	0.15

## QUARTERLY ATTRIBUTION BY GEOGRAPHY - TOP 5 DETRACTORS

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Japan	-6.78	-2.83	-0.41	-0.06	-0.47
Switzerland	-6.65	-2.72	-0.22	-0.11	-0.33
Canada	-5.09	4.67	-0.22	-0.03	-0.25
United States	3.43	3.40	0.02	-0.20	-0.18
Ireland	-10.15	1.96	-0.18	0.02	-0.15

Source: BNY Mellon Investment Management EMEA Limited

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**KEY RISKS ASSOCIATED WITH THIS FUND**

- There is no guarantee that the Fund will achieve its objectives.
- This Fund invests in international markets which means it is exposed to changes in currency rates which could affect the value of the Fund.
- Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of your investment to fluctuate. When using derivatives, the Fund can lose significantly more than the amount it has invested in derivatives.
- Emerging Markets have additional risks due to less-developed market practices.
- Investment in small companies may be riskier and less liquid (i.e. harder to sell) than large companies. This means that their share prices may have greater fluctuations.
- This share class is denominated in a different currency from the base currency of the Fund. Changes in the exchange rate between the share class currency and the base currency may affect the value of your investment.
- The insolvency of any institutions providing services such as custody of assets or acting as a counterparty to derivatives or other contractual arrangements, may expose the Fund to financial loss.
- Certain share classes are denominated in a different currency from the base currency (i.e. the reporting currency) of the Fund. Changes in the exchange rate between the share class currency and the base currency may affect the value of your investment.
- Certain share classes use techniques to try to reduce the effects of changes in the exchange rate between the share class currency and the base currency of the Fund. These techniques may not eliminate all the currency risk.
- A complete description of risk factors is set out in the Prospectus in the section entitled "Risk Factors".

**INVESTMENT OBJECTIVE**

To achieve long term capital growth through investment primarily, (meaning at least two-thirds of the Fund's assets) in a portfolio of equity and equity-related securities of companies located worldwide, the majority of which shall be listed or traded on Eligible Markets located worldwide.

**GENERAL INFORMATION**

Total net assets (million)	\$ 55.98
Active Share (%)	91.6
Comparative Index	MSCI AC World NR
Lipper sector	Lipper Global - Equity Global
Fund type	ICVC
Fund domicile	Ireland
Fund manager	Robert Hay
Alternate	Raj Shant
Base currency	USD
Currencies available	EUR, USD, GBP
Fund launch	01 Aug 1997

**DEALING**

09:00 to 17:00 each business day  
Valuation point: 12:00 Dublin time

**USD W (ACC.) SHARE CLASS DETAILS**

Inception date	01 Nov 2017
Min. initial investment	\$ 15,000,000
Ongoing charge	0.95%
Annual mgmt charge	0.75%
Max. initial charge	5.00%
ISIN	IE00B97B0317
Registered for sale in:	AT, BE, DK, DE, FR, FI, GG, IE, IT, JE, LU, NL, NO, PT, SG, ES, SE, CH, GB, KR

Source: BNY Mellon Investment Management EMEA Limited

Any views and opinions are those of the investment manager, unless otherwise noted.

**IMPORTANT INFORMATION**

**For Professional Clients and, in Switzerland, for Qualified Investors only. This is a financial promotion and is not investment advice. For a full list of risks applicable to this fund, please refer to the Prospectus. Before subscribing, investors should read the most recent Prospectus, financial reports and KIID for each fund in which they want to invest. Go to [www.bnymellonim.com](http://www.bnymellonim.com). Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA) or affiliated fund operating companies to undertake portfolio management activities in relation to contracts for products and services entered into by clients with BNYMIM EMEA or the BNY Mellon funds.** Portfolio holdings are subject to change, for information only and are not investment recommendations. To help continually improve our service and in the interest of security, we may monitor and/or record your telephone calls with us. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and its subsidiaries. Investments should not be regarded as short-term and should normally be held for at least five years. The Fund is a sub-fund of BNY Mellon Global Funds, plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds. Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. The Management Company is BNY Mellon Global Management Limited (BNY MGM), approved and regulated by the Central Bank of Ireland. Registered address: 33 Sir John Rogerson's Quay, Dublin 2, Ireland. In **Austria**, the current Prospectus and the Key Investor Information Document are available free of charge from Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, A-1030 Vienna. In **Belgium**, the KIID, Prospectus, articles of association and latest annual report are freely available upon request to the paying agent: JP Morgan Chase Bank, 1 Boulevard du Roi Albert II, B-1210 Bruxelles, Belgium. The Prospectus, KIIDs, articles of association, annual and half-yearly financial reports are available in French. In **France**, the KIID, Prospectus, articles and latest annual report are freely available upon request to the centralising agent: BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, tél: 00 33 1 42 98 10 00. Consent under the Control of Borrowing (**Jersey**) Order 1958 (the "COBO Order") has not been obtained for the circulation of this document. Accordingly, the offer that is the subject of this document may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. The Directors may, but are not obliged to, apply for such consent in the future. In **Germany**, this is for marketing purposes only. In Germany, the prospectus is available from BNYMIM EMEA, German branch, MesseTurm Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany. In **Spain**, BNY Mellon Global Funds is registered with the CNMV, Registration No. 267. In **Switzerland**, the Company is established as an open-ended umbrella type investment company under Irish law and the Sub-Funds are authorised by FINMA for distribution to non-qualified investors in or from Switzerland. The Swiss representative is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. Investors in Switzerland can obtain the documents of the Company, such as the Prospectus, the KIIDs, the Memorandum and Articles of Association, the semi-annual and annual reports, each in their latest version as approved by FINMA, in German, and further information free of charge from the Swiss representative. BNYMIM EMEA, BNY MGM, and any other BNY Mellon entity mentioned are all ultimately owned by The Bank of New York Mellon Corporation. Issued in Europe (excluding Switzerland) by BNY Mellon Investment Management EMEA Limited, BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Authorised and regulated by the Financial Conduct Authority. Issued in Switzerland by BNY Mellon Investments Switzerland GmbH, Talacker 29, CH-8001 Zürich, Switzerland. Authorised and regulated by the FINMA. The Bank of New York Mellon, DIFC Branch (the "Authorised Firm") is communicating these materials on behalf of BNYMIM EMEA. BNYMIM EMEA is owned by The Bank of New York Mellon Corporation. This material is intended for Professional Clients only and no other person should act upon it. The Authorised Firm is regulated by the Dubai Financial Services Authority.

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