Osprey Fund

Interim Report & Accounts (unaudited)

for the six months ended
30 April 2020

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Performance and Fund Report

for the period ended 30 April 2020

Fund Objective and Policy

The investment objective of the Fund is to provide capital growth over the long term (5 years or more).

The Fund is actively managed and invests in both UK and international equities (company shares), fixed income securities (bonds) issued by governments and companies, units in collective investment schemes (which may include those which are managed or operated by the Investment Adviser or an associate of the Investment Adviser) and cash.

The Fund may invest in bonds rated below investment grade (BBB-) by Standard & Poor's (or equivalent recognised rating agency).

To the extent the Fund gains exposure to infrastructure, renewable energy , property or commodities, such exposure may be through exchange listed securities, other transferable securities, warrants, money market instruments and/or collective investment schemes.

The Fund may invest in any geographic or economic sectors of the world. The Investment Adviser's process for making investment decisions follows detailed analysis based on a wide range of financial metrics and research. This includes consideration of environmental, social and governance (ESG) risks, opportunities and issues. There are however no specific ESG restrictions on the Investment Adviser's decision-making, which is consistent with the Fund's objectives. Derivatives may be used for investment purposes as well as for efficient portfolio management and hedging. It is not expected that the use of derivatives will materially affect the overall risk profile of the Fund.

General Information

Fund Size:	£12.5m as at 30 April 2020	
Accounting Dates:	Interim	30 April
	Final	31 October
	Two clear business days before:	
Distribution Dates:	Interim	30 June
	Final	31 December
Key Dates: Fund Launch	27 December 2000	
Net Yield:		
Income Units	1.04%	
Institutional W (Accumulation)	1.31%	
Institutional W (Income)	1.31%	

From **To**	**31/10/2019** **30/04/2020**	**31/10/2018** **31/10/2019**	**31/10/2017** **31/10/2018**	**31/10/2016** **31/10/2017**
Income Units	-2.23%	9.93%	-2.89%	12.87%
Institutional W (Accumulation)	-2.11%	10.21%	-2.65%	13.16%
Institutional W (Income)	-2.12%	10.21%	-2.65%	13.17%
FTSE All share TR	n/a	n/a	-1.47%	13.39%
Comparative Index*	n/a	3.60%	n/a	n/a
MSCI AC World NR GBP	-5.29%	n/a	n/a	n/a

*During the reporting period, the comparative index of the fund changed. For the period 1 November 2018 until 7 August 2019 the benchmark was the FTSE All-Share TR. The comparative index is now the MSCI AC World NR GBP. This figure represents the composite performance benchmark return.

Source: Lipper as at 30 April 2020 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in Sterling terms. Performance figures including the initial charge are available upon request.

Past Performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Fund Report

Market Backdrop

- Global equities gained over the end of 2019 as sentiment was bolstered on improving news flow. While the US saw some encouraging economic data releases, greater certainty as to the timing, and the ultimate nature, of Brexit was also forthcoming. In addition, as the year-end approached, both the US and China intimated that a 'phase-one' trade deal would be signed in early 2020.
- Although this was to be the case, markets rapidly gave way to extreme risk aversion as the global scope of the coronavirus pandemic, and its alarming humanitarian and economic implications, became apparent. Financial markets also had to contend with a second major exogenous shock in the form of an oil-price war, initiated by Saudi Arabia, which resulted in the oil price halving in less than a month. The West Texas Intermediate May contract would later tumble into negative territory as plunging demand for the commodity gave rise to shortages of storage capacity in the US.

Fund Report (continued)

Market Backdrop (continued)

- While the response from central banks was initially muted, it ramped up dramatically as the crisis intensified and financial markets became progressively more distressed. Governments were also on the front foot and launched an unprecedented array of fiscal initiatives that sought to offset, to some degree, the deleterious impact of draconian lockdown measures. Such action latterly provided some comfort, and indices rallied towards the end of March.
- Subsequent reports of slowing coronavirus infection rates and plans to ease lockdown measures buoyed investor optimism in April. The aggressive responses to the crisis from central banks and governments continued to provide support for equities, while investors showed a willingness to look past negative economic data emerging across the globe.

Performance commentary

- The Fund outperformed its comparative index, returning -2.23% against the benchmark's -5.29%. Underweight positioning in financials and energy aided the relative performance of the portfolio, while stock selection was also supportive in the former and real estate. However, an industrials overweight was unhelpful and stock picking disappointed in communication services and each of the consumer sectors. On the other hand, the portion of the portfolio held in US T-Bills provided a substantial boost to relative returns against a backdrop of falling equities.
- Gilead Sciences performed well over the second half of the review period on hopes that its drug Remdesivir could be effective in treating Covid-19. A series of positive updates surrounding its use continued to support shares.
- With limited operational issues relating to coronavirus, Lonza contributed positively to relative returns. The company boasts a sound balance sheet and also possesses a business model that is well positioned for a *volatile* market. As a contract development and manufacturing organisation providing services to biotechnology and pharmaceutical companies, strong visibility on this division reassured the market, underpinned by a growing demand for next-generation biological drugs.
- Samsung SDI enjoyed a particularly strong start to the year, aided by a number of factors that contributed to a positive shift in sentiment around electric vehicles. A bullish outlook from South Korea's President Moon Jae-in for the country's battery industry helped shares, while plans to increase the nation's fleet of electric vehicles were also greeted positively. Subsequently, a growing emphasis on green initiatives and sustainable investments to help revive coronavirus-hit economies also provided a level of support.
- Deriving around half of its revenue from its civil aerospace division, wide-body engine manufacturer Rolls-Royce fell as investors took fright at the global downturn in airline activity. With airlines moving into survival mode following substantial declines in air traffic, brought about by the imposition of coronavirus-related travel restrictions, the market adopted a distinctly negative view on the industry's appetite for deliveries of new aircraft and future fleet expansion.
- Forced into widespread event cancellation and postponement, Informa, the world's largest exhibition company, fell sharply as Covid-19 continued to spread. We remain positive on the company's long-term growth prospects as we believe that face-to-face marketing will steadily regain its appeal once the virus has passed.
- A void in sizeable index constituent Amazon dragged on relative returns.

Activity review

- We introduced Diageo to the portfolio. The alcoholic beverages company remains a global market leader with strong brands and diversified exposure by region and category. In the context of the portfolio, we continue to appreciate Diageo's stable, compounding earnings growth and strong balance sheet.
- We purchased MasterCard, a beneficiary of the structural shift from cash to digital payments. Boasting a substantial share of global card payments, we see a long growth trajectory for consumer-to-business (C2B) card volumes, given penetration is relatively low in some regions. While demand for C2B payments has continued to grow, MasterCard has also targeted other markets of late, through acquisitions and new product development, which should drive revenue growth for many years to come.
- We exited the remainder of our position in ABB following a period of strong performance and reinvested the proceeds into Lonza. As a contract development and manufacturing organisation (CDMO) providing services to biotechnology and pharmaceutical companies, Lonza stands to benefit from growing demand for next-generation biological drugs. Furthermore, we felt that the planned separation of its lower quality chemicals unit in 2020 represented a significant catalyst for an improvement in its financial profile.
- While we acknowledged that attractions to ABB's business remained, notably its exposure to robotics, process automation, and electrification, several elements of our original investment case had disappointed versus our initial expectations, including the potential for a cyclical earnings recovery and the price received for selling its Power Grid division.
- We sold Fisher & Paykel following a strong run of performance, finding it difficult to justify the valuation.
- We initiated a position in Lennar, the largest homebuilder in the US, early in 2020. Despite demographic support and low inventories, we found the US housing market to be relatively inexpensive, with little in Lennar's valuation for house-price growth over the longer term. We were also attracted by its plan to transition towards a more capital-light model, using more optioned rather than owned land.
- We believed that weak share-price performance in the Thai banking sector had provided an attractive entry point into Kasikornbank (KBank), finding most of the factors driving underperformance to be cyclical and that KBank's strong capital position and heavy provisioning should allow it to improve return on equity in the future.

Fund Report (continued)

Activity review (continued)

- We invested in Continental, a good quality German automotive supplier, before coronavirus-related disruption ensued. We believed that ongoing restructuring and the intended, but subsequently delayed, spin-off of its troubled power train business should lead to improved cash flow and a better return on invested capital for the remaining business. Continental's tyre business had been suffering from margin compression, but we found there to be scope for expansion.
- With worries around the coronavirus and its impact on economic growth permeating the financial sector, we purchased Citigroup as the market began to price in the prospect of zero rates and a reasonable increase in credit losses, thus leaving the US bank attractively valued in our view given its lower sensitivity to rates than its peers.
- We bought Vivendi, finding the risk/reward profile of owning shares to be attractive given the company's exposure to the multi-year remonetisation of the music industry. Furthermore, we felt that key components of the company, such as Universal Music Group and Canal+, could demonstrate their resilience amid coronavirus uncertainty. With people staying at home, music streaming and TV subscriptions were areas that we anticipated could prove relatively insulated from disruption.
- Coronavirus-related weakness in Alibaba shares provided us with the opportunity to establish a holding. Despite being the oldest e-commerce platform in China, Alibaba has considerable scope to continue to expand both domestically and internationally. The company's biggest competitive advantage is its self-sustained ecosystem built around five pillars: online shopping, partnered logistics, payments, cross-border infrastructure and cloud computing. We view Alibaba's 'New Retail' vision, and indeed other initiatives beyond the core e-commerce business, positively.
- We exited BAE Systems in January following a recovery in the share price. The stock had reacted well to a duo of acquisition announcements in the US worth $2.2 billion, although we harboured concern about how much value that these deals would create.
- We sold Deutsche Wohnen, the leading German real estate landlord, after some solid relative performance following regulatory concerns last year.
- Similarly, we also sold LEG Immobilien, the German property stock focused on North-Rhine Westphalia. With coronavirus concerns persisting, and despite residential landlords having proven relatively resilient, we felt that the extremity exhibited by Bund yields trading deeply negatively represented a scenario which had benefitted real estate very strongly. After a period of robust relative performance, we disposed of our entire holding.
- We sold Gilead Sciences following a rise in the share price on hopes that its drug Remdesivir could be an effective treatment for coronavirus. Given the potential for pharmaceutical pricing to come under greater scrutiny as the US presidential election draws closer, we felt it appropriate to exit the remainder of our holding.
- With parts supplier Valeo having bounced back strongly from the lows of March, as first-quarter sales strongly outperformed the global automotive market, we took the opportunity to exit one of the smallest holdings in the portfolio. The balance sheet had come to represent somewhat of a concern for us in the current environment following a period of lacklustre cash generation.

Investment strategy and outlook

- While global equities bounced back strongly in April, it is by no means a given that *volatility* has ceased to be a feature of markets. Markets will oscillate between the reassurance that governments and central banks will be standing by to support them and the uncertainty of both the duration and depth of what will undoubtedly be a significant economic impact. Furthermore, the longer-term implications in terms of social behaviour and consumption trends will be potentially material; and fiscal expansion will have its own implications in terms of funding costs over the coming years.
- Newton continues to draw on its long-term thematic framework to guide its stock selection; and focuses intensely on company fundamentals as it assesses attractive opportunities. As ever, we prize long-term growth opportunities, competitive advantage, high returns on capital, and conservative balance sheets, but we aim for a diversified portfolio containing a range of investment profiles. Market dislocations, such as we are experiencing, produce opportunities and we will be looking to ensure that the portfolio is well placed for the environment that our themes suggest we will see in the future.

For a definition of italicised terms, please refer to the Glossary on page 16.

The table below shows the top ten purchases and sales (excluding any derivative and short term cash transactions) for the period.

Purchases	Sales
MasterCard class 'A' shares	Gilead Sciences
Diageo	LEG Immobilien
Rolls-Royce	Deutsche Wohnen
Continental	BAE Systems
Lennar class 'A' shares	Fisher & Paykel Healthcare
Vivendi	Valeo
Cisco Systems	ABB (Regd.)
Alibaba ADS (each representing 1 ordinary share)	Goldman Sachs
Lonza	Alphabet series 'A' shares
Citigroup	Apple

Statistics

for the period ended 30 April 2020

Risk & Reward profile

Lower risk ← → Higher risk

Typically lower rewards — Typically higher rewards

1	2	3	4	**5**	6	7

We have calculated the risk and reward category, as shown above, using a method of calculation derived from EU rules. It is based on the rate at which the value of the Fund has moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the Fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment.

Funds in category 5 have in the past shown moderately high volatility. With a fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately high.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Price and Revenue Record by Unit Class

Accounting period

Unit class as at	Highest Price (p)	Lowest Price (p)	Net Revenue per unit (p)
Income Units			
31/10/2017	361.35	301.26	3.2359
31/10/2018	366.26	323.91	2.8290
31/10/2019	387.50	325.27	3.4975
30/04/2020	410.96	311.28	1.6066
Institutional W (Accumulation)			
31/10/2017	144.49	119.59	1.6241
31/10/2018	147.86	130.17	1.4923
31/10/2019	158.19	132.08	1.8013
30/04/2020	168.96	128.01	0.8524
Institutional W (Income)			
31/10/2017	141.69	118.01	1.5982
31/10/2018	143.58	126.96	1.4515
31/10/2019	151.88	127.45	1.7328
30/04/2020	161.09	122.05	0.8126

Statistics
(continued)

Net Asset Value History by Unit Class

Unit class as at	Net Asset Value (£)	Per unit (p)	Units in issue
Income Units			
31/10/2017	19,538,100	354.82	5,506,543
31/10/2018	11,930,215	343.59	3,472,174
31/10/2019	12,465,135	373.64	3,336,097
30/04/2020	9,312,551	355.19	2,621,840
Institutional W (Accumulation)			
31/10/2017	7,444,245	142.50	5,224,165
31/10/2018	4,991,862	139.47	3,579,198
31/10/2019	489,676	153.51	318,990
30/04/2020	450,285	146.77	306,799
Institutional W (Income)			
31/10/2017	6,088,980	138.98	4,381,313
31/10/2018	2,672,591	134.58	1,985,936
31/10/2019	3,006,130	146.36	2,053,974
30/04/2020	2,738,717	139.11	1,968,681

Operating Charges

Unit class	30/04/2020 %	31/10/2019 %
Income Units	1.21	1.21
Institutional W (Accumulation)	0.96	0.95
Institutional W (Income)	0.96	0.96

The Operating Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Depositary, Custodian, Auditor and Regulator.

The Operating Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two.

Portfolio Statement
as at 30 April 2020

Investments	Holding	Market Value (£)	Total Net Assets (%)
BONDS 6.61% (11.02%)			
Overseas Government Bonds 6.61% (11.02%)			
US Treasury 0% Bonds 21/5/2020	USD1,041,500	825,664	6.61
EQUITIES 93.05% (86.90%)			
United Kingdom 15.54% (15.45%)			
Associated British Foods	12,645	239,307	1.91
Diageo	12,222	336,105	2.69
Ferguson	5,076	291,159	2.33
Informa	46,869	205,661	1.65
Prudential	10,469	118,143	0.95
RELX	18,771	337,221	2.70
Rolls-Royce	46,301	152,793	1.22
Unilever	6,607	261,331	2.09
Canada 1.97% (2.28%)			
Intact Financial	3,260	246,256	1.97
China 1.63% (0.00%)			
Alibaba ADS (each representing 1 ordinary share)	1,269	203,889	1.63
France 1.97% (1.75%)			
Vivendi	14,414	246,575	1.97
Germany 10.71% (13.93%)			
Bayer	5,591	291,687	2.33
Brenntag	8,535	305,054	2.44
Continental	3,498	235,347	1.88
SAP	3,616	339,369	2.72
Volkswagen non-voting preference shares	1,516	167,845	1.34
Hong Kong 3.20% (2.82%)			
AIA	54,400	399,998	3.20
Ireland 4.32% (4.21%)			
Medtronic	4,984	385,728	3.08
Ryanair	17,259	154,666	1.24
Japan 3.60% (4.34%)			
Ebara	10,200	181,340	1.45
Suzuki Motor	10,500	269,034	2.15
Netherlands 4.09% (4.33%)			
Royal Dutch Shell class 'B' shares	17,228	221,621	1.77
Wolters Kluwer	4,976	290,022	2.32
Sweden 1.54% (1.34%)			
Swedbank series ‘A’ shares	20,365	191,652	1.54
Switzerland 6.97% (6.31%)			
Lonza	668	231,227	1.85
Novartis	5,019	339,135	2.71
Roche Holding	1,091	300,621	2.41
Thailand 1.37% (1.56%)			
Bangkok Bank	47,400	120,791	0.97
Kasikornbank	23,900	50,510	0.40
United States of America 36.14% (27.18%)			
Accenture	2,297	337,243	2.70
Albemarle	2,672	130,110	1.04
Alphabet series 'A' shares	573	611,772	4.89
Altria	7,571	235,230	1.88
Apple	1,845	428,723	3.43
Applied Materials	6,647	261,643	2.09
Cisco Systems	11,423	383,529	3.07
Citigroup	5,075	195,299	1.56

Portfolio Statement
(continued)

Investments	Holding	Market Value (£)	Total Net Assets (%)
United States of America (continued)			
Eversource Energy	3,354	214,586	1.72
Goldman Sachs	1,941	282,375	2.26
Lennar class 'A' shares	5,066	201,218	1.61
MasterCard class 'A' shares	1,882	410,344	3.28
Microsoft	4,105	583,165	4.66
Samsung SDI GDR (each representing 1/4 ordinary share)	5,215	243,106	1.95
DERIVATIVES 0.00% (0.02%)			
JPY Forward Foreign Currency Contracts 0.00% (0.00%)			
Forward Foreign Currency Contracts 7/5/20	£36,721	36,721	0.29
Forward Foreign Currency Contracts 7/5/20	JPY(4,888,977)	(36,247)	(0.29)
Portfolio of investments		**12,458,568**	**99.66**
Net current assets		**42,985**	**0.34**
Total Net Assets		**12,501,553**	**100.00**

Total unapproved and unquoted securities 0.00%

Comparative figures in brackets refer to 31 October 2019.

During the period ended 30 April 2020, the Fund disposed of its holdings in the New Zealand and Options portfolio categories, which, as at 31 October 2019, represented 1.40% and 0.02% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

Osprey Fund - Interim Report & Accounts

Statement of Total Return
for the six months ended 30 April 2020

		30/04/2020		30/04/2019
	£	£	£	£
Income				
Net capital (losses)/gains		(594,200)		772,072
Revenue	162,697		164,088	
Expenses	(79,042)		(80,435)	
Interest payable and similar charges	(242)		—	
Net revenue before taxation	83,413		83,653	
Taxation	(17,947)		(18,095)	
Net revenue after taxation		65,466		65,558
Total return before distributions		**(528,734)**		**837,630**
Distributions		(65,466)		(65,558)
Change in net assets attributable to Unitholders from investment activities		**(594,200)**		**772,072**

Statement of Change in Net Assets Attributable to Unitholders
for the six months ended 30 April 2020

		30/04/2020		30/04/2019
	£	£	£	£
Opening net assets attributable to Unitholders		15,960,941		19,594,668
Amounts received on issue of units	295,315		40,263	
Amounts paid on cancellation of units	(3,165,367)		(4,746,113)	
		(2,870,052)		(4,705,850)
Dilution adjustment		2,249		5,297
Change in net assets attributable to Unitholders from investment activities (see above)		(594,200)		772,072
Retained distributions on accumulation units		2,615		3,485
Closing net assets attributable to Unitholders		**12,501,553**		**15,669,672**

Balance Sheet
as at 30 April 2020

		30/04/2020		31/10/2019
	£	£	£	£
ASSETS				
Fixed assets				
Investment assets		12,458,568		15,631,821
Current assets				
Debtors	1,478,039		64,921	
Cash and bank balances	122,837		389,715	
Total other assets		1,600,876		454,636
Total assets		14,059,444		16,086,457
LIABILITIES				
Creditors				
Bank overdrafts	(74)		–	
Distribution payable	(58,122)		(91,542)	
Other creditors	(1,499,695)		(33,974)	
Total other liabilities		(1,557,891)		(125,516)
Total liabilities		(1,557,891)		(125,516)
Net assets attributable to Unitholders		**12,501,553**		**15,960,941**

The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive years.

Distribution Statement
for the six months ended 30 April 2020

Interim Dividend Distribution (in pence per unit)

	Amount payable 30/04/2020	Amount paid 30/04/2019
Income Units	1.6066	1.3835
Institutional W (Accumulation)	0.8524	0.7355
Institutional W (Income)	0.8126	0.7096

As the Fund pays no corporation tax, the distribution is 100% franked.

Notes to the Financial Statements

for the period ended 30 April 2020

Accounting policies

The financial statements have been prepared using the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association (formerly The Investment Management Association) in May 2014 (the SORP), as amended in June 2017.

The accounting policies applied are consistent with those disclosed within the annual financial statements for the year ended 31 October 2019.

Directors' Statement

In accordance with the requirements of the rules in the Financial Conduct Authority’s Collective Investment Schemes Sourcebook, we hereby certify the Report on behalf of the Directors of BNY Mellon Fund Managers Limited.

G Brisk	**G Rehn**
Director	Director
BNY Mellon Fund Managers Limited	BNY Mellon Fund Managers Limited
29 June 2020	29 June 2020

Additional Information

1 Pricing

The Manager may set the price of units within the limits, which are allowed by the Financial Conduct Authority's Collective Investment Schemes Sourcebook. The value of the Fund's underlying assets forms the basis for calculating the price of the units. The Fund is valued at 12 noon on each business day. This time is known as the valuation point.

2 Dilution adjustment

The Fund's investments are valued on a mid-market basis in accordance with the Financial Conduct Authority's regulations.

However, the actual cost of purchasing or selling investments may deviate from the mid-market value used in calculating the unit price, due to dealing costs such as broker charges, taxes and any spread between the buying and selling prices of the underlying investments.

These dealing costs can have an adverse effect on the value of the Fund, and this is known as "dilution".

The Financial Conduct Authority regulations allow the cost of dilution to be met directly from the Fund's assets or to be recovered from investors on the purchase or redemption of units, inter alia, by means of a dilution adjustment to the dealing price, which is the policy that has been adopted by the Manager.

To mitigate the effects of dilution the Manager therefore has the discretion to make a dilution adjustment in the calculation of the dealing price and thereby adjust the dealing price of units on any given day.

The need to make a dilution adjustment will depend on the volume of purchases or redemptions on any given day. As set out in the Prospectus, the Manager may make a dilution adjustment when calculating the price of a unit. In deciding whether to make a dilution adjustment at any valuation point, the Manager will take into account the number of units to be issued or cancelled. Where the number of units to be issued exceeds the number of units to be cancelled, the dilution adjustment to the unit price will be upwards. Where the number of units to be cancelled exceeds the number of units to be issued, the dilution adjustment to the unit price will be downwards.

3 The net yield

The published yield of the Fund is the Historic Yield and reflects distributions declared over the past twelve months as a percentage of the quoted unit price as at the date shown. It does not include any initial charge and investors may be subject to tax on their distributions.

4 Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital.

5 Tax on income

Previously income, whether it was distributed to Unitholders or reinvested in units, was net of tax at 10%. This was known as a 'tax credit' and was shown on the tax voucher together with the 'Dividend Distribution'. Both of these sums would have been shown separately on the Unitholders income tax return.

6 Charges

An annual management charge of 1.00% for Income Units, 0.75% for Institutional W (Accumulation) and 0.75% for Institutional W (Income) per annum of the value of the Fund is deducted in monthly instalments from the Fund's revenue.

Any change to the management charge is subject to 60 days' written notice by the Manager. The Trust Deed also permits payment out of the Fund of the Trustee's fee (plus VAT) together with other fees and expenses associated with the operation of the Fund.

7 Buying and selling

Instructions to buy and sell units can be provided to the Manager between 9.00 am and 5.00 pm on any business day, excluding UK public holidays. These will be effected at the price ruling at the next valuation point. Units may also be sold by sending us a completed and signed renunciation form. We will send you a contract note within one business day of processing your buy or sell instruction. No other acknowledgement of your instruction will be made. Payment of redemption proceeds will be made within four business days of receipt of a completed renunciation form.

Prices are calculated by reference to the net asset value of the Fund in accordance with the regulations.

8 The Price and yield of units

The most recent prices will be available on the Manager's website:-

http://www.bnymellonim.com/uk/en/individual/funds-centre/

Prices may also be published in other media on each day the Fund is valued.

9 Trust status

The Fund is an authorised unit trust scheme under s243 of the Financial Services and Markets Act 2000. It is a UCITS Fund as defined by the Financial Conduct Authority’s Collective Investment Schemes Sourcebook. The Fund was constituted by a Trust Deed dated 21 December 2000.

10 Minimum investment

The minimum investment for new Unitholders is £1,000 for Income Units and £10,000,000 for the Institutional W (Accumulation) and Institutional W (Income). Additional Units may be purchased with a minimum of £250 for Income Units and 'As agreed' for the Institutional W (Accumulation) and Institutional W (Income). These limits may be waived at the Manager’s discretion.

11 Dealing arrangements

The Investment Manager uses dealing commission that it pays to brokers to cover costs relating to the purchase of research services from brokers or third parties. The Investment Manager considers such use of commission to be beneficial to the funds, as it enables the Investment Manager to obtain valuable research in a cost effective manner.

Payment for research services is included within the full service commission paid to brokers for execution. A portion of this commission is recognised as being for advisory services, principally research. This advisory commission is redistributed across brokers and other research providers according to the value placed by the Investment Adviser on the quality of research received.

The Investment Manager currently receives the following goods and services under its Dealing Arrangements in accordance with FCA guidance:

- goods and services relating to the provision of research;
- broker led research;
- research from third party information providers; and
- non-broker led research.

12 Application forms and Prospectus

All stated documents can be requested by calling 0344 892 2715 or writing to BNY Mellon Fund Managers Limited at the address stated on page 17.

13 A word of warning

Investors should remember that the value of units and the revenue from them can fluctuate and is not guaranteed. Past performance is not a guide to the future and you may not get back the full amount invested. Unit trusts should be regarded as long term investments and may not be suitable for money you may need at short notice. The value of overseas securities will be influenced by the rate of exchange which is used to convert these into sterling.

14 Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps will be required on all reports & accounts published after 13 January 2017. During the period to 30 April 2020 and at the balance sheet date, the Fund did not use SFTs or total return swaps, as such no disclosure is required.

15 Client classification notice

Under the FCA’s Conduct of Business rules we are required to classify our investors. We have classified you as a Retail Client unless otherwise notified. This means that you will have the maximum amount of protection available for complaints and compensation, and will receive information in a straightforward way. However, some clients, such as professional investors, may not necessarily have the same rights under the Financial Ombudsman Service and the Financial Services Compensation Scheme. Further details may be found on our website – www.bnymellonim.co.uk under Client Classification.

16 Significant events

Markets fell sharply in February and March as the spread of the Covid-19 coronavirus began to affect investor sentiment. Initial concerns centred on the disruption to global supply chains as China brought in measures to fight the outbreak – but risk-off sentiment sharpened worldwide as other countries began to enter lockdown. Saudi Arabia’s decision to ramp up oil production exacerbated matters, leading to the steepest one-day decline in oil prices since the 1991 Gulf War and the biggest one-day loss on Wall Street since the 2008 financial crisis. Benchmark 10-year US *Treasury* yields tumbled to record lows while *volatility* reached levels not seen since 2008.

The response from policymakers was both coordinated and unprecedented. In the US, the Federal Reserve faced its own ‘whatever it takes’ moment, rolling out an open-ended *quantitative easing* programme and dramatically reducing interest rates. Congress enacted a record stimulus package, consisting of unemployment insurance, direct financial assistance for those in need and a bail-out fund for affected businesses, states and cities. The Bank of England, the European Central Bank and the Bank of Japan followed suit, bringing in their own mixture of *monetary policy* easing and *fiscal* stimulus measures.

By June, markets had begun to show signs of stabilising and had made up some of the ground lost in the first quarter. Although the economic picture remained bleak, news on slowdown of Covid-19 transmission in many parts of the world as well as progress on treatment and a possible vaccine for the virus offered some cause for optimism. Even so, investors remained cautious given the scope for further widespread disruption ahead.

Glossary

Term	Definition
Treasury/Treasuries	U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually.
Volatile/volatility	Large and/or frequent moves up or down in the price or value of an investment or market.
Quantitative easing	A monetary policy whereby a central bank buys predetermined amounts of government bonds or other financial assets in order to stimulate the economy and increase liquidity.
Monetary policy	A central bank's regulation of money in circulation and interest rates.
Fiscal policy	Government policy on taxation, spending and borrowing.

Management and Professional Services

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	Call +44 (0) 203 528 4002
Dealing:	Call free on 08085 440 000

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Authorisation
BNY Mellon Fund Managers Limited is authorised and regulated by the Financial Conduct Authority.
A member of The Investment Association.

BNY Mellon Fund Managers Limited is registered in England No. 1998251.
A subsidiary of BNY Mellon Investment Management EMEA Limited.