



BNY Mellon Emerging Markets Debt Local Currency Fund

INVESTMENT MANAGER



Mellon is a global multi-specialist investment manager dedicated to serving our clients with a full spectrum of research-driven solutions. With roots dating back to the 1800s, Mellon has been innovating across asset classes for generations and has the combined scale and capabilities to offer clients a broad range of single and multi-asset strategies.

FUND RATINGS



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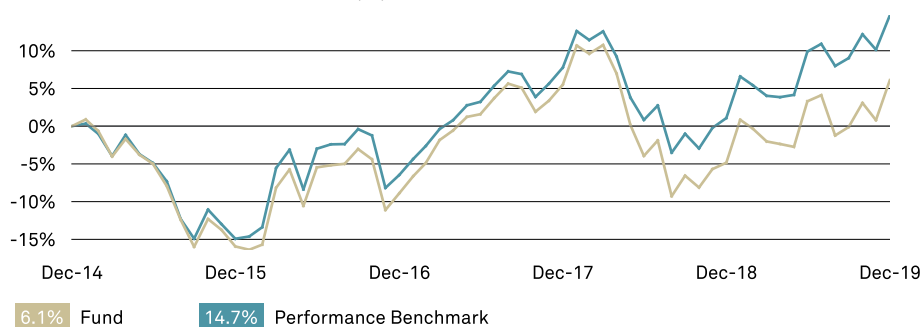
PERFORMANCE NOTE

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 generated a positive return and outperformed its benchmark in the final quarter of 2019.
- **Activity:** The Fund continued to utilise risk reversal foreign exchange option structures to add zero-cost contingent upside exposure to emerging market currencies. Additionally, the Fund added local duration positions in countries that still have room to tighten.
- **Outlook & Strategy:** Geopolitical events remain a key risk to the outlook, most notably increased tensions in the Middle East as well as the ongoing US-China trade war. However, we remain constructive on emerging market assets given supportive fundamentals and technicals as global investors search for yield.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	1M	3M	YTD	1YR	Annualised		
					2YR	3YR	5YR
USD W (Acc.)	5.26	6.23	11.50	11.50	0.28	5.21	1.19
Performance Benchmark	4.13	5.20	13.47	13.47	3.16	7.03	2.78
Sector	3.97	4.90	10.78	10.78	0.62	5.04	1.18
No. of funds in sector	158	155	140	140	127	110	96
Quartile	1	1	3	3	3	2	2
	2015	2016	2017	2018	2019		
Fund	-15.94	8.40	15.80	-9.81	11.50		
Performance Benchmark	-14.92	9.94	15.21	-6.21	13.47		

Source: Lipper as at 31 December 2019. 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.

**BNY MELLON INVESTMENT MANAGEMENT
EMEA LIMITED - CLIENT SERVICES**

Tel: +44 20 7163 2367

Fax: +44 20 7163 2039

Email: internationalsales@bnymellon.comWeb: www.bnymellonim.com

PERFORMANCE COMMENTARY

Developed fixed income markets were mixed in the fourth quarter. Specifically, the Bloomberg Barclays US Aggregate Index returned 0.18%. The Bloomberg Barclays Global Aggregate Unhedged Index rose 0.49% while the Hedged Index fell 0.50%.

CURRENCY EXPOSURE DROVE EXCESS RETURNS AS EMERGING MARKET LOCAL CURRENCIES OUTPERFORMED VERSUS THE US DOLLAR INTO YEAR END

In the US, the House of Representatives voted to impeach President Donald Trump. The Federal Reserve (Fed) cut interest rates for the third time this year and cited uncertainty with global trade and slowing global growth. Meanwhile, inflation rose slightly but remained below the Fed's 2% goal, while third quarter GDP came in at 2.1%. The Trump administration came to a 'phase one' trade deal with China in December, which was expected to be signed by both countries in early 2020. The House also approved the US-Mexico-Canada Agreement (USMCA), replacing NAFTA. Consumer sentiment rose during the quarter on the heels of strong employment numbers, although the US dollar fell against a basket of major currencies.

Among developed markets, the European Central Bank (ECB) held rates steady during the fourth quarter, in line with market expectations. In the UK, Prime Minister Boris Johnson and his Conservative Party secured a resounding majority over the Labour Party in the December general election. The win assisted Johnson's push for the UK to leave the EU by the 31 January 2020. UK inflation fell slightly during the quarter, while eurozone annual inflation remained below the ECB's 2% target. Meanwhile, the Bank of Japan kept rates steady, but hinted at potential measures in 2020.

Emerging markets leapt ahead in the fourth quarter on the heels of trade progress, a weaker dollar and expectations for stimulus from China's central bank. China's Caixin manufacturing purchasing managers' index remained firmly in expansion territory. In Latin America, Brazil reported better-than-expected quarterly GDP, which buoyed market sentiment. Finally, in Saudi Arabia, Saudi Aramco's initial public offering (IPO) marked the world's largest share offering.

Commodities rose 6.81% during the quarter as measured by the Thomson Reuters Core Commodity CRB Index. Oil prices, specifically, have rallied in the quarter due to an improvement in the global growth outlook and production restraint promised by major energy producers. Commodities prices, though volatile throughout the year, benefited from global trade progress during the quarter and a positive outlook for continued negotiations in 2020.

Emerging market local currency returns ended 2019 on in a strong position. The asset class rallied at the start of the quarter following below-expectation US macroeconomic data, a Fed cut and improving US-China trade relations. This combination weighed on the US dollar and supported local currencies. The market dipped in the middle of the quarter as protests sparked in various regions including Hong Kong and Latin America. In December, assets pressured by the protests rebounded. The US-China trade war appeared to thaw following the 'phase one' trade deal and this drove markets even higher.

In the quarter, the Fund was positioned to take advantage of a rally, and therefore, the Fund outperformed. Currency positioning was the major contributor overall, led by Latin American currencies such as the Chilean peso, the Colombia peso, the Brazilian real, and, to a lesser extent, the Russian rouble. Long local rates positions were also positive on the quarter as global rates continued to grind tighter. Security selection was positive, mainly due to strong performances in state-owned energy companies Empresas Publicas de Medellin and Petroleos Mexicanos.

ACTIVITY REVIEW

In eligible accounts, we continued to utilise risk reversal foreign exchange option structures to add zero-cost contingent upside exposure to emerging market currencies.

WE USED RISK REVERSAL FOREIGN EXCHANGE OPTION STRUCTURES TO ADD ZERO-COST UPSIDE EXPOSURE TO EMERGING MARKET CURRENCIES

Portfolios took profits on in-the-money legs and replaced them with new risk reversals. Following the surprise primary election results in Argentina, the Fund reduced positioning in both currency and rates once asset prices partially recovered. The Fund added local duration in Malaysia and Peru.

INVESTMENT STRATEGY AND OUTLOOK

As we move into 2020, our outlook for the global economy is generally constructive. Around the world, central banks are demonstrating enthusiasm for economic stimulus that could support activity into spring. This easing, in conjunction with the shaky truce in the China-US trade and the reduction of Brexit uncertainty, could stabilise global growth over 2020

WE REMAIN CONSTRUCTIVE ON EMERGING MARKET ASSETS, AS WE SEE FUNDAMENTALS AND TECHNICALS REMAINING SUPPORTIVE

While global monetary and fiscal policies support growth, political developments, notably US trade policy, will likely remain a source of significant economic and market volatility.

We think US growth will decelerate modestly to a level roughly equal to trend as growth accelerates in the rest of the world. Over recent quarters, the US consumer drove the relative US economic outperformance. Largely in line with their own expectations, we expect the Fed to keep monetary policy unchanged for the balance of 2020.

In Europe, we see a modest uptick in growth as Germany rebounds from a year best forgotten and the impact of ECB easing under former President Draghi continues to reverberate. We see modest fiscal stimulus at the regional level, a solid consumer pushing growth higher and marginally above potential on the year, and an ECB on hold.

The UK electorate delivered a mandate for a comprehensive, near-term Brexit. While details remain in short supply, uncertainty around the trajectory of the UK-EU relationship has fallen. In Japan, we expect growth to decelerate modestly as the October 2019 consumption tax hike is digested. With fiscal stimulus and the upcoming Olympic Games, headline growth should remain relatively stable.

The outlook for emerging markets is necessarily diverse but, in aggregate, positive. The combination of persistently positive output gaps, low inflation pass through, and downward pressure on global goods prices has allowed emerging market central banks extensive scope to ease monetary policy. Unfortunately, like much of the global economy, emerging market economic performance is highly exposed to any shocks to the US or Chinese economies. While Chinese growth is unsatisfyingly low, it remains in a stable, managed deceleration under the direction of central policymakers. To the extent adverse

developments in the China-US trade relationship threaten the economic outlook, we expect an offsetting policy response designed to keep growth stable.

CREDIT QUALITY BREAKDOWN (%)

	Fund
AAA	5.3
AA	0.6
AA-	2.6
A+	0.0
A	9.1
A-	20.4
BBB+	0.0
BBB	31.8
BBB-	17.6
BB	8.3
BB-	3.0
Others	1.4

TOP 10 HOLDINGS (%)

	Fund
South Africa SAGB 7% 02/28/2031	4.8
PETROLEOS MEXICANOS 7.19% 09/12/2024	4.5
Russia RFLB 7.05% 01/19/2028	4.1
Russia RFLB 7% 08/16/2023	3.8
South Africa SAGB 8.75% 02/28/2048	3.7
Russia RFLB 8.15% 02/03/2027	3.5
ZA RSA 10.5% 12/21/2026	3.5
Brazil BNTNF 10% 01/01/2025	3.4
Colombia COLTE 7% 05/04/2022	3.2
Brazil BNTNF 10% 01/01/2027	3.0

Source: BNY Mellon Investment Management EMEA Limited

REGIONAL ALLOCATION (%)

	Fund
Latin America	34.0
Europe	24.3
Asia	22.0
Africa	14.7
Others	5.0

CONTRIBUTION TO DURATION (YEARS)

	Fund	Perf. B'mark
South Africa	0.9	0.6
Thailand	0.8	0.7
Indonesia	0.7	0.6
Russia	0.7	0.4
Malaysia	0.4	0.3
Colombia	0.4	0.3
Mexico	0.4	0.6
Peru	0.4	0.3
Brazil	0.4	0.3
Others	0.9	1.2

PORTFOLIO CHARACTERISTICS

	Fund	Perf. B'mark
Modified duration	6.0	5.4
Yield to Worst (%)	6.3	5.1
No. of issuers	30	18
Average life	8.8	7.6
Average quality	BBB	BBB
Average Coupon (%)	6.8	6.1
Current yield (%)	6.6	5.8

CURRENCY BREAKDOWN (%)

	Fund	Perf. B'mark
Brazilian Real	11.6	10.2
Polish Zloty	10.5	8.8
South African Rand	9.4	9.2
Thai Baht	9.3	9.4
Indonesian Rupiah	8.9	9.8
Russian Ruble	8.8	8.8
Mexican Peso	8.0	10.1
Colombian Peso	8.0	6.3
Malaysian Ringgit	7.1	6.1
Czech Koruna	5.7	3.7
Chilean Peso	4.5	2.8
Turkish Lira	3.8	3.8
Hungarian Forint	3.3	4.0
US Dollar	2.7	0.0
Others	-1.7	6.8

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.
- Investments in bonds/money market securities are affected by interest rates and inflation trends which may negatively affect the value of the Fund.
- Bonds with a low credit rating or unrated bonds have a greater risk of default. These investments may negatively affect the value of the Fund.
- The issuer of a security held by the Fund may not pay income or repay capital to the Fund when due.
- Emerging Markets have additional risks due to less-developed market practices.
- 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 a superior total return from a portfolio of bond and other debt instruments, including derivatives thereon, from emerging markets.

GENERAL INFORMATION

Total net assets (million)	\$ 464.57
Performance Benchmark	JP Morgan GBI-EM Global Diversified TR
Lipper sector	Lipper Global Bond Emerging Markets Global LC
Fund type	ICVC
Fund domicile	Ireland
Fund manager	Dedicated Team
Base currency	USD
Currencies available	EUR, USD, GBP, CHF, JPY
Fund launch	28 Apr 2006

DEALING

09:00 to 17:00 each business day
Valuation point: 22:00 Dublin time

USD W (ACC.) SHARE CLASS DETAILS

Inception date	07 Dec 2012
Min. initial investment	\$ 15,000,000
Max. initial charge	5.00%
ISIN	IE00B7RFHJ47
Registered for sale in:	AT, BE, CL, DK, DE, FR, FI, GG, IE, IT, JE, LU, NL, NO, PT, ES, SE, CH, GB

USD W (ACC.) COSTS AND CHARGES (%)

Ongoing Costs	0.89
Management fee	0.65
Other costs & charges	0.24
Transaction costs ex ante	0.30

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 and KIID for each fund in which they want to invest. Go to www.bnymellonim.com. The Prospectus and KIID are available in English and in an official language of the jurisdictions in which the Fund is registered for public sale. Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA), BNY Mellon Fund Management (Luxembourg) S.A. (BNY MFML) 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, BNY MFML or the BNY Mellon funds. Portfolio holdings are subject to change, for information only and are not investment recommendations. Calls may be recorded. For more information visit our Privacy Policy www.bnymellonim.com. 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 Fund Management (Luxembourg) S.A. (BNY MFML), regulated by the Commission de Surveillance du Secteur Financier (CSSF). Registered address: 2-4 Rue Eugène Ruppert L-2453 Luxembourg. **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 from 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. **In Germany**, the prospectus is available from BNY Mellon Fund Management (Luxembourg) S.A. (BNY MFML), 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. Issued in the **UK** 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 **Europe** (ex-Switzerland) by BNY Mellon Fund Management (Luxembourg) S.A. (BNY MFML), a public limited company (société anonyme) incorporated and existing under Luxembourg law under registration number B28166 and having its registered address at 2-4 Rue Eugène Ruppert L-2453 Luxembourg. BNY MFML is regulated by the Commission de Surveillance du Secteur Financier (CSSF). Issued in **Switzerland** by BNY Mellon Investments Switzerland GmbH, Talacker 29, CH-8001 Zürich, Switzerland. Authorised and regulated by the FINMA. In the Middle East the Bank of New York Mellon, DIFC Branch (the "Authorised Firm") is communicating these materials on behalf of The Bank of New York Mellon, Investment Management EMEA Limited ("BNYMIM EMEA"). BNYMIM EMEA is a wholly owned subsidiary of 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 and is located at Dubai International Financial Centre, Gate Precinct Building 5 North, Level 6, Room 601, P.O. Box 506723, Dubai, UAE.

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