

BNY Mellon Global Emerging Markets Fund

INVESTMENT MANAGER



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

FUND RATINGS



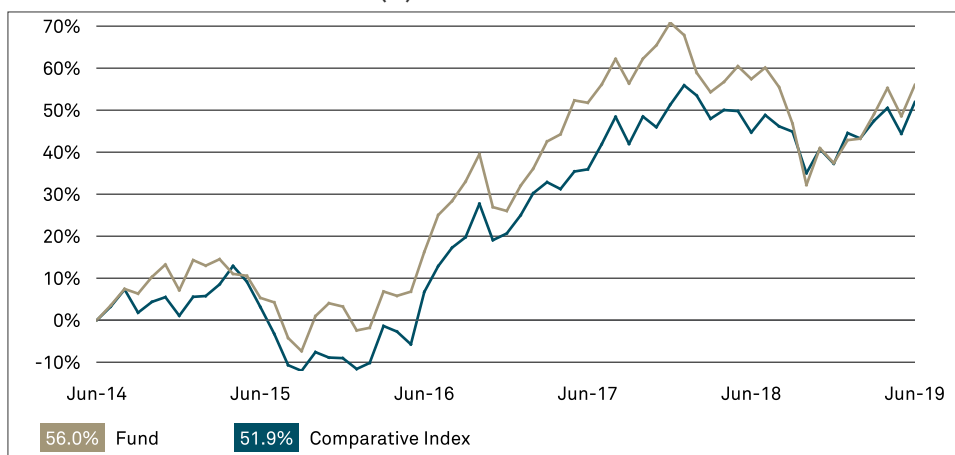
PERFORMANCE DISCLOSURE

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 produced a positive return, net of fees, ahead of its comparative index.
- **Activity:** We sold the Fund's holding in Indian tobacco company ITC and initiated a position in internet company Info Edge and online food delivery business Delivery Hero.
- **Outlook & Strategy:** The Fund is invested in companies that continue to demonstrate robust growth in cash flows and we believe have attractive opportunities in which to invest these at high returns on capital.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	Annualised						
	1M	3M	YTD	1YR	2YR	3YR	5YR
Institutional Shares W (Acc.)	5.00	4.64	13.52	-0.89	1.39	10.30	9.30
Comparative Index	5.21	3.01	10.67	4.99	5.72	12.49	8.72
Sector	5.66	5.21	13.63	7.09	5.77	12.64	8.68
No. of funds in sector	66	64	64	64	60	58	54
Quartile	3	3	2	4	4	3	2
	2014	2015	2016	2017	2018		
Fund	12.09	-3.63	22.05	35.58	-19.56		
Comparative Index	3.90	-9.99	32.63	25.40	-9.27		

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 Institutional Shares W (Acc.) is derived from Newton X Shares (Income) before 27/07/2015, adjusted to reflect the annual management charge of the Institutional Shares W (Acc.) share class.

Source for all performance: Lipper as at 30 June 2019. Fund Performance for the Institutional Shares W (Accumulation) 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 impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request.

Effective 10 June 2019, the Fund name changed from Newton Global Emerging Markets Fund to the BNY Mellon Global Emerging Markets Fund.

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PERFORMANCE COMMENTARY

Emerging markets advanced but lagged their developed market counterparts during a volatile second quarter. The MSCI Emerging Markets index rose by 3.0% in sterling terms. Investor sentiment was boosted by the growing impression that the US Federal Reserve was prepared to cut interest rates, as global economic indicators deteriorated.

GLOBANT AND TITAN CONTRIBUTED TO PERFORMANCE WHILE AUTOHOME DETRACTED

However, worries over increasingly acrimonious exchanges between the US and China on trade proved particularly unsettling for investors in emerging markets. Trade tensions with the US proved a particular headwind for China's equity market, which ended the quarter in negative territory. However, there was some better news late in the review period. Having increased tariffs on US\$200bn of Chinese imports earlier in the period, following the G20 summit at the end of June, the US backed away from its threat to levy additional tariffs on Chinese imports.

Economic data from China was mixed. First-quarter gross-domestic-product (GDP) growth expanded at an annualised rate of 6.4%, which was marginally ahead of forecasts. However, industrial production slowed to its weakest level for 17 years in May. Uncertainty over the outlook for global trade also had a deleterious impact on the performance of South Korea's equity market.

At the other end of the spectrum, Argentina and South Africa were among the best performing countries, thanks in part to positive political developments. India also saw positive political developments following Prime Minister Narendra Modi's re-election. Indian economic news was disappointing. GDP softened in the first quarter of 2019 to a 5.8% annual growth rate, while car sales fell 17.1% year on year in April, the worst figure for almost eight years.

The Fund outperformed its comparative index over the second quarter. The biggest detractor was Autohome, the Chinese online auto sales platform. Autohome's shares tumbled in an indiscriminate sell-off as investors punished auto-related shares. In fact, Autohome has a high-growth business model, and is very profitable.

The Fund's positions in lithium miners, particularly Livent and Orocobre, detracted. The shares have been hit by falling lithium prices, owing to increased supply and lower-than-expected demand. However, we envisage a rapid growth in demand from 2020 onwards, as Chinese and European vehicle emission targets necessitate a large increase in electric vehicle sales.

The Fund's holding in the Johannesburg listing of British American Tobacco detracted. Tobacco shares were under pressure amid speculation about the possibility of increased regulation. We believe the investment case is being misunderstood by some market participants. The revenue and margin synergies from British American Tobacco's earlier acquisition of US competitor Reynolds are yet to feed through. With these could come better returns, strong cash flow generation and a marked reduction in the leverage that has concerned some investors. We are also relatively relaxed about the impact of next-generation products such as vaping, as British American Tobacco appears well positioned for this.

Finally, the Fund's underweight stance in Brazil hurt performance. Brazil's equity market surged on hopes of a long-awaited breakthrough relating to pension reform.

Among the biggest positive single-stock contributors was IT services company Globant. US-listed but based in Argentina, the company has a very strong position in the fastest-growing segment of IT services – digital transformation. The long-term investment case for Globant is based on the sustained opportunity for high growth as companies transition their businesses for a digital future. The shares have performed well since their inclusion in the Fund.

The Fund's largest holding, Korean battery manufacturer Samsung SDI, was a strong contributor. The firm was buoyed by news that it was included in China's preliminary battery-supplier list. The company is also predicting a strong second-half performance as new electric vehicles are launched in Europe.

AIA was another strong contributor. The Hong Kong-based insurer reported solid results highlighting an acceleration in its expansion into China.

A number of Indian consumer-driven holdings outperformed, including jewellery brand Titan, Housing Development Finance Corporation Ltd (HDFC), and new purchase, internet company Info Edge. This outperformance was largely driven by positive results, which attest to the healthy underlying demand from Indian consumers for quality, differentiated products and services.

ACTIVITY REVIEW

We sold the Fund's holding in Indian tobacco company ITC, due to the greater risk of increased regulation. The proceeds were used to initiate a new position in internet company Info Edge.

WE SOLD THE FUND'S HOLDING IN TOBACCO COMPANY ITC AND BEGAN POSITIONS IN INFO EDGE AND DELIVERY HERO

Info Edge boasts leading positions in some of the potentially most lucrative online segments in the Indian market, namely recruitment platform Naukri and real-estate database website 99acres. It also has stakes in restaurant search and discovery service Zomato and Policy Bazaar, which is the best-in-class online insurance broker. We believe that the company's relatively small market capitalisation and valuation does not reflect the huge profit and growth potential of its businesses.

Elsewhere, we bought online food delivery business Delivery Hero, which has assets across emerging markets including the Middle East. It is a capital-light business, focused more on ordering platforms than the physical delivery of food. The firm has established a leadership position in the majority of countries in which it operates. We believe the company has significant potential for further growth and could also benefit from economies of scale and be able to drive sales density and pricing power over the restaurants it works with.

We initiated a small position in Australian-listed IDP Education, as we believe it is well positioned to benefit from the growing demand for international higher education in English speaking countries. The business has grown very fast, but we have confidence in the sustainability of the growth, its pricing power, and margin expansion.

We disposed of the Fund's small position in Vakrangee, following a sharp year-to-date rally. We sold Mexican airport operator Grupo Aeroportuario Centro Norte (OMA), as we feel there are significant risks from regulatory change that could reverse the positive earnings momentum that has helped drive strong share-price performance this year. We sold South Korea's Samsung Biologics. We believe the accounting issue discovered last year, which caused the shares to be temporarily suspended, will probably remain an overhang at least until the criminal investigation is completed. Finally, concerns around 3SBio's ability to

launch new drugs, and whether it is able to achieve scale on new products, led us to materially reduce the holding.

INVESTMENT STRATEGY AND OUTLOOK

Our belief is that trade disputes are not a panacea for any country, including the US, which is extremely unlikely to see a large manufacturing resurgence, despite President Trump's efforts. China, though far from immune, is well placed to adapt to an altered trade regime, given its vast domestic market.

OUR STRATEGY REMAINS TO INVEST IN COMPANIES WITH SUSTAINABLE COMPETITIVE ADVANTAGES, STRONG BALANCE SHEETS AND GOOD GOVERNANCE

Many fast-growing Chinese service sector companies have a long growth runway ahead of them and tend to trade at very low valuations relative to their cash-generation opportunity. We continue to find good opportunities to invest in this area, as well as in other high structural growth economies, such as India, and specific sectors and companies elsewhere.

The Fund is invested in companies that we believe continue to demonstrate robust growth in cash flows and that have attractive opportunities in which to invest these at high returns on capital. Our strategy remains to invest in companies with sustainable competitive advantages, strong balance sheets and good governance.

TOP 10 HOLDINGS (%)

	Fund
Samsung SDI Co Ltd	5.8
Naspers Ltd	5.7
New Oriental Education & Tech	5.6
AIA Group Ltd	5.0
Taiwan Semiconductor Manufacturing	4.8
Alibaba Group Holding Ltd	4.3
Housing Development Finance	4.3
Tencent Holdings Ltd	3.8
Autohome Inc	3.7
Titan Company Ltd	3.6

INDUSTRIAL ALLOCATION (%)

	Fund	Comp. Index
Information Technology	18.3	13.9
Consumer Discretionary	34.5	13.4
Industrials	3.9	5.3
Health Care	1.7	2.6
Real Estate	0.0	3.0
Energy	0.0	7.9
Utilities	0.0	2.7
Financials	15.5	25.2
Consumer Staples	13.5	6.6
Communication Services	7.5	11.7
Materials	3.3	7.6
Cash	1.8	0.0

QUARTERLY ATTRIBUTION BY INDUSTRY

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Information Technology	10.34	2.33	1.44	-0.03	1.41
Consumer Discretionary	5.02	1.20	1.07	-0.25	0.82
Industrials	10.69	2.41	0.12	0.04	0.16
Health Care	-0.86	-4.37	-0.01	0.04	0.03
Real Estate	0.00	2.22	0.00	0.03	0.03
Energy	0.00	3.66	0.00	-0.06	-0.06
Utilities	0.00	5.36	0.00	-0.06	-0.06
Financials	7.21	6.45	0.16	-0.34	-0.19
Consumer Staples	-0.49	5.78	-0.87	0.21	-0.66
Communication Services	-10.51	-0.11	-0.82	0.10	-0.72
Materials	-25.18	1.14	-1.15	0.05	-1.10
Cash	-	0.00	0.00	-0.06	-0.06

QUARTERLY ATTRIBUTION BY GEOGRAPHY - TOP 5 CONTRIBUTORS

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Argentina	44.86	46.45	-0.14	0.84	0.70
South Korea	5.51	1.42	0.42	0.05	0.46
Hong Kong	12.14	0.00	0.54	-0.13	0.41
India	4.39	2.90	0.49	-0.16	0.33
China	-2.59	-1.73	-0.13	0.27	0.14

QUARTERLY ATTRIBUTION BY GEOGRAPHY - TOP 5 DETRACTORS

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Russia	0.00	19.64	0.00	-0.60	-0.60
Brazil	1.94	9.73	-0.22	-0.29	-0.51
United States	-6.27	0.00	-0.36	-0.06	-0.42
South Africa	3.16	9.13	-0.70	0.37	-0.33
Australia	-12.71	0.00	-0.22	-0.06	-0.28

Source: BNY Mellon Investment Management EMEA Limited

GEOGRAPHICAL ALLOCATION (%)

	Fund	Comp. Index
India	26.05	8.97
China	23.37	31.55
South Africa	12.30	5.94
South Korea	10.70	12.37
Hong Kong	5.03	0.00
Taiwan	4.78	10.83
United States	3.60	0.00
Brazil	2.85	7.65
Argentina	2.84	0.35
Australia	1.84	0.00
Cash	1.79	0.00
Germany	1.53	0.00
United Kingdom	1.36	0.00
Chile	1.06	0.93
Mexico	0.49	2.54
Philippines	0.41	1.12
United Arab Emirates	0.00	0.70
Czech Republic	0.00	0.16
Greece	0.00	0.31
Indonesia	0.00	2.12
Malaysia	0.00	2.13
Peru	0.00	0.41
Pakistan	0.00	0.03
Poland	0.00	1.11
Russia	0.00	4.04
Thailand	0.00	3.00
Turkey	0.00	0.51
Hungary	0.00	0.29
Colombia	0.00	0.42
Egypt	0.00	0.14
Qatar	0.00	0.98
Saudi Arabia	0.00	1.41

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.
- The Fund may invest in China A shares through Stock Connect programmes. These may be subject to regulatory changes and quota limitations. An operational constraint such as a suspension in trading could negatively affect the Fund's ability to achieve its investment objective.
- 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.
- 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.

GENERAL INFORMATION

Total net assets (million)	£ 198.05
Historic yield (%)	0.3
Active Share (%)	79.2
Comparative Index	MSCI Emerging Markets Index NR
IA Sector	Global Emerging Markets
Lipper sector	Equity Emerging Markets Global
Fund type	ICVC
Fund domicile	UK
Fund manager	Rob Marshall-Lee
Alternate	Sophia Whitbread
Base currency	GBP
Currencies available	GBP
Fund launch	25 Jul 2015
Distribution dates	31 Aug

DEALING09:00 to 17:00 each business day
Valuation point: 12:00 London time**INSTITUTIONAL SHARES W (ACC.) SHARE CLASS DETAILS**

Inception date	27 Jul 2015
Min. initial investment	£ 10,000,000
ISIN	GB00BVRZK937
Bloomberg	NEGEMWA
Sedol	BVRZK93
Registered for sale in:	CL, GB

INSTITUTIONAL SHARES W (ACC.) COSTS AND CHARGES (%)

Ongoing Costs	0.89
Management fee	0.75
Other costs & charges	0.14
Transaction costs ex ante	0.23

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 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. 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 at 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 Investment Funds, an open-ended investment company with variable capital (ICVC) with limited liability between sub-funds. Incorporated in England and Wales: registered number IC27. The Authorised Corporate Director (ACD) is BNY Mellon Fund Managers Limited (BNY MFM), incorporated in England and Wales: No. 1998251. Registered address: BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Authorised and regulated by the Financial Conduct Authority. 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.

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