

BNY Mellon Global Income Fund

INVESTMENT MANAGER



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

FUND RATINGS



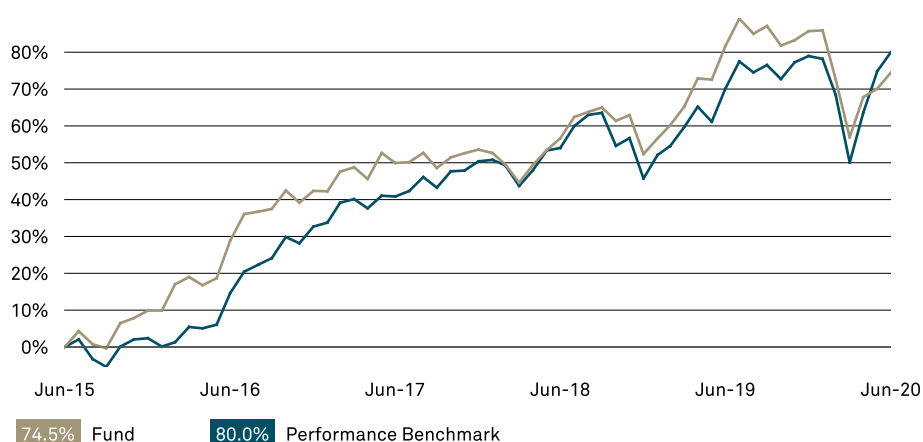
PERFORMANCE DISCLOSURE

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 generated a positive return, net of fees, but lagged its benchmark.
- **Activity:** We took advantage of a jump in Harley-Davidson's share price to reduce the holding. We also used share price strength to reduce Western Union, Gilead Sciences and Orkla.
- **Outlook & Strategy:** We expect a prolonged period of economic difficulty. So, we are focused on investing in companies that we believe can survive the current downturn and return to growth.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	Annualised						
	1M	3M	YTD	1YR	2YR	3YR	5YR
Institutional Shares W (Acc.)	2.57	11.18	-6.05	-3.95	5.53	5.17	11.76
Performance Benchmark	2.95	19.92	0.57	5.82	8.09	8.51	12.46
Sector	2.14	14.17	-6.09	-2.31	3.01	3.30	8.06
No. of funds in sector	50	50	49	48	45	44	36
Quartile	2	4	3	3	2	2	1

	2015	2016	2017	2018	2019
Fund	10.00	29.55	7.88	-0.80	21.89
Performance Benchmark	4.34	29.59	13.34	-3.10	22.81

Source for all performance: Lipper as at 30 June 2020. 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 Income Fund to the BNY Mellon Global Income Fund. The Fund will measure its performance against the FTSE World TR Index as a comparator benchmark (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because the Investment Manager utilises it when measuring the Fund's income yield.

The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. While the Fund's holdings may include constituents of the Benchmark, the investment weightings in the portfolio are not influenced by the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

BNY MELLON INVESTMENT MANAGEMENT EMEA LIMITED - CLIENT SERVICES

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PERFORMANCE COMMENTARY

Financial markets staged a strong recovery in the second quarter following the precipitous declines endured during the first three months of the year, as market watchers largely shrugged off stark economic data that included US unemployment reaching a post-war high and predictions that some countries would have their deepest recessions in generations.

PERFORMANCE IN CONSUMER AREAS AND TECHNOLOGY DETRACTED WHILE FINANCIALS POSITIONING CONTRIBUTED

Monetary authorities continued to provide exceptional support to markets, with the US Federal Reserve purchasing corporate debt directly and offering assistance to small and medium-sized companies via lending programmes. Europe and the UK extended their bond purchases and also offered financing assistance to eligible companies. These actions, combined with continued support for employment costs, underpinned investor confidence and ensured an exceptionally low cost of capital, with bond yields scarcely positive across the maturity curve in most developed markets.

Sentiment was also boosted as lockdown restrictions were gradually lifted (albeit at differing rates regionally) and businesses were allowed to reopen for trading. While the resumption of trading is a necessary and welcome stage of the recovery, much uncertainty still exists around consumer confidence and the potential for 'second-wave' infections such as those that were being experienced in some US states as the quarter drew to a close.

The extraordinary rise in the Fund's benchmark, the FTSE World Index is all the more remarkable in light of the reigniting of US-China tensions, which began with US President Donald Trump's inflammatory claims that the Covid-19 coronavirus originated in a laboratory in Wuhan, and raised the prospect of using tariffs against China. This was followed by President Trump ordering the main federal government pension fund not to invest in Chinese companies, and there were reports of an initiative to try to prevent Chinese components being used in the US semiconductor supply chain. Relations came under further pressure following the Chinese government's move to tighten restrictions on Hong Kong residents via a national security law.

The Fund gave a positive return, net of fees, but lagged its benchmark. The defensive nature of the Fund meant it could not keep pace with the broader market in such a strong cyclical recovery. Performance in consumer areas and technology detracted, with positioning within financials a bright spot.

The strategy benefited from strong performance from semiconductor businesses Qualcomm and Maxim Integrated Products, but this was outweighed by the continued strong performance of Apple and Amazon, which cannot be held as they do not meet the Fund's strict yield criteria. Remarkably, the leading US technology stocks have led the market in all three phases of 2020: the rising markets of the early part of the year, the rapid sell-off in late February and March, and the recovery phase since markets bottomed on 23 March.

Within the healthcare sector, Bayer contributed following positive developments in the continuing court cases related to its Roundup weedkiller. In addition, the deal to sell its veterinary drugs unit was approved, helping to reduce the relatively high level of debt on Bayer's balance sheet following its purchase of Monsanto. However, this positive was outweighed by the Fund's pharmaceutical holdings, which gave back their strong performance from the first quarter.

Within financials, life insurer Principal did well, following positive results at which it raised its quarterly dividend. The Fund gained further benefit from not owning the underperforming Berkshire Hathaway and being underweight in banks.

Elsewhere, concerns about future defence spending, in light of the huge government debt building up in the US and UK, weighed on BAE Systems. In conjunction with weak third-quarter results, cosmetics-manufacturer Coty announced a strategic partnership with KKR. While the headline price it achieved was reasonable, it was not the deal that the market was hoping for. The stock has now been sold. Japanese telecommunications company KDDI also detracted, on fears that subdued consumer sentiment would mean that it would struggle to get customers to upgrade to 5G without heavily subsidising their new devices.

ACTIVITY REVIEW

Within financials, we introduced Citigroup to the Fund, as the stock had fallen in line with the broader US banks sector this year; however, its interest-rate sensitivity is lower.

WE BOUGHT A HOLDING IN CITYGROUP AND SOLD THE POSITION IN COSMETICS COMPANY COTY

Additionally, we bought Ping An Insurance, China's leading life insurer. The growth opportunity for protection products in China is the largest in the world, and margins are the highest in Asia. We also added to Principal, following the positive results mentioned above.

Elsewhere, we initiated a position in Continental, which is a good quality German automotive supplier undergoing a corporate restructure that could lead to a better return on invested capital and cash-flow returns for the remaining business. The market sell-off led to the company trading at an historically low valuation. We believe the downturn across the divisions is mostly related to the lockdown and that demand could snap back as movement restrictions are lifted. We used share-price weakness to add to events organiser Informa, and the Fund participated in the company's £1 billion share placing, which came at a discount to the market price, and removes a degree of uncertainty around the risks to the company's capital structure.

We sold cosmetics-manufacturer Coty, as we feel it has too much leverage and that the turnaround required to place the business on a sounder footing will be very difficult in extremely competitive markets.

We took advantage of a jump in Harley-Davidson's share price to reduce the holding. Although the company owns an iconic brand, it is facing environmental and demographic headwinds. We also used share price strength to reduce holdings in Western Union, Gilead Sciences and Orkla.

Qualcomm is held in the portfolio because, as a provider of wireless modems and processing chips to virtually every major smartphone maker in the world and as the owner of numerous mobile-technology patents, it is extremely well placed to benefit from the impending arrival of fifth-generation (5G) wireless systems. However, an initial ruling on a dispute with the US Department of Justice went against the company and has gone to appeal. Qualcomm is confident of winning the appeal, but with the share price having performed strongly and facing a binary event, we took advantage of the share price strength to book some profits in what had become the largest position in the portfolio.

INVESTMENT STRATEGY AND OUTLOOK

The highly disciplined income strategy has proved its worth over its near 15-year history and we believe that it is as relevant today as it has ever been, given the extraordinary recovery in stock markets that we have seen since the low in late March. The Fund has not fully participated in the recent market rally, but we do not believe in the rapid 'V'-shaped economic recovery that is now being discounted by markets.

WE ARE FOCUSED ON INVESTING IN COMPANIES THAT WE BELIEVE CAN SURVIVE THE CURRENT DOWNTURN

Despite the huge amount of liquidity that governments and central banks have promised to inject, we expect a much more prolonged period of economic difficulty. As a result, we are focused on investing in companies that we believe can survive the current downturn and return to growth once business conditions normalise. Strong companies could emerge even stronger – a fact that is already reflected in the valuation of technology behemoths which have dominated market returns this year – while the crisis will cause some weaker firms to disappear.

As a result, we believe an active approach to stock picking will be essential to navigate the challenging times ahead, and we are not complacent when we assert our high degree of conviction that the Fund is invested in strong companies, which could survive and thrive over the long-term.

TOP 10 HOLDINGS (%)

	Fund
Cisco Systems Inc	5.8
Qualcomm Inc	4.7
PepsiCo Inc	3.7
Maxim Integrated Products	3.7
British American Tobacco PLC	3.7
Unilever	3.6
Zurich Insurance Group AG	3.3
Bayer AG	3.3
Samsung Electronics Co Ltd	3.3
Sanofi	3.1

INDUSTRIAL ALLOCATION (%)

	Fund	Perf. B'mark
Financials	14.3	17.5
Utilities	4.0	3.2
Basic Materials	0.0	4.0
Telecommunications	3.7	2.6
Oil & Gas	2.4	3.4
Health Care	16.4	12.8
Industrials	6.4	12.4
Technology	20.2	21.3
Consumer Services	8.4	11.8
Consumer Goods	21.7	11.1
Cash	2.5	0.0

GEOGRAPHICAL ALLOCATION (%)

	Fund	Perf. B'mark
Developed Europe	43.42	19.23
North America	41.63	62.85
Asia Pacific ex Jap.	6.28	5.33
Emerging	3.99	4.24
Cash	2.51	0.00
Japan	2.18	8.19
Middle East	0.00	0.15

QUARTERLY ATTRIBUTION BY INDUSTRY

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Financials	14.21	14.10	0.08	0.26	0.34
Utilities	3.99	7.20	-0.12	-0.10	-0.23
Basic Materials	0.00	28.09	0.00	-0.25	-0.25
Telecommunications	4.24	9.12	-0.18	-0.12	-0.30
Oil & Gas	-2.68	18.64	-0.51	0.03	-0.49
Health Care	12.53	15.03	-0.38	-0.13	-0.51
Industrials	11.49	21.75	-0.55	-0.08	-0.63
Technology	24.78	30.83	-1.00	0.04	-0.96
Consumer Services	7.06	23.51	-1.21	-0.08	-1.29
Consumer Goods	9.56	15.45	-1.15	-0.46	-1.61
Cash	-2.83	0.00	0.00	-0.34	-0.34

Source: BNY Mellon Investment Management EMEA Limited

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 not always find another party willing to purchase an asset that the Fund wants to sell which could impact the Fund's ability to sell the asset or to sell the asset at its current value.
- The Fund takes its charges from the capital of the Fund. Investors should be aware that this has the effect of lowering the capital value of your investment and limiting the potential for future capital growth. On redemption, you may not receive back the full amount you initially invested.
- 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

The Fund aims to achieve income over an annual period together with capital growth over the long term (5 years or more).

GENERAL INFORMATION

Total net assets (million)	£ 4,277.66
Historic yield (%)	3.39
Active Share (%)	92.4
Performance Benchmark	FTSE World TR
IA Sector	Global Equity Income
Lipper sector	Lipper Global - Equity Global Income
Fund type	ICVC
Fund domicile	UK
Fund manager	Ilga Haubelt, Robert Hay, Paul Flood and Jon Bell
Base currency	GBP
Currencies available	GBP
Fund launch	30 Nov 2005
Distribution dates	28 Feb, 31 May, 31 Aug, 30 Nov

DEALING

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

INSTITUTIONAL SHARES W (ACC.) SHARE CLASS DETAILS

Inception date	04 Sep 2012
Min. initial investment	£ 10,000,000
ISIN	GB00B7S9KM94
Bloomberg	NWGHIAW
Sedol	B7S9KM9
Registered for sale in:	CL, GB

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

Ongoing Costs	0.80
Management fee	0.75
Other costs & charges	0.05
Transaction costs ex ante	0.06

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. 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.

MIS0067-300920

MIC039-300920

Issued on 22/07/2020