

## QUARTERLY INVESTMENT REPORT

This is a marketing communication. For Professional Clients only and, in Switzerland, for Qualified Investors only.

BNY Mellon Investments Switzerland GmbH is a financial services provider in Switzerland and is required to categorise clients, excluding financial intermediaries, in accordance with the Financial Services Act (FinSA). For the purposes of this communication, we have categorised you as a professional client. Professional clients are entitled to provide notification in writing if they wish to be re-categorised.

# BNY Mellon Mobility Innovation Fund

## INVESTMENT MANAGER



Newton Investment Management: Newton aims to deliver outcomes for its clients across equity opportunities, income, absolute return, multi-asset solutions, thematic and sustainable strategies. Its capabilities are driven by its global investment research platform which harnesses a breadth of both fundamental and quantitative research.

The Fund transitioned investment manager on the 1<sup>st</sup> September 2021. Prior to this date it was managed by Mellon Investments Corporation, LLC.

## SUSTAINABILITY RATINGS



Out of 1129 Technology Sector Equity global category funds as of 31/10/2022. Based on 99.9105 of AUM. Data is based on long positions only.

## FUND RATINGS



Source & Copyright: Morningstar ratings © 2023 Morningstar. All Rights Reserved. Ratings are collected on the first business day of the month.

## PERFORMANCE BENCHMARK

The Fund will measure its performance against the MSCI AC World Mid Cap NR Index (the "Benchmark").

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 selection of investments and their 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.

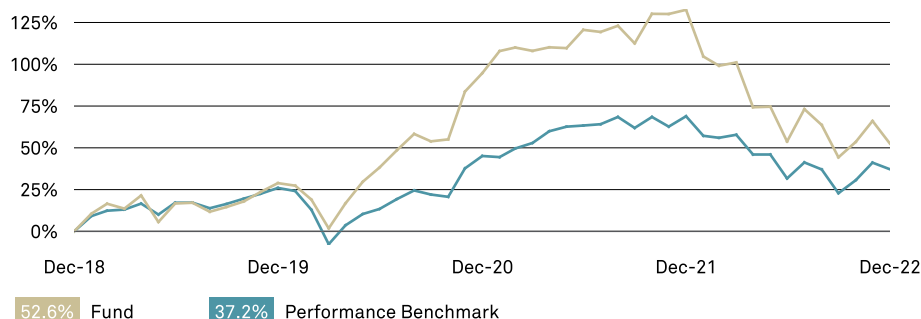
## PERFORMANCE NOTE

**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. Please refer to the prospectus and the KID/KIID before making any investment decisions. Documents are available in English and an official language of the jurisdictions in which the Fund is registered for public sale. Go to [www.bnymellonim.com](http://www.bnymellonim.com). For a full list of risks applicable to this fund, please refer to the Prospectus or other offering documents.**

## QUARTERLY HIGHLIGHTS

- **Performance:** The Fund generated a positive return, net of fees, during the quarter. It lagged its benchmark.
- **Activity:** We increased our weightings in machinery and auto components and decreased our weightings in electrical equipment and chemicals.
- **Outlook & Strategy:** Our conviction remains high that the secular growth outlook over the mid to long-term in the mobility theme remains very attractive for our auto-related holdings.

## 4 YEAR CUMULATIVE PERFORMANCE (%)



## PERFORMANCE SUMMARY (%)

	1M	3M	YTD	1YR	Annualised					
					2YR	3YR	5YR			
USD W (Acc.)	-8.12	5.75	-34.39	-34.39	-11.46	5.79	-			
Performance Benchmark	-2.80	11.67	-18.77	-18.77	-2.77	2.87	3.54			
Sector	-2.33	10.56	-20.87	-20.87	-4.98	1.93	2.79			
No. of funds in sector	1,632	1,605	1,479	1,479	1,275	1,125	-			
Quartile	-	-	-	4	4	1	-			
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund	-	-	-	-	-	-	28.88	51.04	19.48	-34.39
Performance Benchmark	24.38	4.40	-1.61	7.23	24.47	-13.26	26.00	15.17	16.39	-18.77

Source: Lipper as at 31 December 2022. 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. Returns may increase or decrease as a result of currency fluctuations.

BNY MELLON INVESTMENT MANAGEMENT  
EMEA LIMITED - CLIENT SERVICES

Tel: +44 20 7163 2367

Fax: +44 20 7163 2039

Email: [internationalsales@bnymellon.com](mailto:internationalsales@bnymellon.com)Web: [www.bnymellonim.com](http://www.bnymellonim.com)

## PERFORMANCE COMMENTARY

Equity markets ended the quarter higher despite registering overall losses for the full year. The US Federal Reserve (Fed) and the European Central Bank (ECB) continued their rate hikes, while the Bank of Japan surprised markets with its decision to raise a key benchmark interest rate.

### OUR OVERWEIGHT POSITIONING IN ELECTRICAL EQUIPMENT DETRACTED MOST FROM THE FUND'S RELATIVE PERFORMANCE

In the US, equity markets rallied despite incurring losses in December. Markets initially showed optimism over slowing inflationary pressures and dovish comments by Fed Chair Jerome Powell. The Fed hiked the benchmark federal funds rate a total of 125 basis points during the fourth quarter, ending the year at a range between 4.25% and 4.50%.

Rate hikes have seemingly had a positive effect on pricing, as the consumer price index and the personal consumption expenditures index both declined during the quarter. The yield inversion between the two-year Treasury note and the 10-year Treasury note reached its steepest level in four decades, a historical harbinger of a recession. The Fed's dovish stance and easing inflationary pressures sent the US dollar lower.

Developed markets also saw solid gains despite record inflation. The Bank of England (BoE) continued to raise rates as inflation hit a 41-year high in October. Politically, Rishi Sunak became the UK's prime minister following Liz Truss, who resigned after her government's fiscal plans incited a near collapse of sterling and subsequent BoE intervention.

Amid an environment of slightly decelerating inflation, the ECB also raised rates throughout the fourth quarter. ECB President Christine Lagarde dashed hopes of smaller rate hikes in the near future, indicating in a speech to the European Parliament that she did not believe inflation had peaked. In Italy, the recently instated government announced a new spending package that mainly focused on curbing the impact of high energy prices.

While Japan maintained its ultra-loose monetary policy in October and November, the central bank shocked markets in December by widening its yield target band for interest rates, sparking a rally in the yen.

Our overweight positioning in electrical equipment detracted most from relative performance for the quarter. A combination of overweight positioning and weak stock selection in semiconductors and semiconductor equipment also weighed on relative returns.

Pure play hydrogen company Plug Power lagged most, primarily owing to general equity market weakness. Twilio, which enables developers to easily embed communication solutions into applications, also detracted from performance. The stock was hindered by the company reducing its medium-term revenue growth guidance.

The machinery subsector contributed most to relative performance in the quarter, reflecting overweight positioning and effective stock selection. Auto components was the second largest sector contributor to relative performance, primarily owing to our overweight to the segment.

Agricultural machinery provider CNH Industrial was the top contributor as it continues to benefit from robust demand for Highway and Heavy Parts equipment. Infineon Technologies, a semiconductor manufacturing company, also boosted returns. We believe the company is poised to benefit from recovering auto industry demand and serves a rising secular need for power solutions.

## ACTIVITY REVIEW

During the quarter, we increased our weighting in machinery by initiating new positions in Fanuc and Knorr-Bremse . We increased our weighting in auto components by initiating a new position in Cie Generale des Etablissements Michelin.

## WE SOLD ABB, AMONG OTHER TRANSACTIONS

Conversely, we reduced our allocation to electrical equipment by exiting our position in ABB. We decreased our allocation to chemicals by trimming an existing position.

## INVESTMENT STRATEGY AND OUTLOOK

Entering 2023, technology stocks are facing near-term headwinds and long-term tailwinds. In our view, semiconductors are in the midst of a cyclical correction and estimates are poised to decline as inventories fall from historically high levels.

## WE EXPECT SEMICONDUCTOR SUPPLY TO CONTINUE TO IMPROVE IN THE SHORT RUN

Companies serving the smartphone market have seen the weakness sooner than other markets but continue to invest to further address the secular growth in content in new vehicles for rising connectivity, safety, power and infotainment applications. These companies are trading at low valuation levels, even while contemplating reduced expectations for 2023. Other holdings serving later cycle markets, such as automotive and industrial, are proving to be more resilient in the interim. They also face some weakness over the course of 2023, yet we believe, offer solid long-term prospects as electric vehicle penetration is set to rise in the coming decade.

Supply chain issues over the last couple of years, particularly for semiconductors, continue to improve and are becoming less disruptive to auto production. We expect that semiconductor supply should continue to improve in the coming months and quarters but will likely take until late 2023 for semiconductor supply to be closer to a normal level, which will allow for a full recovery in vehicle production. That said, we are aware that many regions are dealing with high inflation and increasing interest rates in addition to ongoing geopolitical risks.

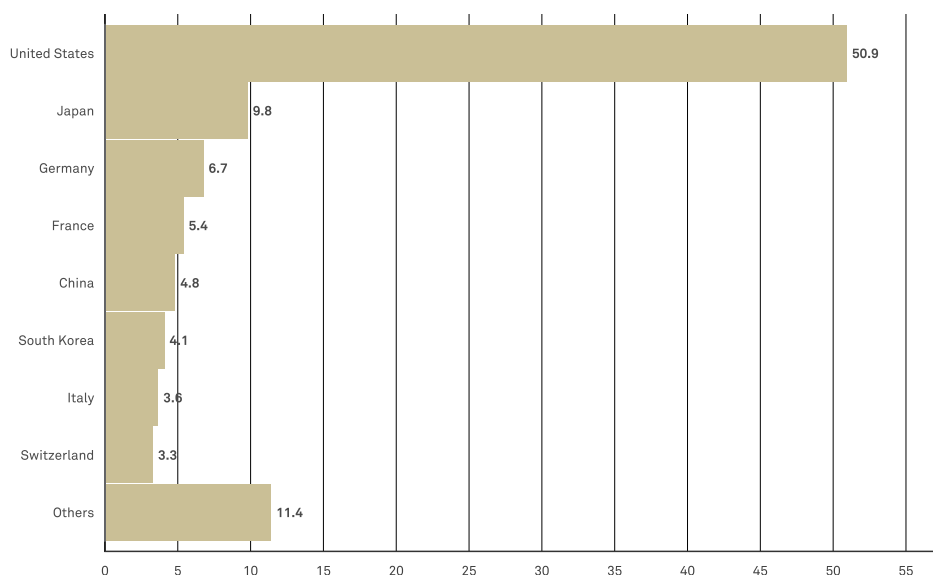
We believe that the positive trends in 2022 coming from secular growth within the mobility innovation theme should continue into 2023, especially in the electric vehicle and growing advanced driver-assistance systems (ADAS) content.

China preliminary auto volumes for December showed a solid sequential increase in retail passenger vehicle volumes, while wholesale was slower. The fourth quarter is a seasonally robust time of year, but due to the zero-Covid policy's impact on the domestic economy, it has been volatile by city and province this year. We expect the first quarter of 2023 to continue its historical trend of being seasonally weak, but this year it should be somewhat better due to the impact of China's reopening.

Our conviction remains high that the secular growth outlook over the mid to long-term in the mobility theme remains very attractive for our auto-related holdings. In our opinion, areas such as ADAS/autonomous, connectivity and electrification remain places for above-average growth. ADAS content and functionality per vehicle continues to increase in key markets, as does the underlying secular shift to vehicle electrification, which remains a key focus for China and Europe.

Meanwhile, other markets such as the US could see continuing positive momentum in 2023. We expect the US Inflation Reduction Act to provide a boost to the growth of electric vehicles in the US.

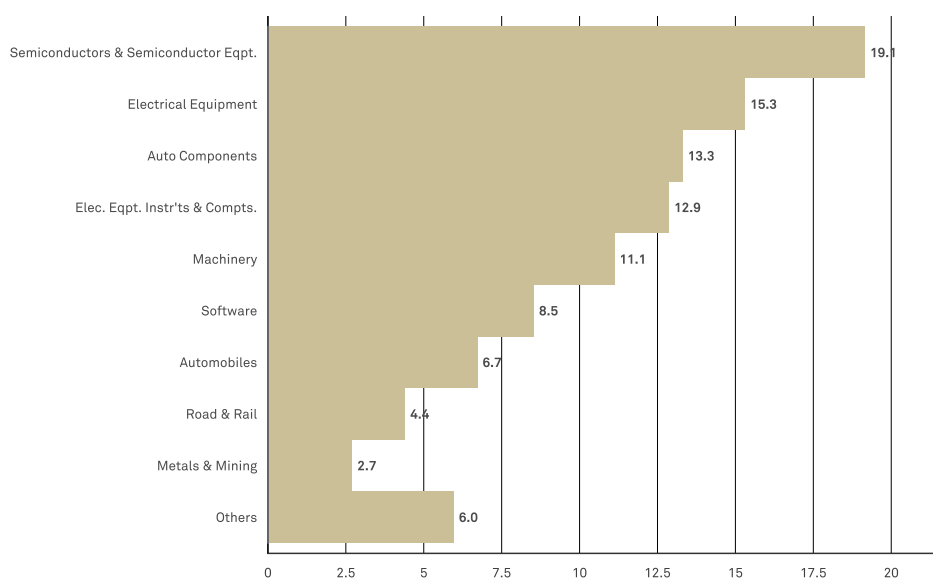
**GEOGRAPHICAL ALLOCATION (%)**



**TOP 10 HOLDINGS (%)**

	Fund
ANSYS, Inc.	3.9
CNH Industrial NV	3.8
Infineon Technologies AG	3.4
Schneider Electric SE	3.3
Eaton Corp. Plc	3.1
Aptiv PLC	2.9
Hubbell Incorporated	2.8
Samsung SDI Co., Ltd	2.8
MP Materials Corp Class A	2.7
East Japan Railway Company	2.6

**INDUSTRIAL ALLOCATION (%)**



**FUND CHARACTERISTICS**

	FundPerf. B'mark	
Price to Earnings using FY2 Est	14.1	13.1
P/E using FY1 Est ( Incl. Negative Values )	17.4	14.3
PEG using FY1 Est	2.1	5.4
Est 3-5 Yr EPS Growth	21.4	11.8
Market Capitalization	47,961.3	13,447.1
Net Debt/EBITDA (exFinancials)	0.4	2.5

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.
- Investments in the securities of small to medium-sized companies (by market capitalisation) may be riskier and less liquid (i.e. harder to sell) than large companies. This means that their share prices may have greater fluctuations.
- If 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.
- For hedged share classes the hedging strategy is used to reduce the impact of exchange rate movements between the share class currency and the base currency. It may not completely achieve this due to factors such as interest rate differentials.
- 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.
- The value of investments in Mobility Innovation Companies may be negatively impacted by changes in regulation and are dependent upon consumer and business acceptance of new technologies. The Fund's value may be more subject to market fluctuations than if it invested in a broader range of economic sectors.
- The Fund follows an ESG investment approach. This means factors other than financial performance are considered as part of the investment process. This carries the risk that the Fund's performance may be negatively impacted due to restrictions placed on its exposure to certain sectors or types of investments. The approach taken may not reflect the opinions of any particular investor. In addition, in following an ESG investment approach, the Fund is dependent upon information and data from third parties (which may include providers for research reports, screenings, ratings and/or analysis such as index providers and consultants). Such information or data may be incomplete, inaccurate or inconsistent.
- 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 by primarily gaining exposure to companies located worldwide that are focused on innovation in transportation and related technologies.

**GENERAL INFORMATION**

Total net assets (million)	\$ 463.29
Performance Benchmark	MSCI AC World Mid Cap NR Index
Lipper sector	Lipper Global - Equity Global
Fund type	ICVC
Fund domicile	Ireland
Fund manager	Team approach
Base currency	USD
Currencies available	EUR, USD, GBP, SGD, CHF
Fund launch	01 Aug 2018

**DEALING**

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

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

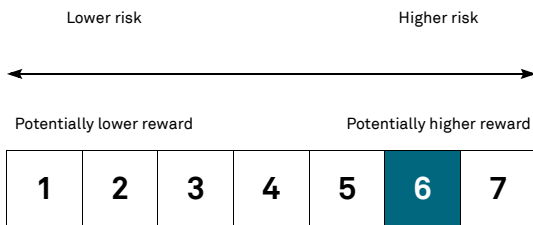
Inception date	01 Aug 2018
Min. initial investment	\$ 15,000,000
Max. initial charge	5.00%
ISIN	IE00BZ1HLV20
Registered for sale in:	AT, BE, CH, CL, CO, DE, DK, ES, FI, FR, GB, GG, IE, IT, JE, LU, NL, NO, PE, PT, SE, SG, UY

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

Ongoing Costs	0.83
Management fee	0.70
Other costs & charges	0.13
Transaction costs ex ante	0.48

Costs incurred when purchasing, holding, converting or selling any investment, will impact returns. Costs may increase or decrease as a result of currency and exchange rate fluctuations.

**RISK AND REWARD PROFILE - USD W (ACC.)**



We have calculated the risk and reward category 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 6 have in the past shown relatively high volatility. With a fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

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. Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA), BNY Mellon Fund Managers Limited (BNYMFM), 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](http://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 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. Information on investor rights including the complaints handling policy and investor redress mechanisms is available at [www.bnymellonim.com](http://www.bnymellonim.com). The Manager may terminate the arrangements made for the marketing of one or more sub-funds of BNYMGF in one or more EU Member States and shareholders will receive prior notification in this event. 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. 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, Bäregasse 29, CH-8001 Zürich, Switzerland. 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.