

BNY Mellon Sustainable UK Opportunities Fund

INVESTMENT MANAGER



Newton Investment Management: Newton aims to deliver outcomes for its clients across active equities, 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.

PERFORMANCE BENCHMARK

The Fund will measure its performance against the FTSE All-Share TR Index as a comparator benchmark (the "Benchmark"). The Fund will use the Benchmark as an appropriate comparator because, while it does not take ESG factors into account, it includes a broad representation of the asset class, sectors and geographical area in which the Fund predominantly invests. The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments 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.

SUSTAINABILITY RATINGS



Out of 418 UK Equity Large Cap global category funds as of 31/07/2023. Based on 99.34821 of AUM. Data is based on long positions only.

PERFORMANCE DISCLOSURE

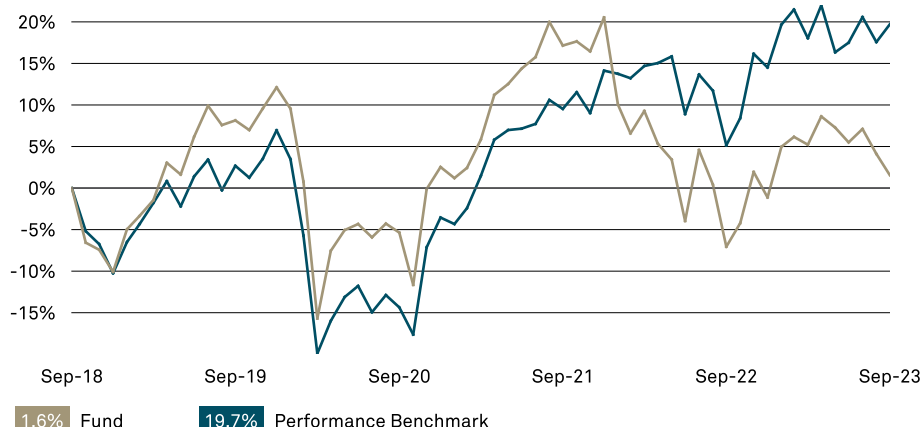
Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed.

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. 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 negative return, net of fees, during the quarter. It lagged its benchmark.
- Activity: We bought Spirax Sarco Engineering and sold Dechra Pharmaceuticals, among other transactions.
- Outlook & Strategy: We continue to focus on investing in high-quality companies with earnings resilience, pricing power and strong balance sheets.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	Annualised						
	1M	3M	YTD	1YR	2YR	3YR	5YR
Institutional Shares W (Acc.)	-2.45	-3.74	2.71	9.27	-6.90	2.38	0.31
Performance Benchmark	1.82	1.88	4.54	13.84	4.54	11.81	3.66
Sector	0.56	0.80	2.62	12.40	-2.55	7.96	1.81
No. of funds in sector	222	222	221	221	218	214	202
Quartile	4	4	3	4	3	4	4

	2018	2019	2020	2021	2022
Fund	-9.27	24.70	-8.55	17.55	-17.97
Performance Benchmark	-9.47	19.17	-9.82	18.32	0.34

Source for all performance: Lipper as at 30 September 2023. 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 8 December 2021, the Fund name changed from BNY Mellon UK Opportunities Fund to BNY Mellon Sustainable UK Opportunities Fund.

Sub-funds that integrate sustainability risk into investment decisions, promote environmental or social characteristics and invest in companies with good governance practices.

BNY MELLON INVESTMENT MANAGEMENT EMEA LIMITED - CLIENT SERVICES

Tel: 08085 660 000 | Email: brokersupport@bnymellon.com Tel: +44 20 7163 2367 | internationalsales@bnymellon.com | Web: www.bnymellonim.com

PERFORMANCE COMMENTARY

Global financial markets endured a challenging quarter. Investors were focused on the pace of inflation, as well as the potential for an economic slowdown.

THE FUND'S POSITIONING IN FINANCIALS AND INDUSTRIALS DETRACTED MOST FROM PERFORMANCE

Against this backdrop, central bank behaviour and commentary was particularly closely scrutinised. As the quarter progressed, there was a growing understanding that central banks were likely to keep interest rates 'higher for longer', which, in turn, led to a large bond market sell-off and broader underperformance from most equity markets.

The UK equity market benefitted from its skew towards the oil & gas sector, as supply restrictions put in place by Russia and Saudi Arabia led to a sharp rise in oil prices over the quarter. Amid growing indications that global economic data was softening, and against a backdrop of falling UK inflation, the Bank of England held rates at its September meeting.

The Fund's negative return from financials was mainly attributable to its underweight in banks, as well as the underperformance of insurer Prudential and wealth management business St. James's Place.

Weakness in the basic materials sector came from the holding in speciality chemicals business Croda and zero weightings in miners Glencore and Rio Tinto, while the holding in Korean battery manufacturer Samsung SDI was the main detractor within industrials. Within the energy sector, the zero weighting in oil giants Shell and BP was also a material detractor from returns. The Fund cannot hold these stocks, or the aforementioned Glencore and Rio Tinto, owing to their poor sustainability profiles.

Pets at Home reported an impressive rise in veterinary services and retail sales, but the share price was hit later in the quarter after the Competition and Markets Authority announced an investigation into the UK's veterinary industry.

Shares in contract drug manufacturer Lonza Group declined on the surprise announcement that the CEO would be stepping down at the end of September. Watches of Switzerland shares were weak into results in July amid wider negative sentiment towards retailers.

Conversely, not holding drinks maker Diageo was the biggest positive. With the stock already affected by concerns that economic headwinds could drive customers to trade down from Diageo's products to cheaper, non-branded offerings, its share price was further knocked by the surprise announcement by French rival Pernod Ricard that sales in China and the US would decline in the first quarter.

Building materials group Genuit outperformed, with investors enthused by the potential of its sustainable building solutions.

The Fund benefited from not holding gambling group Flutter Entertainment, which fell despite issuing solid results, as the company pointed to tough market conditions in Australia and did not upgrade guidance.

A zero weighting in its peer Entain was beneficial, after the company downgraded its full-year revenue guidance.

Information and analytics company RELX contributed positively, shrugging off the perceived threat of artificial intelligence (AI) that had weighed on the shares earlier in the year, as first-half earnings beat expectations.

Not holding National Grid was a positive, with utilities out of favour as their high dividends were less attractive against a backdrop of rising bond yields and concerns about the level of indebtedness within the sector.

ACTIVITY REVIEW

We bought Spirax Sarco Engineering, which is a high-quality, global industrial engineering group. The company enjoys resilient revenue streams given that most of its sales are to defensive end markets, with the vast majority of these sales coming from its customers' maintenance and operational expenditure budgets. Weak sentiment towards its fluid and pump business provided an attractive opportunity to buy the stock.

WE SOLD DECHRA PHARMACEUTICALS AND MADE CHANGES TO SEVERAL EXISTING HOLDINGS

We also made a modest addition to landscaping business Marshalls. New build housing demand remains weaker than anticipated. However, our meeting with management confirmed to us that it is taking action to resize the business while positioning it favourably for a recovery.

We trimmed the holding in equipment rental business Ashtead. While we believe that it provides a significant long-term growth opportunity given its attractive, high-return business model with a strong economic moat, we are conscious that the business will not be immune to a deterioration in macroeconomic conditions.

We added to the holding in Watches of Switzerland earlier in the quarter. The share price fell sharply in late August on investor concerns about the company's relationship with Rolex. We felt these concerns were overdone and took the opportunity to make a further small addition.

We also added to home and personal care product manufacturer Reckitt Benckiser, reflecting our increased conviction in the stock. The new chief executive officer is investing in research and development to improve product quality and deliver above-industry growth.

We sold Dechra Pharmaceuticals on the back of a confirmed bid from private equity company EQT, which subsequently received shareholder approval.

We took advantage of share price weakness to make a small addition to AstraZeneca, as we still believe the company has an attractive drugs pipeline despite initial concerns that its new lung cancer drug may not be as successful as hoped following some disappointing trial data.

INVESTMENT STRATEGY AND OUTLOOK

We continue to focus on investing in high-quality companies with earnings resilience, pricing power and strong balance sheets that should withstand whatever the macroeconomic backdrop brings.

WE CONTINUE TO FOCUS ON COMPANIES WITH SUSTAINABLE BUSINESS PRACTICES

We remain aligned to long-term themes, focusing on sustainable business practices and valuation discipline. The volatility of 2022 provided us with opportunities to pick up high-quality companies at attractive valuations which have only reinforced the Fund's positioning in 2023.

INDUSTRIAL ALLOCATION (%)

	Fund
Industrials	35.0
Consumer Discretionary	18.8
Health Care	15.3
Financials	13.2
Technology	8.2
Consumer Staples	6.5
Basic Materials	2.0
Cash	0.9

TOP 10 HOLDINGS (%)

	Fund
AstraZeneca PLC	9.6
RELX PLC	5.9
Reckitt Benckiser Group plc	4.1
Ashtead Group plc	3.9
Compass Group PLC	3.8
Rentokil Initial plc	3.8
London Stock Exchange Group plc	3.8
Sage Group plc	3.7
Experian PLC	3.5
Weir Group PLC	3.5

GEOGRAPHICAL ALLOCATION (%)

	Fund
United Kingdom	87.2
United States	6.5
Ireland	2.4
Switzerland	1.6
Korea (South), Republic of	1.4
Cash	0.9

Source: BNY Mellon Investment Management EMEA Limited

Portfolio holdings are subject to change, for information only and are not investment recommendations.

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.
- Where the Fund invests significantly in a single market, this may have a material impact on 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.
- A fall in the value of a single investment may have a significant impact on the value of the Fund because it typically invests in a limited number of investments.
- The Fund follows a sustainable investment approach, which may cause it to perform differently than funds that have a similar objective but which do not integrate sustainable investment criteria when selecting securities. The Fund will not engage in stock lending activities and, therefore, may forego any additional returns that may be produced through such activities.
- 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 class 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 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 capital growth over the long term (5 years or more).

GENERAL INFORMATION

Total net assets (million)	£ 176.25
Historic yield (%)	0.62
Active Share (%)	77.3
Performance Benchmark	FTSE All-Share TR
IA Sector	UK All Companies
Lipper sector	Lipper Global - Equity UK
Fund type	ICVC
Fund domicile	UK
Fund manager	Louise Kernohan
Alternate	Georgina Cooper/ Nick Pope
Base currency	GBP
Currencies available	GBP
Fund launch	08 Feb 2002
Distribution dates	31 Oct

DEALING

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

INSTITUTIONAL SHARES W (ACC.) SHARE CLASS DETAILS

Inception date	05 Sep 2012
Min. initial investment	£ 500,000
Annual mgmt charge	0.75%
ISIN	GB00B8HQQW01
Bloomberg	NEUKOWA
Sedol	B8HQQW0
Registered for sale in:	GB
For more details please read the KIID document.	

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.