

BNY Mellon Asian Income Fund

INVESTMENT MANAGER



Newton Investment Management: Newton aims to deliver outcomes for its clients across active equities, income, absolute return, multi-asset, 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 Asia Pacific ex-Japan 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 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.

PERFORMANCE DISCLOSURE

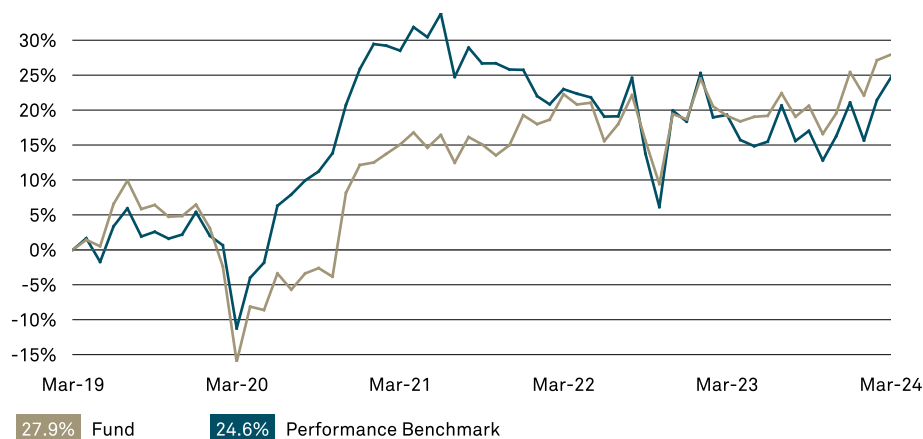
Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed.

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 positive return, net of fees, during the quarter. It lagged its benchmark.
- **Activity:** We bought ASE Technology and booked some profits in Elite Material, among other transactions.
- **Outlook & Strategy:** We believe the outlook for income investing in Asia remains solid.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	Annualised						
	1M	3M	YTD	1YR	2YR	3YR	5YR
Institutional Shares W (Acc.)	0.63	2.00	2.00	7.35	2.29	3.59	5.04
Performance Benchmark	2.64	2.95	2.95	4.47	0.67	-1.01	4.50
Sector	2.68	2.90	2.90	1.44	-0.50	-1.81	4.47
No. of funds in sector	106	106	106	105	104	98	89
Quartile	4	3	3	1	1	1	2
	2019	2020	2021	2022	2023		
Fund	14.33	5.32	6.36	-0.49	5.69		
Performance Benchmark	14.48	19.42	-0.10	-5.88	2.29		

Source for all performance: Lipper as at 31 March 2024. 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.

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

Asian equities built on their robust year-end performance by delivering further gains during the first quarter of 2024.

THE FUND BENEFITED FROM ITS TECHNOLOGY HOLDINGS, BUT THIS WAS OUTWEIGHED BY ITS LOWER ALLOCATION TO INDIA

Asian markets fell sharply in January, but investors were in risk-on mode throughout the rest of the period, choosing to look through several higher-than-expected inflation prints in the US. Instead, they moved to assign a greater probability to a soft landing scenario for the world's largest economy, in which growth remains resilient and the inflationary threat is vanquished, thus paving the way for a series of interest rate cuts as 2024 unfolds.

Taiwan was the best performing country, as the artificial intelligence (AI) theme continued to enthuse investors, which benefited the country's technology names. Mixed data releases meant the South Korean market started weakly, but was lifted by the government's 'Corporate Value-up Program', which focuses on improving corporate governance and shareholder returns. Indian market momentum resumed and it outperformed the wider market.

Despite some more encouraging economic data, China underperformed, with investors disappointed that the authorities, while keeping their 2024 GDP growth target of 5%, refrained from instigating significant fiscal stimulus measures. In addition, US-China tensions were reignited by greater scrutiny from Congress on US investments into China.

The Fund benefited from its technology holdings, but this was outweighed by a lower allocation to India and the detractor of Hong Kong.

The Fund benefited most from its holdings in technology, as renewed investor enthusiasm around AI lifted Taiwan Semiconductor Manufacturing, Samsung Electronics, MediaTek, ASMT and the Fund's recent addition, ASE Technology.

In the financials sector, Bank Mandiri was the largest individual stock contributor as the positive structural drivers in Indonesia continue to support loan growth with attractive returns. The share price of National Australia Bank continued to climb on investor confidence in its earnings prospects.

The Fund also benefited from its zero weighting in HDFC Bank. Following its merger with HDFC Ltd last year, the bank has higher funding requirements while a tighter liquidity environment in India reduced deposit availability. The holding in Bangkok Bank detracted in a very weak Thai market.

Hong Kong was the biggest detractor to performance. Some Fund holdings remain affected by the lingering effects of Covid-19, such as Hong Kong real estate company Link REIT, which was also affected by the rising interest rate environment given the interest rate sensitive nature of REITs (real estate investment trusts).

Elsewhere, while the Fund avoided the worst of the casualties in the Chinese equity market, it did have exposure to China via the life insurance company AIA which fell in tandem with the broader market. AIA is backed by a strong balance sheet, enabling the continued payment of dividends, and appears to be well positioned given long-term demographic trends in China and Asia.

Regarding the Fund being underweight in India, its dividend yield criteria prevents it from overpaying for stocks in overextended markets. This has precluded the Fund from investing in large parts of the Indian market, where multiples are high given the well-appreciated growth story. Additionally, after a strong rally last year, the performance of the Fund's holding in consumer goods business ITC weakened owing to concerns around

slowing cigarette volumes. News that British American Tobacco plans to reduce its large stake in ITC further weighed on sentiment.

ASEAN (Association of Southeast Asian Nations) market performance has been mixed. Outside of financials, Telkom Indonesia, Indonesia's largest telecommunications provider, was weak after releasing 2023 full-year results with higher-than-expected expenses.

ACTIVITY REVIEW

Further embracing structural growth drivers in technology, we initiated a position in Taiwan's ASE Technology, which is the world's largest outsourced semiconductor assembly and testing (OSAT) company. ASE is a leading logic chip tester in a consolidated market, where technology and capital requirements present barriers to entry.

WE COMPLETED THE SALE OF INSURANCE AUSTRALIA AND SWITCHED THE PROCEEDS INTO ITS PEER, SUNCORP

Additionally, we booked some profits in Elite Material following a further rally triggered by exuberance around AI.

Illustrating our ongoing search for quality, we completed the sale of Insurance Australia given its strong performance in 2023, and switched the proceeds into its peer, Suncorp, which has demonstrated stronger corporate governance quality. Suncorp is one of the largest property and casualty insurers in Australia, which is one of the most profitable and disciplined insurance markets globally. Suncorp is pricing ahead of claims inflation, top-line growth is above trend, and margins should progressively improve through 2024. We expect this to drive growth in dividends per share.

Elsewhere within financials, following recent strong share price performance, and more muted opportunities to grow the dividend in future given a changing asset mix, we moderated the weighting in Macquarie Korea Infrastructure Fund. We added to Bank Rakyat, which operates in a supportive market structure in Indonesia. We believe the bank has a strong growth outlook with earnings-compounding potential, which could help it to earn superior returns on invested capital. We also used the aforementioned share price weakness to add to AIA. We reduced the holding in Link REIT to reflect its more muted growth prospects and concerns on Hong Kong's commercial real estate.

Despite limited opportunity sets in India, the Fund has maintained its exposure to high-quality names. We took advantage of recent share price weakness to make a modest addition to ITC. The Indian consumer goods and tobacco company remains favourably positioned with its strong portfolio of brands and far-reaching distribution capabilities.

We trimmed Hong Kong utility CLP after a strong year-end rally that was triggered by expectations of lower interest rates.

INVESTMENT STRATEGY AND OUTLOOK

We believe the outlook for income investing in Asia remains solid. A weaker US dollar could provide a supportive backdrop for Asian equities. Meanwhile, economic growth in most parts of the world remains resilient, despite the adjustment to higher interest rates.

WE CONTINUE TO SELECT COMPANIES BACKED BY SOLID CASH FLOWS AND STRONG BUSINESS MODELS

China's economic recovery continues to be the key focus of debate regarding the outlook for regional equity markets, although longer-term challenges in debt and demographics remain. We believe volatility could remain elevated, given major election cycles as well as shifting interest rate expectations.

We believe our dividend yield-focused approach should serve the Fund well, particularly given the uncertain global economic backdrop. We continue to select companies backed by solid cash flows and strong business models with a durable competitive advantage and which generate high-quality earnings. A continued focus on quality companies with strong balance sheets and pricing power meeting our yield discipline should help the Fund mitigate volatile times ahead.

TOP 10 HOLDINGS (%)

	Fund
Taiwan Semiconductor Manufacturing Co., Ltd.	8.9
Samsung Electronics Co., Ltd.	7.5
ITC Limited	5.2
DBS Group Holdings Ltd	4.3
MediaTek Inc	3.9
National Australia Bank Limited	3.6
PT Bank Mandiri (Persero) Tbk	3.3
Singapore Technologies Engineering Ltd	3.3
PT Bank Rakyat Indonesia (Persero) Tbk Class B	3.0
Tata Consultancy Services Limited	2.8

INDUSTRIAL ALLOCATION (%)

	Fund	Perf. B'mark
Technology	26.1	22.6
Basic Materials	1.5	6.6
Health Care	1.0	4.9
Consumer Discretionary	0.0	12.0
Industrials	7.1	9.3
Utilities	4.5	3.0
Consumer Staples	5.8	4.5
Telecommunications	15.1	6.6
Energy	2.3	5.0
Financials	28.6	22.0
Real Estate	6.4	3.5
Cash	1.6	0.0

GEOGRAPHICAL ALLOCATION (%)

	Fund	Perf. B'mark
Taiwan (Republic of China)	18.63	16.18
Singapore	16.66	2.71
Australia	14.00	16.68
South Korea	13.17	11.75
India	10.56	18.55
Hong Kong	10.45	4.38
Indonesia	8.64	1.80
New Zealand	3.07	0.64
China	2.27	23.51
Cash	1.55	0.00
Thailand	0.98	1.66
Malaysia	0.00	1.50
Pakistan	0.00	0.00
Philippines	0.00	0.64

QUARTERLY ATTRIBUTION BY INDUSTRY

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Technology	14.81	9.76	0.94	0.18	1.12
Basic Materials	-13.32	-6.82	-0.12	0.54	0.42
Health Care	-10.21	-2.38	-0.09	0.21	0.12
Consumer Discretionary	0.00	2.14	0.00	0.09	0.09
Industrials	1.48	1.60	-0.01	0.03	0.03
Utilities	0.59	6.08	-0.25	0.06	-0.19
Consumer Staples	-6.02	-3.72	-0.13	-0.08	-0.22
Telecommunications	0.63	1.80	-0.19	-0.08	-0.27
Energy	-2.41	9.40	-0.28	-0.14	-0.41
Financials	1.42	2.99	-0.46	0.00	-0.45
Real Estate	-11.51	-3.09	-0.59	-0.20	-0.79
Cash	1.77	0.00	0.00	0.00	0.00

QUARTERLY ATTRIBUTION BY GEOGRAPHY - TOP 5 CONTRIBUTORS

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
Taiwan (Republic of China)	19.61	12.94	0.91	0.10	1.01
China	-6.69	-1.18	-0.13	0.87	0.73
Korea (South), Republic of	4.40	2.52	0.22	0.01	0.23
Indonesia	5.85	3.87	0.16	0.05	0.21
Cash	1.77	0.00	0.00	0.00	0.00

QUARTERLY ATTRIBUTION BY GEOGRAPHY - TOP 5 DETRACTORS

	Total Fund Return	Total Index Return	Stock Selection	Asset Allocation	Net Effect
India	-2.42	6.86	-1.01	-0.22	-1.22
Hong Kong	-11.81	-9.23	-0.31	-0.83	-1.14
New Zealand	-2.05	-1.57	-0.01	-0.11	-0.12
Singapore	1.47	-1.52	0.49	-0.59	-0.10
Australia	0.75	1.73	-0.12	0.06	-0.06

Source: BNY Mellon Investment Management EMEA Limited

KEY RISKS ASSOCIATED WITH THIS FUND

- 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.
- 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.
- 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 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.
- Companies with high-dividend rates are at a greater risk of not being able to meet these payments and are more sensitive to interest rate risk.
- 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.
- Where the Fund invests significantly in a single market, this may have a material impact on the value of the Fund.
- 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.
- 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 together with capital growth over the long term (5 years or more).	
GENERAL INFORMATION	
Total net assets (million)	£ 913.44
Historic yield (%)	3.81
Active Share (%)	84.8
Performance Benchmark	FTSE Asia Pacific ex Japan TR
IA Sector	Asia Pacific Ex Japan
Lipper sector	Lipper Global - Equity Asia Pac Ex Jap
Fund type	ICVC
Fund domicile	UK
Fund manager	Zoe Kan
Alternate	Alex Khosla
Base currency	GBP
Currencies available	GBP, EUR, USD
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	30 Aug 2012
Min. initial investment	£ 500,000
Annual mgmt charge	0.75%
ISIN	GB00B8KT3V48
Bloomberg	NWAIWA
Sedol	B8KT3V4
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.