QUARTERLY INVESTMENT REPORT

PREPARED FOR PROFESSIONAL CLIENTS ONLY : AS AT 31 MARCH 2024

BNY Mellon Real Return Fund

INVESTMENT MANAGER

NEWTON Investment Management

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 before fees against SONIA (30-day compounded) +4% per annum over five years as a target benchmark (the "Benchmark"). SONIA is a nearly risk-free rate meaning no bank credit risk is included, the rate can rise or fall as a result of central bank policy decisions or changing economic conditions. The Fund will use the Benchmark as a target for the Fund's performance to match or exceed because, in typical market conditions, it represents a target that will be equal to or greater than UK inflation rates over the same period and is commensurate with the Investment Manager's approach. The Fund is actively managed, which means the Investment Manager has discretion over the selection of investments, subject to the investment objective and policies as disclosed in the Prospectus.

FUND RATINGS

RSMR RATED FUND

DYNAMIC PLANNER PROFILED 5

SQUARE MILE A

SYNAPTIC RISK RATING 4

Ratings should not be used for making an investment decision and do not constitute a recommendation or advice in the selection of a specific investment or class of investments.

PERFORMANCE DISCLOSURE

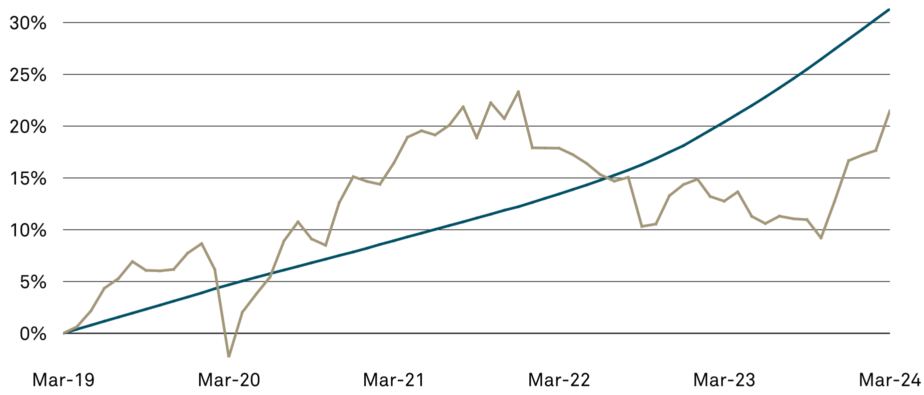
Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed.

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.
- Activity: The return-seeking core ended the quarter broadly unaltered in terms of size.
- Outlook & Strategy: We believe a flexible, dynamic strategy should thrive in an environment of uncertainty.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	1M	3M	YTD	1YR	Annualised 2YR	3YR	5YR
Institutional Shares W (Acc.)	3.25	4.12	4.12	7.72	1.51	1.42	3.96
Performance Benchmark	0.76	2.27	2.27	9.07	7.57	6.42	5.59

	2019	2020	2021	2022	2023
Fund	12.35	6.85	7.11	-7.26	2.02
Performance Benchmark	4.72	4.21	4.05	5.26	8.70

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.

The benchmark was updated on 01/11/2021, performance prior to the change is shown using the previous benchmark. The share class can be different to that of the base currency of the fund. For CHF it is SARON CHF, For EUR it is EURIBOR, For GBP it is GBP SONIA, For USD it is USD SOFR, For SGD it is SIBOR SGD.

BNY MELLON INVESTMENT MANAGEMENT EMEA LIMITED - CLIENT SERVICES

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PERFORMANCE COMMENTARY

Enthusiasm around artificial intelligence (AI) and the prospect of a soft economic landing in the US helped drive robust stock market gains over the first quarter of 2024.

THE FUND'S PERFORMANCE WAS DRIVEN BY THE RETURN-SEEKING CORE

Although still driven by a relatively narrow subset of stocks, the rally broadened from the US to other markets. The strength in risk assets was also seen elsewhere, with high yield credit spreads tightening, oil prices rising and the gold price surging. It was, however, a weaker quarter for government bonds, mainly owing to upside surprises on inflation. On the currency front, the US dollar strengthened against major G10 currencies, helped by an absence of interest rate cuts.

The Fund delivered a solid outcome over the quarter, driven by the return-seeking core. Pleasing participation in the upside was provided by global equities, with a consistent positive contribution generated by technology stocks throughout the period. There was some broadening out of performance to other areas of the stock market but nevertheless the AI dynamic dominated the action.

Top performers included Nvidia, Taiwan Semiconductor Manufacturing Company (TSMC), Microsoft and ASML, all beneficiaries of AI optimism. Both Lonza and Eli Lilly also featured among the leaders, the former bouncing back as funding concerns around its biotech business were allayed, and the latter boosted by continuing robust growth in its GLP-1 drug franchise to treat obesity. Positive stock performance was enhanced by tactical upside exposure through a combination of futures and options, primarily on the S&P 500 Index.

Among the equity detractors, consumer goods conglomerate Reckitt was affected by litigation concerns associated with its US nutrition business, while HDFC faced fierce deposit competition, hindering its ability to grow its loan book. Also within financials, life insurer AIA suffered from negative sentiment around China-related assets, while renewable diesel company Neste was affected by a deterioration in supply and demand dynamics.

Elsewhere, alternatives displayed weakness amid softness in the carbon price, which was affected by a depressed gas price owing to a mild winter and weak industrial production in Germany. Renewables also detracted owing to narrowing spreads versus nominal bond yields and the need for enhanced regulatory cost disclosure.

The stabilising layer marginally detracted, primarily because of the cost associated with downside protection against a backdrop of rising equity markets. Government bonds were broadly flat, with a positive contribution from physical positions largely offset by bond futures exposure. Gold experienced a strong upswing in the last month of the quarter, favoured for its role as a hedge against the inflationary repercussions of monetary and fiscal largesse, as well as being supported by central bank demand.

ACTIVITY REVIEW

The return-seeking core ended the quarter broadly unaltered in terms of size. A number of changes were made to the physical equity positions: we introduced a position in Apple following a fall in its share price, while we exited Estée Lauder owing to concerns around changing China consumption patterns and a less rosy 2024 trading outlook.

WE SOLD NESTE AND DEPLOYED THE PROCEEDS INTO PHILLIPS 66, AMONG OTHER TRANSACTIONS

We initiated a new position in Pinterest, funded by harvesting profits in Nvidia and Amazon. The platform has scope to better monetise its user base and has recently established partnerships with Amazon and Google. We sold the position in Neste, given concerns relating to supply in the renewable diesel space and ongoing operational issues, and deployed the proceeds into high quality oil refiner Phillips 66 which has the potential to materially improve free cash flow in a tight market.

Within the stabilising layer, government bond duration ended the period higher, primarily through the purchase of two-year US Treasury futures, taking advantage of attractive yield levels.

INVESTMENT STRATEGY AND OUTLOOK

The market consensus supports the view that the US Federal Reserve has engineered a perfect landing, with inflation gradually declining and global economic growth widening out to include Europe and Asia.

A FLEXIBLE AND DYNAMIC STRATEGY COULD THRIVE IN AN ENVIRONMENT OF UNCERTAINTY

Indeed, the predictive powers of the inverted government bond yield curve to signal a recession appear to have let the market down this time, as forecasts of an economic slowdown are quickly being dropped.

However, significant tail risks cannot be ignored. The potential rise of inflation and a resulting increase in long rates could cause concern in areas such as real estate and lead to rising central bank interest rate expectations. This could ultimately culminate in a slowing economy as a longer period of higher rates gives rise to economic stress.

We believe a flexible, dynamic strategy should thrive in such an environment of uncertainty. In our view, embedding asymmetry of return by balancing participation in risk asset markets with an emphasis on capital preservation should help navigate a highly varied and unpredictable backdrop.

TOTAL PORTFOLIO BREAKDOWN (%)

Return Seeking Assets		66.3
	Equities	43.3
	Alternatives	11.1
	EM Debt	7.5
	Corporate Bonds	4.2
	Synthetic Exposure	0.1
Stabilising Assets & Hedging Positions		33.7
	Government Bonds	8.5
	Index Linked Bonds	3.7
	Precious Metals	2.7
	Risk Premia	1.9
	Currency Hedging	0.2
	Cash	16.7
Bond Derivatives Exposure[1]		19.1
Direct Equity Index Protection[1]		-1.1
Synthetic Equity Market Exposure[1]		16.6
Total Equity Exposure^		58.8
Total Return Seeking assets^		81.8

[1]Delta adjusted

^Net of direct equity index protection and synthetic equity market exposure

BOND PORTFOLIO BREAKDOWNS
RATING BREAKDOWN

Average Rating	A
Government Bonds	A
Investment Grade Bonds	BBB
High Yield Bonds	BB

DURATION (IN YEARS)

Average Gross Bond Duration (Years)	6.1
Average Net Bond Duration (Years)*	5.4
Government Bonds	5.9
Investment Grade Bonds	3.7
High Yield Bonds	2.6

*Duration including impact of hedging exposure using bond options and futures

Source: BNY Mellon Investment Management EMEA Limited

YIELD (%)

Average yield (%)	5.9
Government Bonds	5.8
Investment Grade Bonds	5.9
High Yield Bonds	6.5

NUMBER OF HOLDINGS

No. of Holdings	30
Government Bonds	10
Investment Grade Bonds	8
High Yield Bonds	12

TOP 10 HOLDINGS (%)

2Y T-Note (CBT) Jun 24	12.5
eMini S&P 500 (CME) Jun 24	10.0
Govt Of United Kingdom 0.25% 31/01/2025	5.0
Govt Of USA 1.25% 15/04/2028	3.7
Govt Of Mexico 8.0% 07/11/2047	3.3
E-Mini Russell 2000 (CME) Jun 24	2.8
Barclays Bank Plc 0.0% 17/01/2025	2.7
Barclays Bank Plc 0.0% 21/01/2025	2.7
Nikkei 225 (OSE) Jun 24	2.6
10Y T-Note (CBT) Jun 24	2.5

EQUITY SECTOR BREAKDOWN (%)

Technology	10.3
Financials	7.1
Consumer Services	6.1
Health Care	6.0
Industrials	4.5
Energy	3.7
Consumer Goods	2.3
Basic Materials	1.9
Telecommunications	0.8
Utilities	0.6

REGIONAL EQUITY ALLOCATION (%)

North America	19.3
Europe ex UK	10.0
UK	8.5
Pacific ex Japan	1.4
Japan	0.4
Others	3.7

CURRENCY ALLOCATION (%)

GBP	73.0
USD	16.1
CHF	0.3
EUR	-3.3
Others	13.9

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.
- The performance aim is not a guarantee, may not be achieved and a capital loss may occur. Funds which have a higher performance aim generally take more risk to achieve this and so have a greater potential for returns to vary significantly.
- 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.
- Investments in bonds/money market securities are affected by interest rates and inflation trends which may negatively affect the value of the Fund.
- Bonds with a low credit rating or unrated bonds have a greater risk of default. These investments may negatively affect the value of the Fund.
- The issuer of a security held by the Fund may not pay income or repay capital to the Fund when due.
- Emerging Markets have additional risks due to less-developed market practices.
- 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 Fund may invest in China interbank bond market through connection between the related Mainland and Hong Kong financial infrastructure institutions. These may be subject to regulatory changes, settlement risk and quota limitations. An operational constraint such as a suspension in trading could negatively affect the Fund's ability to achieve its investment objective.
- Contingent Convertible Securities (CoCo's) convert from debt to equity when the issuer's capital drops below a pre-defined level. This may result in the security converting into equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred.
- 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 Infrastructure Companies may be negatively impacted by changes in the regulatory, economic or political environment in which they operate.
- A complete description of risk factors is set out in the Prospectus in the section entitled "Risk Factors".

INVESTMENT OBJECTIVE

To achieve a rate of return in sterling terms that is equal to or above a minimum return from cash (SONIA (30-day compounded)) + 4% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period ofthree years, no matter which day you start on). However, capital is in fact at risk and there is no guarantee that this will be achieved over that, or any, time period.

GENERAL INFORMATION

Total net assets (million)	£ 2,946.14
Historic yield (%)	2.78
IA Sector	Targeted Absolute Return
Performance Benchmark	SONIA (30-day compounded) +4%
Lipper sector	Lipper Global - Absolute Return GBP High
Fund type	ICVC
Fund domicile	UK
Fund manager	Aron Pataki/Andy Warwick
Base currency	GBP
Currencies available	GBP
Fund launch	01 Sep 1993
Distribution dates	28 Feb, 30 Sep

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	GB00B8GG4B61
Bloomberg	NWGHIWI
Sedol	B8GG4B6
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.

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