

## QUARTERLY INVESTMENT REPORT

This is a marketing communication. For Professional Clients only and, in Switzerland, for Qualified Investors only. In the Middle East, provided solely for use by the intended recipient. 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 Absolute Return Bond Fund

## INVESTMENT MANAGER



Insight are leaders in risk management, fixed income and multi-asset investment solutions.

## PERFORMANCE BENCHMARK

The Fund will measure its performance against 3- Month EURIBOR (the "Cash Benchmark"). EURIBOR is the Euro Interbank Offer Rate and is a reference rate that is constructed from the average interest rate at which Eurozone banks offer unsecured short-term lending on the inter-bank market.

The Cash Benchmark is used as a target against which to measure its performance on a rolling 12 month basis after fees. The Fund uses Cash Benchmark +3% per annum as a target against which to measure its performance on a rolling annualised 3 year basis before fees.

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.

## FUND RATINGS



Source & Copyright: Morningstar ratings © 2024 Morningstar. All Rights Reserved. Ratings are collected on the first business day of the month.

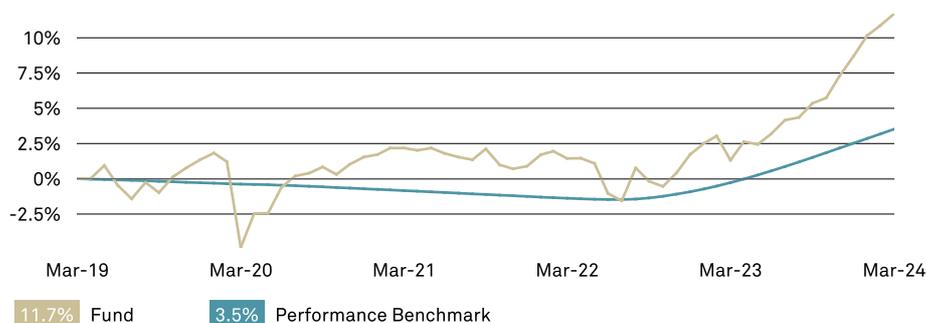
## PERFORMANCE DISCLOSURE

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](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.
- Activity: We continued to actively position the Fund in response to changing market conditions.
- Outlook & Strategy: We are ready to trim our long credit position should valuations deteriorate.

## 5 YEAR CUMULATIVE PERFORMANCE (%)



## PERFORMANCE SUMMARY (%)

	1M	3M	YTD	1YR	Annualised					
					2YR	3YR	5YR			
Euro W (Acc.)	0.76	2.78	2.78	10.25	4.94	3.02	2.24			
Performance Benchmark	0.33	0.98	0.98	3.81	2.45	1.44	0.69			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund	-	-	-	-0.42	-5.83	0.66	0.19	-0.64	0.84	6.84
Performance Benchmark	0.22	-0.01	-0.26	-0.33	-0.32	-0.36	-0.43	-0.55	0.34	3.47

Source: Lipper as at 31 March 2024. Fund performance Euro 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.**

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

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

### Credit outperformed government bonds amid an improving macroeconomic global outlook.

#### THE FUND'S PERFORMANCE WAS BUOYED BY BOTH OUR CREDIT AND RATES POSITIONING

The first quarter of 2024 continued the streak of strong returns for risk assets from last year as investors took cheer in positive leading economic indicators worldwide. Inflation, too, began to fall, although both the US and eurozone reported inflation rates that exceeded forecasts.

Sentiment was boosted by the US economy growing more than expected in the last quarter of 2023, with the composite Purchasing Managers' Index remaining in expansionary territory. Macroeconomic data in other countries, too, was encouraging, pointing to a soft landing.

While the US Federal Reserve (Fed), European Central Bank and Bank of England all maintained rates during the period, the Bank of Japan increased rates for the first time since 2007, signalling an end to its negative rates policy. Meanwhile, the Swiss central bank surprisingly cut interest rates.

Government bond markets were choppy during the first quarter, with yields marching higher as economic data came in stronger than expected and markets moderated the timing and extent of rate cuts priced for 2024. The 10-year US Treasury yield jumped from 3.87% at the end of 2023 to 4.21% by the close of the first quarter, while the UK's 10-year Gilt yield rose from 3.54% to 3.94% and the German 10-year Bund yield increased by 26 basis points.

Although higher 'risk-free' yields generally have correlated with weaker credit markets over the past two years, this did not occur as spreads continued to grind tighter, with the more positive economic data being warmly received. As a result, corporate bonds outperformed government bonds and high yield was ahead of investment grade.

From the Fund's perspective, positive performance was driven by both rates and credit positioning, with most of the returns coming in January. Our long corporate credit position added the most value as credit spreads tightened. European investment grade credit outperformed most other asset classes, which helped performance.

Within rates, our country selection added the most value, particularly in January and February when this was driven by our short position in Canada relative to Australia and an overweight position in Italy versus Germany. Our duration positioning (sensitivity to interest rates) in January contributed to returns, owing to short duration positions in the UK and Japan.

By contrast, our yield curve positioning detracted over the quarter, mainly in February due to a steeper position in the US, which was partly offset by our flattener position in the UK. The Fund's currency positioning was negative due to being short the US dollar.

## ACTIVITY REVIEW

**We have been running with a small long in US duration and a slight short in Japan duration.**

### IN CREDIT, WE REMAIN OVERWEIGHT INVESTMENT GRADE WITHIN FINANCIALS AND UTILITIES

In January, we took profits on our UK short duration position and increased our short in Japan. Also, in the same month, we added some UK flattening risk against our US 10s30s yield curve steepening position since it looked stretched on a historical basis. We closed out our UK flattening positions in March.

Early in February, we increased directional risk as strong economic data reinforced our view that the global economy remains robust enough to support healthy risk asset markets.

In March, we reduced a slightly long duration position in US Treasuries. Meanwhile, in Europe, as our overweights in Italy and Sweden relative to Germany continued to perform well, we took profits on both positions.

## INVESTMENT STRATEGY AND OUTLOOK

**We are likely to trim our long corporate credit positions at the margin should valuations in credit begin to look unappealing.**

### WE ARE WELL PLACED SHOULD MARKET CONDITIONS BECOME MORE CHALLENGING

Since the end of last year, the Fed's pivot away from higher rates and into steady, probably lower interest rates sometime in 2024 have helped buoy risk assets. We embraced the opportunity early and the Fund's performance has benefited from this.

Many market participants did not anticipate the risk-on environment and strong equity rally. There is still uncertainty about whether the US economy will continue to grow and if global central banks will cut rates any time soon, which would propel stocks and other risk assets higher, or whether risk assets are enjoying a last leg higher.

We believe this backdrop where central banks are poised and willing to cut rates along with a continued strong new issue calendar is an excellent environment for our strategy to succeed. If, on the contrary, the macroeconomic environment shifts and proves to be more challenging, we believe the Fund is well placed to take advantage of the ensuing volatility.

**REGIONAL INTEREST RATE DURATION (YEARS)**

	Long	Short	Net
USA	7.0	-5.4	1.6
Other Dollar Bloc	0.0	-1.2	-1.2
Eurozone	4.5	-4.1	0.4
UK	4.0	-4.3	-0.3
Japan	0.0	-0.8	-0.8
Emerging Markets	0.6	0.0	0.6
Others	1.2	-0.8	0.4
Total	17.2	-16.6	0.6

**MATURITY INTEREST RATE DURATION (YEARS)**

	Long	Short	Net
0-1 yr	0.1	-0.1	0.0
1-5 yrs	1.4	-0.6	0.8
5-10 yrs	6.3	-5.0	1.3
10-15 yrs	0.6	-2.6	-2.0
15+ yrs	8.7	-8.2	0.5
Total	17.2	-16.6	0.6

**UNHEDGED FX EXPOSURE (%)**

	Fund
NZD	1.0
GBP	0.9
EUR	0.8
AUD	0.5
NOK	0.5
CZK	0.3
CAD	0.3
Others	-4.2
Total	0.0

Source: BNY Mellon Investment Management EMEA Limited

**SECTOR SPREAD DURATION (YEARS)**

	Long	Short	Net
Non-financial corporates	1.5	-0.3	1.2
Financials	0.9	-0.1	0.8
ABS/MBS	0.1	0.0	0.1
CDS Indices	0.3	-1.5	-1.2
Money Market Instruments	0.7	-1.0	-0.3
Total	3.5	-2.8	0.7

**CREDIT RATING (HIGHEST) SPREAD DURATION**

	Long	Short	Net
AAA	0.0	0.0	0.0
AA	0.0	0.0	0.0
A	0.6	-2.0	-1.4
BBB	1.5	-0.2	1.3
BB	0.6	-0.5	0.2
B	0.7	-0.1	0.6
CCC & below	0.0	0.0	0.0
NR	0.0	0.0	0.0
Total	3.5	-2.8	0.6

**COUNTRY OF ISSUER DOMICILE**

	Net %	Net Spread Duration (Yrs)
European Union	53.9	0.0
Germany	10.6	0.2
Ireland	10.5	0.1
France	5.2	0.2
Netherlands	4.6	0.3
United Kingdom	4.5	0.4
Spain	4.0	0.2
Austria	2.8	0.1
Canada	2.6	0.0
Belgium	2.4	0.1
Italy	1.9	0.0
Portugal	1.4	0.1
Bermuda	1.3	0.0
New Zealand	1.0	0.0
Greece	0.8	0.0
Colombia	0.7	0.0
Denmark	0.5	0.0
Norway	0.5	0.0
Others	-9.2	-1.1
Total	100.0	0.6

**KEY RISKS ASSOCIATED WITH THIS FUND**

- 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.
- Where the Fund invests significantly in a single market, this may have a material impact on the value of the Fund.
- There is no guarantee that the Fund will achieve its objectives.
- 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.
- 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.
- 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.
- A complete description of risk factors is set out in the Prospectus in the section entitled "Risk Factors".

**INVESTMENT OBJECTIVE**

To provide a positive absolute return in all market conditions over a rolling 12 month period by investing primarily in debt and debt-related securities and instruments located worldwide and in financial derivative instruments relating to such securities and instruments. However, a positive return is not guaranteed and a capital loss may occur.

**GENERAL INFORMATION**

Total net assets (million)	€ 290.44
Performance Benchmark	3 Month EURIBOR
Lipper sector	Lipper Global - Absolute Return Other
Fund type	ICVC
Fund domicile	Ireland
Fund manager	Gareth Colesmith / Peter Bentley
Alternate	Shaun Casey / Harvey Bradley
Base currency	EUR
Currencies available	EUR, GBP, USD
Fund launch	09 Mar 2012

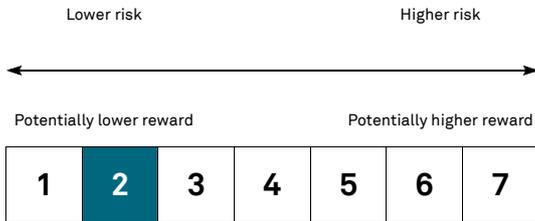
**EURO W (ACC.) SHARE CLASS DETAILS**

Inception date	03 Oct 2016
Min. initial investment	€ 15,000,000
Max. initial charge	5.00%
Annual mgmt charge	0.75%
ISIN	IE00BP4JQP45
Registered for sale in:	AT, BE, CH, CO, DE, DK, ES, FI, FR, GB, GG, IE, IT, JE, LU, NL, NO, PE, PT, SE, SG, UY

**DEALING**

09:00 to 17:00 each business day  
 Valuation point: 12:00 Dublin time  
 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.  
 For more details please read the KID document.

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



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact the capacity of BNY Mellon Fund Management (Luxembourg) S.A. to pay you.

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 (BNYMFML), 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, Bärensasse 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.