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# BNY Mellon Euroland Bond Fund

## INVESTMENT MANAGER



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

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.

## FUND RATINGS



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## PERFORMANCE BENCHMARK

The Fund will measure its performance against Bloomberg Euro Aggregate Bond TR 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 majority of the Fund's holdings are expected to be constituents of, and have similar weightings to, the Benchmark, the investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

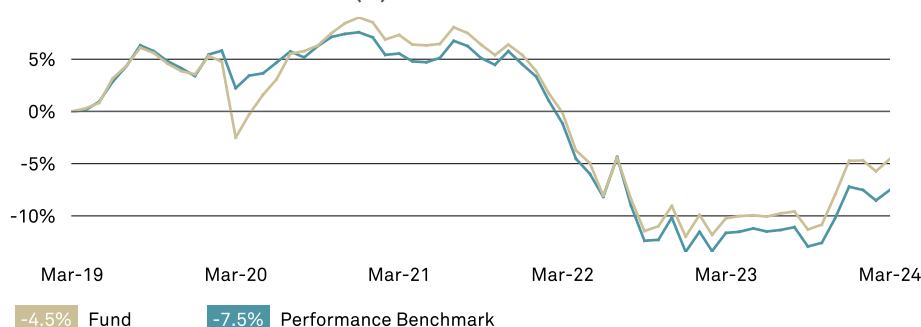
## PERFORMANCE NOTE

**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 was ahead of its benchmark.
- **Activity:** We adjusted our German duration positioning.
- **Outlook & Strategy:** We remain cautious on global credit.

## 5 YEAR CUMULATIVE PERFORMANCE (%)



## PERFORMANCE SUMMARY (%)

Performance Summary (10/)										
							Annualised			
	1M	3M	YTD	1YR						
EUR W (Acc.)	1.26	0.19	0.19	6.33	-2.23	-3.83	-0.93			
Performance Benchmark	1.09	-0.33	-0.33	4.66	-3.27	-4.30	-1.55			
Sector	1.03	0.04	0.04	4.78	-2.13	-3.17	-1.11			
No. of funds in sector	125	125	125	123	115	113	99			
Quartile	-	-	-	1	2	3	2			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund	-	-	-	2.29	-1.89	6.55	5.26	-3.30	-16.49	8.24
Performance Benchmark	11.10	1.00	3.32	0.68	0.41	5.98	4.05	-2.85	-17.17	7.19

Source: Lipper as at 31 March 2024. Fund performance EUR 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

Corporate bonds outperformed government bonds and high yield was notably ahead of investment grade by the end of the first quarter.

### OUR OVERWEIGHT CREDIT EXPOSURE BOOSTED RELATIVE RETURNS

Credit markets continued to rally throughout the first quarter, as spreads tightened, while government bond markets struggled. 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.

The eurozone's ZEW Indicator of Economic Sentiment surged higher in March, to 33. In so doing, it reached its highest level since before the European Central Bank began increasing interest rates in mid-2022. Less positively, the GDP growth report from Eurostat showed that the eurozone economy was flat in the fourth quarter of 2023, and thus avoided a technical recession by the narrowest of margins, having contracted by 0.1% in the third quarter.

Across the board, government bond yields marched higher as economic data generally 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% to 4.21% over the quarter, while the German 10-year Bund yield rose 26 basis points and the UK's 10-year Gilt yield increased from 3.54% to 3.94%.

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. As a result, corporate bonds outperformed government bonds and high yield was notably ahead of investment grade.

In high yield, the Bloomberg US Corporate High Yield Index spread tightened by 66 basis points. This compares with the Bloomberg US Aggregate Corporate (investment grade) Index widening by 3 basis points. Meanwhile, the Pan-European High Yield Index spread narrowed by 34 basis points, with the Bloomberg Euro Aggregate Corporate Index tightening by 24 basis points.

As a result, the Bloomberg US Investment Grade Corporate Index generated excess total returns of 64 basis points for the quarter. In Europe, the Bloomberg Euro Aggregate Corporate Index's performance was even better, returning 148 basis points in excess total returns.

Insurers generally performed well in Europe, particularly life insurers, as did real estate investment trusts (REITs), but strong returns also came from media entertainment, tobacco and other financials. No sectors made losses. By quarter-end, we were overweight the financial and automotive sectors and underweight the cyclical, industrial and healthcare sectors.

From the Fund's perspective, our credit strategy was by far the biggest boon to relative returns during the first quarter. The Fund's overweight credit exposure was beneficial as European corporate spreads narrowed. Cross-country relative value positions were another significant contributor to overall performance. In March, when the Fund enjoyed its biggest gains for the quarter, our long positions in Slovakia and Sweden versus Germany contributed.

By contrast, our yield curve positioning was a slight detractor to relative performance due in particular to a yield curve steepener position in Germany.

## ACTIVITY REVIEW

**We tactically adjusted our duration positions versus Germany.**

### WE ENDED THE QUARTER SLIGHTLY OVERWEIGHT CREDIT RISK

In January, we re-entered a strategic long position in Italy versus Germany, having closed it late last year. We also took profit from our short position in German bonds in March.

## INVESTMENT STRATEGY AND OUTLOOK

**We believe the eurozone economy should start growing again by next year, but activity is likely to remain below trend for some time.**

### WE TARGET CROSS-MARKET OPPORTUNITIES AND SINGLE-NAME DISPERSIONS

The economic outlook, particularly in the US, has improved and there is a widespread expectation that US policymakers will achieve a soft landing. Moreover, economic growth of 2% is expected in 2024 and in 2025.

In the eurozone, the prospects for economic growth are minimal. However, we believe growth is likely to improve next year. The UK faces a slow recovery after a shallow recession, with subdued growth next year as well.

In our view, the prospects for further spread tightening are limited. We, therefore, remain cautious on global credit. However, single-name dispersions at the security selection level still provide opportunities for careful credit selection. We also believe cross-market opportunities exist, especially in European markets.

## CREDIT QUALITY BREAKDOWN (%)

	Fund	Perf. B'mark
AAA	21.7	27.7
AA	21.5	28.1
A	26.6	19.4
BBB	24.4	24.5
BB	2.9	0.0
NR	1.5	0.1
Cash & Others	1.4	0.0

## TOP 10 HOLDINGS (%)

	Fund
Spain (govt Of) Bonos 3.25% 30apr2034	3.0
Finland (govt Of) 3% 15sep2033	2.5
Kfw 2% 15nov2029	2.0
Spain (govt Of) Bonos 3.15% 30apr2033	1.9
Slovakia (govt Of) 3.75% 06mar2034 #250	1.9
Austria (govt Of) 0.9% 20feb2032	1.7
Portugal (govt Of) 2.125% 17oct2028	1.6
European Union 3.125% 04dec2030	1.5
Spain (govt Of) Bonos 2.35% 30jul2033	1.5
Credit Agricole Home Loa 0.875% 31aug2027	1.4

Source: BNY Mellon Investment Management EMEA Limited

## MATURITY DISTRIBUTION (%)

Years	Fund	Perf. B'mark
0-1 yr	-0.9	0.0
1-3 yrs	23.0	23.9
3-5 yrs	19.5	22.4
5-7 yrs	16.7	15.6
7-10 yrs	21.6	16.3
10-15 yrs	13.0	8.8
15-25 yrs	3.0	8.4
25+yrs	4.0	4.6

## GEOGRAPHICAL DISTRIBUTION

	Fund	Perf. B'mark
France	13.5	21.3
Spain	13.2	10.0
Germany	10.7	19.3
Supranational	8.1	6.2
Austria	5.6	2.7
Italy	5.3	13.5
United States	5.2	3.9
United Kingdom	5.0	1.7
Netherlands	4.6	4.9
Others	28.8	16.5

## PORTFOLIO CHARACTERISTICS

	Fund	Perf. B'mark
Yield (%)	3.4	3.1
Spread to Government (bp)	101.1	62.4
Spread to Libor (bp)	73	35
Duration (years)	6.3	6.5
Spread duration (years)	3.8	2.5
Maturity (years)	7.8	7.8
Average Coupon (%)	2.9	2.1
Average rating (optimistic)	AA-	AA-
Average rating (pessimistic)	A	A+
Holdings	218.0	7,212.0
Issuer	144.0	1,213.0
Ticker	140.0	1,053.0
YTM	3.4	3.1
YTW	3.4	3.1
WAL	7.5	7.8
Current yield (%)	2.8	1.5

## CURRENCY BREAKDOWN (%)

	Fund	Perf. B'mark
(after hedging)		
EUR	98.8	100.0
JPY	1.0	0.0
USD	0.1	0.0
CAD	0.0	0.0
AUD	0.0	0.0
ZAR	0.0	0.0
CHF	0.0	0.0
Others	0.0	0.0

## SECTOR DISTRIBUTION (%)

	Fund	Perf. B'mark	Relative
Sovereign Bonds	29.4	53.4	-24.0
Corporate Bonds	31.7	19.3	12.3
Emerging Markets	6.2	3.4	2.7
Securitized	9.3	6.6	2.7
Cash	1.4	0.0	1.4
FX	0.0	0.0	0.0
Other Derivatives Subtotal	0.0	0.0	0.0
Developed Agencies	20.5	17.2	3.3
Others	1.6	0.0	1.6

**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.
- There is no guarantee that the Fund will achieve its objectives.
- 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.
- 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 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 total return that exceeds the Benchmark (against which it will measure its performance) through investment primarily, meaning at least 90% of its assets, in a portfolio of fixed income bonds and other debt securities issued by corporations or any government, government agency, supranational or public international organisations or in derivatives.

GENERAL INFORMATION

Total net assets (million)	€ 182.39
Performance Benchmark	Bloomberg Euro Aggregate Bond TR Index
Lipper sector	Lipper Global - Bond EUR
Fund type	ICVC
Fund domicile	Ireland
Fund manager	Team approach
Base currency	EUR
Currencies available	EUR, CHF
Fund launch	10 Aug 2001

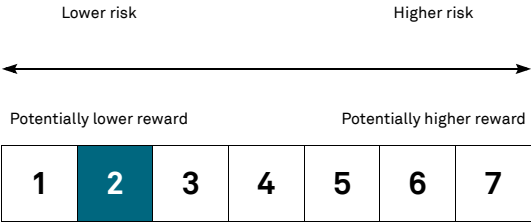
EUR W (ACC.) SHARE CLASS DETAILS

Inception date	12 Dec 2016
Min. initial investment	€ 15,000,000
Max. initial charge	5.00%
Annual mgmt charge	0.45%
ISIN	IE00BDB5R146
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

DEALING

09:00 to 17:00 each business day  
Valuation point: 22:00 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 - EUR 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

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