

# BNY MELLON MULTI-ASSET DIVERSIFIED RETURN FUND

As at 31 December 2025



The value of investments and the income received can fall as well as rise and investors may not get back the original amount invested.

Please refer to the prospectus, KIID where applicable and other fund documents for a full list of risks and before making any investment decisions. Documents are available in English and in selected local languages where the fund is registered. Go to [bny.com/investments](https://bny.com/investments).

# FUND INFORMATION

## Investment objective

To achieve long-term capital growth over a period of at least 5 years from a portfolio diversified across a range of assets. The Fund is managed to seek a return in excess of cash (SONIA (30-day compounded)) +3% 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 of three years, no matter which day you start on). However, a positive return is not guaranteed and a capital loss may occur.

## Performance Benchmark

A benchmark is a metric or baseline to judge a fund's performance against. The BNY Mellon Multi-Asset Diversified Return Fund measures its performance before fees against the Sterling Overnight Index Average (SONIA), compounded over 30 days, plus 3% per annum over five years as a target benchmark.

SONIA is the average of the interest rates that banks pay to borrow pounds sterling overnight from other financial institutions and other institutional investors. It is a nearly risk-free rate meaning no bank credit risk is included. The rate can rise or fall because of central bank policy decisions or changing economic conditions.

The Fund uses this benchmark as a target for its performance to match or exceed because it is representative of sterling cash. The Fund's investment objective is to seek a return in excess of sterling cash +3% per annum.

As an actively managed fund, the Investment Manager can make investment decisions (whether to buy, sell or hold assets) at its discretion. These decisions are made in line with the Fund's objective and investment policy as disclosed in the Prospectus.

## Your investment report

This report covers the performance of the Fund over the past three months. It includes:

- A video update from the Fund's manager.
- Performance summary and insights into what the Fund bought and sold over this period.
- Data showing the performance of the Fund against its benchmark.
- How, and where, the Fund is currently invested.

*If you have any questions about the Fund, please speak to your financial adviser. With their knowledge of your savings goals and appetite for investment risk, they will be best placed to discuss how investing in the Fund can support your financial objectives.*

For any investment-related terms that you are unsure of please refer to the glossary which can be found on pages 7 & 8.

**The fund can invest more than 35% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any EEA State, its local authorities, a third country or public international bodies of which one or more EEA States are members.**

# INVESTMENT MANAGER

BNY Investments Newton seeks to deliver strong investment outcomes to its clients by taking an active, multidimensional and engaged approach, applied across four key disciplines: income and value equities, growth and core equities, specialist equities and multi-asset strategies.



# QUARTERLY HIGHLIGHTS

October to December 2025

Watch Fund update



In this short video, Paul Flood, portfolio manager of the BNY Mellon Multi-Asset Diversified Return Fund, shares his insights into how the Fund performed over the last quarter.

## Performance summary (%)

	3 months	Year-to-date	1 year	3 years annualised	5 years annualised
Fund	2.33	13.77	13.77	6.91	5.22
Performance Benchmark	1.76	7.35	7.35	7.75	6.09

	2021	2022	2023	2024	2025
Fund	7.04	-1.41	2.82	4.48	13.77
Performance Benchmark	3.05	4.26	7.68	8.23	7.35

## 5 years cumulative performance (%)



**28.98%** Fund    **34.41%** Performance Benchmark

Source for all performance: Lipper as at 31 December 2025. Fund performance for the Institutional Shares W (Accumulation) share class calculated as total return, based on net asset value, including reinvested income net of applicable UK tax and charges. All figures are in GBP terms.

**Past performance is not a guide to future performance.**

## MARKET BACKDROP

Global stock markets rose between October and December 2025, supported by interest rate cuts from the US Federal Reserve (Fed) and Bank of England (BoE), alongside improved trade relations. The dominance of artificial intelligence (AI) stocks faded somewhat, as investors rotated into sectors set to benefit from AI technologies, including healthcare and communication services.

Despite ongoing geopolitical conflicts in the Middle East and Ukraine, trade relations improved. The US and China agreed to a one-year deal cutting tariffs and easing restrictions, while the US and EU confirmed a trade agreement.

Most regions saw equities advance. In the US, the S&P 500 Index reached an all-time high on Christmas Eve. The Fed lowered rates twice, to 3.75%, as unemployment rose and fears of an 'AI bubble' grew. Still, GDP expanded 4.3% in Q3. In Europe, the European Central Bank (ECB) held rates steady at 2.15%. Equities rose despite political turmoil in France, with eurozone inflation near the ECB's 2% target. Emerging markets benefited from US-China trade progress and a weaker dollar.

Bond markets diverged. UK gilt yields rose as inflation stayed above target, while US, German, and Japanese 10-year yields fell. UK equities performed strongly, with the FTSE All-Share Index rising and the FTSE 100 hitting a record high late in December, driven by mining, finance, and defence sectors. As for economic data, UK inflation, as measured by the Consumer Price Index, retreated to 3.2% in November, higher than the BoE's target of 2%. The BoE lowered interest rates to 3.75% at its December meeting.

## PERFORMANCE

The Fund's return for the three months to the end of December was positive (after fees), and it outperformed its benchmark.

### Reasons for performance

The continued enthusiasm for AI boosted the Fund's shares in chipmakers Samsung Electronics and Applied Materials. The latter benefited from analyst upgrades and relief that the US and China have agreed to postpone restrictions on chip equipment.

Shares of miner Freeport McMoran did very well as copper prices hit record highs in late December.

In alternatives, the Fund's shares of Pershing Square Holdings proved the biggest contributor to returns. This was largely thanks to the investment trust's holding in shares of Alphabet.

The Fund's holdings in the consumer discretionary sector struggled somewhat, and detracted from returns in the fourth quarter. Chinese e-commerce group Alibaba suffered a share-price fall. This was due to its second-quarter earnings results revealing shrinking profit margins. The Fund's shares of Tencent Music Entertainment also fell after a broker downgraded the shares despite solid third-quarter results.

Elsewhere, the Fund's shares of aerospace and defence business BAE Systems declined after very strong performance earlier in the year.

In the alternatives segment, the Fund's holdings in Greencoat UK Wind and The Renewables Infrastructure Group declined. This was after the UK government proposed changes to subsidy schemes, which could lower future revenues. These proposals weighed on market sentiment and weakened share prices throughout the renewable energy sector.

## ACTIVITY

Shares of Freeport McMoran were purchased following a mudslide that caused disruption at one of its main copper mines.

While the Fund's holdings in Greencoat UK Wind and The Renewables Infrastructure Group declined in the fourth quarter, the positions in each were increased. The manager feels there's been an overreaction to fears about the UK's plans to change the way inflation is measured in the renewable energy industry. Also in alternatives, some of the Fund's shares in WisdomTree Physical Swiss Gold were sold after the price of gold hit an all-time high.

Given the strong rise in equity markets, the manager sold the Fund's shares in homebuilder Toll Brothers. Shares of automotive parts and software manufacturers Continental and Aumovio were also sold.

## OUTLOOK

Investor sentiment seems to have improved from the first half of the year given lower interest rates, trade deals, and strength in equity markets beyond the technology sector. Potential US tax cuts could provide additional support for stock markets.

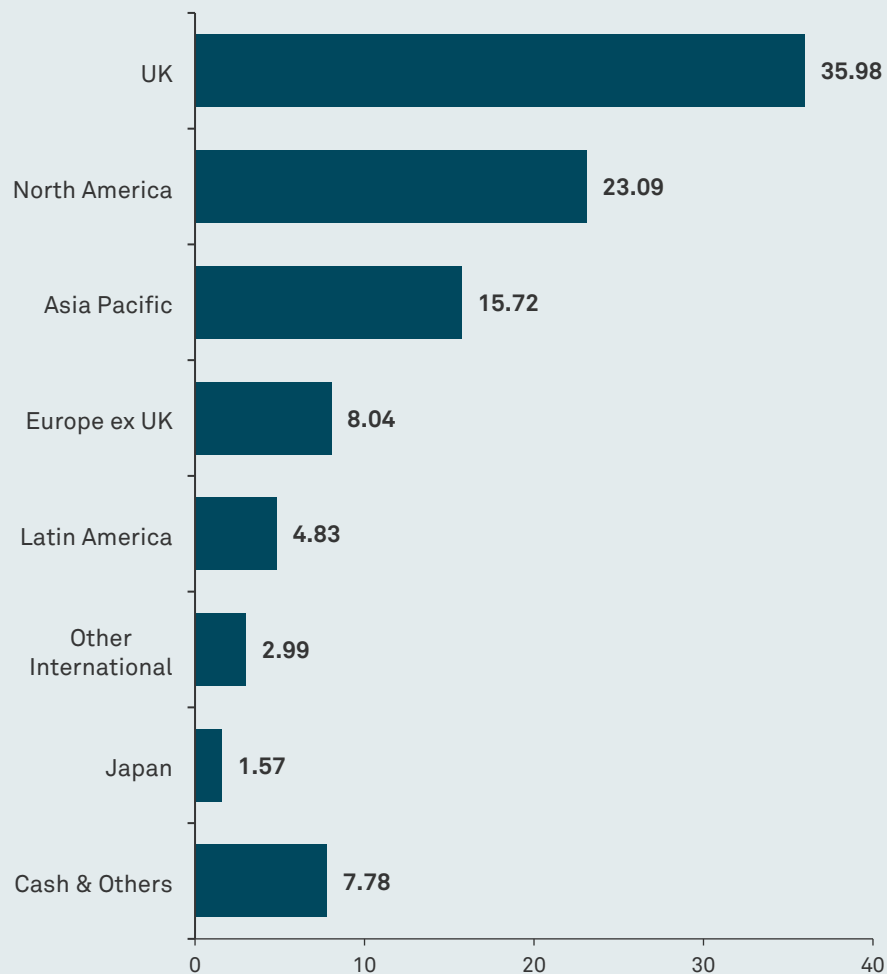
The manager believes developments in AI should also prove supportive and could be advantageous to those sectors able to benefit from new technologies, including financials, healthcare and communication services.

## FOURTH QUARTER 2025

The US Fed and the BoE may hold interest rates steady for now, but any signs of cooling inflation could lead to gradual reductions. Investors will be watching their decisions closely, as any developments are likely to shape the outlook for equity markets.

# WHERE THE FUND IS INVESTED

## Geographical allocation (%)



## Largest fund holdings (%)

Pershing Square Holdings Ltd. Public Class USD Accum.Shs	3.99
Greencoat UK Wind Plc	3.02
Government Of United Kingdom 3.5% 22-Jan-2045	2.48
Government Of The United States Of America 2.875% 15-May-2043	2.15
Government Of United Kingdom 4.25% 07-Dec-2027	1.84
Government Of Brazil 0.0% 01-Jan-2030	1.70
Renewables Infrastructure Group Limited GBP Red.Shs	1.44
GCP Infrastructure Investments Ltd GBP	1.28
International Public Partnerships Ltd	1.24
SDCL Efficiency Income Trust PLC	1.17

## Fund allocation (%)



Source: BNY Mellon Investment Management EMEA Ltd. Data as at 31 December 2025

## GLOSSARY

**ALTERNATIVES:** An alternative is a financial asset that does not fall into one of the conventional investment categories, such as equities or bonds.

**ASSET(S):** In this context, investments held in a portfolio, for example stocks, bonds, property and cash.

**ACTIVE MANAGEMENT:** A process whereby an investment professional actively makes buy, hold and sell decisions and aims to outperform the overall market.

**BENCHMARK:** A baseline for comparison against which a fund can be measured.

**BOND(S):** A loan of money by an investor to a company or government for a stated period of time in exchange for a fixed interest rate payment and the repayment of the initial amount at its conclusion.

**CAPITAL GROWTH:** When the current value of an investment is greater than the initial amount invested.

**COMMODITY/COMMODITIES:** An asset in the form of a raw material that can be bought and sold such as gold, oil, coffee, wheat, etc.

**CONSUMER DISCRETIONERY:** Goods and services considered non-essential by consumers but desirable if their income is sufficient to purchase them.

**CONSUMER PRICES INDEX:** An index used to measure inflation, based on the prices in a basket of goods and services, meant to be representative of those we typically spend our money on.

**EARNINGS:** Money obtained in return for labour or services.

**EQUITY/EQUITIES:** Shares issued by a company, representing an ownership interest.

**EMERGING MARKET(S):** Countries in the process of becoming developed economies. hedge fund

**FIXED INCOME:** Broadly refers to those types of investment security that pay investors fixed interest or dividend payments until their maturity date.

**GILT(S):** Fixed income security issued by the UK government.

**GOVERNMENT BONDS:** A loan of money by an investor to a government for a stated period of time in exchange for a (generally) fixed rate of interest and the repayment of the initial amount at its conclusion.

**GROSS DOMESTIC PRODUCT (GDP):** A monetary measure of the market value of all goods and services produced in a given period of time.

**INDEX/INDICES:** A portfolio of investments representing a particular market or a portion of it. For example: The FTSE 100 is an index of the shares of the 100 largest companies on the London Stock Exchange.

**INDUSTRIALS:** The industrial goods sector includes stocks of companies that mainly produce capital goods used in manufacturing, resource extraction, and construction.

**INFLATION/INFLATIONARY:** The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

**INVESTMENT TRUST:** A form of closed-ended fund traded on public markets. The number of shares in issue is fixed and the share price moves either above or below the value of the underlying holdings in the investment trust.

**OUTPERFORMANCE:** To have a greater performance/return to a comparator.

**PORTFOLIO:** A collection of investments.

**RETURN(S)/RETURNED:** The gain or loss from an investment over a stated period of time - expressed in either percentage or cash terms.

**REVENUES:** Often referred to as sales, is the income received from a company's normal business operations and other business activities.

**SECTORS:** An area of the economy in which businesses share the same or related business activity, product, or service.

**SHARE(S):** Also known as equity, is a security representing the ownership of a fraction of a company listed on the stock market.

**STOCK:** Also known as equity, is a security that represents the ownership of a fraction of the issuing corporation.

**TARIFFS:** Taxes imposed by a government on goods and services imported from other countries

**YIELD:** Income received from investments, either expressed as a percentage of the investment's current market value, or dividends received by the holder.

**The value of investments and the income received can fall as well as rise and investors may not get back the original amount invested.**



**If you are unsure which type of investment is right for you, please contact a financial adviser.**

**Important Information**

**This is a financial promotion.**

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