

AI – UK EQUITIES AND MAKING MONEY

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For Professional Clients only

LEARNING OBJECTIVES

By the end of this presentation, you will be able to:

- 01** Provide insights on the impact of AI on the equity investment process
- 02** Understand what becomes more important for investments success in an AI world
- 03** Articulate how to outperform on capital and income in this environment

What does AI mean for equity investment

AI can pull information together far more quickly

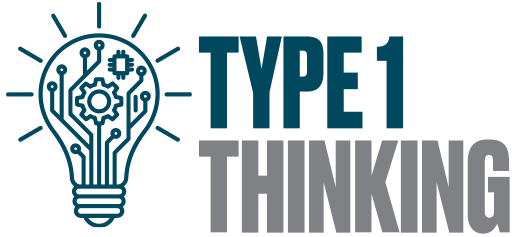
Portfolio analysis can be deeper and more dynamic

Outcome:
Higher productivity,
better portfolio analytics

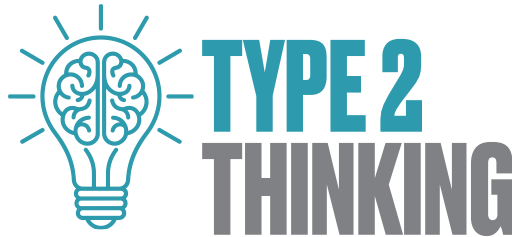


What are we doing about it?

Our competitive advantage / edge sits in our knowledge not in the model (LLMs)



Fast, repeatable, empirically based, scalable. This is what we are encoding and scaling with AI



Critical, creative future focused, judgemental. This remains firmly human where experience, challenge conviction dominates

What are we building?

- Knowledge referenced chat interface, based on internal knowledge
- Systematic screening and monitoring agents
- Event driven alerts

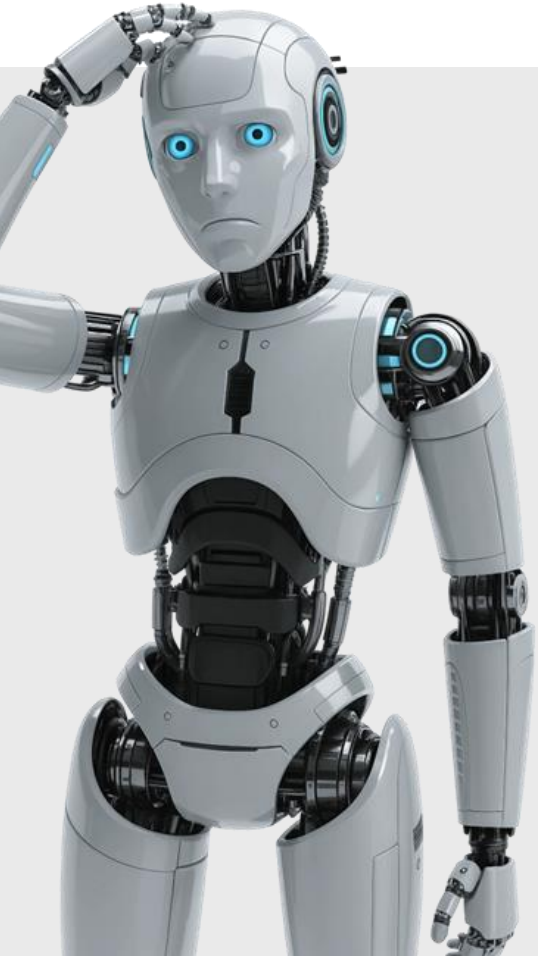


Outcomes

- We are encoding out Type 1 thinking into a knowledge registry
- Use AI to deploy that at scale; consistently and continuously
- Frees PMs to do more Type 2 thinking, originality, debate, future focused, etc

Remember what AI does not do

The past is not equal to the future



- AI are algorithms of the past. We should be careful of lack of focus on the future

What becomes more important

- Ability to assess change
- Access to unique information flows
- Human talent
- The ability to think differently

Conclusion

AI is an input but not the solution.

Future focused analysis, differentiated information gathering, effective communication and challenge structures, confidence and experience to go against trends remain the key to successful investment outcomes.



**“Only dead fish swim
with the stream”**
(or the future is not linear)

How to win with AI in the UK market



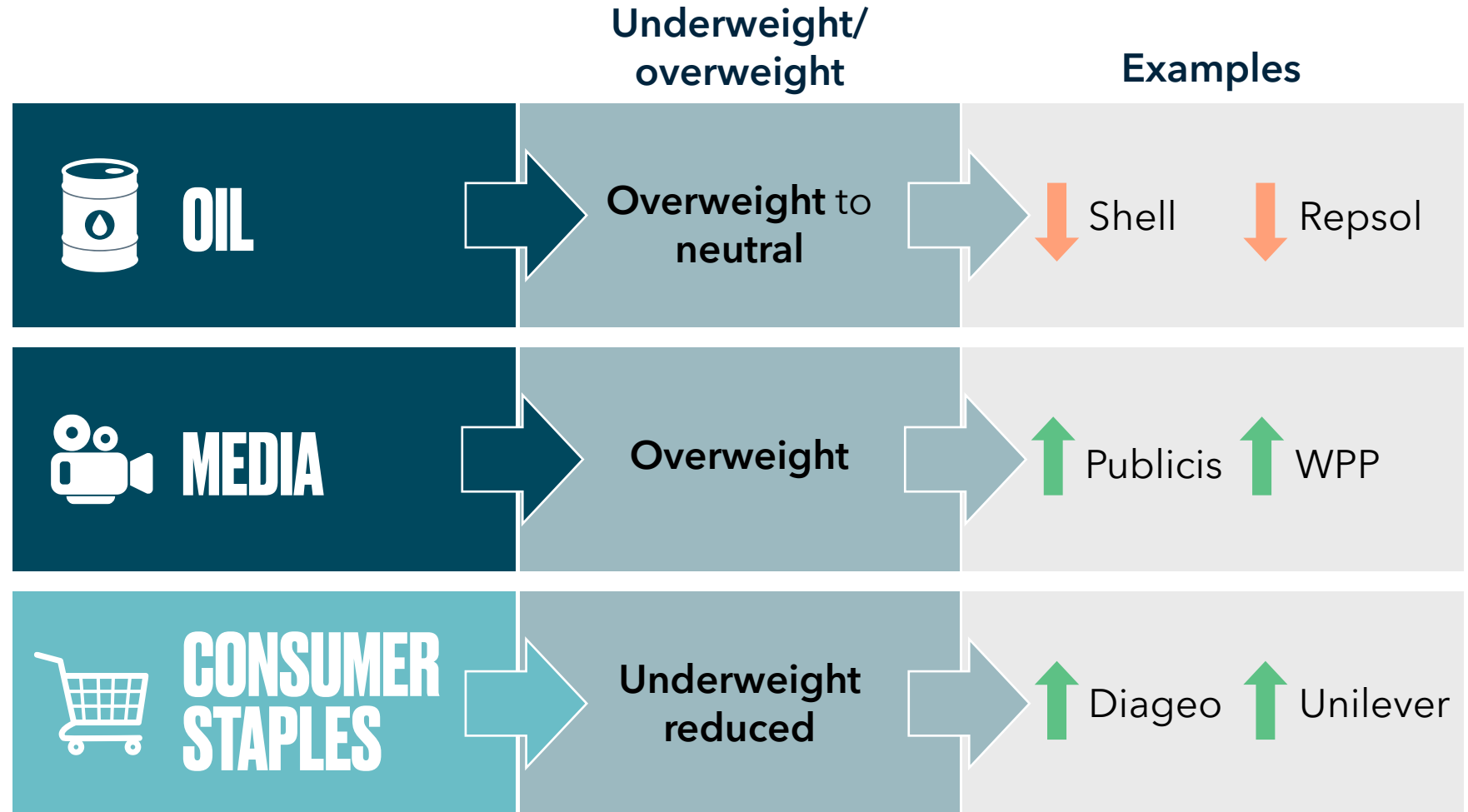
- Focus on change / disruption
- Be careful of the 'sin of certainty'. Companies adapt and there is a price for everything
- The threat is mainly towards intangibles. The UK equity index is long 'hard assets'
- A lot of investment risk and opportunity lies outside the UK
- Management assessment is more important
- AI delivers benefits across a wide range of sectors. Technology sector is not the only story
- Take advantage of where the market is overreacting to AI threats

Conclusion: AI benefits most companies from being able to apply AI to improve productivity. Management is key.

But more winners than losers in the UK

Key changes 2026

- The war is a negative but supply shock should be temporary
- Recovery delayed but not expecting global recession
- Low valuations in consumer sensitives and rate sensitives attractive
- Adding to some AI losers
- Reducing energy exposure post spike



The securities mentioned are only for illustrating the investment process of Newton Investment Management. These opinions should not be construed as investment or any other advice and are subject to change. This slide is for information purposes only and does not constitute an offer or solicitation to invest. **Source:** Newton, 31 March 2026.





LEARNING OUTCOMES




You should now be able to:

- 01** Provide insights on the impact of AI on the equity investment process
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- 03** Articulate how to outperform on capital and income in this environment

Where are we now?

BNY Mellon UK Income Fund

OVERWEIGHTS	
 <p>Banks Defensive earnings growth on current rate curve, high distribution yields; buybacks and dividend.</p>	<p>Barclays HSBC Lloyds BNP</p>
 <p>Insurance High yields, resilient and growing cash flows.</p>	<p>Scor Legal & General Standard Life</p>
 <p>Automotive Excessive concern over Chinese risk, tariffs and EV transition. Strong balance sheets, high dividend yields.</p>	<p>Volkswagen Renault</p>
 <p>Media Overreaction to AI loser status</p>	<p>Wolters Kluwer WPP Publicis</p>

UNDERWEIGHTS	
 <p>Consumer Staples Questionable defensive attributions. Secular challenges in alcohol and food. Increasing competition.</p>	<p>Unilever¹ Reckitt¹ Haleon¹</p>
 <p>Defence and Aerospace High ratings no yield.</p>	<p>BAE¹ Rolls-Royce¹</p>
 <p>Utilities Political and regulatory risks high capex and dividend cuts.</p>	<p>National Grid¹ SSE¹</p>

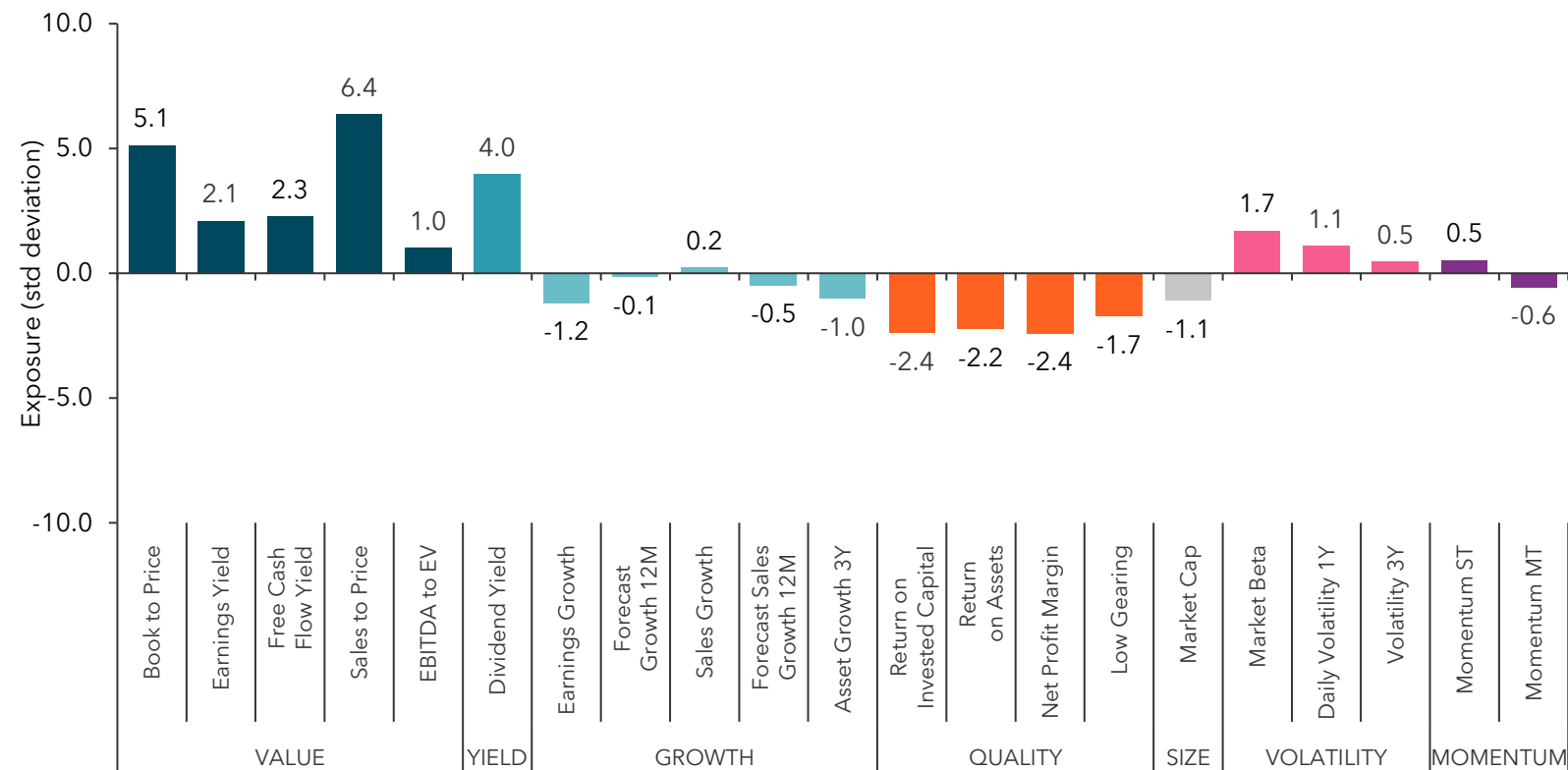
Notes: ¹ Not held. **Source:** Company report and accounts as at 31 March 2026.

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Portfolio characteristics

BNY Mellon UK Income Fund

Style exposure vs performance benchmark¹



Summary¹

Number of holdings	40
Ex-ante portfolio volatility	14.68
Ex-ante beta	1.04
Active share	71.94
Residual risk (%)	5.51

Fundamentals¹

	Fund	Benchmark ¹
P/E using FY1 Est	9.27	13.62
Yield (%) ²	4.32	3.20
Forecast LT Earnings Growth (%)	9.23	9.41
Forecast LT Sales Growth (%)	3.45	4.97

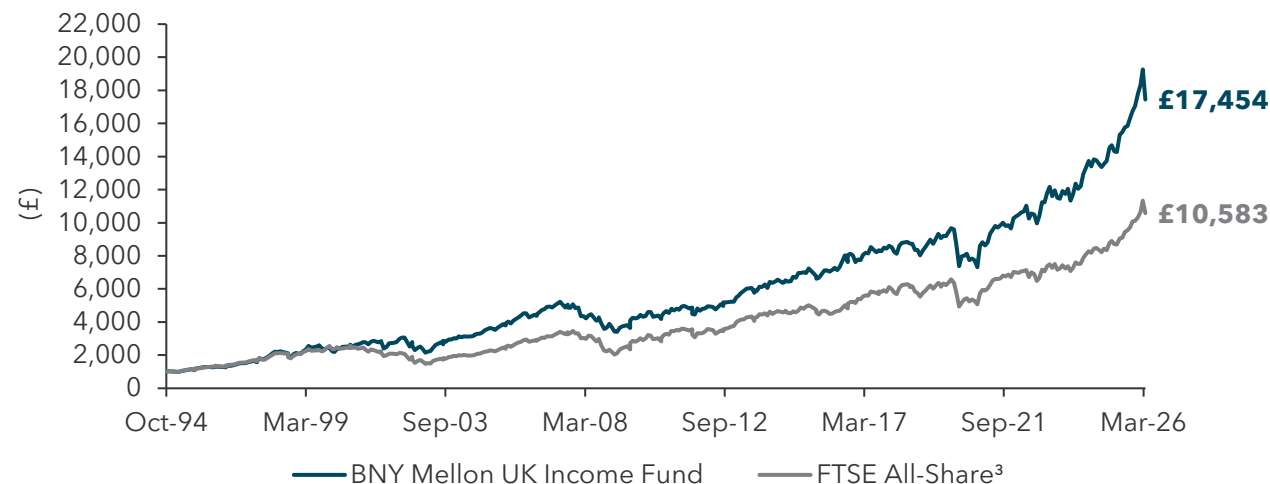
Notes: ¹ The FTSE All-Share performance benchmark is used as a comparator for this fund. The fund does not aim to replicate either the composition or the performance of the performance benchmark. This is for illustrative purposes only and does not take into account effects of inflation or other factors that may have a negative impact on an investment. ² Historic yield is used for Fund yield; Dividend yield is used for the Benchmark yield. **Source:** Newton and FactSet, 31 March 2026.

Source (unless otherwise stated): Fundamental style tilts sourced from Style Analytics, ex-ante volatility sourced from Aladdin using a medium-term horizon model (Parametric, weekly-constant-weighted, 3-year lookback, no decay factor), 31 March 2026.

BNY Mellon UK Income Fund Performance to 31 March 2026

Annualised Returns Since 1 January 2022 ¹	Total Return (p.a. %)
BNY Mellon UK Income Inst W Acc	13.31
FTSE All-Share ³	10.11
IA UK Equity Income	7.12
MSCI World TR GBP	9.51
S&P 500 TR	9.98
Quartile	1
Rank	4/66

Value of £1,000 Invested on 30 September 1994² to 31 March 2026



Annualised Returns %	1 year	3 years (p.a.)	5 years (p.a.)	Since 30 September 1994 (p.a.) ²
BNY Mellon UK Income Inst W Acc	21.97	14.55	13.31	9.50
FTSE All-Share ³	21.54	13.32	11.10	7.77
IA UK Equity Income	16.18	10.26	8.23	7.52
Quartile	1	1	1	1
Rank	14/64	6/64	3/63	2/16

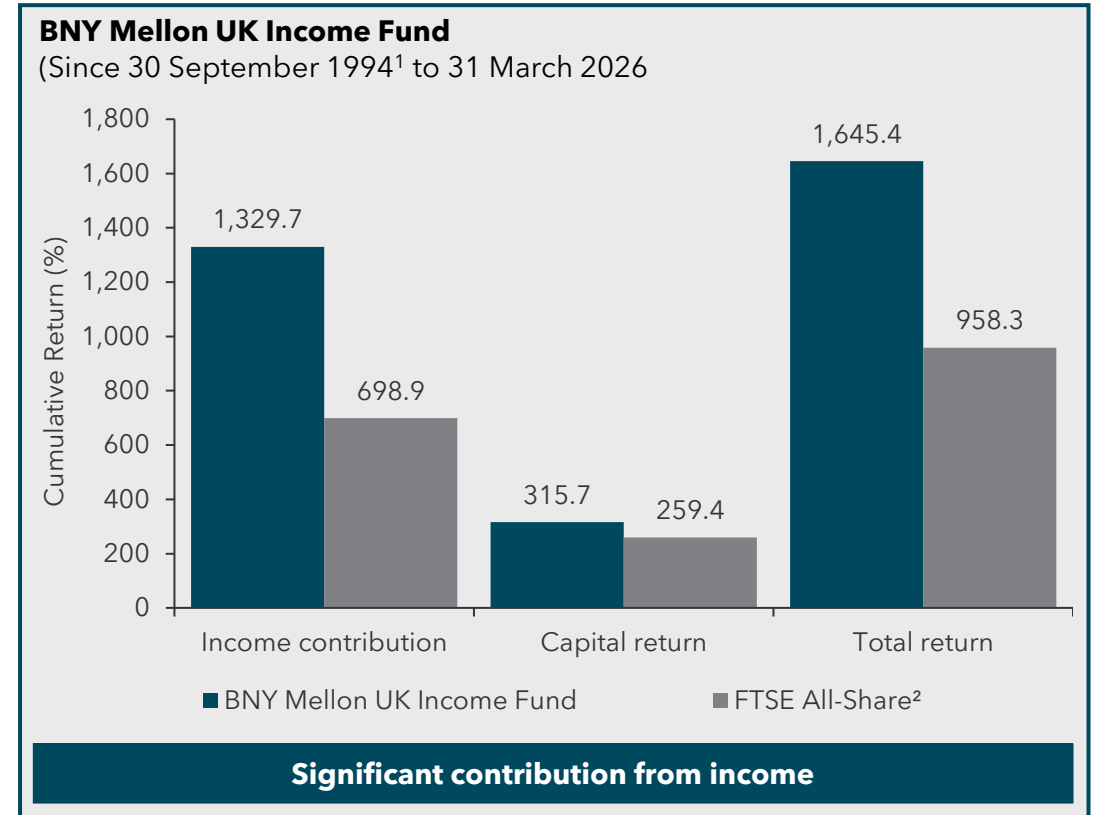
Notes: ¹ David Cumming appointed portfolio manager in Q1 2022. ² The fund launched in 1987 but became regulated in 1994. ³ The FTSE All-Share performance benchmark is used as a comparator for this fund. The fund does not aim to replicate either the composition or the performance of the performance benchmark.

Source: Lipper, 31 March 2026. Fund performance Institutional W (Accumulation) calculated as total return, including reinvested income net of applicable UK tax and charges, based on net asset value. All figures are in GBP terms. Institutional W (Accumulation) share class annual management charge: 0.75%. Comparisons are made to demonstrate correlation only and are for illustrative purposes only.

Outperforming on capital and income

BNY Mellon UK Income Fund

DIVIDENDS	<ul style="list-style-type: none"> • Compound a higher yield than the market • Every stock makes a meaningful contribution
DISCIPLINE	<ul style="list-style-type: none"> • Attractive long-term metrics • Relentless focus on new ideas
DOWNSIDE	<ul style="list-style-type: none"> • Dividends backed by sustainable cashflows • Consideration of themes, fundamentals and ESG³
DECISIVE	<ul style="list-style-type: none"> • Concentrated portfolio of 30-50 stocks⁴ • Low turnover consistent with 3-5yr time horizon

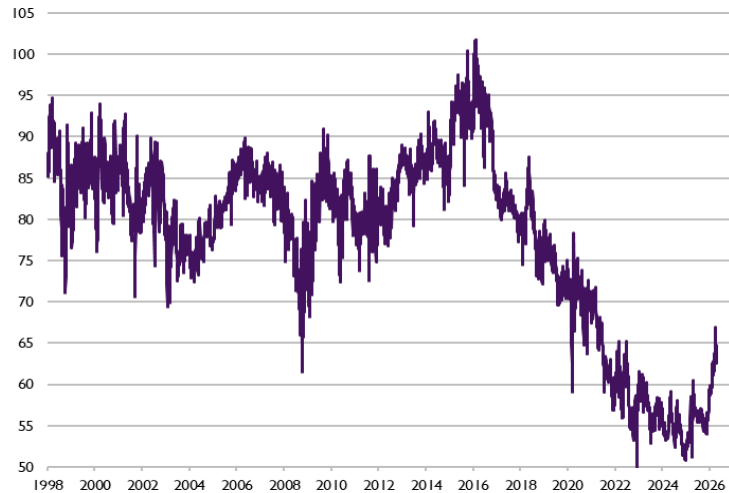


Notes: ¹ The fund launched in 1987 but became regulated in 1994. ² The FTSE All-Share performance benchmark is used as a comparator for this fund. The fund does not aim to replicate either the composition or the performance of the performance benchmark. ³ Newton manages a variety of investment strategies. How ESG analysis is integrated into Newton's strategies depends on the asset classes and/or the particular strategy involved. ESG can be one of many inputs into the fundamental analysis. Newton will make investment decisions that are not based solely on ESG analysis. Other attributes of an investment may outweigh ESG analysis when making investment decisions. ⁴ Internal guideline which may be subject to change without notice. **Source:** Lipper, 31 March 2026. Fund performance Institutional W (Accumulation) calculated as total return, including reinvested income net of applicable UK tax and charges (0.75% annual management charges), based on net asset value. All figures are in GBP terms.

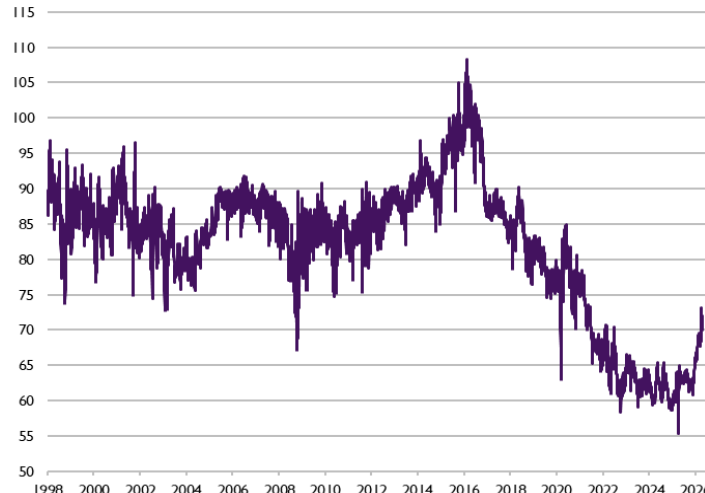
Conclusions

- The UK is not an AI loser
- UK Equities still cheap relative to history and versus global equities
- Despite higher energy costs recovery favoured over recession
- Positive beta, positive financials, positive cyclicals
- Geopolitical and AI disruption, creates opportunities for active managers

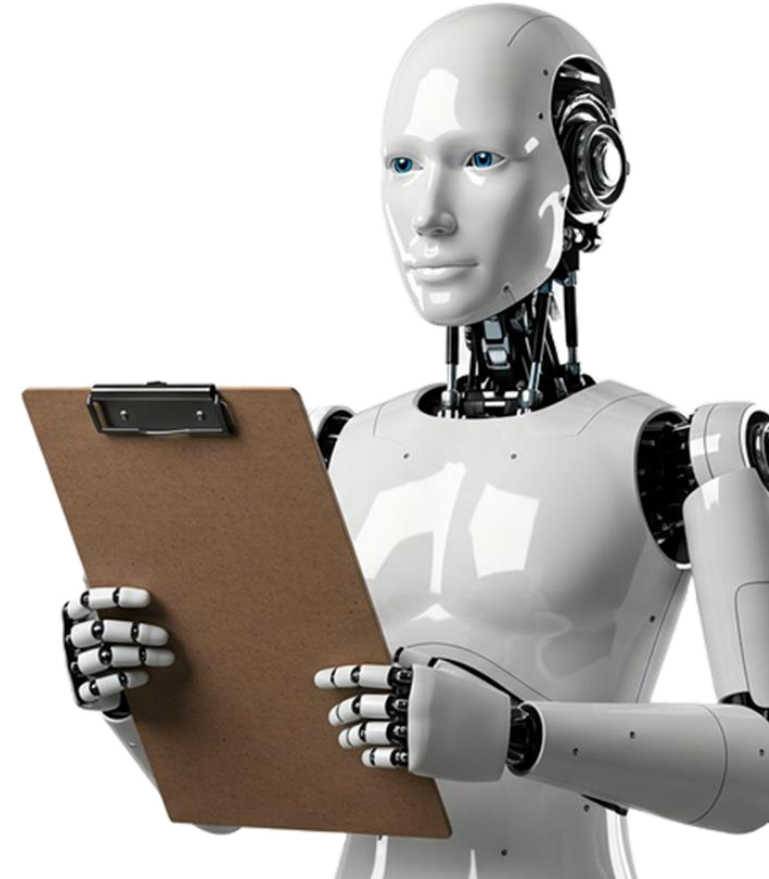
12-Month Forward P/E: UK/US



12-Month Forward P/E: UK/World



Source: Lazarus economics, Bank of England, data accessed on 23 April 2026. Charts based on FTSE UK, FTSE USA, FTSE World, FTSE Europe Index data.



Key Risks

BNY Mellon UK Income Fund

Investment objective

The Fund aims to achieve income over an annual period together with capital growth over the long term (5 years or more).

Performance Benchmark

The Fund will measure its performance against the FTSE All-Share 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. However, due to the Fund's income focus, performance may differ from and, in certain conditions, underperform the Benchmark.

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 - 12 month returns (%)

	Mar 2021	Mar 2022	Mar 2023	Mar 2024	Mar 2025
	Mar 2022	Mar 2023	Mar 2024	Mar 2025	Mar 2026
Fund	13.67	9.34	11.4	10.67	21.97
Performance Benchmark	13.03	2.92	8.43	10.46	21.54

Calendar Performance (%)

	2021	2022	2023	2024	2025
Fund	16.36	9.47	10.00	11.18	29.59
Performance Benchmark	18.32	0.34	7.92	9.47	24.02

Source: Lipper as at 31 March 2026. Fund performance Institutional Shares W (Accumulation) calculated as total return, including reinvested income net of applicable UK tax and charges, based on net asset value. All figures are in GBP terms.

Past performance is not a guide to future performance.

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

Key Risks associated with this Fund

- **Objective/Performance Risk:** There is no guarantee that the Fund will achieve its objectives.
- **Currency Risk:** This Fund invests in international markets which means it is exposed to changes in currency rates which could affect the value of the Fund.
- **Geographic Concentration Risk:** Where the Fund invests significantly in a single market, this may have a material impact on the value of the Fund.
- **Emerging Markets Risk:** Emerging Markets have additional risks due to less-developed market practices.
- **Concentration Risk:** 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.
- **Charges to Capital Risk:** 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.
- **Counterparty 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.
- **High Yield Companies Risk:** 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.

PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE. THE VALUE OF INVESTMENTS AND THE INCOME RECEIVED CAN FALL AS WELL AS RISE AND INVESTORS MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

Important Information

For Professional Clients only. This is a financial promotion. Please refer to the prospectus, KIID where applicable and other fund documents for a full list of risks and before making any investment decisions. Go to bny.com/investments.

Any views and opinions are not investment advice or a research recommendation.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

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