

# BNY MELLON FUTURELEGACY 3 FUND

## Quarterly Investment Report

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 capital growth and potential for income over the long term (5 years or more) while being managed to a pre-defined level of risk. The Fund will aim to maintain a risk profile classification of 3 from a scale of 1 (lowest) to 10 (highest) which is assessed against the risk ratings scale provided by an external third party risk rating agency.

## Performance Benchmark

A benchmark is a metric or baseline to judge a fund's performance against. The BNY Mellon FutureLegacy 3 Fund uses the Investment Association's Mixed Investment 0-35% Shares NR Sector average as an appropriate benchmark for comparison.

This benchmark is a collection of funds with different investment managers. Both the Fund and the constituents of the benchmark have a range of different investments. Typically, between 0% and 35% of the funds' portfolios will be invested in company shares.

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 the UK or an EEA State, its local authorities, a third country or public international bodies of which the UK or one or more EEA States are members.**

The BNY Mellon FutureLegacy funds are actively managed. The funds are invested based on forward-looking expectations of volatility - the expected fluctuations of an underlying stock or index over a specific time frame. The Investment Manager uses its own internal risk model in managing the funds and also considers external independent risk profiling methodologies. Funds have a risk profile rating to determine how conservatively it is managed. A rating of one is considered lowest risk on the scale, with 10 the highest. This risk profile score is featured in the fund's name and is different to the risk and reward category shown in the funds' Key Investor Information Document(s). The funds target risk profiles of 3, 4, 5, 6 and 7 but this is not guaranteed.

# 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, Bhavin Shah, portfolio manager of the BNY Mellon FutureLegacy Fund range, shares his insights into how the Funds performed over the last quarter.

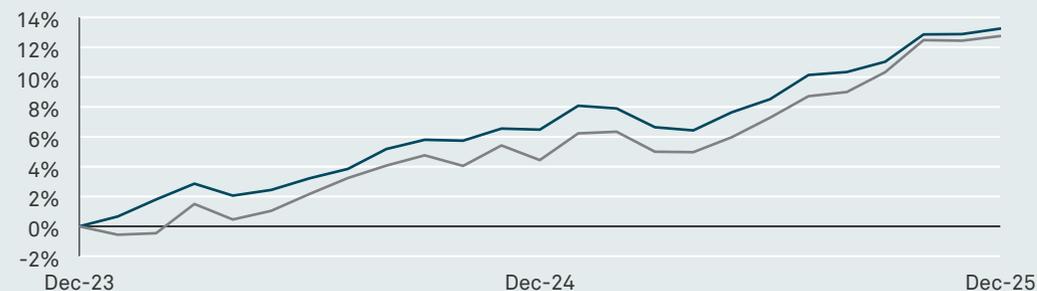
## Performance summary (%)

	3 months	Year-to-date	1 year	3 years annualised	5 years annualised
Fund	2.00	6.36	6.36	-	-
Performance Benchmark	2.19	7.95	7.95	-	-

	2021	2022	2023	2024	2025
Fund	-	-	-	6.48	6.36
Performance Benchmark	-	-	-	4.44	7.95

## 2 years cumulative performance (%)



**13.25%** Fund    **12.75%** 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. Effective 1 August 2025, the Fund's Benchmark changed from 15% SONIA GBP, 55% ICE BofA Global Broad Index GBP Hedged and 30% MSCI ACWI GBP NR to the Investment Association's Mixed Investment 0-35% Shares NR sector average. Benchmark performance shown for all time periods is that of the Investment Association's Mixed Investment 0-35% Shares NR sector average. The Fund's discrete performance will not be available for five full 12 month periods as the Fund launched on 07 February 2023.

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

## MARKET BACKDROP

Global stock markets rose between October and December 2025. The dominance of artificial intelligence (AI) stocks eased as investors shifted toward sectors benefiting from AI technologies, including healthcare and communication services. Positive international trade developments and interest rate cuts from the US Federal Reserve (Fed) and Bank of England (BoE) further supported gains.

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

Stock prices advanced across most regions. In the US, the S&P 500 Index reached an all-time high on Christmas Eve. The Fed cut interest rates twice, lowering them to 3.75% as unemployment rose and concerns about an 'AI bubble' grew. Still, GDP expanded by 4.3% in the third quarter.

The European Central Bank (ECB) held rates steady at 2.15%. European equities climbed despite political turmoil in France, while Eurozone inflation remained near the ECB's 2% target. Emerging markets benefited from improved US-China relations and a weaker US dollar.

Bond markets showed mixed trends: UK gilt yields rose as inflation stayed above the BoE's target, while yields on US, German, and Japanese government bonds declined.

UK stocks performed strongly. The FTSE All-Share Index rose throughout the quarter, and the FTSE 100 Index hit a record high at year-end, driven by mining, finance, and defence. UK inflation fell to 3.2% in November, above the BoE's 2% target, prompting the BoE to cut rates to 3.75% in December.

## PERFORMANCE

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

### Reasons for performance

Shares from the technology sector helped the Fund make a positive return for the quarter. Firms operating in the semiconductor industry did especially well. Both ASE Technology and Chroma ATE saw their share prices rise when third-quarter profits and sales came in stronger than was expected, thanks to high demand for chip-testing services.

In industrials, shares of transportation and logistics business C.H. Robinson rose due to better-than-expected earnings results. The company has been using AI to boost efficiency, which has had a positive effect on its supply chain.

In the consumer discretionary sector, shares of Inditex - which owns clothing chain Zara - also rose when its sales figures beat expectations.

In fixed income, the Fund's holdings in local-currency emerging market government bonds added to returns as well.

That said, certain stocks weighed on returns. Shares of packaging solutions provider International Paper fell as a tougher economic backdrop led to weaker earnings results. This was despite the company's acquisition of rival DS Smith.

Healthcare stocks did very well in the fourth quarter. As a result, not owning any shares of pharmaceutical firm Eli Lilly proved unhelpful. On the other hand, owning shares of medical devices firm Shenzhen Mindray also detracted when its

share price fell amid profit-taking in the Chinese markets.

Finally, the Fund's shares in information services firm Wolters Kluwer fell as investors worried that new AI tools could disrupt its business.

## ACTIVITY

In the industrials sector, shares of Bureau Veritas were purchased. The company provides laboratory testing, inspection and certification services. Due to deregulation in the US, the manager saw this as a good opportunity to invest in a high-quality business.

Shares in Phoenix Group, one of the UK's leading pensions and savings business, were added to the Fund. The manager also bought shares in insurance company Old Republic International. This position was funded by selling shares in insurer Munich Re.

In the automobile industry, the manager sold the Fund's shares of Mercedes-Benz. This was due to pressure from US tariffs and slowing demand in China.

The manager sold the Fund's shares in consumer health company Kenvue. This was after the company came under pressure following negative news about pain relief medication in the US. Although the claims lacked scientific proof, the legal risks made the outlook too uncertain, in the manager's view. Kenvue's growth outlook was muddled further by a takeover offer from Kimberly-Clark in November.

Finally, the Fund's shares of information analytics provider RELX were sold on concerns about the effect of new AI technologies on its business.

## FOURTH QUARTER 2025

As for bonds, the Fund's emerging market holdings were increased via the purchase of Romanian government bonds. The manager sold the Fund's 10-year Japanese government bond swaps and switched into 10-year futures (which are agreements to sell certain stocks at a set price in the future).

## OUTLOOK

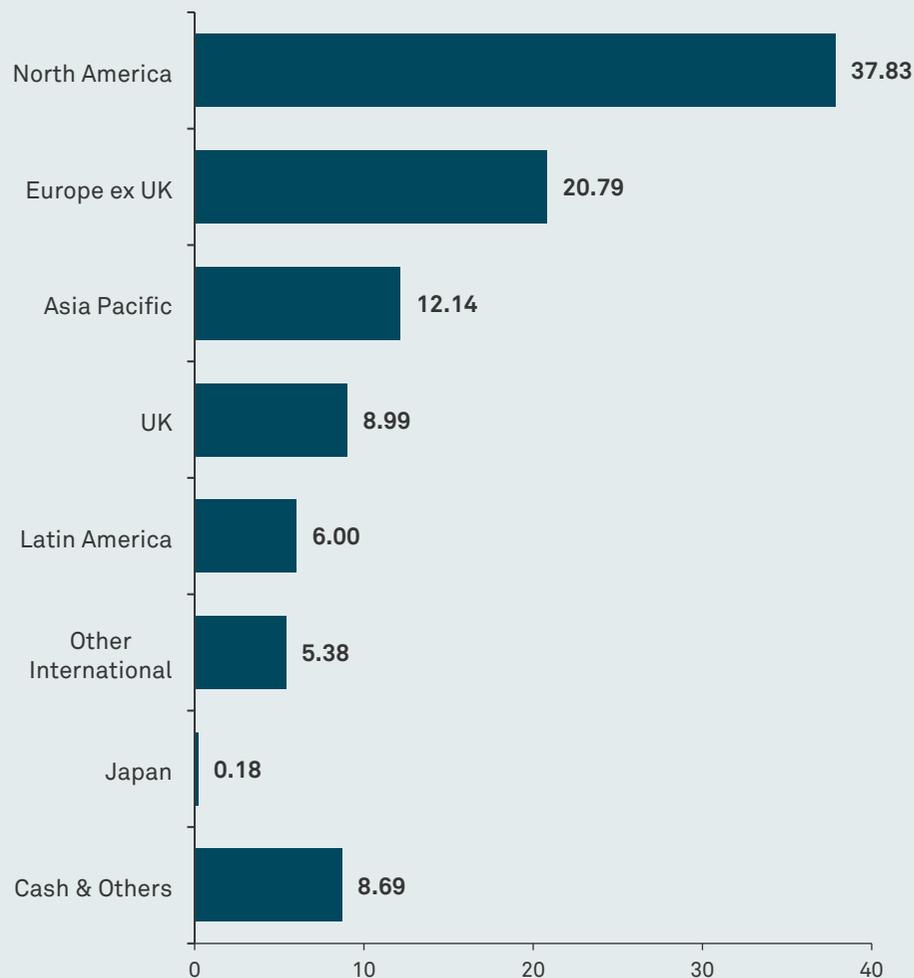
Investor sentiment seems to have improved from the first half of the year given lower interest rates, trade deals, and strength in equity markets beyond the technology sector. Potential US tax cuts could provide additional support for stock markets.

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.

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 (%)

Government Of The United States Of America 0.0% 09-Apr-2026	9.06
Government Of The United States Of America 0.0% 12-Mar-2026	7.85
2Y Canada Govt Bond (MOD) Mar 26	3.20
Government Of Brazil 0.0% 01-Jan-2028	3.16
Long Euro BTP Italy (EUR) Mar 26	3.13
Euro Bund Germany (EUR) Mar 26	2.08
Government Of Czech Republic 3.0% 03-Mar-2033	2.03
Canada Housing Trust No. 1 3.6% 15-Dec-2027	1.96
Government Of Peru 5.4% 12-Aug-2034	1.74
Government Of The United States Of America 4.5% 15-Nov-2033	1.71

## Fund allocation (%)



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

## GLOSSARY

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

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

**ASSET CLASS:** A broad group of investments with similar financial characteristics.

**AUTHORISED CORPORATE DIRECTOR (ACD):** is responsible for the running of an investment fund. They have a duty to act in the best interests of the fund's investors, and ensure that the fund is well managed in line with regulations and with the investment objectives and policies set out in its prospectus.

**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.

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

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

**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.

**DEVELOPED MARKETS:** A country that is most developed in terms of its economy and financial markets.

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

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

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

**EUROZONE:** The economic region that contains all members of the European Union that use the euro as currency.

**FINANCIALS:** A sector made up of companies that provide financial services.

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

**FUTURES:** Futures are financial contracts obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts detail the quality and quantity of the underlying asset, they are standardised to facilitate trading on futures exchanges.

**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.

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

**LOCAL CURRENCY:** A currency that can be spent in a particular geographical locality at participating organisations.

**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.

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

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

**SECURITY/SECURITIES:** A tradable financial asset such as a share in a company or a fixed income security also known as a bond.

**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.

**SWAP:** A financial contract where two parties agree to exchange cash flows or liabilities over time.

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

**UNDERPERFORMANCE:** Seeing greater losses in a down market and below-average gains in a rising market.

**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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