

**Newton**

Global investment manager with assets under management of £76.6 billion, providing investment solutions since 1978.

**Assets under management<sup>1</sup>**

Strategy (£m)	248.40
Representative portfolio (£m)	248.40

**General information<sup>2</sup>**

Number of issuers	142
12 month turnover (%)	73.12
Effective duration	5.36

**Strategy characteristics (3 yr ex-post)**

Volatility (%pa)	3.12
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**Duration**

Newton Global Dynamic Bond (Responsible) Strategy (yrs)	5.36
Performance Benchmark (yrs)	-

Strategy characteristics calculated on a rolling three year basis.

<sup>1</sup>Source: Newton as at 31/03/2025. Please refer to Important Information page for more detail.

<sup>2</sup>Source: BNY Mellon Sustainable Global Dynamic Bond Fund as at 31/03/2025

**Strategy available through pooled UK vehicle via**

BNY Mellon Sustainable Global Dynamic Bond Fund

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**For professional investors only. Please read the important information at the back of this document. Newton claims compliance with the Global Investment Performance Standards (GIPS).**

**Strategy objective**

The strategy aims to achieve income and capital growth over the medium term (3-5 years). It is managed to seek a minimum return of cash (SONIA (30-day compounded)) +2% 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.

**Investment approach**

The strategy follows a dynamic, absolute-return approach, designed to deliver income. In-house research analysts are at the core of our investment process, and our multidimensional research capabilities help to promote better-informed investment decisions. Our strategies with sustainability characteristics invest in securities that demonstrate attractive investment attributes and sustainable business or operating practices. They actively omit issuers involved in areas deemed to be harmful from an environmental or social perspective.

**Investment team**

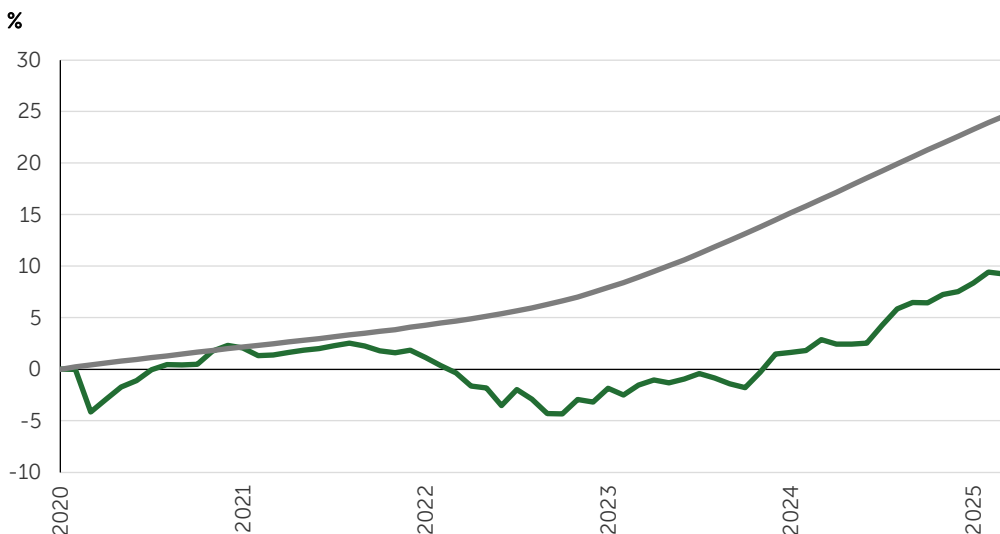
Newton as a whole manages £3.5 billion in strategies with sustainability characteristics. The Global Dynamic Bond (Responsible) (GBP) strategy, with assets under management totalling £0.2bn, is managed by our fixed income team. The team consists of nine investment professionals, with an average of 21 years' investment experience, managing £2.7bn of fixed income assets.

**Portfolio managers** Ella Hoxha, Martin Chambers, Scott Freedman & Trevor Holder

**Performance Benchmark:** SONIA (30-day compounded) +2%

**Performance (%) - since inception (gross)**

1.72% pa	Newton Global Dynamic Bond (Responsible) Strategy	4.34% pa	Performance Benchmark
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**Performance (%) - net and gross**

	Quarterly				Annualised			
	Q1 2025	Q4 2024	Q3 2024	Q2 2024	1 year	3 years	5 years	10 years
Newton Global Dynamic Bond (Responsible) Strategy (Net)	1.49	0.91	3.77	-0.43	5.81	2.77	2.29	-
Newton Global Dynamic Bond (Responsible) Strategy (Gross)	1.58	1.00	3.86	-0.34	6.18	3.13	2.65	-
Performance Benchmark	1.61	1.66	1.73	1.76	6.94	5.98	4.41	-

Source: Newton FactSet, Newton Global Dynamic Bond (Responsible) composite. As at 31/03/2025. Composite inception: 31/01/2020. This is supplemental information to the GIPS compliant information. Performance is stated net and gross of management fees. The net-of-fee returns are calculated by deducting an annual management charge of 0.35% from the composite gross-of-fee returns. The impact of fees can be material. A fee schedule providing further detail is available upon request. The SONIA (30-day compounded) +2% index is used as a comparator for this strategy. The strategy does not aim to replicate either the composition or the performance of the performance benchmark. The strategy name changed from Newton Sustainable Global Dynamic Bond (GBP) to Newton Global Dynamic Bond GBP (Responsible) on 2 April 2025.

## Strategy commentary

### Performance commentary

Global bond markets had a strong quarter, with all asset classes ending the period in positive territory. Investment-grade credit led the performance, followed by emerging-market sovereigns.

At the beginning of January, UK gilts experienced volatility, peaking at their highest yield level since 2008 due to fiscal concerns. However, this concern dissipated after a lower inflation print increased the likelihood of the Bank of England (BoE) cutting interest rates by 0.25%, which it subsequently did in February. During January, global government bond yields initially rose on expectations of higher inflation and US interest rates, before bonds rallied into the end of the month.

February was also a positive month for bonds, with US Treasuries outperforming their peers due to US growth concerns as well as weaker business and consumer sentiment. President Trump's tariff announcements weighed heavily on US sentiment, causing US equities to tumble. US inflation rose more than expected, supporting expectations of higher US interest rates. The Federal Reserve (Fed) held rates over the quarter.

German bunds experienced a rise in yields over the quarter due to political changes and increased defence spending, which created optimism in Europe after a period of dampened sentiment. The European Central Bank cut rates twice during the quarter, further boosting optimism in European assets and causing the euro to rise.

Despite the uncertain backdrop, corporate credit showed notable resilience. European corporate bonds outperformed their US counterparts, reflecting nervous sentiment about the US economic outlook.

During the quarter, the US dollar weakened due to growth concerns, US equity market underperformance and tariff announcements. Conversely, sterling strengthened against the US dollar, driven by sticky UK inflation and 'higher-for-longer' BoE rate expectations.

Against this backdrop, the strategy delivered a positive return. Emerging-market sovereigns were the strategy's biggest contributors. Local-currency bonds outperformed hard-currency bonds, with Brazil and Peru bonds the strongest performers.

Overall, the strategy's government bond positioning contributed positively. Short French and German bond futures, long Ultra 10-year Treasury futures and Treasury Inflation-Protected Securities (TIPS) were the main contributors to the positive performance. However, long-dated Japanese government bonds, long Italian bond futures and short five-year US Treasury futures were notable laggards.

A variety of investment-grade holdings boosted returns, including utility company RWE Finance and health-care company Amgen.

High-yield credit also contributed positively. Financials including UBS and Barclays were the strongest performers, while utility Orsted and telecommunications company Telefonica hybrid bonds detracted.

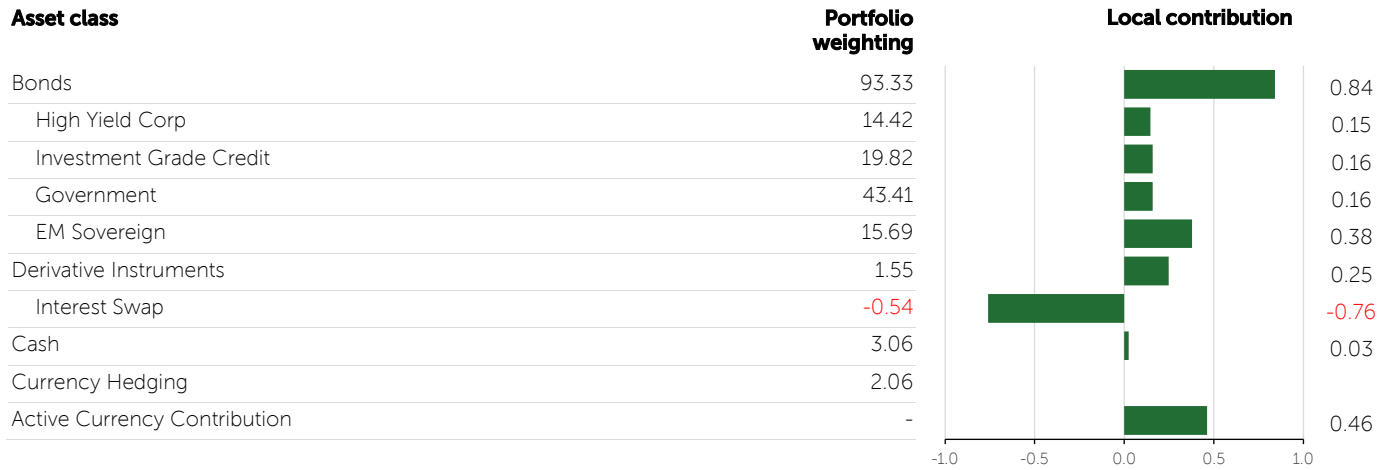
Active currency positioning aided returns over the quarter. Long positions in the Japanese yen and US dollar and a short position in the Taiwan dollar boosted returns, with little in the way of detractors.

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 document is for information purposes only and does not constitute an offer or solicitation to invest.

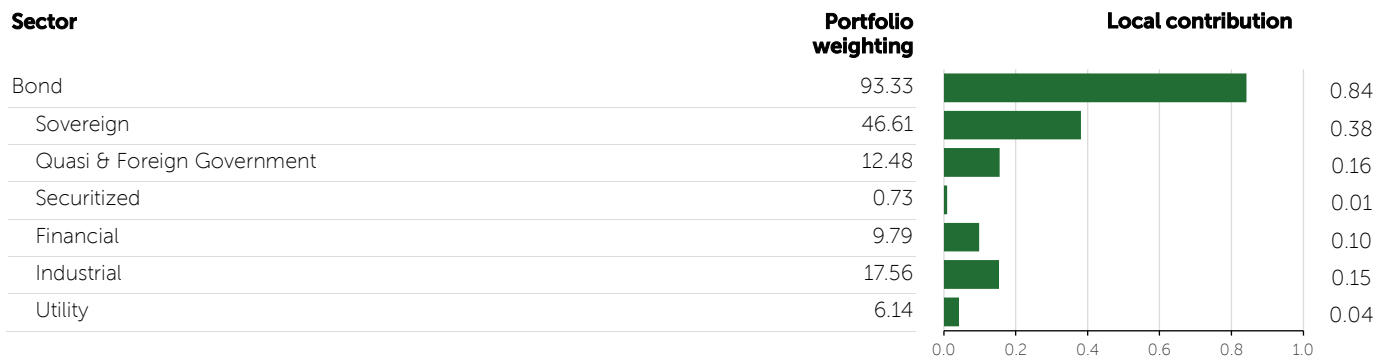
### Investment strategy and outlook

In developed-market government bonds, we prefer those high-quality 'safe-haven' markets with high yields, steep curves and low issuance pressures. In high-yield credit, risks are increasing, as seen by the slight widening of spreads, but spreads remain tight. We currently find better value in European high-yield credit compared to the US and are adding to high-quality companies with good relative value attributes. In investment-grade credit, company fundamentals remain solid but show signs of slight weakening. In emerging markets, we favour selective local-currency markets where disinflation, dovish central banks and attractive yields offer compelling asymmetry compared to generally tight hard-currency spreads, where excess return prospects are lower. We will be adding to emerging-market sovereigns when weakness emerges.

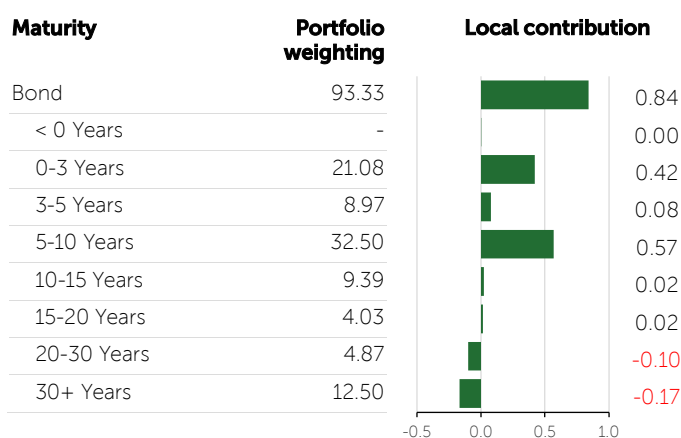
**Contribution by asset class %**



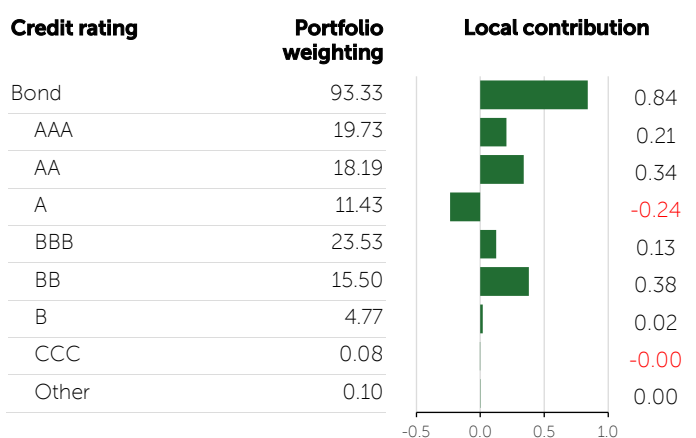
**Contribution by sector %**



**Contribution by maturity %**

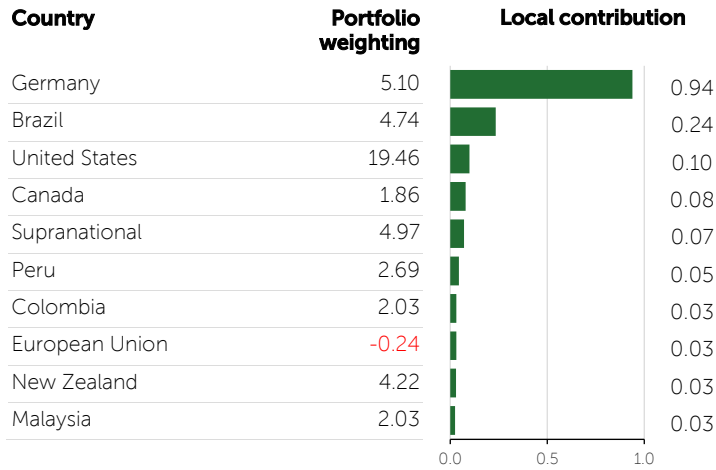


**Contribution by credit rating %**

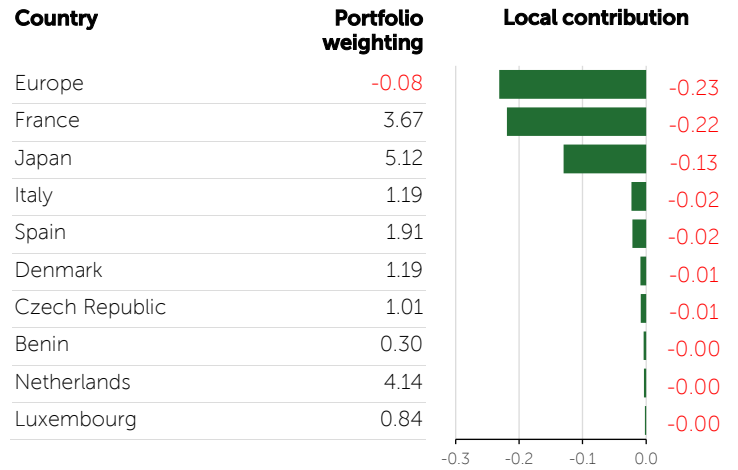


Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Sustainable Global Dynamic Bond Fund, which adheres to the same investment approach as the strategy. The strategy does not aim to replicate either the composition or performance of the performance benchmark.

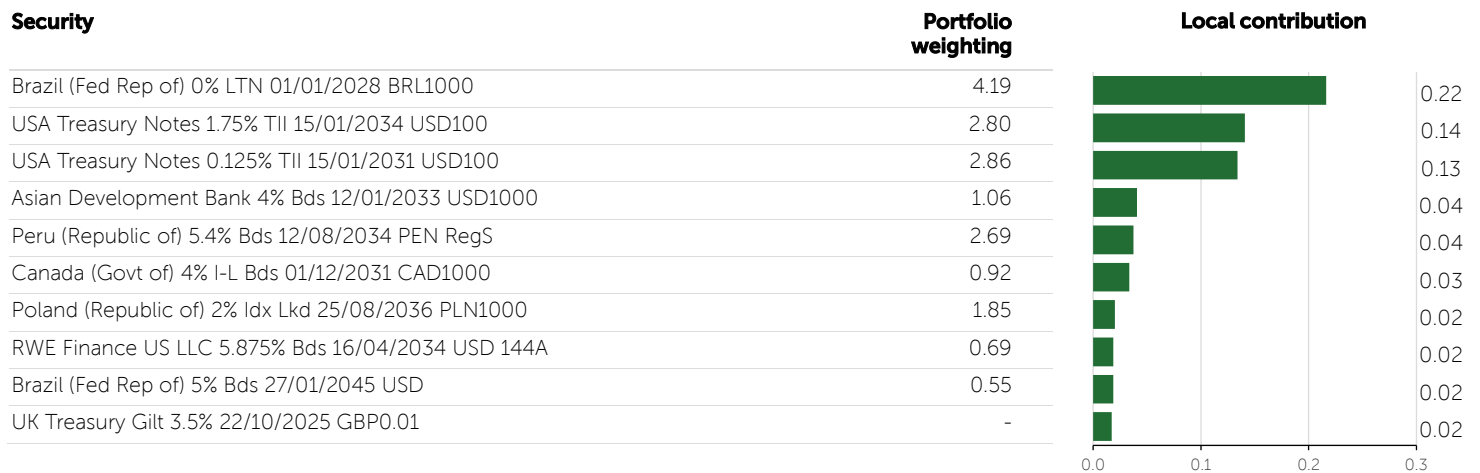
**Contribution by country top 10 (%) - 3 months**



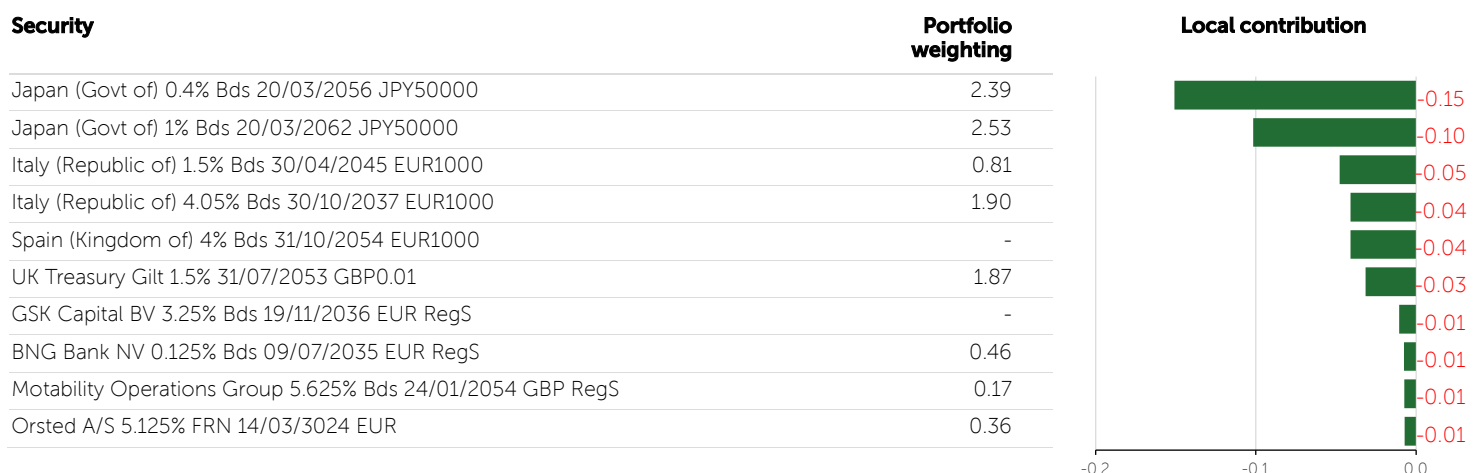
**Contribution by country bottom 10 (%) - 3 months**



**Contribution by security top 10 (%) - 3 months**

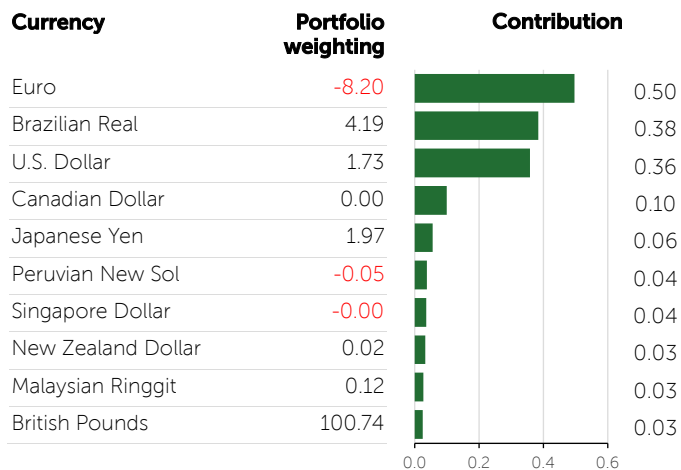


**Contribution by security bottom 10 (%) - 3 months**

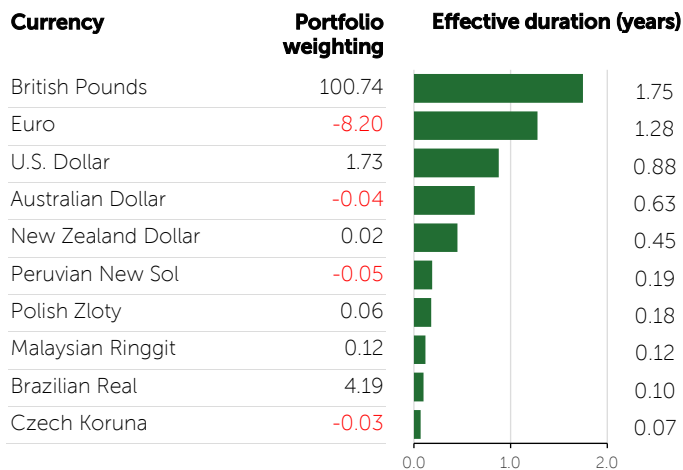


Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Sustainable Global Dynamic Bond Fund, which adheres to the same investment approach as the strategy. The strategy does not aim to replicate either the composition or performance of the performance benchmark.

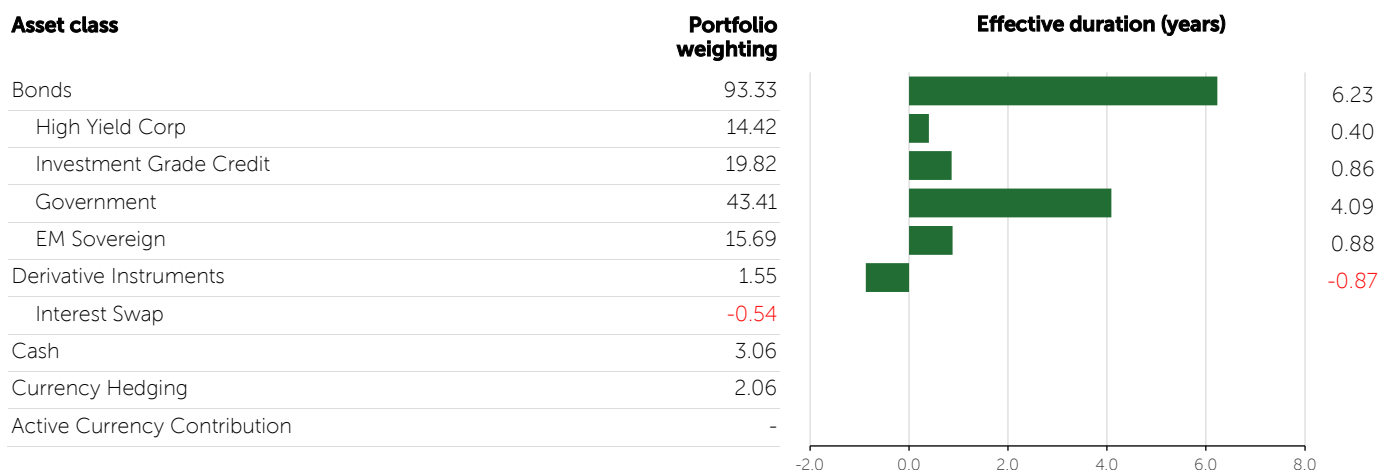
**Contribution by currency top 10 % - 3 months**



**Contribution to duration by currency top 10 % - 3 months**



**Contribution to duration by asset class (years) - 3 months**



**Security positioning (absolute %)**

Top 10 holdings	Portfolio
Brazil (Fed Rep of) 0% LTN 01/01/2028 BRL1000	4.19
USA Treasury Notes FRN 31/01/2027 USD100	3.25
USA Treasury Notes 0.125% TII 15/01/2031 USD100	2.86
USA Treasury Notes 1.75% TII 15/01/2034 USD100	2.80
Peru (Republic of) 5.4% Bds 12/08/2034 PEN RegS	2.69
Japan (Govt of) 1% Bds 20/03/2062 JPY50000	2.53
Japan (Govt of) 0.4% Bds 20/03/2056 JPY50000	2.39
Italy (Republic of) 4.05% Bds 30/10/2037 EUR1000	1.90
UK Treasury Gilt 1.5% 31/07/2053 GBPO.01	1.87
Poland (Republic of) 2% Idx Lkd 25/08/2036 PLN1000	1.85

Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Sustainable Global Dynamic Bond Fund, which adheres to the same investment approach as the strategy. The strategy does not aim to replicate either the composition or performance of the performance benchmark.

## Key changes

### **Added interest-rate risk, closing France government bond short positions and buying US Treasuries**

#### Lengthen duration



Duration (interest-rate sensitivity) was increased over the period. Some of the increase came from closing the French government bond future short position following spread widening and higher European bond yields in response to Germany's post-election pivot to a more expansionary fiscal policy agenda. We also added US Treasury futures and 10-year Treasury call options given attractive yields and, with regard to options, modest bond-market volatility.

### **Added to emerging-market local-currency exposure given attractive yields, weak growth and disinflation dynamics**

#### Emerging market debt



We slightly increased exposure to emerging-market sovereigns over the quarter. We added to local-currency exposure by purchasing long-dated Czech Republic and shorter-dated Mexican bonds, with yields priced for only limited monetary easing despite weaker growth and inflation dynamics.

### **Reduced credit risk with spreads tight and priced for perfection (i.e. strong growth, predictable policy and easy financial conditions)**

#### Reduced credit risk



We reduced credit exposure over the quarter. We sold supermarket Iceland and auto company Dana Financing. In March, we added to high-yield protection, via credit default swaps, over concerns of slowing US growth and the probability of a US recession increasing. Meanwhile, in investment grade, we sold consumer staples company PepsiCo, pharmaceutical company GSK and telecoms company AT&T.

### **Adjusted currency positioning amid elevated market and policy uncertainty**

#### Currency effects



We held a long position in the US dollar ahead of President Trump's inauguration and amid uncertainty surrounding potential tariffs. We then moved to a short US-dollar position on relative growth and valuation grounds, adding to the euro, Japanese yen and selective high-carry emerging-market currencies, such as the Brazilian real. However, we took some profits on strong yen and euro performance versus the US dollar, to end the quarter slightly long the greenback once again in order to diversify risk elevated market and policy uncertainty.

Transaction details relate to a representative portfolio, BNY Mellon Sustainable Global Dynamic Bond Fund, which adheres to the same investment approach as the strategy. 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 page is for information purposes only and does not constitute an offer or solicitation to invest.

## Key risks

### Newton Global Dynamic Bond (Responsible) Strategy

Past performance is not a guide to future performance. Your capital may be at risk. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Newton is not a tax expert and independent tax and/or legal advice should be sought.

#### Investment performance %

	Mar 24 to Mar 25	Mar 23 to Mar 24	Mar 22 to Mar 23	Mar 21 to Mar 22	Mar 20 to Mar 21
Newton Global Dynamic Bond (Responsible) Strategy - Net	5.81	4.13	-1.50	-2.12	5.39
Newton Global Dynamic Bond (Responsible) Strategy - Gross	6.18	4.49	-1.15	-1.77	5.75
Performance Benchmark*	6.94	6.94	4.09	2.12	2.04

#### Performance calendar years %

	YTD 2025	2024	2023	2022	2021
Newton Global Dynamic Bond (Responsible) Strategy - Net	1.49	5.60	4.47	-5.61	-0.50
Newton Global Dynamic Bond (Responsible) Strategy - Gross	1.58	5.97	4.84	-5.27	-0.15
Performance Benchmark*	1.61	7.10	6.53	3.26	2.05

Source: Newton. As at 31/03/2025

Source: Newton FactSet, Newton Global Dynamic Bond (Responsible) composite. As at 31/03/2025. Performance is stated net and gross of management fees. The net-of-fee returns are calculated by deducting an annual management charge of 0.35% from the composite gross-of-fee returns. The impact of fees can be material. A fee schedule providing further detail is available upon request.

\*30 Day SONIA +2% is used as a comparator for this portfolio. The portfolio does not aim to replicate either the composition or the performance of the performance benchmark.

#### Risk factors

- **Objective/Performance Risk:** There is no guarantee that the strategy will achieve its objectives.
- **Performance Aim Risk:** The performance aim is not a guarantee, may not be achieved and a capital loss may occur. Strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for returns to vary significantly.
- **Currency Risk:** This strategy invests in international markets which means it is exposed to changes in currency rates which could affect the value of the strategy.
- **Derivatives Risk:** 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 strategy can lose significantly more than the amount it has invested in derivatives.
- **Changes in Interest Rates & Inflation Risk:** Investments in bonds/money market securities are affected by interest rates and inflation trends which may negatively affect the value of the strategy.
- **Credit Ratings and Unrated Securities Risk:** Bonds with a low credit rating or unrated bonds have a greater risk of default. These investments may negatively affect the value of the strategy.
- **Credit Risk:** The issuer of a security held by the strategy may not pay income or repay capital to the strategy when due.
- **Emerging Markets Risk:** Emerging Markets have additional risks due to less-developed market practices.
- **China Interbank Bond Market and Bond Connect risk :** The strategy may invest in China interbank bond market through connection between the related Mainland and Hong Kong financial infrastructure institutions. These maybe subject to regulatory changes, settlement risk and quota limitations. An operational constraint such as a suspension in trading could negatively affect the strategy's ability to achieve its investment objective.
- **CoCo's Risk:** 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.
- **Responsible Investing Risk:** The investment policy for this strategy places restrictions on its exposure to certain sectors or types of investments to reflect its responsible investing approach. The strategy's performance may be negatively impacted due to these restrictions in comparison to funds which do not have these restrictions. The strategy will not engage in securities lending activities and, therefore, may forego any additional returns that may be produced through such activities.
- **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 strategy to financial loss.

## Important information

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Newton's assets under management are as of the most recent quarter end, unless noted otherwise. Newton's assets under management include assets collectively managed by NIM, NIMNA and NIMJ. In addition, AUM for Newton includes assets of bank-maintained collective investment funds for which Newton has been appointed sub-advisor, where Newton personnel act as dual officers of affiliated companies and assets of wrap fee account(s) for which Newton provides sub-advisory services to the primary manager of the wrap program.

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Any reference to a specific security, country or sector should not be construed as a recommendation to buy or sell investments in those countries or sectors. Please note that strategy holdings and positioning are subject to change without notice.

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The SONIA (30-day compounded) +2% index is used as a comparator for this strategy. The strategy does not aim to replicate either the composition or the performance of the performance benchmark. The Newton Global Dynamic Bond (Responsible) Strategy composite includes any Newton managed segregated accounts that follow the strategy and the BNY Mellon Global Dynamic Bond Fund (Responsible).

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.

Newton claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions and/or list of Broadly Distributed Pooled Funds and/or a GIPS Report contact Newton at +44 (0)20 7163 9000 or write to Newton at [contact@newtonim.com](mailto:contact@newtonim.com). Model Fees are used to calculate the strategy's net returns and performance returns include the reinvestment of dividends and other earnings. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Newton Global Dynamic Bond GBP (Responsible) Composite contains fully discretionary portfolios whose objective is to maximise the total return from income and capital growth from a globally diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. Additionally, portfolio holdings are screened so that they do not have any material unresolvable environmental, social and governance (ESG) risks which are likely to negatively affect future performance. The strategy also has a tobacco exclusion and for comparison purposes is measured against SONIA 30-day compounded + 2% per annum.

For the period to 30 September 2021, the performance benchmark was 1 month LIBOR +2%; with effect from 1 October 2021 onwards, the performance benchmark is SONIA 30-day compounded +2%.