

Newton

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

Assets under management¹

Strategy (£m)	3,881.94
Representative portfolio (£m)	3,319.45

General information²

Number of holdings	61
12 month turnover (%)	60.95
Active share (%)	94.55

Strategy characteristics (3 yr ex-post)

Information Ratio	0.04
Tracking Error (%pa)	7.67
Beta	0.56
Alpha	3.96

Volatility (3 yr ex-post)

Newton Global Equity Income Strategy (%pa)	8.60
Performance Benchmark (%pa)	11.72

Dividend yield

Newton Global Equity Income Strategy (%)	3.38
Performance Benchmark (%)	1.88

Strategy characteristics calculated on a rolling three year basis.

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

²Source: BNY Mellon Global Income Fund as at 31/03/2025

Strategy available through pooled UK vehicle via

BNY Mellon Global Income Fund

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[Newton Investment Management](#)

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 seeks to outperform the FTSE W World index by more than 2% per annum over rolling 5-year periods, by achieving income and capital growth from a global portfolio comprised of companies that typically yield at least 25% greater than the performance benchmark yield.

Investment approach

The investment team seeks to invest in high-quality companies offering attractive and sustainable dividend yields, underpinned by strong cash generation. We employ a valuation screen to help achieve a dividend yield above that of the performance benchmark. The investment team follows a fundamental bottom-up security selection approach which is supported by our in-house research team. In-house research analysts are at the core of our investment process, and our multidimensional research capabilities help to promote better-informed investment decisions.

Investment team

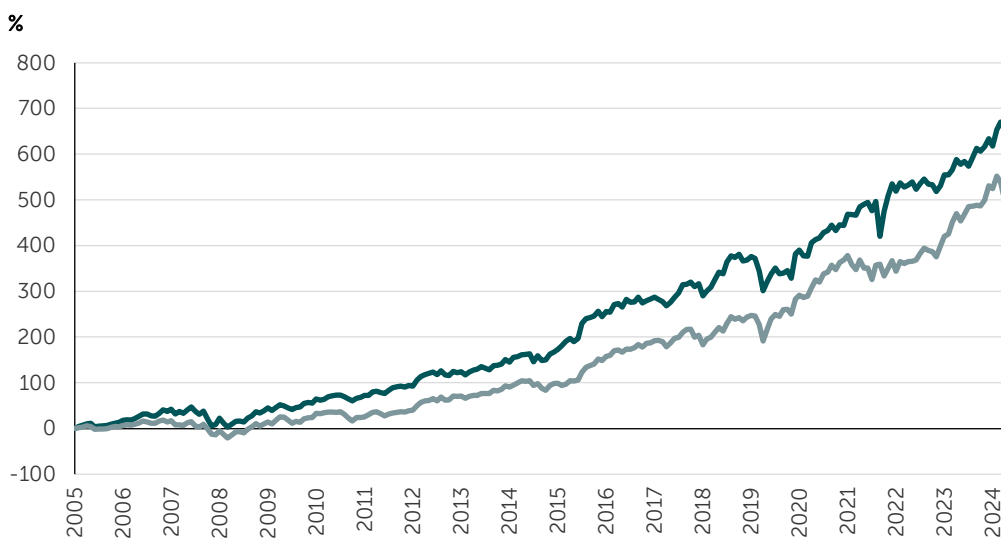
Our investment team of research analysts and portfolio managers work together across regions and sectors, helping to ensure that our investment process is highly flexible. The Global Equity Income strategy is managed by a team of three portfolio managers.

Portfolio managers Rob Hay, Jon Bell & James Lydotes

Performance Benchmark: FTSE W World

Performance (%) - since inception (gross)

11.05% pa Newton Global Equity Income Strategy **9.73% pa** Performance Benchmark



Performance (%) - net and gross

	Quarterly				Annualised			
	Q1 2025	Q4 2024	Q3 2024	Q2 2024	1 year	3 years	5 years	10 years
Newton Global Equity Income Strategy (Net)	4.63	1.38	4.78	-2.33	8.56	8.04	12.67	10.45
Newton Global Equity Income Strategy (Gross)	4.80	1.55	4.95	-2.17	9.26	8.74	13.40	11.16
Performance Benchmark	-4.40	6.46	0.25	2.68	4.77	8.42	15.43	11.30

Source: Newton FactSet, Newton Global Equity Income composite. As at 31/03/2025. Composite inception: 31/12/2005. 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 0.65% 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 FTSE W World 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.

Strategy commentary

Performance commentary

Global equities fell in the first quarter as a global trade war intensified and investors fretted about the economic impact. US technology stocks, led by the so-called 'magnificent seven', slumped amid fears about high valuations after Chinese firm DeepSeek released a rival, low-cost artificial intelligence (AI) model. Earlier in the quarter, positive sentiment helped markets around the world hit record highs, including the US. However, overall, US stocks performed weakly as souring global trade relations unnerved investors. UK and continental European markets delivered positive returns, helped by expectations of increased defence spending. Asian markets also performed positively in local-currency terms.

The strategy produced a positive return and notably outperformed the performance benchmark over the quarter. Both stock selection and asset allocation were positive versus the performance benchmark. Stock selection within the health care and industrials sectors contributed positively to relative returns, as did the material underweight allocation to the technology sector. Relative performance was aided by low-yielding US stocks, part of the 'magnificent seven' that the strategy cannot own, namely Apple, Alphabet, Tesla and Nvidia.

At the stock level, strategy holdings that contributed positively to the quarterly return included BAE Systems, Sanofi and Siemens. BAE's share price was boosted by NATO (North Atlantic Treaty Organisation) members' pledges to significantly increase defence spending, due to pressure from the US. In addition, the weapons manufacturer reported record annual profits for 2024 and a huge increase in sales guidance for 2025. French pharmaceutical company Sanofi benefited as investors became less concerned about the risk to the vaccine business as the new US administration appeared more balanced than some investors had feared. Siemens' share price rose over the quarter due to the prospect of increased infrastructure spend by the German government as it looks to take a more pragmatic approach to its fiscal rules. Deutsche Post performed well over the quarter on the back of better-than-expected reported results. Brazilian stock exchange B3 posted positive share-price returns as the stock recovers from recent weakness.

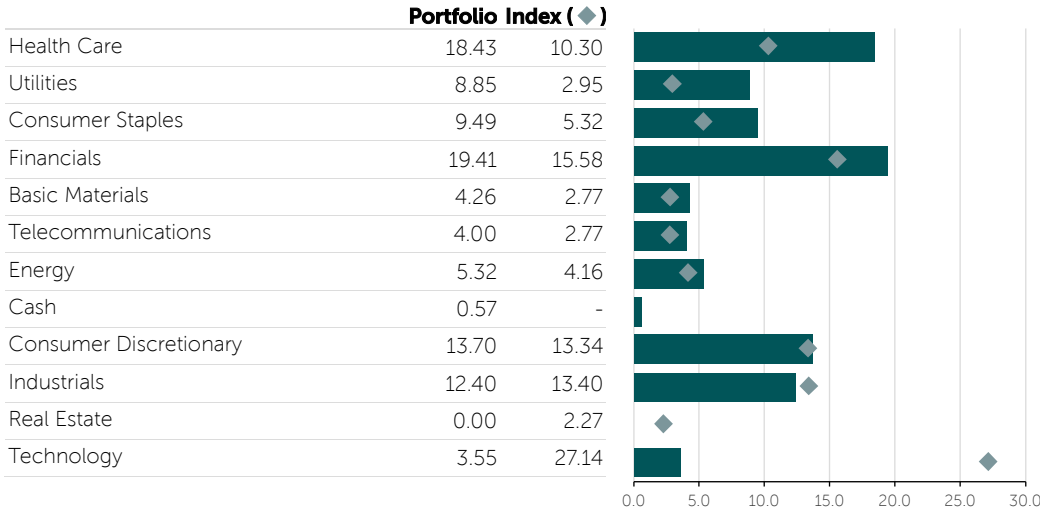
Detractors from relative returns included NARI Technology and Diageo. NARI Technology saw its share price fall as there was continued muted sentiment due to the lack of implementation of the pledged Chinese stimulus measures. Beverage company Diageo suffered on concerns about US tariffs, as well as younger generations' generally negative sentiment towards alcohol consumption. Estée Lauder also detracted. The global beauty business has been undergoing a significant restructuring in recent months, and its results disappointed investors. The restructuring has proved to be more aggressive than anticipated and comes at a higher short-term cost, which investors viewed negatively. We initiated a position in this stock in October 2024, with the investment thesis that the controlling family has the mindset to make tough decisions to reinvigorate the company and tackle inefficiencies that could fund reinvestment into top-line growth. We believe the recent robust restructuring underscores this initial investment thesis. Publicis was a notable detractor. Although the company's results were solid, competitor WPP later issued a profit warning for its creative advertising business due to the increased use of AI. This negatively affected sentiment across the whole creative advertising space. Italian car manufacturer Stellantis suffered over the quarter on negative sentiment from US tariff fears.

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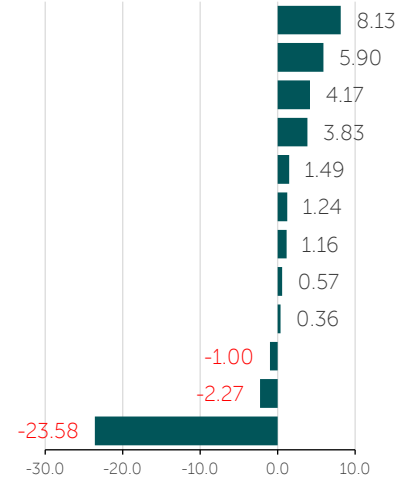
Investment strategy and outlook

While headline inflation has been slowing, core inflation is still sticky and we believe it will remain so as a result of long-term trends such as deglobalisation and decarbonisation. The world continues to transition from the ultra-low inflationary environment that has characterised the post-global financial crisis era. Wages are rising with tighter immigration policies, defence spending is increasing significantly, and greater protectionism is exploiting regional natural resource prices, manufacturing and trade. To combat this inflation, interest rates will have to remain higher for longer. Income stock valuations remain compelling. Stocks offering income at above-average rates continue to trade at a discount to low-income stocks. Although recent moves in the market have begun to recognise this valuation opportunity, the discount is still sitting at an equivalent level to that seen in 2000, when the last technology bubble burst. The 'magnificent seven' technology stocks (Apple, Alphabet, Meta Platforms, Amazon, Microsoft, Nvidia and Tesla) make up a significant proportion of the FTSE World Index. Given its strict yield discipline, the strategy has zero weightings in these stocks. These stocks had been growing much faster than the rest of the market, but we have started to see a change in relative growth rates and therefore a change in market leadership. As an income strategy, the strategy is positioned differently to the global equity market, and as such is well-placed to exploit this derating of the growth factor. The strategy has key overweight sector positions in consumer staples, health care and utilities. These are balanced with an overweight in defensive financials, which we expect to benefit from strong pricing power in a world of higher interest rates.

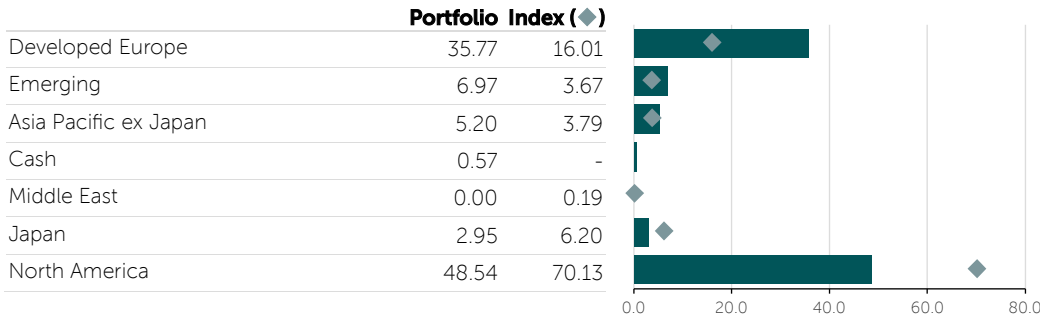
Sector positioning (absolute %)



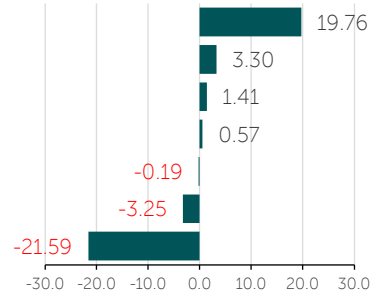
Sector positioning (relative %)



Regional positioning (absolute %)



Regional positioning (relative %)

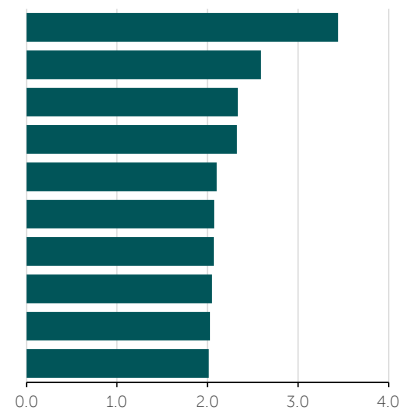


Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Global Income Fund, which adheres to the same investment approach as the strategy. The strategy does not aim to replicate either the composition or performance of the performance benchmark.

Security positioning overweight/underweight (%)

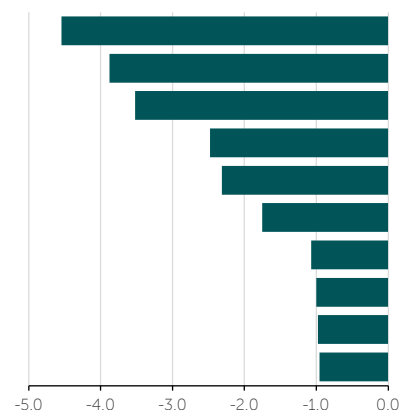
Top 10 overweight

	Portfolio	Index	Relative
CME Group Inc	3.58	0.13	3.44
Sanofi	2.76	0.17	2.59
Medtronic PLC	2.50	0.16	2.34
Molson Coors Beverage Co	2.34	0.01	2.33
BAE Systems PLC	2.19	0.08	2.10
Universal Music Group NV	2.10	0.03	2.07
Cisco Systems Inc	2.41	0.34	2.07
AIA Group Ltd	2.16	0.11	2.05
AstraZeneca PLC	2.33	0.30	2.03
Johnson Controls Intl PLC	2.09	0.07	2.01



Top 10 underweight

	Portfolio	Index	Relative
Apple Inc	0.00	4.54	-4.54
Microsoft Corp	0.00	3.88	-3.88
NVIDIA Corp	0.00	3.52	-3.52
Amazon.Com Inc	0.00	2.48	-2.48
Alphabet Inc	0.00	2.32	-2.32
Meta Platforms Inc	0.00	1.75	-1.75
Broadcom Inc	0.00	1.07	-1.07
Tesla Inc	0.00	1.00	-1.00
Berkshire Hathaway Inc	0.00	0.98	-0.98
JPMorgan Chase & Co	0.00	0.96	-0.96



Security positioning (absolute %)

Top 10 holdings

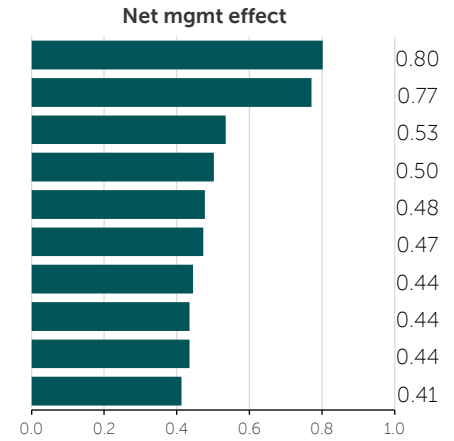
	Portfolio
CME Group Inc	3.58
Sanofi	2.76
Medtronic PLC	2.50
Cisco Systems Inc	2.41
Molson Coors Beverage Co	2.34
AstraZeneca PLC	2.33
Johnson & Johnson	2.20
BAE Systems PLC	2.19
AIA Group Ltd	2.16
Universal Music Group NV	2.10

Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Global Income 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.

Performance attribution by security top 10 (%) - 3 months

Security

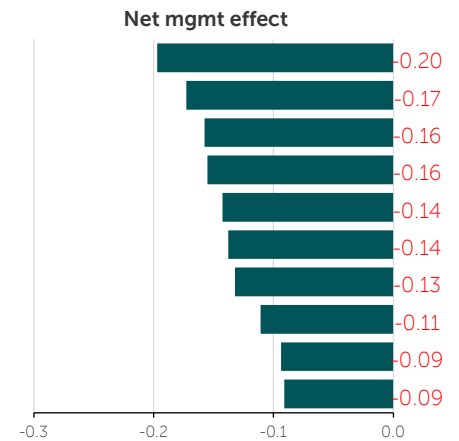
BAE Systems PLC
NVIDIA Corp
Tesla Inc
CME Group Inc
Apple Inc
Alphabet Inc
Sanofi
Deutsche Post AG
Exelon Corp
B3 SA - Brasil Bolsa Balcao



Performance attribution by security bottom 10 (%) - 3 months

Security

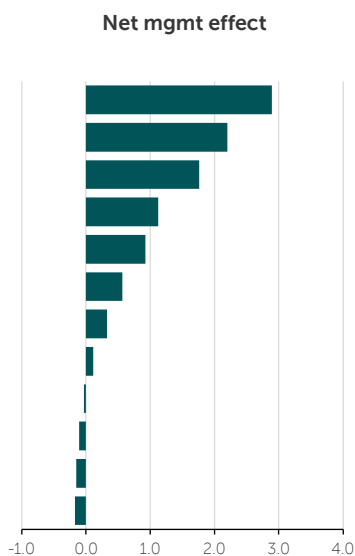
Stellantis NV
Publicis Groupe SA
Berkshire Hathaway Inc
NARI Technology Co Ltd
Estee Lauder Companies Inc
ASE Technology Holding Co Ltd
Diageo PLC
Restaurant Brands Intl Inc
Tokyo Electron Ltd
Visa Inc



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Performance attribution by sector (%) - 3 months

	Selection effect	Allocation effect	Net mgmt effect
Technology	0.02	2.87	2.89
Health Care	1.73	0.46	2.20
Industrials	1.73	0.03	1.76
Utilities	0.61	0.51	1.12
Financials	0.42	0.50	0.92
Consumer Discretionary	0.54	0.02	0.57
Energy	0.20	0.12	0.32
Telecommunications	-0.02	0.14	0.11
Cash	-	-0.03	-0.03
Real Estate	-	-0.11	-0.11
Consumer Staples	-0.57	0.42	-0.15
Basic Materials	-0.31	0.14	-0.17
Total	4.39	5.13	9.74

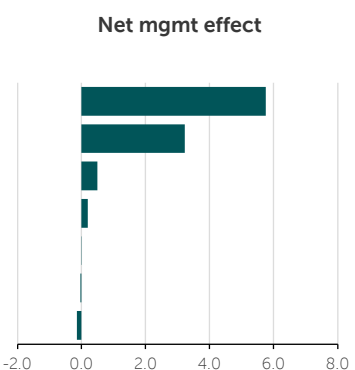


Sector returns (%) - 3 months

Portfolio	Index
-12.24	-14.38
11.52	1.50
11.98	-1.72
12.97	4.65
6.38	4.10
-6.86	-10.08
10.64	6.52
3.15	4.04
-	-
0.00	0.27
0.11	5.93
-3.60	3.54

Performance attribution by region (%) - 3 months

	Selection effect	Allocation effect	Net mgmt effect
North America	5.07	0.65	5.76
Developed Europe	0.44	2.78	3.23
Asia Pacific ex Japan	0.45	0.04	0.50
Emerging	0.27	-0.07	0.20
Middle East	-	0.00	0.00
Cash	-	-0.03	-0.03
Japan	-0.04	-0.10	-0.14
Total	6.25	3.28	9.74



Region returns (%) - 3 months

Portfolio	Index
3.37	-6.95
8.21	7.10
6.43	-1.80
-2.72	-6.67
0.00	-6.11
-	-
-1.76	-2.05

Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Global Income 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.

Transaction highlights

Purchases



Fortum
Utilities

Finnish nuclear and hydroelectric power provider. There is an attractive opportunity due to the AI-driven increase in investment in data centres in Europe. The company has a strong balance sheet and offers an attractive dividend yield.



Mizuho Financial Group
Financials

Japanese bank offering global corporate and investment banking services. Historically, Japanese banks have been ill-disciplined with their balance sheets, but Mizuho has derisked significantly and with margins and returns set to rise, we saw an opportunity for profitability to transform, leading to a rerating of the stock.



Fresenius
Health care

Pharmaceutical company with leading products in dialysis. The business has recently simplified its operational structure, which we believe will continue to provide cost savings over the medium term, and there is a solid pipeline of new business from the Kabi division, which provides essential drugs and clinical nutrition.



Nike
Consumer discretionary

US sportswear apparel brand. The stock had already experienced a notable decline and was trading at multi-year lows, which offered an attractive buying opportunity. In addition, there was no financial debt on the balance sheet.



Johnson & Johnson
Health care

US multinational pharmaceutical, biotechnology, and medical technologies company. One of its leading drugs comes off patent in 2025. However, post this event, we believe growth will accelerate in the key pharmaceutical division as new drugs take up the mantle and we anticipate an end to the talcum powder litigation, which has further depressed the valuation.

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Transaction highlights

Sales



ING Group
Financials

Dutch multinational banking and financial services company. European interest rates are no longer rising, which challenges the future growth outlook for European banks. We reallocated the sale proceeds to banking names where we have greater conviction.



Shell
Oil and gas

Global energy and petrochemical group. Although the stock had a valuation that appeared attractive, we had greater conviction in other energy names. Given the economic uncertainty, we did not want to increase the strategy's exposure to the sector so exited the stock to reallocate capital.



Diageo
Consumer staples

UK-based beverages manufacturer. Our process is designed to buy quality companies when they are cheap, but to avoid value traps. Given the headwinds and question marks around the persistence of premiumisation trends in both vodka and tequila, plus the disappointing recent decision not to dispose of assets that would have led to an improvement in the balance sheet, we were no longer convinced that the stock was undervalued.



Restaurant Brands International
Consumer discretionary

Multinational fast food company. Restaurant Brands International has been a poor performer, where its quest to turnaround Burger King has been more challenging than anticipated in a very competitive burger space.



Smiths Group
Industrials

Diversified engineering business specialising in energy, security, data and fluid management. The company had benefited from the involvement of an activist investor calling for a break-up of the business. When the company announced a strategic review exploring options to dispose of a key division, the shares moved sharply higher, providing an attractive opportunity to exit.

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Key risks

Newton Global Equity Income 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 Equity Income Strategy - Net	8.56	8.19	7.38	14.85	25.36
Newton Global Equity Income Strategy - Gross	9.26	8.89	8.07	15.60	26.17
Performance Benchmark*	4.77	22.50	-0.69	14.91	39.93

Performance calendar years %

	YTD 2025	2024	2023	2022	2021
Newton Global Equity Income Strategy - Net	4.63	8.90	5.07	8.20	15.16
Newton Global Equity Income Strategy - Gross	4.80	9.61	5.75	8.91	15.91
Performance Benchmark*	-4.40	20.07	17.18	-7.15	22.07

Source: Newton. As at 31/03/2025

Source: Newton FactSet, Newton Global Equity Income 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 0.65% from the composite gross-of-fee returns. The impact of fees can be material. A fee schedule providing further detail is available upon request.

*FTSE World Index 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.
- **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.
- **Emerging Markets Risk:** Emerging Markets have additional risks due to less-developed market practices.
- **Market Capitalisation Risk:** Investments in the securities of small to medium-sized companies (by market capitalisation) may be riskier and less liquid (i.e. harder to sell) than large companies. This means that their share prices may have greater fluctuations.
- **Concentration Risk:** A fall in the value of a single investment may have a significant impact on the value of the strategy because it typically invests in a limited number of investments.
- **High Yield Companies Risk:** Companies with high-dividend rates are at a greater risk of being able to meet these payments and are more sensitive to interest rate risk.
- **Liquidity Risk:** The strategy may not always find another party willing to purchase an asset that the strategy wants to sell which could impact the strategy's ability to sell the asset or to sell the asset at its current value.
- **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

This is a financial promotion and has been issued by Newton Investment Management Ltd. 'Newton' and/or 'Newton Investment Management' is a corporate brand which refers to the following group of affiliated companies: Newton Investment Management Limited (NIM), Newton Investment Management North America LLC (NIMNA) and Newton Investment Management Japan Limited (NIMJ). NIMNA was established in 2021 and NIMJ was established in March 2023. In the United Kingdom, NIM is authorised and regulated by the Financial Conduct Authority ('FCA'), 12 Endeavour Square, London, E20 1JN, in the conduct of investment business. Registered in England no. 01371973. NIM and NIMNA are both registered as investment advisors with the Securities & Exchange Commission ('SEC') to offer investment advisory services in the United States. NIM's investment business in the United States is described in Form ADV, Part 1 and 2, which can be obtained from the SEC.gov website or obtained upon request. NIMJ is authorised and regulated by the Japan Financial Services Agency (JFSA). All firms are indirect subsidiaries of The Bank of New York Mellon Corporation ('BNY').

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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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. 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 Equity Income Composite contains fully discretionary portfolios which invest in global equities, but only if certain yield criteria are met. Securities delivering a 25% yield premium to the FTSE W World index may be considered for investment.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" and "ICB®", are trade marks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

The new "Industry Classification Benchmark" (ICB) framework adopted by FTSE indices in March 2021 is now reflected in the report.