

Newton

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

Assets under management¹

Strategy (£m)	245.23
Representative portfolio (£m)	245.23

General information²

Number of holdings	98
12 month turnover (%)	106.53

Strategy characteristics (3 yr ex-post)

Volatility (%pa)	6.27
------------------	------

Yield

Newton Real Return (Responsible) (GBP) Strategy (%)	3.02
Performance Benchmark (%)	4.50

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 Sustainable Real Return Fund as at 31/03/2025

Strategy available through pooled UK vehicle via

BNY Mellon Sustainable Real Return Fund

Contact us

institutional@newtonim.com | 020 7163 9000

Follow us

www.newtonim.com

<https://twitter.com/NewtonIM>

[in](#) 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 deliver positive returns on a rolling annualised three-year basis after fees. The strategy aims to deliver positive returns before fees within a range of cash (SONIA (30-day compounded)) on a rolling annualised three-year basis and cash (SONIA (30-day compounded)) + 4% per annum on a rolling annualised five-year basis. However, positive returns are not guaranteed and a capital loss may occur.

Investment approach

The strategy takes an actively managed, absolute-return investment approach, with an emphasis on capital preservation. 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

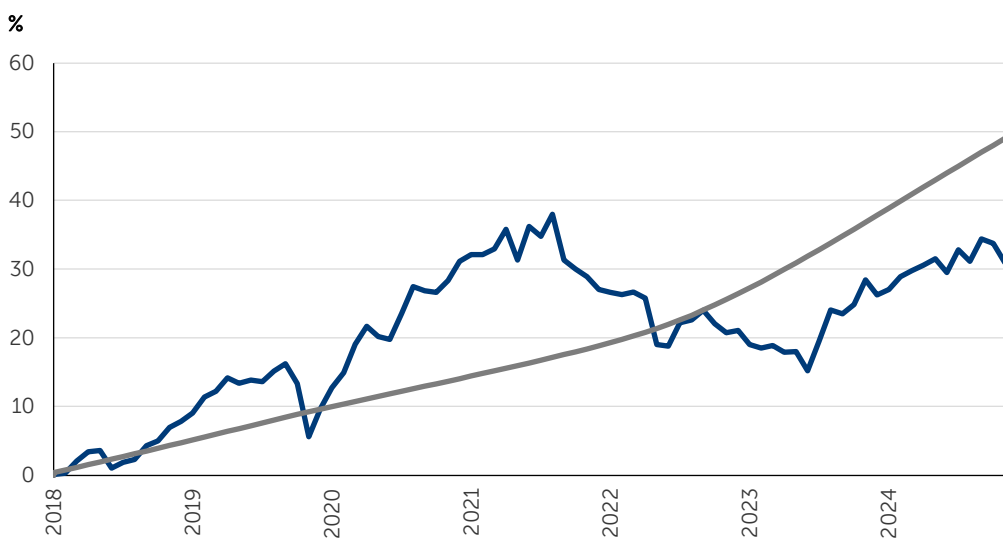
Newton as a whole manages £3.5 billion in strategies with sustainability characteristics. The Real Return (Responsible) GBP strategy, with assets under management totalling £0.2 billion, is managed by our Real Return team. The team consists of eight investment professionals, with an average of 20 years' investment experience, managing £4.8bn of Real Return assets on a global basis.

Portfolio managers Philip Shucksmith & Matthew Brown

Performance Benchmark: SONIA (30-day compounded) +4%

Performance (%) - since inception (gross)

3.97% pa Newton Real Return (Responsible) (GBP) Strategy **5.94% 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 Real Return (Responsible) (GBP) Strategy (Net)	-0.34	-0.45	1.84	0.15	1.19	-0.23	3.61	-
Newton Real Return (Responsible) (GBP) Strategy (Gross)	-0.16	-0.26	2.03	0.34	1.95	0.52	4.39	-
Performance Benchmark	2.10	2.12	2.20	2.23	8.94	7.98	6.41	-

Source: Newton FactSet, Newton Real Return (Responsible) (GBP) composite. As at 31/03/2025. Composite inception: 30/04/2018. 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 0.75% 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) +4% 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 Real Return to Newton Real Return (Responsible) on 2 April 2025.

Strategy commentary

Performance commentary

The first quarter of 2025 proved to be highly eventful. Investor sentiment was affected as the new US administration instigated a raft of additional tariffs on key trading partners, while the launch of China's DeepSeek large language model dented confidence in the artificial intelligence (AI) narrative. Both developments weighed heaviest on the US market, undermining the mantra of US exceptionalism that had become ubiquitous towards the end of last year. The US-centric growth scare that arose from policy uncertainty was, however, beneficial for the holders of US government bonds, as it drove yields lower over the review period. Equity-market returns were generally more favourable outside the US, not least in Europe, where the promise of fiscal stimulus in Germany, and a broader-based European Union commitment to increase spending on defence, fuelled optimism that the moribund regional economy could gain momentum. In contrast to the US, this development pushed German bund and other regional bond yields higher. Finally, the US dollar reversed much of the previous quarter's strength, lending support to the commodity complex, not least to precious metals.

The stabilising layer of the strategy pulled its weight in this environment. At the individual asset-class level, exposure to precious metals was the highlight as the gold price continued last year's ascent. As discussed above, US-dollar weakness was a support for gold, alongside elevated investor appetite to seek out havens amid the current uncertain backdrop. Exposure to long-dated US government bond duration (interest-rate sensitivity) was also beneficial, particularly during February, when growth concerns began to materialise. The final aspect was S&P 500 index put protection, which came to the fore towards the end of the quarter.

Within equities, key positive contributors were typically drawn from less cyclical areas given the market backdrop, and included Alcon and AstraZeneca in health care and Nestlé in consumer staples. Derivatives exchange CME, a beneficiary of market volatility, also performed its traditional defensive role amid a sell-off. Negative contributions were clustered in the technology space, and included Amazon, Microsoft and TSMC. Outside of equities, there was a slight drag from alternatives, where the rise in UK gilt yields weighed upon real-estate and renewable-energy exposures.

Finally, the active exposure to the US dollar, which we reduced during the period, detracted on account of the currency's depreciation versus sterling.

Investment strategy and outlook

Determining the outlook is more challenging than usual against a backdrop of rapid changes in technology, geopolitics and economic policy. The new US administration's policies have only increased uncertainty for investors, companies and consumers. Since the end of the quarter, the US has announced swingeing tariff increases upon a broad swathe of its trading partners. These were greater in scope than many had anticipated, and while the final outcome may ultimately be more moderate, this is undeniably a paradigm shift for the global economy, and one that has materially increased the probability of a recession in the next 12 months. While many commentators point out that tax cuts are set to provide a counterbalance to the higher costs that US consumers and businesses must now expect, timing differences exist, and we feel there is limited margin for error, particularly given that US equity valuations remain elevated, while earnings look set to come under pressure.

As ever, we remain committed to seeking to provide effective downside protection to clients during challenging phases for risk assets. Beyond recent volatility, we remain convinced that we are firmly in a new regime that requires a different mindset and which is likely to produce winners that are dissimilar from the leaders of the past decade. Maintaining an open-minded and flexible approach should continue to benefit the strategy in such an environment.

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.

Contribution by asset class & sector (%)

	Portfolio weight	3 months		12 months	
		Portfolio return	Local contribution	Portfolio return	Local contribution
Return Seeking Assets	56.66	-2.96	-1.53	1.22	1.02
Equities	37.52	-2.55	-0.88	4.73	1.95
Energy	-	-	-	-5.30	-0.02
Basic Materials	1.25	7.77	0.12	-0.73	-0.03
Industrials	6.39	-4.97	-0.32	1.18	-0.01
Consumer Staples	3.47	6.23	0.19	7.63	0.25
Health Care	6.17	5.62	0.27	5.30	0.23
Consumer Discretionary	6.70	-7.98	-0.63	-0.39	-0.10
Telecommunications	-	1.54	0.00	-25.82	-0.29
Utilities	0.62	67.30	-0.04	54.11	-0.06
Financials	8.28	5.25	0.46	20.70	1.36
Technology	4.65	-12.00	-0.93	2.59	0.60
Corporate Bonds	4.55	1.52	0.06	7.00	0.29
Alternatives	11.47	-0.91	-0.09	1.44	0.20
EM Debt	3.06	4.46	0.10	0.47	0.01
Equity Synthetic Exposures	0.05	-	-0.72	-	-1.43
Stabilising Assets & Hedging Positions	43.34	4.92	1.88	2.50	2.18
Cash & Cash Equivalents*	24.68	-	0.17	-	0.81
Derivative Instruments	2.53	-	0.31	-	-0.99
Government Bonds	13.79	2.82	0.47	2.41	0.41
Precious Metals	2.34	27.60	0.93	54.16	1.95
Active Currency Contribution	-	-	-0.51	-	-1.25

*Cash includes currency hedging.

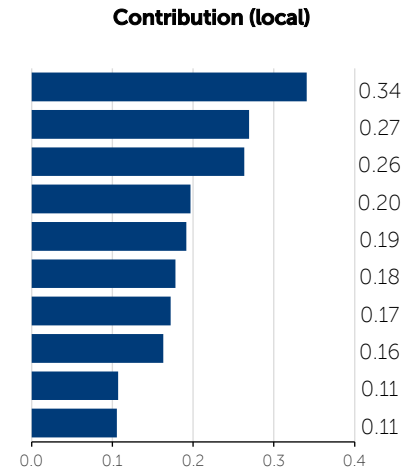
Net and gross strategy exposure (£)

	Gross exposure	Exposure net of direct index protection
Return seeking assets	65.17	62.67
Equities	46.09	43.58

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

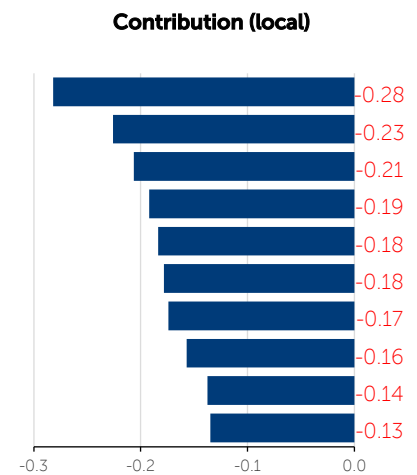
Contribution by security top 10 (%) - 3 months

Security	Portfolio weighting
iShares Physical Gold ETC USD	1.03
USA Treasury Notes 3% 15/11/2045 USD100	-
WisdomTree Commodity Sec	-
Alcon Inc	2.01
USA Treasury Notes 1.25% TII 15/4/2028 USD100	5.87
iShares Physical Silver ETC GBP	0.75
CME Group Inc	1.48
Linde PLC	1.25
Nestle SA	0.69
Amundi Physical Metals PLC	0.42



Contribution by security bottom 10 (%) - 3 months

Security	Portfolio weighting
Amazon.Com Inc	1.82
Microsoft Corp	1.47
Taiwan Semiconductor Manufacturing	0.96
Walt Disney Company	1.56
Alphabet Inc	0.88
Hubbell Inc	0.66
Apple Inc	0.91
Greencoat UK Wind PLC	1.09
Pandora A/S	0.65
Tetra Tech Inc	0.45



Security positioning (absolute %)

Top 10 holdings	Portfolio weighting
USA Treasury Notes 1.25% TII 15/4/2028 USD100	5.87
UK Treasury Gilt 4.25% 07/09/2039 GBPO.01	3.32
UK Treasury Gilt 4.25% 31/07/2034 GBPO.01	3.01
Brazil (Fed Rep of) 0% LTN 01/01/2030 BRL1000	2.24
Barclays Bank PLC S&P Coll Nts 02/02/2026 Monday	2.03
Barclays Bank PLC S&P Coll Nts 30/01/2026 Friday	2.02
Alcon Inc	2.01
Unilever PLC	1.86
Amazon.Com Inc	1.82
Leadenhall UCITS ILS Fund PLC Accum.Ptg.Shs Class B USD	1.81

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



Spotify

Consumer discretionary

We established a new holding in Spotify, the music-streaming service. We see significant growth potential in music streaming as its penetration increases, especially in emerging markets. In developed regions, there is also potential for further price increases, as prices remain relatively low compared to similar media offerings. Finally, we believe that these earnings streams could prove relatively resilient if the global growth outlook deteriorates.



Aon

Financials

Early in the quarter, we established a new holding in Aon, the global insurance broker. This stock has long been on our wish list given its compounder qualities and relatively defensive profile, and appeared, at this juncture in the insurance cycle, a more attractive proposition than RenaissanceRe, which we sold in order to fund this purchase.



AstraZeneca

Health care

The strategy's relative exposure to defensive equities was augmented over the quarter given our increasingly cautious perspective. We topped up several positions including AstraZeneca, which remains a favoured holding within pharmaceuticals given its robust product portfolio, and more importantly, promising pipeline of new treatments.



UK government bonds

Government bonds

We added to the positions in UK gilts established during the prior quarter. In contrast to US Treasuries, which we sold to fund these purchases, we see attractive value in gilts, with domestic growth set to remain sluggish and early signs that inflation may be moderating.



Mizuho Financial Group

Financials

We established a new position in Japanese banking giant Mizuho Financial Group. Our thesis was that the long-troubled Japanese banking sector appeared to be well placed to benefit from an environment of higher interest rates and a steeper yield curve.



US long Treasury bonds

Government bonds

Following a sharp move lower in yields during the quarter, we booked profits and concentrated the strategy's duration exposure in gilts, which offered a more compelling risk-reward profile.

Transaction details relate to a representative portfolio, BNY Mellon Sustainable Real Return 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.



Nvidia

Technology

We booked profits in Nvidia, having initially purchased the holding two years ago. While the AI thematic remains powerful, we felt that the balance of opportunity was shifting away from Nvidia, as a consequence of rising competition from US-based players and the likes of China's DeepSeek. Additionally, we see greater opportunity in companies adopting AI as part of their business model to drive efficiency and profit margins higher.



Goldman Sachs

Financials

One of the ways in which we rendered the strategy more defensive as the risk-reward outlook deteriorated was by taking profits in Goldman Sachs. This is a powerful and highly profitable franchise, and while its trading businesses will inevitably benefit from elevated volatility, we were concerned that this would be outweighed by a tougher outlook in areas such as mergers and acquisitions and financing.



3i Group

Financials

We booked profits in 3i Group, whose principal asset is its majority stake in Action, the European value retailer. While the fundamentals of the business remain resilient, and the group continues to boast a sizeable runway for new store openings, we believed the valuation had moved too far ahead of fundamentals in the near term.



Apple

Technology

Apple delivered a strong performance in 2024, buoyed by AI euphoria like many technology names. However, we question the extent to which Apple specifically will benefit from AI. Additionally, we were concerned about the potential imposition of tariffs by the US upon the Asian economies where its third-party manufacturing takes place. These factors did not seem to be discounted sufficiently in the stock's valuation, leading us to believe a smaller position size was appropriate.

Transaction details relate to a representative portfolio, BNY Mellon Sustainable Real Return 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 Real Return (Responsible) (GBP) 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 Real Return (Responsible) (GBP) Strategy - Net	1.19	5.58	-7.02	-0.31	20.61
Newton Real Return (Responsible) (GBP) Strategy - Gross	1.95	6.37	-6.32	0.44	21.52
Performance Benchmark*	8.94	8.94	6.10	4.12	4.05

Performance calendar years %

	YTD 2025	2024	2023	2022	2021
Newton Real Return (Responsible) (GBP) Strategy - Net	-0.34	4.95	0.40	-11.82	7.49
Newton Real Return (Responsible) (GBP) Strategy - Gross	-0.16	5.73	1.15	-11.16	8.30
Performance Benchmark*	2.10	9.10	8.53	5.26	4.05

Source: Newton. As at 31/03/2025

Source: Newton FactSet, Newton Real Return (Responsible) (GBP) 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 0.75% from the composite gross-of-fee returns. The impact of fees can be material. A fee schedule providing further detail is available upon request.

*SONIA (30 – day Compounded) + 4% 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

- **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.
- **Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect ('Stock Connect') risk:** The strategy may invest in China A shares through Stock Connect programmes. These may be subject to regulatory changes and quota limitations. An operational constraint such as a suspension in trading could negatively affect the strategy's ability to achieve its investment objective.
- **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 may be 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.
- **CoCos Risk:** Contingent Convertible Securities (CoCos) 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.
- **Investment in Infrastructure Companies Risk:** The value of investments in Infrastructure Companies may be negatively impacted by changes in the regulatory, economic or political environment in which they operate.
- **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.
- **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.

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.

Material in this publication is for general information only. The opinions expressed in this document are those of Newton and should not be construed as investment advice or recommendations for any purchase or sale of any specific security or commodity. Certain information contained herein is based on outside sources believed to be reliable, but its accuracy is not guaranteed.

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.

This document may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised. This material (or any portion thereof) may not be copied or distributed without Newton's prior written approval.

The SONIA (30-day compounded) +4% 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 Real Return (Responsible) (GBP) Strategy composite includes any Newton managed segregated accounts that follow the strategy and the BNY Mellon Real Return 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. 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 Real Return (Responsible) Composite contains fully discretionary portfolios which have an unconstrained multi-asset investment mandate which has an absolute return style performance aim, while seeking to preserve capital, through security selection, diversification and simple hedging strategies that do not have any material unresolvable environmental, social and governance (ESG) risk which are likely to negatively affect future performance along with a tobacco exclusion and for comparison purposes is measured against SONIA 30-day compounded +4% per annum.

For the period to 30 September 2021, the performance benchmark was 1 month LIBOR +4%; with effect from 1 October 2021 onwards, the performance benchmark is SONIA 30-day compounded +4%.

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