

Newton

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

Assets under management¹

| | |
|-------------------------------|-------|
| Strategy (£m) | 20.35 |
| Representative portfolio (£m) | 20.35 |

General information²

| | |
|-----------------------|-------|
| Number of issuers | 6 |
| 12 month turnover (%) | 22.79 |

Strategy characteristics (3 yr ex-post)

| | |
|----------------------|------|
| Information Ratio | 0.98 |
| Tracking Error (%pa) | 0.60 |
| Beta | 0.99 |
| Alpha | 0.58 |

Volatility (3 yr ex-post)

| | |
|--|-------|
| Newton UK Index Linked Gilt Strategy (%pa) | 15.59 |
| Performance Benchmark (%pa) | 15.68 |

Duration

| | |
|--|-------|
| Newton UK Index Linked Gilt Strategy (yrs) | 18.50 |
| Performance Benchmark (yrs) | 17.08 |

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 Index Linked Gilt Fund as at 31/03/2025

Strategy available through pooled UK vehicle via

BNY Mellon Index Linked Gilt 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 seeks to outperform the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index, over rolling 5-year periods, by achieving long-term income and capital growth from a portfolio comprised predominantly of sterling index-linked government bonds and other public fixed-income securities.

Investment approach

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

The UK Index Linked Gilt strategy, with assets under management totalling £20m, 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 in fixed-income securities.

Portfolio managers Howard Cunningham & Jon Day

Performance Benchmark: FTSE Actuaries UK Index-Linked Gilts Over 5 Years

Performance (%) - since inception (gross)



Performance (%) - net and gross

| | Quarterly | | | | Annualised | | | |
|--|-----------|---------|---------|---------|------------|---------|---------|----------|
| | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | 1 year | 3 years | 5 years | 10 years |
| Newton UK Index Linked Gilt Strategy (Net) | -2.25 | -7.44 | 1.61 | -2.92 | -10.75 | -16.22 | -8.80 | -1.54 |
| Newton UK Index Linked Gilt Strategy (Gross) | -2.18 | -7.37 | 1.68 | -2.86 | -10.50 | -15.98 | -8.54 | -1.26 |
| Performance Benchmark | -2.02 | -7.31 | 1.54 | -2.87 | -10.44 | -16.58 | -8.99 | -1.66 |

Source: Newton FactSet, Newton UK Index Linked Gilt composite. As at 31/03/2025. Composite inception: 31/12/1995. 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 0.28% 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 Actuaries UK Index-Linked Gilts Over 5 Years 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

The strategy delivered a negative return, slightly behind its performance benchmark. Being overweight long-dated index-linked gilts was the chief detractor.

The strategy's duration overweight was focussed mainly in the 20-to-30-year maturity band, where the largest relative and absolute losses were incurred, notably from holdings in index-linked gilts maturing in 2048, 2050 and 2052.

On the positive side, an ex-benchmark holding in the 2026 index-linked gilt made a positive contribution. An underweight stance towards five-to-ten-year index-linked gilts was also relatively beneficial. Holdings in conventional gilts maturing in 2050 and 2053 also made a small positive contribution, prior to being sold in February. The strategy's small cash balance also produced a positive return.

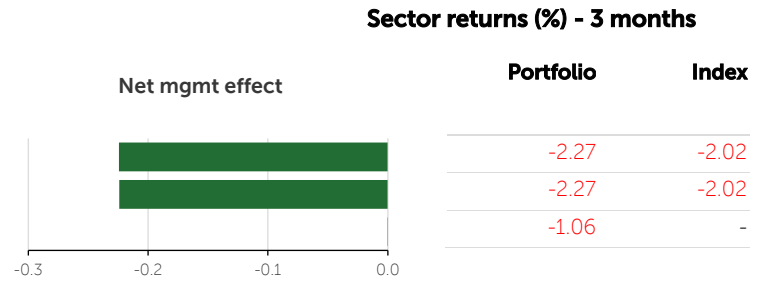
Australian bond holdings made a small positive return in both local-currency terms and in sterling-hedged terms.

Investment strategy and outlook

With the UK chancellor's Spring Statement behind us, and the UK economy flatlining, but with some upside risks to near term-inflation from tariffs, we think the prospects for index-linked gilts are positive, and there is scope for yields to fall, particularly at the long end. As a result, the strategy has a longer-duration stance than the performance benchmark.

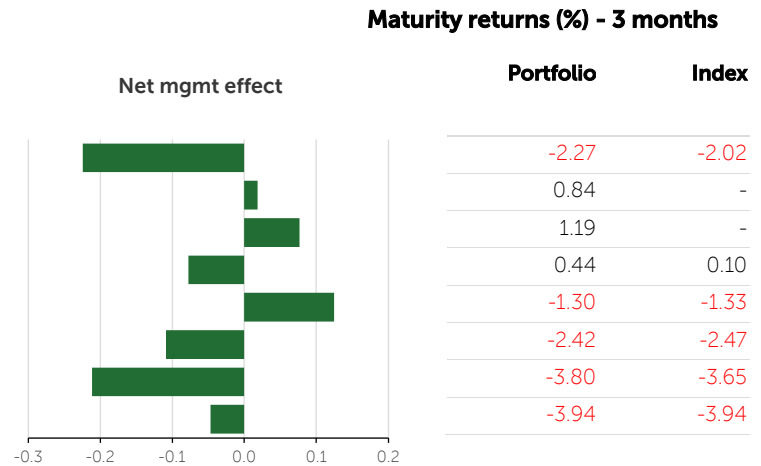
Attribution by sector (%) - 3 months

| | Portfolio weight | Index weight | Net mgmt effect |
|----------------------------|------------------|--------------|-----------------|
| Bond | 99.37 | 100.00 | -0.22 |
| Sovereign | 98.32 | 100.00 | -0.22 |
| Quasi & Foreign Government | 1.05 | - | -0.00 |



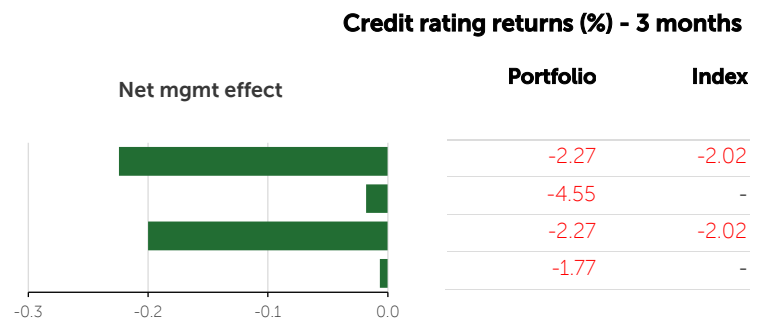
Attribution by maturity (%) - 3 months

| | Portfolio weight | Index weight | Net mgmt effect |
|-------------|------------------|--------------|-----------------|
| Bond | 99.37 | 100.00 | -0.22 |
| 0-3 Years | - | - | 0.02 |
| 3-5 Years | 2.97 | - | 0.08 |
| 5-10 Years | 15.66 | 28.70 | -0.08 |
| 10-15 Years | 20.78 | 19.56 | 0.12 |
| 15-20 Years | 15.32 | 14.22 | -0.11 |
| 20-30 Years | 27.80 | 22.43 | -0.21 |
| 30+ Years | 16.84 | 15.10 | -0.05 |



Attribution by credit ratings (%) - 3 months

| | Portfolio weight | Index weight | Net mgmt effect |
|------|------------------|--------------|-----------------|
| Bond | 99.37 | 100.00 | -0.22 |
| AAA | 0.51 | - | -0.02 |
| AA | 97.87 | 100.00 | -0.20 |
| A | 1.00 | - | -0.01 |

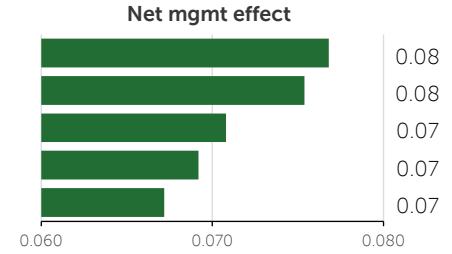


Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Index Linked Gilt Fund, which adheres to the same investment approach as the strategy. The strategy does not aim to replicate either the composition or performance of the performance benchmark.

Performance attribution by security top 5 (%) - 3 months

Security

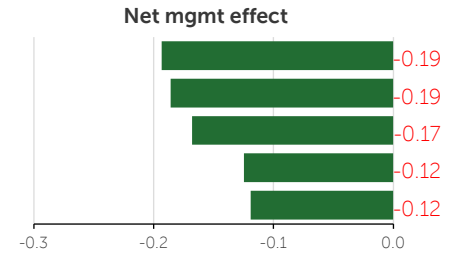
| |
|---|
| UK Treasury Gilt 0.125% Index-Linked 22/03/2029 |
| UK Treasury Gilt 1.25% Index-Linked 22/11/2055 |
| UK Treasury Gilt 0.125% Index-Linked 22/03/2046 |
| UK Treasury Gilt 0.625% Index-Linked 22/03/2040 |
| UK Treasury Gilt 0.125% Index-Linked 22/03/2051 |



Performance attribution by security bottom 5 (%) - 3 months

Security

| |
|---|
| UK Treasury Gilt 0.125% Index-Linked 22/03/2058 |
| UK Treasury Gilt 0.125% Index-Linked 10/08/2048 |
| UK Treasury Gilt 0.25% Index-Linked 22/03/2052 |
| UK Treasury Gilt 0.5% Index-Linked 22/03/2050 |
| UK Treasury Gilt 0.625% Index-Linked 22/03/2040 |



Security positioning (absolute %)

Top 10 holdings

Portfolio

| | |
|--|------|
| UK Treasury Gilt 1.125% Index-Linked 22/11/2037 | 9.85 |
| UK Treasury Gilt 0.625% Index-Linked 22/11/2042 | 9.40 |
| UK Treasury Gilt 0.625% Index-Linked 22/03/2040 | 9.37 |
| UK Treasury Gilt 0.125% Index-Linked 10/08/2048 | 7.06 |
| UK Treasury Stock 2% Index-Linked 26/01/2035 | 6.41 |
| UK Treasury Gilt 0.25% Index-Linked 22/03/2052 | 6.33 |
| UK Treasury Gilt 0.5% Index-Linked 22/03/2050 | 6.29 |
| UK Treasury Stock 4.125% Index-Linked 22/07/2030 | 6.21 |
| UK Treasury Gilt 0.75% Index-Linked 22/11/2047 | 6.07 |
| UK Treasury Gilt 0.125% Index-Linked 22/03/2044 | 5.92 |

Source: Newton FactSet as at 31/03/2025. Portfolio details relate to a representative portfolio, BNY Mellon Index Linked Gilt 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 index-linked gilts maturing between 2037 and 2062

Lengthen duration

As yields rose, we added duration, particularly through purchases of index-linked gilts maturing in 2037, 2047, 2054, 2055 and 2062. In part, these purchases were funded by switching out of conventional gilts maturing in 2050 and 2053.



Introduced an ex-benchmark holding in Australian government bonds

Yield curve positioning

Perceiving better value and less fiscal risk in Australian bonds, and seeking some exposure to nominal rather than real yields in a declining inflation environment, we introduced a position in ten-year Australian government bonds, funded by selling 2037 index-linked gilts.



Switched slightly longer at the front end of the index-linked gilt curve

Yield curve positioning

In late January we switched some ex-benchmark short-dated index-linked gilts from 2026 to 2029 maturities, seeking to lock in higher real yields for longer. This, and the other transactions referenced above, had the effect of increasing the strategy's relative and absolute duration.



Transaction details relate to a representative portfolio, BNY Mellon Index Linked Gilt 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 UK Index Linked Gilt 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 UK Index Linked Gilt Strategy - Net | -10.75 | -6.43 | -29.57 | 4.40 | 2.76 |
| Newton UK Index Linked Gilt Strategy - Gross | -10.50 | -6.17 | -29.37 | 4.70 | 3.05 |
| Performance Benchmark* | -10.44 | -6.83 | -30.44 | 4.85 | 2.60 |

Performance calendar years %

| | YTD 2025 | 2024 | 2023 | 2022 | 2021 |
|--|----------|--------|-------|--------|------|
| Newton UK Index Linked Gilt Strategy - Net | -2.25 | -10.32 | -0.01 | -37.05 | 3.73 |
| Newton UK Index Linked Gilt Strategy - Gross | -2.18 | -10.07 | 0.27 | -36.88 | 4.02 |
| Performance Benchmark* | -2.02 | -10.76 | 0.16 | -37.98 | 4.22 |

Source: Newton. As at 31/03/2025

Source: Newton FactSet, Newton UK Index Linked Gilt 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 0.28% 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 Actuaries UK Index-Linked Gilts Over 5 Years 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.
- **Geographic Concentration Risk:** The strategy primarily invests in a single market which may have a significant impact on 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 Risk:** The issuer of a security held by the strategy may not pay income or repay capital to the strategy when due.
- **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.
- **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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The FTSE Actuaries UK Index-Linked Gilts Over 5 Years 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 UK Index Linked Gilt Strategy composite includes any Newton managed segregated accounts that follow the strategy and the BNY Mellon Index Linked Gilt Fund.

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 Index Linked Composite contains fully discretionary portfolios which invest in Index-Linked UK Government debt and for comparison purposes is measured against the FTSE Actuaries UK Index-Linked Gilts Over 5 Years index.

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