

BNY Mellon Absolute Return Bond Fund

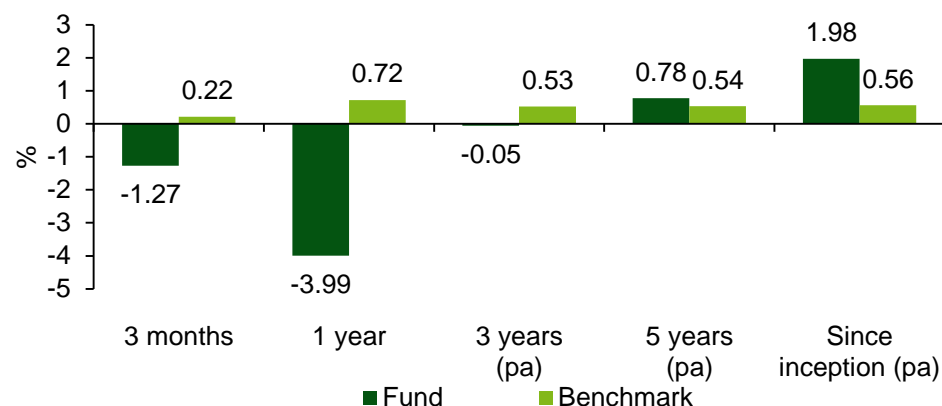
Portfolio summary as at 31 December 2018



Fund summary¹

- A diversified fixed income absolute return fund
- Utilises broad fixed income opportunity set, e.g. government, inflation linked, corporate, emerging market debt, high yield, loans, asset backed securities and currency
- Launched in 2012, asset size £896m
- Target is to outperform benchmark by 3% pa on a rolling annualised three year basis before fees

Fund performance (GBP share class)



Performance attribution (3 years)¹

	bp
Country allocation, inflation, duration and yield curve	-423
Investment grade credit	149
Asset backed securities	148
High yield & Loans	-31
Emerging market debt	-26
Currency	-77

Risk statistics¹

Information ratio (3 years)	-0.18
Tracking error pa (3 years)	3.19%

The BNY Mellon Absolute Return Bond Fund is gross of fees and in GBP. All returns over one year are annualised. Benchmark: 3 Month GBP LIBOR. Inception date: 9 March 2012. Fund size converted to GBP. ¹ Fund data.

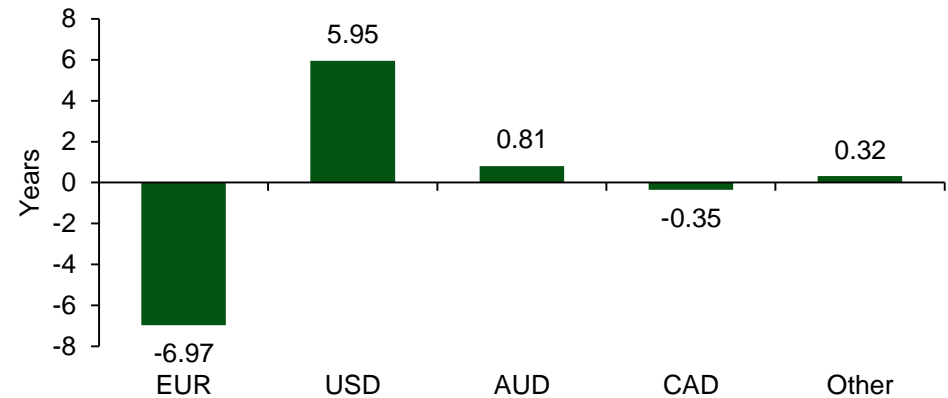
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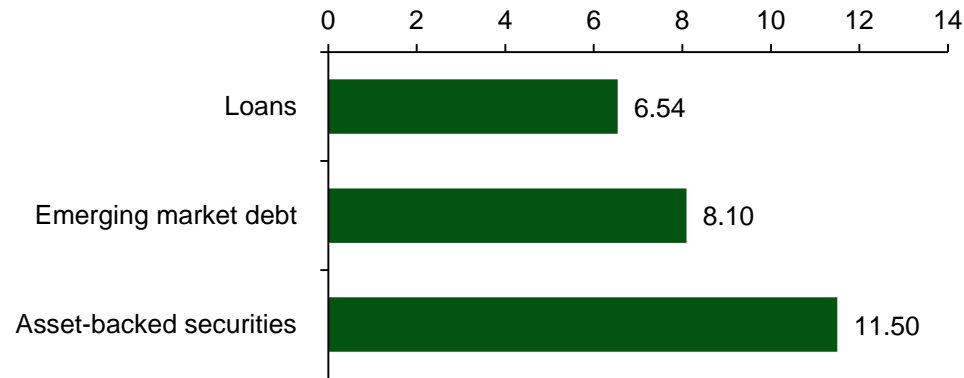


Key Statistics	%
Yield (%) ²	0.33
Spread over swaps (bp)	37
Overall duration (yrs)	-0.25
Inflation-linked duration (yrs)	5.03
Credit spread duration (yrs)	0.67
<i>Investment grade (yrs)</i>	<i>0.48</i>
<i>High yield (yrs)</i>	<i>-0.28</i>

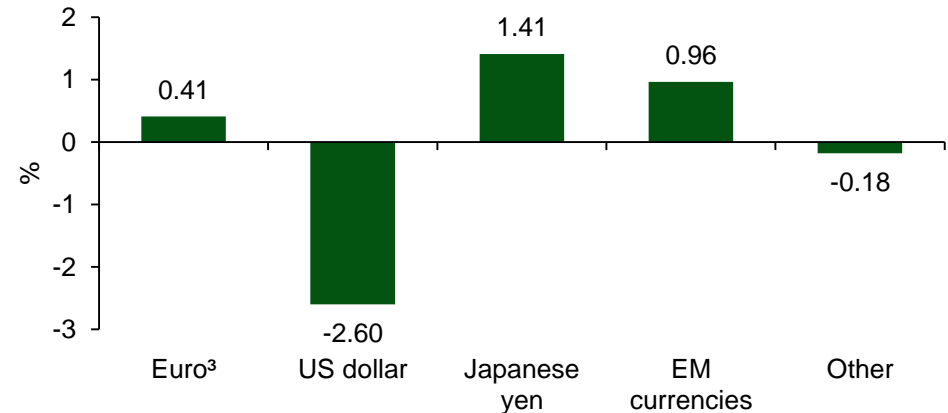
Duration exposure by currency (yrs)¹



Allocation to other fixed income markets (%)¹



Largest relative currency exposures (%)¹



¹ Fund data. ² The yield on the Fund includes the real yield of index-linked assets and therefore is likely to understate the conventional yield equivalent of the Fund. ³ Euro exposure is shown relative to the base currency of the Fund.

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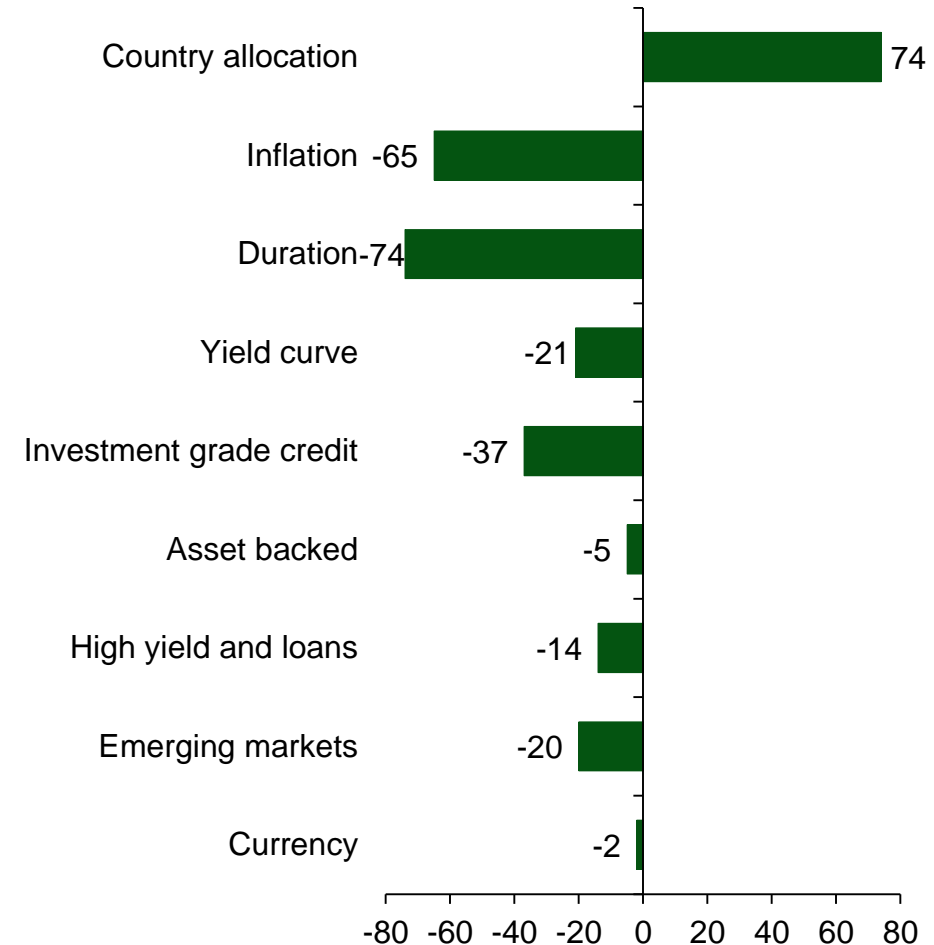
Performance attribution



Q4 2018

- The fund underperformed over the quarter
- Country allocation positive. This was driven largely by being short Germany versus long US. Our long Australia versus short Germany was also positive. The tactical long Spain versus short Italy position was also a small negative.
- The 30yr US inflation position in US TIPS was negative.
- Long duration positions were negative over the period, primarily due real yields rising during the quarter.
- Yield curve, a tactical US yield curve flattener (short 2yr versus long 30yr) detracted as the yield curve steepened.
- The contribution from investment grade and high yield was negative due to spreads widening during the quarter and cash bonds underperforming CDS hedges.
- ABS was a small negative, due to spreads widening over the period.
- Emerging market debt exposure was negative, this was driven by the sell-off over the period.
- In currency, a positive from a long in JPY was offset by negatives from longs in CAD & NOK and a short in ZAR.

Contribution by investment decision (bp)



As at 31 December 2018. Attribution shown gross of fees.

Insight's institutional absolute return strategy

Units of risk: allocation



As at 31 December 2018

