« Actions émergentes : Est-il encore temps d'investir ? »

Naomi Waistell, gérante actions émergentes chez Newton

Mardi 17 octobre 2017, Le Meurice
BNY Mellon Investment Management

• Total AUM US$1.8 trillion
• Institutional grade investment management, innovation and market leading intelligence
• Each investment manager has its own proprietary investment processes
  – No ‘house view’ is imposed: there is no overall Chief Investment Officer
  – Each investment manager retains complete investment autonomy
• An entrepreneurial, focused approach is encouraged
  – Each investment manager focuses on investment management
• A great breadth and depth of expertise in every major asset class and sector
  – More than 275 institutional investment management product offerings

A multi-boutique investment management model encompassing investment skills of world class specialist investment managers

1. As at 30 June 2017
### BNY Mellon Investment Management

Our world class specialist investment managers*

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcentra</td>
<td>Global sub-investment grade debt asset management</td>
<td>US$29.4bn</td>
</tr>
<tr>
<td>Amherst</td>
<td>Real estate investment specialist</td>
<td>US$1.3bn</td>
</tr>
<tr>
<td>ARX</td>
<td>Brazilian multi-strategy, long/short, long-only and fixed income strategies</td>
<td>US$3.2bn</td>
</tr>
<tr>
<td>BNY MELLON CASH INVESTMENT STRATEGIES</td>
<td>Money market funds</td>
<td>US$226.4bn</td>
</tr>
<tr>
<td>The Boston Company Asset Management, LLC</td>
<td>Active fundamental equity manager; core, growth &amp; value styles; US, global and world ex-domestic market</td>
<td>US$41.3bn</td>
</tr>
<tr>
<td>CenterSquare INVESTMENT MANAGEMENT</td>
<td>US &amp; Global real estate investment management</td>
<td>US$9.0bn</td>
</tr>
<tr>
<td>EACM advisors</td>
<td>Fund of hedge funds; non-proprietary manager of managers</td>
<td>US$4.0bn</td>
</tr>
<tr>
<td>Insight Investment</td>
<td>Leader in liability driven investment, fixed income, currency risk management, multi-asset, absolute return and specialist equity solutions</td>
<td>US$717.4bn</td>
</tr>
<tr>
<td>Mellon Capital</td>
<td>Global multi-asset solutions and strategies ranging from indexing to alternatives</td>
<td>US$352.5bn</td>
</tr>
<tr>
<td>Newton</td>
<td>Active equity and bond, multi-asset, real-return and income solutions in a global thematic framework</td>
<td>US$71.6bn</td>
</tr>
<tr>
<td>Siguler S Guff</td>
<td>Multi-strategy private equity investing; direct investment and fund-of-funds</td>
<td>US$12.0bn</td>
</tr>
<tr>
<td>Standish</td>
<td>Award-winning global, emerging markets and regional fixed income solutions specialist</td>
<td>US$156.5bn</td>
</tr>
<tr>
<td>Walter Scott</td>
<td>Global equity investment management</td>
<td>US$63.4bn</td>
</tr>
</tbody>
</table>

**Total AUM US$1.8 trillion**

* Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA) or affiliated fund operating companies to undertake portfolio management activities in relation to contracts for products and services entered into by clients with BNYMIM EMEA or the BNY Mellon funds.

AUM has been provided by BNY Mellon Finance as at 30 June 2017. Total AUM includes the asset managers outlined in this file as well as The Dreyfus Corporation, BNY Mellon Wealth Management and external data.

1. A division of The Dreyfus Corporation.
2. The Bank of New York Mellon Corporation holds more than 90% of The Boston Company Asset Management, LLC.
The EM Backdrop
Starting from the beginning – what made emerging markets great

Rapid, commodity-intensive industrialisation, driven particularly by China; and deeper integration of cross-border trade characterised the rise of emerging markets since the start of the century.

EM export volumes to DM import volumes

Energy and materials weight in the MSCI EM benchmark (%)

We are now testing the peak of this interconnectivity, as the threat of protectionism rises, and demand growth slows.

We see big opportunities from the change in leadership of EM growth
The ‘globalisation elephant’ and reappraising trade relations

Globalisation constituted a huge labour shock; with cheaper EM supply replacing that in DM

Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)

Working age population growth (2015–2035, UN estimates)

EM consumers and economies have been huge winners from income gains
Themes shape where we invest – ‘Divergence’

In a world where growth remains relatively scarce, the emerging markets still have a lot to offer. But we seek to capture this very selectively. Unlike an index.

We strongly believe an active approach is needed in divergent emerging markets.
Global trade has actually accelerated over the past 12 months
China fiscal stimulus boosted growth and imports; oil & commodity prices also rebounded

China had outsized impact on trade globally through 2016 and early 2017

For illustrative purposes only.
Source: CPB, IMF DOTS, Thomson Reuters Datastream, Bloomberg, Newton, April/May 2017
China Influence: The Great Rebalancing

China’s growth previously driven by exports & investment

China: Contribution to annual real GDP growth

The rebalancing is already happening

China secondary vs. tertiary industry as % of nominal GDP

- China’s leaders now accept that the economy needs to be rebalanced in favour of private consumption
- Measures include cooling excessive fixed investment growth, liberalising the financial system and expanding spending on social services

Consumption has overtaken investment as China’s main economic growth driver
China – not all bad news!
Back ing the right areas generates significant returns

For illustrative purposes only.
Total Returns measured in US$ on a rolling monthly basis from 17 February 2007 to 17 February 2017; value indicators presented in nominal US$. China Internet, Healthcare, Consumer Services is an investible equal-weighted composite (with monthly rebalancing) comprising 29 securities as of 17 February 2017. Composite constructed using GICS sector exclusions and further excludes names below US$2bn market cap and those listed onshore in order to be representative of Newton’s investible universe.


 Completely avoiding China may miss structural opportunities

For illustrative purposes only.
We view India as a good investment location over the next five years, owing to the combination of the potential for high growth from a depressed base, good demographics and a strong government reform agenda, alongside the number of compelling, stock-specific investments we are able to find.

- Growth stifled under previous Government – Prime Minister Modi very proactive and pushing through economic reforms as well as debottlenecking growth (e.g. infrastructure)
- Inflation declining structurally; RBI inflation target adoption
- Economy emerging from painful credit cycle
- Pent-up consumer demand post slowdown
- Attractive demographics
- Productivity potential for catch-up
- Entrepreneurial companies
- Low cost labour
- Attractive through-cycle valuations

We believe that we are seeing a cyclical trough for Indian corporate earnings from which companies will see an improvement.
Brazil – atoning for past sins
Economy still faces some serious headwinds – and not just politics

Labour market still weak

Budget deficit requires further painful austerity measures

Expect a protracted tough consumer environment

Source: Newton, Thomson Reuters Datastream, June 2017.
Emerging markets are much stronger to weather global financial conditions

Many EMs have been in easing mode in the context of low growth and falling inflation. Trump’s effect on the US yield curve has diminished since the start of the year.

Reforms and past devaluations insulate from further external shocks

Source: Newton, Thomson Reuters Datastream, 10 August 2017.

Current Account Balance, 4 Quarter moving average
Source: Newton, Thomson Reuters Datastream, Q1 2017.
Reflation expectations reined in...

- US 10Y treasury yields rose on Trump election but eased due to market scepticism over feasibility of infrastructure and tax cut plan.

- The US$ has weakened as this Trump inertia, together with accelerating global GDP and trade growth, led by China, have brought forward expectations for a reduction of monetary stimulus in DM outside the US. Meanwhile EM US$ exports growth has picked up.

- Market expectations of US tariff and border adjustment tax risks, which may have been inflationary for the US, have been cut back significantly.

- With China’s growth stimulus easing and the housing market likely to lose momentum soon, we think commodity prices will also correct lower, resulting in the upturn in global trade taking a breather and the trend in US 10Y yields remaining range bound.

Source: Newton, Thomson Reuters Datastream, 10 August 2017.
Emerging markets – Attractive entry point?
Valuation increasingly attractive relative to US markets

Shiller PE = “A cyclically adjusted price/earnings ratio, otherwise known as the CAPE, or Shiller PE, measures the real price of a company’s stock relative to real average earnings over the past 10 years. The Shiller PE aims to smooth out the economic and profit cycles to give a more informed view of a company’s price than the traditional price earnings ratio, which uses only one year of profits.”
Performance and Positioning
Most funds in the IA Emerging Market sector fail to beat the index

5 year return vs maximum drawdown for NGEM Fund and IA EM sector peer group

For illustrative purposes only.
Source: Lipper, 31 March 2017. Performance for the W share class is based on historical returns of Newton Global Emerging Markets X share class adjusted to reflect 0.75% annual fee. Fund performance calculated as total return, including reinvested income net of UK tax and charges, based on net asset value. All figures are in GBP terms. The impact of an initial charge (currently not applied) can be material on the performance of your investment. Further information is available upon request. Comparisons are made to demonstrate correlation only and are for illustrative purposes only.

The MSCI Emerging Markets Index NDR is used as a comparative index for this strategy. The strategy does not aim to replicate either the composition or the performance of the comparative index.
BNY Mellon Global Emerging Markets Fund, as at 31 August 2017

Performance – USD C Inc

Cumulative return since inception¹

<table>
<thead>
<tr>
<th>(%) USD</th>
<th>YTD</th>
<th>3 months</th>
<th>1 year</th>
<th>Since inception¹ (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNY Mellon Global Emerging Markets Fund (net of fees)²</td>
<td>35.31</td>
<td>7.73</td>
<td>25.15</td>
<td>19.31</td>
</tr>
<tr>
<td>MSCI Emerging Index NDR³</td>
<td>28.29</td>
<td>9.41</td>
<td>24.53</td>
<td>18.01</td>
</tr>
</tbody>
</table>

Notes:
1. Inception date: 31 August 2015. Fund launch date: 13 November 2012. Fund strategy changed on 4 August 2015.
2. Fund performance for the share class USD C Inc calculated as total return, based on net asset value, including charges, but excluding initial charge, income reinvested gross of tax, expressed in share class currency. The impact of the initial charge, which may be up to 5%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.
3. The MSCI Emerging Market index NDR is used as a comparative index for this fund. The fund does not aim to replicate either the composition or the performance of the comparative index.

Source: Newton, 31 August 2017.

Performance shows the advantage of active investment
### Performance

Newton Global Emerging Markets Strategy, as at 31 August 2017

<table>
<thead>
<tr>
<th>(%) USD</th>
<th>YTD</th>
<th>3 months</th>
<th>1 year</th>
<th>3 years (annualised)</th>
<th>5 years (annualised)</th>
<th>Since inception¹ (annualised)</th>
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</thead>
<tbody>
<tr>
<td>Newton Global Emerging Markets Composite (gross of fees)²</td>
<td>36.10</td>
<td>7.82</td>
<td>25.98</td>
<td>6.77</td>
<td>11.08</td>
<td>6.42</td>
</tr>
<tr>
<td>MSCI Emerging Index NDR³</td>
<td>28.29</td>
<td>9.42</td>
<td>24.53</td>
<td>2.38</td>
<td>5.30</td>
<td>1.36</td>
</tr>
</tbody>
</table>

#### Cumulative return since inception¹

![Growth Chart](chart.png)

- Blue line: Newton Global Emerging Markets (USD) Composite (gross of fees)
- Orange line: MSCI Emerging Market Index NDR³

<table>
<thead>
<tr>
<th>Growth (%)</th>
<th>Newton Global Emerging Markets (USD) Composite (gross of fees)²</th>
<th>MSCI Emerging Market Index NDR³³</th>
</tr>
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<tbody>
<tr>
<td>+8.84%</td>
<td>+47.56%</td>
<td></td>
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</tbody>
</table>

**Notes:**

1. Inception date: 31 May 2011.
2. Performance calculated as total return, income reinvested, gross of fees, in USD. Please see appendix for GIPS compliant presentation.
3. The MSCI Emerging Market index NDR is used as a comparative index for this strategy. The strategy does not aim to replicate either the composition or the performance of the comparative index.

**Source:** Newton Global Emerging Market Composite in USD terms. Periods to 31 August 2017.
Active positioning for future growth

<table>
<thead>
<tr>
<th>Sector</th>
<th>Index 1</th>
<th>BNY Mellon Global Emerging Markets Fund</th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>6.6%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Materials</td>
<td>7.5%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>5.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>10.2%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>6.6%</td>
<td>30.2%</td>
</tr>
<tr>
<td>Health care</td>
<td>2.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Financials</td>
<td>26.7%</td>
<td></td>
</tr>
<tr>
<td>Information technology</td>
<td>26.9%</td>
<td></td>
</tr>
<tr>
<td>Telecommunication services</td>
<td>5.2%</td>
<td>Cash</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.6%</td>
<td>Future growth opportunities</td>
</tr>
</tbody>
</table>

Note: 1 The MSCI Emerging Markets Index NDR is used as a comparative index for this fund. The fund does not aim to replicate either the composition or the performance of the comparative index.

Source: Newton, 31 August 2017.
Sector and country positioning as at 31 August 2017

BNY Mellon Global Emerging Markets Fund

Sector allocation

| Sector                | Fund weight | Comparative index
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Information technology</td>
<td>30.2%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Financials</td>
<td>26.7%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>17.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>15.7%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Health care</td>
<td>7.5%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>5.5%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Materials</td>
<td>7.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Energy</td>
<td>6.6%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Telecommunication services</td>
<td>5.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.6%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Country allocation

| Country               | Fund weight | Comparative index
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>28.2%</td>
<td>8.7%</td>
</tr>
<tr>
<td>China/HK</td>
<td>27.4%</td>
<td>27.4%</td>
</tr>
<tr>
<td>South Africa</td>
<td>14.6%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Korea</td>
<td>14.6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Philippines</td>
<td>14.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Mexico</td>
<td>11.9%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>11.9%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Other LatAm</td>
<td>11.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Other</td>
<td>11.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Other Asian</td>
<td>11.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>11.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Russia</td>
<td>11.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Brazil</td>
<td>11.9%</td>
<td>7.2%</td>
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</tbody>
</table>

Note: ¹ The MSCI Emerging Markets Index is used as a comparative index for this fund. The fund does not aim to replicate either the composition or the performance of the comparative index.
Source: Newton, 31 August 2017.
### Newton Global Emerging Markets representative portfolio

<table>
<thead>
<tr>
<th>Top 15 positive contributors</th>
<th>Portfolio end weight</th>
<th>Portfolio average ABAL</th>
<th>Total portfolio return</th>
<th>Contribution</th>
<th>Country of exposure</th>
<th>MSCI sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naspers</td>
<td>4.56</td>
<td>3.19</td>
<td>230.81</td>
<td>6.26</td>
<td>South Africa</td>
<td>Consumer discretionary</td>
</tr>
<tr>
<td>Taiwan Semiconductor Manufacturing</td>
<td>4.24</td>
<td>4.19</td>
<td>216.78</td>
<td>5.16</td>
<td>Taiwan</td>
<td>Information technology</td>
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<tr>
<td>Vipshop</td>
<td>--</td>
<td>1.49</td>
<td>253.80</td>
<td>5.05</td>
<td>China</td>
<td>Consumer discretionary</td>
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<td>Alibaba</td>
<td>4.01</td>
<td>1.79</td>
<td>153.04</td>
<td>4.01</td>
<td>China</td>
<td>Information technology</td>
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<td>TAL Education</td>
<td>1.56</td>
<td>1.03</td>
<td>672.86</td>
<td>3.75</td>
<td>China</td>
<td>Consumer discretionary</td>
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<td>Tencent</td>
<td>3.66</td>
<td>1.69</td>
<td>209.65</td>
<td>3.63</td>
<td>China</td>
<td>Information technology</td>
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<tr>
<td>AIA</td>
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<td>3.18</td>
<td>162.57</td>
<td>3.21</td>
<td>Hong Kong</td>
<td>Financials</td>
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<tr>
<td>Maruti Suzuki India</td>
<td>3.81</td>
<td>1.55</td>
<td>100.29</td>
<td>3.08</td>
<td>India</td>
<td>Consumer discretionary</td>
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<td>3.94</td>
<td>85.90</td>
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<td>Consumer staples</td>
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<td>Baidu</td>
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<td>3.62</td>
<td>63.66</td>
<td>2.65</td>
<td>China</td>
<td>Information technology</td>
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<tr>
<td>Health and Happiness (H&amp;H)</td>
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<td>0.77</td>
<td>182.28</td>
<td>2.38</td>
<td>Hong Kong</td>
<td>Consumer staples</td>
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<td>Sands China</td>
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<td>Godrej Consumer Products</td>
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<td>1.09</td>
<td>128.37</td>
<td>1.64</td>
<td>India</td>
<td>Consumer staples</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top 15 negative contributors</th>
<th>Portfolio end weight</th>
<th>Portfolio average ABAL</th>
<th>Total portfolio return</th>
<th>Contribution</th>
<th>Country of exposure</th>
<th>MSCI sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abril Educacao</td>
<td>--</td>
<td>0.22</td>
<td>-31.22</td>
<td>-0.79</td>
<td>Brazil</td>
<td>Consumer discretionary</td>
</tr>
<tr>
<td>Lopes Brasil-Consultoria de Imoveis</td>
<td>--</td>
<td>0.61</td>
<td>-61.12</td>
<td>-0.81</td>
<td>Brazil</td>
<td>Industrials</td>
</tr>
<tr>
<td>West China Cement</td>
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<td>0.34</td>
<td>-57.85</td>
<td>-0.85</td>
<td>China</td>
<td>Materials</td>
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<tr>
<td>China High Precision Automation</td>
<td>--</td>
<td>0.10</td>
<td>-79.12</td>
<td>-0.86</td>
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<td>Information technology</td>
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<td>Vale</td>
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<td>0.43</td>
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<td>-0.88</td>
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<td>Materials</td>
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<td>-42.79</td>
<td>-0.89</td>
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<td>Information technology</td>
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<td>Huabao International</td>
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<td>Materials</td>
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<td>Eurasia Drilling</td>
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<td>1.01</td>
<td>-55.34</td>
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<td>0.39</td>
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<td>Energy</td>
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<td>Larsen &amp; Toubro</td>
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<td>0.42</td>
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<td>-1.05</td>
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<td>Belle International</td>
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<td>-1.21</td>
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<td>Consumer discretionary</td>
</tr>
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<td>Camelot Information Systems</td>
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<td>0.07</td>
<td>-88.97</td>
<td>-1.22</td>
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<tr>
<td>Petroleo Brasileiro</td>
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<td>1.09</td>
<td>-49.99</td>
<td>-1.34</td>
<td>Brazil</td>
<td>Energy</td>
</tr>
<tr>
<td>HTC</td>
<td>--</td>
<td>0.18</td>
<td>-51.29</td>
<td>-1.34</td>
<td>Taiwan</td>
<td>Information technology</td>
</tr>
<tr>
<td>Wynn Macau</td>
<td>--</td>
<td>0.62</td>
<td>-53.97</td>
<td>-1.66</td>
<td>Hong Kong</td>
<td>Consumer discretionary</td>
</tr>
</tbody>
</table>

Note: ¹ The representative portfolio adheres to the same investment approach as Newton Global Emerging Markets strategy. Performance calculated as total return, income reinvested, gross of fees, in USD. Source: Newton, 31 August 2017.
## Current positioning – top 10 absolute holdings

Newton Global Emerging Markets representative portfolio

- Position size determined by balance of risk vs. reward of stock
- Diverse exposure, even within industry groups
- More interested in fundamental risk than benchmark-relative risk

<table>
<thead>
<tr>
<th>Stock</th>
<th>Country</th>
<th>Sector</th>
<th>Representative portfolio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vakrangee</td>
<td>India</td>
<td>Information technology</td>
<td>5.17</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>South Korea</td>
<td>Information technology</td>
<td>4.75</td>
</tr>
<tr>
<td>Naspers</td>
<td>South Africa</td>
<td>Consumer discretionary</td>
<td>4.56</td>
</tr>
<tr>
<td>AIA</td>
<td>Hong Kong</td>
<td>Financials</td>
<td>4.43</td>
</tr>
<tr>
<td>Taiwan Semiconductor Manufacturing</td>
<td>Taiwan</td>
<td>Information technology</td>
<td>4.25</td>
</tr>
<tr>
<td>Indiabulls Housing Finance</td>
<td>India</td>
<td>Financials</td>
<td>4.11</td>
</tr>
<tr>
<td>Alibaba</td>
<td>China</td>
<td>Information technology</td>
<td>4.01</td>
</tr>
<tr>
<td>British American Tobacco</td>
<td>South Africa</td>
<td>Consumer staples</td>
<td>3.95</td>
</tr>
<tr>
<td>Soc. Quimica Y Minera B</td>
<td>Chile</td>
<td>Materials</td>
<td>3.87</td>
</tr>
<tr>
<td>Maruti Suzuki India</td>
<td>India</td>
<td>Consumer discretionary</td>
<td>3.81</td>
</tr>
</tbody>
</table>

Total number of stocks = 53

---

Note: ¹ The representative portfolio adheres to the same investment approach as Newton Global Emerging Markets strategy.

Source: Newton, 31 August 2017.
Performance summary – five years
Newton Global Emerging Markets Strategy

Performance characteristics vs. MSCI Emerging Markets (NDR)¹ in GBP (before fees) over five years ending June 2017 (monthly calculations)
Comparison with the Mercer Emerging Markets Equity Universe (actual ranking)

<table>
<thead>
<tr>
<th>Newton Emerging Markets Strategy</th>
<th>14.68</th>
<th>14.74</th>
<th>1.00</th>
<th>2.59</th>
<th>0.87</th>
<th>1.59</th>
<th>80.16</th>
<th>112.38</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Newton Emerging Markets ranking</strong></td>
<td>(4)</td>
<td>(33)</td>
<td>(5)</td>
<td>(35)</td>
<td>(39)</td>
<td>(8)</td>
<td>(142)</td>
<td>(21)</td>
</tr>
<tr>
<td>Comparative index² return</td>
<td>7.95</td>
<td>14.19</td>
<td>0.56</td>
<td>2.50</td>
<td>-</td>
<td>0.87</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Comparative index³ ranking</td>
<td>(142)</td>
<td>(73)</td>
<td>(135)</td>
<td>(57)</td>
<td>-</td>
<td>(136)</td>
<td>(23)</td>
<td>(83)</td>
</tr>
<tr>
<td>5th percentile</td>
<td>12.94</td>
<td>15.75</td>
<td>0.97</td>
<td>2.78</td>
<td>1.23</td>
<td>1.58</td>
<td>102.55</td>
<td>117.89</td>
</tr>
<tr>
<td>Upper quartile</td>
<td>11.20</td>
<td>14.56</td>
<td>0.81</td>
<td>2.56</td>
<td>0.83</td>
<td>1.32</td>
<td>96.93</td>
<td>108.06</td>
</tr>
<tr>
<td>Median</td>
<td>9.86</td>
<td>14.05</td>
<td>0.69</td>
<td>2.44</td>
<td>0.49</td>
<td>1.10</td>
<td>92.16</td>
<td>100.89</td>
</tr>
<tr>
<td>Lower quartile</td>
<td>8.67</td>
<td>13.58</td>
<td>0.60</td>
<td>2.34</td>
<td>0.19</td>
<td>0.94</td>
<td>86.10</td>
<td>90.76</td>
</tr>
<tr>
<td>95th percentile</td>
<td>7.07</td>
<td>12.71</td>
<td>0.50</td>
<td>2.19</td>
<td>-0.25</td>
<td>0.77</td>
<td>75.23</td>
<td>77.44</td>
</tr>
<tr>
<td>Number in universe</td>
<td>160</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>159</td>
</tr>
</tbody>
</table>

Notes:
¹ The MSCI Emerging Markets (NDR) index is used as a comparative index for this strategy. The strategy does not aim to replicate either the composition or the performance of the comparative index. ² To fifth percentile. ³ To 95th percentile.

Chart created from MercerInsight MPA on 31 July 2017 at 10.01 am. This output should be read in conjunction with, and is subject to, MercerInsight MPA™: Important notices and Third-party data attributions. See https://www.mercerinsight.com/importantnotices.aspx for details. Copyright 2017 Mercer LLC. All rights reserved. For illustrative purposes only.

Source: MercerInsight MPA, 30 June 2017.

Focus on absolute risk vs reward
Newton’s best solution to capture future growth in emerging markets in risk-adjusted returns

**THEMES**
Long-term themes target future growth in emerging markets, not ‘old’ profit pools

**PERFORMANCE**
Strong cumulative performance driven by high conviction, benchmark agnostic approach

**RISK**
Risk management from emphasis on quality and governance – we only invest in value-generative companies run for all shareholders

**TEAM**
Repeatable process and strong investment team, including experienced global industry analysts, with proactive client service

Source: Newton, 31 December 2016.
APPENDIX
Rob Marshall-Lee
Leader, Emerging and Asian Equity team

Robert is investment leader of the Emerging and Asian Equity team and is lead manager of the Newton Global Emerging Markets Fund. Since joining Newton in 1999, Robert has worked as a global industry analyst specialising in the mining, paper, steel, tobacco and utility sectors, before becoming a fund manager for global and, since early 2011, emerging-market funds. Robert began his career at Deloitte & Touche. He has a Bachelor of Science (Hons) and holds the ACA (Chartered Accountant) and ASIP (Investment) qualifications.

18 years at Newton
22 years’ investment experience

Sophia Whitbread
Portfolio manager, Emerging and Asian Equity team

Sophia is a portfolio manager on the Emerging and Asian Equity team. She joined Newton in 2005 as a financials analyst, specialising in the banking sector. She held additional, and specific, responsibilities for the asset management and the life insurance sectors, with coverage of all sectors on a global basis. She moved to Edinburgh briefly in 2010, working for Baillie Gifford, before returning to Newton in January 2011 to assume her current role. She is lead manager of the Newton Emerging Income Fund; alternate manager of the Newton Global Emerging Markets Fund; and a member of the team managing the Newton Asian Income strategy. Sophia holds both MA (Hons) and MPhil degrees in Classics from the University of Cambridge. Sophia is a CFA® charterholder.

11 years at Newton
11 years’ investment experience

Naomi Waistell
Portfolio manager, Emerging and Asian Equity team

Naomi is a portfolio manager on the Emerging and Asian Equity team. She worked on the European and global equity teams, also as a portfolio manager, before assuming her current role in 2014. She is alternate manager on both the Newton Global Emerging Markets Fund, and the Newton Emerging Income Fund, co-chairs one of Newton’s thematic leadership groups and is a member of Newton Responsible Investment Committee.

Naomi joined Newton in 2010, prior to which she gained investment experience at the financial consultancy arm of the Capita Group and as an associate with Praefinium Partners Investment Management. She is a CFA charterholder,¹ and holds both BA (Hons) and MA degrees.

7 years at Newton
10 years’ industry experience

Note: ¹ CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.
Source: Newton, 30 June 2017.
Newton Emerging and Asian Equity team

Idea generation and input

Global Strategy Group

- Global Research
  - 15 years’ investment experience
  - 8 years at Newton

  - Industry analysts
  - Responsible Investment analysts
  - Credit analysts

Thematic Focus Groups

- Emerging and Asian Equity team
  - 12 years’ investment experience
  - 11 years at Newton

  - Rob Marshall-Lee
  - Sophia Whitbread
  - Caroline Keen
  - Zoe Kan

  - Naomi Waistell
  - Douglas Reed
  - Amy Leung

Bond / FX Strategy Group

- Portfolio Managers
  - 19 years’ investment experience
  - 13 years at Newton

  - Global Equity
  - Multi-Asset & UK
  - Real Return
  - Emerging & Asian Equity
  - Fixed Income

Analyst (external) meetings

Weekly team meeting

Corporate contact

Strategists & economists

Source: Newton, 30 June 2017.
Years’ investment experience and tenure at Newton are team average numbers as at 30 June 2017.
Total number of investment personnel = 64 (some investment professionals are included in more than one category).
Newton’s investment philosophy
Global thematic investing since 1978

We believe in …

GLOBAL
Thinking globally, evaluating each idea in a global context

THEMES
Using themes to understand the forces driving global change

ANALYSIS
Conducting rigorous fundamental analysis incorporating ESG¹ considerations

CONVICTION
Constructing investment portfolios incorporating our highest conviction ideas

Note: ¹ Environmental, Social and Governance.

Our primary objective is to improve the real wealth of our clients
Newton Global Emerging Markets – active and differentiated

**High conviction, fundamentally driven, benchmark agnostic approach**
- ~50 holdings
- ~40% in top 10 positions
- ~70% in top 20 positions
- Active share of ~80%

**Long-term themes target future growth in emerging markets**
- Areas with strong growth potential, not ‘old’ profit pools
- Guides stock, sector, and country selection

**Emphasis on quality and governance**
- Aims to capture long-term value creation in total return
- Focus on return on capital; companies reinvesting profitably in future growth

**WE SEEK**
**TO INVEST IN**

‘COMPounders’

Source: Newton, 31 August 2017.
What we need to understand of every stock

- Research analysts and portfolio managers work together on stock selection. We are well resourced to achieve this.
- The highest quality ideas compete for capital to maintain conviction levels in the strategy.

**EXISTING BUSINESS ANALYSIS**

- **Minority shareholders protection**: is the company run in the interests of shareholders?
- **Financial management**: does the business demonstrate economic profitability (ROCE > WACC) through the cycle and is it backed by an appropriate capital structure?
- **Compounding qualities**: can the business compound its economic profits?

**FORWARD ANALYSIS**

- **Newton thematic support/analysis**: which Newton Themes provide tailwinds / which provide headwinds?
- **Business model sustainability**: does the business demonstrate competitive advantage and pricing power?
- **Key controversies**: what could make our assessment of the fundamentals invalid – on both upside and downside?

**VALUATION**

- **Margin of safety**: what growth and returns expectations are being factored into the current share price?
- **Growth and returns outlook**: does the valuation imply the future is a continuation of the past or materially different?
- **Investment comps**: does the valuation make sense in a relative context?
Research – stock example
China Biologics Products Inc

Investment process in action: Fundamentals, Themes and Valuation

EXISTING BUSINESS ANALYSIS

- Leading non-SOE player in the China plasma-based products industry
- High barriers to entry and low penetration of key products
- 1 of only 4 Chinese companies that can produce more than 8 plasma-based products and it has the highest yield of all competitors.
- Net cash position

FORWARD ANALYSIS

- Strong thematic support from Healthy Demand, given low diagnosis rates of diseases like Hepatitis B, liver disease and haemophilia
- Demand far outstrips supply, resulting in stable pricing (most Chinese pharma companies are seeing significant pricing pressure)
- Margin expansion driven by new product launches
- Key risks include: any safety issue in the industry, regulation allowing increased supply, raw material cost inflation, relaxation on import restrictions

VALUATION

- P/E 17.7x 2018: plasma companies trade on a premium due to scarcity of raw material, human blood plasma
- EV/EBITDA 11.6x 2018
- High and stable ROE and strong earnings growth

Source: Newton, valuation data as at 14 September 2017.
These opinions should not be construed as investment or any other advice and are subject to change.
This slide is for information purposes only and does not constitute an offer or solicitation to invest.
Global thematic framework
Themes help identify opportunities and challenges

- Identify drivers of long-term change
- Represent the first stages of idea generation and risk management
- Allow a longer-term global perspective in a volatile world
- Provide a dynamic framework for investment thinking

Objective trends, not subjective forecasts

IMPORTANT INFORMATION

Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. For Professional Clients. This is a financial promotion and is not investment advice. For a full list of risks applicable to this fund, please refer to the Prospectus or other offering documents. Before subscribing, investors should read the most recent Prospectus, financial reports and KIID for each fund in which they want to invest. Go to www.bnymellonim.com.

In France, the KIID, Prospectus, articles and latest annual report are freely available upon request to the centralising agent: BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, tél: 00 33 1 42 98 10 00.

Unless otherwise noted, all references to total assets under management (AUM) (which are approximate), provided by The Bank of New York Mellon Corporation, are as at 30 June 2017.

AUM for The Boston Company Asset Management, EACM Advisors, Mellon Capital Management Corporation and Standish Mellon Asset Management Company LLC includes assets managed by those individual firms' officers as associated persons, dual officers or employees of The Dreyfus Corporation. In addition, AUM / OUM for the following firms may include assets managed by them as non-discretionary investment manager for, or by the individual firms' officers as dual officers or employees of, The Bank of New York Mellon: The Boston Company Asset Management, LLC, The Dreyfus Corporation and its BNY Mellon Cash Investment Strategies division, Mellon Capital Management Corporation, Newton Capital Management Limited (part of The Newton Group), Standish Mellon Asset Management Company LLC, and CenterSquare Investment Management, Inc. AUM includes BNY Mellon Wealth Management and external data. AUM outlined for Newton represents the aggregate AUM of the following affiliated companies: Newton Investment Management Limited and Newton Capital Management Limited and may include assets managed by Newton's officers as dual officers or employees of The Bank of New York Mellon. Insight investment's assets under management are represented by the value of cash securities and other economic exposure managed for clients. Amherst Capital provides investment advisory services with respect to $6.3 billion assets under management. This amount includes $5.1B in assets pertaining to certain discretionary multi-sector fixed income clients of our affiliate Standish Mellon Asset Management Company LLC (Standish), for which certain Amherst Capital employees provide advice acting as dual officers of Standish. In addition, discretionary portfolios in the amount of approximately $447M are managed by certain employees in their capacity as dual officers of The Dreyfus Corporation. AUM includes gross assets managed in the single family equity strategy, which includes $245 million of leverage. Amherst figures as at 30/06/2016.


The Bank of New York Mellon Corporation holds 90% of The Boston Company Asset Management, LLC and a 20% minority interest in Siguler Guff & Company LLC and certain related entities. BNY Mellon owns a 71% interest in Amherst Capital Management LLC (Amherst Capital), an indirect majority owned subsidiary. The remainder is owned by Amherst Holdings LLC which is independent of BNY Mellon and whose CEO is an employee of Amherst Capital. BNY Mellon Cash Investment Strategies is a division of The Dreyfus Corporation.

BNY Mellon Investment Management EMEA Limited, BNY MGM and any other BNY Mellon entity mentioned are all ultimately owned by The Bank of New York Mellon Corporation.

Except where specifically noted, performance is stated gross of management fees. The impact of management fees can be material. Further detail is available on request.
