

Press Release



BNY MELLON
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BNY Mellon Asset Management announces enhancements to UK equity funds range

Repositioning of Newton-managed portfolios designed to simplify range

BNY Mellon Asset Management has announced enhancements to the Newton-managed range of UK equity funds. The changes, subject to regulatory and shareholder approval, are designed to simplify and clarify the UK equity range and help investors select the most appropriate portfolio to match their investment needs.

Following approval, the Newton UK Equity Fund and the Newton Growth Fund will be merged into the Newton Income Fund, which will be renamed the Newton UK Equity Fund. Managed by Richard Wilmot with Ben Russon as alternate manager, the newly merged £1.3bn fund will draw on the extensive experience of the seven strong UK equities team supported by Newton's 20 global research analysts.

Jeff Munroe, chief investment officer at Newton, said: "This move is designed to better position our UK range in the eyes of our investors. The newly merged Newton UK Equity Fund will be well positioned to take advantage of a large number of opportunities in the UK equity market at attractive valuations."

The decision to merge the funds has been taken to better clarify Newton's UK suite of funds and continue to deliver strong returns to investors against a difficult and volatile market backdrop. The new Fund will focus on delivering long term capital growth with some income through a portfolio of approximately 100 UK stocks.

Newton has also taken the decision to rebase the dividend distribution on the Newton Higher Income Fund managed by Tineke Frikkee. This decision has been taken in response to the challenging market environment, characterised by low returns and low yields across asset classes, which means the current dividend payment is unsustainable. A more realistic payout is estimated to be some 20-25% lower than those made over the last 12 months.

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Commenting on the change, Munroe added: "The US Federal Reserve's indication last month that they plan to hold interest rates at near zero through to mid-2013, has reaffirmed our belief that unprecedented low interest rates will remain. This reflects the deleveraging and low growth environment that the developed world is experiencing. Companies will therefore find it more difficult to provide dividend payments in line with those they were able to deliver during periods of strong global economic growth.

"In this environment supporting the current dividend level would increasingly affect the Newton Higher Income Fund's overall return to investors. The change will give us increased flexibility to invest across the spectrum of UK equities. The Fund will have access to a wider range of high quality companies paying dividends that are higher than the average in the UK equity market, and also provide greater potential for capital growth. We believe the revised dividend yield remains very attractive and from here we are confident that we can grow the income on an annual basis."

The objectives of the Fund will remain unchanged. The Fund aims to grow the dividend income annually and deliver long term capital growth to investors. Despite the lower dividend yield, the Fund aims to remain in the top 10% of funds in its sector and deliver top quartile performance to its investors over the long term.

Alan Mearns, CEO of BNY Mellon Asset Management International, said: "Against a backdrop of continuing market volatility, we are confident that the enhancements we are announcing today provide our clients with clear solutions that will help meet their long term investment goals."

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Notes to editors:

Newton is a London-based global asset management subsidiary of The Bank of New York Mellon Corporation and part of BNY Mellon Asset Management. With assets under management of more than £47 billion, including assets managed by Newton Investment Management as dual officers of Newton Capital Management Limited and The Bank of New York Mellon, Newton's group of affiliated companies provides a broad range of award-winning investment products and services to individuals, pension funds, charities and corporations. News and other information about Newton is available at www.newton.co.uk.

BNY Mellon Asset Management is one of the world's leading asset management organizations, encompassing BNY Mellon's affiliated investment management firms and global distribution companies. Information about BNY Mellon Asset Management can be found at www.bnymellonam.com.

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