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LDI Enhanced Euro Nominal Fund

Quarterly report to 30 June 2026



➤ **BNY** | INVESTMENTS

LDI Enhanced Euro Nominal Fund

Q2 2026



Performance

- Over the quarter, the benchmark provided a return of 5.13% as nominal interest rates increased at short and medium tenors.
- Over the quarter, the fund returned 5.75%, outperforming the benchmark by 0.62%.
- Since inception, the fund has outperformed the benchmark by 0.39% pa.

Portfolio activity

- Slightly shortened the maturity in Spanish bonds held as a defensive move ahead of expected market volatility and seasonal widening of spreads in the latter part of the year
- Switched some exposure from Netherlands into EU following performance of Dutch spreads in order to increase z-spread pickup and carry in the portfolio

Euro Nominal Fund

	3 months %	1 year %	3 years % pa	5 years % pa	Since inception % pa
Fund ¹	5.75	-9.68	-4.50	-29.42	-10.81
Benchmark	5.13	-10.52	-4.75	-29.56	-11.20
Difference	0.62	0.84	0.25	0.14	0.39

Please refer to the risk disclosures and associated investment risks at the back of this document. As at 30 June 2026. Fund return from unit prices adjusted to be gross of management fees charged within the funds (net of operating expenses). The comparator is a set of cashflows reflecting the liabilities of a typical pension scheme discounted using swap rates. Comparator adjusted to a levered basis assuming funding rates of 6-month EURIBOR. Levered relative returns may not reflect monetary outcomes. Primary reliance should be placed on unlevered performance for relative returns. Inception date: 22 March 2016.

LDI Enhanced Euro Nominal Fund

Q2 2026: fund characteristics



Asset class	Value %	Interest rate sensitivity PV01 per €1m invested € ¹	Inflation sensitivity IE01 per €1m invested € ²
France/Germany/Netherlands government bonds	9	-116	0
Other European government bonds	26	-301	0
Interest rate swaps	-67	-4,688	0
Cash and collateral funds	132	0	0
Total	100	-5,104	0

Leverage

- At 30 June 2026, the Euro Nominal Fund's leverage was 3.6x

Please refer to the risk disclosures and associated investment risks at the back of this document. As at 30 June 2026. ¹ PV01: change in present value of a series of future cash flows resulting from a 0.01% shift in the relevant discount curve. ² IE01: change in present value of a series of future cash flows resulting from a 0.01% shift in the relevant inflation expectation curve.

Important disclosures

Risk disclosures

- **Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.**
- The performance results shown, whether net or gross of investment management fees, reflect the reinvestment of dividends and/or income and other earnings. Any gross of fees performance does not include fees, taxes and charges and these can have a material detrimental effect on the performance of an investment. Taxes and costs incurred when purchasing, holding, converting or selling any investment, will impact returns. Costs may increase or decrease as a result of certain currency conversions, such as currency hedging, investment exposure to international markets, and exchange rate fluctuations.
- Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies over time, and/or prevailing market conditions and are not an exact indicator. They are speculative in nature and are only an estimate. What you will get will vary depending on how the market performs and how long you keep the investment/product. Strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.
- Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialise or vary significantly from the actual results. Accordingly, the projections are only an estimate.
- Portfolio holdings are subject to change, for information only and are not investment recommendations.

Associated investment risks

Liability-driven investment

Fixed income, Multi-asset, Cash, Global ABS Fund, Secured Finance Fund/Secured Finance II Fund, LDI Synthetic Global Equity Funds, LDI Synthetic Global Credit Fund, LDI Credit Enhanced Gilt Funds

- Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.
- The issuer of a debt security may not pay income or repay capital to the bondholder when due. The return risk to a portfolio is higher where a portfolio is highly concentrated in such an issuer.
- The investment manager may invest in instruments which can be difficult to sell when markets are stressed.
- Derivatives may be used to generate returns as well as to reduce costs and/or the overall risk of the portfolio. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large impact on the portfolio.
- A credit default swap (CDS) provides a measure of protection against defaults of debt issuers but there is no assurance their use will be effective or will have the desired result.
- Investments in emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.
- Where high yield assets are held, their low credit rating indicates a greater risk of default, which would affect the value of the portfolio.
- Property assets are inherently less liquid and more difficult to sell than other assets. The valuation of physical property is a matter of the valuer's judgement rather than fact.
- The specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Also, many loans are not actively traded, which may impair the ability of the portfolio to realise full value in the event of the need to liquidate such assets.
- Leveraged funds: as a result of market conditions, the value of the assets held by a Fund may fall and result in a higher degree of leverage than is deemed appropriate by the Investment Manager. In order to reduce the degree of leverage, the Investment Manager may seek to reduce a Funds' total asset exposure. Investors would need to subscribe for additional Shares in order to maintain the level of sensitivity to market movements. Where such an event is unanticipated, this may result in the investors having less sensitivity to market movements than they might consider appropriate to their individual requirements until they have subscribed for additional Shares.
- Money market funds: an investment in a money market fund is not a guaranteed investment and it is different to an investment in deposits as the principal invested is capable of fluctuation. Whilst preservation of capital is a major component of the objective it is not guaranteed. The value of capital invested in a money market fund may fluctuate. The Fund does not rely on external support for guaranteeing its ability to sell its assets and/or meet redemptions (liquidity) or stabilising the fund's price per unit/share (Net Asset Value). Neither Insight nor any other BNYM group company will provide capital support in the event of any capital loss, which will be borne by the investor.
- While efforts will be made to eliminate potential inequalities between shareholders in a pooled fund through the performance fee calculation methodology, there may be occasions where a shareholder may pay a performance fee for which they have not received a commensurate benefit.

Volcker disclosures

LDI Enhanced Euro Nominal Fund

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- **Any losses in the fund will be borne solely by investors in the fund and not by BNY Mellon (including its affiliates); therefore BNY Mellon's losses in the fund will be limited to losses attributable to the ownership interests in the fund held by BNY Mellon and any affiliate in its capacity as an investor in the fund or as beneficiary of a restricted profit interest held by BNY Mellon or any affiliate.**
- **Ownership interests in the fund are not insured by the Federal Deposit Insurance Corporation (FDIC), are not deposits, obligations of, or endorsed or guaranteed in any way, by BNY Mellon. Neither BNY Mellon nor any of its controlled affiliates (which includes the fund's general manager/managing partner/investment adviser), may directly or indirectly, guarantee, assume, or otherwise insure the obligations or performance of the fund or of any other covered fund in which the fund invests.**
- **Investors should read the fund's offering documents before investing in the fund. Information about the role of BNY Mellon, its controlled affiliates, and their employees in sponsoring or providing services to the fund are described in the Volcker Rule section of the offering documents.**

Other disclosures

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