BNY Mellon Global Equity Income Fund

MANAGER COMMENTARY | Q2 2024

Class A **DEQAX** Class I **DQEIX**

PERFORMANCE SUMMARY

> "The team believes an environment of slower growth, higher rates and high inflation represents a relatively favorable backdrop for income stocks."

The fund outperformed market weakness in April, but this advantage was lost over the last two months of the quarter as a greater appetite for risk prevailed.

The fund's underperformance was attributable in large part to the underweight in the technology sector and stock disappointments within the financials and consumer sectors. The zero weightings in Nvidia, Apple and Alphabet were among the biggest detractors over the quarter. The fund cannot invest in these stocks owing to their insufficient yields.

The fund benefited most from stock selection in the basic materials and industrials sectors.

BNY Mellon Global Equity Income Fund underperformed its benchmark index, the FTSE World Index ("the index"), during the second quarter of 2024.

Average Annual Total Returns (6/30/24)

Share Class / Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Class A (NAV) / 12/29/06	-2.43%	1.35%	4.27%	4.35%	6.68%	6.93%
Class A (5.75% max. load)	-8.03%	-4.45%	-1.70%	2.32%	5.43%	6.29%
Class I (NAV) / 12/29/06	-2.31%	1.51%	4.56%	4.63%	6.96%	7.22%
FTSE World Index	2.75%	11.56%	20.38%	6.89%	11.97%	9.37%

The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate, and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Performance for periods less than 1 year is not annualized. Go to im.bnymellon.com for the fund's most recent month-end returns. Returns assume the reinvestment of dividends and capital gains, if any.

Total Expenses (6/30/24)

Share Class	Gross[1]	Net[2]
Class A	1.19%	1.19%
Class I	0.94%	0.94%

[1]Gross expenses is the total annual operating expense ratio for the fund before any fee waivers or expense reimbursements. [2]Net Expenses is the total annual operating expense ratio for the fund, after any applicable fee waivers or expense reimbursements. The Net Expenses is the actual fund expense ratio applicable to investors. Not all classes of shares may be available to all investors or through all broker-dealer platforms.

CONTRIBUTORS AND DETRACTORS

Miner **Newmont** benefited from the rising price of gold, with the precious metal proving attractive to investors as a low-risk asset amid heightened global geopolitical tensions. It also reported good results, with both production and costs beating expectations.

A positive contribution came from **AstraZeneca**, which recently re-entered the strategy's yield universe leading to its reintroduction to the Strategy. The pharmaceutical giant reported a strong start to the year, in which revenue and earnings exceeded expectations.

A top contributor was the fund's recent purchase, **International Paper**, which was the subject of a takeover approach from Suzano, the largest paper and pulp company in Latin America, which served to highlight the attractive valuation of the stock.

A further contribution came from packaging, paper and recycling business **DS Smith**, as the withdrawal of Suzano's takeover offer for International Paper removed the uncertainty over the latter's acquisition of DS Smith.

The largest detractor was the zero weighting in Nvidia, as the chip developer upgraded its second-quarter revenue estimates. The shares were boosted later in the quarter, as the company made well-received new product announcements.

The zero weighting in Apple detracted as second-quarter earnings marginally exceeded market estimates, despite falling iPhone sales. The company also announced its largest ever share buyback program. Apple's share price rose further later in the quarter as the company unveiled its long-awaited artificial intelligence (AI) strategy.

Not holding Alphabet was a negative, as the stock performed strongly over the period as earnings estimates for the company moved higher. Better news flow around its AI offering also improved investor sentiment towards the stock, as did the announcement of a first dividend, alongside the stock repurchase program.

Shares in Brazilian stock exchange operator **B3** underperformed as the currency weakened and real yields remain stubbornly high in Brazil, delaying the anticipated increased demand for equities.

The holding in **Bank Rakyat** declined early in the quarter as Indonesia's central bank raised borrowing costs in response to reduced expectations of imminent US rate cuts. The high rates on offer in the US and demand for low-risk assets are also leading to capital outflows from Indonesia. However, the Indonesian economy remains fundamentally strong, and the stock continues to offer good exposure to the growing wealth in the economy.

Derivatives marketplace **CME** underperformed as investors continued to anticipate a decline in trading volumes. The team believe that the next decade can be better for CME than the previous one, given the fundamental change in the backdrop, as higher-for-longer interest rates lead to greater volatility and more trading of derivatives, and yet the stock trades towards the bottom of its historic valuation range.

Shares in **Diageo** weakened over the quarter, as the drinks group continued to be hampered by slowing sales growth.

ACTIVITY REVIEW

The team added two new stocks in the industrials sector. The team bought **Compagnie de Saint-Gobain**, which is a France-based group specializing in the design, manufacture and distribution of materials and solutions. The current chief executive officer has transformed the underlying operational strategy of the business, improved capital allocation and raised through-the-cycle profit margins. The new business mix, which is more exposed to spending on energy-saving initiatives, has the potential to weather both cyclical and geopolitical uncertainties better than in the past. Late in the quarter, the team bought a modest position in packaging, paper and recycling business **DS Smith**, ahead of the completion of its takeover by International Paper, with the shares trading at a steep discount to the bid price. The discount was caused by uncertainty surrounding the takeover given the possible acquisition of International Paper by Suzano. Given the balance sheet leverage at Suzano the team saw this deal as unlikely and indeed Suzano withdrew the bid at the end of the period.

Top 10 Holdings (6/30/24)	
Sanofi	3.14%
CME Group, Cl. A	3.03%
Cisco Systems	2.86%
Dominion Energy	2.79%
Medtronic	2.74%
Samsung Electronics	2.59%
PepsiCo	2.50%
Procter & Gamble	2.12%
Paychex	2.11%
Publicis Groupe	2.10%

The holdings listed should not be considered recommendations to buy or sell a security. Large concentrations can increase share price volatility.

Within the health-care sector, the team sold the position in Bayer, with the stock breaching the strategy's yield discipline following its dividend cut. The team also completed the sale of US biopharmaceutical company AbbVie, which has outperformed the rest of the sector. The team bought Swiss pharmaceutical business **Novartis**. The team believed that near-term product launches can ensure that upcoming patent expiries are more than manageable, driving potentially stronger revenue and earnings growth than currently anticipated by the market. Improved research and development productivity and commercial execution also appeals. The team also bought UK pharmaceutical giant **GSK**. The company has concentrated its capabilities, spun out its consumer-health business and become a focused vaccine and pharmaceutical company. The team believed that the company's pipeline of products had more potential than the valuation of the stock was discounting, and, with a refreshed balance sheet, the company should be able to focus on investing for growth.

In the consumer discretionary sector, following positive performance, the team sold GPS technology company Garmin, as it had triggered the fund's sell discipline. The team took advantage of share-price weakness following the Mexican election to establish a holding in **Wal-Mart de Mexico** which adheres to a tried and tested retail model which strives to keep low prices and a great value proposition to its customers. It has a significant scale advantage over its rivals and has plenty of room to grow. The company uses its buying power to drive down the cost of goods sold, reinvesting this gross margin into prices, which subsequently drives same-store-sales growth and market share gains. In addition, the e-commerce market remains relatively nascent in Mexico, which presents the company with the chance to capture a large share of this growth.

In the basic materials sector, the team bought **International Paper**, which is a global producer of sustainable packaging, pulp and other fiber-based products. The team believe that the paper industry has moved past the significant destocking seen in 2023 and, as destocking shifts to restocking, this can lead to a pickup in box demand growth. The other significant attraction of the stock comes via the new chief executive, who is well regarded and has a strong track record. His appointment could be the catalyst that the company needs to re-establish its focus on cash earnings and return on capital. The team also sold Anglo American following the takeover approach from mining peer BHP. The team believed that there could be material downside to the share price if an accepted bid did not materialize, and limited upside, and an extended timeframe, to any realistic increased offer. The complexity of Anglo American's assets was also a significant factor. BHP withdrew its offer for the company shortly afterwards.

Elsewhere, following strong performance, the team sold the holding in Taiwanese semiconductor business MediaTek owing to its high valuation and on concern that the smartphone restocking cycle is over.

MARKET OUTLOOK

While headline inflation has been falling and a peak in global interest rates may have been reached, core inflation is unpredictable, and the team believes it will most likely remain so as a result of long-term trends, such as deglobalization and decarbonization. The team's view is that, to combat inflation, interest rates will have to remain higher for longer, and the team continues to see expectations for rate cuts being pushed out. Critically, the era of free money that the team believes has been so beneficial for growth stocks may be now over.

The valuation of income stocks remains compelling. At the time of writing, stocks offering income at above-average rates continue to trade at a substantial discount to low-income stocks on price-to-earnings and price-to-book bases. Recent market moves have only served to increase that discount, which is sitting at an equivalent level to that seen in 2000, when the technology bubble burst.

Currently, the 'magnificent seven' technology stocks (Apple, Alphabet, Meta, Amazon, Microsoft, Nvidia and Tesla) make up approximately 18% of the FTSE World Index. Given its strict yield discipline, the strategy has zero weightings in these stocks and instead has key overweight sector positions in consumer staples, health care and utilities. These are balanced with an overweight in defensive financials, which the team expects to benefit from strong pricing power in a world of higher interest rates. Stocks from these sectors dominate the top 10 overweight positions in the portfolio. The fund is not a global growth portfolio and is positioned differently from the global equity market, seeking valuable diversification to passive and growth-orientated portfolios.

Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. To obtain a prospectus, or a summary prospectus, if available, that contains this and other information about a fund, contact your financial professional. For more information, call 1-800-373-9387 or visit im.bnymellon.com. Read the prospectus carefully before investing. Investors should discuss with their financial professional the eligibility requirements for Class I and Y shares, which are available only to certain eligible investors, and the historical results achieved by the fund's respective share classes.

Past performance is no guarantee of future results.

Risks

The use of **derivatives** involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid, and difficult to value and there is the risk that changes in the value of a derivative held by the portfolio will not correlate with the underlying instruments or the portfolio's other investments. **Equities** are subject to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees. Investing in **foreign denominated and/or domiciled securities** involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries.

Impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values-based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

Index Definitions

The **FTSE World Index** is a market-capitalization weighted index representing the performance of the large and mid cap stocks from the Developed and Advanced Emerging segments of the FTSE Global Equity Index Series and covers 90-95% of the investable market capitalization. Investors cannot invest directly in any index.

Definitions

Q is quarter. **NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp. The **price-to-earnings ratio** (P/E) measures a company's current share price relative to its per-share earnings. The **price-to-book ratio** (P/B) considers how a stock is priced relative to the book value of its assets. **Artificial intelligence** (AI) is technology that enables computers and machines to simulate human intelligence and problem-solving capabilities.

As of 6/30/24 the companies mentioned represented 20.68% of the fund's portfolio in the aggregate. The holdings listed should not be considered recommendations to buy or sell a particular security. Other holdings may not have performed as well as some of those listed herein. Portfolio composition is subject to change at any time.

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