BNY Mellon High Yield Fund

MANAGER COMMENTARY | Q3 2025

Class A **DPLTX** Class C **PTHIX** Class I **DLHRX**

Describe the performance of the fund relation to its benchmark during the last three months.

BNY Mellon High Yield Fund underperformed the ICE BofA U.S. High Yield Constrained Index during the first quarter of 2025.

Despite numerous headwinds, the US High Yield (HY) market posted a strong 7.12% through the third quarter of 2025. High-yield bonds extended their positive momentum in September, marking a sixth consecutive month of gains as yields and spreads briefly touched multi-year and seven-month lows, respectively. Investors absorbed the busiest capital markets since March 2021 and a Federal Reserve (the "Fed") that delivered an "insurance" rate cut amid resilient U.S. growth and robust consumer spending. The Federal Open Market Committee (FOMC) lowered rates by 25 basis points (bps), with one dovish dissent favoring a larger move, and our economists expect two additional cuts before year-end.

Issuance activity surged, with $59 billion (bn) in new high-yield bonds—the highest September total on record—capping a seventeen-quarter high for 3Q issuance. Year-to-date supply has been driven by issuers capitalizing on historically low yields and strong investor demand. Fund flows remained supportive, with +$1.7bn of inflows in September and +$5.0bn for the quarter, reflecting ongoing confidence in the asset class.

High-yield bonds returned +0.74% in September as yields and spreads declined to 6.91% and 319 bps, respectively—down 68 bps and 6 bps year-to-date. Single B-rated credits (+0.81%) outperformed BBs (+0.72%) and CCCs (+0.52%). Sector performance was led by Media (+3.17%) on positive Merger & Acquisitions (M&A) developments, while Chemicals (-0.06%) was the only sector to post a decline. The asset class remains well-supported by technical strength, modest net supply, and expectations for continued Fed easing into year-end.

During the quarter, BBs posted a 2.17% return while single Bs were up 2.43% and CCC up 3.35%. The asset class benefited in part from a rally in treasuries in addition to a 16bps tightening in spreads to 280bps.

The fund underperformance was largely driven by credit selection. Selection in Telecom/Cable which included an underweight in the direct tv and satellite subsector adversely affected performance on the announcement of an asset sale. The Fund maintained exposure in a bank loan rated B1/B+ in the Auto space that came under acute pressure on its bankruptcy filing. This filing was driven by fraudulent activity. Away from those situations, the Fund experienced positive selection in the Publishing/Media, Chemicals and Transportation while positioning in Healthcare and Broadcasting was a modest negative. The Fund's asset allocation to structured credit collateralized loan obligations (CLOs) were positive and bank loans neutral away from the Auto selection. Cash was a modest drag.

How is the fund currently positioned and what is your current strategy?

In terms of positioning, we remain decently skewed in single B risk and have steadily taken profits from CCC-risk positions acquired during volatility of Liberation Day. Overall yields are consistent with the index despite higher quality positioning, helped in part by exposures in bank loans, structured credit and European HY, and overall portfolio duration below. We continue to favor Healthcare, Telecom, and Financials and underweight cyclicals and discretionary spend sectors.

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, investors should contact their financial professional or visit bny.com/investments. Investors should read the prospectus carefully before investing. Not all classes of shares may be available to all investors or through all broker-dealer platforms. Past performance is no guarantee of future results.

Risks

Bonds are subject to interest-rate, credit, liquidity, call and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. **High yield bonds** involve increased credit and liquidity risk than higher-rated bonds and are considered speculative in terms of the issuer's ability to pay interest and repay principal on a timely basis. 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.

The ICE BofA Merrill Lynch U.S. High Yield Master II Constrained Index contains all securities in the ICE BofA Merrill Lynch U.S. High Yield Index but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the index, each is equally weighted, and the face values of their respective bonds are increased or decreased on a pro-rata basis. This index is the benchmark of the fund. Investors cannot invest directly in any index.

The Federal Open Market Committee (FOMC) is a committee within the Federal Reserve System (the Fed) that is charged under United States law with overseeing the nation's open market operations (e.g., the Fed's buying and selling of United States Treasury securities). **Collateralized loan obligations (CLOs)** are structured securities that bundle a pool of lower-rated corporate loans and sell them to investors in tranches. These investments, managed by CLO managers, offer an opportunity for investors to gain exposure to higher-than-average returns by assuming default risk.

Bond ratings reflect the rating entity's evaluation of the issuer's ability to pay interest and repay principal on the bond on a timely basis. Bonds rated BBB/Baa or higher are considered investment grade, while bonds rated BB/Ba or lower are considered speculative as to the timely payment of interest and principal. Credit ratings reflect only those assigned by Nationally Recognized Statistical Rating Organizations (NRSRO) that have rated fund holdings. Split rated bonds, if any, are reported in the higher rating category.

Definitions

Q is quarter. **NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp.

The fund's investment adviser is BNY Mellon Investment Adviser, Inc., and the fund's sub-adviser is Alcentra NY, LLC ("Alcentra NY"). Alcentra NY is a global asset management firm focused on sub-investment grade corporate credit. BNY Mellon Investment Adviser, Inc. and BNY Mellon Securities Corporation are affiliated with BNY. Alcentra NY is not affiliated with BNY Mellon Securities Corporation or The Bank of New York Mellon Corporation. BNY Investments is the brand name for the investment management business of BNY and its investment firm affiliates worldwide. BNY is the corporate brand of The Bank of New York Mellon Corporation and may be used to reference the corporation as a whole and/or its various subsidiaries generally.

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