BNY Mellon Small Cap Value Fund

MANAGER COMMENTARY | Q4 2025

CLASS A **RUDAX** CLASS C **BOSCX** CLASS I **STSVX**

MARKET REVIEW

Equity performance was broadly positive across developed and emerging markets. Cooling inflation across major economies, resilient economic growth and improving visibility on corporate earnings supported investor confidence, despite ongoing geopolitical and policy uncertainty. Risk sentiment was further boosted by selective central bank easing and year-end portfolio rebalancing, underpinning gains across global equities. The S&P 500® Index increased by 2.65% for the quarter. Within the index, eight of the 11 Global Industry Classification Standard (GICS) equity sectors finished in positive territory, led by health care and communication services. Value stocks outperformed growth stocks. Among other major equity benchmarks, the MSCI EAFE Index, a measure of developed markets excluding the US and Canada, increased by 4.86%, while the MSCI Emerging Markets Index increased by 4.73%.

Fixed-income market performance in developed markets was generally positive. The Bloomberg® US Aggregate Index returned 1.10%. The Bloomberg Global Aggregate Hedged Index returned 0.78%, while the Bloomberg Global Aggregate Unhedged Index returned 0.24% during the quarter.

In the US, equities generally advanced during the fourth quarter. The Dow Jones Industrial Average® increased by 4.03%, while the NASDAQ 100 Index® increased by 2.47%. US fixed-income markets also posted gains. Markets proved resilient amid elevated uncertainty driven by a prolonged federal government shutdown and ongoing geopolitical tensions in the Middle East. Inflation, as measured by the headline consumer-price index, eased gradually from 3.0% year-over-year in September to 2.7% year-over-year in November. Labor market data, while disrupted and delayed, pointed to slowing momentum rather than a sharp deterioration. Economic growth remained firm, with third-quarter gross domestic product (GDP) rising at a solid 4.3% annualized, supported by consumer spending and government outlays despite softer retail sales and business investment. Against this backdrop, the Federal Reserve cut rates by 25 basis points (bps) early in the quarter, while maintaining a cautious tone and reaffirming a data-dependent policy stance as markets looked ahead to 2026.

Equity markets in developed economies were broadly higher during the quarter. In the eurozone, fourth-quarter data signaled easing inflation and mixed growth dynamics. Inflation moderated toward the European Central Bank's (ECB's) 2% target, while business activity improved and GDP grew modestly, enabling the ECB to keep rates unchanged throughout the quarter. UK inflation declined steadily from elevated levels, while growth weakened and labor markets softened. The Bank of England shifted from holding rates earlier in the quarter to a 25-bp cut at its December meeting. In Japan, inflation remained above target and unemployment stayed low, despite a third-quarter GDP contraction and softer activity indicators. As a result, the Bank of Japan ended its hold with a late-quarter 25-bp hike, continuing its normalization effort.

Emerging-market equities were positive for the quarter. In China, growth slowed from earlier in the year, and consumer and property-sector weakness persisted; however, data showed tentative stabilization, as manufacturing and services activity returned to slight expansion, enabling the People's Bank of China to keep lending rates unchanged throughout the quarter. Brazil's economy softened into the fourth quarter amid widening external deficits and weaker activity indicators. Nonetheless, the central bank maintained its restrictive 15% policy rate despite easing inflation. India stood out with solid momentum, posting robust GDP growth, rising industrial output and relatively contained inflation, supported by government commitments to greater capital spending and reform. In contrast, Mexico faced weak growth and a third-quarter contraction, prompting

successive rate cuts as inflation eased. Argentina bolstered financial stability through a sizeable currency-swap agreement and improving US export prospects.

Commodities were slightly higher, with the Refinitiv/CoreCommodity CRB Index rising 0.35%. During the fourth quarter, precious metals posted solid gains, with gold, silver and platinum supported by safe-haven demand amid geopolitical tensions, a US government shutdown and a weaker US dollar, culminating in a robust year-end rally. In contrast, energy markets were softer. Oil prices trended lower throughout the quarter as ample global supply, rising inventories and slowing demand outweighed geopolitical risks. Natural gas was volatile, rising early in the quarter on colder weather, liquefied natural gas export demand and seasonal heating needs, before ending the year lower as weather-driven strength faded. The US dollar weakened against a basket of major currencies.

QUARTERLY PERFORMANCE

BNY Mellon Small Cap Value Fund (Class A at NAV) underperformed its benchmark, the Russell 2000 Value Index, during the fourth quarter of 2025. From a sector perspective, information technology and consumer discretionary contributed to relative results, while health care and financials detracted.

SECTOR REVIEW

Positive Impacts

Information Technology: Stock selection within the information technology sector contributed to relative performance during the quarter. Notably, out-of-index optical and photonics firm Lumentum Holdings saw significant tailwinds following the expansion of its US-based semiconductor facility. The company's San Jose operation manufactures the ultra high power (UHP) laser, a key component supporting the buildout of modern artificial intelligence (AI) data centers.

Consumer Discretionary: Stock selection within consumer discretionary also contributed to relative returns. Out-of-index holding FIGS Class A, a direct-to-consumer medical apparel maker, advanced after reporting robust third-quarter earnings, including the surpassing of sales expectations, margin expansion, and raised guidance, as positive top-line trends are expected to accelerate.

Negative Impacts

Health Care: Unfavorable stock selection within the health care sector detracted from relative performance, particularly as multiple index constituents delivered double- and triple-digit returns over the quarter. An overweight position in Evolent Health Class A weighed on results after the company declined following a disappointing third-quarter earnings call.

Financials: Unfavorable stock selection in financials detracted from relative returns. Shares of commercial real estate company Walker & Dunlop declined after the firm reported softer-than-expected fourth-quarter earnings per share, alongside broader industry concerns regarding deteriorating loan quality.

STOCK REVIEW[1]

Key Contributors

Lumentum Holdings: Out-of-index optical and photonics firm Lumentum Holdings saw significant tailwinds following the expansion of its US-based semiconductor facility. The company's San Jose operation manufactures the ultra high power (UHP) laser, a key component supporting the buildout of modern artificial intelligence (AI) data centers.

Alcoa Corporation: Alcoa benefited from broad-based strength across the US metals and mining industry, as rising commodity prices supported sector performance. The company also announced an expansion of its New York operations through a new 10-year agreement with the New York Power Authority.

Liberty Energy Class A: Liberty Energy, an onshore oilfield services provider, advanced as rising energy demand, supported in part by the expansion of AI data centers, continued to strengthen the services market.

Key Detractors

Janus International Group: Shares of Janus International declined after the company reported third-quarter revenue below expectations, driven primarily by softness in the commercial segment.

Walker & Dunlop: Shares of commercial real estate company Walker & Dunlop declined after the firm reported softer-than-expected fourth-quarter earnings per share, alongside broader industry concerns regarding deteriorating loan quality.

Evolent Health Class A: The public health technology and services company declined following a disappointing third-quarter earnings call.

[1]Performance of individual stock evaluated is based on total effect. Total effect represents the opportunity cost of an investment manager's investment decisions relative to an overall benchmark, which can include holdings that are not held by the portfolio but contribute to relative portfolio performance.

MARKET OUTLOOK

Heading into 2026, the macro backdrop reflects a measured balance. Inflation continues to moderate, with the US consumer-price index (CPI) up 2.7% year-over-year and core CPI up 2.6% year-over-year in November, while wage growth and consumer spending have cooled without pointing to recession. In December, the Federal Reserve (Fed) lowered its target range to 3.50%–3.75%, signaling a shift toward easing while reaffirming a data-dependent approach amid mixed committee views. Global growth forecasts hover around 3.2% for 2025 and 3.1% for 2026. Supportive factors include selective fiscal measures in China and a gradual recovery in Europe, while trade policy uncertainty and geopolitical risks remain notable headwinds.

Corporate earnings remain resilient, with S&P 500 earnings per share up nearly 13% in the third quarter and projected to rise 8% in the fourth quarter, underpinned by solid margins and improving breadth beyond mega-cap technology. However, forward price-to-earnings ratios are near 21.8, elevated versus historical averages, suggesting limited capacity for multiple expansion without additional rate relief or better-than-expected earnings. In our view, international equities, particularly developed-market value segments, offer relative attractiveness with potentially lower multiples and higher dividend yields, while thematic opportunities in AI infrastructure, electrification and energy transition may continue to draw capital.

Looking ahead, equities appear biased toward modest gains rather than outsized rallies. Positioning may favor quality growth with durable cash flows, complemented by selective cyclicals linked to tangible AI infrastructure and quality small caps that could potentially benefit from policy normalization. Risks include sticky services inflation, labor market deterioration and renewed supply-chain disruptions, while catalysts, such as January consumer-price inflation, Fed communications and fourth-quarter earnings could shape sentiment. In short, we believe the environment supports a disciplined allocation framework that balances the potential upside from policy easing and earnings resilience against valuation constraints and geopolitical volatility.

In our view, small-cap equities may be increasingly attractive in 2026, supported by a convergence of macro, policy and earnings momentum. First, anticipated Fed rate cuts in 2026 could benefit small caps, which tend to

be more sensitive to lower borrowing costs. Second, valuations remain discounted; Bank of America projects S&P SmallCap 600 earnings-per-share growth of approximately 19% for 2026, above the broader S&P 500, suggesting favorable entry points. Third, cyclical tailwinds like reshoring, AI-driven capital investment, rising merger-and-acquisition activity and signs of a prospective initial-public-offering rebound may offer additional earnings catalysts. We broadly expect small-cap leadership to extend into 2026 as funds rotate out of overvalued mega caps into this historically overlooked segment. Overall, the combination of improving macroeconomics, lower valuations and accelerating earnings momentum suggests a supportive setup for US small caps, with scope for continued recovery and relative outperformance.

The 2026 outlook for international markets is supported by attractive valuations, policy accommodation in select regions and strengthening macro data. The European Central Bank's neutral-to-accommodative stance, coupled with fiscal initiatives that are boosting credit growth and industrial activity, supports consensus expectations for approximately 15% earnings-per-share growth in 2026. Meanwhile, Asia may benefit from robust export demand, AI-driven semiconductor momentum and targeted stimulus in China to stabilize property and manufacturing sectors. Regional growth forecasts range from 3.4% to 4.6%. Both regions may offer compelling opportunities in cyclicals, financials and infrastructure-linked sectors, with potential dividend yields and valuation discounts versus US equities adding support. Together, Europe and Asia offer diversified exposure amid a rotation toward broader leadership and structural growth themes.

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 bny.com/investments. Read the prospectus carefully before investing. Investors should discuss with their financial professional the eligibility requirements for Class I 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
Equities are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. **Small and midsized company stocks** tend to be more volatile and less liquid than larger company stocks as these companies are less established and have more volatile earnings histories. 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.

Artificial intelligence refers to computer systems that can perform tasks typically requiring human intelligence, such as visual perception, speech recognition, decision making and language translation. **Sticky inflation** is when prices for certain goods and services, like rent, insurance, and medical care, change very slowly and persist at high levels, even as other economic factors shift.

As of 12/31/25, the fund's top ten holdings were: Columbia Banking System 1.79%, Alamos Gold, Cl. A 1.76%, Viavi Solutions 1.70%, Genius Sports 1.69%,First Horizon 1.55%, First Merchants 1.52%, First Busey 1.52%, Simmons First National 1.50%, Alcoa 1.38%, YETI Holdings1.32.

As of 12/31/25, the companies mentioned represented 6.22% of the fund's portfolio in the aggregate. Evolent Health was not a portfolio holding as of 12/31/25. 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.

The **Russell 2000® Value Index** measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with lower growth earning potential as defined by Russell's leading style

methodology. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. **The S&P 500® Index** is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. This is not a benchmark for the fund. The **Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE®) Index** is a free float-adjusted, market capitalization-weighted index that is designed to measure equity performance in developed markets, excluding the United States and Canada. The index consists of select designated MSCI national developed market indices. The **MSCI Emerging Markets Index** is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity performance in global emerging markets. The index consists of 22 MSCI emerging-market national indices. This is not a benchmark for the fund. The **Dow Jones Industrial Average**, Dow Jones, or simply the Dow, is a stock market index of 30 prominent companies listed on stock exchanges in the United States. The **Nasdaq-100 Index** is a stock market index made up of equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock exchange. The **Refinitiv/CoreCommodity CRB Index** is a benchmark index that tracks the price movements of a basket of 19 globally traded commodities. It is designed to provide a broad representation of the commodity market, and is used as a benchmark for commodity-related investments. GICS stands for the **Global Industry Classification Standard**, a system developed by S&P Dow Jones Indices and MSCI to categorize companies into sectors and industries based on their principal business activities. The **Bloomberg U.S. Aggregate Index** is designed to measure the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed pass-through securities (agency fixed-rate), commercial mortgage-backed securities (agency and non-agency) and other asset-backed securities having at least one year until final maturity. To be included in the index, securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch. The **Bloomberg Global Aggregate Hedged Index** is a flagship measure of global investment-grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers. Currency exposure is hedged to the U.S. dollar. The **Bloomberg Global Aggregate Unhedged Index** is a flagship measure of global investment-grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers. Investors cannot invest directly in an index.

Definitions

Q is quarter. **NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp. **CRB** is Commodity Research Bureau. **LLC** is Limited Liability Company.

The fund's investment adviser is BNY Mellon Investment Adviser, Inc. (BNYIA). BNYIA has engaged its affiliate, Newton Investment Management North America, LLC (NIMNA), to serve as the fund's sub-adviser. NIMNA has entered into a sub-sub-investment advisory agreement with its affiliate, Newton Investment Management Limited (NIM), to enable NIM to provide certain advisory services to NIMNA for the benefit of the fund.

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MARK-868236-2026-01-16