

BNY Mellon International Bond Fund

MANAGER COMMENTARY | Q4 2025

Class A DIBAX Class I DIBRX

MARKET REVIEW

Global economic conditions remained subdued in the fourth quarter, with inflation continuing to ease and labor markets showing signs of softening. Growth indicators pointed to widespread sub-trend expansion, while forward-looking measures suggested little near-term improvement. Central banks maintained a broadly accommodative stance: the US Federal Reserve (the “Fed”) cut rates twice, while the Bank of Canada and Bank of England also trimmed rates. The Reserve Bank of New Zealand surprised markets with a 50 basis point (bp) cut, whereas the Bank of Japan raised rates to its highest level in more than 30 years. Inflation remained well-behaved globally, with no major upside surprises. Politically, talks between the US and China produced agreements to ease tariffs, resume agricultural purchases, and pause rare-earth materials export restrictions, alongside pledges to cooperate on resolving the war in Ukraine. Efforts to broker peace in Ukraine gained momentum, though little obvious progress has been achieved. Geopolitical tensions escalated as the US seized a Venezuelan oil tanker, foreshadowing the removal of President Nicolás Maduro in early January.

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PERFORMANCE SUMMARY

For the quarter ended December 31, 2025, the Fund’s Class I shares returned -0.41%, excluding sales charges. In comparison, the Fund’s unmanaged benchmark, the Bloomberg Global Aggregate ex USD Index (Unhedged), returned -0.47% for the same period.

Average Annual Total Returns (12/31/25)

Share Class / Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Class A (NAV) 12/30/05	-0.51	8.28	8.28	3.42	-3.15	0.27
Class A (4.50% max. load)	-5.02	3.37	3.37	1.84	-4.04	-0.19
Class I (NAV) 12/30/05	-0.41	8.51	8.51	3.58	-2.93	0.60
Bloomberg Global Aggregate ex USD Index (Unhedged)	-0.47	8.85	8.85	3.29	-3.59	0.56

Returns are net of fund expenses and assume reinvestment of distributions. 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 bny.com/investments for the fund's most recent month-end returns. Returns assume the reinvestment of dividends and capital gains, if any.

Total Expenses (12/31/25)

Share Class	Gross ¹	Net ²
Class A	1.21%	1.03%
Class I	0.84%	0.84%

¹Gross expenses is the total annual operating expense ratio for the fund, before any fee waivers or expense reimbursements. ²Net Expenses is the total annual operating expense ratio for the fund, after any applicable fee waivers or expense reimbursements. The net expense ratio(s) reflect a contractual expense reduction agreement through 2/28/2026, without which, the returns would have been lower. 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.

Not FDIC-Insured. Not Bank-Guaranteed. May Lose Value

 **BNY** | INVESTMENTS

MARKET REVIEW (continued)

Developed market government bonds enjoyed varying fortunes during the fourth quarter. UK gilts fared well, seeing yields decline, while the increase in longer-term Japanese government bond yields accelerated, reaching highs not seen in more than 25 years. US Treasury yields were modestly lower at shorter maturities, with the two-year yield ending the period just below 3.5%. However, the 10-year Treasury yield moved sideways in a relatively narrow range down, ending 2bp higher at 4.17%. In Germany, 10-year government bond yields initially declined but then increased through November and December, ending 14bp higher at 2.85%. Meanwhile, 10-year UK gilt yields ended the quarter 22bp lower at 4.48%, having fallen sharply in October, largely on calming news about the forthcoming budget and softer employment data. By contrast, Japanese government bond yield rose sharply, taking the 10-year yield 42bp higher to 2.07%, the first time above 2% in more than 25 years. Yield levels in the emerging markets declined overall, with the JP Morgan Emerging Market Bond Index ending 6bp lower at 5.93%.

Credit markets were largely in step with government bonds over the course of the fourth quarter with few notable changes in spreads overall as markets remained close to historically tight levels. The option-adjusted spread (OAS) over governments for the Bloomberg US Corporate Index ended the quarter 4bp wider at 78bp, with the related Bloomberg US Credit Index also 3bp wider at 73bp. Meanwhile the spread on the Bloomberg Euro Corporate Index tightened slightly, by 1bp to 78bp, while the Bloomberg Sterling Agg Corporate Index was 3bp tighter at 83bp. In high yield markets, the Bloomberg US Corporate High Yield Index spread was 1bp tighter at 266bp, while the Bloomberg Pan-European High Yield Index spread was unchanged at 265bp.

PERFORMANCE REVIEW

Duration was flat, with yield curve positioning helping to drive the solid relative return. Curve trades, including the Japan flattener and US steepener, contributed positively, while cross-market trades underperformed, mainly due to long positions in Brazil and Colombia. Inflation positioning added modest alpha, supported by long 30-year US breakeven inflation exposure. Mortgage-backed securities exposure also contributed positively, particularly from up-in-coupon specified pools. Credit strategy detracted slightly due to an underweight in emerging market investment grade sovereigns. Security selection added value, but foreign currency positioning was a drag, with losses from short British pound and Swiss franc partially countered by gains from long New Zealand dollar and short Swiss franc.

MARKET OUTLOOK

We believe global economic growth is stabilizing overall, as suggested by forward-looking indicators, on average. However, we see activity remaining below trend in developed markets, with emerging markets currently growing at a faster rate. Inflation is likely to remain stubbornly above target inflation in many places, but we do not anticipate a meaningful acceleration. A slow return to target levels is our base case, with the eurozone having already achieved that objective. We expect only the Fed and the Bank of England to ease rates further in 2026. We believe the most likely path for growth is an eventual acceleration, though that may not be evident in data releases for some time, potentially supportive for risk assets, but with risks. Fiscal positions are challenging in many countries, which may put upward pressure on government bond yield and stymie growth. We anticipate the US could register sub-trend growth, in 2026. The labor market is expected to continue softening, which could put consumer expenditure under pressure, but we believe real wage growth is likely to remain positive for the time being. The imposition of tariffs will likely depress imports more than the reverse effect on exports, which means the external sector will likely provide a positive impulse to US growth. Forward-looking

indicators do not currently suggest that an acceleration in manufacturing activity is likely. However, increasing amounts of artificial intelligence-related infrastructure spending have been widely presented as a significant supportive influence on the US and global economy. Some risks remain that inflation may rebound but that is not our central case. We expect it to move broadly sideways but with some volatility, to end 2026 just below 3%. We believe the Fed will continue to reduce interest rates, reaching a terminal level of 3.25% sometime in the next 12 months. We expect 10-year, and 30-year Treasury yields to be close to current levels in 12 months' time, at around 4.10% and 4.80% respectively, though volatility is possible, particularly as the midterm elections approach.

In the eurozone, although leading indicators have remained relatively resilient in the face of ongoing tariff uncertainty, we do expect export growth to be outstripped by import growth, resulting in GDP growth being close to 1%. Germany is still likely to be a laggard compared to other countries, but the expected increase in government spending on infrastructure and defense will likely offer some positive impetus. Eurozone inflation is already close to the 2% target level, and we see it moving slightly lower towards 1.7%, largely due to base effects. However, in the absence of other shocks to growth, demand, or prices, we expect the European Central Bank to maintain rates at current levels. The size of France's public sector deficit means the political difficulties threatening the government are likely to resurface, particularly with the next presidential election in 2027. We expect 10-year German government bond yields will be slightly lower than current levels 12 months ahead, at around 2.75%.

In the emerging markets, we continue to expect a modest deceleration in GDP growth in China as both the domestic economy and the real estate sector struggle to accelerate. Net exports will likely become a drag on growth rather than a tailwind as the tariff effects continue to bite. We expect inflation to remain volatile but not to accelerate much, probably reaching 1% on average over the year ahead. Elsewhere, fiscal policies are not clear headwinds to growth, as we see relatively robust domestic activity facing off against the effects of US tariffs on trade. Countries that have less reliance on the US as an export market may have better growth prospects. As with most developed market economies, inflation in the emerging markets is expected to continue moderating slowly over time, though there may be volatility in that process. There is the potential for further interest rate cuts in many countries, particularly if US dollar weakness resumes and the Fed continues to reduce rates, although elevated inflation in Brazil may prevent significant easing there.

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 or visit bny.com/investments. Read the prospectus carefully before investing. 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. 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. **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

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principal on a timely basis. 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.

The **Bloomberg Global Aggregate ex USD Index (Unhedged)** is a flagship measure of global investment-grade debt from 24 local currency markets, excluding U.S. dollar-denominated bonds. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers. **J.P. Morgan Market Bond indices** are a family of benchmarks designed to track the performance of various bond markets, including those in the US, emerging markets, and global markets. These indices cover a range of asset classes and currencies, providing investors with a way to track and compare the performance of different bond sectors. The **Bloomberg US Corporate Index** is a benchmark for the investment-grade, fixed-rate, taxable US corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility, and financial issuers. The **Bloomberg Euro Corporate Bond Index** is a broad-based benchmark that tracks the performance of the investment-grade, euro-denominated, fixed-rate corporate bond market. It includes securities from industrial, utility, and financial issuers publicly issued in Eurobond and eurozone domestic markets. The **Bloomberg US Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The **Bloomberg Sterling Aggregate Corporate Bond Index** is a fixed-rate, investment-grade Sterling-denominated corporate bond index that tracks the performance of the fixed-rate, investment-grade Sterling-denominated corporate bond market. It's part of a broader family of fixed income indices offered by Bloomberg. The index includes bonds from industrial, utility, and financial issuers. The **Bloomberg Pan-European High Yield Index** tracks the performance of fixed-rate, high-yield corporate bonds issued in Europe, denominated in EUR, GBP, CHF, DKK, NOK, and SEK. It specifically focuses on non-investment grade debt, excluding emerging market debt and certain other debt types. Investors cannot invest directly in any index. The **Bloomberg US Credit Index** measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supnationals and local authorities.

Mortgage-Backed Security (MBS) is an investment similar to a bond that is made up of a bundle of home loans bought from the banks that issued them. Investors in MBS receive periodic payments similar to bond coupon payments. A **yield curve** is a line that plots yields, or interest rates, of bonds that have equal credit quality but differing maturity dates. **Gross Domestic Product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. **Inflation** is the rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier. The **option-adjusted spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. The **European Central Bank (ECB)** is the central bank responsible for monetary policy of the European Union (EU) member countries that have adopted the euro currency. This currency union is known as the eurozone and currently includes 19 countries. A **basis point (BP)** is a unit of measure used to indicate percentage changes in financial instruments. Basis points are typically expressed with the abbreviations "bp," "bps," or "bips." One basis point is equal to 1/100th of 1%, or 0.01%. In decimal form, one basis point appears as 0.0001 (0.01/100).

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