BNY Mellon Investment Portfolios, Technology Growth Portfolio

MANAGER COMMENTARY | Q1 2025

Market Review

Equity markets were mixed during the first quarter, as US stocks retreated amid a landscape of tariff threats, inflation fears and declining consumer confidence. Meanwhile, international and emerging-market stocks moved higher but pared gains in March after trade-war concerns spread. For the quarter, the S&P 500® Index fell 4.27%, while the MSCI EAFE Index, a measure of non-US developed markets, gained 6.86% and the MSCI Emerging Markets Index advanced 2.93%. Tariff uncertainty and extended valuations caused a pullback in technology stocks, leading growth stocks to underperform their value peers. Heightened economic uncertainty sent small-cap stocks markedly lower; large-cap stocks also retreated into negative territory.

In the US, equities fell as sector performance reversed course. While the energy and health-care sectors gained for the first quarter, the sectors that had benefited from artificial-intelligence enthusiasm in 2024—namely, consumer discretionary, information technology and communication services—dragged the S&P 500 lower. Consumer confidence plunged on increasing concerns over the impact of tariffs on the nation's economy. The Federal Reserve left interest rates unchanged at both of its meetings in the first quarter, with inflation remaining stubbornly above the central bank's 2% target. As President Trump's tariff threats grew over the quarter, consumer spending weakened and flash manufacturing surveys showed a sharp slowing in business growth. The US dollar was volatile, and the 10-year Treasury yield ended the quarter lower.

Developed international markets advanced, although tariff woes cut into quarterly gains after equities fell in March. Easing inflation and slowing growth in the eurozone prompted the European Central Bank to cut rates twice, while tariff threats had the central bank downgrade its 2025 economic growth forecast. Germany, the region's largest economy, experienced negative economic growth in the final quarter of 2024 and announced a multi-billion-euro fiscal package to boost the country's economy. During the first quarter, the Bank of England lowered rates by 25 basis points and cut its growth forecast amid stubborn inflation and weak growth. Japanese stocks posted significant declines amid tariff uncertainty, particularly as the US is Japan's second-largest trading partner. Even as core inflation increased, the Bank of Japan held rates steady, announcing that it would wait to see the full impact of global trade tariffs before making any policy adjustments.

Emerging-market equities experienced modest gains as the US dollar slumped and Chinese equities sharply increased. While the People's Bank of China (PBOC) left the benchmark lending rate unchanged during the first quarter, the central bank phased out the medium-term lending facility rate, allowing shorter-term instruments to play a larger role in steering markets. The PBOC also conducted reverse repurchase agreements to inject liquidity into markets. Brazilian markets reported solid gains amid low valuations and high foreign inflows. However, major exporters, such as Taiwan, dropped over the quarter. India also declined amid foreign selling and concerns over the health of the US and Indian economies.

Commodities moved higher during the quarter as investors sought the safety of gold, sending the yellow metal to new highs. Copper prices also surged, fueled by tariff threats on the in-demand metal used in electronic devices and components. While natural-gas prices increased, oil prices moved lower on weak US consumer confidence and economic data. For the quarter, the Dow Jones Commodity Index surged 7.20%. The NYSE Tech Index fell 6.74% in comparison to the S&P 500® index, which gained 4.27%.

Key Contributors[1]

Tesla, Inc.: Not owning Tesla contributed to relative returns as the electric vehicle maker faced increasing macro-economic headwinds and weakened demand.

Broadcom Inc.: Underweight positioning in Broadcom Inc. was a key contributor over the period as the company suffered on the release of Chinese AI app DeepSeek, which claimed to have been developed at a fraction of the cost of US AI models due to the use of fewer advanced chips.

Spotify Technology SA: Spotify shares the company reported better-than-expected fiscal fourth-quarter 2024 financial results. The company reported quarterly sales of $4.53 billion, up by 16% year-on-year, which beat the analyst consensus estimate of $4.15 billion. Spotify expects fiscal first-quarter 2025 revenue of $4.48 billion versus a consensus of $4.17 billion.

Key Detractors

Uber Technologies, Inc.: Not owning Uber cost return over the quarter. Uber shares rebounded, as investor concerns around autonomous vehicles slightly abated and prominent investor Bill Ackman announced that he had amassed a sizable position through his fund. Despite this, expansionary plans by a competitor confirmed the long-term threat to Uber's market share, detracting from gains and prompting us to sell our holdings in the ride share stock.

Intel Corporation: Not owning Intel cost return over the quarter as rebounded on the news that it and Taiwan Semiconductor Manufacturing Company had reportedly reached an agreement that could revitalize Intel's struggling foundry business.

International Business Machines Corporation: Not owning IBM cost return over the quarter. The stock benefitted from an earnings beat and new of a joint project with Amazon to open a cloud computing research center in Romania, boosting both companies' access to the thriving European market and local engineering talent.

[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

The current equity landscape is a complex interplay of potentially positive economic indicators and persistent geopolitical uncertainties. While US economic resilience, particularly in the labor market, provides a foundation for optimism, global economic growth remains uneven, and geopolitical tensions continue to cast a shadow. US employment figures have remained robust, signaling consumer strength, which is a key driver of economic activity. However, the Federal Reserve's interest rate policy remains a central point of focus. The path of inflation and the Fed's subsequent actions could significantly influence market sentiment. Globally, varying levels of economic recovery, coupled with regional conflicts and trade tensions, create a mixed picture for international equities. The European economy is expected to experience a modest recovery in 2025. According to the European Central Bank (ECB) staff macroeconomic projections, annual average real gross domestic product (GDP) growth is expected to be 0.9% in 2025. China continues to grapple with structural demand weaknesses despite stimulus efforts. Geopolitical risks, including ongoing conflicts in Ukraine and the Middle East, alongside US tariff threats, have fueled higher volatility and have impacted broader equity momentum.

Within the US market, the sensitivity to interest rate fluctuations is heightened. If the Fed maintains a restrictive stance for longer than anticipated, it could put downward pressure on equity valuations, particularly for growth-oriented sectors. Conversely, should inflation show signs of sustained moderation, allowing for potential rate cuts, equities could see a significant boost. Corporate earnings could be crucial in the coming quarters. Sustained earnings growth should be necessary to justify current valuations, especially in the face of potential economic headwinds. The strength of the US consumer should remain a strong factor in determining the markets health.

Looking ahead, the equity landscape in 2025 should likely reward selective strategies over broad exuberance. US large caps retain a structural edge, but a broadening of market leadership toward small caps and undervalued sectors like energy and healthcare could unfold if policy shifts materialize as expected. Globally, investors may find opportunities in emerging markets and pockets of Europe, provided they navigate the tariff-related fog with care. Geopolitical uncertainty, while a persistent headwind, has historically had fleeting impacts on diversified equity portfolios, suggesting long-term fundamentals — earnings growth and economic activity — could ultimately dictate returns. For now, the US remains the global growth engine, but a flexible approach that balances large-cap stability with small-cap upside potential could prove optimal as the year unfolds.

Global uncertainty and prospects for shifting trade relations are driving a rapid repricing of risk across the tech landscape. Given the rising prospects for a recession, the team is focused on assessing downside risks to each investment and the broader portfolio. Currently, the team is underweight capital items including tech hardware, health care technology, life sciences tools and industrial equipment. These are categories that are susceptible to weakening cyclical fundamentals and margin pressure. We have also moderately reduced our exposure to semiconductors and consumer wearables given the tariff pressure and more challenging macro outlook. At the same time, the team remains focused on our core holdings, where fundamentals are underpinned by solid innovation moats and balance sheets and strong management teams. We are also looking for new, quality investments opportunistically during this market draw down with the view that solid, long-term fundamentals will remain intact over the next several years.

For more information, call 1-800-373-9387 or visit bny.com/investments. The portfolio is only available as a funding vehicle for variable annuity contracts and variable life insurance policies. Individuals may not directly purchase shares of the portfolio. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals.

Please refer to the applicable variable annuity prospectus as well as the underlying fund prospectus for more detailed information and other important considerations.

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. Not all classes of shares may be available to all investors or through all broker-dealer platforms.

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. The **technology sector** involves special risks, such as the faster rate of change and obsolescence of technological advances and has been among the most volatile sectors of the stock market. **American Depositary Receipts (ADR)** may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency risk, political and economic risk and market risk, because their valued depend on the performance of the non-dollar denominated underlying foreign securities. Certain countries may limit the ability to convert ADRs into the underlying foreign securities and vice versa, which may cause the securities of the foreign company to trade at a discount or premium to the market price of the related ADR.

Definitions

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

As of 3/31/25, the fund's top ten holdings were: NVIDIA 6.93%, Taiwan Semiconductor Manufacturing 6.85%, Microsoft 4.97%, Netflix 4.95%, Amazon.com 4.92%, Meta Platforms, Cl. A 4.64%, Shopify 4.58%, Alphabet, Cl. C 4.34%, Intuit 4.23%, ServiceNow 3.77%.

As of 3/31/25 the companies mentioned represented 1.74% 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.

The NYSE® Technology Index is an equal-dollar-weighted index designed to objectively represent the technology sector by holding 35 U.S. technology-related companies. 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 MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. This is not a benchmark for the fund. The MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index that is designed to measure equity market performance of emerging markets. This is not a benchmark for the fund. Reflects reinvestment of net dividends and, where applicable, capital gain distributions. The Dow Jones Commodity Index is a broad measure of the commodity futures market that emphasizes diversification and liquidity through a simple, straightforward, equal-weighted approach. The index tracks 28 different commodities, from agricultural to precious metals to energy products. An investor cannot invest directly in any index.

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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