# BNY Mellon Dynamic Value Fund

**MANAGER COMMENTARY | Q3 2025**

Class A **DAGVX**  Class I **DRGVX**

## MARKET REVIEW

Equity performance was positive across both developed and emerging markets during the third quarter. Despite ongoing geopolitical concerns, global markets advanced, supported by accommodative central banks and generally favorable corporate earnings. Gains were further bolstered by progress on tariff-related issues through key US trade agreements with the EU and Japan, along with an increasingly dovish stance from the Federal Reserve (Fed). The S&P 500® Index increased by 8.12% during the quarter.

With equity markets being driven by a handful of growth-oriented companies, we believe the case for value has rarely been as attractive as it is today.

## QUARTERLY PERFORMANCE

BNY Mellon Dynamic Value Fund (Class A at NAV) returned 4.63% during the third quarter of 2025. In comparison, the fund's benchmark, the Russell 1000 Value Index (the "Index"), returned 5.33% for the same time period.

**Average Annual Total Returns (9/30/25)**

| Share Class / Inception Date | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|
| Class A (NAV) / 9/29/95 | 4.63% | 12.75% | 11.06% | 19.15% | 19.40% | 12.98% |
| Class A (5.75% max. load) | -1.39% | 6.26% | 4.67% | 16.83% | 17.99% | 12.31% |
| Class I (NAV) / 5/31/01 | 4.70% | 12.97% | 11.36% | 19.45% | 19.71% | 13.26% |
| Russell 1000® Value Index | 5.33% | 11.65% | 9.44% | 16.96% | 13.88% | 10.72% |

**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 (9/30/25)**

| Share Class | Gross[1] | Net[2] |
|---|---|---|
| Class A | 0.95% | 0.93% |
| Class I | 0.73% | 0.68% |

**[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 expense ratio(s) reflect a contractual expense reduction agreement through 12/31/2025, 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.**

## MARKET REVIEW (continued)

Within the index, ten of the 11 Global Industry Classification Standard (GICS) equity sectors finished in positive territory, with information technology and communication services being the strongest performers. Small-cap stocks outperformed large-cap stocks, while growth stocks outperformed value stocks. Among other major equity benchmarks, the MSCI EAFE Index, a measure of developed markets excluding the US and Canada, increased by 4.77%, while the MSCI Emerging Markets Index increased by 10.64%.

In the US, equity market performance was more robust in the third quarter of 2025. The Dow Jones Industrial Average® increased 5.51% while the NASDAQ 100 Index® increased 9.01%. US fixed-income markets were also higher for the quarter, based on the Bloomberg US Aggregate Total Return Index. Corporate earnings — particularly from mega-cap technology firms — and better-than-expected US gross domestic product (GDP) growth supported positive performance. Inflation pressures remained a key theme, as headline personal consumption expenditures (PCE) climbed from 2.6% in July to 2.7% in August and core PCE (which excludes the most volatile food and energy prices) held steady 2.9%, keeping price stability in focus. The labor market showed increasing signs of strain as job growth slowed from 147,000 in June to just 22,000 in August, while unemployment drifted up from 4.1% to 4.3%. Against this backdrop, the Fed shifted toward a more accommodative monetary policy stance. After holding rates steady through July, policymakers signaled a dovish tilt at the Fed's annual Economic Policy Symposium in Jackson Hole, WY, and ultimately delivered a 25-basis-point (bp) cut in September, lowering the target range to 4.00% to 4.25%.

Equity markets in developed economies generally rose during the quarter. In the eurozone, headline inflation hovered around the European Central Bank's (ECB's) 2% target, edging up to 2.1% in August, while core inflation stayed at 2.3%. GDP growth was modest and uneven across countries, though business activity improved with the composite purchasing managers' index (PMI) reaching its highest level in over a year. The ECB kept rates unchanged throughout the quarter, citing persistent trade and geopolitical risks. In the UK, the Bank of England cut rates to 4.0% in August but held them steady in September, as the Organisation for Economic Co-operation and Development (OECD) projected the UK would face the highest inflation among Group of Seven (G7) economies in 2025. Meanwhile, Japan posted its fifth straight quarter of GDP growth, though inflation moderated slightly, with the headline consumer price index (CPI) easing from 3.1% in July to 2.7% in August and Tokyo's core inflation holding at 2.5%. The Bank of Japan maintained its 0.50% policy rate while revising forecasts upward, underscoring a cautious approach amid ongoing global trade uncertainty.

Emerging-market equities posted positive returns, supported by improving global trade sentiment and a weakening US dollar. In China, first-half GDP growth of 5.3% year-over-year surpassed the full-year target of 5%, driven primarily by robust industrial output and exports, while domestic consumption and private investment lagged. Manufacturing activity remained weak until a September rebound pushed the Caixin PMI back into expansion territory. The People's Bank of China held rates steady throughout the quarter, while officials emphasized a cautious, data-driven approach amid ongoing US trade tensions. India posted better-than-expected third quarter GDP growth of 7.8%, driven by government spending and manufacturing. In Brazil, inflation remained above target but eased modestly to around 5.1%, as Brazil's central bank left the Selic rate unchanged at 15%. Meanwhile, Mexico saw inflation continue to cool, enabling the central bank to lower its policy rate twice during the quarter to 7.50%, while an OECD upgrade to growth forecasts and a $2.3 billion investment in Banamex underscored confidence in the country's financial sector.

Commodities were higher in the third quarter, with the Refinitiv/CoreCommodity CRB Index rising 2.19%. Precious metals climbed during the quarter, driven by falling real yields and a softer US dollar following a dovish Fed shift. These gains were partially offset by weaker oil prices, as summer demand tapered off and higher output from the Organization of the Petroleum Exporting Countries (OPEC) was expected to boost inventories. Natural-gas prices also fell as summer power-sector demand eased, and storage inventories rose.

## PERFORMANCE REVIEW

The fund (Class A shares at NAV) underperformed its benchmark, the Russell 1000 Value Index, during the third quarter of 2025. Beneficial stock selection in positioning in the materials and industrials sectors contributed. Conversely, stock selection in the communication services and health care sectors detracted.

| Top 10 Holdings (9/30/25) | % |
|---|---|
| Johnson & Johnson | 3.89 |
| Berkshire Hathaway Class B | 3.43 |
| JPMorgan Chase | 3.02 |
| Assurant | 2.93 |
| Medtronic | 2.93 |
| Cisco Systems | 2.93 |
| CRH Public Limited | 2.83 |
| Amazon | 2.71 |
| Bank Of America Corp | 2.62 |
| AT&T | 2.54 |

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

## SECTOR REVIEW[1]

**Positive Impacts**

**Materials**: Stock selection in the construction materials space contributed, particularly the position in CRH public limited company.

**Industrials**: Stock selection in the industrials sector benefited performance during the quarter, notably the position in aerospace and defense company, L3Harris Technologies Inc.

**Negative Impacts**

**Communication Services**: An underweight and stock selection in the communication services sector was the largest detractor from relative returns. Not owning Alphabet Inc. Class A, weighed on performance.

**Health Care**: Both an overweight and stock selection in the health care sector detracted for the quarter, predominantly within the health care equipment and supplies and health care providers and services subsectors. Leading detractors were Alcon AG and Baxter International.

## STOCK REVIEW[1]

**Positive Impacts**

**CRH public limited company**: Shares of the cement and aggregate producer were solid over the period as the company reported robust earnings and updated forward guidance and also announced a larger share buyback than expected.

**Johnson & Johnson**: Shares of the pharmaceutical company moved higher as investors started to recognize the re-acceleration of the company’s drug pipeline.

**L3Harris Technologies**: Shares of the defense company were robust over the quarter after reporting better-than-expected quarterly earnings and raising full-year guidance. The company also announced several new contract wins.

**Negative Impacts**

**Alphabet Inc. Class A**: Not owning Alphabet detracted from performance.

**Alcon AG**: Shares of the contact lens maker were weak after delivering disappointing earnings results and forward guidance.

**Baxter International**: Shares of the medical device maker sold off following disappointing earnings results. The company also lowered its full year outlook. We exited the position during the quarter.

[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

As investors look to position for the remainder of 2025, they are confronted with some familiar challenges. Tariffs, a source of volatility for most of this year, are now being debated in the US court system, with the outcome likely to have a ripple effect across foreign policy and international relations, the global economy and corporate earnings. In addition, softening employment figures have led investors to believe that the Fed will continue to ease monetary policy over the coming quarters. The concern is that inflation is proving to be more persistent than expected, which could limit how aggressive the Fed can be in easing policy over the next few months. Over the next month, we will be particularly focused on corporate earnings to see how some of these macro factors are impacting earnings and margins. The silver lining is that our playbook for investing through this period of extended uncertainty has not changed, in our view. We believe that those that stayed invested and adopted a balanced approach to the markets have been rewarded. We see no reason to change that view now for the remainder of the year.

One way we believe investors can achieve this balance is through an allocation to large cap value. With equity markets being driven by a handful of growth-oriented companies, the case for value has rarely been as attractive as it is today. Not only does an allocation provide some diversification and potential downside risk mitigation, but it also allows investors access to capital appreciation opportunities that aren't highly levered to artificial intelligence (AI). For example, we are currently seeing a number of attractive opportunities in value-oriented sectors that we believe will benefit from a revival in US manufacturing, increased demand for power, and an uptick in industrial capital expenditure (capex) spending.

In our own portfolios, we continue to seek balance as well. With volatility and macro uncertainty likely to remain elevated going forward, we want to make sure we are positioned to participate when markets rise but be able to protect capital should we see another abrupt sell-off in risk assets.

We continue to believe experienced active managers with long-tenured teams that employ a consistent and repeatable process are best suited for this type of environment, given a widening dispersion of potential macro outcomes and investment returns. It is also our view that investing in companies that sit at the nexus of strong and improving fundamentals, attractive valuation and catalyst-driven business momentum can deliver the best investment outcomes for our clients.

**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, 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. 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.

As of 9/30/25, the companies mentioned represented 10.09% of the fund's portfolio in the aggregate. Alphabet Class A and Baxter International were not fund holdings as of 9/30/25. 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 1000® Value Index** is an unmanaged index which measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. 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 **Personal Consumption Expenditures (PCE)** price index measures the prices consumers pay for goods and services and changes in those prices. It is considered a gauge of inflation in the U.S. economy. The **Caixin China Manufacturing Purchasing Managers Index** is a composite indicator designed to provide an overall view of activity in the manufacturing sector and acts as a leading indicator for the whole economy. When the PMI is below 50.0 this indicates that the manufacturing economy is declining and a value above 50.0 indicates an expansion of the manufacturing economy. 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. The **Bloomberg U.S. Aggregate Total Return 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. An investor cannot invest directly in any index. 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 Core PCE Index, or **Core Personal Consumption Expenditures Index**, is a price index that measures inflation for goods and services purchased by consumers, excluding the most volatile food and energy prices.

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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