

BNY Mellon Concentrated Growth ETF

MANAGER COMMENTARY | Q2 2025

BKCG

MARKET REVIEW

The S&P 500 Index gained 10.94% in the second quarter to reach new record highs; however, these strong gains mask the heightened volatility throughout the period due to tariff policy uncertainties. Announced U.S. trade policies triggered a global equity sell-off in April, driven by concerns of potential trade wars, rising consumer prices, and the heightened risks of a broader economic slowdown. However, markets recovered in the second half of the quarter as investors welcomed a de-escalation in trade tensions, along with strong corporate earnings reports, resilient consumer spending data, and accommodative central bank policies.

“We expect volatility to continue as markets await further clarity on the potential impacts of tariffs and the direction of monetary and fiscal policies.”

At the beginning of April, President Trump announced sweeping tariffs on America’s trade partners, stating a goal to lower America’s trade imbalances and achieve bilateral trade deficits of zero. Specifically, these policies would include tariffs on China at 34%, the European Union (E.U.) at 20%, and Asian trade partners, such as Vietnam, Japan, Taiwan, and South Korea (with tariffs ranging from 20-46%). For countries where the U.S. runs a trade surplus, a baseline 10% tariff was announced. Investors were shocked and rattled; stocks sold off as the magnitude of these tariffs were far more pervasive than initially anticipated. A week later, a 90-day pause was instituted, and a universal 10% baseline tariff was enacted to allow for further negotiations.

PERFORMANCE SUMMARY

The BNY Mellon Concentrated Growth ETF outperformed the S&P 500 Index for the second quarter of 2025.

Average Annual Total Returns (6/30/25)

Ticker	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Inception (12/6/21)
BKCG Market Price	12.09%	8.35%	9.70%	15.30%	13.31%	12.08%	7.76%
BKCG NAV	12.14%	8.37%	9.72%	15.31%	13.32%	12.08%	7.76%
S&P 500 Index	10.94%	6.20%	15.16%	19.71%	16.64%	13.65%	--

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 of less than one year are not annualized. Data assumes the reinvestment of dividends and capital gains, if any. Go to [bny.com/investments/etf](https://www.bny.com/investments/etf) for the fund’s most recent month-end returns. A fund’s NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market Price performance is calculated using the most recent NYSE Arca Official Closing Price. Market Price returns do not represent investors’ returns had they traded shares at other times.

The performance information shown before March 28, 2025 reflects that of Class I shares of BNY Mellon Tax Managed Growth Fund (“Predecessor Fund”), which had a different fee structure than the fund. Past performance may have been different if the fund’s current fee structure had been in place during the period. The fund’s investment objective, strategy, and policies are similar to those of the Predecessor Fund; however, there are certain differences. The Predecessor Fund’s investment objective was to seek long-term capital appreciation consistent with minimizing realized capital gains. While not included in the fund’s investment objective, BNY Mellon ETF Investment Adviser, LLC (BNYETF), the fund’s investment adviser, and the sub-adviser believe the fund’s investment strategy and the potential for greater tax efficiency offered by the fund’s exchange-traded fund structure are consistent with a goal of minimizing realized capital gains. The NAV and market price performance of the ETF use the predecessor mutual fund’s NAV from inception to listing date. BKCG does not utilize a formal benchmark; the S&P 500 Index represents the comparative index as a broad measure of performance.

Total Expenses (6/30/25)

Ticker	Gross ¹	Net ²
BKCG	0.50%	0.50%

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 Expenses is the actual fund expense ratio applicable to investors.

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MARKET REVIEW (con't)

The only country excluded from the 90-day pause was China, which saw a 145% tariff applied (a level reached through a series of escalations); China responded by levying a 125% tariff on American-made goods. After trade representatives from the U.S. and China met in May, the U.S. trimmed Chinese tariffs from 145% to 30% and China cut its tariffs on American-made goods from 125% to 10%. This de-escalation between the world's two largest economies set the stage for further negotiations and drove a rebound in global equity performance.

The U.S. Federal Reserve (Fed) chose to hold rates steady in the quarter, as the agency anticipated an uptick in inflation with businesses potentially passing on higher tariff costs to consumers via price increases. In response to trade tensions, major central banks across Europe and Asia cut their respective interest rates to ease credit conditions in a shift of their collective focus from fighting inflation to supporting economic growth.

During the first quarter earnings season, corporations reported better-than-expected earnings growth and addressed key investor themes, including the consumer outlook, continued artificial intelligence (AI) investments, and strategies to navigate a dynamic tariff environment. Overall, consumer spending remained strong and undeterred by the myriad of tariff threats, which drove earnings growth. However, companies have issued more cautious outlooks and have paused investment plans. The large technology companies within the Index reported strong earnings and continue to spend on AI infrastructure. Consequently, they issued better-than-expected guidance and higher capital expenditure plans to expand AI computing capacity in the year ahead, which drove equity gains and positive sentiment. The Index recovered from the tariff shocks, but uncertainty related to global trade policies continues to weigh on investor sentiment. Geopolitical risk re-entered the conversation as conflict between Israel and Iran erupted, but the two nations quickly agreed to a ceasefire. This caused volatility in the price of crude oil globally but didn't derail the stock gains that were driven by tariff de-escalation and strong earnings.

PERFORMANCE REVIEW

The Fund outperformed the Index in the period, driven by the dual impact of positive sector allocation and stock selection effects. The Fund benefited from an overweight allocation as well as a positive stock selection effect in the information technology sector. Within the consumer staples sector, a positive allocation effect outweighed a smaller negative selection effect to contribute positively to relative results. The Fund's holdings within the communication services sector led to a positive selection effect that also boosted relative results.

Conversely, the dual impact of negative allocation and selection effects in the financials sector detracted from relative performance. A negative stock selection effect in the consumer discretionary sector overshadowed a smaller positive allocation effect and ultimately resulted in relative underperformance.

TOP CONTRIBUTORS

The top contributors to relative performance include **NVIDIA, Microsoft, Meta Platforms, Intuit, and BAE Systems.**

TOP DETRACTORS

The top detractors from relative performance **Apple, Chevron, Eli Lilly, UnitedHealth Group, and Novo Nordisk.**

MARKET OUTLOOK

Our investment philosophy remains steadfast during periods of heightened uncertainty. While we expect volatility to continue as markets await further clarity on the potential impacts of tariffs and the direction of monetary and fiscal policies, we have conviction in the long-term strength of the capital markets. We believe that our holdings, which are comprised of global industry leaders, are well-equipped to navigate near-term market challenges. We will continue to stay vigilant and invest in accordance with our long-standing investment philosophy, as we have done during previous periods of uncertainty.

Top 10 Holdings (6/30/25)	
NVIDIA	8.68%
Microsoft	7.76%
Amazon.com	7.44%
Meta Platforms	5.25%
BAE Systems - ADR	5.21%
Intuit	4.74%
Mastercard	4.55%
Alphabet	4.36%
Eli Lilly and Company	4.22%
Apple	3.92%
The holdings listed should not be considered recommendations to buy or sell a security. Large concentrations can increase share price volatility.	

BNY Mellon Concentrated Growth ETF

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/etf. Read the prospectus carefully before investing.

Past performance is no guarantee of future results.

Diversification cannot assure a profit or protect against loss.

ETF shares are listed on an exchange, and shares are generally purchased and sold in the secondary market at market price. At times, the market price may be at a premium or discount to the ETF's per share NAV. In addition, ETFs are subject to the risk that an active trading market for an ETF's shares may not develop or be maintained. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions.

Risks: ETFs trade like stocks, are subject to investment risk, including possible loss of principal. The risks of investing in ETFs typically reflect the risks associated with the types of instruments in which the ETF invests. Equities are subject to market, market sector, market liquidity, issuer, and investment style risks, among other factors, 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. **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. The fund is non-diversified, which means the fund may invest in a relatively high percentage of its assets in a limited number of issuers. Performance may be more vulnerable to changes in the market of a single issuer.

The fund will issue (or redeem) fund shares to certain institutional investors known as "Authorized Participants" (typically market makers or other broker-dealers) only in large blocks of fund shares known as "Creation Units." BNY Mellon Securities Corporation ("BNYMSC"), a subsidiary of BNY, serves as distributor of the fund. BNYMSC does not distribute fund shares in less than Creation Units, nor does it maintain a secondary market in fund shares. BNYMSC may enter into selected dealer agreements with Authorized Participants for the sale of Creation Units of fund shares.

Definitions

NAV is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp. **Artificial intelligence (AI)** refers to computer systems that can perform tasks typically requiring human intelligence, such as visual perception, speech recognition, decision-making, and language translation.

Index Definition

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. An investor cannot invest directly in any index.

As of 6/30/25 the companies mentioned represented 37.42% 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.

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