

# BNY Mellon Equity Income Fund

## MANAGER COMMENTARY | Q2 2025

Class A **DQIAX**    Class I **DQIRX**

### MARKET REVIEW

Equity markets were generally higher across developed and emerging markets as the US retreated on its harshest tariff threats and signs the Federal Reserve (Fed) may begin cutting rates as inflation stabilized. Markets largely looked past geopolitical uncertainty in June as Israel launched surprise airstrikes on Iran's nuclear sites, prompting retaliatory attacks and US strikes in support of Israel before a fragile ceasefire contained further escalation. The S&P 500® Index increased 10.94% for the quarter. Within the index, 8 of 11 Global Industry Classification Standard (GICS) equity sectors finished in positive territory. The strongest performers were information technology and communication services. Growth stocks outperformed value stocks, while large-cap outperformed small-cap. Among other major equity benchmarks, the MSCI EAFE Index, a measure of developed markets excluding the US and Canada, was higher by 11.78%. The MSCI Emerging Markets Index was higher by 11.99%.

“Our systematic approach to evaluating securities and building portfolios allows us to create an investment process that participates in rising equity markets and helps seek to preserve capital during times of stress in the marketplace.”

### QUARTERLY PERFORMANCE

BNY Mellon Equity Income Fund (Class A at NAV) returned 9.64% during the second quarter of 2025. In comparison, the fund's benchmark, the S&P 500 Index (the “Index”), returned 10.94% for the same period.

#### Average Annual Total Returns (6/30/25)

Share Class / Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Class A (NAV) / 07/05/06	9.64	6.01	14.78	18.53	17.29	11.98
Class A (5.75% max. load)	3.35	-0.09	8.20	16.20	15.91	11.32
Class I (NAV) / 07/05/06	9.71	6.13	15.06	18.80	17.58	12.26
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 less than 1 year is not annualized. Go to [bny.com/investments](https://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 (3/31/25)

Share Class	Gross <sup>1</sup>	Net <sup>2</sup>
Class A	1.02%	1.02%
Class I	0.80%	0.78%

<sup>1</sup>Gross expenses is the total annual operating expense ratio for the fund, before any fee waivers or expense reimbursements. <sup>2</sup>Net Expenses is the total annual operating expense ratio for the fund, after any applicable fee waivers or expense reimbursements. The fund's investment adviser, BNY Mellon

Investment Adviser, Inc., has contractually agreed, until September 30, 2025, to waive receipt of its fees and/or assume the direct expenses of the fund so that the direct expenses of none of the fund's share classes (excluding Rule 12b-1 fees, shareholder services fees, taxes, interest expense, brokerage commissions, commitment fees on borrowings and extraordinary expenses) exceed .78%. On or after September 30, 2025, BNY Mellon Investment Adviser, Inc. may terminate this expense limitation agreement at any time.

MARKET REVIEW (continued)

In the US, equity market performance was higher in the second quarter of 2025 with the Dow Jones Industrial Average advancing by 5.46% and the Nasdaq 100 advancing by 17.86%. US fixed income markets were also higher for the quarter. First quarter GDP contracted by 0.3%, the first decline since 2022, due to a surge in pre-tariff imports. Despite this, the labor market remained resilient, with job growth moderating but consistently above expectations. Inflation appeared contained, with core Personal Consumption Expenditures (PCE), the Fed's preferred measure, easing from 2.7% to 2.5% in May before rising slightly to 2.8% in June, still below forecasts. The Fed took no further rate actions in the quarter, although Vice Chair Michelle Bowman signaled openness to rate cuts as early as July amid softening job data and subdued inflationary impact from tariffs. Consumer sentiment rebounded from historic lows, while political developments—most notably President Trump's evolving tariff strategy and the advancement of the “One Big Beautiful Bill”—added fiscal and policy uncertainty heading into the second half of the year.

PERFORMANCE REVIEW

The BNY Mellon Equity Income Fund underperformed the benchmark during the quarter, based on gross-of-fees performance. On a sector basis, security selection in financials and utilities were among the positive contributors, offset by weaker selection in materials and communication services. The fund maintained a modest overweight to consumer staples, energy, and communication services. The fund maintained a modest underweight to industrials, consumer discretionary, and technology. Dividend yield, value, and lower volatility characteristics were penalized during the quarter. The market rewarded securities with higher beta, higher growth, more liquidity and higher momentum.

SECTOR REVIEW<sup>1</sup>

Positive Impacts

**Financials:** Our stock selection in financial services and banks contributed to relative performance.

**Utilities:** Our stock selection in nuclear energy providers contributed to relative performance.

Negative Impacts

**Communication Services:** Our stock selection in telecommunication services detracted to relative performance.

**Consumer Staples:** Our stock selection in food and beverage detracted from performance.

Top 10 Holdings (6/30/25)	%
Microsoft	6.88
NVIDIA	6.65
Apple	5.34
Broadcom	4.78
Amazon.com	3.70
JPMorgan Chase & Co.	3.50
Philip Morris International	3.36
Verizon Communications	2.91
Altria Group	2.63
Meta Platforms, Cl. A	2.39
The holdings listed should not be considered recommendations to buy or sell a security. Large concentrations can increase share price volatility.	

## STOCK REVIEW<sup>1</sup>

### Positive Impacts

**Broadcom:** Broadcom designs, develops and supplies semiconductor and infrastructure software solutions. Specifically, Broadcom helps large, well established technology companies design custom chips for their AI initiatives. The company was rewarded as investors moved back to higher growth companies with more perceived opportunity.

**Seagate Technology Holdings Plc:** Seagate designs, manufactures and markets disk drives for enterprise compute applications, personal data backup and portable storage. The company continues to offer an attractive dividend and compelling fundamentals.

### Negative Impacts

**Bristol-Myers Squibb:** BMY is a global biopharmaceutical company that develops, licenses, manufactures and markets pharmaceutical and nutritional products. The stock was under pressure due to several factors. Patent cliffs and declining legacy drug sales concern investors. Second, a decline in net interest income is concerned and driven by higher interest expense. Lastly, acquisition related charges and integration are expected to weigh on the bottom line.

**Verizon:** Verizon provides wire line voice, data services, wireless and internet services. Investors are concerned about subscriber losses, intense competition and margin pressure. The company continues to offer an attractive dividend yield and compelling fundamentals.

<sup>1</sup>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

Global economic volatility has arrived and is apparent across asset classes. Equity investors are focused on high quality fundamentals to help weather economic uncertainty. Equity valuations have improved, and breadth of performance has improved. The portfolio is tilted into less expensive, higher quality securities that also display positive earnings momentum. We believe the portfolio is well positioned to benefit from the current market environment. Our systematic approach to evaluating securities and building portfolios allows us to create an investment process that participates in rising equity markets and helps seek to preserve capital during times of stress in the marketplace.

The fund is comprised of companies with stable above average dividends that also exhibit attractive valuation characteristics through a diversified set of factors. Overall sector deviations vs. the S&P 500 remain tight, with the largest overweight coming from communication services and the largest underweight in consumer discretionary. In our risk-control category, we maintain an overall allocation similar to the benchmark. The fund will also seek out non-dividend paying companies that help manage portfolio risk or have the potential for dividend payments in the future.

**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](http://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. There is no guarantee that **dividend-paying** companies will continue to pay, or increase, their dividend.

As of 6/30/25 the companies mentioned represented 12.05% 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.

## Index Definitions

The **Standard & Poor's 500® Composite Stock Price Index** is a widely accepted, unmanaged index of overall U.S. stock market performance. The **MSCI EAFE Index** is a stock market index that measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. The **MSCI Emerging Markets Index** is a selection of stocks that is designed to track the financial performance of key companies in fast-growing nations. An investor cannot invest directly in any index.

## Definitions

**Q** is quarter. **NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp. A **soft economic landing** occurs when a central bank raises interest rates slowly or in small increments, allowing the economy to shift from growth to slow growth without entering a recession.

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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.

All market statistics are sourced from NIMNA unless otherwise noted.

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