

Fixed Income Capabilities for Your Client's Needs



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

 BNY MELLON | INVESTMENT MANAGEMENT



What do your clients want from their fixed income exposure?

The motivations for an investor's allocation to fixed income can be manifold. Among the most common are a need for income and a desire to diversify from equities. Each of these goals might seem straightforward, but in order to fulfill them, a deep understanding of what drives fixed income markets and their behavior relative to other asset classes is required.

At BNY Mellon Investment Management, we have a long history of supporting some of the largest institutional investors globally with their fixed income allocations. By putting our clients' motivations front and center, in 2018 we became **the 3rd largest Fixed Income manager in the world**.*

How do we do that? Read on to find out...

*Source: *Pensions and Investments*, May 2019. Rankings based on a survey of 316 wealth management firms that provided information in response to an online survey. In order to qualify for inclusion, the firm must manage fixed income assets. Ranked by total worldwide assets under management as of 12/31/2018.

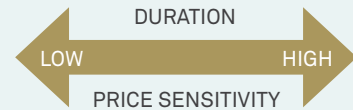
No ranking should be construed as a guarantee that current/prospective clients will experience a certain level of results or as a current or past endorsement of BNY Mellon or its affiliates by any of its clients. All rankings are subject to change.

There Are Three Main Factors That Impact Fixed Income Returns.

1

Duration

Used as a measure of a bond price's sensitivity to interest rates



2

Yield

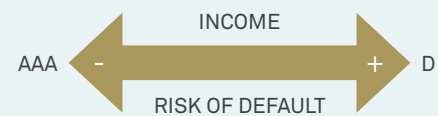
A bond's yield is the return an investor realizes. A bond's price and yield are inversely correlated: The higher the price you pay for a bond, the lower the yield, and vice versa.



3

Credit Quality

A bond's credit quality indicates the likelihood that its issuer will fulfill its obligation to pay the interest owed and repay the principal at maturity. A credit rating is an evaluation of the credit risk of a prospective debtor, and an implicit forecast of the likelihood of the debtor defaulting.



Credit quality ratings are statements of opinion by the nationally recognized statistical rating organizations (NRSROs) issuing them, not statements of fact or recommendations to buy, sell or hold a security, and are subject to change. A security's credit quality rating does not remove market risk.

Here Are the Four Main Goals Investors Typically Aim to Achieve Through Fixed Income

Diversification



Portfolios that may be over-allocated to a specific asset class may benefit from an allocation to fixed income.

- Many fixed income asset classes have a low correlation to stocks and some are even negatively correlated. That means they may be less volatile or move in the opposite direction when compared with stocks.
- Not all fixed income mutual funds have the same correlation to stocks or other fixed income strategies. So, by diversifying into fixed income you may decrease the volatility of your overall allocation.

Income



Receiving a stream of income on your investment is an attribute many fixed income strategies seek to provide. Depending on the level of volatility and risk an investor is willing to accept, that income stream may be higher or lower.

- Strategies seeking higher income (yield) might be considered by investors willing to accept more volatility and risk.
- Many strategies seek to deliver a higher income stream by investing in longer-term bonds or lower-quality bonds.
- Depending on an investor's risk appetite, they have options ranging from high-quality U.S. government bonds to lower-quality emerging market bonds.

Relative Stability of Capital



Those with a lower risk appetite will typically be averse to large drawdowns in their investments.

- Some investors place a higher emphasis on relative stability and focus less on return.
- These investors might consider strategies that invest in higher-quality bonds with a shorter term until maturity.
- The higher the credit quality and the shorter the duration, the more stable the fixed income strategy, in general.

Tax Advantages



Those with specific tax requirements may seek fixed income strategies that pursue income exempt from federal income tax.

- These strategies focus on purchasing bonds that pay tax-exempt interest.
- These investors usually invest non-qualified (non-retirement) assets in these strategies.
- Investors that are investing qualified (retirement) assets, such as individual retirement accounts (IRAs) or defined contribution plans (401-k or 403-b), typically do not invest in tax-free strategies because these accounts are already deferring taxes.

While the U.S. government guarantees the timely payment of principal and interest on its securities, portfolios that invest in such securities are not guaranteed and will fluctuate in value. Municipal income may be subject to state and local taxes. Some income may be subject to the federal alternative minimum tax for certain investors. Capital gains, if any, are taxable.

Here Is How BNY Mellon's Fixed Income Capabilities Aim to *Align With Those Goals*

The graphic below represents a selection of BNY Mellon Investment Management's fixed income capabilities. We offer these through our investment specialists Alcentra, Insight Investments and Mellon, and believe they may be appropriate for addressing a variety of investor goals.

Fund	Manager	Diversification from		Seeks Income	Relative Stability of Capital ³	Seeks Federal Tax-Free Income
		Equity ¹	Taxable Fixed Income ²			
BNY Mellon AMT-Free Municipal Bond Fund⁴	Mellon	●	●	●		●
BNY Mellon Core Plus Fund	Insight Investment	●		●	●	
BNY Mellon Floating Rate Income Fund	Alcentra		●	●		
BNY Mellon Global Fixed Income Fund	Mellon	●		●	●	
BNY Mellon High Yield Fund	Alcentra		●	●		
BNY Mellon High Yield Municipal Bond Fund⁴	Mellon	●	●	●		●
BNY Mellon International Bond Fund	Mellon	●		●		
BNY Mellon Opportunistic Municipal Securities Fund⁵	Mellon	●	●	●		●
BNY Mellon Short-Intermediate Municipal Bond Fund⁶	Mellon	●	●	●	●	●

Data is as of 12/31/19 and is subject to change.

1. Diversification from Equities: funds which demonstrate a 5-year correlation to the S&P 500 Index < 0.25.
2. Diversification from Taxable FI: funds that demonstrate a 5-year correlation to the Bloomberg Barclays U.S. Treasury Index of < 0.30.
3. Stability: funds that demonstrate a standard deviation that is lower than that of the Bloomberg Barclays U.S. Aggregate Bond Index (5-year standard deviation is 2.86), and also invest primarily in investment grade bonds.
4. Although the fund seeks to provide income exempt from federal income tax, the fund may invest temporarily in taxable bonds, including when the portfolio managers believe acceptable municipal bonds are not available for investment. During such periods, the fund may not achieve its investment objective.
5. Although the fund seeks to provide income exempt from federal income tax, the fund may invest without limitation in municipal bonds the income from which is subject to the federal alternative minimum tax.
6. Although the fund seeks to provide income exempt from federal income tax, interest from some of its holdings may be subject to the federal alternative minimum tax. In addition, the fund temporarily may invest in taxable bonds. During such periods, the fund may not achieve its investment objective.

The Smarts Behind Our Solutions



\$876.1B

Assets Under Management as of 12/31/19

236

Investment Personnel

Leading global investment manager offering outcome-oriented solutions in global and U.S. fixed income, absolute return and unconstrained investment and global multi-asset growth. Providing tailored risk management solutions in liability-driven investment, currency risk management and insurance.

LOCATIONS Headquartered in London, England. Other offices: New York, NY; Frankfurt, Germany; Sydney, Australia; Tokyo, Japan; Dublin, Ireland

2002 Founded

2009 Acquired by BNY Mellon



\$545.3B

Assets Under Management as of 12/31/19

253

Investment Personnel

Mellon is a global multi-specialist investment manager dedicated to serving our clients with a full spectrum of research-driven solutions.

LOCATIONS Headquartered in Boston with offices in Pittsburgh, PA; San Francisco, CA; London, Singapore and Hong Kong

1800s The legacy firms have roots tracing back to the late 1800s. Mellon was formed on January 31, 2018, through the merger of The Boston Company and Standish into Mellon Capital. Effective January 2, 2019, the combined firm was renamed Mellon Investments Corporation.



\$40.3B

Assets Under Management as of 12/31/19

74

Investment Personnel

An asset management and investment group focused on traditional and alternative sub-investment grade debt capital markets in Europe and the U.S.

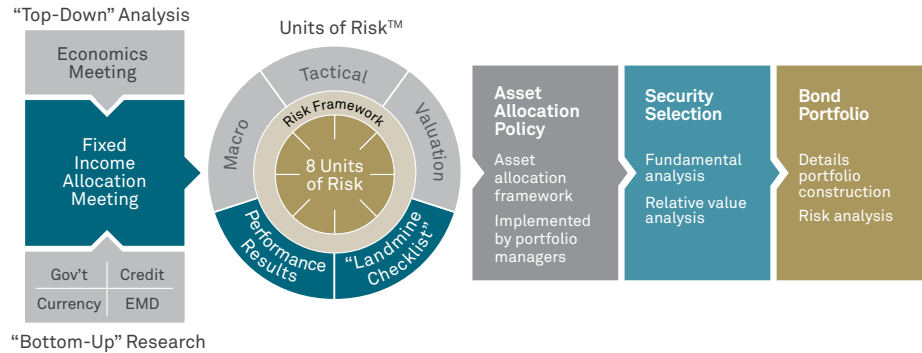
LOCATIONS London, England; New York, NY; Boston, MA; representative offices in Hong Kong and Singapore

2002 Founded with predecessor firm organized in 1998

2017 Alcentra is a majority-owned subsidiary of BNY Mellon.

Investment Process

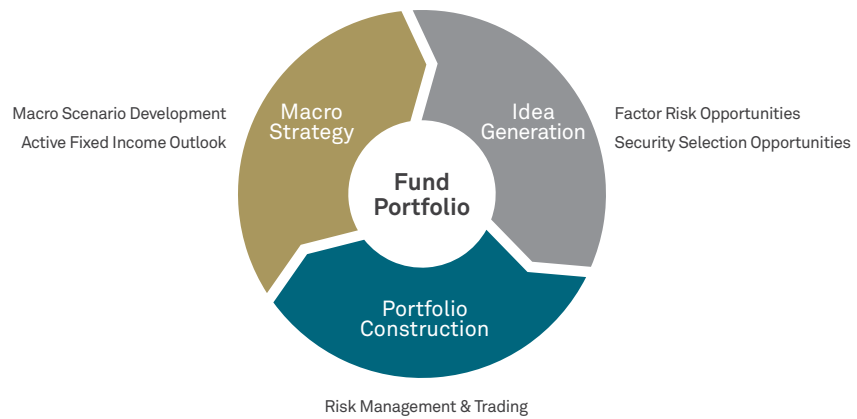
Through their proprietary risk calibration framework, portfolio managers bring together the inputs from Insight's top-down global macroeconomic analysis, credit and sector strategy with the bottom-up individual security selection inputs from their credit analysts to construct the portfolio.



Key Inputs Value | Cyclical/Fundamental Factors | Market Sentiment

Investment Process

The Investment Team assesses relative value, makes sector allocation decisions and operates on a "best-ideas" basis, all while adjusting for risk budget and fund objectives.



Investment Process

Alcentra's clearly defined, robust and repeatable process combines with information and research advantages to generate consistent decision-making results.



- Rigorous bottom-up fundamental research focused on credit and asset
- Complemented by a top-down assessment of fundamental, technical, and valuation factors
- Portfolio construction unites the bottom-up with the firm's top-down
- Risk management is present in all phases of the process in an effort to mitigate downside risk at the portfolio, sector, and credit levels

Consider BNY Mellon for Your **Fixed Income Goals**

Investing in fixed income securities may be important in any market environment. BNY Mellon has a rich history of providing clients with a full spectrum of potential fixed income solutions. Get in touch to see if we have the right strategy for you or your clients' needs.

Why **BNY Mellon Investment Management?**

BNY Mellon Investment Management is one of the world's leading investment management organizations and one of the top U.S. wealth managers, with \$1.9 trillion in assets under management as of December 31, 2019. It encompasses BNY Mellon's affiliated investment management firms, wealth management services and global distribution companies. BNY Mellon Investment Management is a division of BNY Mellon, which has \$37.1 trillion in assets under custody and/or administration as of December 31, 2019.

Learn More

Advisors: Call 1-877-334-6899 or visit im.bnymellon.com

Mutual fund investors: Contact your financial advisor or visit im.bnymellon.com

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 BNY Mellon fund, contact your financial advisor or visit im.bnymellon.com. Read the prospectus carefully before investing.

Risks

All investments involve risk, including the possible loss of principal. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Asset allocation and diversification cannot assure a profit or protect against loss.

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 principal on a timely basis. **Mortgage-backed securities:** Ginnie Maes and other securities backed by the full faith and credit of the United States government are guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. **Privately issued mortgage-related securities** also are subject to credit risks associated with the underlying mortgage properties. These securities may be more volatile and less liquid than more traditional, government-backed debt securities. 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. **Floating rate bank loans** are often less liquid than other types of debt instruments. There is no assurance that the liquidation of any collateral from a secured bank loan would satisfy the borrower's obligation, or that such collateral could be liquidated.

Mellon Investments Corporation assets include discretionary and non-discretionary assets, the notional value of overlay strategies, and assets managed by investment personnel acting in their capacity as officers of affiliated entities.

Insight Investment advisory services in North America are provided through two different investment advisers registered with the Securities and Exchange Commission (SEC), using the brand Insight Investment: Insight North America LLC (INA) and Insight Investment International Limited (IIL). The North American investment advisers are associated with other global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as "Insight" or "Insight Investment." Insight's assets under management (AUM) are represented by the value of cash securities and other economic exposures, and are calculated on a gross notional basis. Figures shown in USD.

The Alcentra Group refers to the affiliated companies Alcentra, Ltd and Alcentra NY, LLC. AUM includes assets managed by both companies. Assets under management reflect assets of all accounts and portions of accounts managed by Alcentra for Alcentra and its affiliates. Specifically, certain assets under management reflect assets managed by Alcentra personnel as employees of Mellon Investments Corporation, The Bank of New York Mellon and BNY Mellon Investment Adviser, Inc. under a dual-employee arrangement. BNY Mellon is not a guarantor of any investment managed by Alcentra.

Standard deviation is a statistical measure of the degree to which an individual portfolio return tends to vary from the mean, based on the entire population. The greater the degree of dispersion, the greater the degree of risk. In mutual funds, standard deviation tells us how much the return on the fund is deviating from expected normal returns.

Correlation measures the degree to which the performance of a given asset class moves in relation to another, on a scale of -1 to 1. Negative 1 indicates a perfectly inverse relationship, 0 indicates no relationship, and 1 indicates a perfectly positive relationship.

The Bloomberg Barclays U.S. Treasury Index measures U.S.-dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. **The Bloomberg Barclays U.S. Aggregate Bond Index** is a widely accepted, unmanaged total return index of U.S.-dollar-denominated corporate, government and government-agency debt instruments, mortgage-backed securities, and asset-backed securities with an average maturity of 1-10 years. **The Standard & Poor's 500® (S&P 500) Composite Stock Price Index** is a widely accepted, unmanaged index of U.S. stock market performance. An investor cannot invest directly in any index.

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