# BNY Mellon Equity Income Fund

**ANNUAL REPORT**
May 31, 2023

BNY MELLON
INVESTMENT MANAGEMENT

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## THE FUND



## FOR MORE INFORMATION

# DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from June 1, 2022, through May 31, 2023, as provided by portfolio manager Peter D. Goslin, CFA, of Newton Investment Management North America, LLC, sub-adviser.*

## Market and Fund Performance Overview

For the 12-month period ended May 31, 2023, the BNY Mellon Equity Income Fund (the "fund") produced a total return of −2.37% for Class A shares, −3.09% for Class C shares, −2.12% for Class I shares and −2.09% for Class Y shares.[1] In comparison, the fund's benchmark, the S&P 500® Index (the "Index"), provided a total return of 2.93% for the same period.[2]

U.S. stocks generally gained ground during the reporting period as inflationary pressures eased, the U.S. Federal Reserve (the "Fed") reduced the pace of interest-rate hikes, and economic growth remained positive. The fund underperformed the Index, due primarily to the fund's relatively overweight exposure to high-dividend-paying stocks during a period in which the market favored low-dividend-paying, growth-oriented shares.

## The Fund's Investment Approach

The fund seeks total return (consisting of capital appreciation and income). To pursue its goal, the fund invests primarily in dividend-paying equity securities.

When selecting securities, we choose stocks through a disciplined investment process that combines quantitative modeling techniques, fundamental analysis and risk management, and we may invest in stocks with either value or growth characteristics. In selecting securities, we use a proprietary stock selection model to identify and rank stocks within an industry or sector, based on their value, growth and financial profiles.

Based on the fundamental analysis, we select the most attractive of the higher-ranked securities and manage risk by diversifying across companies and industries. The fund may also invest in low- or non dividend paying companies that may not have been identified by the model discussed above, if the fund's portfolio manager believes such investment will manage portfolio risk or have the potential for dividend payments in the future.

## Equities Advance Despite Macroeconomic Concerns

Markets generally declined during the first five months of the period as investors wondered if the Fed could control inflation by increasing interest rates without tipping the economy into recession. Inflation peaked at 9.1% on an annualized basis in June 2022, the first month of the period. Between June and November, the Fed raised the benchmark federal funds rate from 0.75%–1.00% to 3.75%–4.00%, its most aggressive series of rate hikes in decades. Inflation appeared to respond, declining to 7.11% in November. Although U.S. economic growth and corporate profits showed signs of moderating during this time, indications generally remained positive, supported by robust consumer spending, rising wages and low levels of unemployment.

Inflation remained well above the Fed's 2% target rate throughout the period, prompting additional interest-rate hikes well into 2023. However, market sentiment turned positive from mid-October 2022 through the end of May 2023 on expectations that inflation would continue to decline, and interest rates would plateau without driving the economy into a

deep recession. Growth stocks, which underperformed earlier in the period, outperformed as risk-on sentiment predominated later in the period. By the end of the period, inflation had dipped below 5%, and the federal funds rate had risen to 5.00%–5.25%, although most observers expected few, if any, further increases in 2023. However, the rapid increase in interest rates led to a few high-profile, regional bank failures in March and April, challenging positive sentiment and raising fears of possible wider banking industry contagion and future credit constraints. Nevertheless, stocks recovered from a sharp, but brief, decline in early March as swift action from federal authorities and major banks eased investors' concerns.

## The Fund's Value and Dividend Tilt Detracts from Returns

The fund's returns relative to the Index suffered due to the fund's emphasis on high-dividend-paying stocks, particularly during the second half of the period, when market sentiment favored growth over value. For the period as a whole, low-dividend-paying stocks outperformed high-dividend-paying stocks by a wide margin. The shift sentiment from value to growth undermined the performance of consumer staples holdings, such as tobacco company Philip Morris International, Inc. Some of the fund's financial sector holdings, including Morgan Stanley and Bank of America Corp., suffered as the banking failures cited above shook investor confidence in the industry. Conversely, stock selection in the health care and utilities sectors bolstered the fund's relative performance. Top holdings included pharmaceutical company Merck & Co., Inc., which benefited from improving visibility on new therapeutics and early-stage treatments, and renewable energy utility Constellation Energy Corp., which rose on higher energy prices and federal government measures to promote clean energy sources. Other notably positive contributors to performance included communications equipment maker Broadcom, Inc., advertising firm The Interpublic Group of Companies, Inc. and restaurant chain Darden Restaurants, Inc.

## Remaining Focused on Valuation, Fundamentals and Risk Control

As of May 31, 2023, the fund continues to own a broad set of securities that exhibit both attractive valuations and improving fundamentals. At the same time, the portfolio remains risk controlled from the perspective of sector and market-cap exposure relative to the Index. The fund also remains risk controlled with respect to key, growth-oriented Index constituents: Meta Platforms, Inc., Amazon.com, Apple, Inc., Netflix, Inc., Microsoft Corp., Alphabet, Inc. and NVIDIA Corp., despite the fact they may not meet all the criteria of our stock selection model, such as paying dividends. We believe inclusion of these securities in the fund benefits investors by reducing volatility relative to the Index, giving the fund a potential edge over other income-oriented funds, which may not hold these positions. At the same time, the fund's dividend yield remains competitive with other funds in our Lipper category.

Our systematic approach to evaluating securities and building the portfolio has allowed us to create an investment process that participates in rising equity markets and helps protect capital during times of stress in the marketplace. Accordingly, we believe the fund is well positioned to benefit from prevailing market conditions, which continues to be shaped by the Fed's efforts to control inflation amid volatile macroeconomic and geopolitical forces. As of the end of the reporting period, the fund held modestly overweight exposure to the energy, consumer staples and materials sectors, and slightly underweight exposure to health care and consumer discretionary.

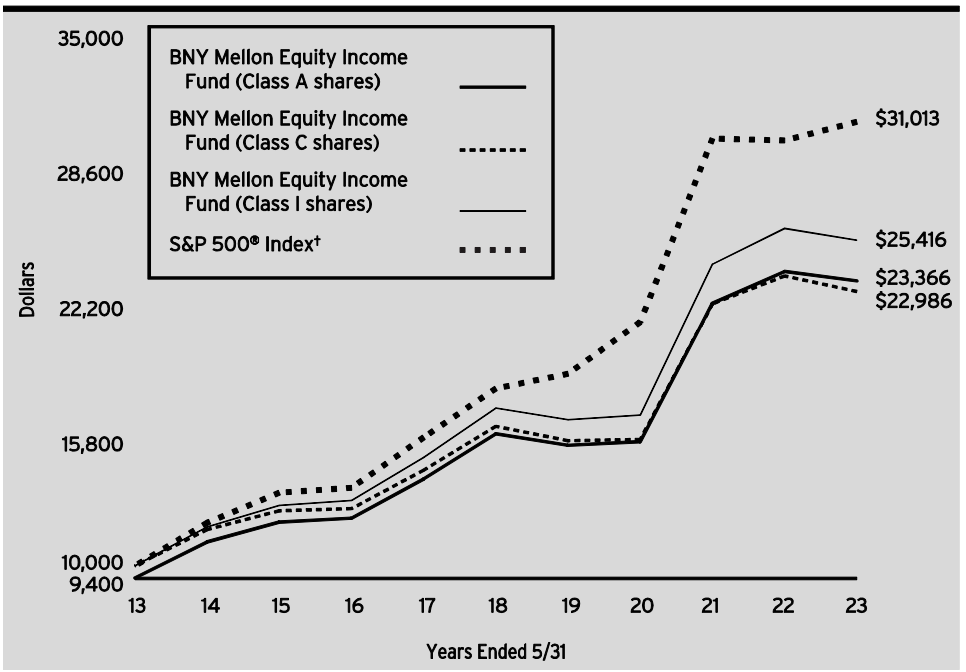
June 15, 2023

[1] *Total return includes reinvestment of dividends and any capital gains paid and does not take into consideration the maximum initial sales charge in the case of Class A shares, or the applicable contingent deferred sales charge imposed on redemptions in the case of Class C shares. Had these charges been reflected, returns would have been lower. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's return reflects the absorption of certain fund expenses by BNY Mellon Investment Adviser, Inc. pursuant to an agreement in effect through September 30, 2023, at which time it may be extended, modified or terminated. Had these expenses not been absorbed, returns would have been lower.*

[2] *Source: Lipper Inc. — 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. Investors cannot invest directly in any index.*

*Equities are subject generally to market, market sector, market liquidity, issuer and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.*

# FUND PERFORMANCE (Unaudited)



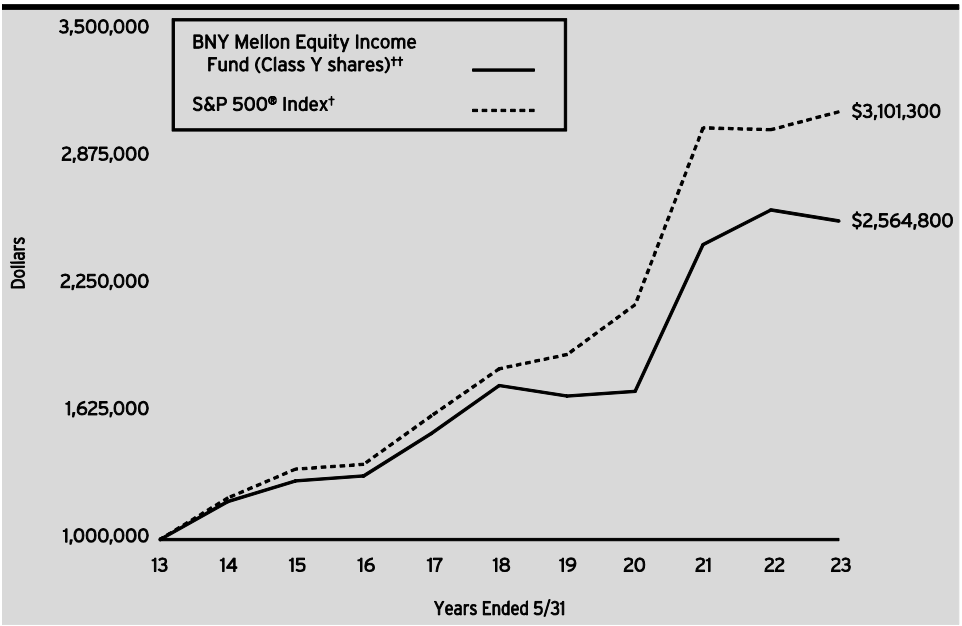

Comparison of change in value of a $10,000 investment in Class A shares, Class C shares and Class I shares of BNY Mellon Equity Income Fund with a hypothetical investment of $10,000 in the S&P 500® Index (the "Index").

† *Source: Lipper Inc.*

*Past performance is not predictive of future performance.*

*The above graph compares a $10,000 investment made in each of the Class A shares, Class C shares and Class I shares of BNY Mellon Equity Income Fund on 5/31/13 to a hypothetical investment of $10,000 made in the Index on that date. All dividends and capital gain distributions are reinvested.*

*The fund's performance shown in the line graph above takes into account the maximum initial sales charge on Class A shares and all other applicable fees and expenses on all classes. The 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. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.*




Comparison of change in value of $1,000,000 investment in Class Y shares of BNY Mellon Equity Income Fund with a hypothetical investment of $1,000,000 in the S&P 500® Index (the "Index").

† *Source: Lipper Inc.*

†† *The total return figures presented for Class Y shares of the fund reflect the performance of the fund's Class A shares for the period prior to 7/1/13 (the inception date for Class Y shares), not reflecting the applicable sales load for Class A shares.*

*Past performance is not predictive of future performance.*

*The above graph compares a hypothetical investment of $1,000,000 made in Class Y shares of BNY Mellon Equity Income Fund on 5/31/13 to a hypothetical investment of $1,000,000 made in the Index on that date. All dividends and capital gain distributions are reinvested.*

*The fund's performance shown in the line graph above takes into account all applicable fees and expenses of the fund's Class Y shares. The 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. Unlike a mutual fund, indices are not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.*

## Average Annual Total Returns as of 5/31/2023

| | Inception Date | 1 Year | 5 Years | 10 Years |
|---|---|---|---|---|
| **Class A shares** | | | | |
| *with maximum sales charge (5.75%)* | **7/5/06** | **-7.97%** | **6.26%** | **8.86%** |
| *without sales charge* | **7/5/06** | **-2.37%** | **7.53%** | **9.50%** |
| **Class C shares** | | | | |
| *with applicable redemption charge*† | **7/5/06** | **-4.01%** | **6.72%** | **8.68%** |
| *without redemption* | **7/5/06** | **-3.09%** | **6.72%** | **8.68%** |
| **Class I shares** | **7/5/06** | **-2.12%** | **7.80%** | **9.78%** |
| **Class Y shares** | **7/1/13** | **-2.09%** | **7.86%** | **9.88%**†† |
| **S&P 500® Index** | | **2.93%** | **11.01%** | **11.98%** |

† *The maximum contingent deferred sales charge for Class C shares is 1% for shares redeemed within one year of the date of purchase.*

†† *The total return performance figures presented for Class Y shares of the fund reflect the performance of the fund's Class A shares for the period prior to 7/1/13 (the inception date for Class Y shares), not reflecting the applicable sales load for Class A shares.*

**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. Go to www.im.bnymellon.com for the fund's most recent month-end returns.**

*The fund's performance shown in the graphs and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. In addition to the performance of Class A shares shown with and without a maximum sales charge, the fund's performance shown in the table takes into account all other applicable fees and expenses on all classes.*

# UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

*As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.*

## Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in BNY Mellon Equity Income Fund from December 1, 2022 to May 31, 2023. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

**Expenses and Value of a $1,000 Investment**
Assume actual returns for the six months ended May 31, 2023

| | Class A | Class C | Class I | Class Y |
|---|---|---|---|---|
| Expenses paid per $1,000† | $5.10 | $8.79 | $3.86 | $3.81 |
| Ending value (after expenses) | $984.20 | $980.20 | $985.40 | $985.20 |

# COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

## Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

**Expenses and Value of a $1,000 Investment**
Assuming a hypothetical 5% annualized return for the six months ended May 31, 2023

| | Class A | Class C | Class I | Class Y |
|---|---|---|---|---|
| Expenses paid per $1,000† | $5.19 | $8.95 | $3.93 | $3.88 |
| Ending value (after expenses) | $1,019.80 | $1,016.06 | $1,021.04 | $1,021.09 |

† *Expenses are equal to the fund's annualized expense ratio of 1.03% for Class A, 1.78% for Class C, .78% for Class I and .77% for Class Y, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).*

# STATEMENT OF INVESTMENTS
May 31, 2023

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 99.1%** | | |
| **Automobiles & Components - .4%** | | |
| Ford Motor Co. | 297,618 | **3,571,416** |
| **Banks - 4.5%** | | |
| Bank of America Corp. | 367,017 | 10,199,402 |
| Bank OZK | 97,664 [a] | 3,377,221 |
| JPMorgan Chase & Co. | 153,266 | 20,799,729 |
| New York Community Bancorp, Inc. | 37,101 | 381,398 |
| Regions Financial Corp. | 230,230 | 3,976,072 |
| | | **38,733,822** |
| **Capital Goods - 4.9%** | | |
| Caterpillar, Inc. | 13,840 | 2,847,580 |
| Cummins, Inc. | 13,221 | 2,702,505 |
| Emerson Electric Co. | 115,411 | 8,965,127 |
| Fastenal Co. | 71,897 | 3,871,654 |
| Illinois Tool Works, Inc. | 14,666 | 3,207,894 |
| Johnson Controls International PLC | 61,942 | 3,697,937 |
| Lockheed Martin Corp. | 32,380 | 14,377,044 |
| PACCAR, Inc. | 29,196 | 2,008,101 |
| | | **41,677,842** |
| **Commercial & Professional Services - .8%** | | |
| Automatic Data Processing, Inc. | 9,649 | 2,016,545 |
| Paychex, Inc. | 42,304 | 4,438,959 |
| | | **6,455,504** |
| **Consumer Discretionary Distribution & Retail - 2.9%** | | |
| Amazon.com, Inc. | 202,475 [b] | **24,414,436** |
| **Consumer Durables & Apparel - .8%** | | |
| Carter's, Inc. | 44,692 [a] | 2,778,502 |
| Ralph Lauren Corp. | 18,123 | 1,926,656 |
| VF Corp. | 108,230 | 1,863,721 |
| | | **6,568,879** |
| **Consumer Services - 2.4%** | | |
| Darden Restaurants, Inc. | 112,138 | 17,776,116 |
| H&R Block, Inc. | 54,645 | 1,631,153 |
| The Wendy's Company | 60,828 | 1,338,824 |
| | | **20,746,093** |
| **Energy - 7.4%** | | |
| Antero Midstream Corp. | 69,213 [a] | 706,665 |
| Chevron Corp. | 4,495 | 677,037 |
| Devon Energy Corp. | 86,541 | 3,989,540 |
| Diamondback Energy, Inc. | 23,646 | 3,006,589 |
| EOG Resources, Inc. | 27,444 | 2,944,467 |
| Exxon Mobil Corp. | 53,368 | 5,453,142 |

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 99.1% (continued)** | | |
| **Energy - 7.4% (continued)** | | |
| Kinder Morgan, Inc. | 73,402 | 1,182,506 |
| Marathon Petroleum Corp. | 23,296 | 2,443,983 |
| ONEOK, Inc. | 36,744 | 2,081,915 |
| Pioneer Natural Resources Co. | 16,571 | 3,304,920 |
| Schlumberger NV | 266,189 | 11,400,875 |
| The Williams Companies, Inc. | 407,957 | 11,692,048 |
| Valero Energy Corp. | 132,585 | 14,191,898 |
| | | **63,075,585** |
| **Equity Real Estate Investment - .8%** | | |
| Apartment Income REIT Corp. | 14,119 [c] | 489,788 |
| Brandywine Realty Trust | 29,994 [c] | 116,977 |
| Iron Mountain, Inc. | 92,291 [c] | 4,930,185 |
| Spirit Realty Capital, Inc. | 38,676 [c] | 1,510,685 |
| | | **7,047,635** |
| **Financial Services - 3.7%** | | |
| BlackRock, Inc. | 13,217 | 8,690,838 |
| Blackstone, Inc. | 29,112 | 2,493,152 |
| Morgan Stanley | 216,451 | 17,697,034 |
| The Goldman Sachs Group, Inc. | 7,786 | 2,521,885 |
| | | **31,402,909** |
| **Food, Beverage & Tobacco - 9.7%** | | |
| Altria Group, Inc. | 608,951 | 27,049,603 |
| Conagra Brands, Inc. | 60,113 | 2,096,140 |
| Flowers Foods, Inc. | 56,407 | 1,409,047 |
| General Mills, Inc. | 12,709 | 1,069,589 |
| PepsiCo, Inc. | 36,835 | 6,716,862 |
| Philip Morris International, Inc. | 295,124 | 26,564,111 |
| The Coca-Cola Company | 297,056 | 17,722,361 |
| | | **82,627,713** |
| **Household & Personal Products - .2%** | | |
| Kimberly-Clark Corp. | 14,598 | **1,960,219** |
| **Insurance - 1.8%** | | |
| Prudential Financial, Inc. | 18,757 | 1,475,988 |
| The Progressive Corp. | 107,074 | 13,695,835 |
| | | **15,171,823** |
| **Materials - 4.6%** | | |
| Dow, Inc. | 97,774 | 4,769,416 |
| Eastman Chemical Co. | 8,992 | 693,193 |
| Freeport-McMoRan, Inc. | 430,446 | 14,781,516 |
| International Paper Co. | 33,594 | 989,007 |
| LyondellBasell Industries NV, Cl. A | 210,480 | 18,004,459 |
| Sylvamo Corp. | 2,933 | 115,619 |
| | | **39,353,210** |

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 99.1% (continued)** | | |
| **Media & Entertainment - 6.7%** | | |
| Alphabet, Inc., Cl. A | 135,688 [b] | 16,671,985 |
| Alphabet, Inc., Cl. C | 127,726 [b] | 15,757,556 |
| Comcast Corp., Cl. A | 31,311 | 1,232,088 |
| Meta Platforms, Inc., Cl. A | 26,129 [b] | 6,916,869 |
| Netflix, Inc. | 9,983 [b] | 3,945,581 |
| The Interpublic Group of Companies, Inc. | 339,819 | 12,637,869 |
| | | **57,161,948** |
| **Pharmaceuticals, Biotechnology & Life Sciences - 10.1%** | | |
| AbbVie, Inc. | 180,195 | 24,859,702 |
| Amgen, Inc. | 8,857 | 1,954,297 |
| Bristol-Myers Squibb Co. | 63,213 | 4,073,446 |
| Gilead Sciences, Inc. | 327,771 | 25,218,701 |
| Merck & Co., Inc. | 214,223 | 23,652,361 |
| Pfizer, Inc. | 168,164 | 6,393,595 |
| | | **86,152,102** |
| **Semiconductors & Semiconductor Equipment - 10.1%** | | |
| Broadcom, Inc. | 57,821 | 46,717,055 |
| Microchip Technology, Inc. | 76,638 | 5,767,776 |
| NVIDIA Corp. | 38,092 | 14,411,727 |
| Qualcomm, Inc. | 163,884 | 18,586,084 |
| | | **85,482,642** |
| **Software & Services - 7.6%** | | |
| Microsoft Corp. | 196,163 | **64,417,968** |
| **Technology Hardware & Equipment - 10.5%** | | |
| Apple, Inc. | 367,827 | 65,197,336 |
| Cisco Systems, Inc. | 94,000 | 4,668,980 |
| Hewlett Packard Enterprise Co. | 559,985 | 8,074,984 |
| NetApp, Inc. | 25,905 | 1,718,797 |
| Seagate Technology Holdings PLC | 155,946 | 9,372,355 |
| | | **89,032,452** |
| **Telecommunication Services - 3.9%** | | |
| AT&T, Inc. | 688,920 | 10,836,712 |
| Lumen Technologies, Inc. | 76,937 | 152,335 |
| Verizon Communications, Inc. | 611,748 | 21,796,581 |
| | | **32,785,628** |
| **Transportation - 1.9%** | | |
| United Parcel Service, Inc., Cl. B | 95,725 | **15,986,075** |
| **Utilities - 3.4%** | | |
| American Electric Power Co., Inc. | 23,700 | 1,969,944 |
| Constellation Energy Corp. | 111,245 | 9,346,805 |
| DTE Energy Co. | 4,767 | 512,929 |
| Duke Energy Corp. | 19,654 | 1,754,906 |
| Exelon Corp. | 164,159 | 6,508,904 |

| Description | | Shares | Value ($) |
|---|---|---|---|
| **Common Stocks - 99.1% (continued)** | | | |
| **Utilities - 3.4% (continued)** | | | |
| NextEra Energy, Inc. | | 13,458 | 988,625 |
| OGE Energy Corp. | | 87,536 | 3,088,270 |
| The Southern Company | | 63,955 | 4,460,861 |
| | | | **28,631,244** |
| **Total Common Stocks** (cost $608,115,691) | | | **842,457,145** |
| | 1-Day Yield (%) | | |
| **Investment Companies - .8%** | | | |
| **Registered Investment Companies - .8%** | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund, Institutional Shares (cost $6,648,495) | 5.19 | 6,648,495 [d] | **6,648,495** |
| **Investment of Cash Collateral for Securities Loaned - .0%** | | | |
| **Registered Investment Companies - .0%** | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund, SL Shares (cost $78,498) | 5.19 | 78,498 [d] | **78,498** |
| **Total Investments** (cost $614,842,684) | | **99.9%** | **849,184,138** |
| **Cash and Receivables (Net)** | | **.1%** | **775,649** |
| **Net Assets** | | **100.0%** | **849,959,787** |

*REIT—Real Estate Investment Trust*

[a] *Security, or portion thereof, on loan. At May 31, 2023, the value of the fund's securities on loan was $2,354,036 and the value of the collateral was $2,520,478, consisting of cash collateral of $78,498 and U.S. Government & Agency securities valued at $2,441,980. In addition, the value of collateral may include pending sales that are also on loan.*

[b] *Non-income producing security.*

[c] *Investment in real estate investment trust within the United States.*

[d] *Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the investment company's prospectus.*

| Portfolio Summary (Unaudited) † | Value (%) |
|---|---|
| Information Technology | 28.1 |
| Communication Services | 10.6 |
| Health Care | 10.1 |
| Financials | 10.0 |
| Consumer Staples | 10.0 |
| Industrials | 7.6 |
| Energy | 7.4 |
| Consumer Discretionary | 6.5 |
| Materials | 4.6 |
| Utilities | 3.4 |
| Real Estate | .8 |
| Investment Companies | .8 |
| | **99.9** |

† *Based on net assets.*

*See notes to financial statements.*

| **Affiliated Issuers** | | | | | |
|---|---|---|---|---|---|
| Description | Value ($) 5/31/2022 | Purchases ($)† | Sales ($) | Value ($) 5/31/2023 | Dividends/ Distributions ($) |
| **Registered Investment Companies - .8%** | | | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund, Institutional Shares - .8% | 6,714,792 | 111,652,045 | (111,718,342) | 6,648,495 | 111,376 |
| **Investment of Cash Collateral for Securities Loaned - .0%** | | | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund, SL Shares - .0% | 1,082,890 | 20,281,724 | (21,286,116) | 78,498 | 21,773 †† |
| **Total - .8%** | **7,797,682** | **131,933,769** | **(133,004,458)** | **6,726,993** | **133,149** |

† *Includes reinvested dividends/distributions.*

†† *Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.*

*See notes to financial statements.*

# STATEMENT OF ASSETS AND LIABILITIES
May 31, 2023

| | Cost | Value |
|---|---|---|
| **Assets ($):** | | |
| Investments in securities—See Statement of Investments | | |
| (including securities on loan, valued at $2,354,036)—Note 1(b): | | |
| Unaffiliated issuers | 608,115,691 | 842,457,145 |
| Affiliated issuers | 6,726,993 | 6,726,993 |
| Dividends and securities lending income receivable | | 1,755,102 |
| Receivable for shares of Beneficial Interest subscribed | | 458,558 |
| Prepaid expenses | | 62,723 |
| | | **851,460,521** |
| **Liabilities ($):** | | |
| Due to BNY Mellon Investment Adviser, Inc. and affiliates—Note 3(c) | | 621,515 |
| Payable for shares of Beneficial Interest redeemed | | 575,977 |
| Liability for securities on loan—Note 1(b) | | 78,498 |
| Trustees' fees and expenses payable | | 20,646 |
| Other accrued expenses | | 204,098 |
| | | **1,500,734** |
| **Net Assets ($)** | | **849,959,787** |
| **Composition of Net Assets ($):** | | |
| Paid-in capital | | 615,764,680 |
| Total distributable earnings (loss) | | 234,195,107 |
| **Net Assets ($)** | | **849,959,787** |

| **Net Asset Value Per Share** | Class A | Class C | Class I | Class Y |
|---|---|---|---|---|
| Net Assets ($) | 262,478,871 | 49,987,320 | 530,670,676 | 6,822,920 |
| Shares Outstanding | 11,156,539 | 2,159,251 | 22,499,255 | 287,526 |
| **Net Asset Value Per Share ($)** | **23.53** | **23.15** | **23.59** | **23.73** |

*See notes to financial statements.*

# STATEMENT OF OPERATIONS
Year Ended May 31, 2023

| | |
|---|---|
| **Investment Income ($):** | |
| **Income:** | |
| Cash dividends: | |
| Unaffiliated issuers | 29,534,912 |
| Affiliated issuers | 111,376 |
| Income from securities lending—Note 1(b) | 21,773 |
| **Total Income** | **29,668,061** |
| **Expenses:** | |
| Management fee—Note 3(a) | 6,294,309 |
| Shareholder servicing costs—Note 3(c) | 1,302,121 |
| Distribution fees—Note 3(b) | 398,788 |
| Trustees' fees and expenses—Note 3(d) | 110,154 |
| Professional fees | 104,494 |
| Registration fees | 86,414 |
| Prospectus and shareholders' reports | 46,718 |
| Loan commitment fees—Note 2 | 25,146 |
| Chief Compliance Officer fees—Note 3(c) | 20,633 |
| Custodian fees—Note 3(c) | 20,096 |
| Interest expense—Note 2 | 6,234 |
| Miscellaneous | 25,182 |
| **Total Expenses** | **8,440,289** |
| Less—reduction in expenses due to undertaking—Note 3(a) | (196,535) |
| Less—reduction in fees due to earnings credits—Note 3(c) | (21,931) |
| **Net Expenses** | **8,221,823** |
| **Net Investment Income** | **21,446,238** |
| **Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):** | |
| Net realized gain (loss) on investments | 7,007,146 |
| Net change in unrealized appreciation (depreciation) on investments | (56,037,927) |
| **Net Realized and Unrealized Gain (Loss) on Investments** | **(49,030,781)** |
| **Net (Decrease) in Net Assets Resulting from Operations** | **(27,584,543)** |

*See notes to financial statements.*

# STATEMENT OF CHANGES IN NET ASSETS

| | Year Ended May 31, | |
|---|---|---|
| | 2023 | 2022 |
| **Operations ($):** | | |
| Net investment income | 21,446,238 | 18,499,320 |
| Net realized gain (loss) on investments | 7,007,146 | 56,877,944 |
| Net change in unrealized appreciation (depreciation) on investments | (56,037,927) | (12,074,901) |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | **(27,584,543)** | **63,302,363** |
| **Distributions ($):** | | |
| Distributions to shareholders: | | |
| Class A | (16,209,537) | (7,170,953) |
| Class C | (2,881,571) | (1,174,640) |
| Class I | (36,586,176) | (18,103,640) |
| Class Y | (443,097) | (157,160) |
| **Total Distributions** | **(56,120,381)** | **(26,606,393)** |
| **Beneficial Interest Transactions ($):** | | |
| Net proceeds from shares sold: | | |
| Class A | 26,145,504 | 33,307,022 |
| Class C | 4,416,313 | 5,505,155 |
| Class I | 89,423,180 | 169,892,525 |
| Class Y | 3,079,315 | 3,658,691 |
| Distributions reinvested: | | |
| Class A | 14,595,925 | 6,330,736 |
| Class C | 2,107,913 | 871,346 |
| Class I | 31,648,123 | 15,148,638 |
| Class Y | 443,097 | 157,160 |
| Cost of shares redeemed: | | |
| Class A | (40,322,526) | (33,035,547) |
| Class C | (12,082,373) | (13,428,733) |
| Class I | (206,168,265) | (169,393,605) |
| Class Y | (3,609,979) | (1,029,229) |
| **Increase (Decrease) in Net Assets from Beneficial Interest Transactions** | **(90,323,773)** | **17,984,159** |
| **Total Increase (Decrease) in Net Assets** | **(174,028,697)** | **54,680,129** |
| **Net Assets ($):** | | |
| Beginning of Period | 1,023,988,484 | 969,308,355 |
| **End of Period** | **849,959,787** | **1,023,988,484** |

| | Year Ended May 31, | |
|---|---|---|
| | 2023 | 2022 |
| **Capital Share Transactions (Shares):** | | |
| **Class A[a,b]** | | |
| Shares sold | 1,097,691 | 1,286,914 |
| Shares issued for distributions reinvested | 625,106 | 244,110 |
| Shares redeemed | (1,718,573) | (1,295,706) |
| **Net Increase (Decrease) in Shares Outstanding** | **4,224** | **235,318** |
| **Class C[a,b]** | | |
| Shares sold | 190,674 | 216,229 |
| Shares issued for distributions reinvested | 91,883 | 33,924 |
| Shares redeemed | (519,841) | (531,335) |
| **Net Increase (Decrease) in Shares Outstanding** | **(237,284)** | **(281,182)** |
| **Class I[a]** | | |
| Shares sold | 3,772,656 | 6,532,386 |
| Shares issued for distributions reinvested | 1,351,213 | 583,891 |
| Shares redeemed | (8,715,573) | (6,576,746) |
| **Net Increase (Decrease) in Shares Outstanding** | **(3,591,704)** | **539,531** |
| **Class Y** | | |
| Shares sold | 128,415 | 140,342 |
| Shares issued for distributions reinvested | 18,805 | 6,013 |
| Shares redeemed | (152,629) | (39,850) |
| **Net Increase (Decrease) in Shares Outstanding** | **(5,409)** | **106,505** |

[a] *During the period ended May 31, 2023, 4,990 Class A shares representing $122,222 were exchanged for 4,979 Class I shares and 2,609 Class C shares representing $56,730 were exchanged for 2,564 Class I shares. During the period ended May 31, 2022, 95 Class A shares representing $2,441 were exchanged for 95 Class I shares and 4,477 Class C shares representing $111,782 were exchanged for 4,401 Class I shares.*

[b] *During the period ended May 31, 2023, 549 Class C shares representing $12,868 were automatically converted to 540 Class A shares and during the period ended May 31, 2022, 7,851 Class C shares representing $192,605 were automatically converted to 7,736 Class A shares.*

*See notes to financial statements.*

# FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption at net asset value on the last day of the period. Net asset value total return includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. These figures have been derived from the fund's financial statements.

| | Year Ended May 31, | | | | |
|---|---|---|---|---|---|
| **Class A Shares** | 2023 | 2022 | 2021 | 2020 | 2019 |
| **Per Share Data ($):** | | | | | |
| Net asset value, beginning of period | 25.63 | 24.63 | 17.82 | 18.12 | 19.62 |
| Investment Operations: | | | | | |
| Net investment income[a] | .54 | .44 | .46 | .50 | .48 |
| Net realized and unrealized gain (loss) on investments | (1.18) | 1.22 | 6.80 | (.29) | (1.11) |
| Total from Investment Operations | (.64) | 1.66 | 7.26 | .21 | (.63) |
| Distributions: | | | | | |
| Dividends from net investment income | (.53) | (.44) | (.45) | (.51) | (.45) |
| Dividends from net realized gain on investments | (.93) | (.22) | - | - | (.42) |
| Total Distributions | (1.46) | (.66) | (.45) | (.51) | (.87) |
| Net asset value, end of period | 23.53 | 25.63 | 24.63 | 17.82 | 18.12 |
| **Total Return (%)[b]** | (2.37) | 6.72 | 41.26 | 1.06 | (3.36) |
| **Ratios/Supplemental Data (%):** | | | | | |
| Ratio of total expenses to average net assets | 1.05 | 1.06 | 1.08 | 1.14 | 1.14 |
| Ratio of net expenses to average net assets | 1.03 | 1.03 | 1.03 | 1.03 | 1.03 |
| Ratio of net investment income to average net assets | 2.26 | 1.72 | 2.17 | 2.57 | 2.46 |
| Portfolio Turnover Rate | 28.06 | 33.14 | 49.94 | 51.48 | 29.56 |
| Net Assets, end of period ($ x 1,000) | 262,479 | 285,782 | 268,897 | 206,842 | 235,973 |

[a] *Based on average shares outstanding.*
[b] *Exclusive of sales charge.*
*See notes to financial statements.*

| Class C Shares | Year Ended May 31, 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Per Share Data ($):** | | | | | |
| Net asset value, beginning of period | 25.24 | 24.27 | 17.57 | 17.86 | 19.36 |
| Investment Operations: | | | | | |
| Net investment income[a] | .35 | .25 | .30 | .35 | .32 |
| Net realized and unrealized gain (loss) on investments | (1.15) | 1.19 | 6.69 | (.27) | (1.09) |
| Total from Investment Operations | (.80) | 1.44 | 6.99 | .08 | (.77) |
| Distributions: | | | | | |
| Dividends from net investment income | (.36) | (.25) | (.29) | (.37) | (.31) |
| Dividends from net realized gain on investments | (.93) | (.22) | - | - | (.42) |
| Total Distributions | (1.29) | (.47) | (.29) | (.37) | (.73) |
| Net asset value, end of period | 23.15 | 25.24 | 24.27 | 17.57 | 17.86 |
| **Total Return (%)[b]** | (3.09) | 5.89 | 40.17 | .36 | (4.10) |
| **Ratios/Supplemental Data (%):** | | | | | |
| Ratio of total expenses to average net assets | 1.81 | 1.80 | 1.82 | 1.82 | 1.83 |
| Ratio of net expenses to average net assets | 1.78 | 1.78 | 1.78 | 1.78 | 1.78 |
| Ratio of net investment income to average net assets | 1.52 | .97 | 1.44 | 1.82 | 1.70 |
| Portfolio Turnover Rate | 28.06 | 33.14 | 49.94 | 51.48 | 29.56 |
| Net Assets, end of period ($ x 1,000) | 49,987 | 60,485 | 64,982 | 57,967 | 68,562 |

[a] *Based on average shares outstanding.*
[b] *Exclusive of sales charge.*
*See notes to financial statements.*

| | Year Ended May 31, | | | | |
|---|---|---|---|---|---|
| **Class I Shares** | 2023 | 2022 | 2021 | 2020 | 2019 |
| **Per Share Data ($):** | | | | | |
| Net asset value, beginning of period | 25.69 | 24.69 | 17.86 | 18.16 | 19.66 |
| Investment Operations: | | | | | |
| Net investment income[a] | .60 | .51 | .51 | .55 | .52 |
| Net realized and unrealized gain (loss) on investments | (1.18) | 1.21 | 6.82 | (.29) | (1.10) |
| Total from Investment Operations | (.58) | 1.72 | 7.33 | .26 | (.58) |
| Distributions: | | | | | |
| Dividends from net investment income | (.59) | (.50) | (.50) | (.56) | (.50) |
| Dividends from net realized gain on investments | (.93) | (.22) | - | - | (.42) |
| Total Distributions | (1.52) | (.72) | (.50) | (.56) | (.92) |
| Net asset value, end of period | 23.59 | 25.69 | 24.69 | 17.86 | 18.16 |
| **Total Return (%)** | (2.12) | 6.97 | 41.63 | 1.32 | (3.12) |
| **Ratios/Supplemental Data (%):** | | | | | |
| Ratio of total expenses to average net assets | .81 | .80 | .81 | .82 | .83 |
| Ratio of net expenses to average net assets | .78 | .78 | .78 | .78 | .78 |
| Ratio of net investment income to average net assets | 2.52 | 1.97 | 2.43 | 2.83 | 2.70 |
| Portfolio Turnover Rate | 28.06 | 33.14 | 49.94 | 51.48 | 29.56 |
| Net Assets, end of period ($ x 1,000) | 530,671 | 670,154 | 630,801 | 518,436 | 752,284 |

[a] *Based on average shares outstanding.*

*See notes to financial statements.*

| Class Y Shares | Year Ended May 31, 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Per Share Data ($):** | | | | | |
| Net asset value, beginning of period | 25.83 | 24.83 | 17.96 | 18.25 | 19.72 |
| Investment Operations: | | | | | |
| Net investment income[a] | .61 | .52 | .51 | .55 | .51 |
| Net realized and unrealized gain (loss) on investments | (1.18) | 1.21 | 6.86 | (.28) | (1.06) |
| Total from Investment Operations | (.57) | 1.73 | 7.37 | .27 | (.55) |
| Distributions: | | | | | |
| Dividends from net investment income | (.60) | (.51) | (.50) | (.56) | (.50) |
| Dividends from net realized gain on investments | (.93) | (.22) | - | - | (.42) |
| Total Distributions | (1.53) | (.73) | (.50) | (.56) | (.92) |
| Net asset value, end of period | 23.73 | 25.83 | 24.83 | 17.96 | 18.25 |
| **Total Return (%)** | (2.09) | 6.97 | 41.66 | 1.39 | (2.94) |
| **Ratios/Supplemental Data (%):** | | | | | |
| Ratio of total expenses to average net assets | .76 | .75 | .76 | .76 | .77 |
| Ratio of net expenses to average net assets | .76 | .75 | .76 | .76 | .77 |
| Ratio of net investment income to average net assets | 2.54 | 2.00 | 2.40 | 2.85 | 2.69 |
| Portfolio Turnover Rate | 28.06 | 33.14 | 49.94 | 51.48 | 29.56 |
| Net Assets, end of period ($ x 1,000) | 6,823 | 7,567 | 4,628 | 2,552 | 2,629 |

[a] *Based on average shares outstanding*

*See notes to financial statements.*

## NOTE 1—Significant Accounting Policies:

BNY Mellon Equity Income Fund (the "fund") is a separate diversified series of BNY Mellon Investment Funds III (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company and operates as a series company currently offering four series, including the fund. The fund's investment objective is to seek total return (consisting of capital appreciation and income). BNY Mellon Investment Adviser, Inc. (the "Adviser"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser. Newton Investment Management North America, LLC (the "Sub-Adviser"), an indirect wholly-owned subsidiary of BNY Mellon and an affiliate of the Adviser, serves as the fund's sub-adviser.

Effective March 31, 2023, the Sub-Adviser, 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 the Sub-Adviser for the benefit of the fund, including, but not limited to, portfolio management services. NIM is subject to the supervision of the Sub-Adviser and the Adviser. NIM is also an affiliate of the Adviser. NIM, located at 160 Queen Victoria Street, London, EC4V,4LA, England, was formed in 1978. NIM is an indirect subsidiary of BNY Mellon.

BNY Mellon Securities Corporation (the "Distributor"), a wholly-owned subsidiary of the Adviser, is the distributor of the fund's shares. The fund is authorized to issue an unlimited number of $.001 par value shares of Beneficial Interest in each of the following classes of shares: Class A, Class C, Class I and Class Y. Class A and Class C shares are sold primarily to retail investors through financial intermediaries and bear Distribution and/or Shareholder Services Plan fees. Class A shares generally are subject to a sales charge imposed at the time of purchase. Class A shares bought without an initial sales charge as part of an investment of $1 million or more may be charged a contingent deferred sales charge ("CDSC") of 1.00% if redeemed within one year. Class C shares are subject to a CDSC imposed on Class C shares redeemed within one year of purchase. Class C shares automatically convert to Class A shares eight years after the date of purchase, without the imposition of a sales charge. Class I shares are sold primarily to bank trust departments and other financial service providers (including BNY Mellon and its affiliates), acting on behalf of customers having a qualified trust or an investment account or relationship at such

institution, and bear no Distribution or Shareholder Services Plan fees. Class Y shares are sold at net asset value per share generally to institutional investors, and bear no Distribution or Shareholder Services Plan fees. Class I and Class Y shares are offered without a front-end sales charge or CDSC. Other differences between the classes include the services offered to and the expenses borne by each class, the allocation of certain transfer agency costs and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Trust accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series' operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund is an investment company and applies the accounting and reporting guidance of the FASB ASC Topic 946 Financial Services-Investment Companies. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Trust enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

**(a) Portfolio valuation:** The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly.

GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

**Level 1**—unadjusted quoted prices in active markets for identical investments.

**Level 2**—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

The Trust's Board of Trustees (the "Board") has designated the Adviser as the fund's valuation designee, effective September 8, 2022, to make all fair value determinations with respect to the fund's portfolio investments, subject to the Board's oversight and pursuant to Rule 2a-5 under the Act.

Investments in equity securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American

Depositary Receipts and futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of May 31, 2023 in valuing the fund's investments:

| | Level 1- Unadjusted Quoted Prices | Level 2- Other Significant Observable Inputs | Level 3- Significant Unobservable Inputs | **Total** |
|---|---|---|---|---|
| **Assets ($)** | | | | |
| Investments in Securities:† | | | | |
| Equity Securities - Common Stocks | 842,457,145 | - | - | **842,457,145** |
| Investment Companies | 6,726,993 | - | - | **6,726,993** |

† *See Statement of Investments for additional detailed categorizations, if any.*

**(b) Securities transactions and investment income:** Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with BNY Mellon, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value

of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by the Adviser, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, BNY Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. Additionally, the contractual maturity of security lending transactions are on an overnight and continuous basis. During the period ended May 31, 2023, BNY Mellon earned $2,968 from the lending of the fund's portfolio securities, pursuant to the securities lending agreement.

**(c) Affiliated issuers:** Investments in other investment companies advised by the Adviser are considered "affiliated" under the Act.

**(d) Market Risk:** The value of the securities in which the fund invests may be affected by political, regulatory, economic and social developments, and developments that impact specific economic sectors, industries or segments of the market. The value of a security may also decline due to general market conditions that are not specifically related to a particular company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, changes to inflation, adverse changes to credit markets or adverse investor sentiment generally. In addition, turbulence in financial markets and reduced liquidity in equity, credit and/or fixed-income markets may negatively affect many issuers, which could adversely affect the fund. Global economies and financial markets are becoming increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. These risks may be magnified if certain events or developments adversely interrupt the global supply chain; in these and other circumstances, such risks might affect companies world-wide. Recent examples include pandemic risks related to COVID-19 and aggressive measures taken world-wide in response by governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines of large populations, and by businesses, including changes to operations and reducing staff.

**(e) Dividends and distributions to shareholders:** Dividends and distributions are recorded on the ex-dividend date. Dividends from net

investment income are normally declared and paid on a monthly basis. Dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

**(f) Federal income taxes:** It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended May 31, 2023, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended May 31, 2023, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended May 31, 2023 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At May 31, 2023, the components of accumulated earnings on a tax basis were as follows: undistributed ordinary income $1,336,980, undistributed capital gains $2,463,125 and unrealized appreciation $230,395,002.

The tax character of distributions paid to shareholders during the fiscal years ended May 31, 2023 and May 31, 2022 were as follows: ordinary income $21,314,760 and $18,165,671, and long term capital gains $34,805,621 and $8,440,722, respectively.

## NOTE 2—Bank Lines of Credit:

The fund participates with other long-term open-end funds managed by the Adviser in a $823.5 million unsecured credit facility led by Citibank, N.A. (the "Citibank Credit Facility") and a $300 million unsecured credit facility provided by BNY Mellon (the "BNYM Credit Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions (each, a "Facility"). The Citibank Credit Facility is available in two tranches: (i) Tranche A is in an amount equal to $688.5 million and is available to all long-term open-ended funds, including the

fund, and (ii) Tranche B is an amount equal to $135 million and is available only to BNY Mellon Floating Rate Income Fund, a series of BNY Mellon Investment Funds IV, Inc. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for Tranche A of the Citibank Credit Facility and the BNYM Credit Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing.

The average amount of borrowings outstanding under the Facilities during the period ended May 31, 2023 was approximately $125,479 with a related weighted average annualized interest rate of 4.97%.

## NOTE 3—Management Fee, Sub-Advisory Fee and Other Transactions with Affiliates:

**(a)** Pursuant to a management agreement with the Adviser, the management fee is computed at the annual rate of .70% of the value of the fund's average daily net assets and is payable monthly. The Adviser has contractually agreed, from June 1, 2022 through September 30, 2023, 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 Distribution Plan fees, Shareholder Services Plan fees, taxes, interest expense, brokerage commissions, commitment fees on borrowings and extraordinary expenses) exceed .78% of the value of the fund's average daily net assets. On or after September 30, 2023, the Adviser may terminate this expense limitation at any time. The reduction in expenses, pursuant to the undertaking, amounted to $196,535 during the period ended May 31, 2023.

Pursuant to a sub-investment advisory agreement between the Adviser and the Sub-Adviser, the Adviser pays the Sub-Adviser a monthly fee at an annual rate of .336% of the value of the fund's average daily net assets.

During the period ended May 31, 2023, the Distributor retained $40,192 from commissions earned on sales of the fund's Class A shares, $12,781 and 2,808 from CDSC fees on redemptions of the fund's Class A and C shares, respectively.

**(b)** Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Class C shares pay the Distributor for distributing its shares at an annual rate of .75% of the value of its average daily net assets. The Distributor may pay one or more Service Agents in respect of advertising, marketing and other distribution services, and determines the amounts, if any, to be paid to Service Agents and the basis on which such payments are made. During the period ended May 31, 2023, Class C shares were charged $398,788 pursuant to the Distribution Plan.

**(c)** Under the Shareholder Services Plan, Class A and Class C shares pay the Distributor at an annual rate of .25% of the value of their average daily net assets for the provision of certain services. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the fund, and services related to the maintenance of shareholder accounts. The Distributor may make payments to Service Agents (securities dealers, financial institutions or other industry professionals) with respect to these services. The Distributor determines the amounts to be paid to Service Agents. During the period ended May 31, 2023, Class A and Class C shares were charged $665,503 and $132,929, respectively, pursuant to the Shareholder Services Plan.

Under its terms, the Distribution Plan and Shareholder Services Plan shall remain in effect from year to year, provided such continuance is approved annually by a vote of a majority of those Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of or in any agreement related to the Distribution Plan or Shareholder Services Plan.

The fund has an arrangement with BNY Mellon Transfer, Inc., (the "Transfer Agent"), a subsidiary of BNY Mellon and an affiliate of the Adviser, whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset Transfer Agent fees. For financial reporting purposes, the fund includes transfer agent net earnings credits, if any, as an expense offset in the Statement of Operations.

The fund has an arrangement with The Bank of New York Mellon (the "Custodian"), a subsidiary of BNY Mellon and an affiliate of the Adviser, whereby the fund will receive interest income or be charged overdraft fees when cash balances are maintained. For financial reporting purposes, the fund includes this interest income and overdraft fees, if any, as interest income in the Statement of Operations.

The fund compensates the Transfer Agent, under a transfer agency agreement, for providing transfer agency and cash management services for the fund. The majority of Transfer Agent fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended May 31, 2023, the fund was charged $56,173 for transfer agency services. These fees are included in Shareholder servicing costs in the Statement of Operations. These fees were partially offset by earnings credits of $21,931.

The fund compensates the Custodian, under a custody agreement, for providing custodial services for the fund. These fees are determined based

on net assets, geographic region and transaction activity. During the period ended May 31, 2023, the fund was charged $20,096 pursuant to the custody agreement.

During the period ended May 31, 2023, the fund was charged $20,633 for services performed by the fund's Chief Compliance Officer and his staff. These fees are included in Chief Compliance Officer fees in the Statement of Operations.

The components of "Due to BNY Mellon Investment Adviser, Inc. and affiliates" in the Statement of Assets and Liabilities consist of: management fee of $504,384, Distribution Plan fees of $31,817, Shareholder Services Plan fees of $66,227, Custodian fees of $9,600, Chief Compliance Officer fees of $5,475 and Transfer Agent fees of $15,944, which are offset against an expense reimbursement currently in effect in the amount of $11,932.

**(d)** Each board member also serves as a board member of other funds in the BNY Mellon Family of Funds complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

## NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended May 31, 2023, amounted to $252,116,460 and $375,756,820, respectively.

At May 31, 2023, the cost of investments for federal income tax purposes was $618,789,136; accordingly, accumulated net unrealized appreciation on investments was $230,395,002, consisting of $262,631,045 gross unrealized appreciation and $32,236,043 gross unrealized depreciation.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of the Fund and Board of Trustees
BNY Mellon Equity Income Fund:

## *Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities of BNY Mellon Equity Income Fund (the Fund), a series of BNY Mellon Investment Funds III, including the statement of investments, as of May 31, 2023, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the financial statements) and the financial highlights for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of May 31, 2023, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

## *Basis for Opinion*

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of May 31, 2023, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of one or more BNY Mellon Investment Adviser, Inc. investment companies since 1994.

New York, New York
July 24, 2023

# IMPORTANT TAX INFORMATION (Unaudited)

For federal tax purposes the fund reports the maximum amount allowable but not less than 100% of ordinary income dividends paid during the fiscal year ended May 31, 2023 as eligible for the corporate dividends received deduction provided under Section 243 of the Internal Revenue Code in accordance with Section 854(b)(1)(A) of the Internal Revenue Code. Also, the fund reports the maximum amount allowable but not less than $21,314,760 as ordinary income dividends paid during the fiscal year ended May 31, 2023 as qualified dividend income in accordance with Section 854(b)(1)(B) of the Internal Revenue Code. Shareholders will receive notification in early 2024 of the percentage applicable to the preparation of their 2023 income tax returns. Also, the fund hereby reports $.9264 per share as a long-term capital gain distribution paid on December 9, 2022.

# INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS AND THE APPROVAL OF THE FUND'S SUB-SUB-INVESTMENT ADVISORY AGREEMENT (Unaudited)

At a meeting of the fund's Board of Trustees held on March 6-7, 2023, the Board considered the renewal of the fund's Management Agreement, pursuant to which the Adviser provides the fund with investment advisory and administrative services, and the Sub-Investment Advisory Agreement (together with the Management Agreement, the "Agreements"), pursuant to which Newton Investment Management North America, LLC (the "Sub-Adviser" or "NIMNA") provides day-to-day management of the fund's investments. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of the Adviser and the Sub-Adviser. In considering the renewal of the Agreements, the Board considered several factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to it at the meeting and in previous presentations from representatives of the Adviser regarding the nature, extent, and quality of the services provided to funds in the BNY Mellon fund complex, including the fund. The Adviser provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. The Adviser also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the BNY Mellon fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or the Adviser) and the Adviser's corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that the Adviser also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered the Adviser's extensive administrative, accounting and compliance infrastructures, as well as the Adviser's supervisory activities over the Sub-Adviser. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data based on classifications provided by Thomson Reuters Lipper, which included information comparing (1) the performance of the fund's Class I shares with the performance of a

group of institutional equity income funds selected by Broadridge as comparable to the fund (the "Performance Group") and with a broader group of funds consisting of all retail and institutional equity income funds, (the "Performance Universe"), all for various periods ended December 31, 2022 and (2) the fund's actual and contractual management fees and total expenses with those of the same group of funds in the Performance Group (the "Expense Group") and with a broader group of all institutional equity income funds, excluding outliers (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. The Adviser previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

*Performance Comparisons.* Representatives of the Adviser stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations and policies that may be applicable to the fund and comparison funds and the end date selected. The Board also considered the fund's performance in light of overall financial market conditions. The Board discussed with representatives of the Adviser and the Sub-Adviser the results of the comparisons and considered that the fund's total return performance was below the Performance Group and Performance Universe medians for all periods, except for the two-, five and ten-year periods when total return performance was above the Performance Group and Performance Universe medians. The Adviser also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index. The Board noted that the fund had a four star rating for the ten-year period and a four star overall rating from Morningstar based on Morningstar's risk-adjusted return measures.

*Management Fee and Expense Ratio Comparisons.* The Board reviewed and considered the contractual management fee rate payable by the fund to the Adviser in light of the nature, extent and quality of the management services and the sub-advisory services provided by the Adviser and the Sub-Adviser, respectively. In addition, the Board reviewed and considered the actual management fee rate paid by the fund over the fund's last fiscal year, which included reductions for a fee waiver arrangement in place that reduced the management fee paid to the Adviser. The Board also reviewed the range of actual and contractual management fees and total expenses as a percentage of average net assets of the Expense Group and Expense Universe funds and discussed the results of the comparisons.

The Board considered that the fund's contractual management fee was higher than the Expense Group median contractual management fee, the fund's actual management fee was slightly higher than the Expense Group median and higher than the Expense Universe median actual management fee and the fund's total expenses were equivalent to the Expense Group median and higher than the Expense Universe median total expenses.

Representatives of the Adviser stated that the Adviser has contractually agreed, until September 30, 2023, 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% of the value of the fund's average daily net assets.

Representatives of the Adviser reviewed with the Board the management or investment advisory fees paid by funds advised by the Adviser that are in the same Lipper category as the fund (the "Similar Funds"), and explained the nature of the Similar Funds. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Funds to evaluate the appropriateness of the fund's management fee. Representatives of the Adviser noted that there were no separate accounts and/or other types of client portfolios advised by the Adviser or the Sub-Adviser that are considered to have similar investment strategies and policies as the fund.

The Board considered the fee payable to the Sub-Adviser in relation to the fee payable to the Adviser by the fund and the respective services provided by the Sub-Adviser and the Adviser. The Board also took into consideration that the Sub-Adviser's fee is paid by the Adviser, out of its fee from the fund, and not the fund.

Analysis of Profitability and Economies of Scale. Representatives of the Adviser reviewed the expenses allocated and profit received by the Adviser and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to the Adviser and its affiliates for managing the funds in the BNY Mellon fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not excessive, given the services rendered and service levels provided by the Adviser and its affiliates. The Board also considered the expense limitation arrangement and its effect on the profitability of the Adviser and its affiliates. The Board also had been provided with information prepared by an independent consulting firm regarding the Adviser's approach to allocating costs to, and determining the profitability of, individual funds and the entire BNY Mellon fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered, on the advice of its counsel, the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements, considered in relation to the mix of services provided by the Adviser and the Sub-Adviser, including the nature, extent and quality of such services, supported the renewal of the Agreements and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Since the Adviser, and not the fund, pays the Sub-Adviser pursuant to the Sub-Investment Advisory Agreement, the Board did not consider the Sub-Adviser's profitability to be relevant to its deliberations. Representatives of the Adviser stated that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that the Adviser may have realized any economies of scale would be less. Representatives of the Adviser also

stated that, as a result of shared and allocated costs among funds in the BNY Mellon fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to the Adviser and the Sub-Adviser from acting as investment adviser and sub-investment adviser, respectively, and took into consideration the soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by the Adviser and the Sub-Adviser are adequate and appropriate.
- The Board generally was satisfied with the fund's relative performance.
- The Board concluded that the fees paid to the Adviser and the Sub-Adviser continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above.
- The Board determined that the economies of scale which may accrue to the Adviser and its affiliates in connection with the management of the fund had been adequately considered by the Adviser in connection with the fee rate charged to the fund pursuant to the Management Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with the Adviser and its affiliates and the Sub-Adviser, of the Adviser and the Sub-Adviser and the services provided to the fund by the Adviser and the Sub-Adviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for the fund had the benefit of a number of years of reviews of the Agreements for the fund, or substantially similar agreements for other BNY Mellon funds that the Board oversees, during which lengthy discussions took place between the Board and representatives of the Adviser. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on its consideration of the fund's arrangements, or substantially similar

arrangements for other BNY Mellon funds that the Board oversees, in prior years. The Board determined to renew the Agreements.

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At the meeting of the fund's Board held on March 6-7, 2023, the Board also considered the approval of a delegation arrangement between NIMNA and its affiliate, Newton Investment Management Limited ("NIM"), which permits NIMNA, as the fund's sub-investment adviser, to use the investment advisory personnel, resources and capabilities ("Investment Advisory Services") available at its sister company, NIM, in providing the day-to-day management of the fund's investments. In connection therewith, the Board considered the approval of a sub-sub-investment advisory agreement (the "SSIA Agreement") between NIMNA and NIM, with respect to the fund. In considering the approval of the SSIA Agreement, the Board considered several factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

At the meeting, the Adviser and the Sub-Adviser recommended the approval of the SSIA Agreement to enable NIM to provide Investment Advisory Services to the Sub-Adviser for the benefit of the fund, including, but not limited to, portfolio management services, subject to the supervision of the Sub-Adviser and the Adviser. The recommendation for the approval of the SSIA Agreement was based on the following considerations, among others: (i) approval of the SSIA Agreement would permit the Sub-Adviser to use investment personnel employed primarily by NIM as primary portfolio managers of the fund and to use the investment research services of NIM in the day-to-day management of the fund's investments; and (ii) there would be no material changes to the fund's investment objective, strategies or policies, no reduction in the nature or level of services provided to the fund, and no increases in the management fee payable by the fund or the sub-advisory fee payable by the Adviser to the Sub-Adviser as a result of the delegation arrangement. The Board also considered the fact that the Adviser stated that it believed there were no material changes to the information the Board had previously considered at the meeting in connection with the Board's approval of the Agreements for the ensuing year, other than the information about the delegation arrangement and NIM.

In determining whether to approve the SSIA Agreement, the Board considered the materials prepared by the Adviser and the Sub-Adviser received in advance of the meeting and other information presented at the meeting, which included: (i) a form of the SSIA Agreement; (ii) information regarding the delegation arrangement and how it is expected to enhance investment capabilities for the benefit of the fund; (iii) information regarding NIM; and (iv) an opinion of counsel that the proposed delegation arrangement would not result in an "assignment" of the Sub-Investment Advisory Agreement under the 1940 Act and the Investment Advisers Act of 1940, as amended, and, therefore, did not require the approval of fund shareholders. The Board also considered the substance of discussions with representatives of the Adviser and the Sub-Adviser at the meeting in connection with the Board's approval of the Agreements.

Nature, Extent and Quality of Services to be Provided. In examining the nature, extent and quality of the services that were expected to be provided by NIM under the SSIA Agreement, the Board considered: (i) NIM's organization, qualification and background, as well as the qualifications of its personnel; (ii) the expertise of the personnel providing portfolio management services; (iii) information regarding NIM's compliance program; and (iv) the investment strategy for the fund, which would remain the same. The Board also considered that enabling the Sub-Adviser to use the proposed Investment Advisory Services provided by NIM, the Sub-Adviser would provide investment and portfolio management services of at least the same nature, extent and quality that it currently provides to the fund without the ability to use the Investment Advisory Services of its sister company. Based on the considerations and review of the foregoing information, the Board concluded that the nature, extent and quality of the sub-investment advisory services to be provided by the Sub-Adviser having the ability to use the Investment Advisory Services supported a decision to approve the SSIA Agreement.

Investment Performance. The Board considered the fund's investment performance and that of the investment team managing the fund's portfolio (including comparative data provided by Broadridge) at the meeting in connection with the Board's approval of the Agreements. The Board considered that the same investment professionals would continue to manage the fund's assets and that enabling the Sub-Adviser to use the Investment Advisory Services pursuant to the SSIA Agreement for the benefit of the fund supported a decision to approve the SSIA Agreement.

Costs of Services to be Provided and Profitability. The Board considered the contractual management fee payable by the fund to the Adviser pursuant to the Management Agreement and the contractual sub-investment advisory fee payable by the Adviser to the Sub-Adviser pursuant to the Sub-Investment Advisory Agreement at the meeting in connection with the Board's approval of the Agreements. The Board noted that the contractual management fee payable by the fund to the Adviser and the sub-investment advisory fee payable by the Adviser to the Sub-Adviser, would not change in connection with the proposed delegation arrangement. The Board recognized that, because the fees payable would not change, an analysis of profitability was more appropriate in the context of the Board's consideration of the Agreements, and that the Board had received and considered a profitability analysis of the Adviser and its affiliates, including NIMNA, at the meeting in connection with the Board's approval of the Agreements. The Board concluded that the Adviser's profitability was not excessive in light of the nature, extent and quality of the services to be provided to the fund by the Adviser and the Sub-Adviser under the Agreements.

Economies of Scale to be Realized. The Board recognized that, because the fees payable by the fund to the Adviser pursuant to the Management Agreement and the contractual sub-investment advisory fee payable by the Adviser to the Sub-Adviser pursuant to the Sub-Investment Advisory Agreement would not change in connection with the proposed delegation arrangement, an analysis of economies of scale was more appropriate in the context of the Board's consideration of the Agreements, which had been done at the meeting in connection with the Board's approval of the Agreements.

At the meeting, the Board determined that the economies of scale which may accrue to the Adviser and its affiliates in connection with the management of the fund had been adequately considered by the Adviser in connection with the fee rate charged to the fund pursuant to the Agreements and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

The Board also considered whether there were any ancillary benefits that would accrue to the Sub-Adviser as a result of its relationship with the fund after the delegation arrangement, and such ancillary benefits, if any, were determined to be reasonable.

After full consideration of the factors discussed above, with no single factor identified as being of paramount importance, the Board, with the assistance of independent legal counsel, approved the delegation arrangement and the SSIA Agreement for the fund.

# LIQUIDITY RISK MANAGEMENT PROGRAM (Unaudited)

The fund adopted a liquidity risk management program (the "Liquidity Risk Management Program") pursuant to the requirements of Rule 22e-4 under the Investment Company Act of 1940, as amended. Rule 22e-4 requires registered open-end funds, including mutual funds and exchange-traded funds but not money market funds, to establish liquidity risk management programs in order to effectively manage fund liquidity and shareholder redemptions. The rule is designed to mitigate the risk that a fund could not meet redemption requests without significantly diluting the interests of remaining investors.

The rule requires the fund to assess, manage and review their liquidity risk at least annually considering applicable factors such as investment strategy and liquidity during normal and foreseeable stressed conditions, including whether the strategy is appropriate for an open-end fund and whether the fund has a relatively concentrated portfolio or large positions in particular issuers. The fund must also assess its use of borrowings and derivatives, short-term and long-term cash flow projections in normal and stressed conditions, holdings of cash and cash equivalents, and borrowing arrangements and other funding sources.

The rule also requires the fund to classify its investments as highly liquid, moderately liquid, less liquid or illiquid based on the number of days the fund expects it would take to liquidate the investment, and to review these classifications at least monthly or more often under certain conditions. The periods range from three or fewer business days for a highly liquid investment to greater than seven calendar days for settlement of a less liquid investment. Illiquid investments are those a fund does not expect to be able to sell or dispose of within seven calendar days without significantly changing the market value. The fund is prohibited from acquiring an investment if, after the acquisition, its holdings of illiquid assets will exceed 15% of its net assets. In addition, if a fund permits redemptions in-kind, the rule requires the fund to establish redemption in-kind policies and procedures governing how and when it will engage in such redemptions.

Pursuant to the rule's requirements, the Liquidity Risk Management Program has been reviewed and approved by the Board. Furthermore, the Board has received a written report prepared by the Program's Administrator that addresses the operation of the Program, assesses its adequacy and effectiveness and describes any material changes made to the Program.

*Assessment of Program*

In the opinion of the Program Administrator, the Program approved by the Board continues to be adequate for the fund and the Program has been implemented effectively. The Program Administrator has monitored the fund's liquidity risk and the liquidity classification of the securities held by the fund and has determined that the Program is operating effectively.

During the period from January 1, 2022 to December 31, 2022, there were no material changes to the Program and no material liquidity events that impacted the fund. During the period, the fund held sufficient highly liquid assets to meet fund redemptions.

Under normal expected foreseeable fund redemption forecasts and foreseeable stressed fund redemption forecasts, the Program Administrator believes that the fund maintains sufficient highly liquid assets to meet expected fund redemptions.

# BOARD MEMBERS INFORMATION (Unaudited)

*Independent Board Members*

## Joseph S. DiMartino (79)
## Chairman of the Board (1999)

*Principal Occupation During Past 5 Years:*

- Director or Trustee of funds in the BNY Mellon Family of Funds and certain other entities (as described in the fund's Statement of Additional Information) (1995-Present)

*Other Public Company Board Memberships During Past 5 Years:*

- CBIZ, Inc., a public company providing professional business services, products and solutions, *Director* (1997-May 2023)

*No. of Portfolios for which Board Member Serves:* 86

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## Francine J. Bovich (71)
## Board Member (2012)

*Principal Occupation During Past 5 Years:*

- The Bradley Trusts, private trust funds, *Trustee* (2011-Present)

*Other Public Company Board Memberships During Past 5 Years:*

- Annaly Capital Management, Inc., a real estate investment trust, *Director* (2014-Present)

*No. of Portfolios for which Board Member Serves:* 47

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## Andrew J. Donohue (72)
## Board Member (2019)

*Principal Occupation During Past 5 Years:*

- Attorney, Solo Law Practice *(2019-Present)*
- Shearman & Sterling LLP, a law firm, Of Counsel (2017-2019)
- Chief of Staff to the Chair of the SEC (2015-2017)

*Other Public Company Board Memberships During Past 5 Years:*

- Oppenheimer Funds (58 funds), *Director* (2017-2019)

*No. of Portfolios for which Board Member Serves:* 40

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## Kenneth A. Himmel (77)
## Board Member (1988)

*Principal Occupation During Past 5 Years:*

- Gulf Related, an international real estate development company, *Managing Partner* (2010-Present)
- Related Urban Development, a real estate development company, *President and Chief Executive Officer* (1996-Present)
- American Food Management, a restaurant company, *Chief Executive Officer* (1983-Present)
- Himmel & Company, a real estate development company, *President and Chief Executive Officer* (1980-Present)

*No. of Portfolios for which Board Member Serves:* 18

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## Bradley Skapyak (64)
## Board Member (2021)

*Principal Occupation During Past 5 Years:*

- Chief Operating Officer and Director of The Dreyfus Corporation (2009-2019)
- Chief Executive Officer and Director of the Distributor (2016-2019)
- Chairman and Director of The Dreyfus Transfer Agent, Inc. (2011-2019)
- Senior Vice President of The Bank of New York Mellon (2007-2019)

*No. of Portfolios for which Board Member Serves:* 18

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## Roslyn M. Watson (73)
## Board Member (1992)

*Principal Occupation During Past 5 Years:*

- Watson Ventures, Inc., a real estate investment company, *Principal* (1993-Present)

*Other Public Company Board Memberships During Past 5 Years:*

- American Express Bank, FSB, *Director* (1993-2018)

*No. of Portfolios for which Board Member Serves:* 40

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## Benaree Pratt Wiley (77)
## Board Member (1998)

*Principal Occupation During Past 5 Years:*

- The Wiley Group, a firm specializing in strategy and business development, *Principal* (2005-Present)

*Other Public Company Board Memberships During Past 5 Years:*

- CBIZ, Inc., a public company providing professional business services, products and solutions, *Director* (2008-Present)
- Blue Cross-Blue Shield of Massachusetts, *Director* (2004-2020)

*No. of Portfolios for which Board Member Serves:* 57

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*The address of the Board Members and Officers is c/o BNY Mellon Investment Adviser, Inc., 240 Greenwich Street, New York, New York 10286. Additional information about each Board Members is available in the fund's Statement of Additional Information which can be obtained from the Adviser free of charge by calling this toll free number: 1-800-373-9387.*

# OFFICERS OF THE FUND (Unaudited)

**DAVID DIPETRILLO, President since January 2021.**
Vice President and Director of the Adviser since February 2021; Head of North America Distribution, BNY Investment Management since February 2023; Head of North America Product, BNY Mellon Investment Management from January 2018 to February 2023. He is an officer of 53 investment companies (comprised of 103 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 45 years old and has been an employee of BNY Mellon since 2005.

**JAMES WINDELS, Treasurer since November 2001.**
Director of the Adviser since February 2023; Vice President of the Adviser since September 2020; and Director–BNY Mellon Fund Administration. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 64 years old and has been an employee of the Adviser since April 1985.

**PETER M. SULLIVAN, Chief Legal Officer since July 2021 and Vice President and Assistant Secretary since March 2019.**
Chief Legal Officer of the Adviser and Associate General Counsel of BNY Mellon since July 2021; Senior Managing Counsel of BNY Mellon from December 2020 to July 2021; and Managing Counsel of BNY Mellon from March 2009 to December 2020. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 55 years old and has been an employee of BNY Mellon since April 2004.

**JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.**
Senior Managing Counsel of BNY Mellon since December 2019; Managing Counsel of BNY Mellon from April 2014 to December 2019; and Secretary of the Adviser. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 56 years old and has been an employee of the Adviser since December 1996.

**DEIRDRE CUNNANE, Vice President and Assistant Secretary since March 2019.**
Managing Counsel of BNY Mellon since December 2021, Counsel of BNY Mellon from August 2018 to December 2021; and Senior Regulatory Specialist at BNY Mellon Investment Management Services from February 2016 to August 2018. She is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 32 years old and has been an employee of the Adviser since August 2018.

**SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.**
Vice President of BNY Mellon ETF Investment Adviser; LLC since February 2020; Senior Managing Counsel of BNY Mellon since September 2021; and Managing Counsel of BNY Mellon from December 2017 to September 2021. She is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of BNY Mellon. She is 47 years old and has been an employee of the Adviser since March 2013.

**JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.**
Senior Managing Counsel of BNY Mellon. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 58 years old and has been an employee of the Adviser since October 1990.

**AMANDA QUINN, Vice President and Assistant Secretary since March 2020.**
Counsel of BNY Mellon since June 2019; Regulatory Administration Manager at BNY Mellon Investment Management Services from September 2018 to May 2019; and Senior Regulatory Specialist at BNY Mellon Investment Management Services from April 2015 to August 2018. She is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 38 years old and has been an employee of BNY Mellon since April 2015.

**JOANNE SKERRETT, Vice President and Assistant Secretary since March 2023.**
Counsel of BNY Mellon since June 2022; and Senior Counsel with the Mutual Fund Directors Forum, a leading funds industry organization, from 2016 to June 2022. She is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 51 years old and has been an employee of the Adviser since June 2022.

**NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.**
Chief Compliance Officer since August 2021 and Vice President since February 2020 of BNY Mellon ETF Investment Adviser, LLC; Chief Compliance Officer since August 2021 and Vice President and Assistant Secretary since February 2020 of BNY Mellon ETF Trust; Managing Counsel of BNY Mellon from December 2019 to August 2021; Counsel of BNY Mellon from May 2016 to December 2019; and Assistant Secretary of the Adviser from April 2018 to August 2021. She is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 38 years old and has been an employee of BNY Mellon since May 2016.

**DANIEL GOLDSTEIN, Vice President since March 2022.**
Head of Product Development of North America Distribution, BNY Mellon Investment Management since January 2018; Executive Vice President of North America Product, BNY Mellon Investment Management since April 2023, and Senior Vice President, Development & Oversight of North America Product, BNY Mellon Investment Management from 2010 to March 2023. He is an officer of 53 investment companies (comprised of 103 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 54 years old and has been an employee of the Distributor since 1991.

**JOSEPH MARTELLA, Vice President since March 2022.**
Vice President of the Adviser since December 2022; Head of Product Management of North America Distribution, BNY Mellon Investment Management since January 2018; Executive Vice President of North America Product, BNY Mellon Investment Management since April 2023, and Senior Vice President of North America Product, BNY Mellon Investment Management from 2010 to March 2023. He is an officer of 53 investment companies (comprised of 103 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 46 years old and has been an employee of the Distributor since 1999.

**GAVIN C. REILLY, Assistant Treasurer since December 2005.**
Tax Manager–BNY Mellon Fund Administration. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 54 years old and has been an employee of the Adviser since April 1991.

**ROBERT SALVIOLO, Assistant Treasurer since July 2007.**
Senior Accounting Manager–BNY Mellon Fund Administration. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 56 years old and has been an employee of the Adviser since June 1989.

**ROBERT SVAGNA, Assistant Treasurer since December 2002.**
Senior Accounting Manager–BNY Mellon Fund Administration. He is an officer of 54 investment companies (comprised of 123 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 56 years old and has been an employee of the Adviser since November 1990.

**JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.**
Chief Compliance Officer of the BNY Mellon Family of Funds and BNY Mellon Funds Trust since 2004; and Chief Compliance Officer of the Adviser from 2004 until June 2021. He is the Chief Compliance Officer of 53 investment companies (comprised of 106 portfolios) managed by the Adviser. He is 66 years old.

**CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.**
Anti-Money Laundering Compliance Officer of the BNY Mellon Family of Funds and BNY Mellon Funds Trust. She is an officer of 47 investment companies (comprised of 116 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 54 years old and has been an employee of the Distributor since 1997.

# For More Information

**BNY Mellon Equity Income Fund**

240 Greenwich Street
New York, NY 10286

**Adviser**

BNY Mellon Investment Adviser, Inc.
240 Greenwich Street
New York, NY 10286

**Sub-Adviser**

Newton Investment Management
North America, LLC
BNY Mellon Center
201 Washington Street
Boston, MA 02108

**Custodian**

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286

**Transfer Agent & Dividend Disbursing Agent**

BNY Mellon Transfer, Inc.
240 Greenwich Street
New York, NY 10286

**Distributor**

BNY Mellon Securities Corporation
240 Greenwich Street
New York, NY 10286

**Ticker Symbols:** Class A: DQIAX Class C: DQICX Class I: DQIRX Class Y: DQIYX

**Telephone** Call your financial representative or 1-800-373-9387

**Mail** The BNY Mellon Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144

**E-mail** Send your request to info@bnymellon.com

**Internet** Information can be viewed online or downloaded at www.im.bnymellon.com

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-PORT. The fund's Forms N-PORT are available on the SEC's website at www.sec.gov.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at www.im.bnymellon.com and on the SEC's website at www.sec.gov and without charge, upon request, by calling 1-800-373-9387.


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BNY MELLON
INVESTMENT MANAGEMENT