Describe the performance of the fund relative to its benchmark during the last three months.

The BNY Mellon Income Stock Fund underperformed its benchmark, the Dow Jones U.S. Select Dividend Index (the “Index”), during the first quarter of 2020. On a sector basis, Health Care and Consumer Discretionary contributed positively to relative performance. Conversely, Utilities and Industrials were notable laggards.

**Sector Review**

**Positive Impacts**

**Health Care:** A significant overweight to the health care equipment and supplies and biotechnology segments drove outperformance in the sector.

**Consumer Discretionary:** An underweight to multiline retail, automobiles and specialty retail drove positive results.

**Negative Impacts**

**Utilities:** Positioning and stock selection among electric utilities names detracted most from relative sector performance. Lack of exposure to multi-utilities also weighed on performance.

**Industrials:** Exposure to airlines and challenging stock selection in aerospace and defense weighed on sector performance.

**Stock Review**

**Key Contributors**

**ONEOK:** A lack of exposure to the midstream service company contributed to performance as shares declined with the broader Energy sector.

**Medtronic Plc:** The medical technology group outperformed during the period as they released data showing positive outcomes for their new system that targets low risk patients with bicuspid aortic stenosis. Management also published design specifications for their ventilator product to help support the COVID-19 response.

**Ford Motor Company:** A lack of exposure to this automobiles company contributed to relative performance as coronavirus-related production delays weighed on profitability.
Key Detractors

**Marathon Petroleum:** Despite positive earnings, shares declined over the period. We believe that Marathon’s purchase of Andeavor and shift away from its retail business should position the company well and that margins will improve in part by the International Maritime Organization (IMO) 2020.

**Citigroup:** The collapse in the U.S. 10-year Treasury has pressured the Financials sector. Shares of Citigroup sold off with the broader cohort. Citigroup traded below tangible book value, yet maintained a high quality balance sheet and the ability to return cash to shareholders via dividend due to their solid capital position. Like all other U.S. banks, they decided to temporarily suspend share buybacks in support of the recent Congressional stimulus legislation.

**Schlumberger NV:** This energy services company was particularly stressed due to the challenging Energy sector. Energy service company revenues suffered from slashed capital spending budgets due to coronavirus-related uncertainties.

How is the fund currently positioned and what is your current strategy?

The severity and speed of the market meltdown in March was one of the worst in recorded history, with valuations in certain sectors and industries falling below levels seen in the global financial crisis in 2008. The global response to the COVID-19 pandemic has been dramatic, with much of the global economy coming to a sudden stop due to quarantine and social distancing measures. The goal of such disruption is to flatten the curve of infections and ensure healthcare systems can adequately handle the necessary medical response. More positively, massive globally-coordinated fiscal and monetary stimulus has been deployed to ease conditions until the virus-induced recession is over.

Consensus forecasts for corporate earnings have been slashed and company managements have largely abandoned 2020 guidance. Companies are shoring up their balance sheets and liquidity provisions. Value stocks and high dividend yielding companies have been at the center of volatility. The market has uniformly marked down cyclical-oriented industries dramatically, and many of these businesses already traded at steep valuation discounts before the crisis. We believe value stocks have become even more attractive as they are trading at a significant valuation discount to the market as a whole. In fact, valuation spreads -- the pricing differential between value and growth stocks -- recently hit three standard deviations, a level that has occurred just twice since 1952. As a frame of reference, whenever valuation spreads reach two standard deviations historically, the subsequent 12-month outperformance of value has been significant. For our portfolio, we believe there may be a compelling potential for gains as markets normalize.

We believe earnings growth will resume in the second half of 2020 after absorbing a material hit in the first half due to the negative supply and demand shock associated with the virus. As the economy thaws and begins to normalize, the generous stimulus measures coupled with low commodity prices should act as additional tailwinds to the consumer. Signposts for recovery could likely center around data indicating peak COVID-19 cases and the ultimate deceleration in the spread. Such evidence, coupled with the bottoming of depressed lead economic indicators, could underpin the eventual recovery. From a value investing perspective, one of the positive takeaways from such a challenging period is the fact that the prior 10+ year bull market is over. We expect to get through this recessionary period and on the other side would await a new economic expansion – periods that are typically associated with material outperformance of value.
Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. To obtain a prospectus, or a summary prospectus, if available, that contains this and other information about a fund, contact your financial advisor or visit im.bnymellon.com. Investors should read the prospectus carefully before investing.

As of 3/31/20, the fund’s top ten holdings were: JPMorgan Chase & Co. 5.26%, PPL 4.30%, Goldman Sachs Group 4.24%, CF Industries Holdings 4.22%, US Bancorp 3.91%, Medtronic 3.78%, Bank Of America 3.73%, Morgan Stanley 3.50%, AbbVie 3.08%, United Technologies 2.94%.

As of 3/31/20, the companies mentioned represented 8.26% of the fund’s portfolio in the aggregate. ONEOK, Ford and Schlumberger were not fund holdings as of 3/31/20. The holdings listed should not be considered recommendations to buy or sell a particular security. Other holdings may not have performed as well as some of those listed herein. Portfolio composition is subject to change at any time.

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

Risks

Equities are subject generally to market, market sector, market liquidity, and issuer and investment style risks, to varying degrees. There is no guarantee that dividend-paying companies will continue to pay, or increase, their dividend. Investing in foreign denominated and/or domiciled securities involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries.

Recent market risks include pandemic risks related to COVID-19. The effects of COVID-19 have contributed to increased volatility in global markets and will likely affect certain countries, companies, industries and market sectors more dramatically than others. To the extent the fund may overweight its investments in certain countries, companies, industries or market sectors, such positions will increase the fund’s exposure to risk of loss from adverse developments affecting those countries, companies, industries or sectors.

The Dow Jones U.S. Select Dividend Index is an unmanaged index which represents the country’s leading stocks by dividend yield. One hundred U.S. stocks are selected to the index by dividend yield, subject to screens for dividend-per-share growth rate, dividend payout ratio, and average daily dollar trading volume.

Certain personnel of Mellon Investments Corporation manage the fund in their capacity as employees of BNYM Investment Adviser.

Views expressed are those of the advisor stated and do not reflect views of other managers or the firm overall. Views are current as of the date of this publication and subject to change.

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