Market Review

Developed fixed income markets were mixed in the first quarter. In the US, President Trump declared a national emergency to increase funding to combat the coronavirus. Subsequently, Congress passed a $2 trillion stimulus package. The Federal Reserve (Fed) cut interest rates in March and announced that it would purchase an unlimited amount of Treasury bonds and mortgage-backed securities to support the economy. Meanwhile, inflation rose slightly but remained below the Fed’s 2% goal, while fourth-quarter GDP was 2.1%. Early in the quarter, the US and China signed phase one of a trade deal, which calmed ongoing trade tensions. However, consumer confidence fell by the end of the quarter due to the economic impact of the coronavirus. The US dollar consistently rose during the period.

Among developed markets, Britain officially left the European Union and entered into a post-Brexit transitional period expected to last until the end of 2020. Meanwhile, the coronavirus continued to spread to countries in Europe. Specifically, Italy battled the largest outbreak outside of China. The European Central Bank (ECB) held interest rates steady and introduced a bond-buying program to pacify fears surrounding the pandemic. The Bank of Japan kept rates steady for most of the period, but eventually, they followed the lead of the US and other central banks and expanded its purchases of stocks and bonds to boost its economy. UK inflation fell at the end of the quarter.

Quarterly Performance

For the quarter ended March 31, 2020, the Fund’s Class I shares returned -9.23%, excluding sales charges. In comparison, the Fund’s unmanaged benchmark, the Bloomberg Barclays Global Aggregate ex-US Index, returned -2.68% for the same period.

Average Annual Total Returns (3/31/20)

<table>
<thead>
<tr>
<th>Share Class/Inception Date</th>
<th>3 Month</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A (NAV) 12/30/05</td>
<td>-9.29%</td>
<td>-9.29%</td>
<td>-6.50%</td>
<td>-1.42%</td>
<td>-1.13%</td>
<td>1.30%</td>
</tr>
<tr>
<td>Class A (4.50% max. load)</td>
<td>-13.37%</td>
<td>-13.37%</td>
<td>-10.71%</td>
<td>-2.93%</td>
<td>-2.03%</td>
<td>0.84%</td>
</tr>
<tr>
<td>Class I (NAV) 12/30/05</td>
<td>-9.23%</td>
<td>-9.23%</td>
<td>-6.22%</td>
<td>-1.02%</td>
<td>-0.70%</td>
<td>1.67%</td>
</tr>
<tr>
<td>Bloomberg Barclays Global Aggregate ex USD Index (Unhedged) Index</td>
<td>-2.68%</td>
<td>-2.68%</td>
<td>0.74%</td>
<td>2.57%</td>
<td>2.04%</td>
<td>1.39%</td>
</tr>
</tbody>
</table>

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 maybe lower or higher than the performance quoted. Performance for periods less than 1 year is not annualized. Go to im.bnymellon.com for the fund’s most recent month-end returns. Total Expense Ratios: Class A 0.82%, Class I 0.52%. Other share classes are subject to different fees and expenses and would have achieved different returns. Not all classes of shares may be available to all investors or through all broker-dealer platforms. The total return performance figures for Class A shares of the fund represent the performance of the fund’s Class I shares for periods prior to 12/2/09, the inception date for Class A shares, and the performance of Class A from that inception date. Performance reflects the applicable class’s sales load and distribution/servicing fees since the inception date. Had these fees and expenses been reflected for periods prior, performance would have been lower. Investors should consider, when deciding whether to purchase a particular class of shares, the investment amount, class restrictions, anticipated holding period and other relevant factors.
Market Review (continued)

Emerging markets fell sharply in the first quarter as the coronavirus continued to hinder global economic growth. China’s Caixin/Markit manufacturing Purchasing Managers' Index (PMI) fell to 40.3 in February and rebounded by the end of the quarter to 50.1. In Iran, conservatives won a landslide victory in the country’s parliamentary election after record-low voter turnout. Finally, Venezuelan President Nicolas Maduro was indicted by the US Department of Justice on drug trafficking charges.

Commodities declined 34.45% during the quarter as measured by the Thomson Reuters Core Commodity CRB Index. As the coronavirus outbreak worsened, the petroleum industry experienced a tumultuous quarter. Oil producers faced a glut of crude, waning global demand and a price war between Russia and Saudi Arabia. Finally, US oil prices fell to record lows.

Performance Summary

For the first quarter of 2020, the strategy underperformed both on a total and relative basis. The positive return in January was erased by the growing uncertainty surrounding COVID-19 during late February and March. The positive performance from yield curve positioning throughout the quarter helped marginally offset the negative returns in asset allocation and security selection. The strategy’s underperformance from asset allocation was largely driven by overweighted to European and Japanese inflation-linked bonds amid concerns around oil. Furthermore, the largest detractor from security selection during the quarter was an overweight to Ecuadorian sovereign bonds. In the currency space, performance was relatively flat. Positive performance from underweights to the US, Canadian, and Australian dollars was offset by positions in the euro and Japanese yen. In aggregate, it was a challenging quarter for the strategy due to fears surrounding COVID-19.

Market Outlook

The outbreak of COVID-19 has drastically impacted global markets. As the virus expanded globally, countries reacted with different approaches from complete lockdowns to suggested social distancing. These inconsistent measures created incongruous results, making analysis of the growth of the curve that much more difficult. Because of these factors, the outlook for the global economy is uncertain and will be constrained by the disparate outcomes from the disease across borders. Over the quarter, there were unprecedented increases in job losses as this pandemic created a substantial global shock in both supply and demand. The subsequent drop in output after economic shutdowns generated the need for massive stimulus from central banks and governments around the world. Even as one economy ultimately prepares to allow workers to re-enter their workplaces, global demand is still negligible, and it will be difficult to get back to full output until a more coordinated pattern of production begins.

Because of the uncertainty about the virus and the extraordinary fiscal and monetary stimulus packages worldwide, our outlook and projections are fluid. Stimulus packages have ranged from low single digits to over ten percent of GDP as lawmakers and central bankers pull out all of the stops to provide market liquidity and support the working class during this forced shutdown. In the US, we are expecting somewhat of a “V-shaped” recovery, albeit with the upside leg of the V having a much lower slope, indicating a slower return to pre-crisis economic conditions. The government has passed a $2 trillion fiscal stimulus package to support the economy. Also, the Fed has expanded its asset-purchase program beyond mortgages and Treasuries to include corporate bonds—an unprecedented step. The Fed will also restart its asset-backed securities purchase program and a Main Street funding program to support consumers and small businesses. Despite these stimulus efforts, we forecast a substantial slowdown in the second quarter, with further shocks to the downside in output and employment, ultimately seeing mid to high teens unemployment before rebounding in the third quarter. This outlook assumes that the virus follows the expected
pattern of cases peaking in the US over the next month. If we do not see that pattern, the slowdown will persist and the downturn will be deeper. The recovery will be slower than the drop as, despite the best efforts of government stimulus packages, many businesses will not make it, fewer employees will be hired back, and supply chains will change.

In Europe, we began the year expecting a rebound in growth as the trade concerns between the US and China stabilized and global manufacturing started to grow again. The virus has severely impacted Europe, and our expectations for growth have come down dramatically. Italy and Spain have seen the worst of the impact, and the rest of Europe is mostly in lockdown to prevent the spread. The European Central Bank (ECB) has expanded its aggressive monetary stimulus by increasing and broadening its asset-purchase programs. While the mechanisms are in place for it, fiscal stimulus is still not a straightforward process as it could potentially come with unpopular strings attached. Our outlook for Europe is less sanguine than the US, as the fiscal stimulus has been more muted and this downturn started from a much lower level of output. Therefore, we expect a deeper downturn and slower recovery. Similar to other markets, Asia-Pacific markets have felt the impact from COVID-19 and responses vary by country. In China, there are some signs of health as PMIs for March show a less dire picture than expected but in line with a potential “V-shaped” recovery. However, policy response continues to be tepid, and any rebound in production will be reliant on stabilization in the rest of the world, which is still weeks to months away. While we expect a contraction in the first half of the year, overall growth in China should be positive for the full year as they are expected to be the first economy to be back to pre-crisis production levels. The rest of Asia continues to be in some form of lockdown as central banks and policy makers provide additional and unprecedented stimulus packages. In Japan, their direct-to-consumer stimulus package is a positive step toward supporting their economy, but any rebound in growth is predicated on the impact from the virus and the growth in the region.

In emerging market economies, the pressure from lower commodity prices, less financial and fiscal flexibility, global demand decline, and currency devaluations will create further instability in many markets. The depth and length of the pandemic will be the main driver of outcomes for many of these countries as there is not much room for fiscal or monetary policy, and we would expect to see an overall increase in defaults.

Our outlook leads us toward a higher-quality bias as the volatility in lower-rated areas of the market should persist with the uncertainty of COVID-19. The destruction in global output will further strain those companies and countries with low reserves and high leverage, resulting in higher defaults and higher severities while this pandemic persists. While governments around the world continue to implement larger stimulus packages, markets will remain volatile and tied to the varying path of the virus and its impact on global economic conditions.

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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 **Bloomberg Barclays Global Aggregate Index (Hedged)** is a broad measure of the global investment-grade fixed-income markets. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and nonagency). The U.S. dollar index (USDX) is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies. The **Purchasing Managers' Index** (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The **Thomson Reuters Core Commodity CRB Index** is a commodity futures price index. It was first calculated by Commodity Research Bureau, Inc. in 1957 and made its inaugural appearance in the 1958 CRB Commodity Year Book. Investors cannot invest directly in any index.

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