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

BNY Mellon Floating Rate Income Fund (Class A shares at NAV) outperformed its benchmark, the Credit Suisse Leveraged Loan Index\(^1\) (the “Index”), during the first quarter of 2020.

The Fund’s underweight to sectors particularly exposed to the COVID-19 crisis contributed to relative returns, namely Retail, Consumer Products, Hotels/Leisure/Entertainment, and Transportation. Credit selection within Retail, Consumer Products, and Food, Beverage & Tobacco also contributed during the quarter. The Fund’s underweight to lower-quality CCCs also contributed, as this segment sharply underperformed during the quarter. Conversely, credit selection within in Healthcare and Services sectors detracted from relative performance, along with the Fund’s exposure to collateralized loan obligations (CLOs) and overweight to the Energy sector.

Risk assets came under severe pressure in the first quarter of the year, as the COVID-19 outbreak quickly morphed into an economic crisis that elicited unprecedented measures from policymakers. The U.S. Loan market endured a historic selloff, sharply underperforming the broader fixed income market, as defined by the Bloomberg US Aggregate Index, returning -13.19%. Several of the worst price declines on record for the asset class occurred in March. Conversely, we saw a sharp rebound toward the end of the quarter, where we witnessed some of the largest daily price gains on record. Still, loan prices remained well below year-end 2019 levels.

U.S. loan funds continued to come under pressure with redemptions and had sustained their second highest record monthly outflow and the 18th consecutive monthly outflow in March, a span that has now seen more than $70bn in net outflows. For the quarter, loan funds saw nearly $12bn in outflows overall.

The loan primary market stalled in March as loan spreads shot up amid the sell-off the loan market and suffered alongside high yield bonds and equities. Only a dozen loans priced in March for a total issuance of $4.3bn, with no issuance taking place after March 12, the lowest monthly total since $2.1bn priced in January 2010. However, this followed some of the heaviest monthly volumes on record in February ($71.8bn priced) and January ($122.9bn). For the quarter, issuance totaled $199.0bn, nearly three times the $66.8bn that priced by the same time last year. However, net issuance remained low as only $47.0bn (24% of total volume) was ex-refi/repricing.

From a credit quality standpoint, the higher-rated segment sharply outperformed during the quarter, as investors flocked to quality amidst the volatility. We have seen a wave of downgrades and forced selling from CLO mandates, which has put pressure on the lower-rated segment of the loan market. Higher quality loans have held in relatively well amidst the volatility, due to demand from both CLOs and a general flight to higher quality from retail mandates. While loans recovered fairly significantly in the end of the quarter, performance remained driven by the higher-quality segment of the market. The loan market troughed on March 23, where we saw YTD returns hit a low of -19.76%. Loans rallied up to end the quarter, but performance was bifurcated from a quality standpoint, as BBs continued to outperform the broader market.
**How is the fund currently positioned and what is your current strategy?**

Generally, we believe current valuations may offer an attractive entry point into the asset class. This selloff is unlike any we have seen in previous cycles. It is not liquidity driven as in 2008, but rather driven by a sharp, and what we believe to be short-term demand shock. As such, in recent weeks we have seen some severe and unprecedented price moves as uncertainty roiled the markets. The Fund was positioned well in the first quarter, as we maintained a defensive tilt, avoiding those credits and sectors particularly exposed to the COVID-19 crisis. While loans rallied toward the end of the quarter, we believe that there will be more volatility ahead. We have been disciplined in not chasing those credits which have bounced the most, and have aggressively been stress testing issues within our portfolios, selling those credits that we believe have the shortest liquidity runways (leisure, energy, travel) should this crisis last longer than expected. We remain positioned defensively from a sector standpoint, and seek relative value and high conviction ideas, namely in the higher-rated space. We are also constructive on high yield bonds, as we believe technicals and relative value remains strong in the space.

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**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, investors should contact their financial advisor or visit im.bnymellon.com. Investors should be advised to read the prospectus carefully before investing. Not all classes of shares may be available to all investors or through all broker-dealer platforms.**

**Bonds** are subject to interest-rate, credit, liquidity, call and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. **Floating rate bank loans** are often less liquid than other types of debt instruments. There is no assurance that the liquidation of any collateral from a secured bank loan would satisfy the borrower’s obligation, or that such collateral could be liquidated. **High yield bonds** involve increased credit and liquidity risk than higher-rated bonds and are considered speculative in terms of the issuer’s ability to pay interest and repay principal on a timely basis. 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. The use of **derivatives** involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid, and difficult to value and there is the risk that changes in the value of a derivative held by the portfolio will not correlate with the underlying instruments or the portfolio’s other investments.

**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.

Bond ratings reflect the rating entity’s evaluation of the issuer’s ability to pay interest and repay principal on the bond on a timely basis. Bonds rated BBB/Baa or higher are considered investment grade, while bonds rated BB/Ba or lower are considered speculative as to the timely payment of interest and principal.

The **Credit Suisse Leveraged Loan Index** is a monthly rebalanced index. It is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. Investors cannot invest directly in any index.
A collateralized loan obligation (CLO) is a single security backed by a pool of debt. Often these are corporate loans that have a low credit rating or leveraged buyouts made by a private equity firm to take a controlling interest in an existing company.

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