Quality Knows No Boundary

BNY MELLON INTERNATIONAL STOCK FUND (CLASS I DISRX)

Quality companies — those capable of potential long-term sustainable wealth generation — are not just limited to US markets.

There are two statistics most investors use to quantify quality:

- Revenue or sales of a company
- The debt level of a company and its ability to meet their obligations

Let’s compare US companies represented by the MSCI North America Index\(^1\) and international companies represented by the MSCI EAFE Index\(^2\) on these two quality metrics.

- International quality companies are generally less leveraged and potentially positioned better to withstand an economic downturn than US large-cap counterparts (Morningstar Debt/Capital ratios – MSCI North America 43.7%, MSCI EAFE 36.5% as of 12/31/2019)
- MSCI EAFE Index revenue exposure is more globally diversified than that of the MSCI North America Index. A more diverse revenue profile provides potentially multiple sources for revenue growth and diversification benefits.

MSCI EAFE

Exposure by Index Geographical Revenue vs. Domicile

OUTER: PRIMARY REVENUE

17.4% United States

INNER: PRIMARY DOMICILE

35.3% Japan

Sources: MSCI and FactSet, as of January 23, 2020.

MSCI North America

Exposure by Index Geographical Revenue vs. Domicile

OUTER: PRIMARY REVENUE

60.4% United States

INNER: PRIMARY DOMICILE

87.8% United States

\(^1\) The MSCI North America Index is designed to measure the performance of the large and mid cap segments of the US and Canada markets.

\(^2\) The MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada.
An Active Manager Has the Ability to Allocate to High Conviction

71% of the current Forbes 2000 Largest Public Companies are headquartered outside the United States.*

As an active manager, Walter Scott also reviews revenue and debt levels, but also focuses on companies with potentially strong earnings and more dependable or consistent cash flow. Their bottom-up fundamental approach is more robust and defines quality in both quantitative financial results, management, competitive differentiation and longer-term business factors.

BNY Mellon International Stock Fund looks to tap world-class companies participating in trends potentially not available to US-only portfolios. Here are four examples:

**KONE** is a leading manufacturer of elevators and escalators based in Finland.
- Services accounted for 47% of total sales in 2019
- Sales are diversified: 41% in EMEA, 21% in the Americas, 39% in Asia Pacific
- Long-term growth drivers include: urbanization, aging population and elevator base, tightening safety regulations, and need for energy efficiency

**L'Oréal** is the world leader in cosmetics based in France.
- L'Oréal has a global presence: 30% in Western Europe, 27% in North America, 43% in New Markets
- Innovative product development is driven by an unequalled investment in R&D
- L'Oréal has a healthy balance sheet, is cash generative and has potentially intriguing growth initiatives

**Novo Nordisk** is a global pharmaceutical company based in Denmark.
- Over 80% of sales are in the diabetes and obesity clientele
- Type 2 Diabetes is a global epidemic due to increasingly sedentary lifestyles and Novo Nordisk is an industry leader in diabetic medicines
- Novo Nordisk is highly profitable with a healthy balance sheet

**Adidas** is a leading sportswear manufacturer based in Germany.
- Adidas is one of the world’s most powerful brands
- The company’s scale and branding advantage should allow it to continue to take market share
- Long-term growth drivers include: health and well-being, globalization of sport, and an emerging middle class in developing economies

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1. Company figures are as of December 31, 2019
2. Company figures are as of December 31, 2018
BNY Mellon International Stock Fund has an active share of 83% (as of 12/31/19).

Active share measures the percentage of a fund that is invested in securities, or is weighted, differently from the benchmark index, in an attempt to outperform, and can range from 0% (tracks index exactly) to 100% (completely active versus benchmark).

This measure shows a meaningful difference in how BNY Mellon International Stock Fund is constructed versus the MSCI EAFE Index.

Since inception, BNY Mellon International Stock Fund has a tracking error of 5.98 relative to the MSCI EAFE Index (1/1/2007 through 12/31/2019).

Taken together with a history of outperformance, a high tracking error like BNY Mellon International Stock Fund’s suggests thoughtful portfolio management decisions.

The fund seeks to initiate 50 names at an equal conviction weight of 2% each.

Why BNY Mellon International Stock Fund?

- Quality companies do not just reside on US shores; look internationally for additional high-quality opportunities.
- Higher active share shows meaningful variation from index—not a ‘benchmark hugger’.
- BNY Mellon International Stock Fund has delivered attractive results for over 10 years.

### TOP TEN HOLDINGS (as of 12/31/19)

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<tr>
<th>Holding</th>
<th>%</th>
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<tbody>
<tr>
<td>Keyence</td>
<td>3.28%</td>
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<tr>
<td>SMC</td>
<td>3.15%</td>
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<tr>
<td>AIA Group</td>
<td>3.10%</td>
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<tr>
<td>Taiwan Semiconductor Manufacturing, ADR</td>
<td>3.02%</td>
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<tr>
<td>Adidas</td>
<td>2.88%</td>
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<td>SAP</td>
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<tr>
<td>Experian</td>
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<tr>
<td>Roche</td>
<td>2.48%</td>
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<tr>
<td>Kuehne &amp; Nagel</td>
<td>2.44%</td>
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<tr>
<td>Shin-Etsu</td>
<td>2.43%</td>
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Walter Scott was established in 1983 to offer global equity portfolio management to institutional investors around the world. Since inception, Walter Scott has remained wholly committed to global equity investing. Our core conviction is that over the long term, return to shareholders can only ever be as great as the wealth generated by the underlying businesses in which they are invested.

Their primary task is therefore identifying those companies capable of sustaining the highest rates of wealth generation. Walter Scott does so using original, fundamental research carried out by our own team across an investment universe that is unrestricted by region, market sector or benchmark. Walter Scott’s truly global approach views the world as a single universe of opportunities.

Learn More

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Mutual Fund Investors: Contact your financial advisor or visit im.bnymellon.com

Investors should carefully consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. Investors should contact their financial advisor or visit im.bnymellon.com to obtain a prospectus, or summary prospectus, if available, that contains this and other information about the fund, and read it carefully before investing.

RISKS

Equities are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. 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. Small and midsized company stocks tend to be more volatile and less liquid than larger company stocks as these companies are less established and have more volatile earnings histories.

Portfolio composition is as of 12/31/19 and is subject to change at any time.

Tracking Error is the difference between a portfolio’s return and the benchmark or index it was meant to mimic or beat. Tracking error is sometimes called active risk.

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