FINANCIAL ADVISOR
FA
PORTFOLIO SPOTLIGHT

Suzanne Hutchins

Dreyfus Global Real Return Fund

TICKER	DRRIX
ASSETS	$1.6 billion

PERFORMANCE

YTD	1 yr.	3 yr.	5 yr.
2.57%	**3.33%**	**3.46%**	**3.18%**

As of 9/30/18. Three and five-year figures are annualized. Source: Morningstar

TOP FIVE HOLDINGS 2.25% Treasury notes maturing in 2027, Novartis AG, Government of Australia, 3.0%, 3/21/2047, Cisco Systems, AIA Group.

As of 9/30/2018. Source: Dreyfus

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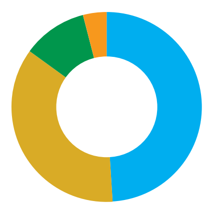
ASSET ALLOCATION



Equities	**48.57%**
Bonds	**37.22%**
Cash And Equivalents	**10.88%**
Precious Metals, Derivatives, Other	**3.32%**

As of 9/30/18. Source: BNY Mellon

The performance data quoted represent past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. Go to dreyfus.com for the fund's most recent month-end returns.

The Bull On Wobbly Legs

Suzanne Hutchins runs the Dreyfus Global Real Return Fund with defense in mind.

By Marla Brill

MANY THINK THE U.S. BULL MARKET IS long in the tooth, and that equity valuations are too stretched. But the U.S. stock market is riding on some powerful tailwinds.

Corporate cash flow is healthy. There have been waves of companies confident enough to buy back stock following a plunge in corporate tax rates. U.S. companies are also enjoying an increasingly favorable regulatory environment. Meanwhile, unemployment is at historic lows and economic growth seems to be picking up.

For Suzanne Hutchins, who manages the Dreyfus Global Real Return Fund with Aron Pataki and a team of analysts, those trends are masking some sizable risks, and she worries the chickens could come home to roost sooner rather than later. For years, she says, low interest rates have encouraged rampant borrowing among companies, consumers, investors and governments.

"There is about 40% more outstanding debt in the world today than there was just before the financial crisis in 2008," she says. "Having high levels of debt doesn't matter too much when inflation and interest rates are low, but it becomes a big issue when interest rates rise." At the same time, an aging global population means fewer workers contributing to economic growth, resulting in lower productivity and changes in spending.

In the equity market, valuation expansion, rather than actual earnings growth, has driven most of the returns for the last several years. In 2012, stocks in the S&P 500 traded at 14 times trailing 12-month earnings. By the beginning of 2018, that number had exploded to 22.3. While stock buybacks support prices to the benefit of shareholders, they do little to improve the economy.

"It's also not clear that [Donald] Trump's tax cuts will feed the economy and lead to growth," Hutchins says. "And some economic indicators, such as wage growth and manufacturing output, are quite tepid. Yet the market doesn't seem to recognize that we are at the end of the current business cycle. Interest rates are starting to increase and liquidity is tightening. These risks aren't being priced into risk assets."

Amazon, Facebook and the other so-called "FAANG" stocks are notably absent from the portfolio because Hutchins believes "they're an overcrowded trade, too expensive and have too much downside risk."

A report released this summer from fund subadvisor Newton Investment Management, the subsidiary of BNY Mellon where Hutchins works, warns that "the worst investments tend to be made when money is cheap, valuations are rich, the economic outlook is optimal, optimism is infectious and prospective returns are at their lowest. There are times when investors should focus on making money, and there are times when they should seek not to lose too much. Since late last year, we believe that we have been moving from the first situation to the second, and that a cautious approach is warranted."

Hutchins thinks the odds are good that the downside protection, low volatility and low equity market correlation of the Dreyfus Global Real Return Fund will look better and better to investors as the cracks in equity market pillars widen and grow.

Instead of reaching for outsize returns in a bull market, this and other real return funds seek to deliver less volatile performance with a low correlation to the stock and bond markets. The fund's goal is to return the one-month London interbank offered rate, or LIBOR, plus 4% annually before fees over five years. The firm's literature says that the fund "is generally used to take some risk off an equity position," and as a hybrid offering can be included on either the fixed-income or equity side of a client's portfolio.

Real return funds tend to stack up best against traditional equity funds when stock markets drift sideways or drop, and those conditions haven't prevailed for an extended period of time since the Dreyfus fund was launched in May 2010. Over the five years ending in June, the fund's Class I shares had an average annual return of 3.36%, while the Vanguard Total World Stock Index Fund[1] (VTWSX) returned 9.72% and an index of one-month U.S. Treasury bills returned 0.37%.

Yet the fund has enjoyed exceptional resiliency in bear markets. It saw a maximum loss of 7% in 2011 while the MSCI World Index saw a drop of 19%. Over the last five years, the Dreyfus fund's correlation to the S&P 500 during bearish periods was a miniscule .01, so it barely budged when the market fell. By comparison, the average Morningstar multialternative fund had a much higher correlation of 0.59 during bear markets.

The older U.K. version of the Dreyfus fund, which uses the same strategy, was launched in 2004, and it produced positive annual net returns from 2007 through 2010. While it did suffer a loss of 10.6% at its worst point in the financial meltdown of 2008, it recovered swiftly to generate a positive return of 6.1% for the whole year.[2]

Free-Ranging Strategy

The 51-year-old Hutchins has a long history in multi-asset management. After graduating with a degree in fine arts from University College London she joined London-based Newton Investment Management in 1991 as a research analyst. She moved to Capital International in 2005 as an investment specialist for global equity, income and absolute return strategies and rejoined Newton in 2010 to manage the Dreyfus Global Real Return Fund.

The fund's multi-asset investment strategy includes alternative investments, derivatives and traditional stocks and bonds. The managers use publicly traded securities rather than complex or exotic investments to participate in commodities, precious metals, currencies and infrastructure. The firm doesn't borrow against individual securities in the portfolio or short positions in individual securities.

To help control volatility and provide downside protection, the fund uses derivative strategies, shorting futures contracts

Fund Overview

Morningstar Category	**Multi-Alt**
Lipper Category	**Alt***
Benchmark	**FTSE****
Fund Holdings	**132**
Expense Ratio	**0.90%**
Minimum Investment	**$1,000**
Portfolio Turnover Rate	**79%**
Dividend Frequency	**Annually**

*Multi-Strategy. **One-Month U.S. Treasury Bill Index.
Source: BNY Mellon.

Risk Metrics

Standard Deviation	**4.92**
Alpha	**1.02**
Beta	**0.20**
R-Squared	**4.91**
Sharpe Ratio	**0.53**

As of 9/30/18, 3-Year Trailing. Source: BNY Mellon

[1] The Vanguard Total World Stock Index Fund is shown to provide general broad based market performance, and is not a benchmark for the Dreyfus Fund.

[2] Some of the data included in this presentation reflects performance and characteristics of the assets of other funds managed by Newton Investment Management (collectively, the "Other Funds"). Such assets are managed with similar investment objectives and characteristics to the Dreyfus Global Real Return Fund ("Fund"). Performance information of the Other Funds is presented net of management fees and expenses that would be applicable to investors in these Other Funds; the fees and expenses of the Fund may be higher or lower than the Other Funds. In addition, performance among the Fund may vary based upon other factors such as prevailing market conditions at the time of investment, the actual selection of investments, and the availability of investments that meet the Funds' investment objectives and strategies. Also, there may be material differences in how the Fund executes its investment strategies. Therefore, information from the Other Funds is included for illustrative purposes only and should not be relied upon to decide whether to invest wwin the Fund. Past performance is not necessarily indicative of future performance.

Manager
Suzanne Hutchins
(with Aron Pataki and team)

Age
51

Education
Bachelor's degree,
University College London

Professional Background
Hutchins has 26 years of industry experience, 20 of them at the fund's subadvisor, Newton Investment Management. She has lead management responsibility for the Global Real Return U.S.-dollar strategy.

Outside Interests
Painting, horseback riding, hanging out with dogs, running.

on the S&P 500 and other indexes, for instance. While such approaches may limit the fund's upside returns in bull markets, they can be an effective safety net for the fund when the market is falling.

The team also screens companies for their environmental, social and governance (ESG) practices, an increasingly common screen among European investment managers. "We think ESG issues are all issues of risk when we're considering buying securities," Hutchins says.

The portfolio is divided into "return seeking" assets for growth and "risk-stabilizing" assets to control portfolio volatility and provide downside protection. The former bucket consists mainly of equities, but also includes some corporate and emerging market debt. The return part of the portfolio comprises 59.5% of the fund's assets, but when short sales on index futures and other risk control measures are taken into account, the return-seeking portfolio falls to 46.1%; after fixed-income assets are removed, the net equity part of the portfolio is 36%.

The risk-stabilizing assets, meanwhile, include government bonds, cash, commodities and derivatives. On the bond side, Hutchins likes plain vanilla U.S. Treasury securities, and these represent the fund's top two holdings. They're a good stabilizing force for the portfolio, and their yields are higher than those of most other developed market government bonds.

About three-quarters of the fund's equity assets are in international stocks, which are more reasonably valued than U.S. securities. The fund's decision-making process for selecting stocks starts with defining broad-based, multiyear "themes," selecting stocks that are best equipped to benefit from them.

One of those themes is technology disruption, a strategy exemplified by fund holding Wolters Kluwer, a Dutch specialty publisher that has grown exponentially thanks to broad global reach made possible by the internet. Millions of health-care professionals, lawyers, accountants and bankers subscribe to its professional publications, and they're not going anywhere else soon.

"These professionals are basically a captive audience, and they're not going to mind if subscription prices go up one or two percent," Hutchins says.

Another holding, AIA, is one of China's largest insurance companies. With a presence in 18 markets in the Asia-Pacific region, it is well positioned to capitalize on the growing need for its products. "The stock may be volatile because of periodic concerns about Chinese regulators," Hutchins says. "But ultimately it has a good reputation and a good relationship with Chinese authorities." She sees high double-digit earnings growth for the company in the coming years.

Amazon, Facebook and the other so-called "FAANG" stocks are notably absent from the portfolio because Hutchins believes "they're an overcrowded trade, too expensive, and have too much downside risk." Instead, the fund seeks out more old school, overlooked technology players such as Cisco Systems. "The company is a global leader in networking systems, and its user base is so loyal that its business model would be very hard to disrupt," Hutchins says. "It's also got a lot of free cash flow, a superb balance sheet, and stock that is still fairly cheap."

Total Returns and Rankings (as of September 30, 2018)

			Average Annual			
Dreyfus Global Real Return Fund	**Qtr**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**Since Inception (5/12/10)**
Class I	2.08%	2.57%	3.33%	3.46%	3.18%	4.00%
Class A (5.75% max. load)	-3.92%	-3.42%	-2.87%	1.15%	1.69%	2.99%
Morningstar Total Return Percentile Rank†	—	—	32	32	13	—
Morningstar Total Return Rank/# of Funds (Multialternative)	—	—	91/377	76/299	23/160	—

The performance data quoted represent 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 dreyfus.com for the fund's most recent month-end returns. Total expense ratios: Class A 1.17%, Class I 0.90%. Net expense ratios: Class A 1.15%, Class I 0.90%. Returns for less than one year are not annualized.

MSCI EAFE Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. S&P 500® Index is a widely accepted, unmanaged index of U.S. stock market performance. An investor cannot invest directly in any index. † Source: Morningstar for Class I.

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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 advisors or visit dreyfus.com. Investors should be advised to read the prospectus carefully before investing.

There can be no guarantee that the fund's investment approach will be successful or that any particular level of return will be achieved for the fund. Asset allocation and diversification do not ensure a profit or protect against loss in declining markets.

Risks

Equities are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. **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. **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. 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. **Short sales** involve selling a security the portfolio does not own in anticipation that the security's price will decline. Short sales may involve risk and leverage, and expose the portfolio to the risk that it will be required to buy the security sold short at a time when the security has appreciated in value, thus resulting in a loss. 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.

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