QUARTERLY INVESTMENT REPORT

BNY Mellon U.S. Equity Income Fund

INVESTMENT MANAGER

NEWTON Investment Management

Newton Investment Management: Newton aims to deliver outcomes for its clients across active equities, income, absolute return, multi-asset, thematic and sustainable strategies. Its capabilities are driven by its global investment research platform which harnesses a breadth of both fundamental and quantitative research. The Fund transitioned investment manager on the 1st September 2021. Prior to this date it was managed by Mellon Investments Corporation, LLC.

FUND RATINGS

MORNINGSTAR ★★★★

 Ratings are collected on the first business day of the month.

PERFORMANCE BENCHMARK

The Fund will measure its performance against S&P 500 NR Index (the "Benchmark").
The Fund is actively managed, which means the Investment Manager has absolute discretion to invest outside the Benchmark subject to the investment objective and policies disclosed in the Prospectus. However, as the Benchmark covers a significant proportion of the investable universe, the majority of the Fund's holdings will be constituents of the Benchmark but the weightings in the portfolio are not influenced by those of the Benchmark. The investment strategy does not restrict the extent to which the Investment Manager may deviate from the Benchmark.

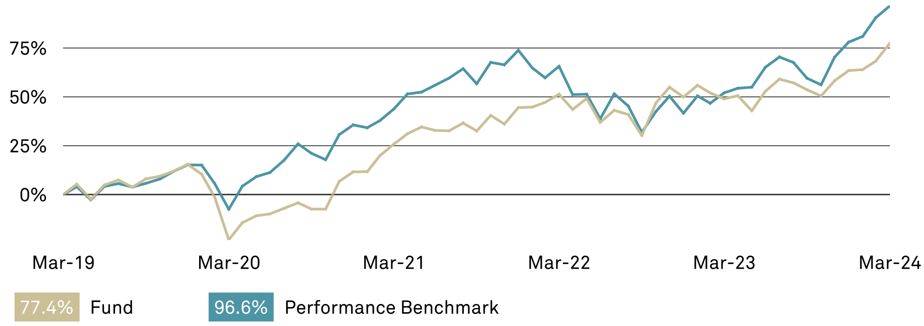
PERFORMANCE NOTE

Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed. Please refer to the prospectus and the KID/KIID before making any investment decisions. Documents are available in English and an official language of the jurisdictions in which the Fund is registered for public sale. Go to www.bnymellonim.com. For a full list of risks applicable to this fund, please refer to the Prospectus or other offering documents.

QUARTERLY HIGHLIGHTS

- Performance: The Fund generated a positive return, net of fees, during the quarter. It lagged its benchmark.
- Activity: During the quarter, we moved from a slight underweight to a slight overweight in industrials and utilities.
- Outlook & Strategy: We continue to view macro risks through the lens of the companies in which we look to invest and lean on our investment process to identify the best idiosyncratic opportunities.

5 YEAR CUMULATIVE PERFORMANCE (%)



PERFORMANCE SUMMARY (%)

	1M	3M	YTD	1YR	2YR (Annualised)	3YR (Annualised)	5YR (Annualised)
USD W (Acc.)	5.39	8.54	8.54	19.08	8.26	12.11	12.14
Performance Benchmark	3.18	10.44	10.44	29.27	8.92	10.96	14.46
Sector	4.25	7.79	7.79	17.51	5.31	7.53	8.77
No. of funds in sector	15	16	16	15	15	15	15
Quartile	-	-	-	2	1	1	1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund	-	-	-	-	-9.60	27.62	-3.37	29.50	3.74	9.03
Performance Benchmark	12.99	0.75	11.23	21.10	-4.94	30.70	17.75	28.16	-18.51	25.67

Source: Lipper as at 31 March 2024. Fund performance USD W (Acc.) calculated as total return, based on net asset value, including charges, but excluding initial charge, income reinvested gross of tax, expressed in share class currency. The impact of the initial charge, which may be up to 5%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request. Returns may increase or decrease as a result of currency fluctuations.

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PERFORMANCE COMMENTARY

Equity markets ended the first quarter higher as central banks continued to indicate that they would begin reducing interest rates in 2024.

UNFAVOURABLE STOCK SELECTION IN THE INFORMATION TECHNOLOGY SECTOR WEIGHED ON THE FUND'S RELATIVE RETURNS

Buoyed by artificial intelligence (AI) enthusiasm, growth stocks overwhelmingly outperformed their value peers, and large-cap stocks bested their small-cap peers. In the US, equities surged on hopes for a soft landing and resilient economic growth. Gross domestic product grew faster than expected, driven by consumer spending. Inflation, as measured by the consumer price index, trended higher, prompting the US Federal Reserve (Fed) to hold rates steady.

However, sentiment was buoyed as the Fed continued to signal three rate cuts in 2024. Purchasing managers' index data showed that the services sector continued to expand, while manufacturing rose but remained in contraction territory. The US 10-year Treasury climbed amid expectations for a Fed rate cut. The US dollar also ended the quarter higher.

Elsewhere, developed international markets kicked off 2024 with positive returns. News that Japan ended its negative interest rate policy drove equities higher and the Japanese yen lower. While inflation has trended upwards, Tokyo core inflation, considered a leading indicator, slowed in March. This, alongside a weakening yen, sparked discussions of central bank intervention. While Switzerland became the first developed economy to cut rates, the European Central Bank lowered its annual inflation forecast and held rates steady. In the UK, inflation eased for the eleventh straight month, increasing possibilities that the Bank of England would begin reducing rates.

Both an underweight and unfavourable stock selection in the information technology sector weighed on the Fund's quarterly relative returns. Not owning Nvidia detracted as the firm is a primary manufacturer of chips run in generative AI programmes and has seen its share price surge. In communication services, challenged stock selection weighed on relative returns. Not owning Meta weighed on results as the firm beat expectations and announced its first dividend.

Favourable stock selection in the utilities sector benefited the Fund's relative returns for the quarter. In electric utilities, the position in Constellation Energy contributed to relative returns. The company, which is America's largest producer of carbon-free energy through its mix of nuclear, wind, solar and hydro resources, provided an outlook that beat expectations.

The real estate sector continues to be pressured by high mortgage rates and a lack of supply. Given our concern that higher-for-longer interest rates/borrowing costs could have a detrimental impact on the sector's business model, we are currently at zero weight, and this has positively affected relative performance. Additionally, not owning Apple contributed as the iPhone maker continues to suffer from cyclical weakness in China as well as anti-trust headlines.

ACTIVITY REVIEW

There were no material changes over the quarter on a sector basis. During the quarter, we added to our industrials exposure through the purchase of Hubbell and Johnson Controls, which moved our sector weight from slightly underweight to slightly overweight. Our utilities weight also moved from a slight underweight to a slight overweight as we added to our position in Constellation Energy.

WE TRIMMED SOME OF OUR FINANCIALS EXPOSURE

We increased our exposure to consumer discretionary over the quarter by adding to our position in General Motors and purchasing Levi Strauss & Co, but we remain underweight this sector relative to the benchmark.

We funded these purchases by trimming positions in the healthcare sector, namely reducing our position size in AbbVie and UnitedHealth Group. We also trimmed some of our financials exposure, mainly through cutting back our insurance holdings and fully exiting our position in Progressive Corporation.

INVESTMENT STRATEGY AND OUTLOOK

Heading into 2024, we believed taking a balanced approach to the markets and value investing was prudent, largely given the dislocation between where the Fed plotted interest rates for the year and where the financial markets were pricing them.

WE BELIEVE THAT COMPANIES AND INVESTORS ARE STILL ADJUSTING TO THE NORMALISATION OF BOTH INFLATION AND INTEREST RATES

This dislocation has narrowed significantly over the last month as resilient economic growth, strong employment and persistent inflation pushed market expectations to be more aligned with the Fed’s original guidance. While the Fed and the market seem to have finally found some common ground at this time, we continue to think a balanced approach is warranted as monetary policy going forward now appears to be a bit of a moving target by the Fed, which could result in ongoing uncertainty and, therefore, potential periods of market volatility.

From an investment perspective, as bottom-up, fundamental stock pickers, we continue to view these macro risks through the lens of the companies in which we look to invest and lean on our investment process to identify the best idiosyncratic opportunities.

Pulling back from the immediate term, we continue to believe that companies and investors alike are still adjusting to the normalisation of both inflation and interest rates in the US – not to pre-pandemic levels, but to pre-Global Financial Crisis levels. In other words, we expect inflation to be higher and more persistent than in the 12 years leading up to the pandemic, which could cause interest rates to be higher.

While we acknowledge that inflation has moderated from its peak and is heading in the right direction, and monetary policy may follow in the coming year, we firmly believe that the days of benign inflation and "free money" are now behind us.

As a result, going forward, we believe that fundamentals, valuations and the ability to generate in-house liquidity via free cash flow should now play a larger role in separating the winners from losers. As always, we favour companies sitting at the nexus of robust fundamentals, attractive valuations and catalyst-driven business momentum.

TOP 10 HOLDINGS (%)

	Fund
JPMorgan Chase & Co.	4.8
Medtronic Plc	4.1
AT&T Inc.	3.6
CRH public limited company	3.0
Becton, Dickinson and Company	3.0
Sanofi Sponsored ADR	2.9
Cisco Systems, Inc.	2.8
Goldman Sachs Group, Inc.	2.8
Kenvue, Inc.	2.6
Phillips 66	2.5

SECTOR WEIGHTING

	Fund	Performance Benchmark
Financials	25.6	13.2
Health Care	15.2	12.4
Energy	10.5	3.9
Industrials	10.4	8.8
Materials	8.8	2.4
Information Technology	7.9	29.6
Communication Services	6.5	9
Consumer Discretionary	6.2	10.3
Consumer Staples	3.3	6
Utilities	2.7	2.2
Real Estate	0.0	2.3
Cash	3.0	0

COUNTRY ALLOCATION

Country	Allocation %
United States	91.9
Ireland	3.1
France	3
United Kingdom	2

KEY RISKS ASSOCIATED WITH THIS FUND

- There is no guarantee that the Fund will achieve its objectives.
- Where the Fund invests significantly in a single market, this may have a material impact on the value of the Fund.
- Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of your investment to fluctuate. When using derivatives, the Fund can lose significantly more than the amount it has invested in derivatives.
- The Fund takes its charges from the capital of the Fund. Investors should be aware that this has the effect of lowering the capital value of your investment and limiting the potential for future capital growth. On redemption, you may not receive back the full amount you initially invested.
- The insolvency of any institutions providing services such as custody of assets or acting as a counterparty to derivatives or other contractual arrangements, may expose the Fund to financial loss.
- If this share class is denominated in a different currency from the base currency of the Fund. Changes in the exchange rate between the share class currency and the base currency may affect the value of your investment.
- For hedged share classes the hedging strategy is used to reduce the impact of exchange rate movements between the share class currency and the base currency. It may not completely achieve this due to factors such as interest rate differentials.
- A complete description of risk factors is set out in the Prospectus in the section entitled "Risk Factors".

INVESTMENT OBJECTIVE

To maximise total returns from income and capital growth.

GENERAL INFORMATION

Total net assets (million)	$ 527.57
Performance Benchmark	S&P 500 NR
Lipper sector	LIPPER Global - Equity US Income
Fund type	ICVC
Fund domicile	Ireland
Fund manager	John Bailer
Alternate	Brian Ferguson / Keith Howell
Base currency	USD
Currencies available	EUR, USD, GBP
Fund launch	17 Jan 2017

USD W (ACC.) SHARE CLASS DETAILS

Inception date	17 Jan 2017
Min. initial investment	$ 15,000,000
Max. initial charge	5.00%
Annual mgmt charge	0.75%
ISIN	IE00BD5M7221
Registered for sale in:	AT, BE, CH, CL, CO, DE, DK, ES, FI, FR, GB, GG, IE, IT, JE, LU, NL, NO, PE, PT, SE, SG, UY

DEALING

09:00 to 17:00 each business day
Valuation point: 22:00 Dublin time
Costs incurred when purchasing, holding, converting or selling any investment, will impact returns. Costs may increase or decrease as a result of currency and exchange rate fluctuations.
For more details please read the KID document.

RISK AND REWARD PROFILE - USD W (ACC.)

Lower risk — Higher risk

Potentially lower reward — Potentially higher reward

1	2	3	4	**5**	6	7

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.
We have classified this product as 5 out of 7, which is a medium-high risk class.This rates the potential losses from future performance at a medium high level, and poor market conditions will likely impact the capacity of BNY Mellon Fund Management (Luxembourg) S.A. to pay you.

Source: BNY Mellon Investment Management EMEA Limited
Any views and opinions are those of the investment manager, unless otherwise noted.

IMPORTANT INFORMATION

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