

# BNY Mellon High Yield Fund

## MANAGER COMMENTARY | Q4 2025

Class A DPLTX

Class C PTHIX

Class I DLHRX

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### **Describe the performance of the fund in relation to its benchmark during the last three months.**

BNY Mellon High Yield Fund underperformed the ICE BofA U.S. High Yield Constrained Index during the fourth quarter of 2025.

Despite numerous headwinds, the US High Yield (HY) market posted a strong 8.50% in 2025. High-yield bonds extended their positive momentum in December, marking a ninth consecutive month of gains as yields and spreads are hovering near multi-year and three-month lows, respectively. Investors absorbed a dovish Federal Reserve (the “Fed”) outcome, active capital markets, and better-than-expected growth.

Issuance fell -12% in December to its fourth lowest monthly volume year to date, with 27 bonds priced for \$21.7 billion (bn) during the month. Fund flows remained supportive, with +\$1.7bn of inflows in December and +2.4bn for the quarter, reflecting ongoing confidence in the asset class.

High-yield bonds returned +1.35% in 4Q25. BB-rated credits (+1.57%) outperformed Single-Bs (+1.55%) and CCCs (-0.52%). Sector performance was led by Gaming (+2.57%), while Packaging (-0.74%) and Chemicals (-0.38%) posted declines.

For the quarter, DLHRX posted a net return of 1.19% (1.38% gross) versus a 1.35% return for the ICE BofA US HY Index. The Fund recorded an 8.17% net return (9.05% gross) for the full year versus 8.50% for the Index. For HY asset class, the fourth quarter was mixed in terms of quality performance, with BBs up 1.57%, Bs up 1.55% and CCCs down 0.52%.

The Fund’s performance was largely driven by sector allocation. An underweight in Chemicals and Retail and an overweight to Utilities benefited performance. Security selection was the primary driver of returns. This included strong selection in Services, Tech and Telecom but was offset, in part, by selection in Autos. Selection in Finance and Food & Beverage also weighed on performance. The Fund’s exposure to bank loans was negative, mostly on credit selection in Autos, Food & Beverage and Technology. Allocation to structured credit collateralized loan obligations (CLOs) was positive. Non-USD HY exposure also contributed positively.

### **How is the fund currently positioned and what is your current strategy?**

In terms of positioning, we remain decently skewed in single B risk and have steadily taken profits from CCC-risk positions acquired during volatility of Liberation Day. Overall yields are consistent with the index despite higher quality positioning, helped in part by exposures in bank loans, structured credit and European HY, and overall portfolio duration below. We continue to favor Healthcare, Telecom, and Financials and underweight cyclical and discretionary spend sectors.

**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 professional or visit [bny.com/investments](http://bny.com/investments). Investors should read the prospectus carefully before investing. Not all classes of shares may be available to all investors or through all broker-dealer platforms. Past performance is no guarantee of future results.**

## Risks

**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. **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 ICE BofA Merrill Lynch U.S. High Yield Master II Constrained Index contains all securities in the ICE BofA Merrill Lynch U.S. High Yield Index but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the index, each is equally weighted, and the face values of their respective bonds are increased or decreased on a pro-rata basis. This index is the benchmark of the fund. Investors cannot invest directly in any index.

**The Federal Open Market Committee (FOMC)** is a committee within the Federal Reserve System (the Fed) that is charged under United States law with overseeing the nation's open market operations (e.g., the Fed's buying and selling of United States Treasury securities). **Collateralized loan obligations (CLOs)** are structured securities that bundle a pool of lower-rated corporate loans and sell them to investors in tranches. These investments, managed by CLO managers, offer an opportunity for investors to gain exposure to higher-than-average returns by assuming default risk.

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. Credit ratings reflect only those assigned by Nationally Recognized Statistical Rating Organizations (NRSRO) that have rated fund holdings. Split rated bonds, if any, are reported in the higher rating category.

## Definitions

**Q** is quarter. **NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp.

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The fund's investment adviser is BNY Mellon Investment Adviser, Inc. (BNYIA). BNYIA has engaged BSP NY LLC (BSP) to serve as the fund's sub-adviser. BSP is a global asset management firm focused on sub-investment grade corporate credit. BNY Mellon Investment Adviser, Inc. and BNY Mellon Securities Corporation are affiliated with BNY. BSP is not affiliated with BNY Mellon Securities Corporation or The Bank of New York Mellon Corporation. BNY Investments is the brand name for the investment management business of BNY and its investment firm affiliates worldwide. BNY is the corporate brand of The Bank of New York Mellon Corporation and may be used to reference the corporation as a whole and/or its various subsidiaries generally.

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