BNY | INVESTMENTS

UNLOCKING THE POWER OF CASH TIERING

Ultra Short Income ETF Investing

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In the second half of 2025 the Federal Reserve moved monetary policy to be more accommodative with multiple rate cuts. With the uncertainty of the pace of rate cuts heading into 2026, investors may be rethinking their cash allocations. We believe that the current environment presents an opportunity for investors to potentially extend cash allocation durations without compromising liquidity. A cash-tiering approach to income generation and liquidity management — which incorporates ultra short income ETF (exchange-traded fund) investing — can be a viable strategy to consider.

Cash-Tiering Strategy

Investors can view the current interest rate environment as a potential opportunity to evaluate their strategic cash allocations. Cash tiering, or cash segmentation, may help them align expected cash needs and time horizons with investment objectives.

Given the current interest rate environment, we think investing in an ultra short duration income ETF stands out as a pragmatic solution for cash-allocation strategies with time horizons longer than nine months.

Not FDIC-Insured. Not Bank-Guaranteed. May Lose Value.

Building Blocks of Liquidity

	OPERATING	CORE	STRATEGIC
Purpose	Daily cash flows	Specific cash needs in the short to medium term	Low volatility strategy with focus on total return
Liquidity	Daily	High	Moderate
Objective	Seeks same-day liquidity and principal preservation	Pursues higher yields with lower price volatility	Longer-duration portfolios that seek excess returns over operating and core strategies
Investment Time Horizon	**1+ days**	**3 to 9 months**	**9+ months**
Dreyfus Solutions	US Treasury US Government Short Term Investment	Retail Prime Enhanced Cash	Ultra Short Income Ultra Short Government/Credit US Core 1-3 Government/Credit

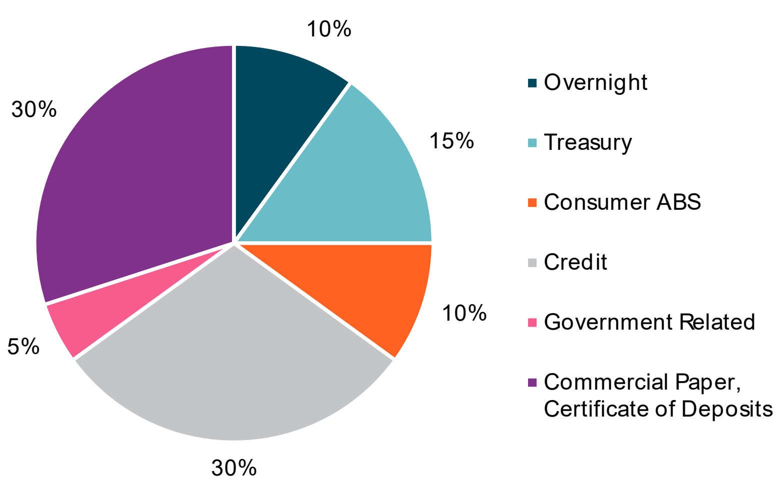
Source: Dreyfus. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. There is no guarantee that the stated investment objectives will be met.

Ultra Short Income ETF Strategy

Ultra short duration income investments are fixed-income strategies that have an average duration of six to 15 months — offering yields above traditional short-term investments such as money market funds or savings accounts. These investments are designed to seek higher returns with healthy liquidity.

Ultra Short Income ETF Investment Example

Typical characteristics for a representative account



Average Duration
6–15 MONTHS
(0.50–1.25 years)

Typical Maturity
3 YEARS

Portfolio composition is subject to change. For illustrative purposes only. The fund may have significant differences in investment objectives and portfolio securities selection than what is shown. See fund's prospectus for complete details.

Ultra short income ETFs feature characteristics that might appeal to investors who seek to:

Generate stable income

Ultra short duration income ETFs can offer attractive yields. The funds do so by having the ability to buy corporate credit and longer-duration securities with a maximum maturity of five years.

Mitigate interest rate risk

Due to their shorter durations, ultra short duration income ETF investments are less sensitive to interest rate fluctuations. **This characteristic helps mitigate the impact of interest rates, potentially providing stability.**

Manage credit risk

By investing in a diversified portfolio of fixed-income securities, ultra short duration income ETFs can help reduce credit risk and enhance risk-adjusted returns. Additionally, the ETF structure allows for broad exposure to various issues and sectors, thereby providing investors with a diversified income stream.

Potential Benefits of Ultra Short Income ETFs

1 Intraday liquidity
ETFs are traded on stock exchanges, allowing investors to buy or sell shares throughout the trading day at market prices. This feature provides enhanced liquidity compared with traditional mutual fund vehicles, which are typically priced and traded only once per day.

2 Price transparency
ETFs provide real-time price transparency, as their prices are continuously updated throughout the trading day. Investors can monitor the ETF's market value and make informed investment decisions based on current market conditions.

3 Cost efficiency
ETFs generally have lower expense ratios compared with actively managed investment solutions (e.g., mutual funds).[1] This cost efficiency is primarily due to the investment approach typically employed by ETFs, which aims to replicate the performance of a specific index or asset class.

4 Tax efficiency[2]
The structure of ETFs may provide potential tax advantages for investors. ETFs are designed to minimize capital gains distributions because they allow for in-kind creation and redemption of shares. This mechanism may help to defer taxable events, potentially reducing the tax burden for investors. Additionally, ETFs offer tax-efficient strategies, such as tax-loss harvesting, which may help to optimize after-tax returns.

5 Diversification benefits and risk management
ETFs offer investors access to a diversified portfolio of ultra short duration income investments. This diversification helps mitigate individual issuer risk and may enhance risk-adjusted returns. Additionally, ETFs provide transparency regarding the underlying holdings, allowing investors to assess the credit quality and diversification strategy of the portfolio. This transparency empowers investors to make informed decisions and manage risks effectively.

Cash segmentation and our differentiated investment solution

Today's interest rate environment requires partnership with a trusted and experienced investment manager. By combining our focused liquidity expertise with a full range of product solutions, we partner with investors to help them plan for achieving their investment goals and optimizing their return potential through cash tiering (cash segmentation) while maintaining healthy liquidity levels.

Within the liquidity bucket of clients' portfolios, we believe the BNY Mellon Ultra Short Income ETF (BKUI) may be a cash allocation solution worth considering for a time horizon of nine months or more.

[1] Source: Morningstar Direct, eVestment.
[2] BNY, its affiliates and associates do not provide tax advice. Consult with your own professional tax advisers before investing.

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Important Information

Investors should consider the investment objectives, risks, charges and expenses of an ETF carefully before investing. To obtain a prospectus, or a summary prospectus, if available, that contains this and other information about a contact a financial professional or visit bny.com/investments. Please read the prospectus carefully before investing.

Past performance is no guarantee of future results.

ETFs trade like stocks, are subject to investment risk, including possible loss of principal. The risks of investing in the ETF typically reflect the risks associated with the types of instruments in which the ETF invests. Diversification cannot assure a profit or protect against loss.

ETF shares are listed on an exchange, and shares are generally purchased and sold in the secondary market at market price. At times, the market price may be at a premium or discount to the ETF's per share NAV. In addition, ETFs are subject to the risk that an active trading market for an ETF's shares may not develop or be maintained. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions.

The ETF will issue (or redeem) fund shares to certain institutional investors known as "Authorized Participants" (typically market makers or other broker-dealers) only in large blocks of fund shares known as "Creation Units." BNY Mellon Securities Corporation (BNYSC), a subsidiary of the BNY, serves as distributor of the fund. BNYSC does not distribute fund shares in less than Creation Units, nor does it maintain a secondary market in fund shares. BNYSC may enter into selected agreements with Authorized Participants for the sale of Creation Units of fund shares.

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. The risks of investing in this ETF typically reflect the risks associated with the types of instruments in which the ETFs invest.

Fixed-income market risk. The market value of a fixed-income security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The fixed-income securities market can be susceptible to increases in volatility and decreases in liquidity. Liquidity can decline unpredictably in response to overall economic conditions or credit tightening. Increases in volatility and decreases in liquidity may be caused by a rise in interest rates (or the expectation of a rise in interest rates). An unexpected increase in redemption requests, including requests from Authorized Participants who may own a significant percentage of the fund's shares, which may be triggered by market turmoil or an increase in interest rates, could cause the fund to sell its holdings at a loss or at undesirable prices and adversely affect the fund's share price and increase the fund's liquidity risk, fund expenses and/or taxable distributions. Federal Reserve policy in response to market conditions, including with respect to interest rates, may adversely affect the value, volatility and liquidity of dividend and interest paying securities. Policy and legislative changes worldwide are affecting many aspects of financial regulation. The impact of these changes on the markets and the practical implications for market participants may not be fully known for some time.

Interest rate risk. Prices of bonds and other fixed rate fixed-income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect fixed-income securities and, accordingly, will cause the value of the fund's investments in these securities to decline. During periods of very low interest rates, which occur from time to time due to market forces or actions of governments and/or their central banks, including the Board of Governors of the Federal Reserve System in the US, the fund may be subject to a greater risk of principal decline from rising interest rates. When interest rates fall, the fund's investments in new securities may be at lower yields and may reduce the fund's income. The magnitude of these fluctuations in the market price of fixed income securities is generally greater for securities with longer effective maturities and durations because such instruments do not mature, reset interest rates or become callable for longer periods of time.

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No investment strategy or risk-management technique can be guaranteed to be successful in any market environment.

Charts are provided for illustrative purposes.

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