

Manager Commentary Q3 2026

BNY MELLON AMT-FREE MUNICIPAL BOND FUND

Class A: DMUAX, Class I: DMBIX

Market Review

Municipal bonds faced a sharp reversal in the third quarter as September's historic sell-off overwhelmed earlier- period income. The Bloomberg U.S. Municipal Bond Index returned -6.35% for the quarter and -4.18% year to date through September, while the Bloomberg Municipal Bond High Yield Index returned -5.55% for the quarter and -1.68% year to date. Losses were concentrated in longer maturities as the municipal curve sold off and modestly bear-steepened; however, the repricing lifted the broad index yield to 4.78% and materially improved tax-exempt income and relative value.

Quarterly Performance

For the quarter ended September 30, 2026, the Fund's Class I shares returned -5.94%. In comparison, the Fund's unmanaged benchmark, the Bloomberg U.S. Municipal Bond Index, returned -6.35% for the same period.

Average Annual Total Returns (09/30/2026)

Share Class /Inception Date	3 Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Class A (NAV) 3/31/03	-5.93	-3.38	-1.92	2.98	-0.32	1.27
Class A (4.50% max. load)	-10.13	-7.74	-6.31	1.42	-1.23	0.80
Class I (NAV) 12/15/08	-5.94	-3.26	-1.66	3.25	-0.08	1.51
Bloomberg U.S. Municipal Bond Index	-6.35	-4.18	-2.68	2.89	-0.21	1.51

The performance data quoted represents 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. Data assumes reinvestment of dividends and capital gains, if any. Performance for periods less than 1 year is not annualized. Go to bny.com/investments for the fund's most recent month-end returns.

Total Expenses (09/30/2026)

	Class A	Class I
Gross ¹	0.69%	0.44%
Net ²	0.69%	0.44%

¹Gross expenses is the total annual operating expense ratio for the fund before any fee waivers or expense reimbursements. ²Net Expenses is the total annual operating expense ratio for the fund, after any applicable fee waivers or expense reimbursements. The Net Expenses is the actual fund expense ratio applicable to investors. The net expense ratios reflect a contractual expense reduction agreement through 12/31/2026, without which the performance would have been lower. Not all classes of shares may be available to all investors or through all broker-dealer platforms.

Market Review (continued)

The macroeconomic backdrop remains challenging but mixed. In September, the Federal Reserve (Fed) raised its target range by 25 basis points (bp) to 3.75%–4.00%, citing solid economic activity, resilient domestic spending, strong productivity and robust capital investment, while emphasizing that inflation remains elevated. The Fed's median projections call for 2.3% real GDP growth and 3.4% Core Personal Consumption Expenditures (PCE) inflation in 2026, with an unemployment rate of 4.1%. At the same time, September payroll growth slowed and unemployment edged higher, reinforcing uncertainty around the timing of any additional tightening. Treasury rate volatility and fiscal concerns therefore remain important near-term drivers, but the municipal sell-off has restored more compelling taxable-equivalent income.

Market technicals were difficult during the quarter as record issuance, tax loss harvesting and softer demand converged. Third quarter issuance reached about \$160B and year-to-date supply rose to approximately \$463B. Year-to-date flows remained positive at \$56.6B, including \$39.5B into ETFs. Elevated supply and weaker flows may prolong volatility, but higher yields, redemptions and coupon income should ultimately help attract capital and create more favorable entry points.

Municipal credit fundamentals remain generally sound in our view, but geopolitical, energy and political risks warrant close monitoring. Crude shipments through the Strait of Hormuz recovered toward prewar levels by quarter end, although refined product flows remained constrained and elevated fuel, shipping and insurance costs continued to pressure transportation-sensitive issuers. Airports, toll roads, seaports, utilities and transit systems remain most exposed, while oil-producing states may benefit selectively if temporary revenue gains strengthen reserves. The November midterms also place greater focus on state ballot measures affecting property, income and wealth taxes, which could have more direct implications for local revenues and fiscal flexibility than the federal election outcome itself.

Performance Review

Security selection contributed positively, led by education, airports, health care and transportation. This was partly offset by weaker selection within water and sewer and industrial development and pollution control revenue (IDR/PCR) bond securities.

Sector allocation was broadly neutral. Positive effects from IDR/PCR, general obligation and gas-forward positioning were offset by the Fund's health care exposure and, to a lesser extent, housing and water, and sewer. The Fund's longer-duration municipal exposure detracted amid the rising-rate backdrop. However, government and municipal yield-curve positioning more than offset part of this headwind, with the government contribution concentrated in longer maturities.

Market Outlook

While the sell-off in September was challenging for municipal bond investors, it materially improved nominal yields and relative value, particularly in the intermediate and long portions of the curve, creating what we believe is a compelling opportunity for income-oriented investors.

In our view, the dislocation reflected a combination of the broader global bond market sell-off, elevated interest rate volatility, inflation and fiscal concerns, persistent new issuance, softer demand, and stretched starting valuations. Tax-loss harvesting and month and quarter-end positioning may keep conditions unsettled until rate volatility eases. However, the relative weakness has, in our view, created more attractive entry points for municipal duration, and early signs of renewed ETF demand may signal an eventual improvement in investor sentiment.

Municipal yields are now near their highest levels since 2008 and are potentially compelling on a tax-equivalent basis for investors in the highest tax brackets. In some longer maturities, tax-equivalent AAA municipal yields compare favorably with lower-rated corporate bonds, highlighting the extent of the recent repricing. Municipals also offer potentially attractive coupon income and a steeper yield curve than Treasuries.

and corporates, which may enhance the potential for the “roll down” effect to enhance potential returns if rates stabilize and credit conditions remain resilient.

The macro backdrop remains uncertain. Elevated supply and weaker flows may also sustain near-term pressure but could also create opportunities to add high-quality municipal credits at more attractive levels.

DISCLOSURES

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, contact your financial professional or visit bny.com/investments. Read the prospectus carefully before investing.

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. **Municipal income** may be subject to state and local taxes. Some income may be subject to the federal alternative minimum tax for certain investors. **U.S. Treasuries** while the U.S. Government guarantees the timely payment of principal and interest on its securities, portfolios that invest in such securities are not guaranteed and will fluctuate in value. Capital gains, if any, are taxable. Portfolio composition is subject to change at any time.

Asset allocation and diversification cannot ensure a profit or protect against loss in declining markets.

The **Bloomberg Municipal Bond High Yield Index** is a flagship measure of the U.S. municipal tax-exempt non-investment grade bond market. The **Bloomberg U.S. Municipal Bond Index** covers the U.S. dollar-denominated long-term tax-exempt bond market. Investors cannot invest directly in any index.

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A **yield curve** is a line that plots the yields or interest rates of bonds that have equal credit quality but different maturity dates. The slope of the yield curve predicts the direction of interest rates and the economic expansion or contraction that could result. A **basis point (bp)** is 1/100th of 1% and is commonly used to indicate interest rates or changes in rates in bonds and other financial instruments. **Bond ratings** are an evaluation of a bond's credit quality and the issuer's ability to meet scheduled interest and principal payments, assigned by NRSROs on a scale from AAA (highest) to D (default). Ratings of BBB- and above are investment grade; BB+ and below are non-investment grade (speculative/high-yield), with BB, B, and CCC representing progressively higher credit risk. **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. **Gross Domestic Product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. **Core Personal Consumption Expenditures (PCE)** is a measure of inflation that excludes food and energy prices.

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

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