

# BNY Mellon Opportunistic Small Cap Fund

**ANNUAL REPORT**  
August 31, 2022



**BNY MELLON**  
INVESTMENT MANAGEMENT

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## THE FUND

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## DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from September 1, 2021, through August 31, 2022, as provided by R. Patrick Kent, lead portfolio manager, James Boyd and Andrew Leger, portfolio managers of Newton Investment Management North America, LLC, (NIMNA), sub-adviser.*

### **Market and Fund Performance Overview**

For the 12-month period ended August 31, 2022, BNY Mellon Opportunistic Small Cap Fund's (the "fund") Investor shares achieved a total return of -13.63%, Class I shares returned -13.44% and Class Y shares returned -13.36%.<sup>1</sup> In comparison, the fund's benchmark, the Russell 2000<sup>®</sup> Index (the "Index"), produced a total return of -17.88% for the same period.<sup>2</sup>

Small-cap stocks lost ground over the reporting period as COVID-19 variants, higher interest rates, inflation concerns and a slower economy weighed on markets. The fund outperformed the Index, mainly due to favorable stock selection.

### **The Fund's Investment Approach**

The fund seeks capital appreciation. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in the stocks of small-cap companies. The fund currently considers small-cap companies to be those companies with market capitalizations that fall within the range of companies in the Index. Stocks are selected for the fund's portfolio based primarily on bottom-up, fundamental analysis. The fund's portfolio managers use a disciplined investment process that relies, in general, on proprietary fundamental research and valuation. Generally, elements of the process include analysis of a company's business prospects, estimation of the company's value and the identification of events that could cause the estimated value of the company to change. In general, the fund seeks exposure to securities and sectors that the fund's portfolio managers perceive to be attractive from a valuation and fundamental standpoint.

### **Investor Sentiment Shifts, Inflation and Economic Weakness Hinder Markets**

While the market remained buoyant early in the reporting period, a shift in sentiment early in 2022 led to steep market declines. Several concerns led to this shift, including rising inflation, tightening monetary policy, China's "Zero COVID-19" policy, the Ukraine war and weakening economic data.

Inflation data continued to trend upward, reaching a 40-year high in the U.S., before moderating late in the period. Seeking to bring inflation down, the Federal Reserve (the "Fed") raised the federal funds rate 0.25% in March 2022, 0.50% in May 2022 and 0.75% in both June and July 2022, bringing the target rate to between 2.25% and 2.50%. Most other central banks also raised their policy rates.

China's intermittent shutdowns in response to a reemergence of the pandemic continued to hamper supply chains, which also contributed to rising prices around the globe. Geopolitics weighed on markets when Russia invaded Ukraine, amplifying a sell-off in the global equity markets as the impact of war exacerbated global inflation.

As the markets digested the winding down of accommodative pandemic-related policies, supply-chain snags and high inflation dampened the growth outlook. Investors noted that recession was becoming increasingly likely as it has historically been difficult for the Fed to achieve a “soft landing” for the economy. The challenge for the Fed is to raise interest rates enough to slow inflation without tipping the economy into recession.

This myriad of concerns impacted valuations, resulting in market weakness, but fundamentals have also been hindered due to rising input costs and labor shortages in some industries. Although the market rallied late in the period, the Fed’s reiteration in August 2022 of its commitment to fighting inflation weighed on returns at the end of the period.

### **Performance Aided by Stock Selection**

The fund’s performance versus the benchmark stemmed from strong stock selection, primarily in the health care, energy and utilities sectors. In the health care sector, positions in Xenon Pharmaceuticals and *Arena Pharmaceuticals* were beneficial, as were decisions to avoid many other stocks in this industry. Positions in TransMedics Group, a health care equipment and supplies company, and Privia Health Group, a company that helps physicians optimize their businesses, contributed positively to returns. In the energy sector, the fund’s position in PBF Energy, a refinery company, performed well as oil prices rose. Positions in the energy exploration and production industry also added to relative performance. In the utilities sector, holdings among independent power producers focused on renewable energy, including Clearway Energy and NextEra Energy Partners, were advantageous.

On a less positive note, selections in the industrials sector were detrimental. Shares of *Array Technology*, a solar energy equipment company, detracted due to supply-chain bottlenecks and rising commodity costs. The fund’s position in SkyWest Airlines also hindered performance as a pilot shortage hampered revenues. In the communication services sector, the fund’s holding of Eventbrite, an event planning firm, was detrimental to returns as revenue growth has been disappointing. An underweight position in the consumer staples sector also hindered performance.

## Slower Growth Likely in the Short Term

Economic uncertainty has weighed on the market, and this is likely to continue in the near term. We believe corporate earnings are likely to decline as the economy slows in the coming months, and for this reason we have positioned the fund defensively. Further out, we anticipate small-cap stocks could outperform as they are attractively valued versus large caps.

September 15, 2022

<sup>1</sup> Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost.

<sup>2</sup> Source: Lipper Inc. — The Russell 2000<sup>®</sup> Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000<sup>®</sup> Index is a subset of the Russell 3000<sup>®</sup> Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased, small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. Investors cannot invest directly in any index.

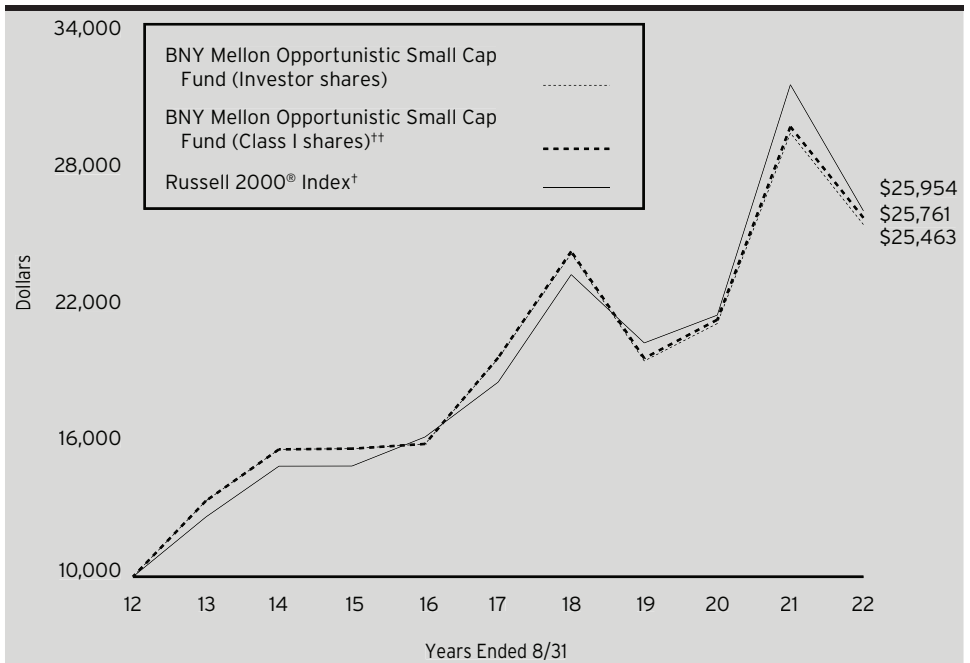
Please note: the position in any security highlighted with italicized typeface was sold during the reporting period.

Equities are subject generally to market, market sector, market liquidity, issuer and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

Stocks of small- and/or mid-cap companies often experience sharper price fluctuations than stocks of large-cap companies.

Recent market risks include pandemic risks related to COVID-19. The effects of COVID-19 have contributed to increased volatility in global markets and will likely affect certain countries, companies, industries and market sectors more dramatically than others. To the extent the fund may overweight its investments in certain countries, companies, industries or market sectors, such positions will increase the fund's exposure to risk of loss from adverse developments affecting those countries, companies, industries or sectors.

## FUND PERFORMANCE (Unaudited)



Comparison of change in value of a \$10,000 investment in Investor shares and Class I shares of BNY Mellon Opportunistic Small Cap Fund with a hypothetical investment of \$10,000 in the Russell 2000<sup>®</sup> Index (the “Index”).

<sup>†</sup> Source: Lipper Inc.

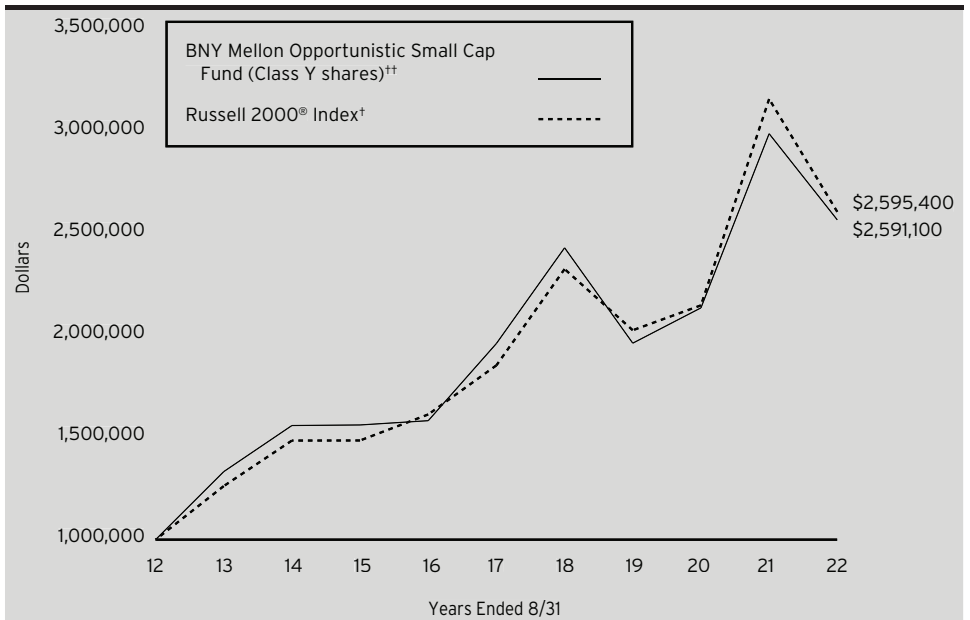
<sup>††</sup> The total return figures presented for Class I shares of the fund reflect the performance of the fund’s Investor shares for the period prior to 9/30/16 (the inception date for Class I shares).

Past performance is not predictive of future performance.

The above graph compares a hypothetical \$10,000 investment made in each of the Investor shares and Class I shares of BNY Mellon Opportunistic Small Cap Fund on 8/31/12 to a hypothetical investment of \$10,000 made in the Index on that date. All dividends and capital gain distributions are reinvested.

The fund’s performance shown in the line graph above takes into account all applicable fees and expenses on Investor shares and Class I shares. The Index measures the performance of the small-cap segment of the U.S. equity universe. The Index is a subset of the Russell 3000<sup>®</sup> Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

## FUND PERFORMANCE (*Unaudited*) (*continued*)



Comparison of change in value of a \$1,000,000 investment in Class Y shares of BNY Mellon Opportunistic Small Cap Fund with a hypothetical investment of \$1,000,000 in the Russell 2000<sup>®</sup> Index (the “Index”).

<sup>†</sup> Source: Lipper Inc.

<sup>††</sup> The total return figures presented for Class Y shares of the fund reflect the performance of the fund’s Investor shares for the period prior to 9/30/16 (the inception date for Class Y shares).

Past performance is not predictive of future performance.

The above graph compares a hypothetical \$1,000,000 investment made in Class Y shares of BNY Mellon Opportunistic Small Cap Fund on 8/31/12 to a hypothetical investment of \$1,000,000 made in the Index on that date. All dividends and capital gain distributions are reinvested.

The fund’s performance shown in the line graph above takes into account all applicable fees and expenses on Class Y shares. The Index measures the performance of the small-cap segment of the U.S. equity universe. The Index is a subset of the Russell 3000<sup>®</sup> Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

**Average Annual Total Returns as of 8/31/2022**

	Inception Date	1 Year	5 Years	10 Years
<b>Investor shares</b>	<b>11/16/1993</b>	<b>-13.63%</b>	<b>5.39%</b>	<b>9.80%</b>
<b>Class I shares</b>	<b>9/30/2016</b>	<b>-13.44%</b>	<b>5.60%<sup>†</sup></b>	<b>9.93%<sup>†</sup></b>
<b>Class Y shares</b>	<b>9/30/2016</b>	<b>-13.36%</b>	<b>5.72%<sup>†</sup></b>	<b>9.99%<sup>†</sup></b>
<b>Russell 2000® Index</b>		<b>-17.88%</b>	<b>6.95%</b>	<b>10.01%</b>

<sup>†</sup> The total return performance figures presented for Class I shares of the fund reflect the performance of the fund's Investor shares for the period prior to 9/30/16 (the inception date for Class I shares).

The total return performance figures presented for Class Y shares of the fund reflect the performance of the fund's Investor shares for the period prior to 9/30/16 (the inception date for Class Y shares).

**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. Go to [www.im.bnymellon.com](http://www.im.bnymellon.com) for the fund's most recent month-end returns.**

*The fund's performance shown in the graphs and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

## UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

*As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.*

### Review your fund's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in BNY Mellon Opportunistic Small Cap Fund from March 1, 2022 to August 31, 2022. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

#### Expenses and Value of a \$1,000 Investment

Assume actual returns for the six months ended August 31, 2022

	Investor Shares	Class I	Class Y
Expenses paid per \$1,000†	\$5.37	\$4.41	\$3.94
Ending value (after expenses)	\$902.80	\$903.70	\$904.30

## COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

### Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a \$1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

#### Expenses and Value of a \$1,000 Investment

Assuming a hypothetical 5% annualized return for the six months ended August 31, 2022

	Investor Shares	Class I	Class Y
Expenses paid per \$1,000†	\$5.70	\$4.69	\$4.18
Ending value (after expenses)	\$1,019.56	\$1,020.57	\$1,021.07

† Expenses are equal to the fund's annualized expense ratio of 1.12% for Investor Shares, .92% for Class I and .82% for Class Y, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

# STATEMENT OF INVESTMENTS

August 31, 2022

Description	Shares	Value (\$)
<b>Common Stocks - 97.3%</b>		
<b>Automobiles &amp; Components - .6%</b>		
Stoneridge Inc.	117,960 <sup>a</sup>	<b>2,241,240</b>
<b>Banks - 10.9%</b>		
BankUnited Inc.	179,637	6,655,551
Essent Group Ltd.	137,790	5,510,222
First BanCorp	603,361	8,628,062
First Interstate BancSystem Inc., Cl. A	121,586	4,895,052
First Merchants Corp.	105,691	4,208,616
Silvergate Capital Corp., Cl. A	26,505 <sup>a</sup>	2,415,136
Synovus Financial Corp.	145,343	5,836,975
Texas Capital Bancshares Inc.	49,175 <sup>a</sup>	2,902,800
		<b>41,052,414</b>
<b>Capital Goods - 11.7%</b>		
EnerSys	57,382	3,578,915
Flowserve Corp.	62,187	1,894,838
Fluor Corp.	353,268 <sup>a,b</sup>	9,340,406
Gibraltar Industries Inc.	51,736 <sup>a</sup>	2,165,152
GrafTech International Ltd.	457,173	2,688,177
Matrix Service Co.	411,089 <sup>a</sup>	2,334,985
Maxar Technologies Inc.	160,092	3,814,992
Terex Corp.	73,793	2,451,403
Titan Machinery Inc.	118,166 <sup>a</sup>	3,637,149
Triumph Group Inc.	121,423 <sup>a</sup>	1,577,285
Wabash National Corp.	294,666	4,847,256
WESCO International Inc.	44,209 <sup>a</sup>	5,821,441
		<b>44,151,999</b>
<b>Commercial &amp; Professional Services - .9%</b>		
The Brink's Company	60,526	<b>3,345,877</b>
<b>Consumer Durables &amp; Apparel - 3.6%</b>		
Allbirds Inc., Cl. A	521,764 <sup>a,b</sup>	2,144,450
GoPro Inc., Cl. A	715,717 <sup>a</sup>	4,358,717
Topgolf Callaway Brands Corp.	320,047 <sup>a</sup>	7,082,640
		<b>13,585,807</b>
<b>Consumer Services - 3.3%</b>		
Bloomin' Brands Inc.	293,003	5,924,521
Papa John's International Inc.	42,353 <sup>b</sup>	3,423,393
Six Flags Entertainment Corp.	150,008 <sup>a,b</sup>	3,322,677
		<b>12,670,591</b>
<b>Diversified Financials - 1.4%</b>		
PJT Partners Inc., Cl. A	75,920	<b>5,255,182</b>
<b>Energy - 5.9%</b>		
CNX Resources Corp.	382,216 <sup>a</sup>	6,753,757

STATEMENT OF INVESTMENTS (continued)

Description	Shares	Value (\$)
<b>Common Stocks - 97.3% (continued)</b>		
<b>Energy - 5.9% (continued)</b>		
PBF Energy Inc., Cl. A	249,770 <sup>a</sup>	8,532,143
Viper Energy Partners LP	234,205	7,147,937
		<b>22,433,837</b>
<b>Food &amp; Staples Retailing - 1.9%</b>		
The Chefs' Warehouse Inc.	214,000 <sup>a</sup>	<b>7,134,760</b>
<b>Health Care Equipment &amp; Services - 14.5%</b>		
Acadia Healthcare Co.	80,625 <sup>a</sup>	6,605,606
Amedisys Inc.	34,212 <sup>a</sup>	4,052,411
Health Catalyst Inc.	237,063 <sup>a</sup>	2,844,756
Merit Medical Systems Inc.	35,410 <sup>a</sup>	2,097,334
ModivCare Inc.	46,465 <sup>a</sup>	5,033,089
NuVasive Inc.	76,746 <sup>a</sup>	3,262,472
Privia Health Group Inc.	286,262 <sup>a,b</sup>	11,390,365
R1 RCM Inc.	222,896 <sup>a</sup>	4,870,278
Select Medical Holdings Corp.	200,461	5,139,820
TransMedics Group Inc.	183,502 <sup>a</sup>	9,547,609
		<b>54,843,740</b>
<b>Household &amp; Personal Products - 1.6%</b>		
Spectrum Brands Holdings Inc.	95,842	<b>6,037,088</b>
<b>Insurance - 2.8%</b>		
BRP Group Inc., Cl. A	178,808 <sup>a</sup>	5,614,571
The Hanover Insurance Group Inc.	37,161	4,808,262
		<b>10,422,833</b>
<b>Materials - 4.3%</b>		
Alamos Gold Inc., Cl. A	1,438,423	10,342,261
Largo Inc.	370,567 <sup>a</sup>	2,542,090
Tronox Holdings PLC, Cl. A	229,607	3,359,150
		<b>16,243,501</b>
<b>Media &amp; Entertainment - 2.1%</b>		
Eventbrite Inc., Cl. A	410,287 <sup>a</sup>	2,917,141
Magnite Inc.	493,917 <sup>a</sup>	3,719,195
TrueCar Inc.	611,997 <sup>a</sup>	1,334,153
		<b>7,970,489</b>
<b>Pharmaceuticals Biotechnology &amp; Life Sciences - 4.6%</b>		
Alkermes PLC	306,173 <sup>a</sup>	7,247,115
Denali Therapeutics Inc.	144,022 <sup>a</sup>	3,985,089
Ultragenyx Pharmaceutical Inc.	30,957 <sup>a</sup>	1,476,339
Xenon Pharmaceuticals Inc.	116,699 <sup>a</sup>	4,529,088
		<b>17,237,631</b>
<b>Real Estate - 4.0%</b>		
Colliers International Group Inc.	52,444 <sup>b</sup>	6,125,459
EPR Properties	109,076 <sup>c</sup>	4,743,715

Description	Shares	Value (\$)
<b>Common Stocks - 97.3% (continued)</b>		
<b>Real Estate - 4.0% (continued)</b>		
Pebblebrook Hotel Trust	237,238 <sup>c</sup>	4,180,133
		<b>15,049,307</b>
<b>Retailing - 2.0%</b>		
Designer Brands Inc., Cl. A	210,073 <sup>b</sup>	3,583,845
Petco Health & Wellness Co.	267,717 <sup>a,b</sup>	3,994,338
		<b>7,578,183</b>
<b>Semiconductors &amp; Semiconductor Equipment - 1.2%</b>		
MaxLinear Inc.	124,260 <sup>a</sup>	<b>4,464,662</b>
<b>Software &amp; Services - 7.4%</b>		
ChannelAdvisor Corp.	423,131 <sup>a</sup>	6,385,047
DigitalOcean Holdings Inc.	49,157 <sup>a,b</sup>	2,069,018
Edgio Inc.	1,773,023 <sup>a</sup>	6,524,725
JFrog Ltd.	88,151 <sup>a</sup>	1,864,394
Paya Holdings Inc.	1,188,582 <sup>a</sup>	7,452,409
Zuora Inc., Cl. A	495,476 <sup>a</sup>	3,805,256
		<b>28,100,849</b>
<b>Technology Hardware &amp; Equipment - 5.3%</b>		
ADTRAN Holdings Inc.	364,486	8,470,655
Arlo Technologies Inc.	506,424 <sup>a</sup>	3,084,122
Extreme Networks Inc.	558,503 <sup>a</sup>	8,003,348
Ondas Holdings Inc.	122,769 <sup>a,b</sup>	579,470
		<b>20,137,595</b>
<b>Transportation - 1.2%</b>		
SkyWest Inc.	215,213 <sup>a</sup>	<b>4,581,885</b>
<b>Utilities - 6.1%</b>		
Clearway Energy Inc., Cl. C	286,534 <sup>b</sup>	10,630,411
NextEra Energy Partners LP	150,673 <sup>b</sup>	12,368,747
		<b>22,999,158</b>
<b>Total Common Stocks</b> (cost \$356,465,140)		<b>367,538,628</b>
<b>Private Equity - .2%</b>		
<b>Real Estate - .2%</b>		
Roofstock (cost \$1,216,821)	41,269 <sup>d</sup>	<b>690,018</b>
	1-Day Yield (%)	
<b>Investment Companies - 2.5%</b>		
<b>Registered Investment Companies - 2.5%</b>		
Dreyfus Institutional Preferred Government Plus Money Market Fund, Institutional Shares (cost \$9,640,347)	2.34	9,640,347 <sup>e</sup>
		<b>9,640,347</b>

STATEMENT OF INVESTMENTS (continued)

Description	1-Day Yield (%)	Shares	Value (\$)
<b>Investment of Cash Collateral for Securities Loaned - 1.8%</b>			
<b>Registered Investment Companies - 1.8%</b>			
Dreyfus Institutional Preferred Government Plus Money Market Fund, SL Shares (cost \$6,992,538)	2.34	6,992,538 <sup>e</sup>	<b>6,992,538</b>
<b>Total Investments</b> (cost \$374,314,846)		<b>101.8%</b>	<b>384,861,531</b>
<b>Liabilities, Less Cash and Receivables</b>		<b>(1.8%)</b>	<b>(6,950,010)</b>
<b>Net Assets</b>		<b>100.0%</b>	<b>377,911,521</b>

<sup>a</sup> Non-income producing security.

<sup>b</sup> Security, or portion thereof, on loan. At August 31, 2022, the value of the fund's securities on loan was \$18,648,470 and the value of the collateral was \$19,215,521, consisting of cash collateral of \$6,992,538 and U.S. Government & Agency securities valued at \$12,222,983. In addition, the value of collateral may include pending sales that are also on loan.

<sup>c</sup> Investment in real estate investment trust within the United States.

<sup>d</sup> The fund held Level 3 securities at August 31, 2022. These securities were valued at \$690,018 or .18% of net assets.

<sup>e</sup> Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the investment company's prospectus.

Portfolio Summary (Unaudited) †	Value (%)
Health Care	19.1
Financials	15.0
Information Technology	14.0
Industrials	13.8
Consumer Discretionary	9.5
Utilities	6.1
Energy	5.9
Investment Companies	4.3
Materials	4.3
Real Estate	4.2
Consumer Staples	3.5
Communication Services	2.1
	<b>101.8</b>

† Based on net assets.

See notes to financial statements.

<b>Affiliated Issuers</b>					
Description	Value (\$) 8/31/2021	Purchases (\$) <sup>†</sup>	Sales (\$)	Value (\$) 8/31/2022	Dividends/ Distributions (\$)
<b>Registered Investment Companies - 2.5%</b>					
Dreyfus					
Institutional					
Preferred					
Government					
Plus Money					
Market Fund,					
Institutional					
Shares -					
2.5%	10,163,658	110,721,216	(111,244,527)	9,640,347	52,608
<b>Investment of Cash Collateral for Securities Loaned - 1.8%</b>					
Dreyfus					
Institutional					
Preferred					
Government					
Plus Money					
Market Fund,					
SL Shares -					
1.8%	4,538,966	186,435,371	(183,981,799)	6,992,538	60,517 <sup>††</sup>
<b>Total - 4.3%</b>	<b>14,702,624</b>	<b>297,156,587</b>	<b>(295,226,326)</b>	<b>16,632,885</b>	<b>113,125</b>

<sup>†</sup> Includes reinvested dividends/ distributions.

<sup>††</sup> Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

See notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES

August 31, 2022

	Cost	Value	
<b>Assets (\$):</b>			
Investments in securities—See Statement of Investments (including securities on loan, valued at \$18,648,470)—Note 1(c):			
Unaffiliated issuers	357,681,961	368,228,646	
Affiliated issuers	16,632,885	16,632,885	
Dividends and securities lending income receivable		399,294	
Receivable for investment securities sold		168,777	
Receivable for shares of Common Stock subscribed		11,772	
Prepaid expenses		27,243	
		<b>385,468,617</b>	
<b>Liabilities (\$):</b>			
Due to BNY Mellon Investment Adviser, Inc. and affiliates—Note 3(b)		333,041	
Liability for securities on loan—Note 1(c)		6,992,538	
Payable for shares of Common Stock redeemed		107,226	
Directors' fees and expenses payable		8,439	
Other accrued expenses		115,852	
		<b>7,557,096</b>	
<b>Net Assets (\$)</b>		<b>377,911,521</b>	
<b>Composition of Net Assets (\$):</b>			
Paid-in capital		355,259,321	
Total distributable earnings (loss)		22,652,200	
<b>Net Assets (\$)</b>		<b>377,911,521</b>	
<b>Net Asset Value Per Share</b>			
	Investor Shares	Class I	Class Y
Net Assets (\$)	240,926,253	26,190,514	110,794,754
Shares Outstanding	8,076,665	869,003	3,665,488
<b>Net Asset Value Per Share (\$)</b>	<b>29.83</b>	<b>30.14</b>	<b>30.23</b>

See notes to financial statements.

# STATEMENT OF OPERATIONS

Year Ended August 31, 2022

<b>Investment Income (\$):</b>	
<b>Income:</b>	
Cash dividends (net of \$47,046 foreign taxes withheld at source):	
Unaffiliated issuers	4,304,145
Affiliated issuers	52,608
Income from securities lending—Note 1(c)	60,517
<b>Total Income</b>	<b>4,417,270</b>
<b>Expenses:</b>	
Management fee—Note 3(a)	3,400,230
Shareholder servicing costs—Note 3(b)	895,306
Professional fees	97,836
Registration fees	54,028
Directors' fees and expenses—Note 3(c)	26,009
Prospectus and shareholders' reports	20,760
Chief Compliance Officer fees—Note 3(b)	17,169
Custodian fees—Note 3(b)	13,721
Loan commitment fees—Note 2	7,232
Interest expense—Note 2	101
Miscellaneous	30,367
<b>Total Expenses</b>	<b>4,562,759</b>
<b>Net Investment (Loss)</b>	<b>(145,489)</b>
<b>Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):</b>	
Net realized gain (loss) on investments	14,037,620
Net change in unrealized appreciation (depreciation) on investments	(78,907,153)
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<b>(64,869,533)</b>
<b>Net (Decrease) in Net Assets Resulting from Operations</b>	<b>(65,015,022)</b>

*See notes to financial statements.*

## STATEMENT OF CHANGES IN NET ASSETS

	Year Ended August 31,	
	2022	2021
<b>Operations (\$):</b>		
Net investment (loss)	(145,489)	(1,254,263)
Net realized gain (loss) on investments	14,037,620	126,212,004
Net change in unrealized appreciation (depreciation) on investments	(78,907,153)	26,960,087
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(65,015,022)</b>	<b>151,917,828</b>
<b>Distributions (\$):</b>		
Distributions to shareholders:		
Investor Shares	(26,496,039)	(585,218)
Class I	(3,965,477)	(71,129)
Class Y	(14,710,233)	(733,824)
<b>Total Distributions</b>	<b>(45,171,749)</b>	<b>(1,390,171)</b>
<b>Capital Stock Transactions (\$):</b>		
Net proceeds from shares sold:		
Investor Shares	6,488,488	9,667,030
Class I	30,120,782	9,734,445
Class Y	15,231,210	16,528,564
Distributions reinvested:		
Investor Shares	25,369,412	560,659
Class I	3,866,182	69,780
Class Y	7,111,581	207,731
Cost of shares redeemed:		
Investor Shares	(45,188,016)	(33,023,283)
Class I	(21,679,898)	(13,279,057)
Class Y	(47,138,645)	(36,556,621)
<b>Increase (Decrease) in Net Assets from Capital Stock Transactions</b>	<b>(25,818,904)</b>	<b>(46,090,752)</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(136,005,675)</b>	<b>104,436,905</b>
<b>Net Assets (\$):</b>		
Beginning of Period	513,917,196	409,480,291
<b>End of Period</b>	<b>377,911,521</b>	<b>513,917,196</b>

	Year Ended August 31,	
	2022	2021
<b>Capital Share Transactions (Shares):</b>		
<b>Investor Shares<sup>a</sup></b>		
Shares sold	180,736	278,948
Shares issued for distributions reinvested	740,713	17,565
Shares redeemed	(1,232,440)	(1,012,715)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>(310,991)</b>	<b>(716,202)</b>
<b>Class I<sup>a</sup></b>		
Shares sold	770,533	268,612
Shares issued for distributions reinvested	111,869	2,173
Shares redeemed	(668,126)	(397,350)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>214,276</b>	<b>(126,565)</b>
<b>Class Y<sup>a</sup></b>		
Shares sold	443,530	482,243
Shares issued for distributions reinvested	205,359	6,461
Shares redeemed	(1,430,350)	(1,124,816)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>(781,461)</b>	<b>(636,112)</b>

<sup>a</sup> During the period ended August 31, 2022, 5,031 Investor shares representing \$189,372 were exchanged for 4,981 Class Y shares and 316 Investor shares representing \$9,238 were exchanged for 313 Class I shares and 80,162 Class Y shares representing \$2,769,844 were exchanged for 80,339 Class I shares. During the period ended August 31, 2021, 58,589 Class Y shares representing \$2,130,493 were exchanged for 58,671 Class I shares and 3,802 Investor shares representing \$142,499 were exchanged for 3,772 Class Y shares..

See notes to financial statements.

## FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption at net asset value on the last day of the period. Net asset value total return includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. These figures have been derived from the fund's financial statements.

Investor Shares	Year Ended August 31,				
	2022	2021	2020	2019	2018
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	37.97	27.26	25.18	40.10	36.53
Investment Operations:					
Net investment income (loss) <sup>a</sup>	(.05)	(.13)	.03	.03	(.16)
Net realized and unrealized gain (loss) on investments	(4.69)	10.91	2.10	(8.16)	8.29
Total from Investment Operations	(4.74)	10.78	2.13	(8.13)	8.13
Distributions:					
Dividends from net investment income	-	(.07)	(.05)	-	-
Dividends from net realized gain on investments	(3.40)	-	-	(6.79)	(4.56)
Total Distributions	(3.40)	(.07)	(.05)	(6.79)	(4.56)
Net asset value, end of period	29.83	37.97	27.26	25.18	40.10
<b>Total Return (%)</b>	<b>(13.63)</b>	<b>39.58</b>	<b>8.44</b>	<b>(19.47)</b>	<b>23.51</b>
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	1.11	1.11	1.13	1.13	1.09
Ratio of net investment income (loss) to average net assets	(.14)	(.37)	.11	.12	(.43)
Portfolio Turnover Rate	41.25	85.56	95.32	83.97	74.02
Net Assets, end of period (\$ x 1,000)	240,926	318,464	248,201	285,688	635,221

<sup>a</sup> Based on average shares outstanding.  
See notes to financial statements.

Class I Shares	Year Ended August 31,				
	2022	2021	2020	2019	2018
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	38.25	27.45	25.38	40.28	36.60
Investment Operations:					
Net investment income (loss) <sup>a</sup>	.01	(.07)	.08	.08	(.08)
Net realized and unrealized gain (loss) on investments	(4.72)	10.98	2.11	(8.19)	8.32
Total from Investment Operations	(4.71)	10.91	2.19	(8.11)	8.24
Distributions:					
Dividends from net investment income	-	(.11)	(.12)	-	-
Dividends from net realized gain on investments	(3.40)	-	-	(6.79)	(4.56)
Total Distributions	(3.40)	(.11)	(.12)	(6.79)	(4.56)
Net asset value, end of period	30.14	38.25	27.45	25.38	40.28
<b>Total Return (%)</b>	<b>(13.44)</b>	<b>39.80</b>	<b>8.63</b>	<b>(19.31)</b>	<b>23.78</b>
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	.93	.93	.96	.93	.87
Ratio of net investment income (loss) to average net assets	.03	(.19)	.30	.26	(.20)
Portfolio Turnover Rate	41.25	85.56	95.32	83.97	74.02
Net Assets, end of period (\$ x 1,000)	26,191	25,047	21,448	28,586	72,845

<sup>a</sup> Based on average shares outstanding.  
See notes to financial statements.

*FINANCIAL HIGHLIGHTS (continued)*

<b>Class Y Shares</b>	<b>Year Ended August 31,</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Per Share Data (\$):</b>					
Net asset value, beginning of period	38.32	27.51	25.44	40.32	36.60
<b>Investment Operations:</b>					
Net investment income (loss) <sup>a</sup>	.05	(.03)	.11	.11	(.04)
Net realized and unrealized gain (loss) on investments	(4.74)	11.00	2.13	(8.20)	8.32
<b>Total from Investment Operations</b>	<b>(4.69)</b>	<b>10.97</b>	<b>2.24</b>	<b>(8.09)</b>	<b>8.28</b>
<b>Distributions:</b>					
Dividends from net investment income	-	(.16)	(.17)	-	-
Dividends from net realized gain on investments	(3.40)	-	-	(6.79)	(4.56)
<b>Total Distributions</b>	<b>(3.40)</b>	<b>(.16)</b>	<b>(.17)</b>	<b>(6.79)</b>	<b>(4.56)</b>
Net asset value, end of period	30.23	38.32	27.51	25.44	40.32
<b>Total Return (%)</b>	<b>(13.36)</b>	<b>39.97</b>	<b>8.81</b>	<b>(19.23)</b>	<b>23.90</b>
<b>Ratios/Supplemental Data (%):</b>					
Ratio of total expenses to average net assets	.82	.82	.83	.81	.79
Ratio of net investment income (loss) to average net assets	.15	(.08)	.45	.38	(.12)
Portfolio Turnover Rate	41.25	85.56	95.32	83.97	74.02
<b>Net Assets, end of period (\$ x 1,000)</b>	<b>110,795</b>	<b>170,407</b>	<b>139,832</b>	<b>209,291</b>	<b>585,686</b>

<sup>a</sup> Based on average shares outstanding.  
See notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

## **NOTE 1—Significant Accounting Policies:**

BNY Mellon Opportunistic Small Cap Fund (the “fund”) is a separate diversified series of BNY Mellon Advantage Funds, Inc. (the “Company”), which is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company and operates as a series company currently offering eight series, including the fund. The fund’s investment objective is to seek capital appreciation. BNY Mellon Investment Adviser, Inc. (the “Adviser”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the fund’s investment adviser. Newton Investment Management North America, LLC (the “Sub-Adviser”), a wholly-owned subsidiary of BNY Mellon and an affiliate of the Adviser, serves as the fund’s sub-adviser.

BNY Mellon Securities Corporation (the “Distributor”), a wholly-owned subsidiary of the Adviser, is the distributor of the fund’s shares, which are sold without a sales charge. The fund is authorized to issue 400 million shares of \$.001 par value Common Stock. The fund currently has authorized three classes of shares: Investor (200 million shares authorized), Class I (100 million shares authorized) and Class Y shares (100 million shares authorized). Investor shares are sold primarily to retail investors through financial intermediaries and bear Shareholder Services Plan fees. Class I shares are sold primarily to bank trust departments and other financial service providers (including BNY Mellon and its affiliates), acting on behalf of customers having a qualified trust or an investment account or relationship at such institution, and bear no Shareholder Services Plan fees. Class Y shares are sold at net asset value per share generally to institutional investors, and bear no Shareholder Services Plan fees. Other differences between the classes include the services offered to and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Company accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series’ operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) is the exclusive reference of authoritative

U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund is an investment company and applies the accounting and reporting guidance of the FASB ASC Topic 946 Financial Services-Investment Companies. The fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Company enters into contracts that contain a variety of indemnifications. The fund’s maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

**(a) Portfolio valuation:** The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund’s investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

**Level 1**—unadjusted quoted prices in active markets for identical investments.

**Level 2**—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—significant unobservable inputs (including the fund’s own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

On July 26, 2022 the Company's Board of Directors (the "Board") approved, effective September 8, 2022, the Adviser, as the fund's valuation designee to make all fair value determinations with respect to the fund's portfolio investments, subject to the Board's oversight and adopted all other updates pursuant to Rule 2A-5.

Investments in equity securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American Depository Receipts and futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either

categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

Investment in private equity securities will be fair valued by the Board in accordance with valuation procedures approved by the Board. Those portfolio valuations will be based on unobservable inputs and certain assumptions about how market participants would price the instrument. The fund expects that inputs into the determination of fair value of those investments will require significant management judgment or estimation. Because valuations may fluctuate over short periods of time and may be based on estimates, fair value determinations may differ materially from the value received in an actual transaction. Additionally, valuations of private companies are inherently uncertain. The fund's net asset value could be adversely affected if the fund's determinations regarding the fair value of those investments were materially higher or lower than the values that it ultimately realized upon the disposal of such investments. These securities are categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of August 31, 2022 in valuing the fund's investments:

	Level 1- Unadjusted Quoted Prices	Level 2- Other Significant Observable Inputs	Level 3- Significant Unobservable Inputs	<b>Total</b>
<b>Assets (\$)</b>				
Investments in Securities:†				
Equity Securities -				
Common Stocks	367,538,628	-	-	<b>367,538,628</b>
Equity Securities -				
Private Equity	-	-	690,018	<b>690,018</b>
Investment				
Companies	16,632,885	-	-	<b>16,632,885</b>

† See Statement of Investments for additional detailed categorizations, if any.

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

	Equity Securities- Private Equity (\$)
Balance as of 8/31/2021	-
Net realized gain (loss)	-
Change in unrealized appreciation (depreciation)	(526,803)
Purchases/Issuances	1,216,821
Sales/Dispositions	-
Transfers into Level 3	-
Transfers out of Level 3	-
Balances as of 8/31/2022 <sup>†</sup>	690,018
The amount of total net gains (loss) for the period included in earnings attributable to the change in unrealized appreciation (depreciation) relating to investments still held at 8/31/2022	(526,803)

<sup>†</sup> Securities deemed as Level 3 due to the lack of observable inputs by management assessment.

The following table summarizes the significant unobservable inputs the fund used to value its investment categorized within Level 3 as of August 31, 2022. In addition to the techniques and inputs noted in the table below, according to the fund's valuation policy, other valuation techniques and methodologies when determining the fund's fair value measurements may be used. The below table is not intended to be all-inclusive, but rather provide information on the significant unobservable inputs as they are to the fund's determination of fair values.

Asset Category- Issuer Name	Value (\$)	Valuation Techniques/ Methodologies	Unobservable Inputs	Weighted Range	Average
<b>Private Equity:</b>					
Roofstock	690,018	Public Comparables/ Enterprise Value	Enterprise Value as Multiple of Revenue	.1x-9.8x	2.1x

**(b) Foreign taxes:** The fund may be subject to foreign taxes (a portion of which may be reclaimable) on income, stock dividends, realized and unrealized capital gains on investments or certain foreign currency transactions. Foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in the foreign jurisdictions in which the fund invests. These foreign taxes, if any, are paid by the fund and are reflected in the Statement of Operations, if applicable. Foreign

taxes payable or deferred or those subject to reclaims as of August 31, 2022, if any, are disclosed in the fund's Statement of Assets and Liabilities.

**(c) Securities transactions and investment income:** Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with BNY Mellon, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by the Adviser, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, BNY Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. Additionally, the contractual maturity of security lending transactions are on an overnight and continuous basis. During the period ended August 31, 2022, BNY Mellon earned \$8,248 from the lending of the fund's portfolio securities, pursuant to the securities lending agreement.

**(d) Affiliated issuers:** Investments in other investment companies advised by the Adviser are considered "affiliated" under the Act.

**(e) Risk:** Certain events particular to the industries in which the fund's investments conduct their operations, as well as general economic, political and public health conditions, may have a significant negative impact on the investee's operations and profitability. In addition, turbulence in financial markets and reduced liquidity in equity, credit and/or fixed income markets may negatively affect many issuers, which could adversely affect the fund. Global economies and financial markets are becoming increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. These risks may be magnified if certain events or developments adversely interrupt the global supply chain; in these and other circumstances, such risks might affect companies world-

wide. Recent examples include pandemic risks related to COVID-19 and aggressive measures taken world-wide in response by governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines of large populations, and by businesses, including changes to operations and reducing staff. The effects of COVID-19 have contributed to increased volatility in global markets and will likely affect certain countries, companies, industries and market sectors more dramatically than others. The COVID-19 pandemic has had, and any other outbreak of an infectious disease or other serious public health concern could have, a significant negative impact on economic and market conditions and could trigger a prolonged period of global economic slowdown. To the extent the fund may overweight its investments in certain countries, companies, industries or market sectors, such positions will increase the fund's exposure to risk of loss from adverse developments affecting those countries, companies, industries or sectors.

**(f) Dividends and distributions to shareholders:** Dividends and distributions are recorded on the ex-dividend date. Dividends from net investment income and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

**(g) Federal income taxes:** It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended August 31, 2022, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended August 31, 2022, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended August 31, 2022 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At August 31, 2022, the components of accumulated earnings on a tax basis were as follows: undistributed capital gains \$13,730,635 and unrealized appreciation \$8,921,565.

The tax character of distributions paid to shareholders during the fiscal years ended August 31, 2022 and August 31, 2021 were as follows: ordinary income \$0 and \$1,386,206 and long-term capital gains \$45,171,749 and \$3,965, respectively.

During the period ended August 31, 2022, as a result of permanent book to tax differences, primarily due to the tax treatment for net operating losses, the fund increased total distributable earnings (loss) by \$1,258,133 and decreased paid-in capital by the same amount. Net assets and net asset value per share were not affected by this reclassification.

**NOTE 2—Bank Lines of Credit:**

The fund participates with other long-term open-end funds managed by the Adviser in a \$823.5 million unsecured credit facility led by Citibank, N.A. (the “Citibank Credit Facility”) and a \$300 million unsecured credit facility provided by BNY Mellon (the “BNYM Credit Facility”), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions (each, a “Facility”). The Citibank Credit Facility is available in two tranches: (i) Tranche A is in an amount equal to \$688.5 million and is available to all long-term open-ended funds, including the fund, and (ii) Tranche B is an amount equal to \$135 million and is available only to BNY Mellon Floating Rate Income Fund, a series of BNY Mellon Investment Funds IV, Inc. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for Tranche A of the Citibank Credit Facility and the BNYM Credit Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing.

The average amount of borrowings outstanding under the Facilities during the period ended August 31, 2022 was approximately \$9,863 with a related weighted average annualized interest rate of 1.02.

**NOTE 3—Management Fee, Sub-Advisory Fee and Other Transactions with Affiliates:**

(a) Pursuant to a management agreement with the Adviser, the management fee is computed at the annual rate of .75% of the value of the fund’s average daily net assets and is payable monthly.

Pursuant to a sub-investment advisory agreement between the Adviser and the Sub-Adviser, the Adviser pays the Sub-Adviser a monthly fee at an annual rate of .36% of the value of the fund’s average daily net assets.

**(b)** Under the Shareholder Services Plan, Investor shares pay the Distributor at an annual rate of .25% of the value of its average daily net assets for the provision of certain services. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the fund, and services related to the maintenance of shareholder accounts. The Distributor may make payments to Service Agents (securities dealers, financial institutions or other industry professionals) with respect to these services. The Distributor determines the amounts to be paid to Service Agents. During the period ended August 31, 2022, the fund was charged \$691,189 pursuant to the Shareholder Services Plan.

The fund has an arrangement with BNY Mellon Transfer, Inc., (the “Transfer Agent”), a subsidiary of BNY Mellon and an affiliate of the Adviser, whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset Transfer Agent fees. For financial reporting purposes, the fund includes net earnings credits, if any, as shareholder servicing costs in the Statement of Operations.

The fund has an arrangement with The Bank of New York Mellon (the “Custodian”), a subsidiary of BNY Mellon and an affiliate of the Adviser, whereby the fund will receive interest income or be charged overdraft fees when cash balances are maintained. For financial reporting purposes, the fund includes this interest income and overdraft fees, if any, as interest income in the Statement of Operations.

The fund compensates the Transfer Agent, under a transfer agency agreement, for providing transfer agency and cash management services inclusive of earnings credits, if any, for the fund. The majority of Transfer Agent fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended August 31, 2022, the fund was charged \$79,609 for transfer agency services, inclusive of earnings credit, if any. These fees are included in Shareholder servicing costs in the Statement of Operations.

The fund compensates the Custodian, under a custody agreement, for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended August 31, 2022, the fund was charged \$13,721 pursuant to the custody agreement.

During the period ended August 31, 2022, the fund was charged \$17,169 for services performed by the Chief Compliance Officer and his staff. These fees are included in Chief Compliance Officer fees in the Statement of Operations.

The components of “Due to BNY Mellon Investment Adviser, Inc. and affiliates” in the Statement of Assets and Liabilities consist of: management fee of \$253,247, Shareholder Services Plan fees of \$53,540, Custodian fees of \$6,000, Chief Compliance Officer fees of \$2,539 and Transfer Agent fees of \$17,715.

(c) Each Board member also serves as a Board member of other funds in the BNY Mellon Family of Funds complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

**NOTE 4—Securities Transactions:**

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended August 31, 2022, amounted to \$182,541,440 and \$253,026,610, respectively.

At August 31, 2022, the cost of investments for federal income tax purposes was \$375,939,966; accordingly, accumulated net unrealized appreciation on investments was \$8,921,565, consisting of \$73,384,282 gross unrealized appreciation and \$64,462,717 gross unrealized depreciation.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of BNY Mellon Opportunistic Small Cap Fund

## *Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities of BNY Mellon Opportunistic Small Cap Fund (the “Fund”) (one of the funds constituting BNY Mellon Advantage Funds, Inc.), including the statement of investments, as of August 31, 2022, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting BNY Mellon Advantage Funds, Inc.) at August 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

## *Basis for Opinion*

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2022, by correspondence with the custodian, brokers and others; when replies were not received from brokers and others, we performed other audit procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more investment companies in the BNY Mellon Family of Funds since at least 1957, but we are unable to determine the specific year.

New York, New York  
October 24, 2022

## IMPORTANT TAX INFORMATION (Unaudited)

The fund hereby reports \$3.4046 per share as a long-term capital gain distribution paid on December 10, 2021.

## INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited)

At a meeting of the fund's Board of Directors held on March 8-9, 2022, the Board considered the renewal of the fund's Management Agreement, pursuant to which the Adviser provides the fund with investment advisory and administrative services, and the Sub-Investment Advisory Agreement (together with the Management Agreement, the "Agreements"), pursuant to which Newton Investment Management North America, LLC (the "Sub-Adviser") provides day-to-day management of the fund's investments. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of the Adviser and the Sub-Adviser. In considering the renewal of the Agreements, the Board considered several factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to it at the meeting and in previous presentations from representatives of the Adviser regarding the nature, extent, and quality of the services provided to funds in the BNY Mellon fund complex, including the fund. The Adviser provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. The Adviser also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the BNY Mellon fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or the Adviser) and the Adviser's corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that the Adviser also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered the Adviser's extensive administrative, accounting and compliance infrastructures, as well as the Adviser's supervisory activities over the Sub-Adviser. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data based on classifications provided by Thomson Reuters Lipper, which included information comparing (1) the performance of the fund's Investor shares with the performance of a group of retail no-load small-cap core funds selected by Broadridge as comparable to

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited) (continued)

the fund (the "Performance Group") and with a broader group of funds consisting of all retail and institutional small-cap core funds (the "Performance Universe"), all for various periods ended December 31, 2021, and (2) the fund's actual and contractual management fees and total expenses with those of the same group of funds in the Performance Group (the "Expense Group") and with a broader group of all retail no-load small-cap core funds, excluding outliers (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. The Adviser previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

*Performance Comparisons.* Representatives of the Adviser stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations and policies that may be applicable to the fund and comparison funds and the end date selected. The Board discussed with representatives of the Adviser and the Sub-Adviser the results of the comparisons and considered that the fund's total return performance was at or above the Performance Group and Performance Universe medians for all periods, except the one-, three- and four-year periods when it was below the Performance Group and Performance Universe medians. The Board discussed with representatives of Adviser and the Sub-Adviser the reasons for the Fund's underperformance versus the Performance Group and Performance Universe during certain periods under review and noted that the portfolio managers are very experienced and continued to apply a consistent investment strategy. The Adviser also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index.

*Management Fee and Expense Ratio Comparisons.* The Board reviewed and considered the contractual management fee rate payable by the fund to the Adviser in light of the nature, extent and quality of the management services and the sub-advisory services provided by the Adviser and the Sub-Adviser, respectively. In addition, the Board reviewed and considered the actual management fee rate paid by the fund over the fund's last fiscal year. The Board also reviewed the range of actual and contractual management fees and total expenses as a percentage of average net assets of the Expense Group and Expense Universe funds and discussed the results of the comparisons.

The Board considered that the fund's contractual management fee was lower than the Expense Group median contractual management fee, the fund's actual management fee was lower than the Expense Group median and lower than the Expense Universe median actual management fee and the fund's total expenses were higher than the Expense Group median and lower than the Expense Universe median total expenses.

Representatives of the Adviser reviewed with the Board the management or investment advisory fees (1) paid by funds advised by the Adviser that are in the same Lipper category as the fund and (2) paid to the Adviser or the Sub-Adviser for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and

explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness of the fund's management fee.

The Board considered the fee payable to the Sub-Adviser in relation to the fee payable to the Adviser by the fund and the respective services provided by the Sub-Adviser and the Adviser. The Board also took into consideration that the Sub-Adviser's fee is paid by the Adviser, out of its fee from the fund, and not the fund.

Analysis of Profitability and Economies of Scale. Representatives of the Adviser reviewed the expenses allocated and profit received by the Adviser and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to the Adviser and its affiliates for managing the funds in the BNY Mellon fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not excessive, given the services rendered and service levels provided by the Adviser and its affiliates. The Board also had been provided with information prepared by an independent consulting firm regarding the Adviser's approach to allocating costs to, and determining the profitability of, individual funds and the entire BNY Mellon fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered, on the advice of its counsel, the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements, considered in relation to the mix of services provided by the Adviser and the Sub-Adviser, including the nature, extent and quality of such services, supported the renewal of the Agreements and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Since the Adviser, and not the fund, pays the Sub-Adviser pursuant to the Sub-Investment Advisory Agreement, the Board did not consider the Sub-Adviser's profitability to be relevant to its deliberations. Representatives of the Adviser stated that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that the Adviser may have realized any economies of scale would be less. Representatives of the Adviser also stated that, as a result of shared and allocated costs among funds in the BNY Mellon fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to the Adviser and the Sub-Adviser from acting as investment adviser and sub-adviser, respectively, and took into consideration the soft dollar arrangements in effect for trading the fund's investments.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-  
INVESTMENT ADVISORY AGREEMENTS (Unaudited) (continued)

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by the Adviser and the Sub-Adviser are adequate and appropriate.
- The Board agreed to closely monitor performance and determined to approve renewal of the Agreements only through September 30, 2022.
- The Board concluded that the fees paid to the Adviser and the Sub-Adviser continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above, subject to review no later than the next renewal consideration.
- The Board determined that the economies of scale which may accrue to the Adviser and its affiliates in connection with the management of the fund had been adequately considered by the Adviser in connection with the fee rate charged to the fund pursuant to the Management Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with the Adviser and its affiliates and the Sub-Adviser, of the Adviser and the Sub-Adviser and the services provided to the fund by the Adviser and the Sub-Adviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for the fund had the benefit of a number of years of reviews of the Agreements for the fund, or substantially similar agreements for other BNY Mellon funds that the Board oversees, during which lengthy discussions took place between the Board and representatives of the Adviser. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on its consideration of the fund's arrangements, or substantially similar arrangements for other BNY Mellon funds that the Board oversees, in prior years. The Board determined to renew the Agreements through September 30, 2022.

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At a meeting of the fund's Board of Directors held on July 26, 2022, the Board considered the renewal of the fund's Management Agreement, pursuant to which the Adviser provides the fund with investment advisory and administrative services, and the

Sub-Investment Advisory Agreement (together with the Management Agreement, the “Agreements”), pursuant to which Newton Investment Management North America, LLC (the “Sub-Adviser”) provides day-to-day management of the fund’s investments. The Board members, none of whom are “interested persons” (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of the Adviser and the Sub-Adviser. In considering the renewal of the Agreements, the Board considered several factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to it at the meeting and in previous presentations from representatives of the Adviser regarding the nature, extent, and quality of the services provided to funds in the BNY Mellon fund complex, including the fund. The Adviser provided the number of open accounts in the fund, the fund’s asset size and the allocation of fund assets among distribution channels. The Adviser also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the BNY Mellon fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or the Adviser) and the Adviser’s corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund’s portfolio management personnel and that the Adviser also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered the Adviser’s extensive administrative, accounting and compliance infrastructures, as well as the Adviser’s supervisory activities over the Sub-Adviser. The Board also considered portfolio management’s brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund’s Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. (“Broadridge”), an independent provider of investment company data based on classifications provided by Thomson Reuters Lipper, which included information comparing (1) the performance of the fund’s Investor shares with the performance of a group of retail no-load small-cap core funds selected by Broadridge as comparable to the fund (the “Performance Group”) and with a broader group of funds consisting of all retail and institutional small-cap core funds (the “Performance Universe”), all for various periods ended June 30, 2022, and (2) the fund’s actual and contractual management fees and total expenses with those of the same group of funds in the Performance Group (the “Expense Group”) and with a broader group of all retail no-

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited) (*continued*)

load small-cap core funds, excluding outliers (the “Expense Universe”), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. The Adviser previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

**Performance Comparisons.** Representatives of the Adviser stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations and policies that may be applicable to the fund and comparison funds and the end date selected. The Board discussed with representatives of the Adviser and the Sub-Adviser the results of the comparisons and considered that the fund’s total return performance was at or above the Performance Group medians for all periods, except the one-, two-, four- and five-year periods when the fund’s total return performance was below the Performance Group medians, and was below the Performance Universe medians for all periods, except the three- and ten-year periods when the fund’s total return performance was above the Performance Universe medians. The Adviser also provided a comparison of the fund’s calendar year total returns to the returns of the fund’s benchmark index. The Board discussed with representatives of the Adviser and the Sub-Adviser the reasons for the fund’s underperformance versus the Performance Group and Performance Universe during certain of the periods under review and noted that the fund’s relative performance had improved since the Board last considered renewal of the Agreements.

**Management Fee and Expense Ratio Comparisons.** The Board reviewed and considered the contractual management fee rate payable by the fund to the Adviser in light of the nature, extent and quality of the management services and the sub-advisory services provided by the Adviser and the Sub-Adviser, respectively. In addition, the Board reviewed and considered the actual management fee rate paid by the fund over the fund’s last fiscal year. The Board also reviewed the range of actual and contractual management fees and total expenses as a percentage of average net assets of the Expense Group and Expense Universe funds and discussed the results of the comparisons.

The Board considered that the fund’s contractual management fee was lower than the Expense Group median contractual management fee, the fund’s actual management fee was lower than the Expense Group median and lower than the Expense Universe median actual management fee, and the fund’s total expenses were equal to the Expense Group median and lower than the Expense Universe median total expenses.

Representatives of the Adviser reviewed with the Board the management or investment advisory fees (1) paid by funds advised by the Adviser that are in the same Lipper category as the fund and (2) paid to the Adviser or the Sub-Adviser for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the “Similar Clients”), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information

provided for the Similar Clients to evaluate the appropriateness of the fund's management fee.

The Board considered the fee payable to the Sub-Adviser in relation to the fee payable to the Adviser by the fund and the respective services provided by the Sub-Adviser and the Adviser. The Board also took into consideration that the Sub-Adviser's fee is paid by the Adviser, out of its fee from the fund, and not the fund.

Analysis of Profitability and Economies of Scale. Representatives of the Adviser reviewed the expenses allocated and profit received by the Adviser and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to the Adviser and its affiliates for managing the funds in the BNY Mellon fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not excessive, given the services rendered and service levels provided by the Adviser and its affiliates. The Board also had been provided with information prepared by an independent consulting firm regarding the Adviser's approach to allocating costs to, and determining the profitability of, individual funds and the entire BNY Mellon fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered, on the advice of its counsel, the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements, considered in relation to the mix of services provided by the Adviser and the Sub-Adviser, including the nature, extent and quality of such services, supported the renewal of the Agreements and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Representatives of the Adviser stated that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that the Adviser may have realized any economies of scale would be less. Representatives of the Adviser also stated that, as a result of shared and allocated costs among funds in the BNY Mellon fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to the Adviser and the Sub-Adviser from acting as investment adviser and sub-adviser, respectively, and took into consideration the soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited) *(continued)*

- The Board concluded that the nature, extent and quality of the services provided by the Adviser and the Sub-Adviser are adequate and appropriate.
- The Board was satisfied with the fund's improved performance.
- The Board concluded that the fees paid to the Adviser and the Sub-Adviser continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above.
- The Board determined that the economies of scale which may accrue to the Adviser and its affiliates in connection with the management of the fund had been adequately considered by the Adviser in connection with the fee rate charged to the fund pursuant to the Management Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with the Adviser and its affiliates and the Sub-Adviser, of the Adviser and the Sub-Adviser and the services provided to the fund by the Adviser and the Sub-Adviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for the fund had the benefit of a number of years of reviews of the Agreements for the fund, or substantially similar agreements for other BNY Mellon funds that the Board oversees, during which lengthy discussions took place between the Board and representatives of the Adviser. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on its consideration of the fund's arrangements, or substantially similar arrangements for other BNY Mellon funds that the Board oversees, in prior years. The Board determined to renew the Agreements for the remainder of the one-year term.

## LIQUIDITY RISK MANAGEMENT PROGRAM (Unaudited)

Effective June 1, 2019, the fund adopted a liquidity risk management program (the “Liquidity Risk Management Program”) pursuant to the requirements of Rule 22e-4 under the Investment Company Act of 1940, as amended. Rule 22e-4 requires registered open-end funds, including mutual funds and exchange-traded funds but not money market funds, to establish liquidity risk management programs in order to effectively manage fund liquidity and shareholder redemptions. The rule is designed to mitigate the risk that a fund could not meet redemption requests without significantly diluting the interests of remaining investors.

The rule requires the fund to assess, manage and review their liquidity risk at least annually considering applicable factors such as investment strategy and liquidity during normal and foreseeable stressed conditions, including whether the strategy is appropriate for an open-end fund and whether the fund has a relatively concentrated portfolio or large positions in particular issuers. The fund must also assess its use of borrowings and derivatives, short-term and long-term cash flow projections in normal and stressed conditions, holdings of cash and cash equivalents, and borrowing arrangements and other funding sources.

The rule also requires the fund to classify its investments as highly liquid, moderately liquid, less liquid or illiquid based on the number of days the fund expects it would take to liquidate the investment, and to review these classifications at least monthly or more often under certain conditions. The periods range from three or fewer business days for a highly liquid investment to greater than seven calendar days for settlement of a less liquid investment. Illiquid investments are those a fund does not expect to be able to sell or dispose of within seven calendar days without significantly changing the market value. The fund is prohibited from acquiring an investment if, after the acquisition, its holdings of illiquid assets will exceed 15% of its net assets. In addition, if a fund permits redemptions in-kind, the rule requires the fund to establish redemption in-kind policies and procedures governing how and when it will engage in such redemptions.

Pursuant to the rule’s requirements, the Liquidity Risk Management Program has been reviewed and approved by the Board. Furthermore, the Board has received a written report prepared by the Program’s Administrator that addresses the operation of the Program, assesses its adequacy and effectiveness and describes any material changes made to the Program.

### *Assessment of Program*

In the opinion of the Program Administrator, the Program approved by the Board continues to be adequate for the fund and the Program has been implemented effectively. The Program Administrator has monitored the fund’s liquidity risk and the liquidity classification of the securities held by the fund and has determined that the Program is operating effectively.

During the period from January 1, 2021 to December 31, 2021, there were no material changes to the Program and no material liquidity events that impacted the fund. During the period, the fund held sufficient highly liquid assets to meet fund redemptions.

Under normal expected foreseeable fund redemption forecasts and foreseeable stressed fund redemption forecasts, the Program Administrator believes that the fund maintains sufficient highly liquid assets to meet expected fund redemptions.

## BOARD MEMBERS INFORMATION (Unaudited)

### *Independent Board Members*

#### **Joseph S. DiMartino (78) Chairman of the Board (1995)**

*Principal Occupation During Past 5 Years:*

- Director or Trustee of funds in the BNY Mellon Family of Funds and certain other entities (as described in the fund's Statement of Additional Information) (1995-Present)

*Other Public Company Board Memberships During Past 5 Years:*

- CBIZ, Inc., a public company providing professional business services, products and solutions, *Director* (1997-Present)

*No. of Portfolios for which Board Member Serves:* 94

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#### **Peggy C. Davis (79) Board Member (2006)**

*Principal Occupation During Past 5 Years:*

- Shad Professor of Law, New York University School of Law (1983-Present)

*No. of Portfolios for which Board Member Serves:* 33

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#### **Gina D. France (64) Board Member (2019)**

*Principal Occupation During Past 5 Years:*

- France Strategic Partners, a strategy and advisory firm serving corporate clients across the United States, *Founder, President and Chief Executive Officer* (2003-Present)

*Other Public Company Board Memberships During Past 5 Years:*

- Huntington Bancshares, a bank holding company headquartered in Columbus, Ohio, *Director* (2016-Present)
- Cedar Fair, L.P., a publicly-traded partnership that owns and operates amusement parks and hotels in the U.S. and Canada, *Director* (2011-Present)
- CBIZ, Inc., a public company providing professional business services, products and solutions, *Director* (2015-Present)
- FirstMerit Corporation, a diversified financial services company, *Director* (2004-2016)

*No. of Portfolios for which Board Member Serves:* 23

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#### **Joan Gulley (74) Board Member (2017)**

*Principal Occupation During Past 5 Years:*

- Nantucket Atheneum, public library, *Chair* (2018-June 2021) and *Director* (2015-June 2021)
- Orchard Island Club, golf and beach club, *Governor* (2016-Present)

*No. of Portfolios for which Board Member Serves:* 40

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## **Robin A. Melvin (58) Board Member (2012)**

### *Principal Occupation During Past 5 Years:*

- Westover School, a private girls' boarding school in Middlebury, Connecticut, *Trustee* (2019-Present)
- Mentor Illinois, a non-profit organization dedicated to increasing the quality of mentoring services in Illinois, *Co-Chair* (2014–2020); *Board Member*, Mentor Illinois (2013-2020)
- JDRF, a non-profit juvenile diabetes research foundation, *Board Member* (June 2021-Present)

### *Other Public Company Board Memberships During Past 5 Years:*

- HPS Corporate Lending Fund, a closed-end management investment company regulated as a business development company, *Trustee* (August 2021-Present)

*No. of Portfolios for which Board Member Serves:* 72

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*The address of the Board Members and Officers is c/o BNY Mellon Investment Adviser, Inc., 240 Greenwich Street, New York, New York 10286. Additional information about each Board Members is available in the fund's Statement of Additional Information which can be obtained from the Adviser free of charge by calling this toll free number: 1-800-373-9387.*

## OFFICERS OF THE FUND (Unaudited)

### **DAVID DIPETRILLO, President since January 2021.**

Vice President and Director of the Adviser since February 2021; Head of North America Product, BNY Mellon Investment Management since January 2018; and Director of Product Strategy, BNY Mellon Investment Management from January 2016 to December 2017. He is an officer of 55 investment companies (comprised of 108 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 44 years old and has been an employee of BNY Mellon since 2005.

### **JAMES WINDELS, Treasurer since November 2001.**

Vice President of the Adviser since September 2020; and Director—BNY Mellon Fund Administration. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 63 years old and has been an employee of the Adviser since April 1985.

### **PETER M. SULLIVAN, Chief Legal Officer since July 2021 and Vice President and Assistant Secretary since March 2019.**

Chief Legal Officer of the Adviser and Associate General Counsel of BNY Mellon since July 2021; Senior Managing Counsel of BNY Mellon from December 2020 to July 2021; and Managing Counsel of BNY Mellon from March 2009 to December 2020. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 54 years old and has been an employee of BNY Mellon since April 2004.

### **JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.**

Senior Managing Counsel of BNY Mellon since December 2019; Managing Counsel of BNY Mellon from April 2014 to December 2019; and Secretary of the Adviser. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 56 years old and has been an employee of the Adviser since December 1996.

### **DEIRDRE CUNNANE, Vice President and Assistant Secretary since March 2019.**

Managing Counsel of BNY Mellon since December 2021, Counsel of BNY Mellon from August 2018 to December 2021; and Senior Regulatory Specialist at BNY Mellon Investment Management Services from February 2016 to August 2018. She is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 32 years old and has been an employee of the Adviser since August 2018.

### **SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.**

Vice President of BNY Mellon ETF Investment Adviser, LLC since February 2020; Senior Managing Counsel of BNY Mellon since September 2021; Managing Counsel of BNY Mellon from December 2017 to September 2021; and Senior Counsel of BNY Mellon from March 2013 to December 2017. She is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 46 years old and has been an employee of the Adviser since March 2013.

### **JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.**

Senior Managing Counsel of BNY Mellon. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 57 years old and has been an employee of the Adviser since October 1990.

### **AMANDA QUINN, Vice President and Assistant Secretary since March 2020.**

Counsel of BNY Mellon since June 2019; Regulatory Administration Manager at BNY Mellon Investment Management Services from September 2018 to May 2019; and Senior Regulatory Specialist at BNY Mellon Investment Management Services from April 2015 to August 2018. She is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 37 years old and has been an employee of the Adviser since June 2019.

**NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.**

Chief Compliance Officer since August 2021 and Vice President since February 2020 of BNY Mellon ETF Investment Adviser, LLC; Chief Compliance Officer since August 2021 and Vice President and Assistant Secretary since February 2020 of BNY Mellon ETF Trust; Managing Counsel of BNY Mellon from December 2019 to August 2021; Counsel of BNY Mellon from May 2016 to December 2019; and Assistant Secretary of the Adviser from April 2018 to August 2021. She is an officer of 55 investment companies (comprised of 128 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 37 years old and has been an employee of BNY Mellon since May 2016.

**DANIEL GOLDSTEIN, Vice President since March 2022.**

Vice President and Head of Product Development of North America Product, BNY Mellon Investment Management since January 2018; Co-Head of Product Management, Development & Oversight of North America Product, BNY Mellon Investment Management from January 2010 to January 2018; and Senior Vice President, Development & Oversight of North America Product, BNY Mellon Investment Management since 2010. He is an officer of 55 investment companies (comprised of 108 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 53 years old and has been an employee of the Distributor since 1991.

**JOSEPH MARTELLA, Vice President since March 2022.**

Vice President and Head of Product Management of North America Product, BNY Mellon Investment Management since January 2018; Director of Product Research and Analytics of North America Product, BNY Mellon Investment Management from January 2010 to January 2018; and Senior Vice President of North America Product, BNY Mellon Investment Management since 2010. He is an officer of 55 investment companies (comprised of 108 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 45 years old and has been an employee of the Distributor since 1999.

**GAVIN C. REILLY, Assistant Treasurer since December 2005.**

Tax Manager–BNY Mellon Fund Administration. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 54 years old and has been an employee of the Adviser since April 1991.

**ROBERT SALVILOLO, Assistant Treasurer since July 2007.**

Senior Accounting Manager–BNY Mellon Fund Administration. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 55 years old and has been an employee of the Adviser since June 1989.

**ROBERT SVAGNA, Assistant Treasurer since December 2002.**

Senior Accounting Manager–BNY Mellon Fund Administration. He is an officer of 56 investment companies (comprised of 129 portfolios) managed by the Adviser or an affiliate of the Adviser. He is 55 years old and has been an employee of the Adviser since November 1990.

**JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.**

Chief Compliance Officer of the BNY Mellon Family of Funds and BNY Mellon Funds Trust since 2004; and Chief Compliance Officer of the Adviser from 2004 until June 2021. He is an officer of 55 investment companies (comprised of 115 portfolios) managed by the Adviser. He is 65 years old.

**CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.**

Anti-Money Laundering Compliance Officer of the BNY Mellon Family of Funds and BNY Mellon Funds Trust. She is an officer of 48 investment companies (comprised of 121 portfolios) managed by the Adviser or an affiliate of the Adviser. She is 54 years old and has been an employee of the Distributor since 1997.

# For More Information

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## **BNY Mellon Opportunistic Small Cap Fund**

240 Greenwich Street  
New York, NY 10286

### **Adviser**

BNY Mellon Investment Adviser, Inc.  
240 Greenwich Street  
New York, NY 10286

### **Sub-Adviser**

Newton Investment Management  
North America, LLC  
BNY Mellon Center  
201 Washington Street  
Boston, MA 02108

### **Custodian**

The Bank of New York Mellon  
240 Greenwich Street  
New York, NY 10286

### **Transfer Agent & Dividend Disbursing Agent**

BNY Mellon Transfer, Inc.  
240 Greenwich Street  
New York, NY 10286

### **Distributor**

BNY Mellon Securities Corporation  
240 Greenwich Street  
New York, NY 10286

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**Ticker Symbols:** Investor: DSCVX Class I: DOPIX Class Y: DSCYX

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**Telephone** Call your financial representative or 1-800-373-9387

**Mail** The BNY Mellon Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144

**E-mail** Send your request to [info@bnymellon.com](mailto:info@bnymellon.com)

**Internet** Information can be viewed online or downloaded at [www.im.bnymellon.com](http://www.im.bnymellon.com)

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-PORT. The fund’s Forms N-PORT are available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at [www.im.bnymellon.com](http://www.im.bnymellon.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov) and without charge, upon request, by calling 1-800-373-9387.



**BNY MELLON**  
INVESTMENT MANAGEMENT