The Case for

ASSET ALLOCATION

The first step in any investment strategy is to clearly identify your long-term goals. Whether it's a comfortable retirement, second home, or leaving a legacy for your children or grandchildren, having a plan for your long- and short-term financial goals may make it easier to ride out the inevitable ups and downs of the financial markets.

The goal of asset allocation is simple: to optimize return potential for a stated level of risk. Or to put it more precisely, to identify the most efficient mix of assets that will provide the highest potential for return, given the level of risk you are willing to assume.

Strategically combining asset classes increases the possibility of reaping the potential long-term returns of each asset class, while, to a degree, smoothing out the volatility of the various equity and bond markets.

History has proven that selecting the right asset allocation is more than an art; it's also a science. This is best demonstrated by the illustration below — a chart plotting the historical risk and return for various portfolios, each with assets allocated between large-cap stocks and bonds. As seen in the chart below, when making allocation decisions, you can balance performance goals and the amount of risk you're willing to assume.

How you diversify your portfolio impacts your performance potential

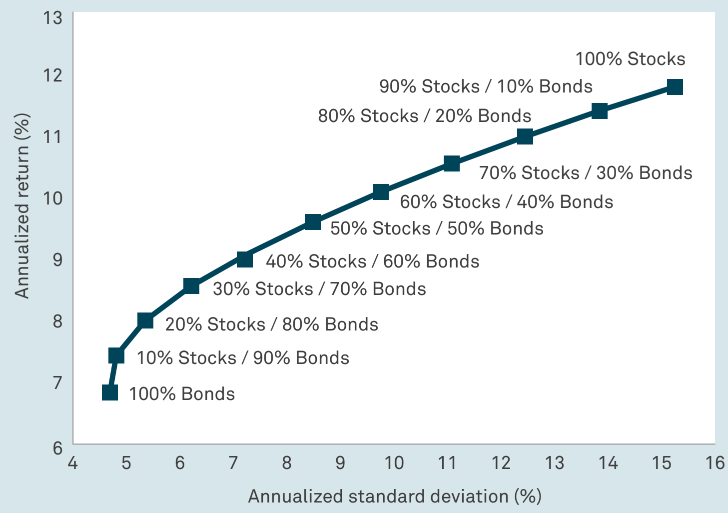
Bloomberg US Aggregate Bond Index vs. S&P 500 Stock Index (12/31/1981 – 12/31/2023)

By diversifying your portfolio, you may be able to better manage the balance between risk and return potential. This may help you feel more comfortable staying with your investment strategy over time.

Investors seeking a greater average annual total return by allocating a portion of their portfolio to stocks have, historically, had to assume a higher degree of risk. Based on these statistics, the return potential you seek is directly related to the amount of volatility you are willing to bear.

Asset allocation and diversification do not ensure a profit or protect against loss.

The bond portion is represented by Bloomberg US Aggregate Bond Index and the stock portion is represented by the S&P 500 Index.



Charts are provided for illustrative purposes only and are not indicative of the past or future performance of any BNY Mellon product.

Source: FactSet. Portfolios rebalanced monthly. Actual investment returns will vary and may be greater or less than the index. Hypothetical blended index performance is based on the past performance of indices shown and was derived with the benefit of hindsight. There are inherent limitations of data derived from hypothetical returns; performance results do not reflect fees/expenses and do not represent actual trading or all material economic and market factors that might have impacted investment decisions in an actual portfolio. Results should not be used to make an investment decision. It is possible to lose the entire principal amount invested in a portfolio. Actual individual portfolio allocation varies depending on an investor's appetite for risk, their age, and other factors. Investors cannot invest directly in any index. **Past performance is no guarantee of future results.**

BNY MELLON
INVESTMENT MANAGEMENT

The changing face of market leadership

Diversification among asset classes is one of the cardinal rules of investing for a good reason. Remember — the asset class that is hot today may not be tomorrow.

For example: The year 2008 was widely known as the global financial crisis, with most stock markets worldwide, including the US, producing significant negative returns. Performance recovered in the decade that followed, with a range of equity and fixed income classes changing leadership with double digit positive returns. Markets were again challenged in 2022 but recovered in 2023, further illustrating the importance of diversification.

By spreading assets among stocks, bonds and cash you are less likely to be overexposed to any single asset class. Since economic, financial and political changes generally affect asset categories differently, a properly diversified portfolio is potentially better positioned to weather market fluctuations.

It may also be possible to reduce the overall risk of your portfolio with asset allocation. In some periods, one asset class may be rising while another is declining, thereby smoothing out your overall portfolio. Of course, diversification alone does not guarantee a profit or protect against loss.

Diversification may reduce risk and enhance returns

No one can accurately and consistently predict which asset class will outperform in any given year. As you can see from the table below, different asset classes achieved very different performance results over the last 15 years. That's why making sure your portfolio is properly diversified is so important. A properly diversified portfolio may be better positioned to weather market fluctuations.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
US Mid Cap 40.48%	**US Small Cap 26.85%**	**US Fixed Income 7.84%**	**Int'l Equity 17.32%**	**US Small Cap 38.82%**	**US Large Cap 13.66%**	**US Large Cap 1.39%**	**US Small Cap 21.31%**	**Int'l Equity 25.03%**	**US Fixed Income 0.01%**	**US Large Cap 31.46%**	**US Small Cap 19.96%**	**US Large Cap 28.70%**	**US Fixed Income -13.01%**	**US Large Cap 26.27%**
Int'l Equity 31.78%	**US Mid Cap 25.48%**	**Int'l Bonds 7.61%**	**US Mid Cap 17.28%**	**US Mid Cap 34.76%**	**US Mid Cap 13.22%**	**Int'l Bonds 0.60%**	**US Mid Cap 13.80%**	**US Large Cap 21.82%**	**Int'l Bonds -0.03%**	**US Mid Cap 30.54%**	**US Large Cap 18.40%**	**US Mid Cap 22.58%**	**Int'l Bonds -13.10%**	**Int'l Equity 18.24%**
US Small Cap 27.17%	**US Large Cap 15.08%**	**US Large Cap 2.09%**	**US Small Cap 16.35%**	**US Large Cap 32.37%**	**US Fixed Income 5.97%**	**US Fixed Income 0.55%**	**US Large Cap 11.94%**	**US Mid Cap 18.52%**	**US Large Cap -4.38%**	**US Small Cap 25.52%**	**US Mid Cap 17.10%**	**US Small Cap 14.82%**	**Int'l Equity -14.45%**	**US Mid Cap 17.23%**
US Large Cap 26.47%	**Int'l Equity 7.75%**	**US Mid Cap -1.55%**	**US Large Cap 15.99%**	**Int'l Equity 22.78%**	**Int'l Bonds 5.89%**	**Int'l Equity -0.81%**	**Int'l Bonds 2.78%**	**US Small Cap 14.65%**	**US Mid Cap -9.06%**	**Int'l Equity 22.01%**	**Int'l Equity 7.82%**	**Int'l Equity 11.26%**	**US Mid Cap -17.32%**	**US Small Cap 16.93%**
Int'l Bonds 6.02%	**US Fixed Income 6.54%**	**US Small Cap -4.18%**	**Int'l Bonds 4.64%**	**Int'l Bonds -1.93%**	**US Small Cap 4.89%**	**US Mid Cap -2.44%**	**US Fixed Income 2.65%**	**Int'l Bonds 3.70%**	**US Small Cap -11.01%**	**Int'l Bonds 8.98%**	**Int'l Bonds 7.60%**	**Int'l Bonds -1.40%**	**US Large Cap -18.10%**	**Int'l Bonds 5.69%**
US Fixed Income 5.93%	**Int'l Bonds 6.51%**	**Int'l Equity -12.14%**	**US Fixed Income 4.22%**	**US Fixed Income -2.02%**	**Int'l Equity -4.90%**	**US Small Cap -4.41%**	**Int'l Equity 1.00%**	**US Fixed Income 3.54%**	**Int'l Equity -13.79%**	**US Fixed Income 8.72%**	**US Fixed Income 7.51%**	**US Fixed Income -1.54%**	**US Small Cap -20.44%**	**US Fixed Income 5.53%**

Source: Lipper as of December 31, 2023. **Past performance is no guarantee of future results.** Results for actual investments will vary. The comparison is intended to illustrate the changing market leadership in terms of stock market performance over time and the potential benefits of a diversified investment approach. It is not intended to promote the performance of any index or actual investment, which may be less than these returns show. It is not possible to invest directly in any index.

The asset classes are represented by the following indices: **US Large Cap Equity** by the Standard & Poor's 500® Composite Stock Price Index (S&P 500®), a widely accepted, unmanaged index of US stock market performance; **US Mid Cap** by the Russell Midcap Index, which measures the performance of the mid-cap segment of the US equity universe; **US Small Cap Equity** by the Russell 2000 Index, which measures the performance of the small-cap segment of the US equity universe; **International Equity** by the MSCI EAFE Index, a free float-adjusted, market capitalization-weighted index that is designed to measure equity performance in developed markets, excluding the US and Canada; **US Core Fixed Income** by the Bloomberg US Aggregate Bond Index, which measures the US investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities; **International Bonds** by the Bloomberg Global Aggregate Index, which provides a broad-based measure of the global investment-grade fixed income markets.

Staying the course

Asset allocation is a strategy for long-term investors, not for those seeking quick profits from short-term movements in individual stocks or the market as a whole.

Historically, the length of time you're in the market has made the largest contribution to returns. Any time you sell assets while the market is declining, you risk missing the upward trends that have historically followed these periods.

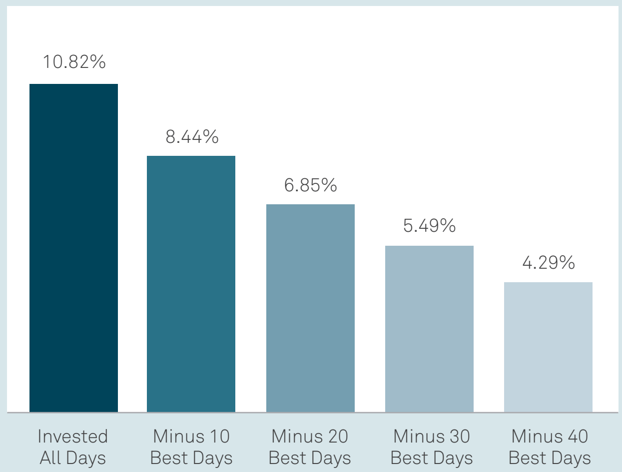
It is impossible to accurately predict market performance. By trying to avoid the "worst" days to invest, investors may miss the "best" days, which could significantly reduce a portfolio's return.

This hypothetical chart highlights the price paid by an investor for missing the best "days" for stocks over the past 35 years. If the investment were left untouched, it would have achieved an average annual total return of 10.82%.

However, if the investor had attempted to time the market, and inadvertently missed the market's best days, the return would have been substantially lower. This illustrates the risk of market timing compared with staying invested.

Historically, staying invested in stocks provided a higher total return (compared with missing the best single days).

Average Annual Returns (1/5/88 - 12/31/23)



Source: BNY Mellon Portfolio Solutions using data from Bloomberg as of 12/31/23. Stock returns represented by the S&P 500 Index, an unmanaged index that is representative of the US stock market. Index returns are not indicative of any actual investments, from which results will vary. Investors cannot invest directly in any index.

Past performance does not guarantee future results.

BNY Mellon Investment Management

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LEARN MORE

For more information about asset allocation, please contact your financial professional or visit **im.bnymellon.com.**

RISKS

All investments involve risk, including loss of principal. Certain investments involve greater or unique risks that should be considered along with the objectives, fees, and expenses before investing. **Equities** are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees. **Bonds** are subject to interest-rate, credit, liquidity, call and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. Investing in **foreign denominated and/or domiciled securities** involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity.

Standard deviation is a statistical measure of the degree to which an individual portfolio return tends to vary from the mean, based on the entire population. The greater the degree of dispersion, the greater the degree of risk. The **S&P 500 Index** is a widely accepted, unmanaged index of US stock market performance. The **Bloomberg US Aggregate Bond Index** is a widely accepted, unmanaged total return index of corporate, government and government-agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of 1–10 years.

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MARK-506489-2024-02-29
RET-AABRO-0324

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