



Welcome to the first edition of the What Happens When (WHW) series, which aims to quell investor anxiety by exploring what might happen to investments during specific market events.

This edition of WHW looks at historical market trends during election years and gleans what lessons can be learned for the year ahead.

2024 - ARIMPER EL ECTION YEAR



Countries¹

are expected to hold elections in 2024.



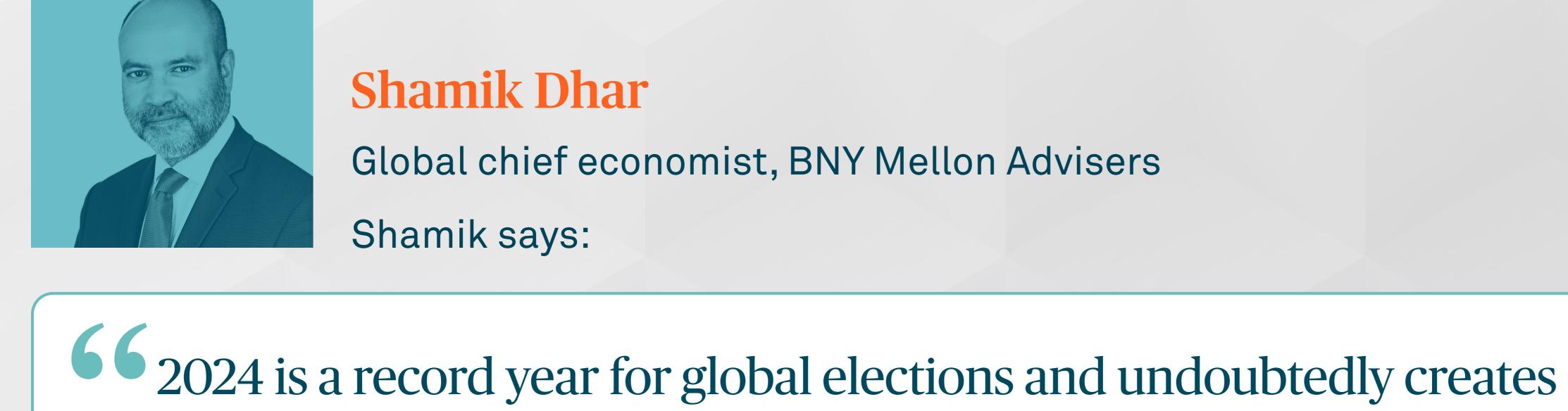
is estimated to vote in 2024.



A UK general election is expected to take place by the end of the year (However, this could be held in January 2025).



1 The Ultimate Election Year: All the Elections Around the World in 2024, Time Magazine, 28 December 2023.



Shamik Dhar

Shamik says:

the potential for disruption across markets. This has the potential to be both positive and negative for investors.

Elections can cause worry. Pared with the potential for market

INVESTOR ANXIETY...

disruption it's understandable they can inspire you to examine your options beyond the ballot. During an election year, you may ask...

How will Should I be taking heightened volatility less risk?

Is this a good time to change my investment

It's understandable that people experience political anxiety.

impact me?



approach?

WHAT HAPPENS TO ... EQUITIES*?

However, investors should rest assured that elections tend not to have

a huge impact on markets, at least during the election year itself.

Equities are the asset class that has the potential to be hit the most by politics, but it ultimately depends on what the policies are of the

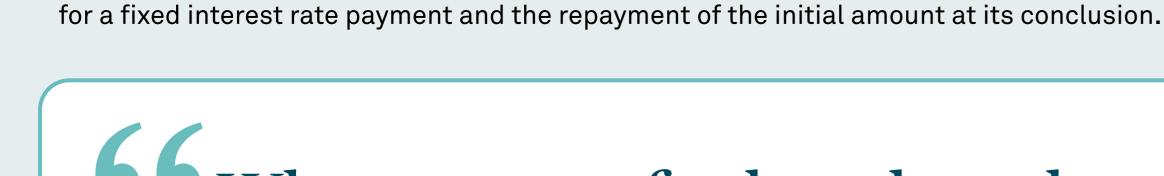
candidates in play. The election year itself tends not to have a huge impact on markets apart from potentially introducing a little volatility.

FTSE All-Share Index average returns, 1962-2023

* Equities are shares issued by a company, representing an ownership interest.

While equities may be impacted by policies after new governments have been elected, data shows that they tend not to stray too far from average returns during election years. IN THE US... THE UK EQUITY MARKET THE US EQUITY MARKET

Average return %



Election years

Source: AJ Bell Report, Curvo, Accessed 18/3/2024.

WHAT HAPPENS TO ... BONDS*?

Non-election years



The impact on a bond saver may

want to exaggerate this impact, as bond

yields are mostly driven by interest

rates and central bank actions.

S&P 500 average annual price returns, 1928-2023

not be a bad thing. However, I don't average growth of

US bonds during

election years.

*Fiscal policy – a government's policy on taxation, spending and borrowing.

[†]Bond yield – the return an investor gets on their investment into bonds.

Bloomberg US Aggregate Bond Index, full election years between

2016 and 2020.] Returns calculated in US dollars.

1976-2020. Source: BNY Mellon Investment Management as at April

US presidential elections were held between 1976 and 2020. [These

2024. Based on the full calendar year returns for the 12 years in which

years being 1976, 1980, 1984, 1988, 1992, 1996, 2000, 2004, 2008, 2012,

KEEP CALMAND CARRY ON? While elections can prompt investors to take action and change their investment plans,

\$100,000,000

\$10,000,000

\$1,000,000

\$100,000

\$1,600,000

REMAINING INVESTED...

Growth of a hypothetical \$1,000 investment in S&P 500 Index

Democratic presidency

Republican presidency

data shows that remaining invested can be beneficial. The below graphs shows what could happen with a hypothetical investment in US equities. Regardless of which party is elected, the initial \$1,000 investment has seen growth. STOCKS HISTORICALLY TREND HIGHER REGARDLESS OF THE PARTY IN POWER

\$21,560,033

\$10,000 \$1,000 1933 1943 1953 1963 1973 1983 1993 2003 2013 2023 Sources: Capital Group, Morningstar, Standard & Poor's. As of December 31, 2023. Dates of party control are based on inauguration dates. Values are based on total returns in USD. Shown on a logarithmic scale. REMAINING INVESTED THROUGHOUT HISTORICALLY DELIVERED MORE RETURNS \$1,000 invested from 12/31/1953 - 12/31/2023

Invested the entire time \$1,200,000 \$800,000 \$400,000 \$0 1953 1973 1983 1993 2003 2013 2023 1963

in the index. **Important information**

existing under Luxembourg law under registration number B28166 and having its registered address at 2-4 Rue Eugène Ruppert L-2453 Luxembourg. BNY MFML is regulated by

index from 1/1/54 to 1/1/70. Values are based on total returns in USD. Index performance is for illustrative purposes only. You cannot invest directly

Source: Morningstar as of 12/31/23. Stock market represented by the S&P 500 Index from 1/1/70 to 12/31/23 and IA SBBI U.S. large cap stocks

Any views and opinions are those of the author, unless otherwise noted and is not investment advice.

the Commission de Surveillance du Secteur Financier (CSSF).

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(plus the European Union)

A rematch between former President, Donald Trump and current President, Joe Biden is due to take place in the November US presidential election.

Global chief economist, BNY Mellon Advisers

investments safe?

\$2,000,000

Invested only for Democrats

Invested only for Republicans