BNY Mellon Appreciation Fund, Inc.

MANAGER COMMENTARY | Q3 2024

Investor Shares **DGAGX** Class I **DGIGX**

MARKET REVIEW

The S&P 500 Index gained 5.89% over an eventful third quarter to close near all-time highs. During this period, corporate earnings reports prompted some investor concerns regarding cautious consumer spending and anticipated returns from investments in artificial intelligence (AI) infrastructure. Furthermore, data released within the quarter pointed to a sharp slowdown in economic growth, as evidenced by a weaker employment environment. In response to deteriorating economic data, the U.S. Federal Reserve (Fed) issued a 50 basis point Federal Funds rate cut, which marked a pivot towards monetary easing and a shift in focus from taming inflation to supporting employment. Ultimately, the rate cut helped support the equity market rally in September.

"We anticipate monetary policy will continue to be accommodative as central banks move towards neutral rates, creating an environment supportive of growth as both consumers and businesses have access to cheaper credit."

While most index constituents reported second quarter earnings results that were ahead of consensus estimates, many management teams remarked on the more cautious consumer behaviors observed over the period. This dynamic was particularly pronounced across the consumer staples and consumer discretionary sectors, as lower-income households spent a greater portion of overall income on housing, groceries, and fuel. Investors also began to scrutinize the significant capital expenditures that large technology companies have dedicated to building out AI capabilities, leading to stock price pullbacks that reversed the upward share price trajectory seen for many throughout the year. Market participants focused on whether these AI investments can generate sufficient returns, a notable shift from the enthusiasm that helped to support broader market expansion over the past year.

PERFORMANCE SUMMARY

The BNY Mellon Appreciation Fund underperformed the S&P 500 Index in the third quarter of 2024.

Average Annual Total Returns (9/30/24)

Share Class / Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Investor Shares (NAV) / 01/18/84	3.14%	14.16%	25.59%	8.03%	14.46%	11.84%
Class I (NAV) / 08/31/16	3.20%	14.35%	25.89%	8.29%	14.72%	12.05%
S&P 500 Index	5.89%	22.08%	36.35%	11.91%	15.98%	13.38%

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

Total Expenses (9/30/24)

Share Class	Gross[1]	Net[2]
Investor Shares	0.89%	0.89%
Class I	0.66%	0.66%

[1]Gross expenses is the total annual operating expense ratio for the fund, before any fee waivers or expense reimbursements. [2]Net Expenses is the total annual operating expense ratio for the fund, after any applicable fee waivers or expense reimbursements. The Net Expenses is the actual fund expense ratio applicable to investors. Not all classes of shares may be available to all investors or through all broker-dealer platforms.

MARKET REVIEW (continued)

Furthermore, in a marked departure from recent data demonstrating resilience in the U.S. economy, a series of disappointing economic reports were released in the quarter. U.S. jobless claims rose to 249,000 in July, reflecting an 11-month high, while the U.S. unemployment rate rose to 4.3% in the same month before dropping to 4.2% in August. Payrolls processing company Automatic Data Processing, Inc. reported that 99,000 private sector workers were hired in August versus the 140,000 expected, signaling one of the weakest months for jobs growth in years and prompting concerns that the prolonged period of high interest rates had begun to push the U.S. economy towards a contraction. Against this economic backdrop, inflation continued its downward path towards the Fed's 2% target rate.

A cautious consumer outlook, weak employment statistics, and inflation's continued downward trajectory combined to create a path for the Fed to shift attention from its inflation mandate to its employment mandate. At the September Federal Open Market Committee meeting, the Fed issued a larger-than-expected 50 basis point cut to the Federal Funds Rate and guided to additional, smaller cuts in the future to bring the Federal Funds Rate back to a neutral rate. Equities received a boost following the Fed's rate cut, with renewed investor optimism that monetary easing policies may prevent a recession while continuing to support economic expansion in the U.S.

PERFORMANCE REVIEW

The Fund slightly trailed the Index in the quarter due to the dual impact of negative allocation and stock selection effects. The Fund's holdings across the financial sector contributed a positive selection effect while an overweight allocation added a positive allocation effect, resulting in the sector's relative outperformance. In the materials sector, the Fund's holdings outperformed the broader sector, leading to a positive selection effect. Conversely, the Fund's stock selection across the health care, information technology, and consumer discretionary sectors underperformed their respective benchmarks and contributed negative selection effects.

Top 10 Holdings (9/30/24)	
Microsoft Corporation	9.25%
Apple Inc.	7.81%
Amazon.com	5.29%
Novo Nordisk ADR	4.33%
Alphabet Inc.	4.17%
Visa Inc.	3.61%
UnitedHealth Group	3.57%
Texas Instruments	3.32%
ASML Holding ADR	2.86%
NVIDIA Corporation	2.83%

The holdings listed should not be considered recommendations to buy or sell a security. Large concentrations can increase share price volatility.

TOP CONTRIBUTORS

The top contributors to relative performance include **Apple, UnitedHealth Group, BlackRock, Progressive, and S&P Global.**

TOP DETRACTORS

The top detractors from relative performance include **Novo Nordisk, ASML, Alphabet, Microsoft, and Amazon.com.**

MARKET OUTLOOK

With the Fed's policy pivot towards monetary easing, most major central banks have now shifted their focus from taming inflation to supporting economic stability. We anticipate monetary policies will continue to be accommodative as central banks move towards neutral rates, creating an environment supportive of growth as both consumers and businesses have access to cheaper credit. Risk assets, such as stocks, could become relatively more attractive as fixed income yields decline. However, the gradual pace of easing may mean that an uptick in inflation remains a risk. Additionally, geopolitical tensions in the Middle East and in Ukraine/Russia, labor negotiations in the U.S., and a close U.S. presidential election may generate uncertainty or volatility. We continue to monitor for any signs of increased inflation or other stressors to the economy.

The Fund remains disciplined in identifying what we believe are high quality companies during periods of accommodative monetary policy. While government policies may change, we remain steadfast in seeking out what we consider to be industry leaders that can grow long-term earnings, gain market share, and maintain strong balance sheets. We believe our investment approach can help investors to participate meaningfully in periods of market expansion while also potentially benefiting from defensive characteristics during periods of market volatility and uncertainty.

Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. To obtain a prospectus, or a summary prospectus, if available, that contains this and other information about a fund, contact your financial professional. For more information, call 1-800-373-9387 or visit bny.com/investments. Read the prospectus carefully before investing. Investors should discuss with their financial professional the eligibility requirements for Class I shares, which are available only to certain eligible investors, and the historical results achieved by the fund's respective share classes.

Past performance is no guarantee of future results.

Risks

Equities are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. 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. These risks generally are greater with emerging market countries.

Index Definitions

The **Standard & Poor's 500® Composite Stock Price Index** is a widely accepted, unmanaged index of overall U.S. stock market performance. An investor cannot invest directly in any index.

Definitions

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

Artificial intelligence (AI), the ability of a digital computer-controlled robot to perform tasks commonly associated with intelligent beings.

As of 9/30/24 the companies mentioned represented 45.50% of the fund's portfolio in the aggregate. The holdings listed should not be considered recommendations to buy or sell a particular security. Other holdings may not have performed as well as some of those listed herein. Portfolio composition is subject to change at any time.

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