

Student of the Market

July 2022



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**Stock and
bond returns**

**Stock market
volatility**

**Mid-term
election years**

**Bull and bear
markets**

**Bear market
asset class
performance**

**Recession
asset class
performance**

**Worst 3 year
period for
bonds ever**

**Fund flows
diverge**

Source: Morningstar as of 6/30/22. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Worst start to a year for bonds and 3rd worst start for stocks

Worst ever start to a year for U.S. Bonds

Since 1926, total return for 1/1- 6/30 each calendar year

Year	First 6 months	Next 6 months
2022	-10.4	?
1994	-3.9	1.0
1974	-2.8	8.7
2013	-2.4	0.4
1984	-1.7	17.1
2018	-1.6	1.7
2021	-1.6	0.1
1999	-1.4	0.6
1996	-1.2	4.9
1955	-0.9	0.3
Avg.	-2.8	3.9

3rd worst ever start to a year for U.S. Stocks

Since 1926, total return for 1/1- 6/30 each calendar year

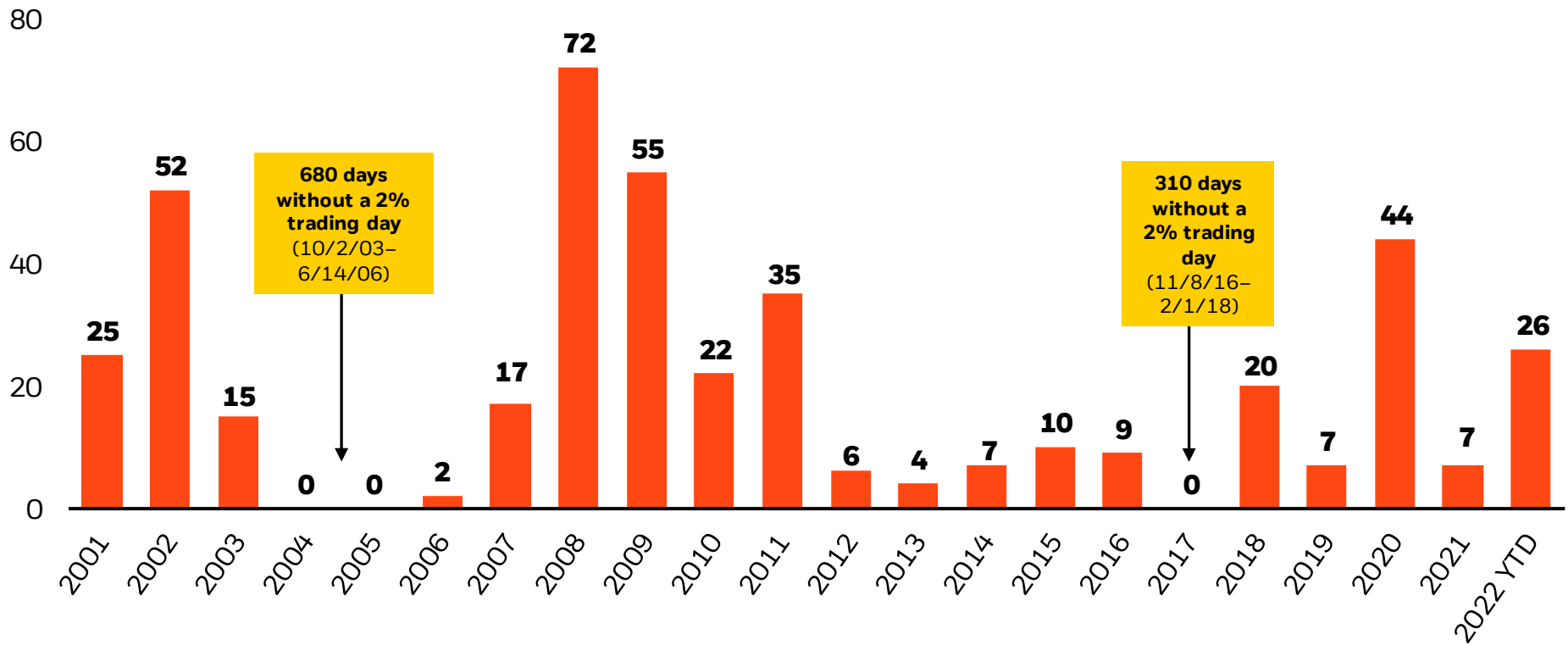
Year	First 6 months	Next 6 months
1932	-43.3	62.0
1962	-22.3	17.4
2022	-20.0	?
1970	-19.5	29.1
1940	-17.6	9.5
1939	-15.7	18.1
2002	-13.2	-10.3
2008	-11.9	-28.5
1973	-10.4	-4.8
1974	-10.2	-18.1
Avg.	-18.4	8.3

Source: Morningstar as of 6/30/22. U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 6/30/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 6/30/22 and the IA SBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Volatility picking up in 2022

Number of single day stock market returns of +/-2% or more

S&P 500, past 20+ years by calendar year (1/1/01 - 6/30/22)

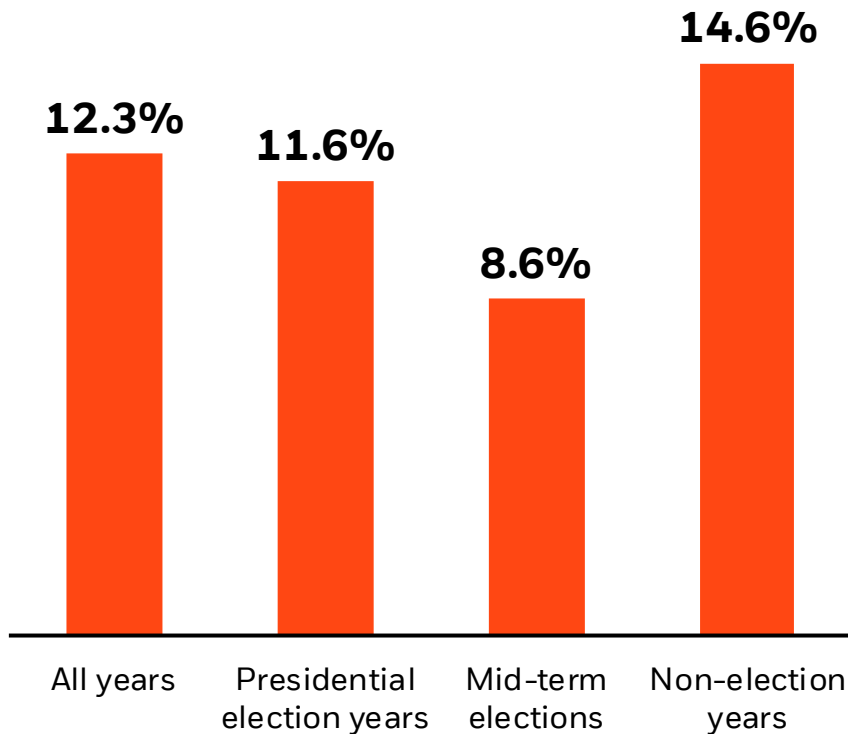


Source: Morningstar as of 6/30/22. Stock market represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

U.S. stocks across the election cycle

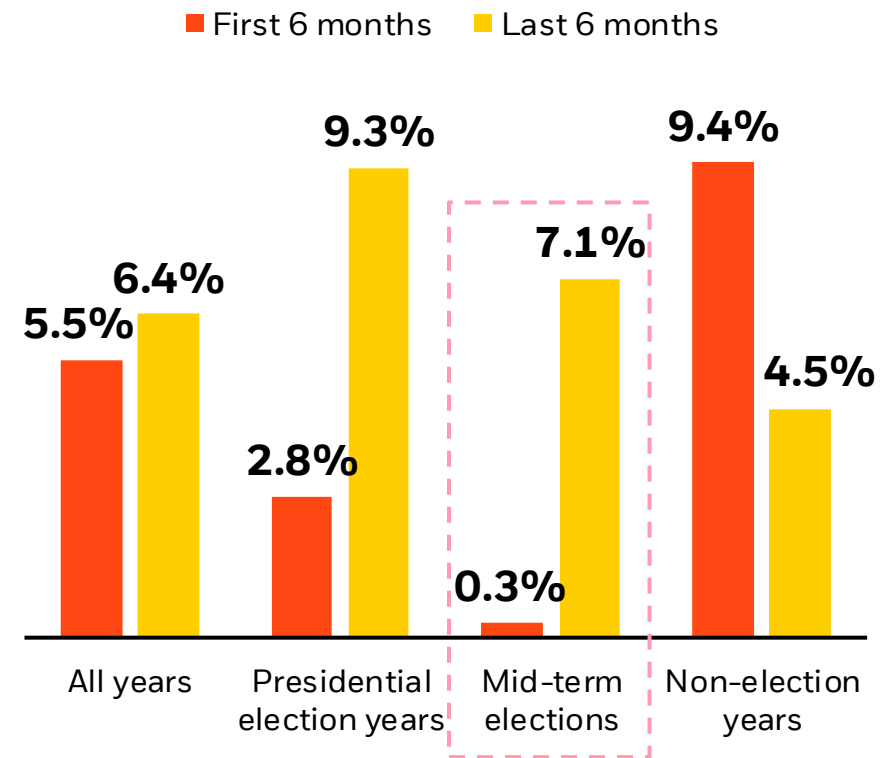
U.S. stock performance across election cycles

Average annual return, 1/1/26 – 6/30/22



U.S. stock performance 1st and 2nd half of the year

Average annual return, 1/1/26 – 6/30/22

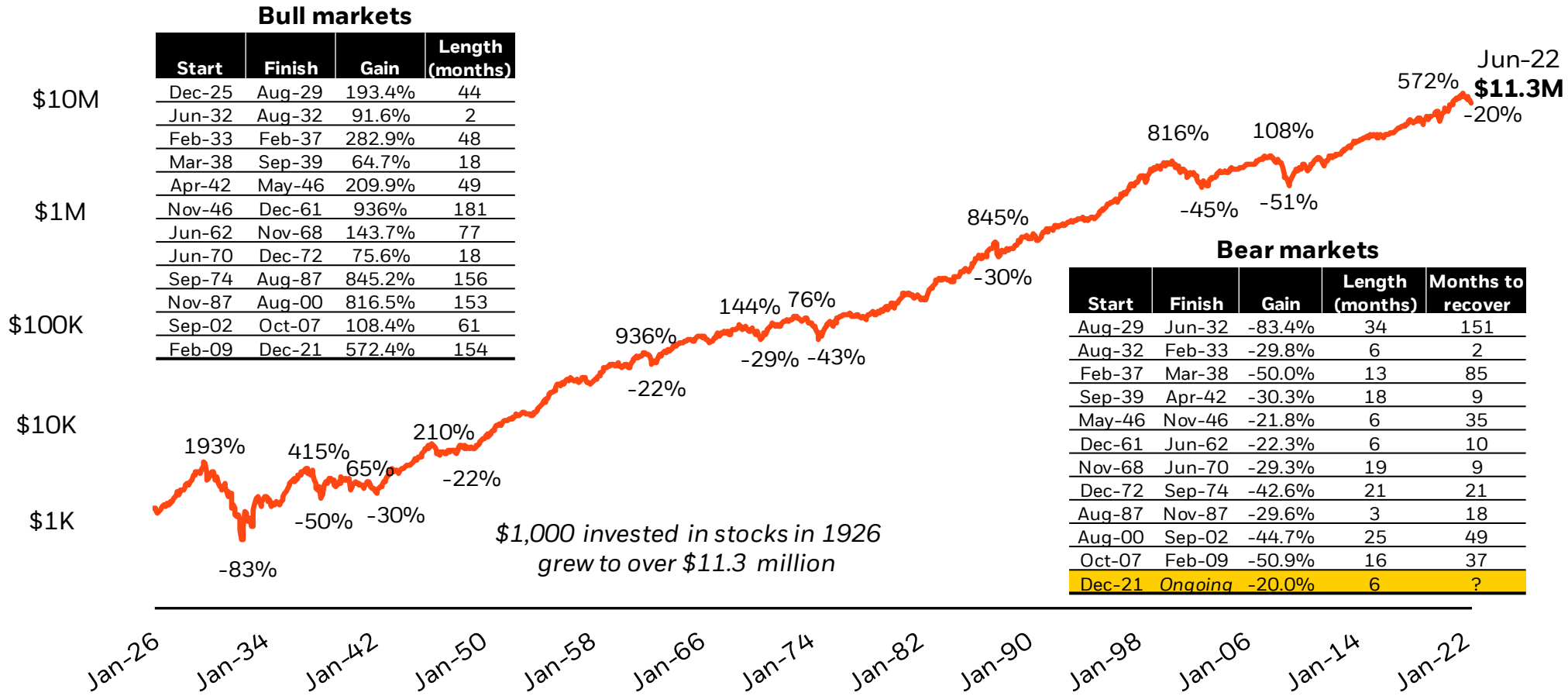


Source: Morningstar as of 6/30/22. Stock market represented by the S&P 500 Index from 3/4/57 to 6/30/22 and IA SBBI U.S. Large Cap TR Index from 1/1/26 to 3/4/57. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

BULL AND BEAR MARKETS

Bulls and bears since 1926

Monthly returns, 12/31/1925 through 6/30/2022, log scale

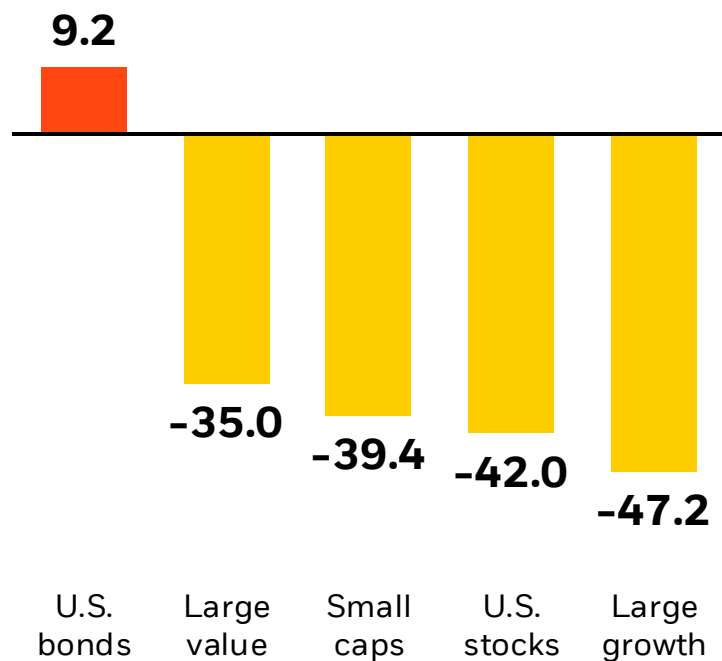


Source: Morningstar and BlackRock as of 6/30/22. Stock market represented by the S&P 500 Index from 3/4/57 to 6/30/22 and IASBBI U.S. Large Cap TR Index from 1/1/26 to 3/4/57. This illustration assumes reinvestment of dividends and capital gains. Assumes investor stays fully invested over the full time period. Index performance is for illustrative purposes only. **Past performance does not guarantee or indicate future results.** It is not possible to invest in an index.

Performance during bear markets

Bear market performance since 1972

Cumulative return percentage



Recent bear market performance since 1972

Cumulative return percentage

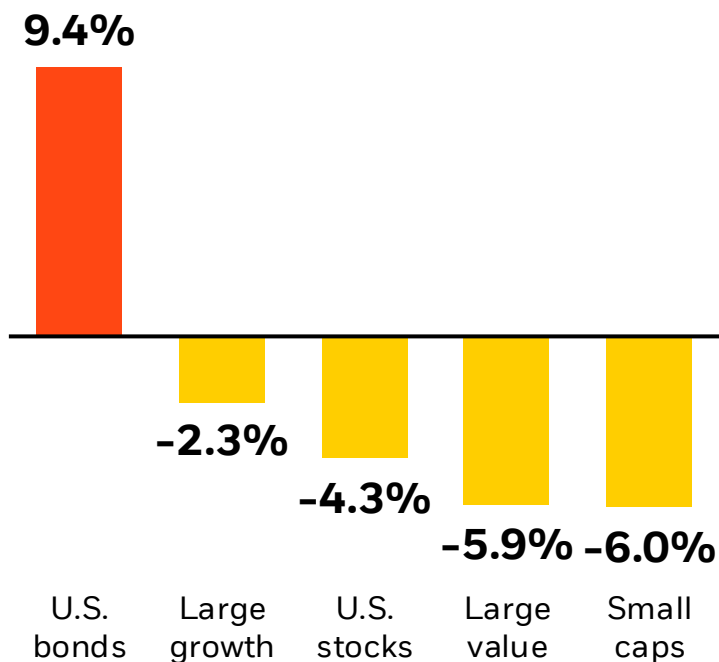
	Oct '07 to Feb '09	Aug '00 to Sept '02	Aug '87 to Nov '87	Dec '72 to Sept '74	Average
U.S. bonds	6.1	23.4	2.2	4.9	9.2
Municipals	2.6	19.6	-0.8	-	7.1
High Yield	-25.6	-8.7	-3.6	-	-12.6
Dividend Growth	-49.2	14.9	-	-	-17.1
High Dividend	-50.3	-13.3	-21.1	-	-28.2
U.S. Min Vol	-41.6	-25.8	-	-	-33.7
Large Value	-54.4	-23.7	-27.0	-	-35.0
U.S. Quality	-41.0	-40.9	-29.8	-	-37.2
International stocks	-56.7	-42.6	-14.5	-36.4	-37.5
Mid Cap	-53.7	-30.3	-30.2	-	-38.1
Small Cap	-52.0	-30.6	-35.5	-	-39.4
Momentum	-52.0	-37.0	-31.0	-	-40.0
U.S. stocks	-51.0	-44.7	-29.6	-42.6	-42.0
Emerging Market stocks	-61.1	-29.5	-	-	-45.3
Large Growth	-48.0	-61.9	-31.7	-	-47.2
Technology	-52.3	-81.9	-34.1	-51.5	-55.0

Source: Morningstar and BlackRock as of 6/30/22. U.S. stocks represented by the Ibbotson SBBI U.S. Large Cap TR Index and the S&P 500 Index, U.S. bonds by the IA SBBI U.S. IT Bond Index and the Bloomberg U.S. Agg Bond Index, Municipals by Bloomberg Municipal Bond Index, High yield by the Bloomberg U.S. Corporate High Yield Index, Dividend growth by the Russell 1000 Dividend Growth Index, High dividend by the MSCI USA High Dividend Payers Index, U.S. min vol by the MSCI USA Minimum Volatility Index, U.S. quality by the MSCI USA Quality Index, International by the MSCI EAFE Index, Mid cap by the Russell Mid Cap Index Momentum by the MSCI USA Momentum Index, Emerging market stocks by the MSCI EM Index, Large growth by the Russell 1000 Growth Index and the Fama French Large Value Index, Large value by the Russell 1000 Value Index and the Fama French Large Value Index, Small cap by the Fama French Small Cap Stock Index, Technology by the Morningstar Technology Fund category. Index performance is for illustrative purposes only. **Past performance does not guarantee or indicate future results.** It is not possible to invest in an index.

Performance during recessions

Performance during recessions since 1972

Cumulative return percentage



Performance during recessions since 1972

Cumulative return percentage

	Mar '20 to Apr '20	Jan '08 to Jun '09	Mar '01 to Nov '01	Jul '90 to Mar '91	Aug '81 to Aug '82	Feb '80 to July '80	Dec '73 to Mar '75	Average
U.S. bonds	1.2	7.2	5.9	7.5	27.1	9.5	7.6	9.4
Municipals	-4.8	3.8	3.8	5.2	18.9	-0.4	-	4.4
High Yield	-7.5	-3.7	-0.6	3.7	-	-	-	-2.0
U.S. Quality	-0.5	-24.8	4.1	10.8	-5.1	8.1	-	-1.2
High Dividend	-2.7	-31.4	-4.4	5.9	8.7	9.1	-	-2.5
Large Growth	3.5	-31.3	0.8	12.0	-8.0	9.4	-	-2.3
Mid Cap	-7.9	-35.6	1.4	10.2	-5.9	10.7	-	-4.5
U.S. stocks	-1.1	-35.0	-0.9	8.0	-2.8	9.6	-7.8	-4.3
High Div Growth	-4.5	-29.5	6					-9.3
Minimum Volatility	-3.8	-27.0	-5.2					-12.0
Small Cap	-11.0	-32.0	3.2	7.7	-11.4	7.5	-	-6.0
Technology	1.6	-30.7	-6.6	11.5	-0.7	7.4	-11.4	-4.1
Large Value	-7.8	-38.7	-2.0	6.2	-1.3	8.5	-	-5.9
International stocks	-7.8	-38.9	-9.5	-7.7	-13.2	7.1	-3.1	-10.4
Momentum	-1.1	-42.2	-0.4	6.09	-	-	-	-9.4
Emerging Market stocks	-7.7	-36.5	-4.5	-	-	-	-	-16.2

Source: Morningstar and BlackRock as of 6/30/22. U.S. stocks represented by the Ibbotson SBBI U.S. Large Cap TR Index and the S&P 500 Index, U.S. bonds by the IA SBBI U.S. IT Bond Index and the Bloomberg U.S. Agg Bond Index, Municipals by Bloomberg Municipal Bond Index, High yield by the Bloomberg U.S. Corporate High Yield Index, Dividend growth by the Russell 1000 Dividend Growth Index, High dividend by the MSCI USA High Dividend Payers Index, U.S. min vol by the MSCI USA Minimum Volatility Index, U.S. quality by the MSCI USA Quality Index, International by the MSCI EAFE Index, Mid cap by the Russell Mid Cap Index Momentum by the MSCI USA Momentum Index, Emerging market stocks by the MSCI EM Index, Large growth by the Russell 1000 Growth Index and the Fama French Large Value Index, Large value by the Russell 1000 Value Index and the Fama French Large Value Index, Small cap by Fama French Small Cap Stock Index, Technology by the Morningstar Technology Fund category. Index performance is for illustrative purposes only. **Past performance does not guarantee or indicate future results.** It is not possible to invest in an index.

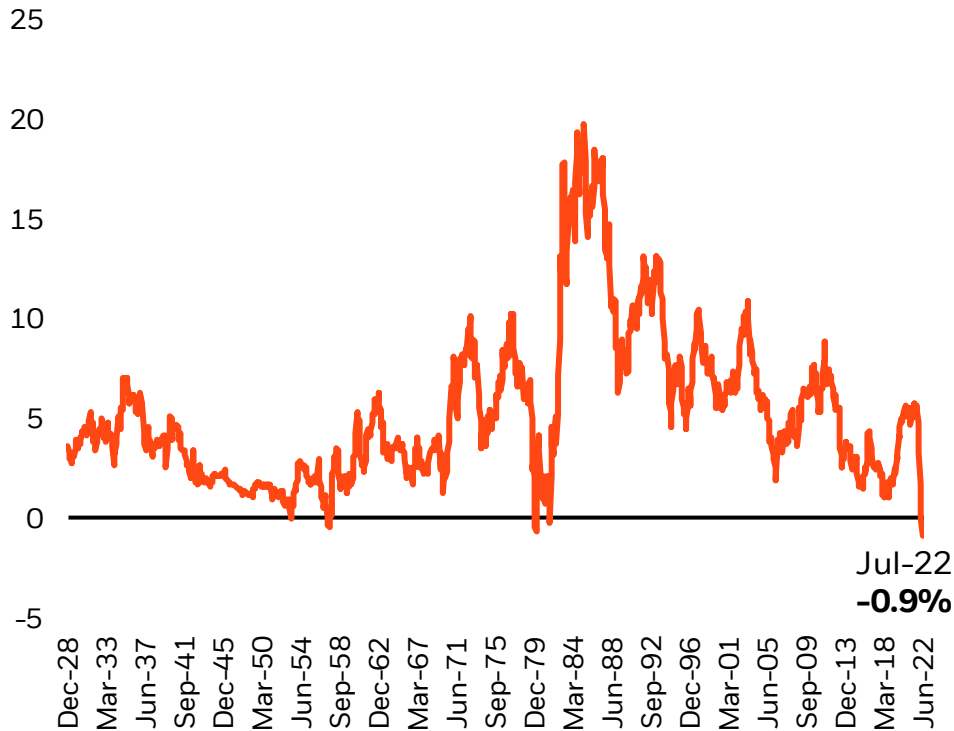
WORST 3 YEARS EVER FOR BONDS

Worst 3-year period for bonds ever

Only the 9th time in history bonds lost money over a 3-year period

Rolling 3-year average annual returns for bonds

Since 1926



Bonds following a 3 year period in which they lost money

	3-year average annual return	Next 3 years, average annual return
Jun-22	-0.9	?
Mar-80	-0.7	17.9
Feb-80	-0.5	17.8
Jul-57	-0.4	5.3
Jun-57	-0.4	4.3
Sep-81	-0.3	19.3
Aug-81	-0.3	18.4
Aug-57	-0.1	4.9
Sep-57	-0.01	5.0

Source: Morningstar as of 6/30/22. U.S. bonds represented by the IA SBB1 US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 6/30/22. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

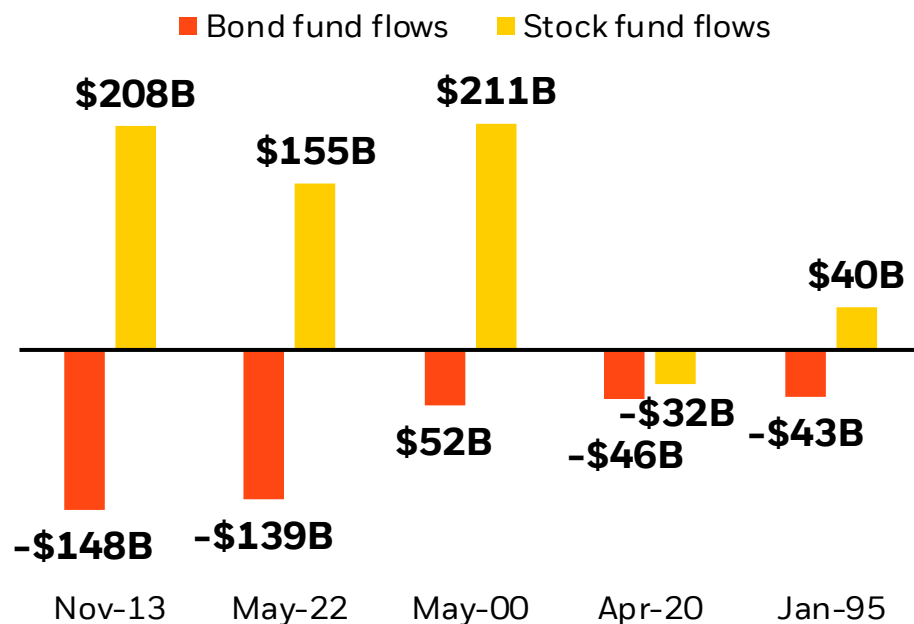
FUND FLOWS DIVERGE

2nd worst period for bond outflows

Bond fund flows saw their 2nd largest outflow ever while stock fund flows remain strongly positive

Worst 6-month fund flows for bonds

All mutual funds and ETFs for each category, Feb-93 through May-22



Periods when bond flows were negative and stock funds were positive

	Bond performance 1 year later	Stock performance 1 year later
Nov- 2013	5.3%	16.9%
May- 2022	?	?
May- 2000	13.1%	-10.6%
April- 2020	-0.3%	46%
Jan-1995	16.7%	38.7%

Source: Morningstar as of 6/30/22. U.S. bond performance represented by the Bloomberg U.S. Agg Bond TR Index. U.S. stock performance represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Student of the Market: July 2022

Returns as of 6/30/22	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
S&P 500 TR USD	-10.62	11.31	12.96
Bloomberg Municipal TR USD	-8.57	1.51	2.38
Bloomberg US Agg Bond TR USD	-10.29	0.88	1.54
Bloomberg US HY 2% Issuer Cap TR USD	-12.82	2.09	4.47
IA SBBI US IT Govt TR USD	-8.13	0.82	1.15
IA SBBI US Large Stock TR USD Ext	-10.62	11.31	12.96
MSCI EAFE NR USD	-17.77	2.20	5.40
MSCI EM NR USD	-25.28	2.18	3.06
MSCI USA High Dividend Yield NR USD	-1.69	7.42	10.12
MSCI USA Minimum Volatility(USD) NR USD	-3.67	8.97	10.91
MSCI USA Momentum NR USD	-20.31	9.90	12.93
MSCI USA Sector Neutral Quality NR USD	-15.07	9.85	11.49
Russell 1000 Growth TR USD	-18.77	14.29	14.80
Russell 1000 Value TR USD	-6.82	7.17	10.50
Russell 2000 TR USD	-25.20	5.17	9.35
Russell Mid Cap TR USD	-17.30	7.96	11.29
US Fund Technology	-32.14	12.49	15.13

Source: Morningstar. Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than that shown. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of 6/30/22 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

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