

Student of the Market

November 2021



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**Seasonal
stock returns**

**Bond market
returns**

**Stocks by
size**

Stock sectors

**Income asset
classes**

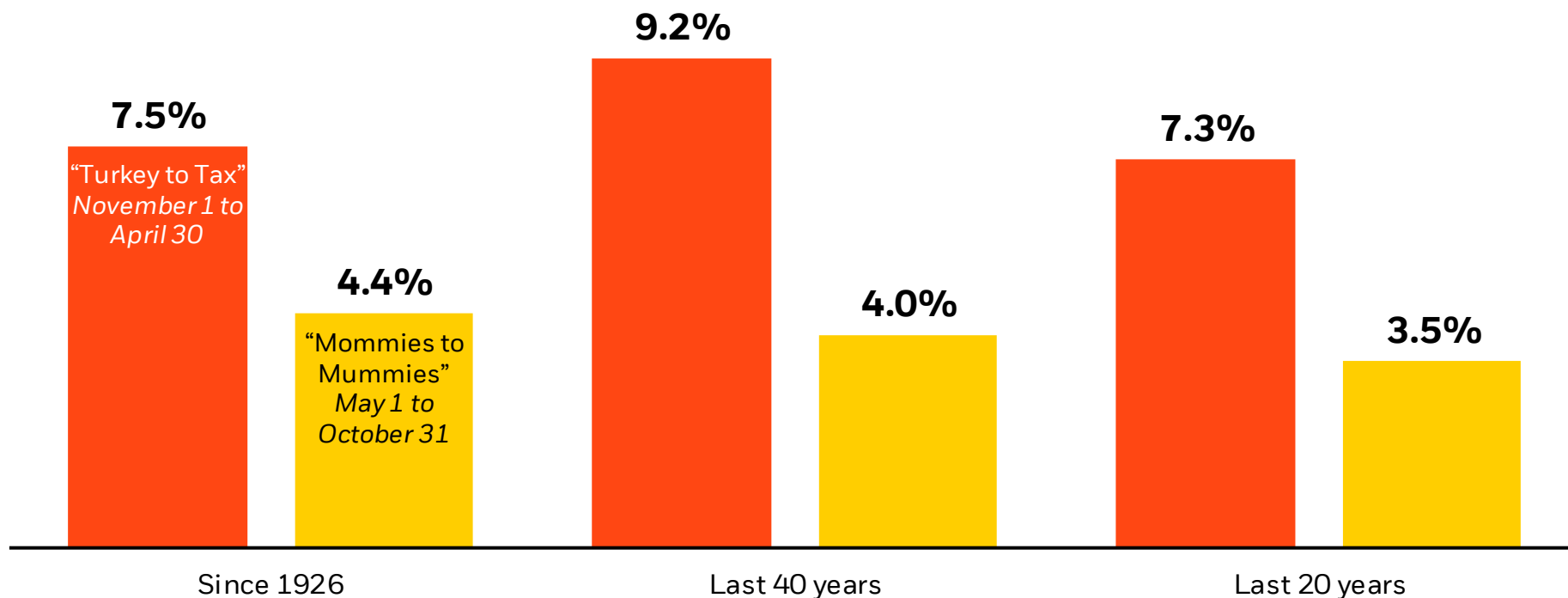
**Inflation
challenge**

**Food
inflation**

SEASONAL STOCK RETURNS

Stocks entering a seasonal period of higher returns

■ Nov 1- Apr 30 ("Turkey to Tax") ■ May 1- Oct 31 ("Mommies to Mummies")



Morningstar as of 10/31/21. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 10/31/21 and the IA SBBI U.S.Lrg Stock TR USD Index from 1/1/50 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.

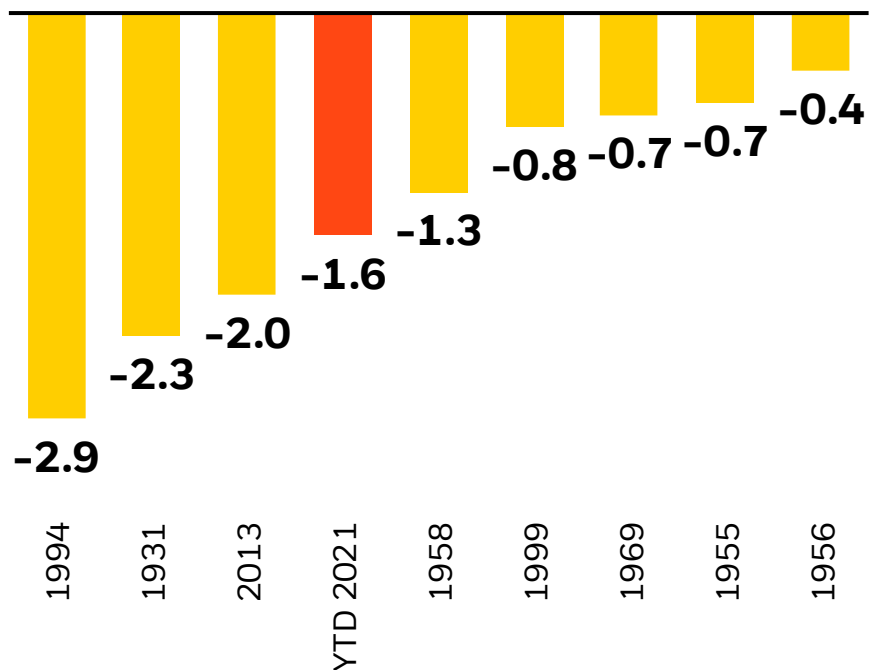
BOND MARKET RETURNS

Worst years ever for bonds

2021 is on pace to be one of the worst total return years, but only the 20th worst based on price return

Top 10 worst years for bonds based on total return

Since 1926, total return for each calendar year



20th worst year based on price return

Since 1926, returns for each calendar year

Year	Price return	Income return	Total return
1994	-9.5	7.4	-2.9
1980	-7.5	11.0	2.7
1969	-7.3	7.0	-0.7
1999	-7.0	6.7	-0.8
1979	-6.7	9.2	1.9
1978	-6.4	8.3	1.4
1987	-6.0	9.3	2.8
1981	-6.0	13.0	6.3
1931	-5.4	3.2	-2.3
2013	-4.6	3.2	-2.0
1959	-4.6	4.3	-0.4
1977	-4.4	7.7	3.0
1958	-4.2	3.0	-1.3
1967	-3.9	5.0	1.0
1956	-3.5	3.1	-0.4
1996	-3.2	7.2	3.6
1965	-3.1	4.3	1.0
1955	-3.1	2.5	-0.7
1983	-3.1	11.7	8.4
YTD 2021	-3.1	2.0	-1.6

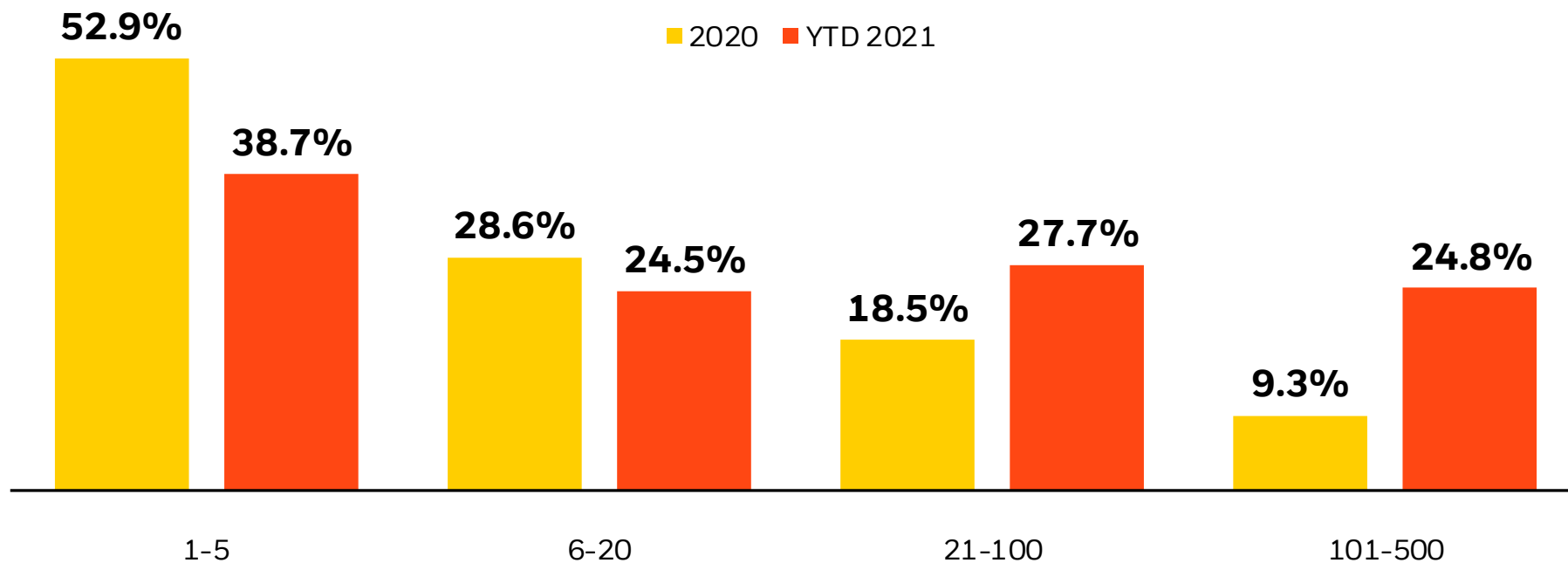
Source: Morningstar as of 10/31/21. U.S. bonds represented by the IASBBI US Gov IT Index from 1/1/26 to 1/3/89 and the BbgBarc U.S. Agg Bond TR Index from 1/3/89 to 10/31/21. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

STOCKS BY SIZE

More balanced performance in 2021

Not all stocks within the S&P 500 are the same

Average performance of individual companies in the S&P 500 Index, grouped by market cap through 10/31/21



Index ranking of individual stock holdings by market cap, largest to smallest

Source: Morningstar as of 10/31/21. Stocks represented by the individual stocks of the S&P 500 Index, non-voting dual-class shares excluded. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

STOCK SECTORS

Energy leading for the 1st time since 2016

S&P 500 Index sector performance

Calendar year performance through 10/31/21

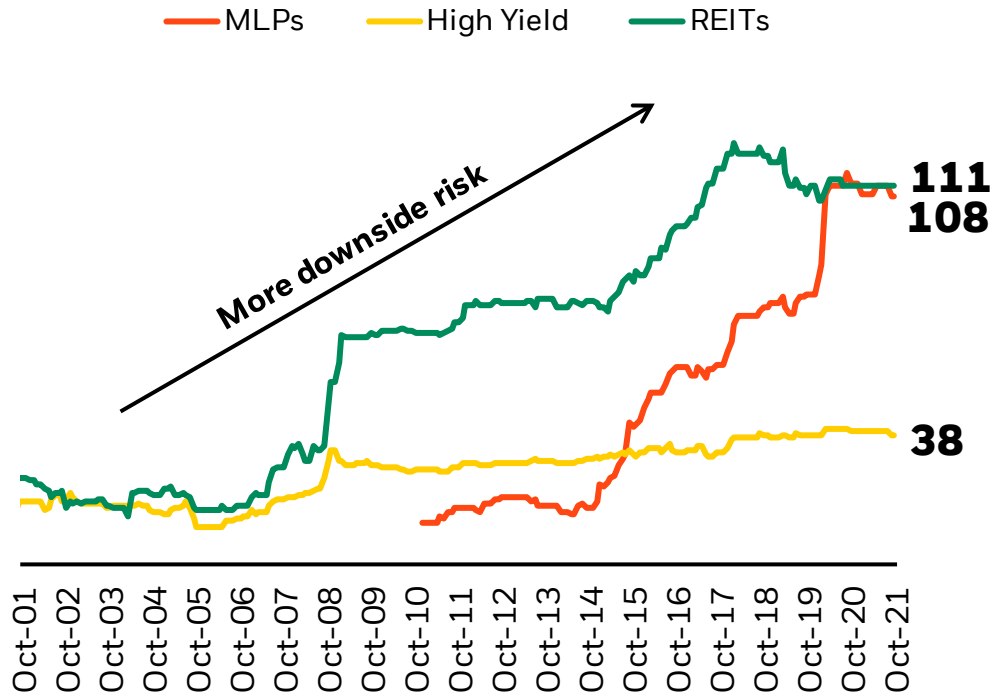
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Best	Energy 34.4%	Cons. Staples -15.4%	Info. Tech. 61.7%	Real Estate 32.3%	Utilities 19.9%	Financials 28.8%	Cons. Disc. 43.1%	Real Estate 30.2%	Cons. Disc. 10.1%	Energy 27.4%	Info. Tech. 38.8%	Health 6.5%	Info. Tech. 50.3%	Info. Tech. 43.9%	Energy 58.1%
	Materials 22.5%	Health -22.8%	Materials 48.6%	Cons. Disc. 27.7%	Cons. Staples 14.0%	Cons. Disc. 23.9%	Health 41.5%	Utilities 29.0%	Health 6.9%	Comm. Services 23.5%	Materials 23.8%	Utilities 4.1%	Comm. Services 32.7%	Cons. Disc. 33.3%	Financials 38.6%
	Utilities 19.4%	Utilities -29.0%	Cons. Disc. 41.3%	Indust. 26.7%	Health 41.5%	Real Estate 19.7%	Indust. 40.7%	Health 25.3%	Cons. Staples 6.6%	Financials 22.8%	Cons. Disc. 23.0%	Cons. Disc. 0.8%	Financials 32.1%	Comm. Services 23.6%	Real Estate 33.8%
	Info. Tech. 16.3%	Comm. Services -30.5%	Real Estate 27.1%	Materials 22.2%	Real Estate 11.4%	Comm. Services 18.3%	Financials 35.6%	Info. Tech. 20.1%	Info. Tech. 5.9%	Indust. 18.9%	Financials 22.2%	Info. Tech. -0.3%	Indust. 29.4%	Materials 20.7%	Comm. Services 25.0%
	Cons. Staples 14.2%	Cons. Disc. -33.5%	Indust. 20.9%	Energy 20.5%	Comm. Services 6.3%	Health 17.9%	Info. Tech. 28.4%	Cons. Staples 16.0%	Real Estate 4.7%	Materials 16.7%	Health 22.1%	Real Estate -2.2%	Real Estate 29.0%	Health 13.5%	Info. Tech. 24.7%
	Indust. 12.0%	Energy -34.9%	Health 19.7%	Comm. Services 19.0%	Cons. Disc. 6.1%	Indust. 15.4%	Cons. Staples 26.1%	Financials 15.2%	Comm. Services 3.4%	Utilities 16.3%	Indust. 21.0%	Cons. Staples -8.4%	Cons. Disc. 27.9%	Indust. 11.1%	Cons. Disc. 22.3%
	Comm. Services 11.9%	Indust. -39.9%	Financials 17.2%	Cons. Staples 14.1%	Energy 4.7%	Materials 15.0%	Materials 25.6%	Indust. 9.8%	Financials -1.5%	Info. Tech. 13.9%	Cons. Staples 13.5%	Comm. Services -12.5%	Cons. Staples 27.6%	Cons. Staples 10.8%	Health 19.3%
	Health 7.2%	Real Estate -42.3%	Cons. Staples 14.9%	Financials 12.1%	Info. Tech. 2.4%	Info. Tech. 14.8%	Energy 25.1%	Cons. Disc. 9.7%	Indust. -2.5%	Cons. Disc. 6.0%	Utilities 12.1%	Financials -13.0%	Utilities 26.4%	Utilities 0.5%	Indust. 19.2%
	Cons. Disc. -13.2%	Info. Tech. -43.1%	Energy 13.8%	Info. Tech. 10.2%	Indust. -0.6%	Cons. Staples 10.8%	Utilities 13.2%	Materials 6.9%	Utilities -4.9%	Cons. Staples 5.4%	Real Estate 10.9%	Indust. -13.3	Materials 24.6%	Financials -1.7%	Materials 18.9%
	Real Estate -17.9%	Materials -45.7%	Utilities 11.9%	Utilities 5.5%	Materials -9.8%	Energy 4.6%	Comm. Services 11.5%	Comm. Services 3.0%	Materials -8.4%	Real Estate 3.4%	Energy -1.0%	Materials -14.7%	Health 20.8%	Real Estate -2.2%	Utilities 9.1%
Worst	Financials -18.6%	Financials -55.3%	Comm. Services 8.9%	Health 2.9%	Financials -17.1%	Utilities 1.3%	Real Estate 1.6%	Energy -7.8%	Energy -21.1%	Health -2.7%	Comm. Services -1.3%	Energy -18.1%	Energy 11.8%	Energy -33.7%	Cons. Staples 8.8%

Source: Morningstar as of 10/31/21. Stocks represented by the individual stocks of the S&P 500 Index, non-voting dual-class shares excluded. All sector indices are S&P 500 sector indices. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

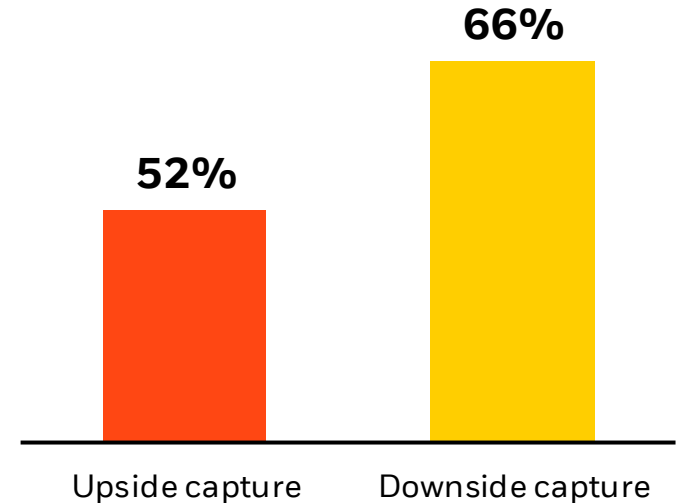
INCOME ASSET CLASSES

In a low interest rate world, income asset classes have more downside risk

Income producing asset classes have more downside risk
15-year rolling downside capture vs S&P 500, last 20 years



Typical multi-asset income mutual fund
Upside/downside capture over the last 10-year period for allocation funds that have income over 4%*



Source: BlackRock, Morningstar as of 10/31/21. MLPs are represented by the FTSE NAREIT All Equity REIT Index, High Yield by the BbgBarc US Corporate High Yield Index, REITs by the FTSE NAREIT All Equity REIT Index, and "Typical" Multi-Asset Income Mutual Fund by the broad Allocation Fund category as defined by Morningstar. *Income percentage is calculated by dividing the sum of a fund's 12-month trailing dividends by its NAV as of the dates shown. Allocation funds that have income over 4% are considered by BlackRock to be income-oriented. Past performance does not guarantee or indicate future results. Indexes are used for illustrative purposes only. You cannot invest directly in an index.

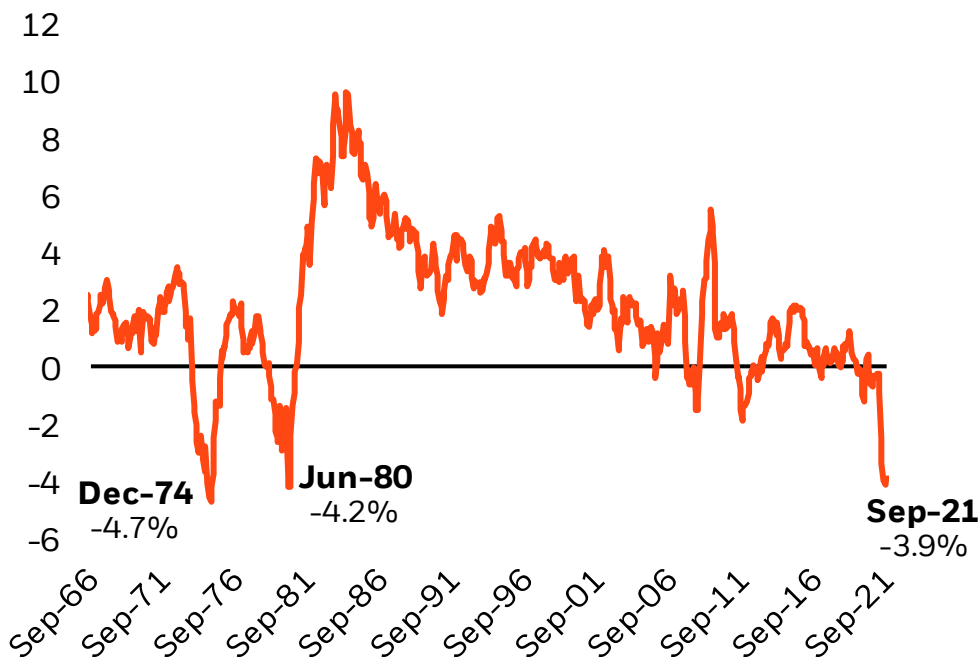
INFLATION CHALLENGE

Today's inflation challenge

Unlike previous inflationary periods, interest rates are not keeping up

Largest gaps between interest rates and inflation

10-year U.S. Treasury yield minus inflation (CPI), as of 9/30/21



Stock and bond returns following the largest gaps between interest rates and inflation

Numbers shown as of 9/30/21

	Inflation minus interest rates	Stock returns (1 year later)	Bond returns (1 year later)
Dec-74	-4.7%	37.2%	7.8%
Jun-80	-4.2%	20.6%	-5.2%
Sep-21	-3.9%	?	?

Source: St. Louis Federal Reserve as of 9/30/21. U.S. stock returns are represented by returns of the S&P 500 TR Index. U.S. bonds returns are returns represented by returns of the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the BbgBarc U.S. Agg Bond TR Index from 1/3/89 to 9/30/21, depending on the 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.

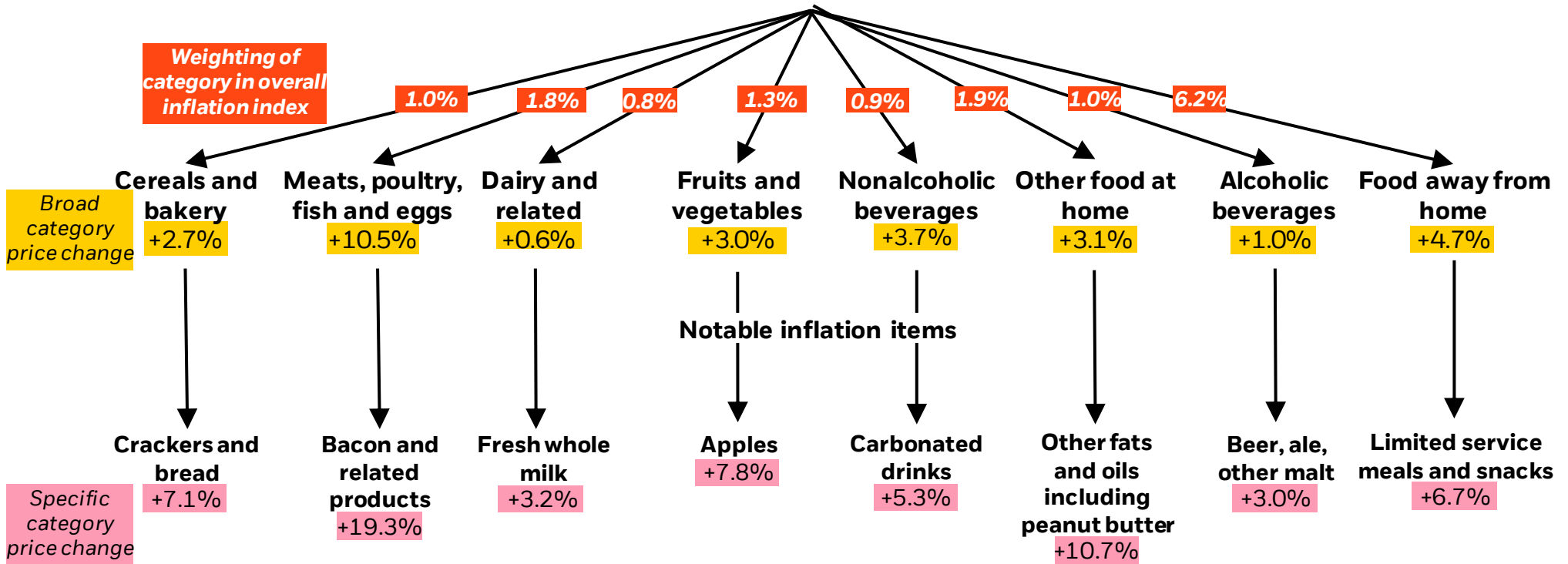
FOOD INFLATION

Food inflation breakdown

What goes into food and beverage Inflation?

Changes shown below are over 12-month period ending 9/30/21

(Food and beverage make up 14.9% of the overall CPI. Overall average change of total food and beverage over same period was +4.5%)



Source: Bureau of Labor Statistics as of 9/30/21.

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Returns as of 10/31/21	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
S&P 500 TR USD	42.91	18.93	16.21
Alerian MLP TR USD	85.70	-0.56	0.71
Bloomberg US Agg Bond IR USD	2.45	2.90	3.06
Bloomberg US Agg Bond PR USD	-2.30	0.50	0.32
Bloomberg US Agg Bond TR USD	-0.48	3.10	3.00
Bloomberg US Corporate High Yield TR USD	10.53	6.40	6.78
FTSE Nareit All Equity REITs TR USD	45.73	11.06	11.40
IA SBBI US IT Govt TR USD	-3.21	2.29	2.13
IA SBBI US Large Stock TR USD Ext	42.91	18.93	16.21
S&P 500 Sec/Commun Services TR USD	41.19	14.69	12.40
S&P 500 Sec/Cons Disc TR USD	36.17	22.07	19.44
S&P 500 Sec/Cons Staples TR USD	19.02	9.55	11.87
S&P 500 Sec/Energy TR USD	111.28	0.98	1.52
S&P 500 Sec/Financials TR USD	72.14	17.75	16.26
S&P 500 Sec/Health Care TR USD	33.82	16.90	17.00
S&P 500 Sec/Industrials TR USD	39.83	14.47	14.26
S&P 500 Sec/Information Technology TR USD	46.93	30.47	22.76
S&P 500 Sec/Materials TR USD	37.18	15.11	11.82
S&P 500 Sec/Real Estate TR USD	45.21	13.10	12.13
S&P 500 Sec/Utilities TR USD	10.68	9.93	10.71

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 10/31/21 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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