

# **Student of the Market**

March 2022

**BlackRock**<sup>®</sup>

# Student of the Market

March 2022

**Historic  
geopolitical  
events**

**January &  
February  
returns**

**Stock market  
volatility**

**Win more by  
losing less**

**Value  
versus  
growth**

**Small cap  
stocks**

**Bond market  
returns**

Source: Morningstar as of 2/28/22. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

# Stay calm amid market volatility

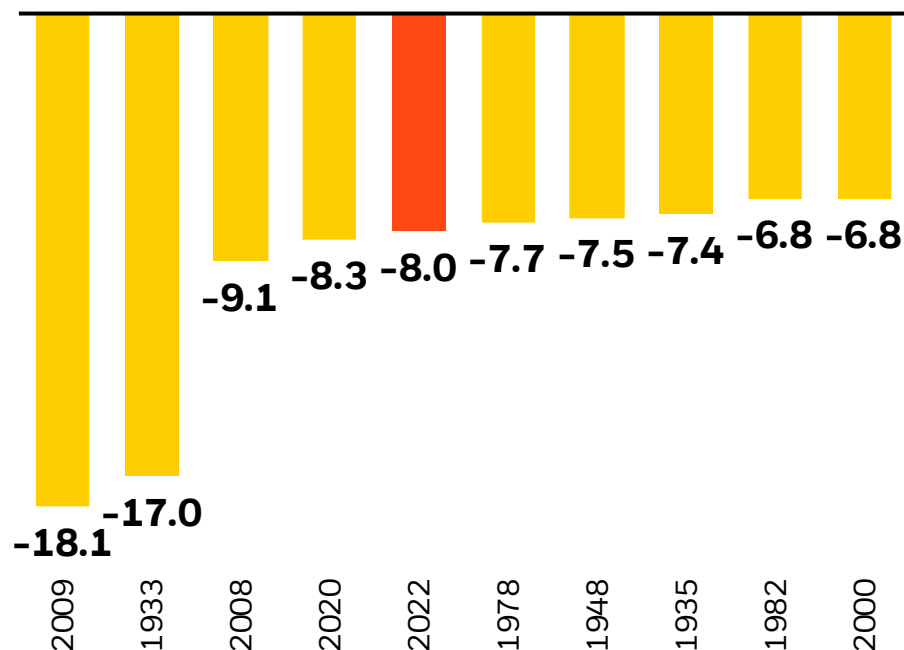
Event*	Date	3 months before	1 month later	3 months later	1 year later	3 years later (Avg. annual)
Germany invades Poland	3/1/1939	-0.2%	-13.5%	-8.7%	-4.3%	-12.2%
Pearl Harbor attack	12/7/1941	-8.7%	-2.9%	-12.6%	0.2%	11.6%
N. Korea invades S. Korea	6/25/1950	9.0%	-8.7%	1.6%	12.6%	8.0%
Cuban missile crisis	10/16/1962	-1.0%	4.7%	13.7%	26.4%	16.9%
Gulf of Tonkin incident	8/2/1964	3.8%	-1.2%	2.0%	2.5%	4.7%
Soviets invade Afghanistan	12/24/1979	-1.5%	2.1%	8.5%	39.6%	15.3%
Iraq invades Kuwait	8/2/1990	8.0%	-8.9%	-12.8%	12.8%	11.5%
September 11 <sup>th</sup> attack	9/11/2001	-13.3%	-0.9%	4.7%	-15.5%	2.7%
Iraq war	3/20/2003	-0.7%	2.4%	14.3%	29.2%	16.4%
Russia annexes Crimea	2/20/2014	2.8%	1.9%	3.6%	17.1%	11.1%
Russia invades Ukraine	2/24/2022	-9.6%	?	?	?	?

Sources: BlackRock; Morningstar as of 2/28/22. \*Returns shown for events prior to 1979 are represented by the S&P 500 PR Index, which shows principal returns only (excluding dividends), from 1/1/26 to 12/31/78. Returns for these periods would likely be higher if dividends were included. Returns for events in 1979 or later are represented by the S&P 500 TR Index, which shows total return (including dividends), from 1/1/79 to 2/28/22. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. **Past performance does not guarantee or indicate future results.**

# Worst starts to a year for stocks

## 10 worst starts of the year for stocks

(1/1/26 – 2/28/22, total return for first two months of calendar year)



## Returns after each “worst start”

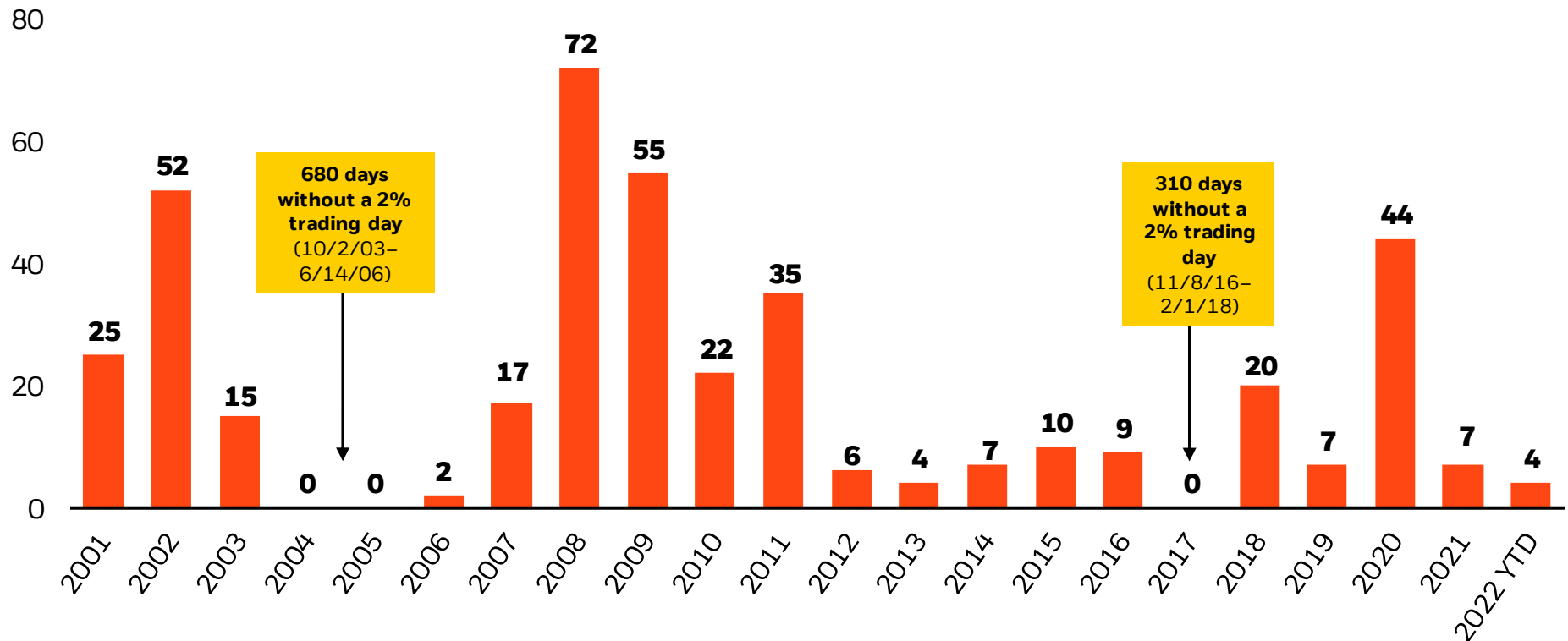
(1/1/1926 – 2/28/22)

Year	First 2 months	Next 10 months
2009	-18.1	54.6
1933	-17.0	85.6
2008	-9.1	-30.7
2020	-8.3	29.1
2022	-8.0	?
1978	-7.7	15.4
1948	-7.5	14.1
1935	-7.4	59.4
1982	-6.8	30.5
2000	-6.8	-2.5
<b>Avg.</b>	-9.7	28.4

Source: Morningstar as of 2/28/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 2/28/22 and the IASBBI US 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 can not invest directly in the index.

# Volatility picking up in 2022

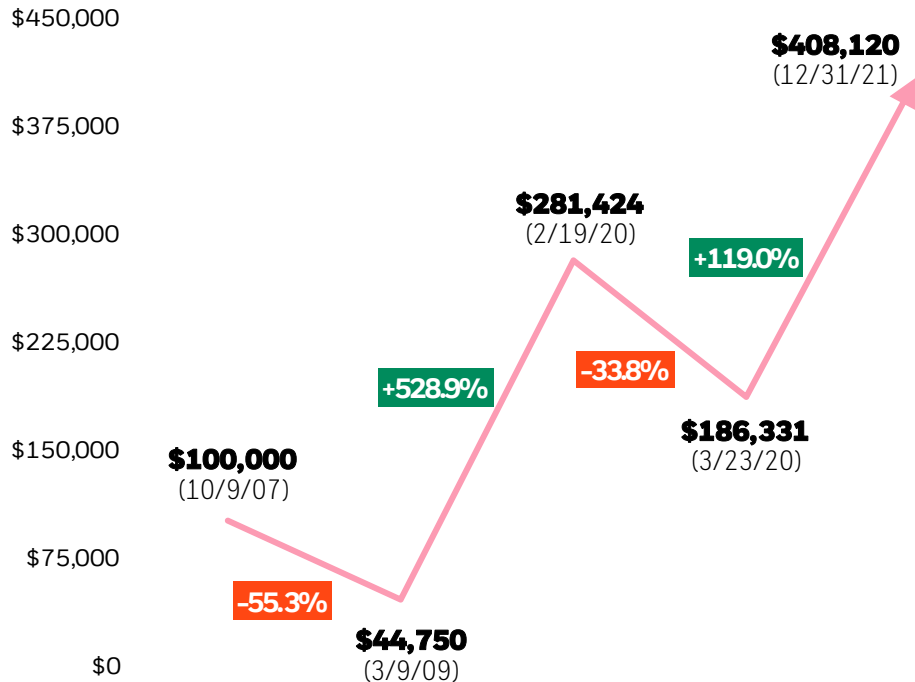
**Number of single day stock market returns of +/-2% or more**  
S&P 500, past 20+ years by calendar year (1/1/01 - 2/28/22)



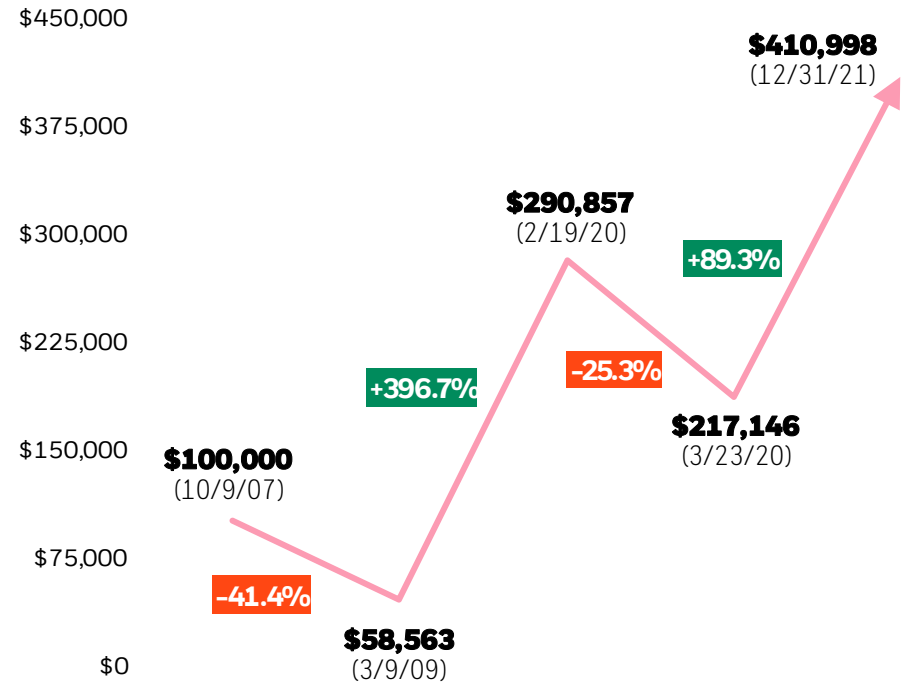
Source: Morningstar as of 2/28/22. Stock market represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

# Win more by losing less

**All the up & all the down**  
S&P 500 Index



**Three-quarters of the up & three-quarters of the down\***

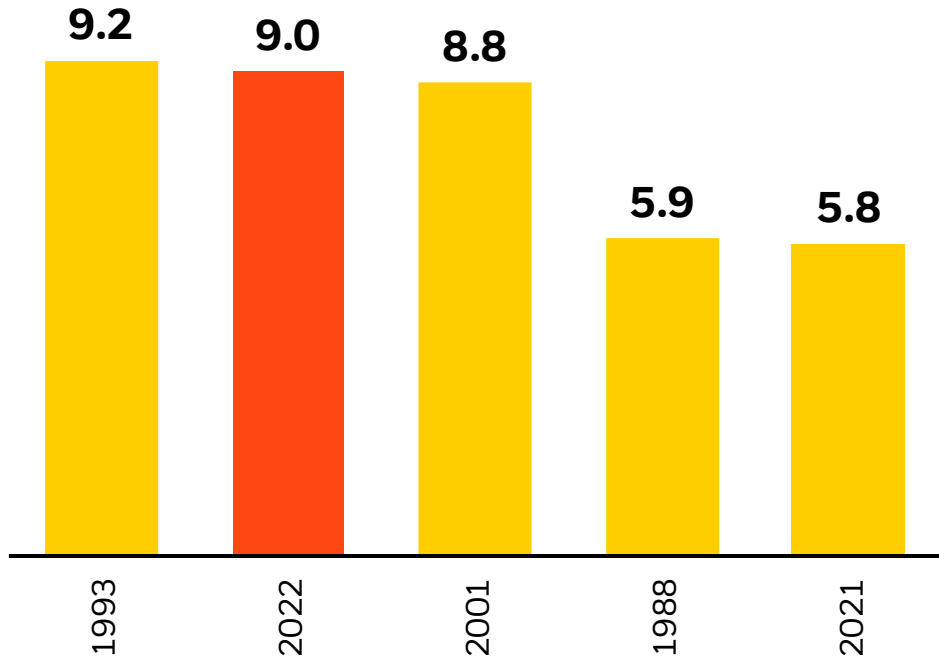


Source: Morningstar as of 12/31/21. \*Hypothetical investment or portfolio that captured 75% of each bull and bear market return of the S&P 500 when benchmarked to that index. Returns shown are based on the S&P 500 index only. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.**

# Value versus growth stocks to start a year

## 5 best years of value outperformance in first two months

(Large Value minus Large Growth performance for Jan.-Feb., 1/1/87 - 2/28/22)



## Value outperformance for rest of year

(1/1/87 - 2/28/22)

Year	Value minus growth	
	First 2 months	Next 10 months
1993	9.2	5.1
2022	9.0	?
2001	8.8	7.1
1988	5.9	5.1
2021	5.8	-9.5
Avg.	7.7	2.0

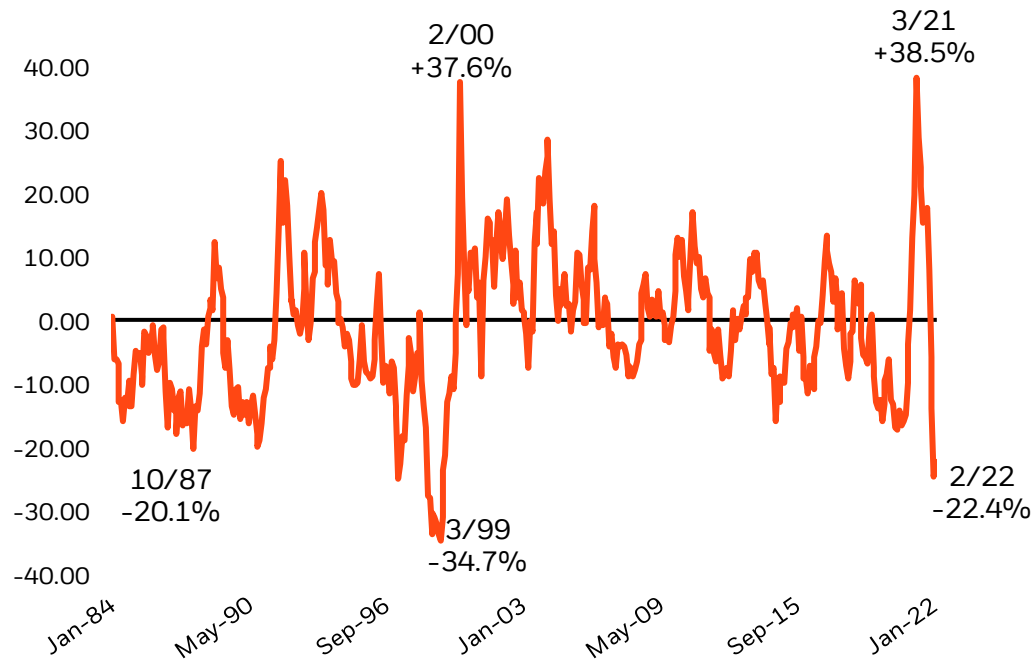
Source: Morningstar as of 2/28/22. Value stocks represented by the Russell 1000 value Index and Growth stocks represented by the Russell 1000 growth Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

# Historic small cap vs. large cap swing

Historic small cap stock underperformance vs. large caps over the last 12 months

## Small cap performance versus large cap stocks

(12-month rolling small cap minus large cap performance, 1/1/84 - 2/28/22)



## Top/bottom 5 periods of small cap outperformance\*

(12-month rolling performance, 1/1/84- 2/28/22)

	Small cap minus large cap	Small cap minus large cap, 1 year later
<b>Mar-21</b>	38.5%	?
<b>Feb-00</b>	37.6%	-8.6%
<b>Mar-04</b>	28.9%	-1.3%
<b>Oct-91</b>	25.1%	-0.1%
<b>Apr-06</b>	18.1%	-7.4%
<b>Mar-99</b>	-34.7%	19.4%
<b>Apr-97</b>	-25.1%	1.3%
<b>Jan-22</b>	-24.5%	?
<b>Oct-87</b>	-20.1%	12.3%
<b>Oct-90</b>	-19.8%	25.1%

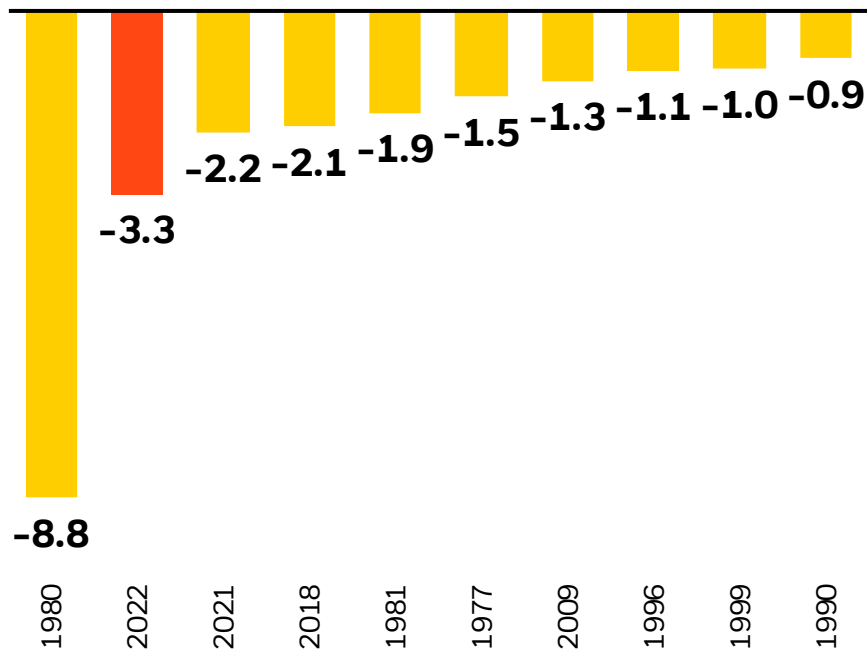
Source: Morningstar as of 2/28/22. \*Periods shown for top and bottom return outperformance are the top/bottom 5 peaks/troughs of independent 12-month series of months around each month shown, and thus may not reflect a straight top/bottom 5 ranking. Ex: both February 2004 and March 2004 are top 5 outperformance months, but only March 2004 is shown as it is the peak of a 12-month series around that date, which incorporates the February 2004 outperformance. Large cap stocks represented by the S&P 500 Index and small cap stocks represented by the Russell 2000 Index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.



# 2nd worst start of a year ever for bonds

On average following the worst starts, the next 10 months saw bond returns bounce back

**10 worst starts to the year for bonds**  
(1/1/26 – 2/28/22, total return for first two months of calendar year)



**Returns after each “worst start”**  
(1/1/1926 – 2/28/22)

Year	First 2 months	Next 10 months
1980	-8.8	12.6
2022	-3.3	?
2021	-2.2	0.6
2018	-2.1	2.1
1981	-1.9	8.3
1977	-1.5	4.7
2009	-1.3	7.3
1996	-1.1	4.8
1999	-1.0	0.2
1990	-0.9	9.9
<b>Avg.</b>	-2.5	5.6

Source: Morningstar as of 2/28/22. U.S. bonds represented by the IA SBBI US Gov IT Index before 1/3/89 and the Bloomberg U.S. Agg Bond TR Index after 1/3/89. 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: March 2022

Returns as of 2/28/22	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
Bloomberg US Agg Bond TR USD	-2.64	2.71	2.47
IA SBBI US IT Govt TR USD	-2.55	2.13	1.82
IA SBBI US Large Stock TR USD Ext	16.39	15.17	14.59
Russell 1000 Growth TR USD	12.55	20.24	16.97
Russell 1000 Value TR USD	14.99	9.45	11.71
Russell 2000 TR USD	-6.01	9.50	11.18
S&P 500 PR	14.77	13.10	12.34
S&P 500 TR USD	16.39	15.17	14.59

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. ©2021 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by a financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. 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 2/28/22 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.

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index. Investing involves risks, including possible loss of principal. This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change.

©2022 BlackRock, Inc. **BlackRock** is a trademark of BlackRock, Inc. All other trademarks are the property of their respective owners.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

Prepared by BlackRock Investments, LLC. Member FINRA.