

Student of the Market

December 2021

BlackRock[®]

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**Stock market
returns**

**Bond market
returns**

**Stock market
volatility**

**Higher
interest rates
and stocks**

**Growth
versus value**

Inflation

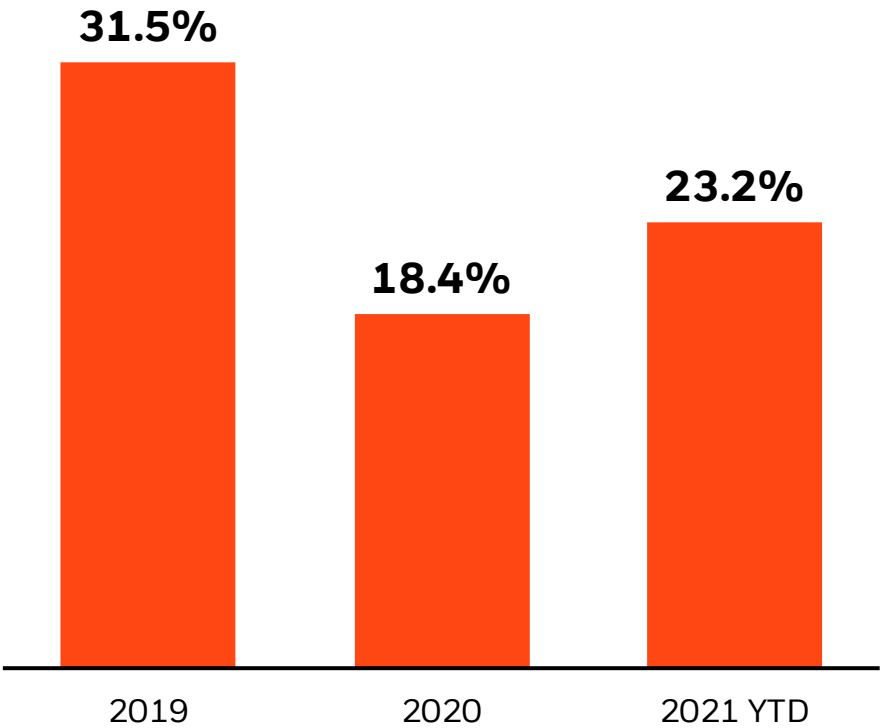
**Energy
inflation**

Source: Morningstar as of 11/30/21. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

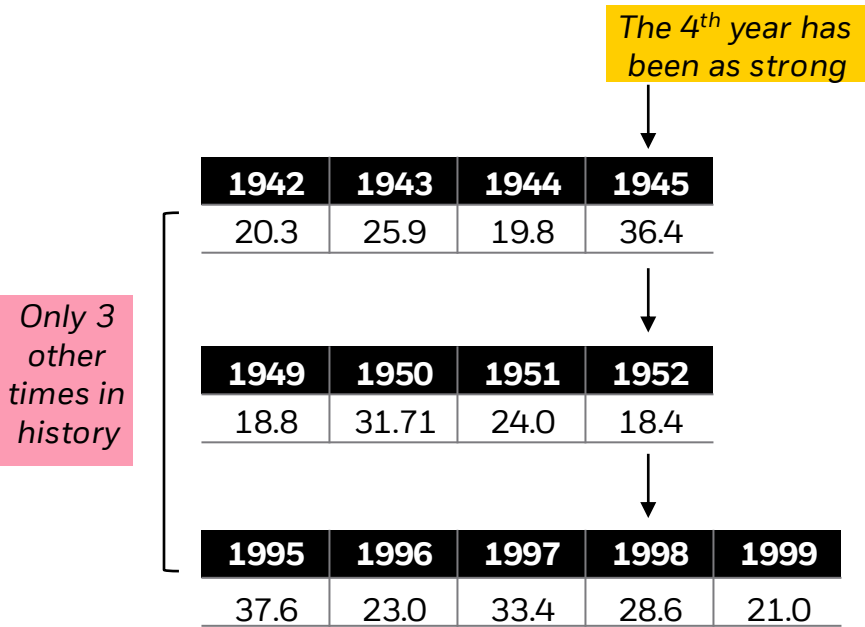
STOCK MARKET RETURNS

Three strong years in a row for stocks has historically resulted in a fourth

Last three calendar years for U.S. stocks
Returns for each calendar year



Other periods when U.S. stocks returned over 18%
per year for three consecutive years
Since 1926, returns for each calendar year



Morningstar as of 11/30/21. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 11/30/21 and the IA SBBI U.S.Lrg Stock TR USD 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.

BOND MARKET RETURNS

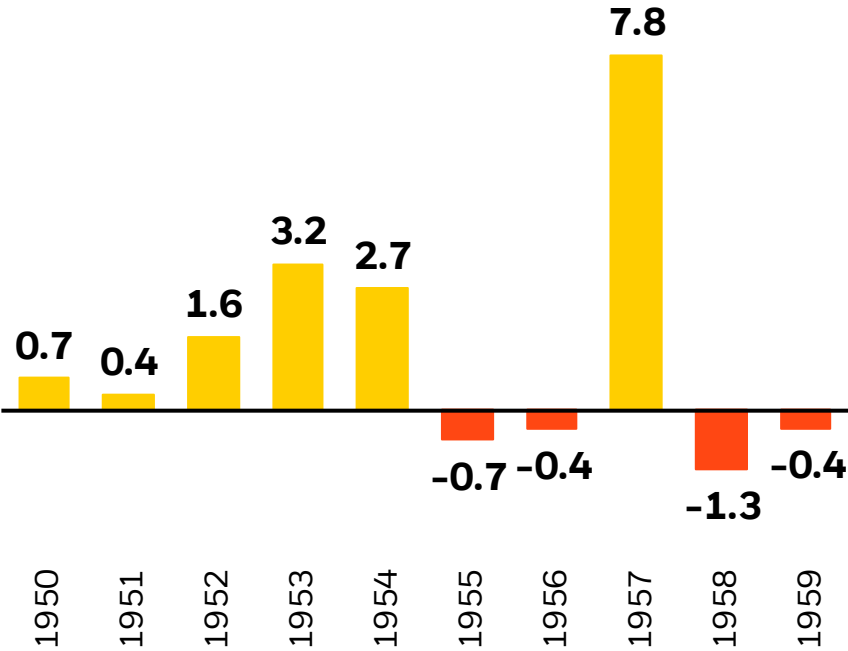
Consecutive years with negative bond returns are rare

Bonds are on pace for a negative calendar year in 2021

Bonds have not lost money in back to back years since the 1950s
(1/1/1926 – 11/30/21)

| | Return | Return the following year |
|------|--------|---------------------------|
| 1994 | -2.9 | 18.5 |
| 1931 | -2.3 | 8.8 |
| 2013 | -2.0 | 6.0 |
| 2021 | -1.3 | ? |
| 1958 | -1.3 | -0.4 |
| 1999 | -0.8 | 11.6 |
| 1969 | -0.7 | 16.9 |
| 1955 | -0.7 | -0.4 |
| 1956 | -0.4 | 7.8 |
| 1959 | -0.4 | 11.8 |

The 1950s had two periods with back to back years where bonds lost money
Bond returns buy calendar year, 1950 – 1959

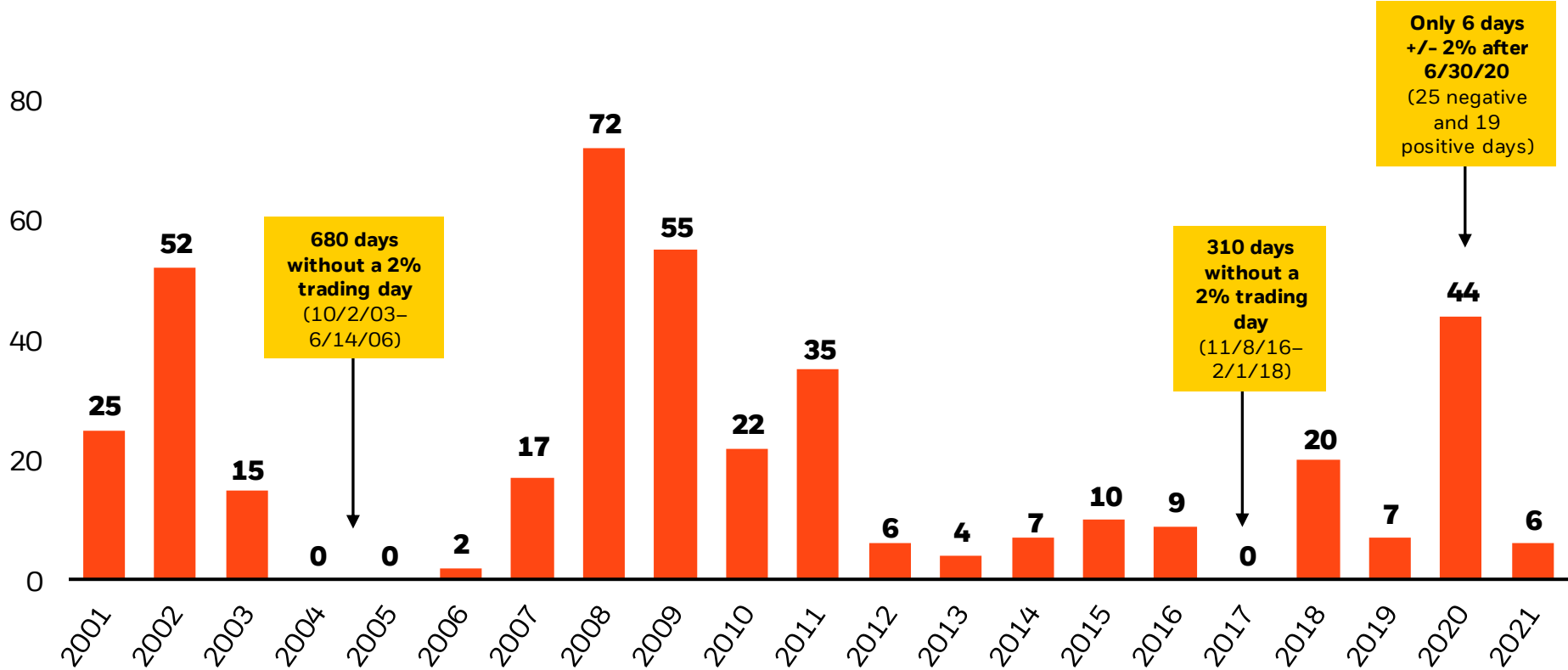


Source: Morningstar as of 11/30/21. U.S. bonds represented by theBbgBarc U.S. Agg Bond TR Index from 1/3/89 to 11/30/21 and the IA SBB1 US Gov IT Index from 1/1/26 to 1/3/89 . Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

STOCK MARKET VOLATILITY

Volatility has retreated in 2021

Number of single day stock market returns of +/-2% or more
S&P 500, past 20 years by calendar year (1/1/01 - 11/30/21)

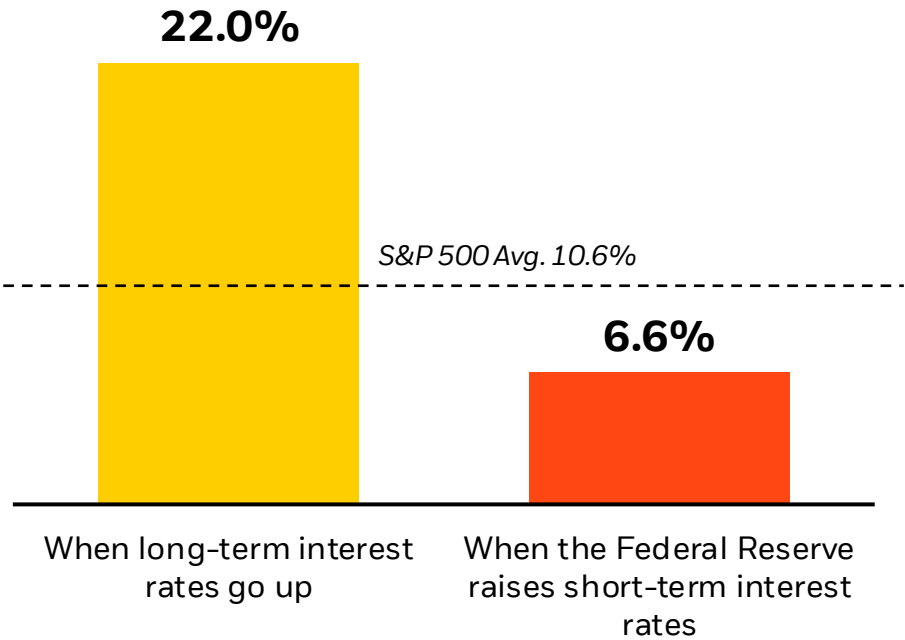


HIGHER INTEREST RATES AND STOCKS

Stock market and higher interest rates

Higher long-term interest rates have been historically good for stocks, but the Federal Reserve raising short-term rates has been more problematic

Average stock market performance
when interest rates rise
(10/13/93 – 11/30/21)



Specific periods of higher interest rates
(10/13/93 – 11/30/21)

| Long-term rising rate period | U.S. stocks | Federal Reserve rising rate period | U.S. stocks |
|------------------------------|-------------|------------------------------------|-------------|
| 10/13/93 - 11/7/94 | 1.5% | 2/4/94 - 2/1/95 | 0.7% |
| 1/19/96 - 7/5/96 | 9.2% | 6/30/99 - 5/16/00 | 9.7% |
| 10/5/98 - 1/21/00 | 34.0% | 6/30/04 - 6/29/06 | 7.8% |
| 6/14/03 - 6/26/06 | 10.0% | 12/17/15 - 12/20/18 | 8.2% |
| 12/19/08 - 4/5/10 | 28.4% | Average | 6.6% |
| 7/26/12 - 12/31/13 | 28.1% | | |
| 7/9/16 - 11/8/18 | 14.8% | | |
| 8/5/20 - 11/30/21 | 29.6% | | |
| Average | 22.0% | | |

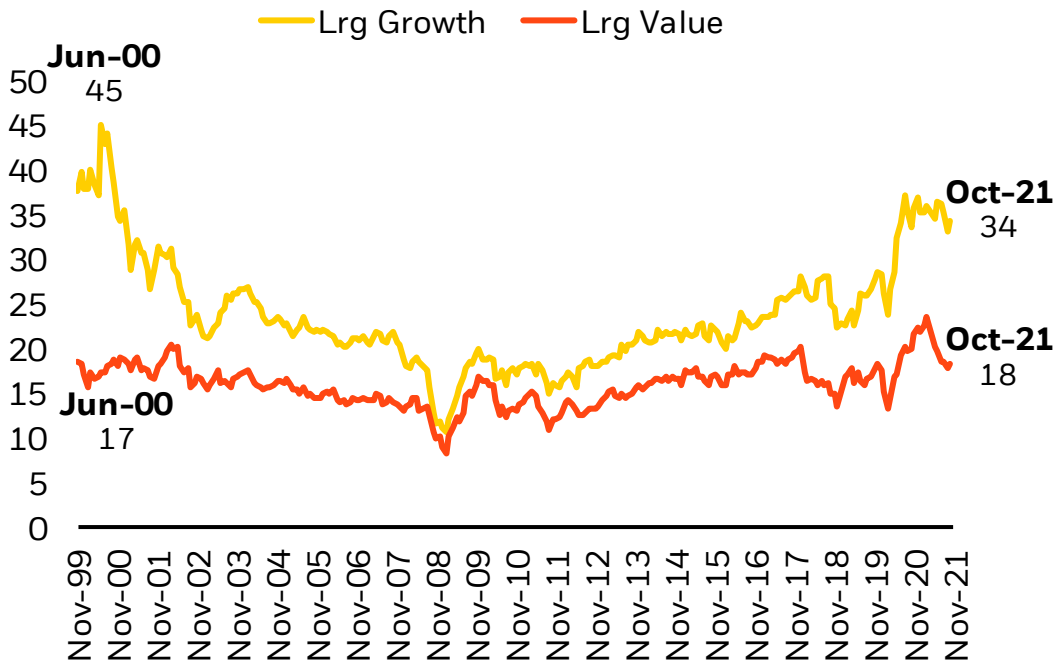
Source: Morningstar as of 11/30/21. U.S. stocks are represented by the S&P 500 index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

GROWTH VERSUS VALUE

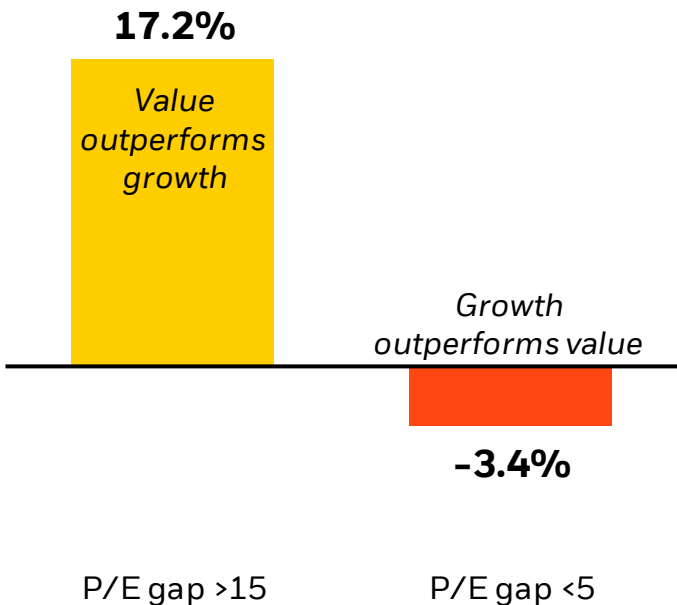
Growth versus value valuations are high

But not yet near the highs of the Tech Bubble

Price earnings multiples for large growth and value
Trailing 12 month earnings



Avg. ann. outperformance over 3-year periods
when growth and value P/E gap is high/low

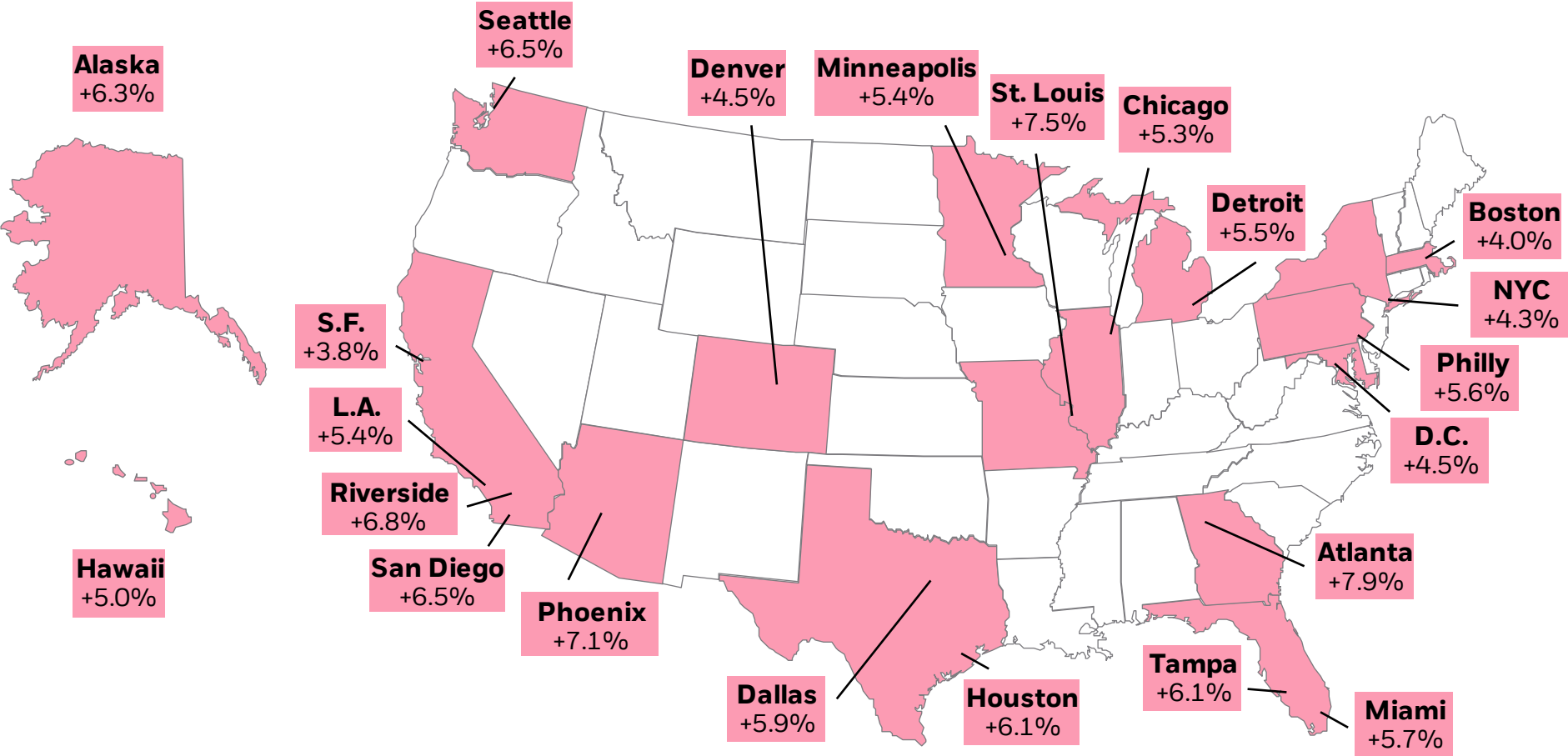


Source: BlackRock, Morningstar as of 10/31/21. Large value stocks represented by the Russell 1000 value index and the Large growth stocks represented by the Russell 1000 growth index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

INFLATION

Inflation varies by region

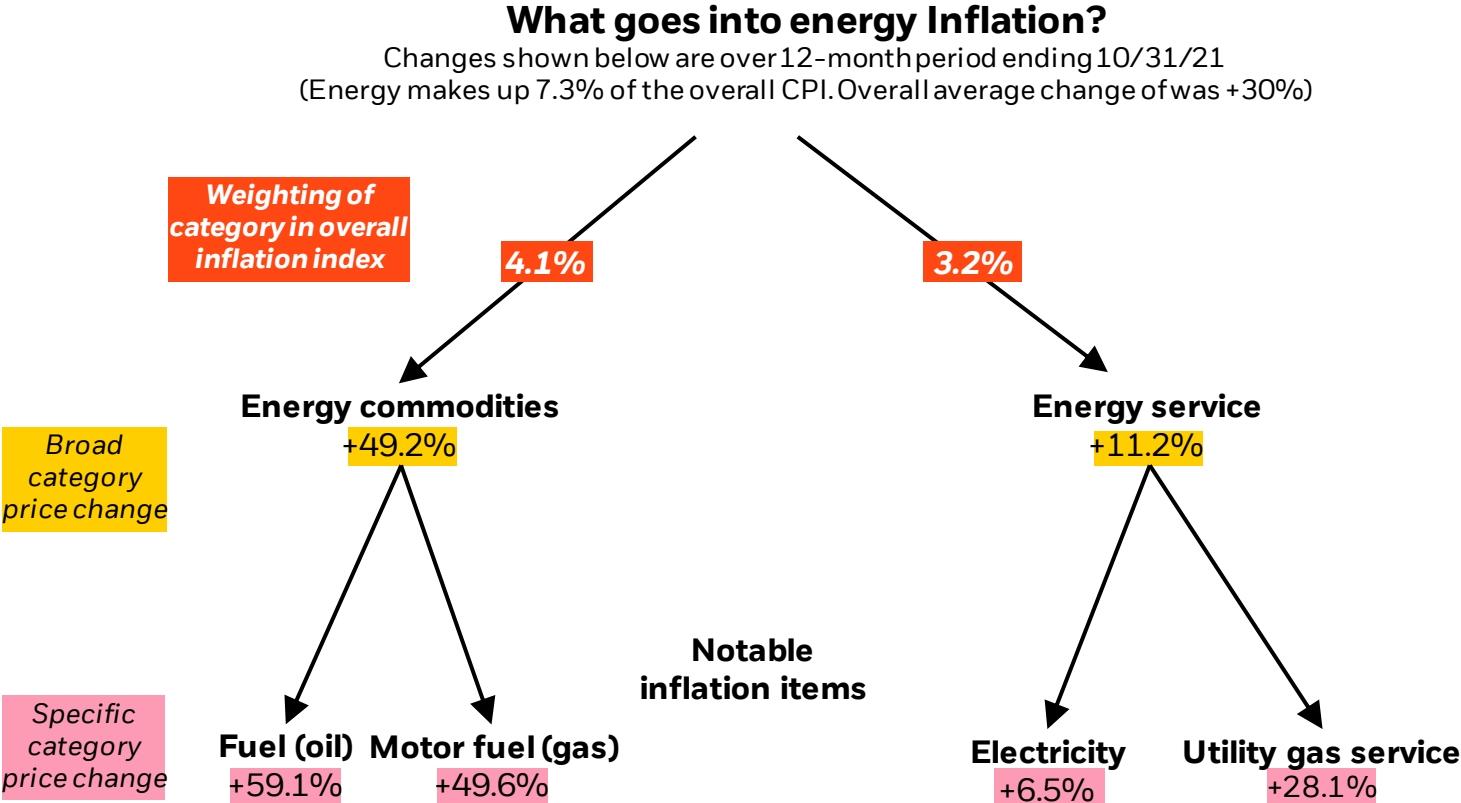
Inflation across the U.S.
(CPI, as of 10/31/21)



Source: Bureau of Labor Statistics as of 10/31/21.

ENERGY INFLATION

Energy inflation breakdown



Source: Bureau of Labor Statistics as of 10/31/21.

Student of the Market: December 2021

| Returns as of 11/30/21 | Total Ret 1 Year | Total Ret 5 Years | Total Ret 10 Years |
|------------------------------------|------------------|-------------------|--------------------|
| S&P 500 TR USD | 27.92 | 17.90 | 16.16 |
| Bloomberg US Agg Bond TR USD | -1.15 | 3.65 | 3.04 |
| IA SBBI US IT Govt TR USD | -3.17 | 2.72 | 2.12 |
| IA SBBI US Large Stock TR USD Ext | 27.92 | 17.90 | 16.16 |
| Russell 1000 Growth TR USD | 30.70 | 25.10 | 19.50 |
| Russell 1000 Value TR USD | 22.25 | 10.36 | 12.50 |
| US BLS CPI All Urban NSA 1982-1984 | 6.22 | 2.73 | 2.02 |
| US BLS CPI All Urban SA 1982-1984 | 6.24 | 2.74 | 2.01 |

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. ©2020 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 11/30/21 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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