

Student of the Market

May 2021

BlackRock[®]

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Seasonal stock returns

Anniversary of the 2020 bear market

Large value versus large growth

Large cap value fund flows

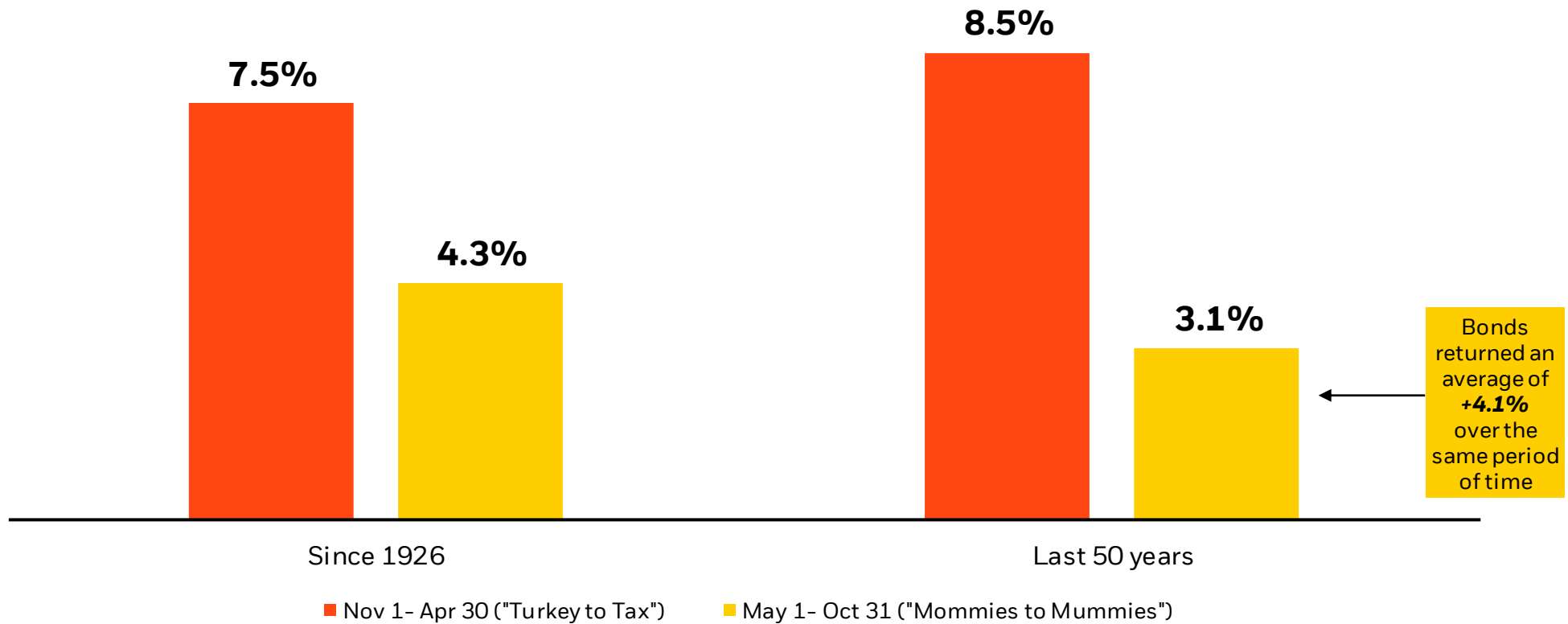
Rising interest rates and active bond funds

Understanding inflation

Source: Morningstar as of 4/30/21. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

SEASONAL STOCK RETURNS

Stocks are entering a seasonal period of lower returns



Morningstar as of 4/30/21. Stock market represented by S&P 500 from 3/4/57 to 4/30/21 and the IA SBBI US Large Cap Index from 1/1/26 to 3/4/57. U.S. Bonds are represented by the BbgBarc U.S. Aggregate Bond Index from 1/3/89 to 4/30/21 and the IA SBBI U.S. IT Bond 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.

Worst days, months and 3 months for the S&P 500 since 1950

Worst Days*

Calendar Days	S&P 500 Decline*	Return 1 year later*
10/19/87	-20.5%	23.1%
3/16/20	-12.0%	69.0%
3/12/20	-9.5%	61.8%
10/15/08	-9.0%	20.8%
12/01/08	-8.9%	35.9%
9/29/08	-8.8%	-4.1%
10/26/87	-8.3%	23.5%
10/09/08	-7.6%	17.8%
3/9/20	-7.6%	43.6%
10/27/97	-6.9%	21.5%
08/31/98	-6.8%	38.0%
01/08/88	-6.8%	15.3%
11/20/08	-6.7%	45.1%
05/28/62	-6.7%	26.7%
08/08/11	-6.7%	25.2%
Average	-8.9%	30.9%

Worst Months

Calendar Months	S&P 500 Decline	Return 1 year later
Oct-87	-21.5%	14.8%
Oct-08	-16.8%	9.8%
Aug-98	-14.5%	39.8%
Mar-20	-12.4%	56.4%
Sep-74	-11.5%	38.1%
Nov-73	-11.1%	-23.8%
Sep-02	-10.9%	24.4%
Feb-09	-10.7%	53.6%
Mar-80	-9.7%	40.1%
Feb-01	-9.1%	-9.5%
Aug-90	-9.0%	26.9%
Dec-18	-9.0%	31.5%
Sep-08	-8.9%	-6.9%
Apr-70	-8.8%	32.1%
Oct-78	-8.7%	15.5%
Average	-11.5%	22.9%

Worst 3 Months

3 Months Ended	S&P 500 Decline	Return 1 year later
Nov-08	-29.7%	25.4%
Nov-87	-29.6%	23.3%
Sep-74	-25.2%	38.1%
Oct-08	-23.1%	9.8%
Dec-87	-22.5%	16.6%
Dec-08	-21.9%	26.4%
Jun-62	-20.6%	31.2%
Oct-87	-20.4%	14.8%
Mar-20	-19.6%	56.4%
Jun-70	-18.0%	41.8%
Feb-09	-17.3%	53.6%
Sep-02	-17.3%	24.4%
Aug-74	-16.4%	26.2%
Jul-02	-15.0%	10.6%
Sep-01	-14.7%	-20.5%
Average	-20.8%	25.2%

Sources: BlackRock; Morningstar as of 4/30/21. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 4/30/21 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. 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.** *Indicates principal return, dividends not included.

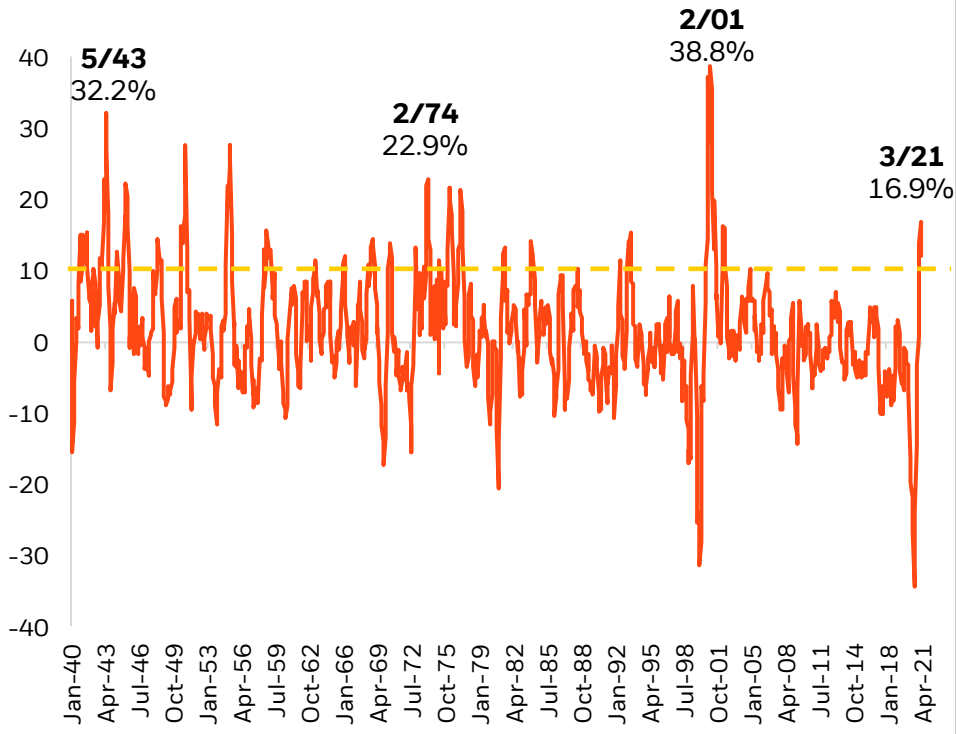
LARGE VALUE VERSUS LARGE GROWTH

Large value versus large growth

When large cap value outperforms large growth by 10% or more over a 6-month period, it has historically boded well for value outperformance going forward

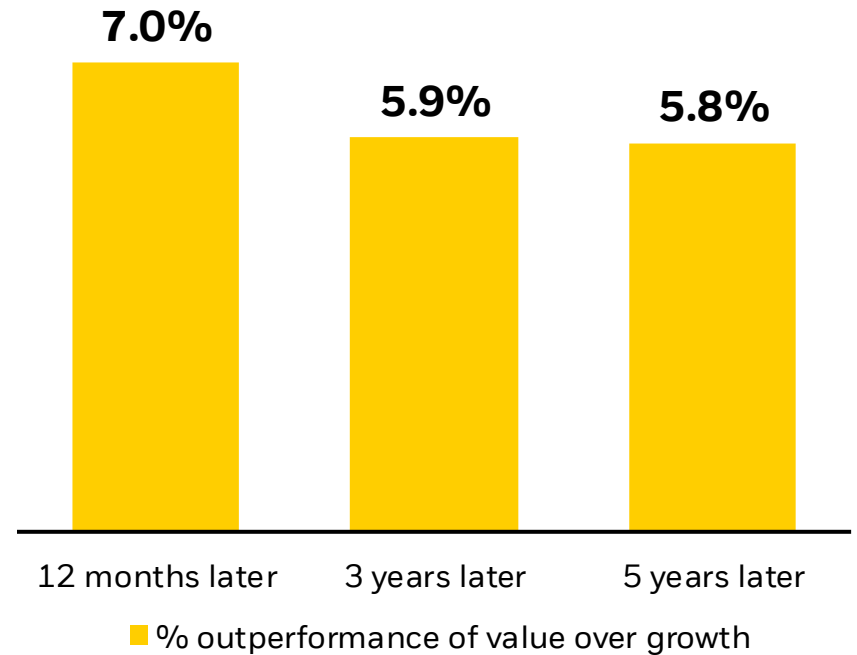
Large value minus large growth

(6-month rolling returns, 1/1/40 – 4/30/21)



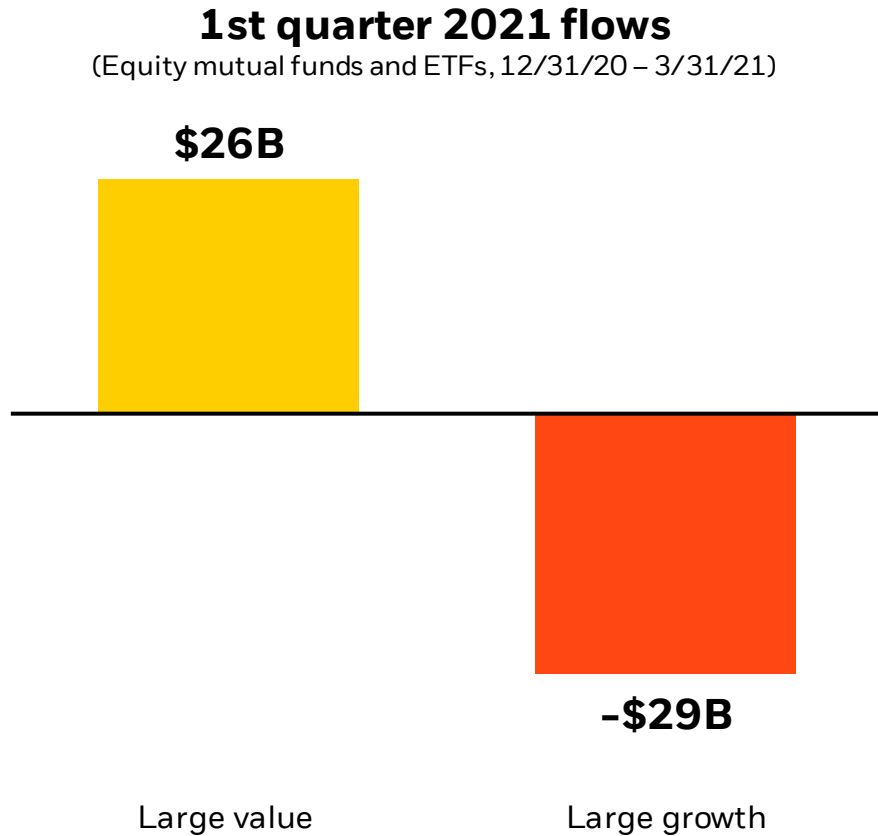
Outperformance following 6-month periods where large value outperformed by 10%+

(Average annual returns, 1/1/40 – 4/30/21)



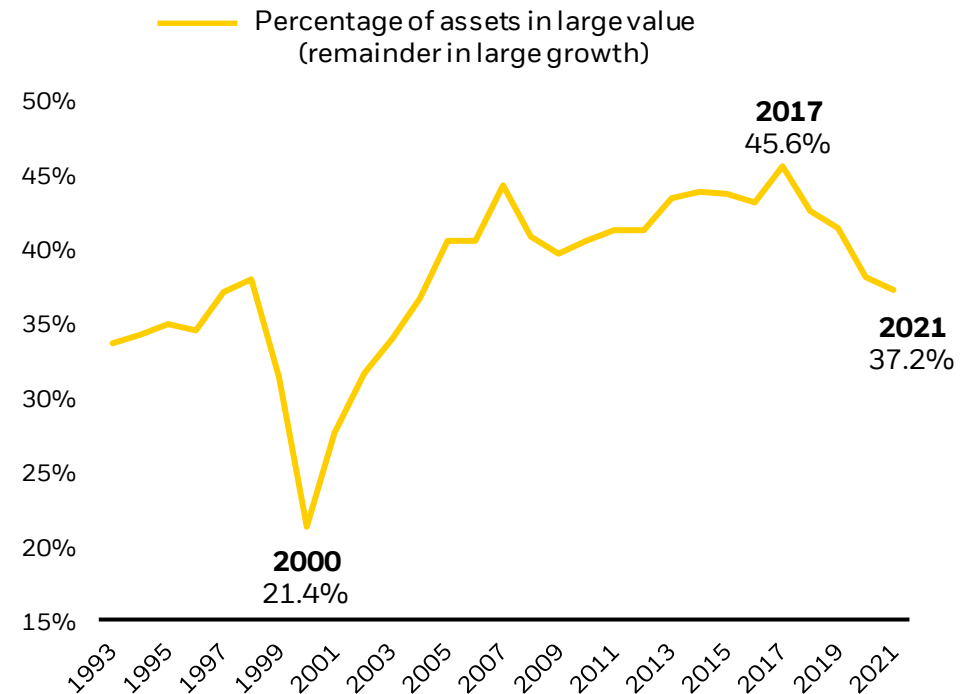
Source: Morningstar as of 4/30/21. Large value stocks are represented by the Russell 1000 value index from 1/1/87 to 4/30/21 and the Fama French Large Value Index from 1/1/40 to 1/1/87. Large growth stocks are represented by the Russell 1000 growth index from 1/1/87 to 4/30/21 and the Fama French Large Value Index from 1/1/40 to 1/1/87. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. Performance does not guarantee or indicate future results. *Indicates principal return, dividends not included.

Big shift in large cap value flows



Portfolios are overweight large growth vs large value

(Equity mutual funds and ETFs, 2/1/93 – 3/31/21)



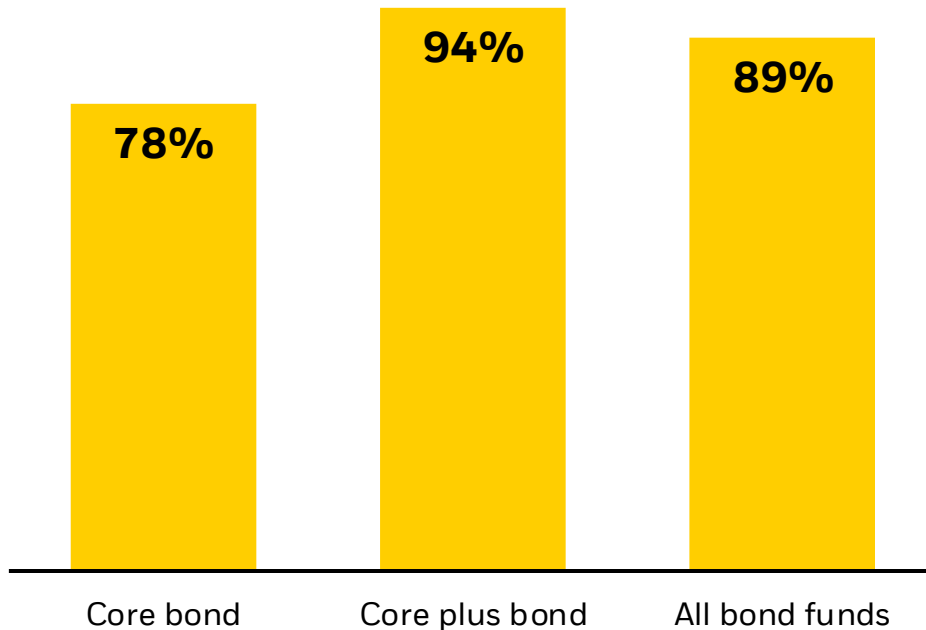
Source: Morningstar as of 3/31/21. Large value stocks are represented by the Russell 1000 value index and large growth stocks by the Russell 1000 growth index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Rising interest rates and active bond funds

When interest rates rise, flexible active bond funds tend to do well (and the opposite is true when they fall)

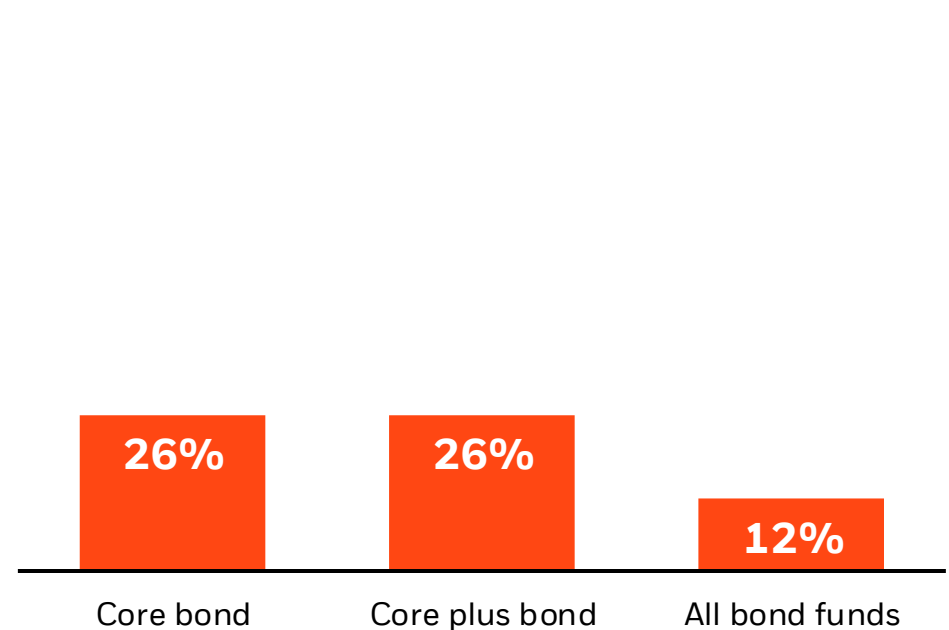
When interest rates go up: Percentage of active funds that outperform the index

(BbgBarc U.S. Aggregate Bond Index, last 3 rising rate periods)



When interest rates go down: Percentage of active funds that outperform the index

(BbgBarc U.S. Aggregate Bond Index, last 2 declining rate periods)

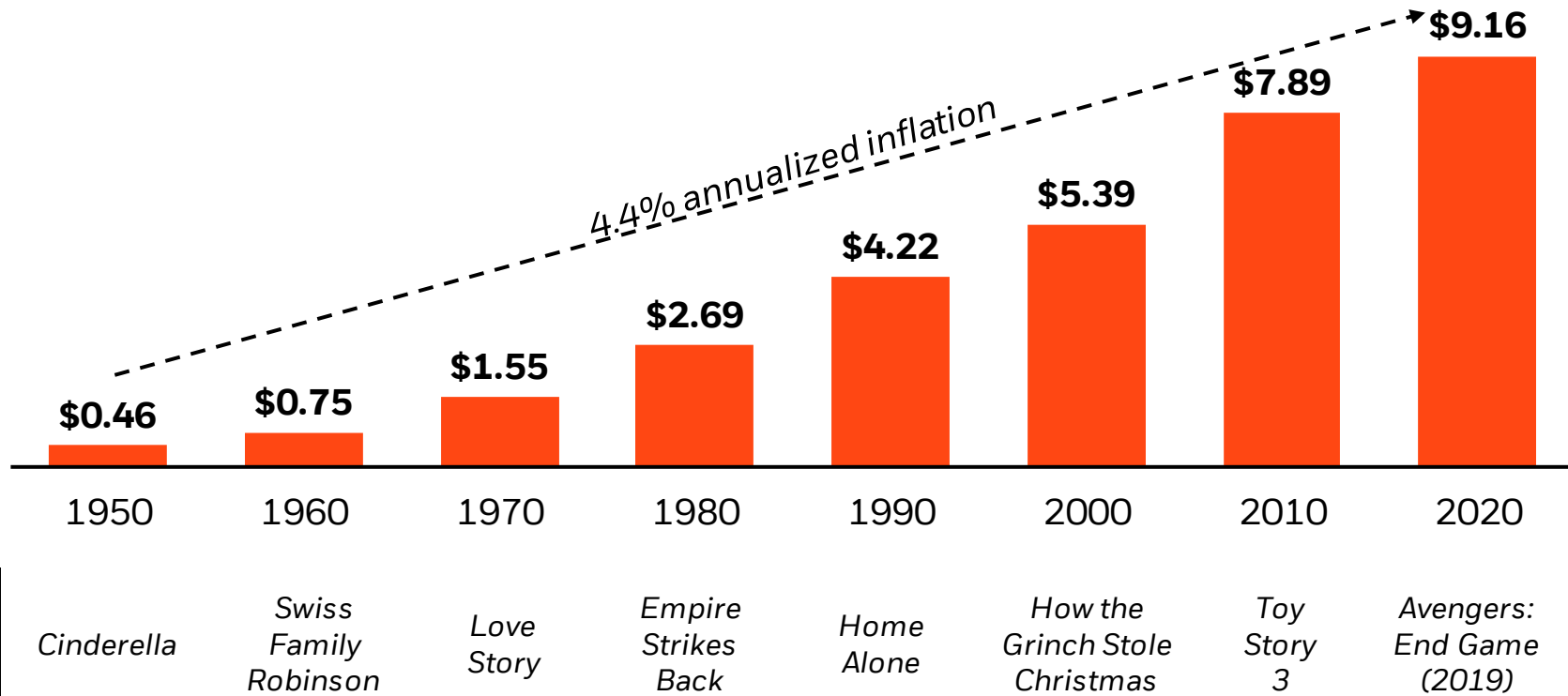


Morningstar as of 4/30/21., Core bond index represented by the BbgBarc U.S. aggregate bond index. Core bond funds represented by the Morningstar Core bond fund category, core bond plus funds represented by the Morningstar Core bond plus fund category, all bond funds represented by the Morningstar U.S. category group U.S. taxable bond fund broad category. Interest rate changes represented by 10 year U.S. treasury bond yield. The last 3 rising rate periods represented by 8/5/20 - 4/30/21, 7/9/16 - 11/8/18, 7/26/12 - 12/31/13. The last 2 declining rate periods represented by 11/9/18 - 9/4/20 and 1/1/14 - 7/8/16. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Inflation: How prices change over time

Average admission price to movie theaters over the years

Average ticket price per decade, including all theaters and showtimes



Top Selling Movie

Source: Statista.com and USA Today as of 3/31/21. Annualized inflation calculated by BlackRock. Best selling movie in 2020 was "Bad Boys for Life". 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: May 2021

Returns as of 4/30/21	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
S&P 500 TR USD	45.98	17.42	14.17
BBgBarc US Agg Bond TR USD	-0.27	3.19	3.39
BBgBarc US Corporate High Yield TR USD	19.67	7.46	6.43
Fama-French Large Growth TR USD	13.52	13.28	16.98
Fama-French Large Value TR USD	-3.72	7.30	17.08
FTSE Emerging TR USD	47.02	12.40	3.96
IA SBBI US IT Govt TR USD	-1.65	2.90	2.74
IA SBBI US Large Stock TR USD Ext	45.98	17.42	14.17
MSCI USA High Dividend Yield NR USD	27.86	10.94	11.07
US BLS CPI All Urban NSA 1982-1984	2.62	2.15	1.71
US Fund Intermediate Core Bond	1.60	3.16	3.28
US Fund Intermediate Core-Plus Bond	4.83	3.85	3.76

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 4/30/21 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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