

Student of the Market

December 2022



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**Is the bounce
in stocks
durable?**

**Stock market
volatility**

**Bull and bear
markets**

**Growth
versus value**

**Bonds on
pace to lose
money two
years in a row**

**Bond market
returns**

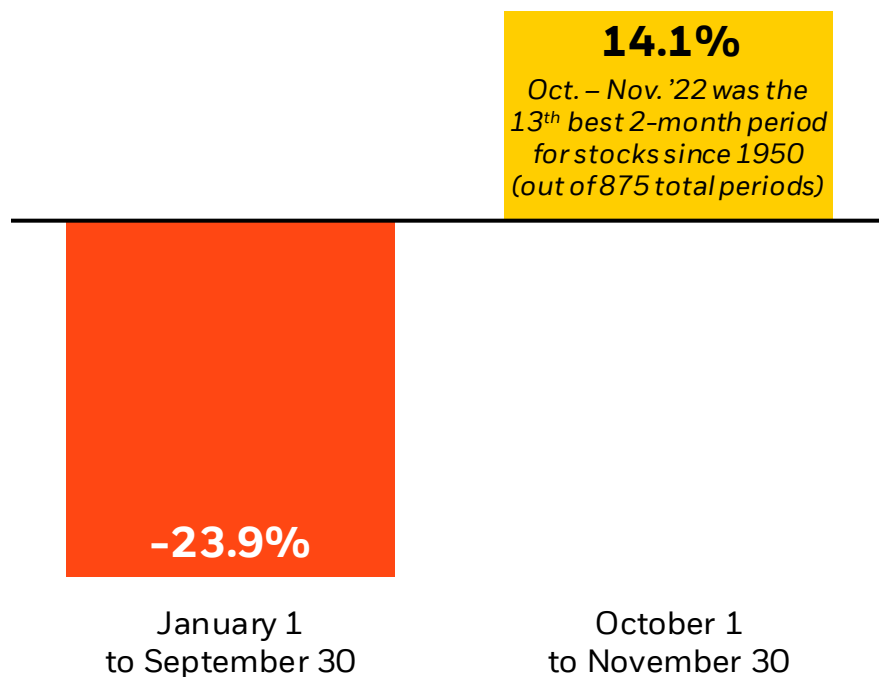
**Municipal
bonds and
the herd
mentality**

**Seasonal
stock and
bond returns**

Source: Morningstar as of 11/30/22. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Stocks bounced big in October and November

2022 stock market performance



Best 2-month periods for U.S. stocks

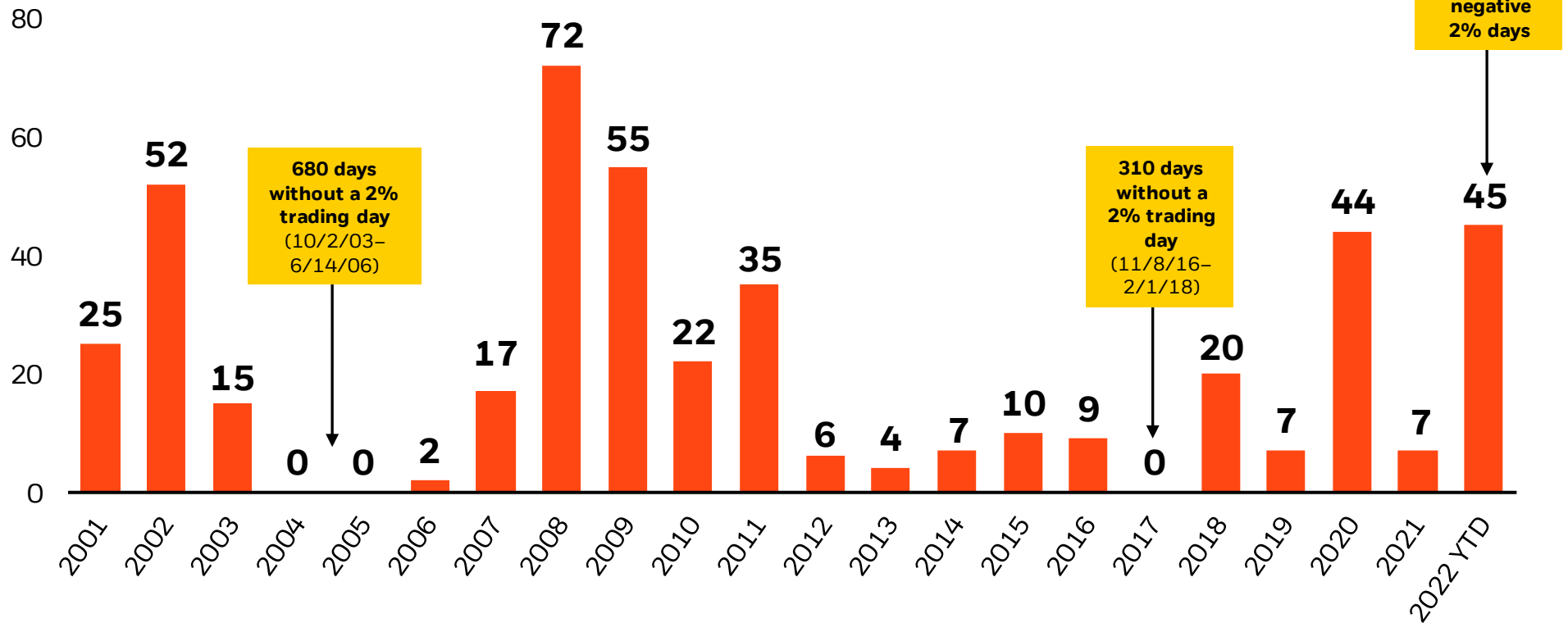
Top 15 periods by performance since 1950

Months	2-month period return	Next 12 months
Jan. & Feb. '75	19.9%	27.3%
Mar. & Apr. '09	19.2%	38.8%
Apr. & May '20	18.2%	40.3%
Jan. & Feb. '87	17.9%	-2.7%
Oct. & Nov. '82	16.0%	25.6%
Apr. & May '09	15.7%	21.0%
Nov. & Dec. '20	15.2%	28.7%
Oct. & Nov. '02	15.2%	15.1%
Jun. & Jul. '55	15.2%	18.1%
Sept. & Oct. '98	15.1%	25.7%
Nov. & Dec. '54	14.9%	31.6%
Oct. & Nov. '98	14.7%	20.9%
Oct. & Nov. '22	14.1%	?
Apr. & May '03	13.9%	18.3%
Aug. & Sep. '82	13.5%	44.3%
Average	15.9%	25.2%

Source: Morningstar as of 11/30/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 11/30/22 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 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 - 11/30/22)



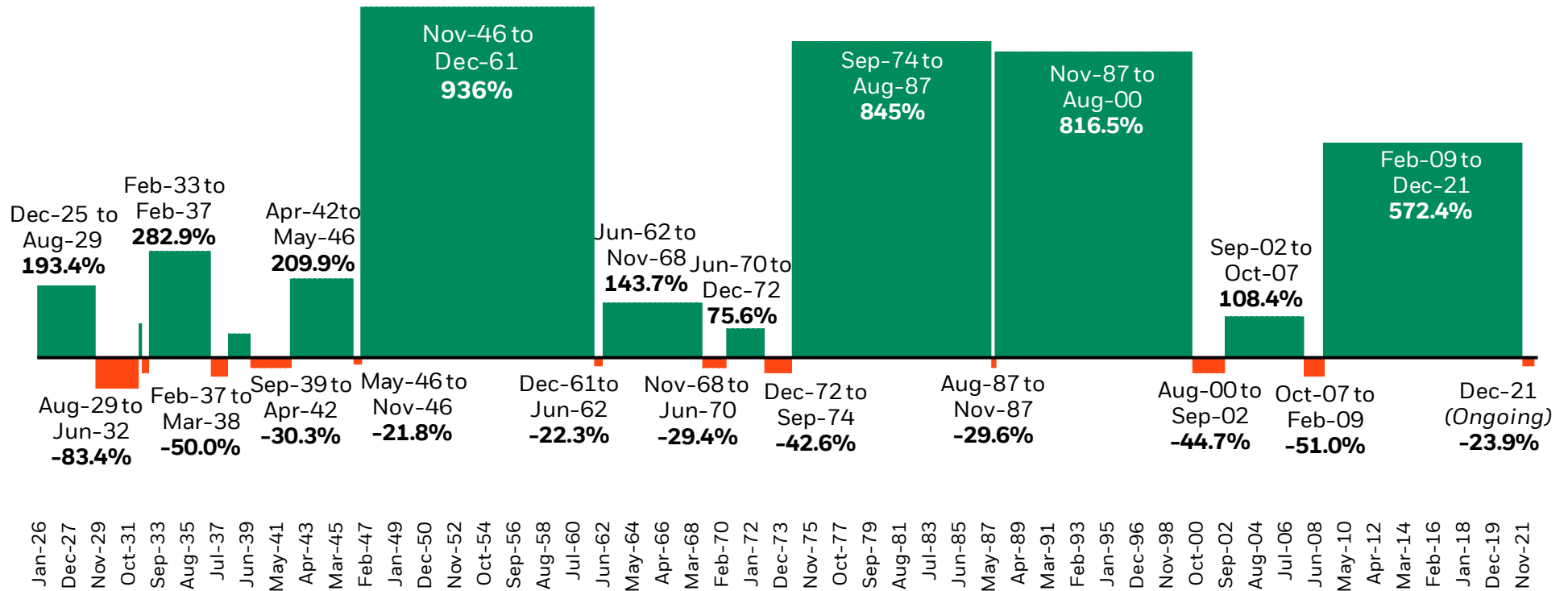
Source: Morningstar as of 11/30/22. Stock market represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Historical bull and bear markets

Bear markets tend to be brief and painful

Bull and bear market returns and time periods

Total returns from peak to trough since 1926, based on monthly returns

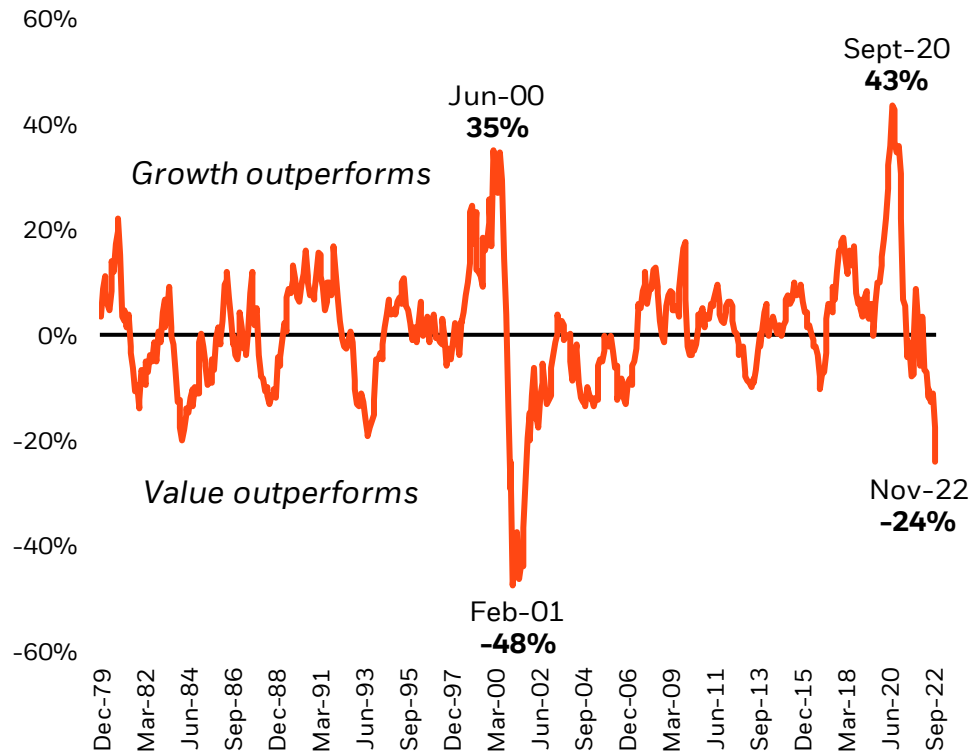


Source: Morningstar as of 11/30/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 11/30/22 and the IA SBBI U.S. Lrg Stock Tr USD Index from 1/1/50 to 3/4/57. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index.

Largest value outperformance since 2001

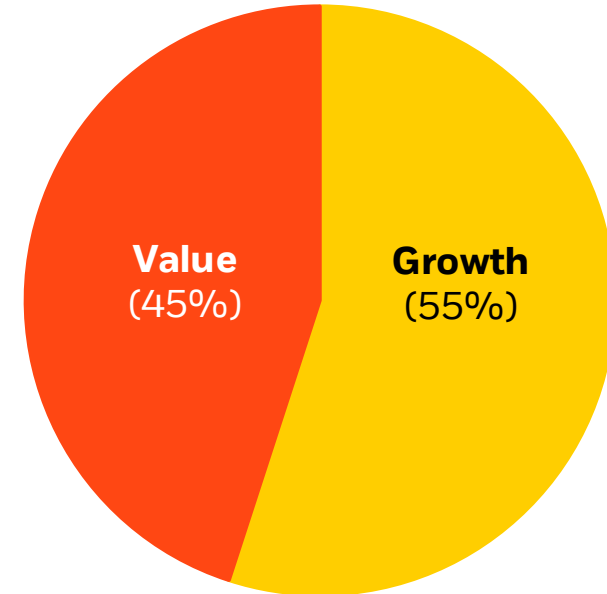
1-year outperformance

Large growth performance minus large value performance, since 1979



Growth vs. value fund assets

Percentage of total assets across mutual funds and ETFs in respective fund categories



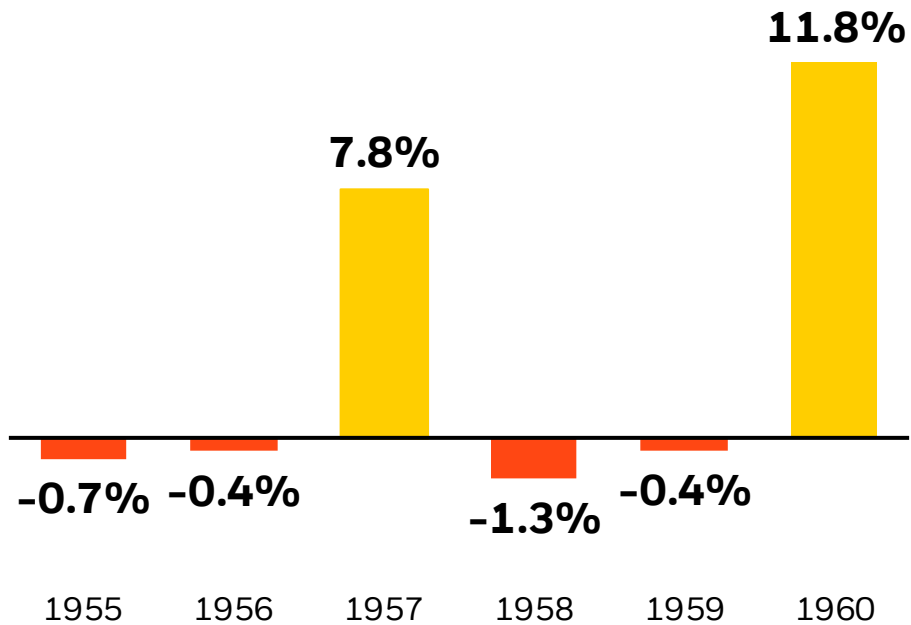
Source: Morningstar as of 11/30/22. Large growth stocks are represented by the Russell 1000 Growth Index and large value stocks represented by the Russell 1000 Value Index. Asset breakdowns calculated as a percentage of the total assets in the Morningstar US Fund Large Growth, US Fund Mid-Cap Growth, US Fund Small Growth, US Fund Large Value, US Fund Mid-Cap Value, and US Fund Small Value categories. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You can not invest directly in the index.

BONDS ON PACE TO LOSE MONEY TWO YEARS IN A ROW

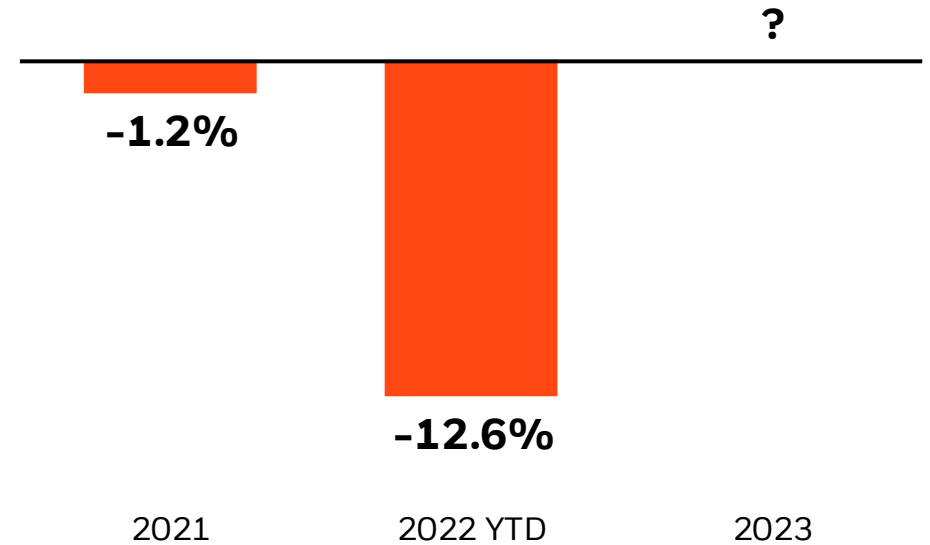
Bonds have not lost money 3 years in a row

Bonds have only lost money 2 years in a row twice since 1926

Annual returns



Recent bond index performance



Source: Morningstar as of 11/30/22. U.S. bonds are represented by the IA SBBI US Gov IT Index from 1/1/50 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 11/30/22. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index.

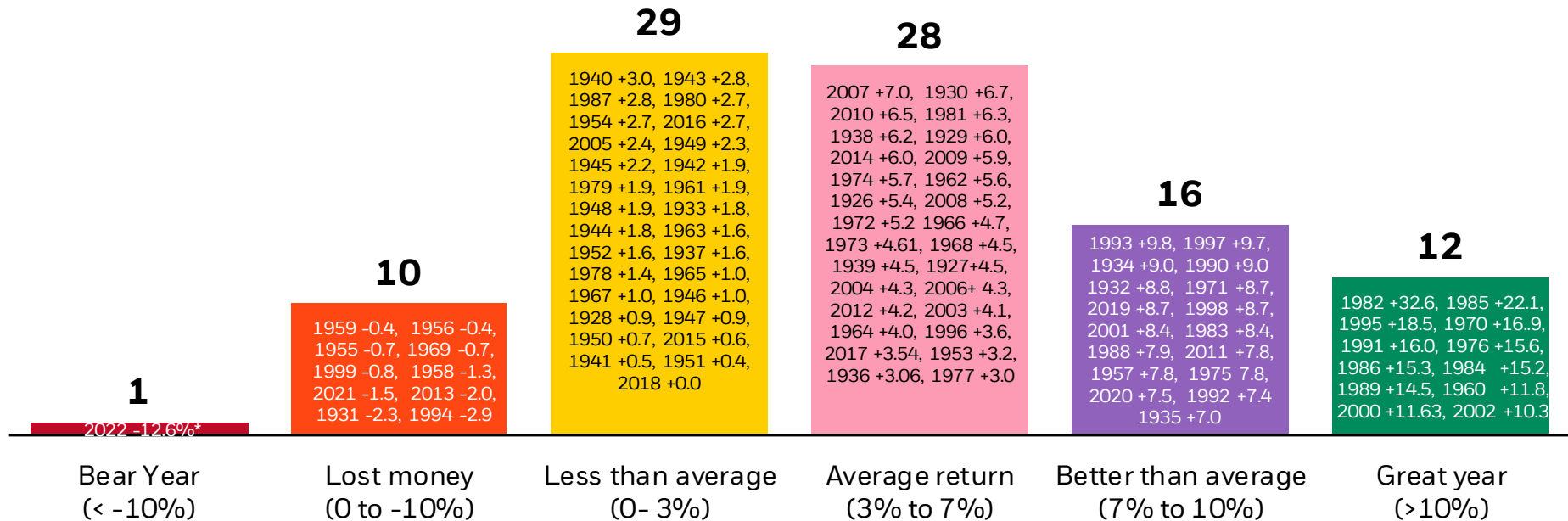
U.S. bonds historically average 5% per year

Range of returns for bonds by calendar year

1/1/26 - 11/30/22

U.S. Bonds avg. annual return 1/1/26 - 11/30/22: +4.9%
 U.S. Bonds YTD 2022 return: -12.6%

*Investing after a year in which bonds lost money resulted in an average annual return of +6.8%**

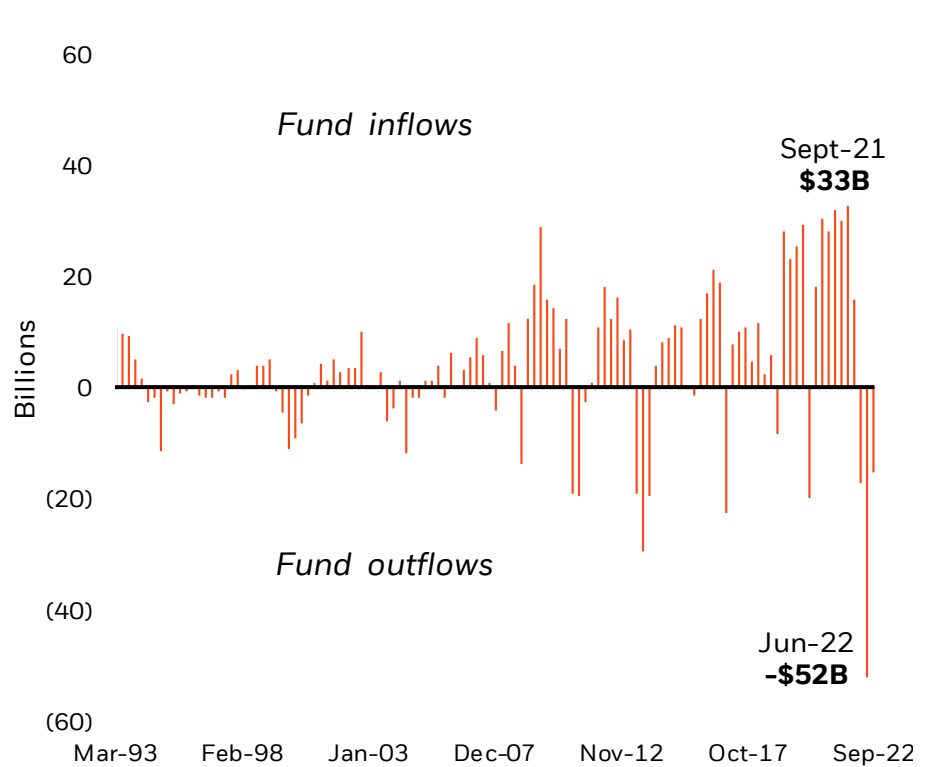


Source: Morningstar as of 11/30/22. U.S. bonds are represented by the IA SBBI US Gov IT Index from 1/1/50 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 11/30/22. *2022 YTD returns included in this average as it falls in the 12-month period after 2021 annual returns. Note that 2022 returns incorporated in this number only reflect returns from an 11-month period, rather than a full calendar year like other numbers used in this calculation. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You can not invest directly in the index.

Going against the crowd in municipal bonds

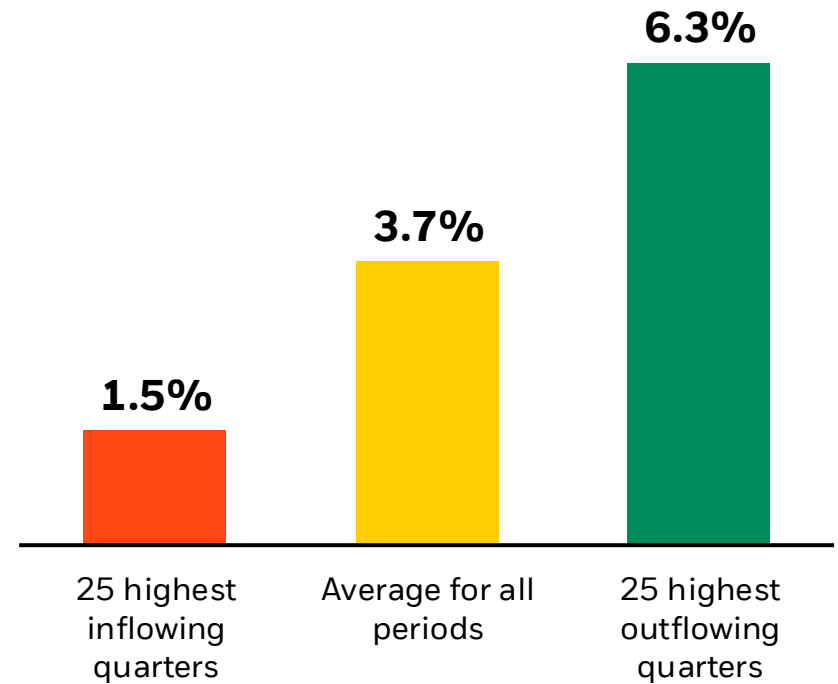
Quarterly flows into municipal bond funds

Mutual funds and ETF flows since 1993



Municipal bond 12-month performance following periods of fund inflows and outflows

Top 25 quarters of inflows and outflows since 1993



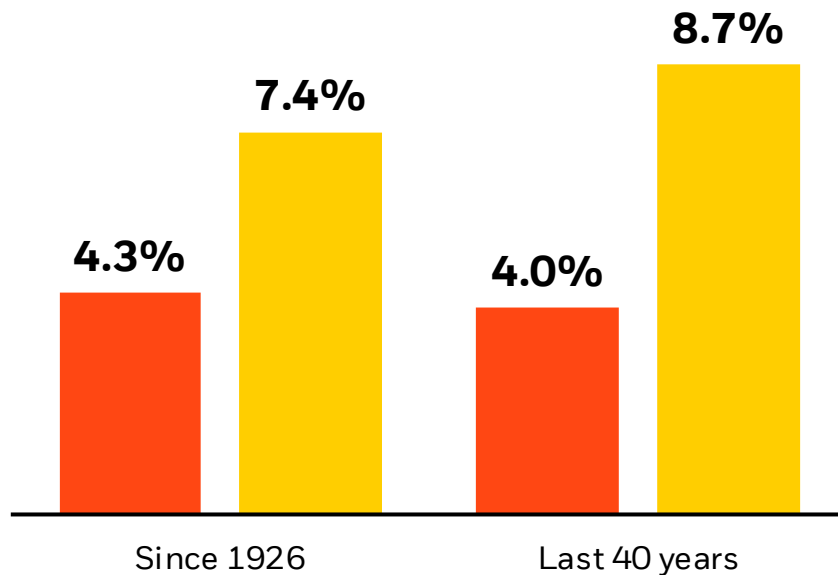
Source: Morningstar as of 10/31/22. Municipal bonds represented by the Morningstar US Fund Intermediate Municipal bond category, with returns representing average returns for the category. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index.

Stocks have entered an optimal seasonal return period

Stocks like "turkey to tax"

Since 1926, Average for all 6-month periods

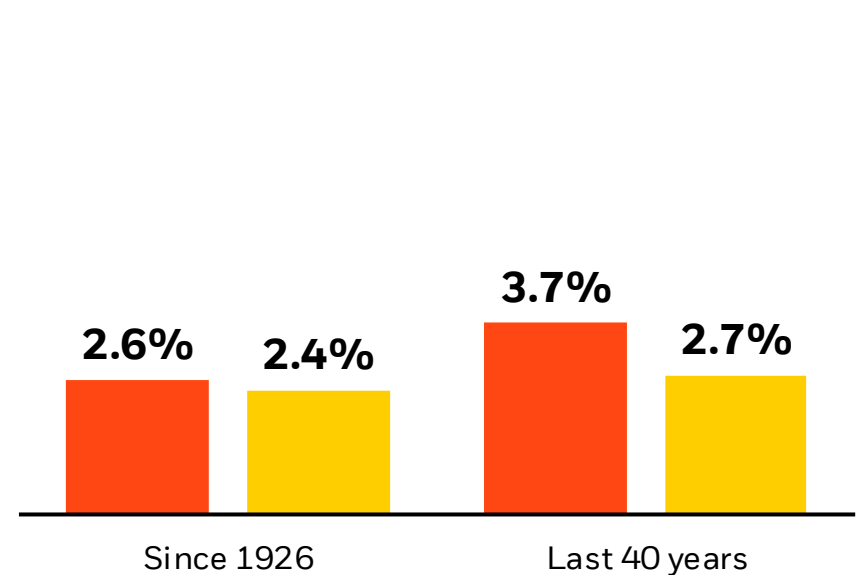
- May 1 to Oct. 31 ("Mommies to Mummies")
- Nov. 1 to Apr. 30 ("Turkey to Tax")



Bonds like "mommies to mummies"

Since 1926, Average for all 6-month periods

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



Morningstar as of 11/30/22. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 11/30/22 and the IA SBBI U.S.Lrg Stock TR USD Index from 1/1/26 to 3/4/57, 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 11/30/22. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

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Returns as of 11/30/22	1 Year Return	5 Year Avg. Annual Return	10 Year Avg. Annual Return
S&P 500 TR USD	-9.21	10.98	13.34
Bloomberg Municipal TR USD	-8.64	1.40	1.98
Bloomberg US Agg Bond TR USD	-12.84	0.21	1.09
IA SBBI US IT Govt TR USD	-9.31	0.41	0.80
IA SBBI US Large Stock TR USD Ext	-9.21	10.98	13.34
Russell 1000 Growth TR USD	-21.64	12.92	15.01
Russell 1000 Value TR USD	2.42	7.86	10.97
US Fund Muni National Interm.	-8.25	1.10	1.46
US Fund Large Growth	-24.07	9.59	12.26
US Fund Large Value	4.30	8.03	10.50
US Fund Mid-Cap Growth	-22.75	8.09	10.84
US Fund Mid-Cap Value	2.28	7.07	10.28
US Fund Small Growth	-22.45	6.92	10.51
US Fund Small Value	-0.56	5.82	9.46

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 11/30/22 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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