

Student of the Market

June 2022

BlackRock[®]

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**60/40
Portfolio
returns**

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stock market
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& ETFs vs.
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Source: Morningstar as of 5/31/22. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

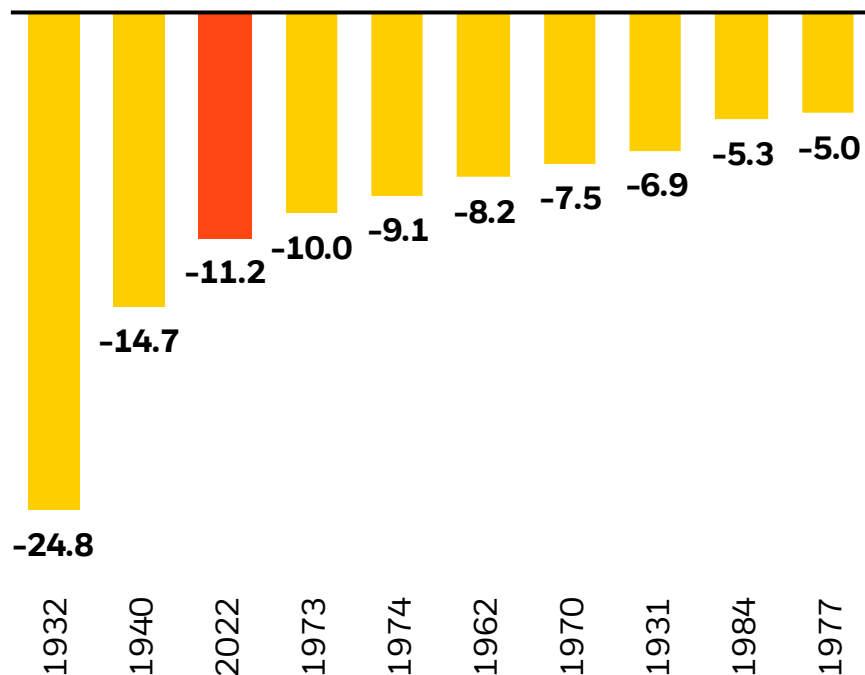
60/40 PORTFOLIO RETURNS

3rd worst start to a year for a 60/40 portfolio

2022 is on pace to be one of the worst years ever for a 60% stock and 40% bond portfolio

Worst ever start to a year for a 60/40 portfolio

Since 1926, total return for 1/1- 5/31 each calendar year



Returns following the 10 worst starts to a year

Since 1926, plus returns for the next 7 and 12 months

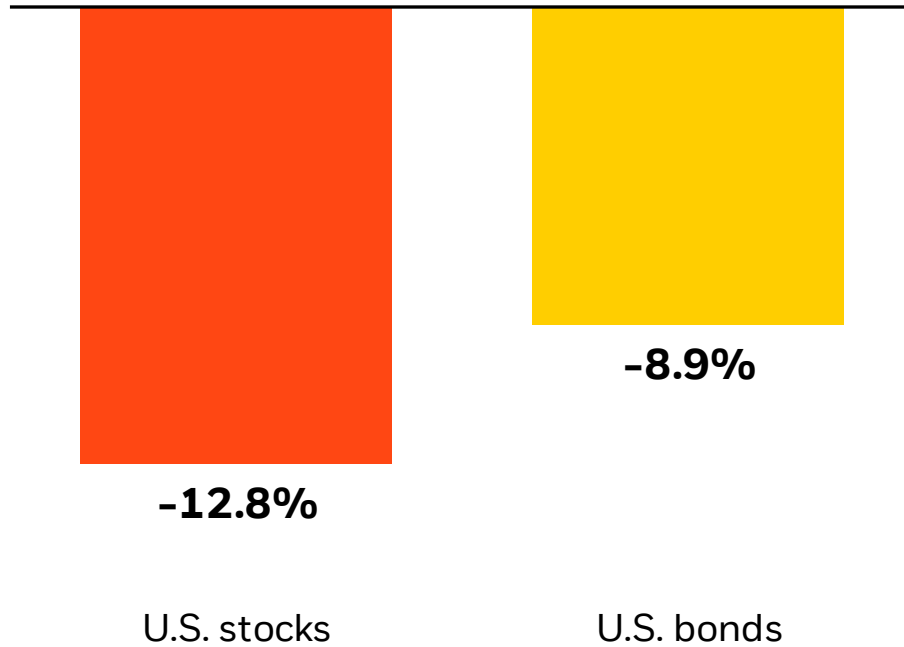
Year	First 5 months	Next 7 months	Next 12 months
1932	-24.8	31.2	66.9
1940	-14.7	11.7	6.1
2022	-11.2	?	?
1973	-10.0	-5.2	-13.9
1974	-9.1	-19.1	9.6
1962	-8.2	5.7	14.7
1970	-7.5	23.1	34.8
1931	-6.9	-21.5	-41.0
1984	-5.3	16.0	31.3
1977	-5.0	2.0	4.9
Avg.	-10.3	9.6	12.6

Source: Morningstar as of 5/31/22. U.S. bonds represented by the IA SBBT 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 5/31/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 5/31/22 and the IA SBBT 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. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

BOND AND STOCK MARKET RETURNS

Historically rare for U.S. stocks and bonds to both be negative at same time

YTD performance for U.S. stock and bonds
1/1/22 - 5/31/22

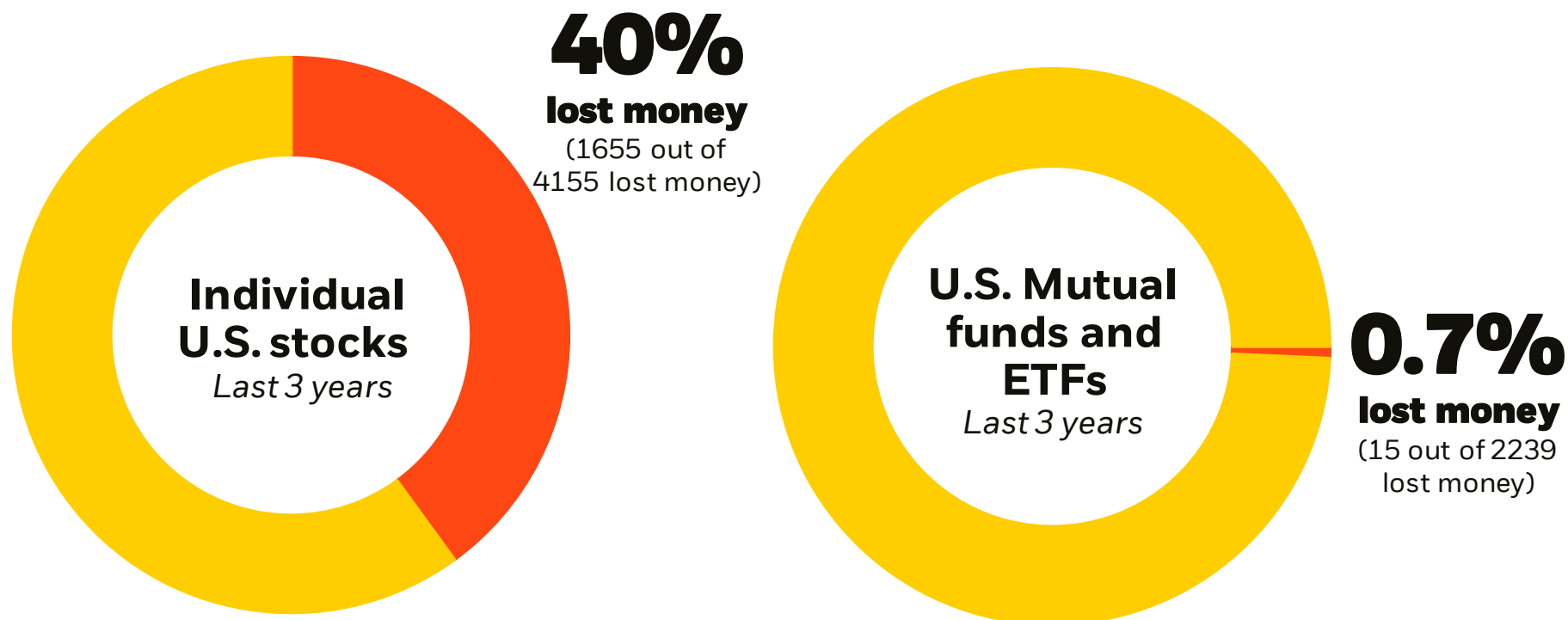


Negative calendar years for U.S. stocks	Bonds	Stocks
1929	6.0	-8.4
1930	6.7	-24.9
1931	-2.3	-43.3
1932	8.8	-8.2
1934	9.0	-1.4
1937	1.6	-35.0
1939	4.5	-0.4
1940	3.0	-9.8
1941	0.5	-11.6
1946	1.0	-8.1
1953	3.2	-1.0
1957	7.8	-10.8
1962	5.6	-8.7
1966	4.7	-10.1
1969	-0.7	-8.5
1973	4.6	-14.7
1974	5.7	-26.5
1977	3.0	-7.2
1981	6.3	-4.9
1990	9.0	-3.1
2000	11.6	-9.1
2001	8.4	-11.9
2002	10.3	-22.1
2008	5.2	-37.0
2018	0.0	-4.4
YTD 2022	-8.9	-12.8

Source: Morningstar as of 5/31/22. 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 5/31/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 5/31/22 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.. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

MUTUAL FUNDS AND ETFs VERSUS INDIVIDUAL STOCKS

Added diversification from a fund helps reduce risk



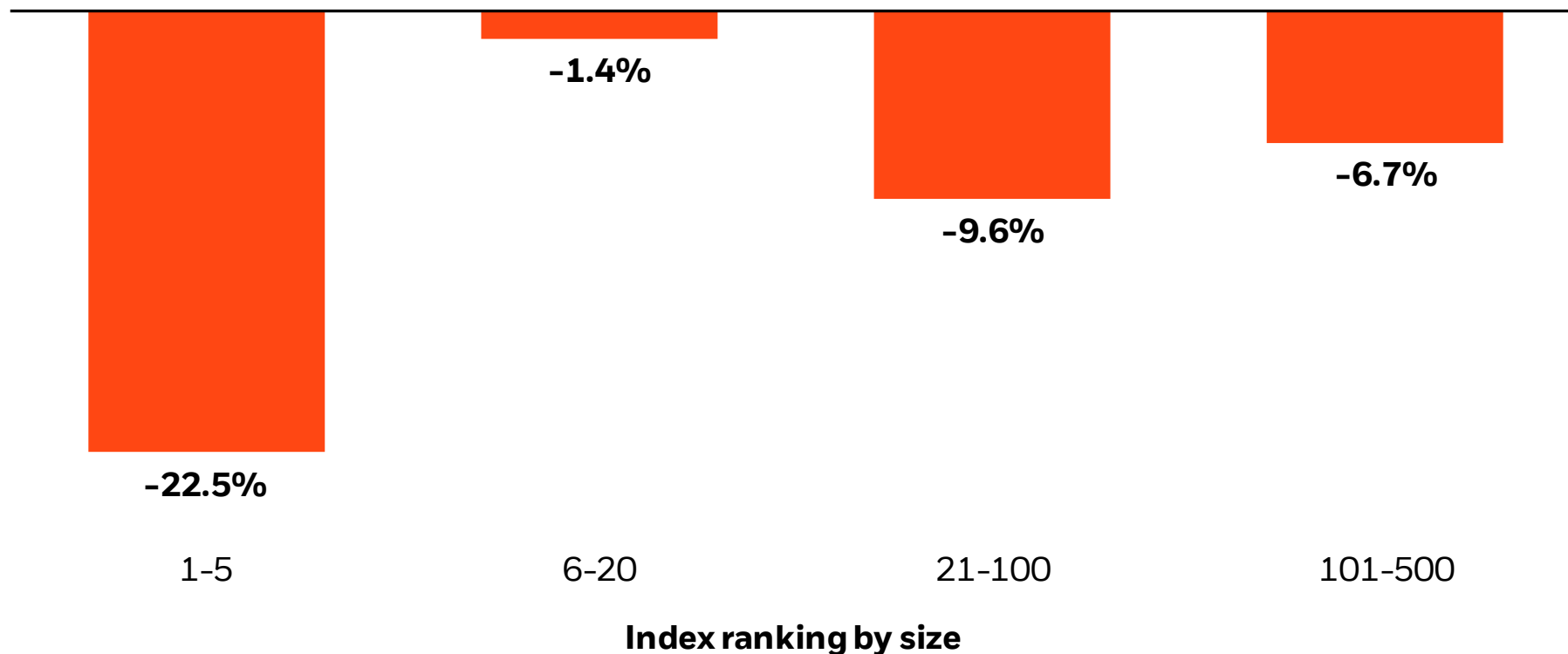
Source: Morningstar as of 5/31/22. **U.S. mutual funds and ETFs** are represented by the Morningstar U.S. Equity Category, oldest share class only. **Individual U.S. stocks** are represented by the Morningstar U.S. Stock Universe, all securities on the NYSE and NASDAQ. Analysis does not include obsolete mutual funds, ETFs or stocks as defined by Morningstar. **Past performance does not guarantee or indicate future results.**

STOCK PERFORMANCE BY SIZE

Largest stocks have lost the most in 2022

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

Average YTD performance of individual companies in the S&P 500 Index, grouped by market cap through 5/31/22



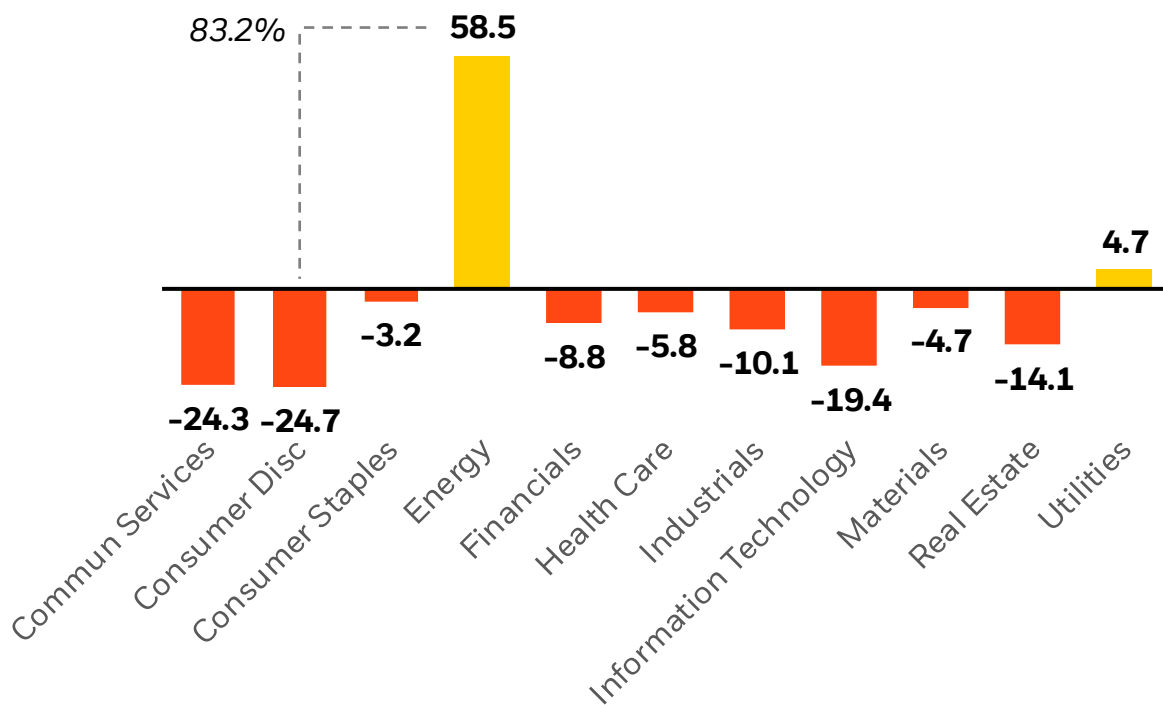
Source: Morningstar as of 5/31/22. Stocks represented by the individual stocks of the S&P 500 Index, non-voting dual-class shares excluded. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

U.S. EQUITY SECTORS

Largest equity sector disparity since 2000

YTD performance of U.S. stock sectors

S&P 500 sectors, thru 1/1/90 - 5/31/22



Years with the largest sector disparity

S&P 500 sectors, since 1990

Year	Disparity	Best/Worst sector
2000	98.1%	Utilities/ Info. Tech
1999	93.8%	Info. Tech/ Cons. Staples
1998	84.3%	Info. Tech/ Materials
YTD 2022	83.2%	Energy/ Cons. Disc.
2020	77.6%	Info. Tech/ Energy
Avg since 1990	44.6%	N/A

Source: Morningstar as of 5/31/22. 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.

BONDS RETURNS AND INTEREST RATES

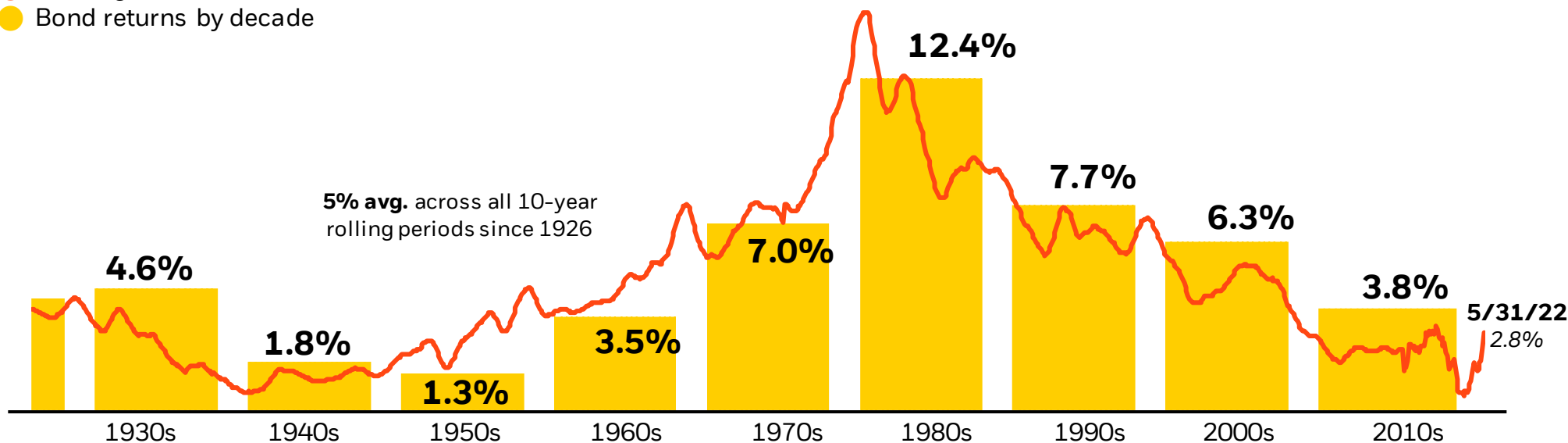
Lower bond returns taking hold

Bonds on pace for the lowest returns since the 1960s

U.S. bond returns follow interest rates

Avg. annual 10-year returns since 1926

- Starting interest rates
- Bond returns by decade



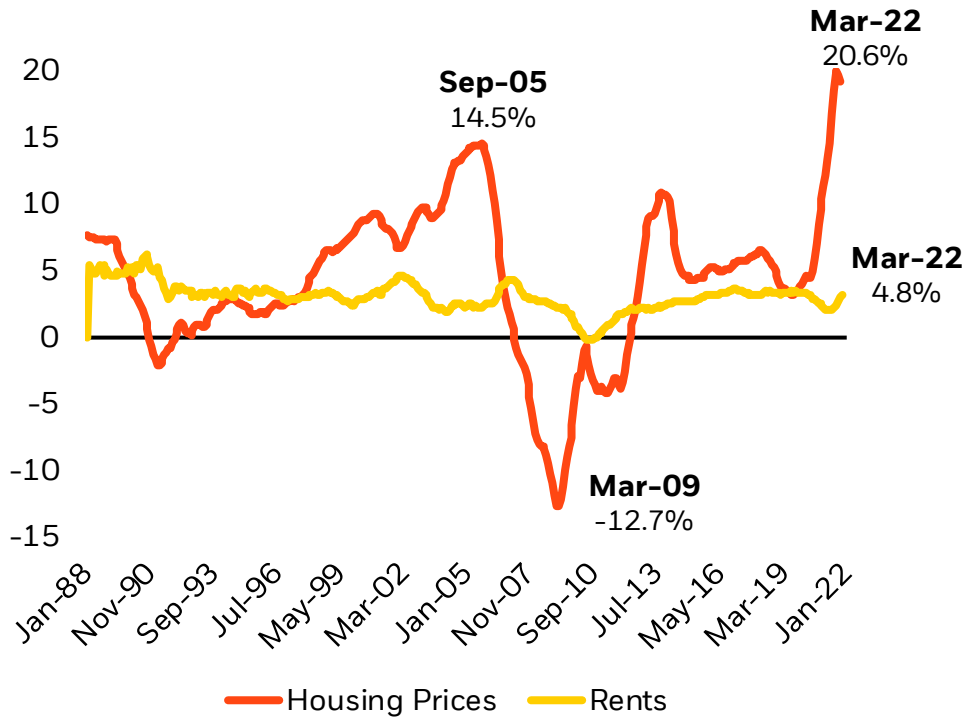
Source: Morningstar and U.S. Treasury as of 5/31/22. US Bonds represented by the IA US IT Govt Tr Index before 1979 and by the Bloomberg US Agg Bond Index after 1979. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

HOUSING PRICES AND INFLATION

Historic housing price inflation not directly reflected in the CPI

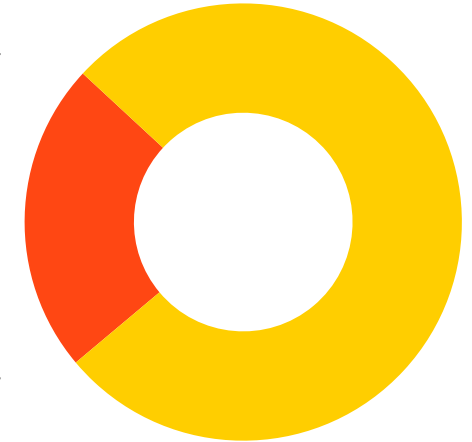
Housing prices and owners equivalent rent

12-month rolling, 1/1/88 – 4/30/22



Inflation index weight towards “Housing”

Home owners' equivalent rent of primary residence is the largest single component of CPI at 23%



“Rents” replaced housing prices in the CPI in 1983

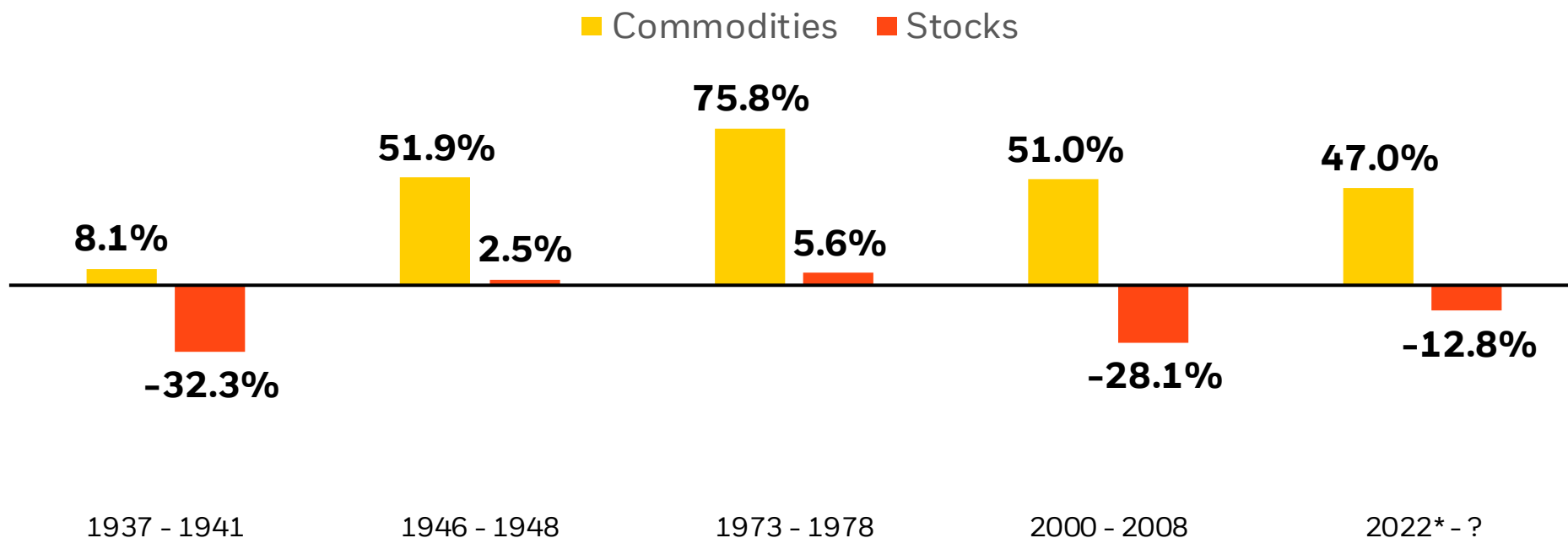
Source: Bureau of Labor Statistics and Standard and Poors, as of 5/31/22.

COMMODITY CYCLES

Extreme commodity cycles historically last multiple years

Commodities versus stocks

Cumulative performance based on calendar year returns; YTD as of 5/31/22 for 2022



Source: Morningstar and the St. Louis Fed. Commodities represented by the Producer Price Commodities Index. Stocks are represented by the S&P 500 Index from 3/4/57 to 5/31/22 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. *2022 commodities represented by the S&P GSCI Index. 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: June 2022

Returns as of 5/31/22	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
S&P 500 TR USD	-0.30	13.38	14.40
Bloomberg US Agg Bond TR USD	-8.22	1.18	1.71
IA SBBI US IT Govt TR USD	-8.19	0.72	1.12
IA SBBI US Large Stock TR USD Ext	-0.30	13.38	14.40
S&P 500 Sec/Commun Services TR USD	-21.05	7.22	7.43
S&P 500 Sec/Cons Disc TR USD	-11.78	12.02	15.04
S&P 500 Sec/Cons Staples TR USD	9.19	8.84	11.37
S&P 500 Sec/Energy TR USD	76.03	10.97	6.81
S&P 500 Sec/Financials TR USD	-4.90	11.10	14.35
S&P 500 Sec/Health Care TR USD	8.68	13.79	15.93
S&P 500 Sec/Industrials TR USD	-8.57	8.73	12.59
S&P 500 Sec/Information Technology TR USD	1.95	21.92	20.21
S&P 500 Sec/Materials TR USD	0.32	12.44	12.09
S&P 500 Sec/Real Estate TR USD	5.11	10.48	10.55
S&P 500 Sec/Utilities TR USD	17.68	10.30	11.48
S&P GSCI TR USD	63.79	13.02	-0.93
US BLS CPI All Urban NSA 1982-1984	8.26	3.41	2.31

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 5/31/22 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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