

Student of the Market

March 2022

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**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

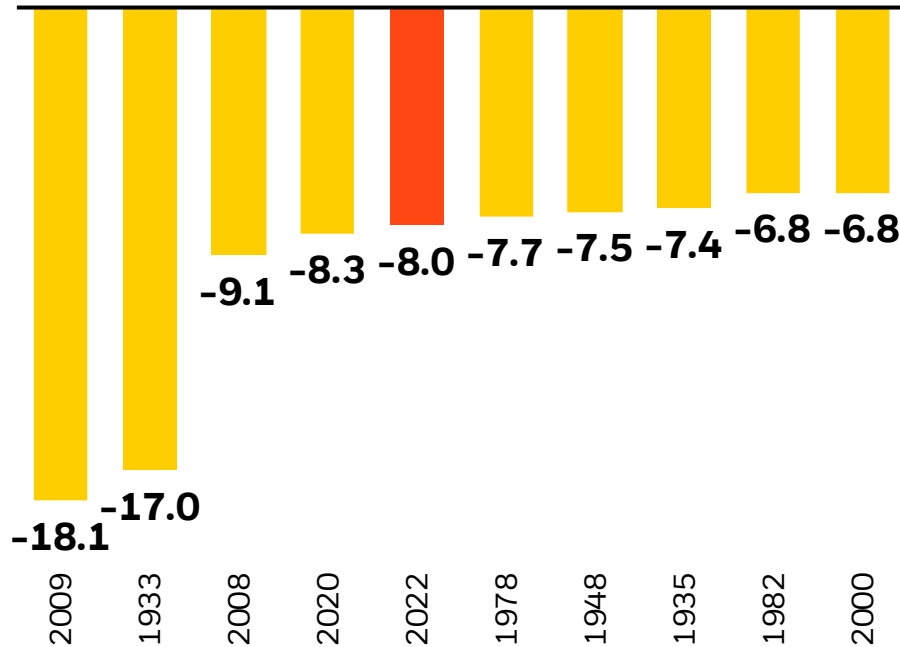
| Event* | Date | 3 months before | 1 month later | 3 months later | 1 year later | 3 years later (Avg. annual) |
|-----------------------------------|------------|-----------------|---------------|----------------|--------------|-----------------------------|
| Germany invades Poland | 3/1/1939 | -0.2% | -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 th 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”

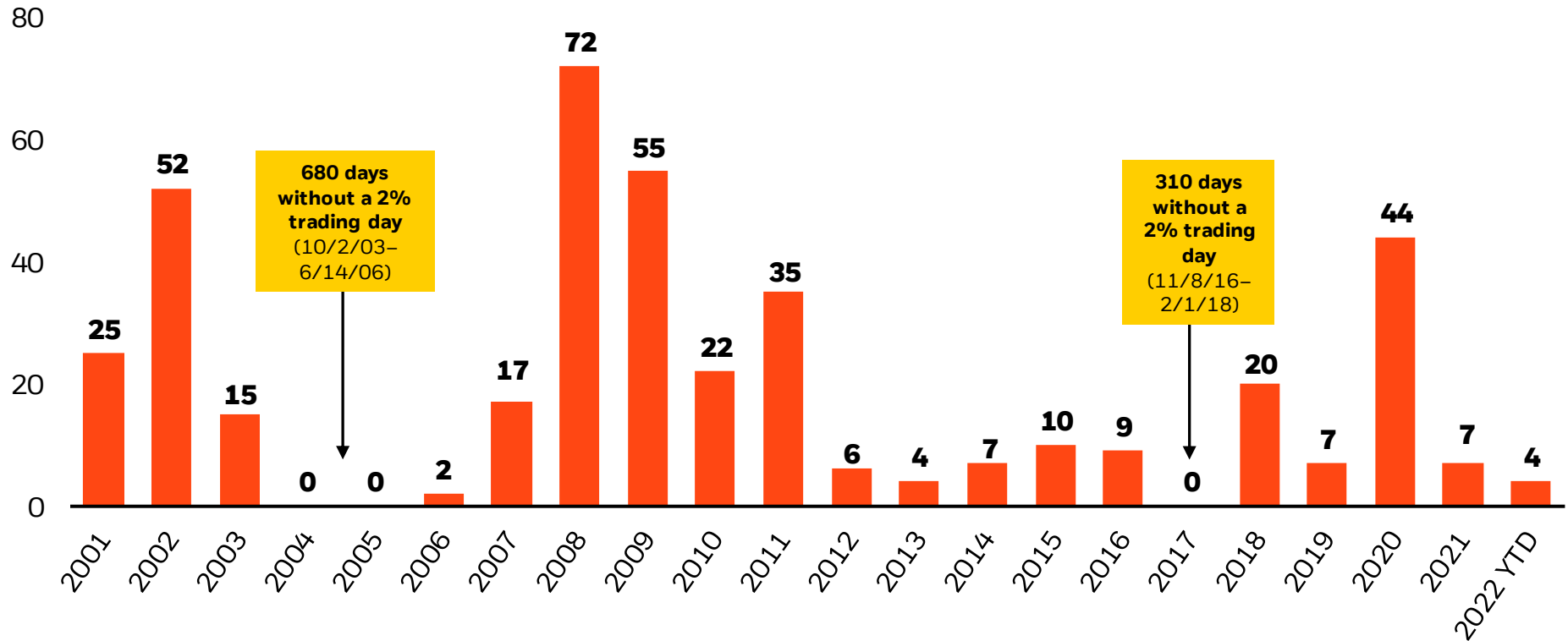
(1/1/1926 – 2/28/22)

| 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 |
| Avg. | -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

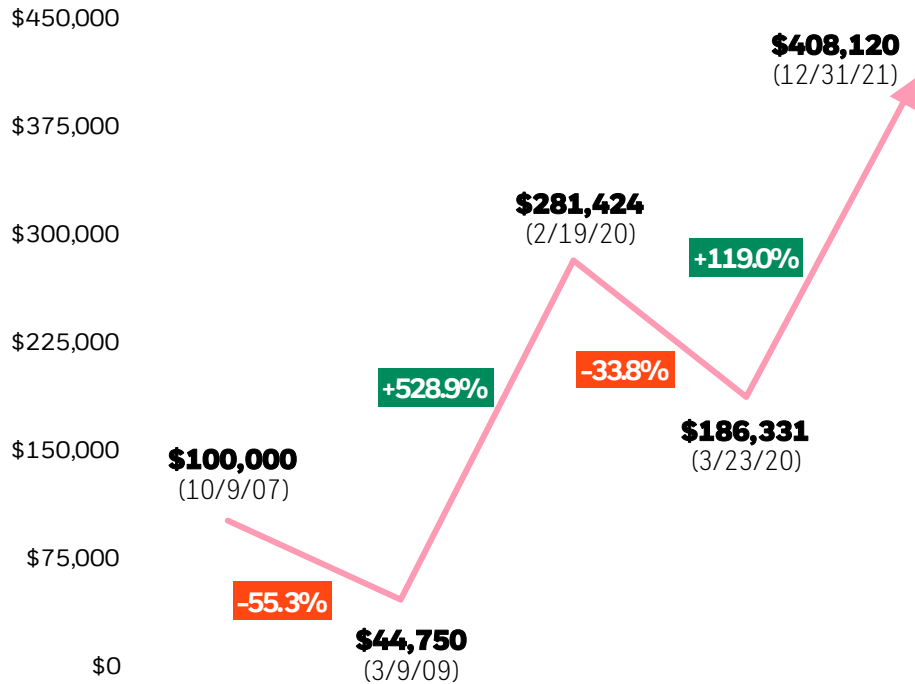
Number of single day stock market returns of +/-2% or more
S&P 500, past 20+ years by calendar year (1/1/01 - 2/28/22)



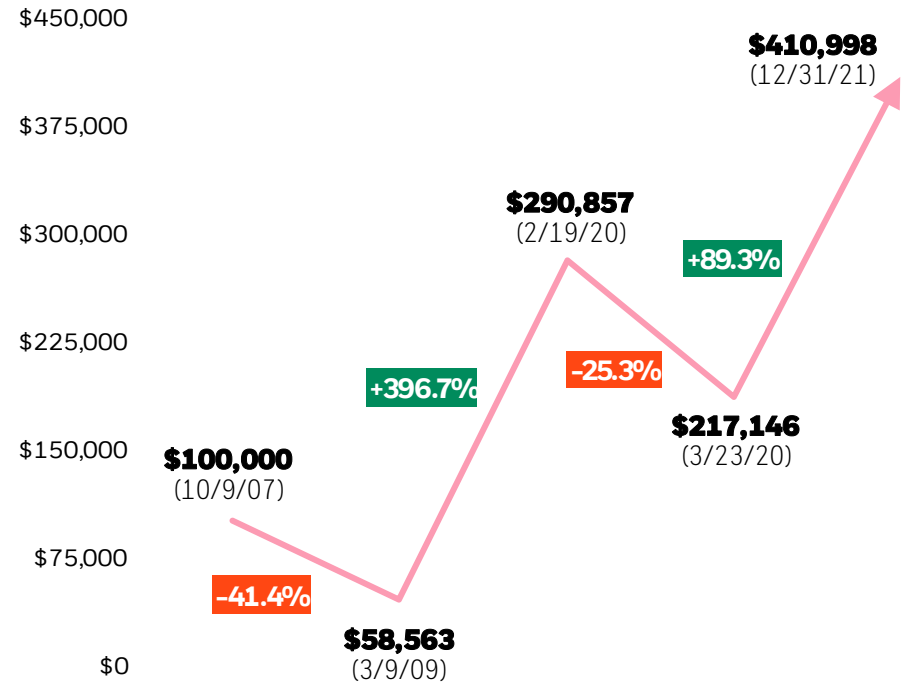
Source: Morningstar as of 2/28/22. Stock market represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

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*

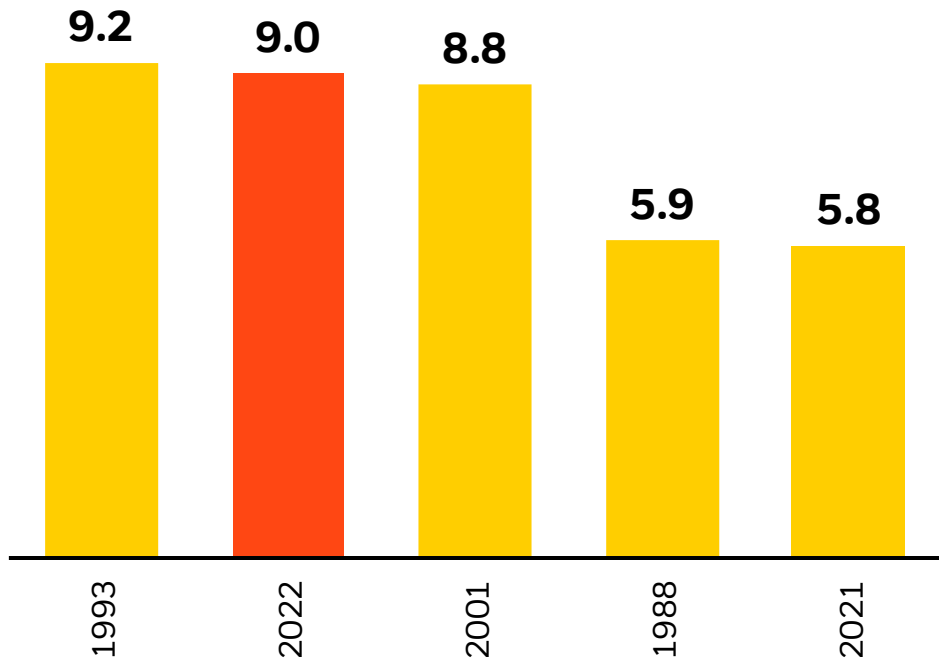


Source: Morningstar as of 12/31/21. *Hypothetical investment or portfolio that captured 75% of each bull and bear market return of the S&P 500 when benchmarked to that index. Returns shown are based on the S&P 500 index only. **Past performance does not guarantee or indicate future results. Index performance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

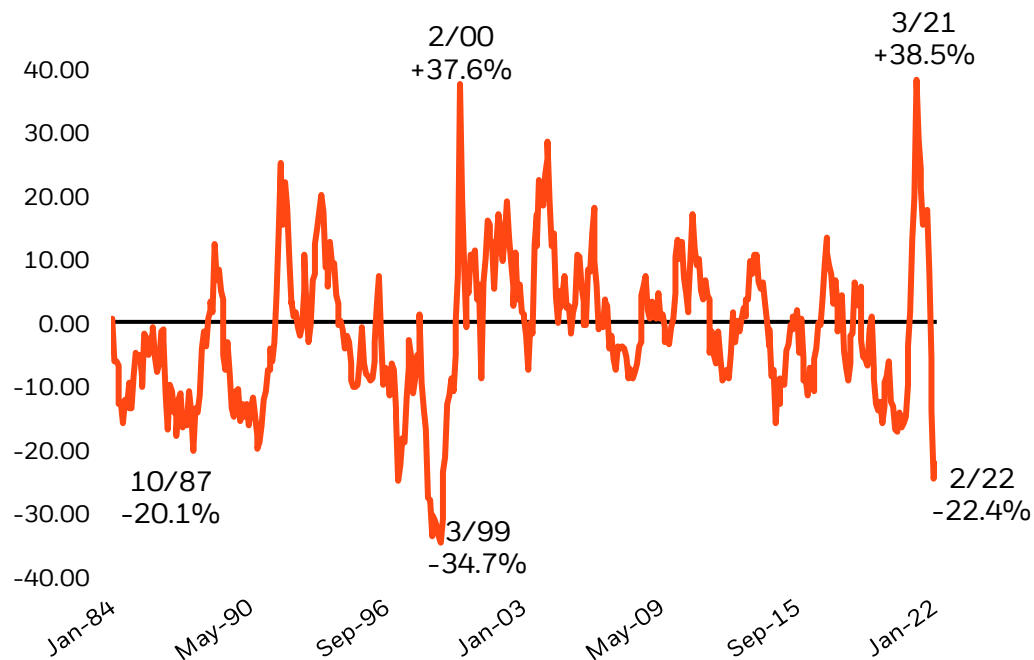
Source: Morningstar as of 2/28/22. Value stocks represented by the Russell 1000 value Index and Growth stocks represented by the Russell 1000 growth Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in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

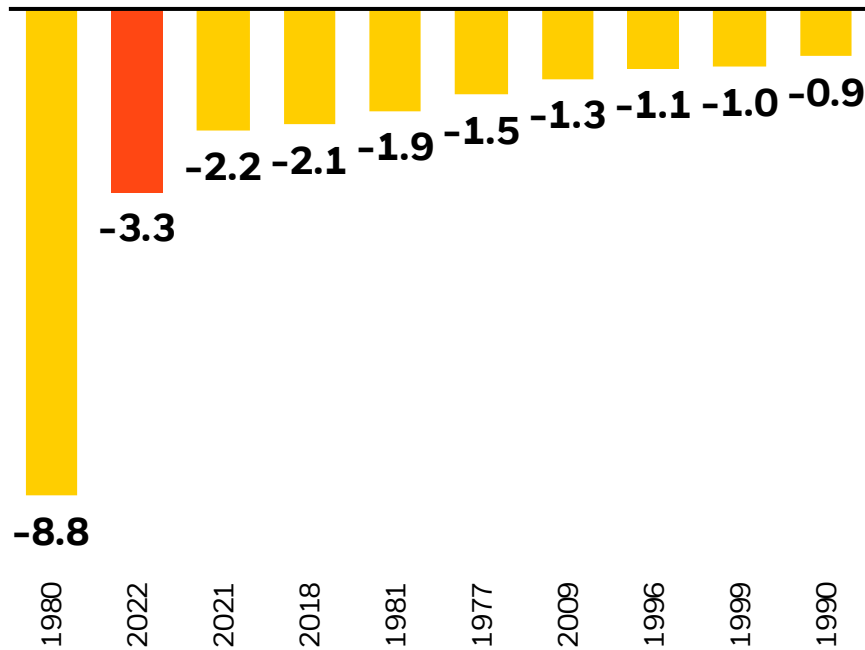
| | Small cap minus large cap | Small cap minus large cap, 1 year later |
|---------------|---------------------------|---|
| Mar-21 | 38.5% | ? |
| Feb-00 | 37.6% | -8.6% |
| Mar-04 | 28.9% | -1.3% |
| Oct-91 | 25.1% | -0.1% |
| Apr-06 | 18.1% | -7.4% |
| | | |
| Mar-99 | -34.7% | 19.4% |
| Apr-97 |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

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| 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. 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.

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