

Student of the Market

June 2021

BlackRock[®]

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returns**

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sidelines**

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investing
signals**

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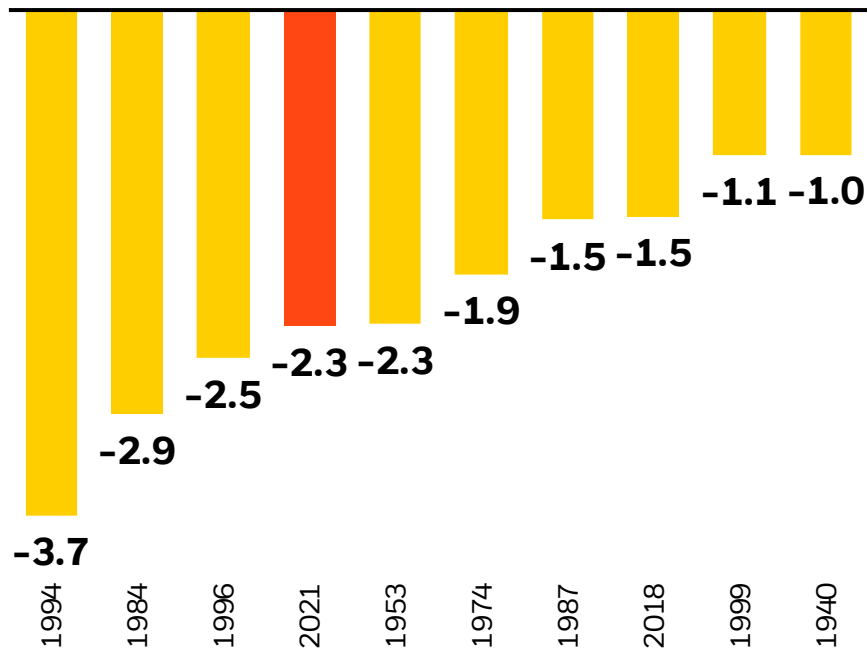
Source: Morningstar as of 5/31/21. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

BOND MARKET RETURNS

4th worst start to a year for bonds

After historical worst starts, the next 7 months saw bond returns bounce back on average

Top 10 worst starts of the year for bonds
(Since 1926, total return for first five months of calendar year)



Returns after each “worst start”
(Since 1926, total return for given time periods)

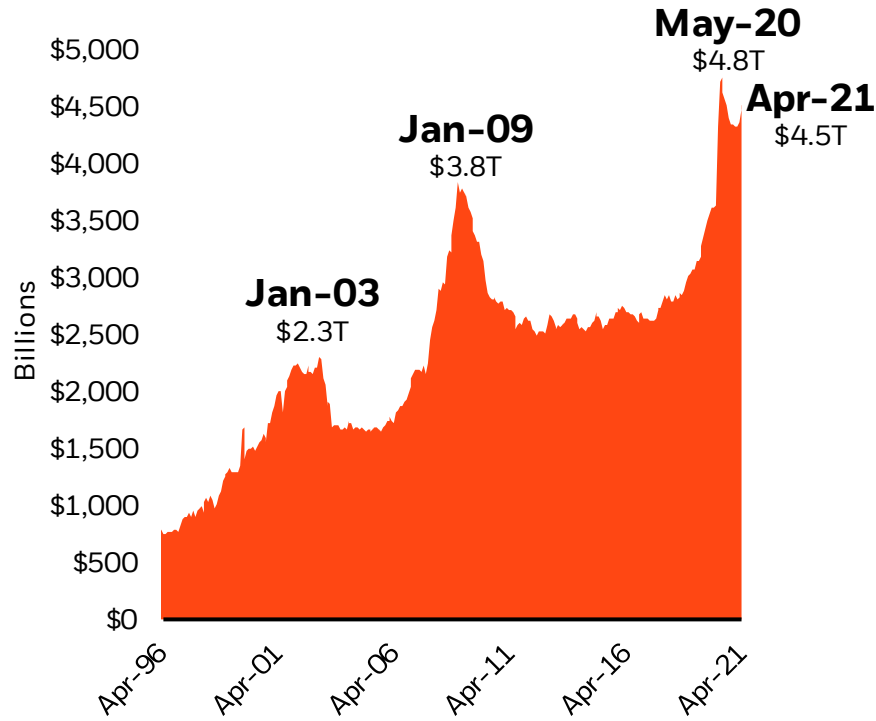
Year	First 5 months	Next 7 months
1994	-3.7	0.8
1984	-2.9	18.6
1996	-2.5	6.3
2021	-2.3	?
1953	-2.3	5.6
1974	-1.9	7.8
1987	-1.5	4.3
2018	-1.5	1.5
1999	-1.1	0.2
1940	-1.0	4.1
Avg	-2.1	5.5

Source: Morningstar as of 5/31/21. U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the BbgBarc U.S. Agg Bond TR Index from 1/3/89 to 5/31/21. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Money market assets still near historic peak

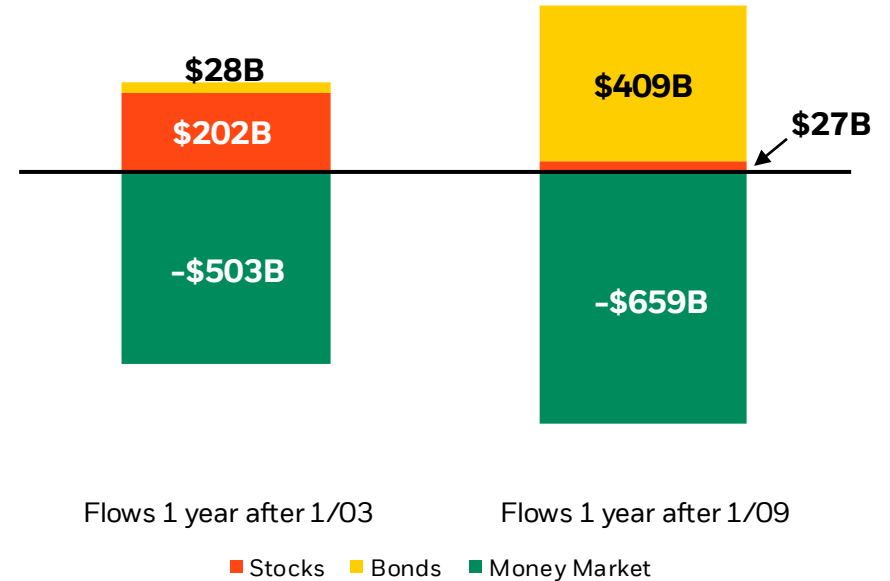
Money market fund assets

Last 25 years (4/1/96 – 4/30/21)



Where did the money market assets go?

Mutual fund and ETF flows by security type, 1 year after previous peaks



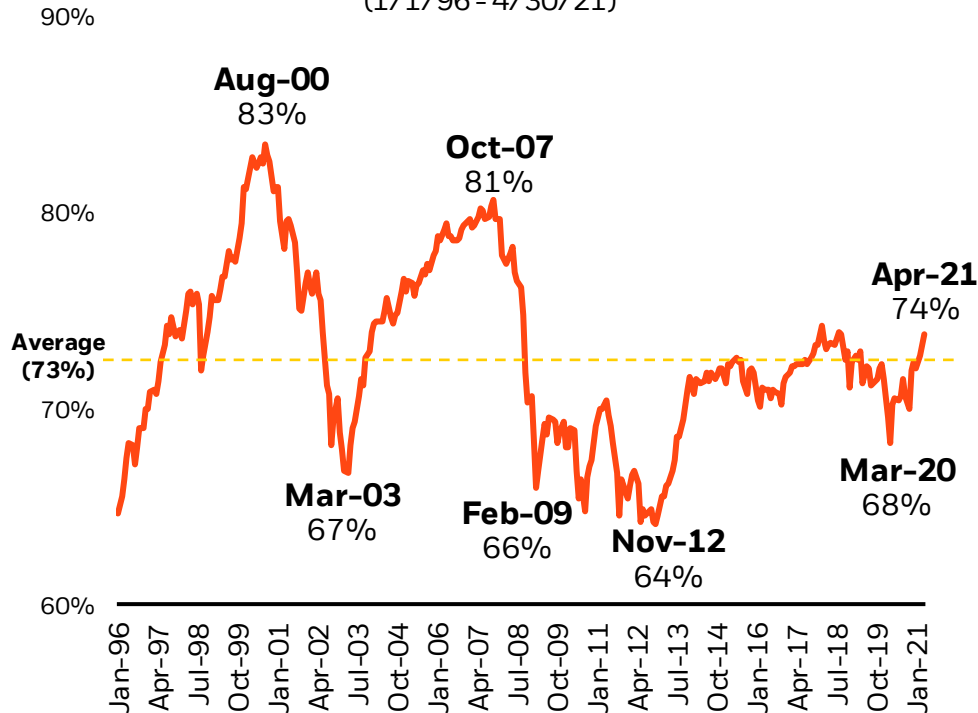
Source: Morningstar as of 4/30/21. Money market flows and assets are represented by assets in the Morningstar U.S. Money Market funds category. Stock flows are represented by flows into the broad Morningstar equity mutual fund and ETF categories as defined by Morningstar during the given time period. Bond flows are represented by flows into the broad Morningstar fixed income mutual fund and ETF categories as defined by Morningstar during the 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.

EQUITY FUND ASSET LEVELS

Equity fund assets are still within their historic range

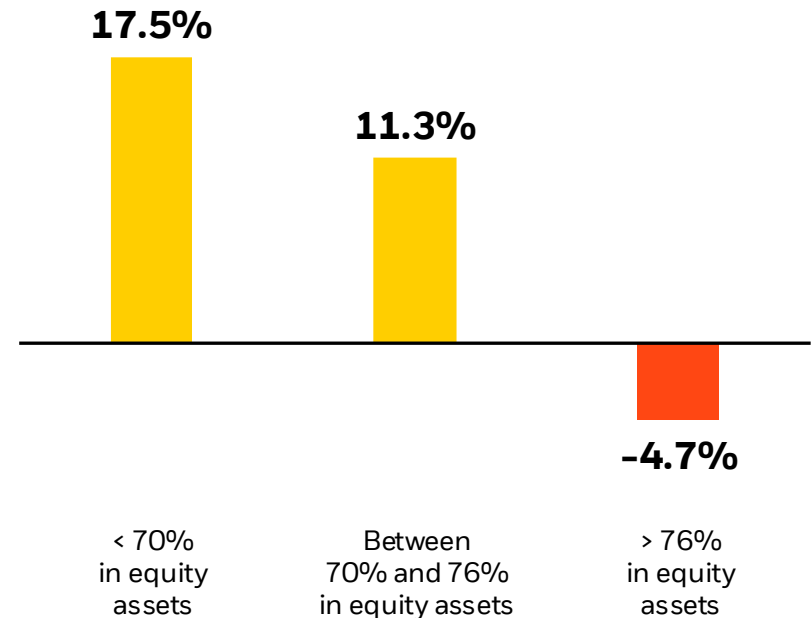
Percentage of industry assets in equities

As a percentage of total assets in stock and bond mutual funds and ETFs (1/1/96 - 4/30/21)



U.S. stock market returns, next 3 years

Average annual return following each cohort

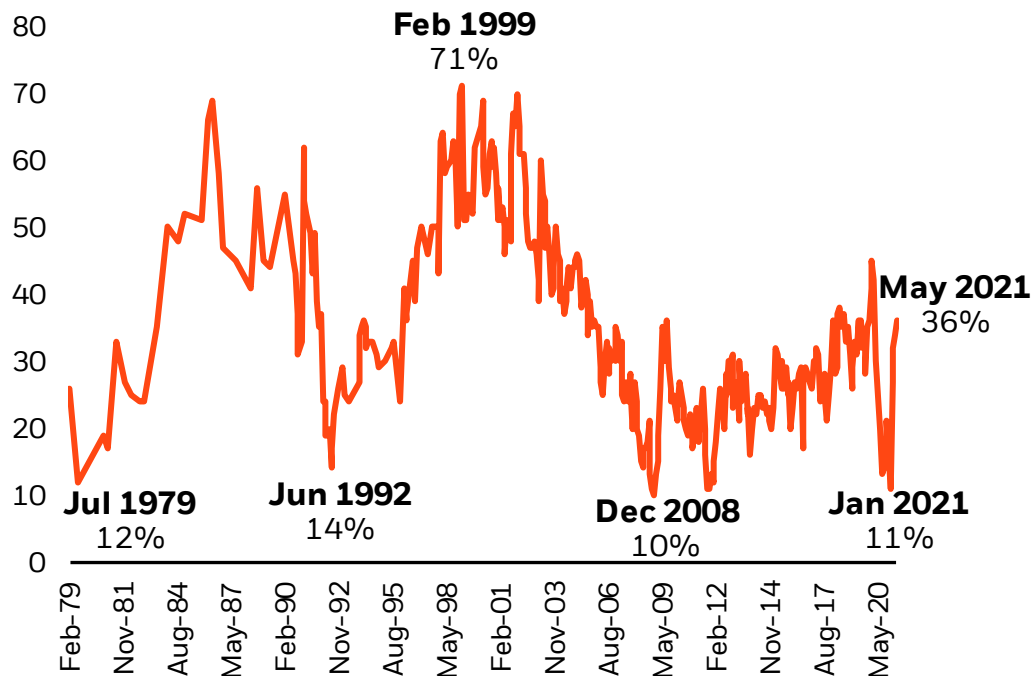


Source: Morningstar as of 5/31/21. U.S. stocks represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the U.S. stock market. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Satisfaction level is often a contrarian indicator for the stock market

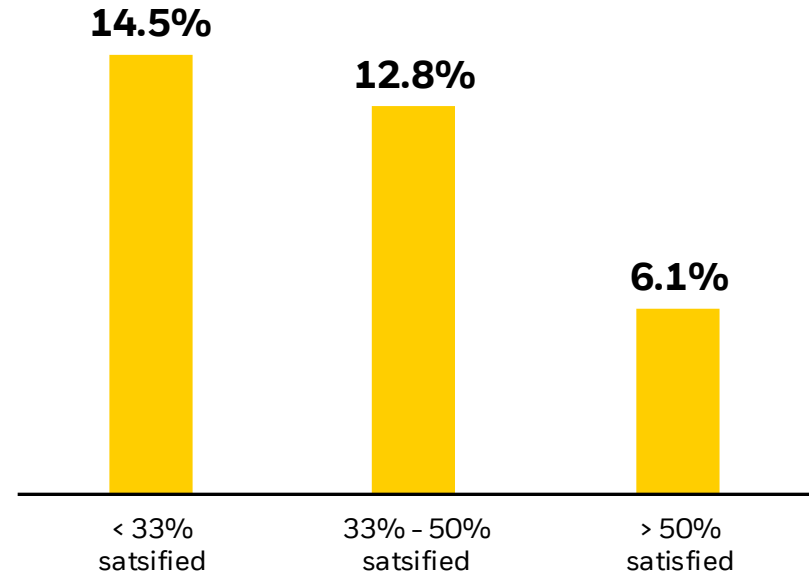
Satisfaction levels bounce back after pandemic lows

% of Americans satisfied with the way things are going in the U.S.



U.S. stock market returns, next 12 months

Median return following each cohort



Morningstar and Gallup as of 5/31/21. Stock market represented by the S&P 500 Index. Note: Gallup "satisfaction level" polling data was recorded every month after April 2000. Prior to April 2000, Gallup "satisfaction level" polling data was recorded on an ad hoc basis. **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

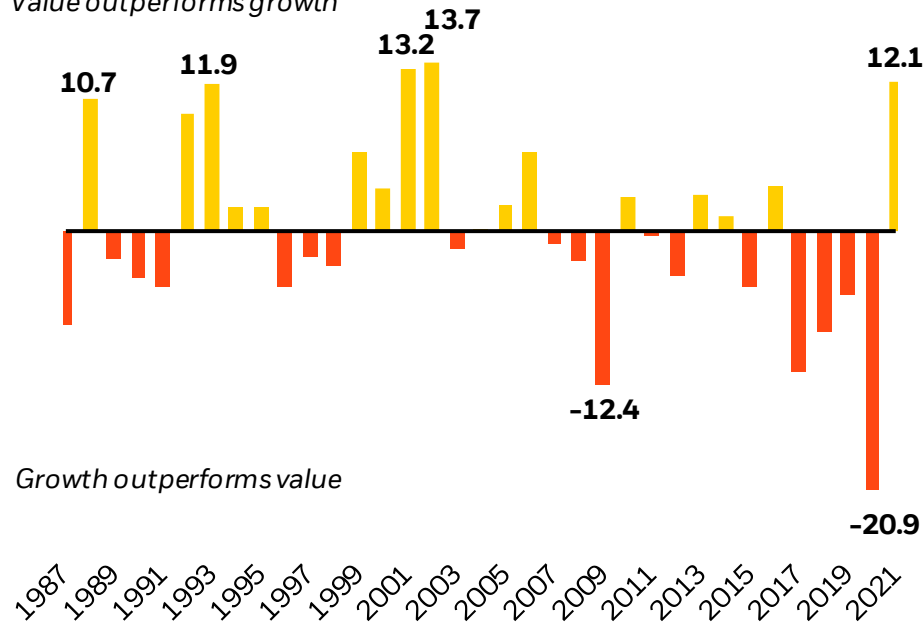
3rd best start to a year for value stocks

After historical best starts, the next 7 months saw value outperformance continue, but at a much slower pace

Growth versus value, first 5 months of the year

Value returns minus growth returns for first five months of calendar year
(1/1/87 – 5/31/21)

Value outperforms growth



Growth outperforms value

Returns after each “best value start”

(1/1/87 – 5/31/21)

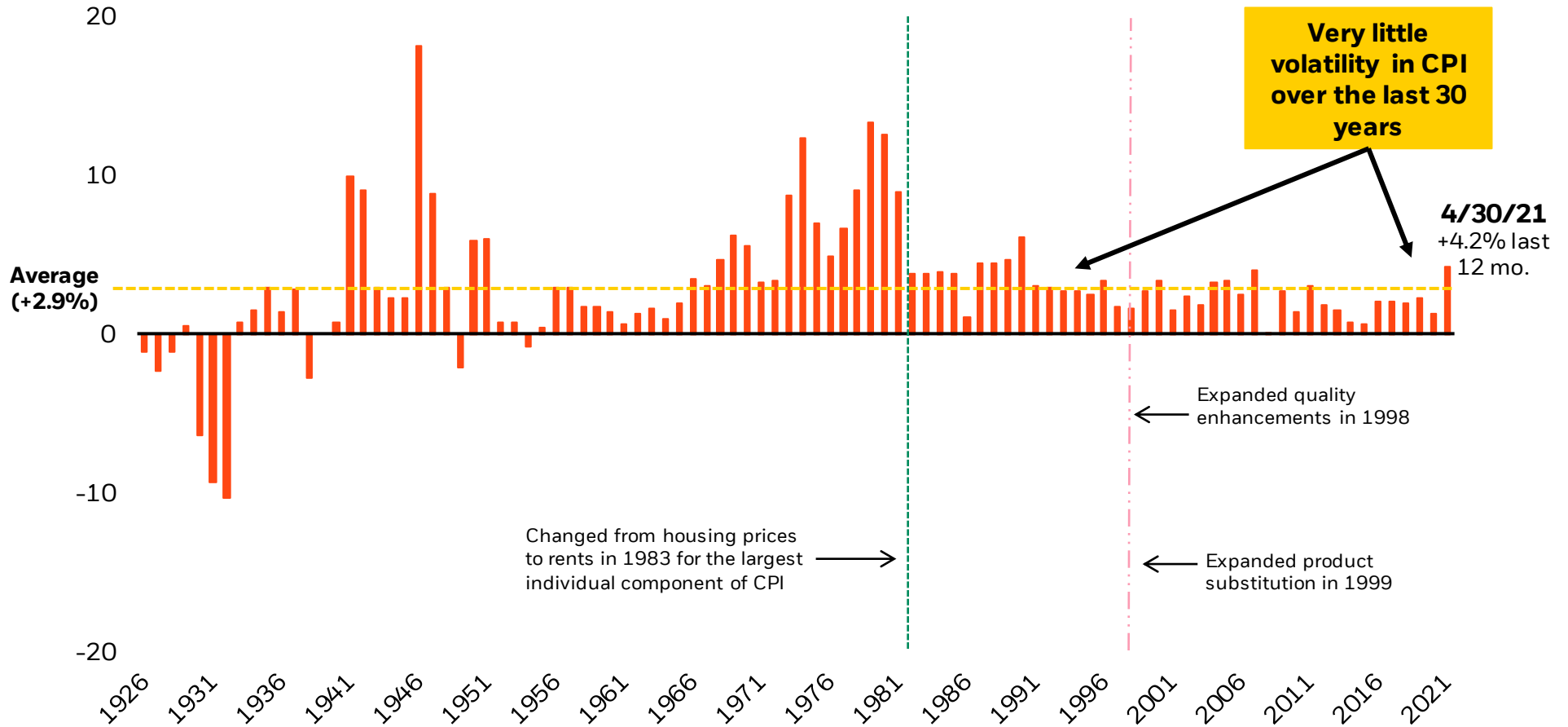
Year	Value outperformance (First 5 months)	Value outperformance (Next 7 months)
2002	13.7	1.0
2001	13.2	2.9
2021	12.1	?
1993	11.9	2.5
1988	10.7	0.3
Avg	12.3	1.7

Source: Morningstar as of 5/31/21. 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 BASICS

Inflation history

Inflation and Consumer Price Index changes for each calendar year (1926–2021)

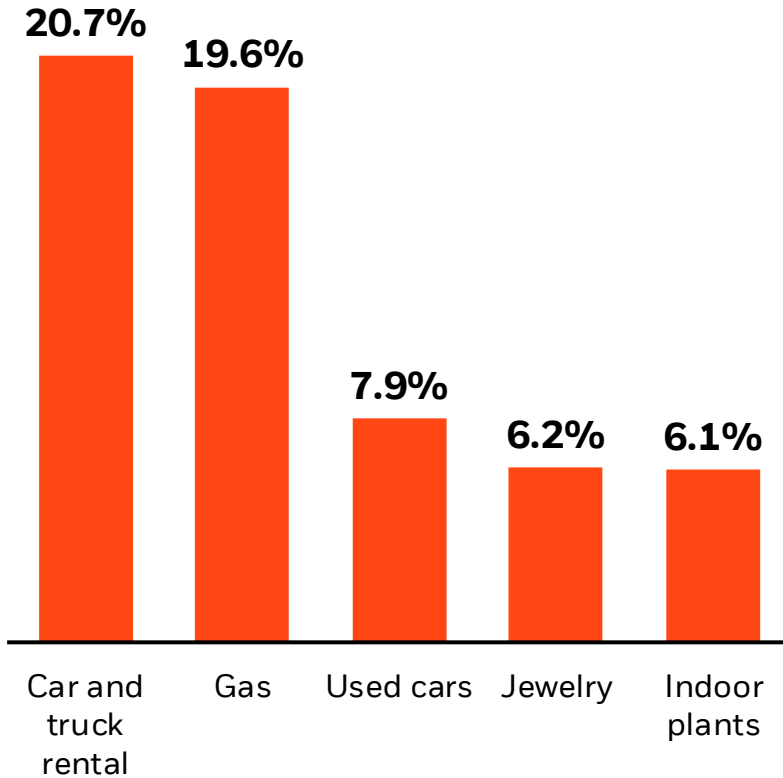


Source: U.S. Bureau of Labor Statistics and Morningstar, as of 5/31/21.

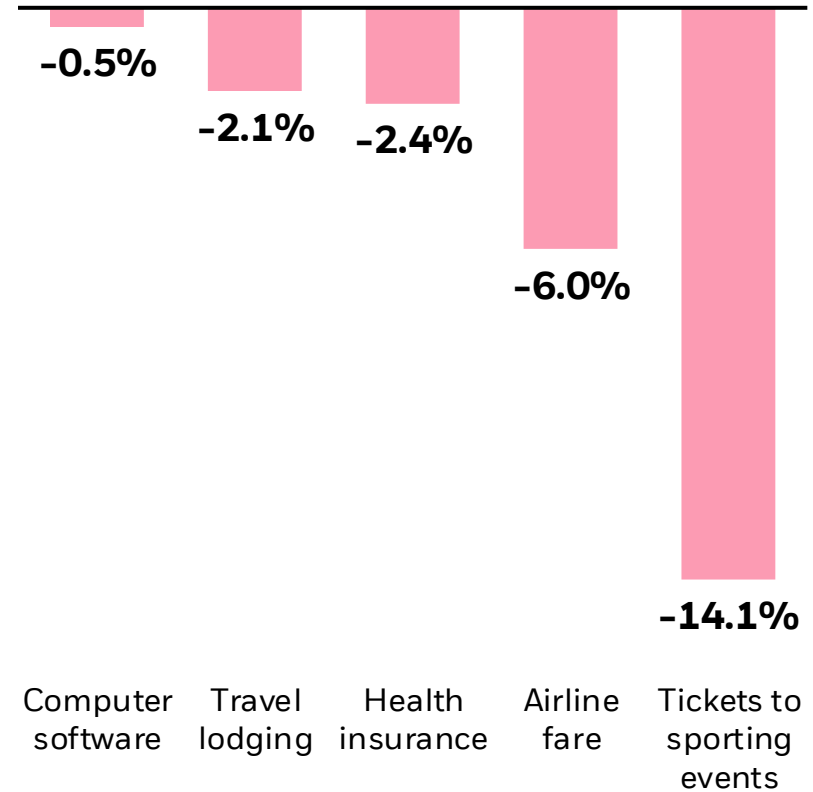
RECENT INFLATION

Recent inflation

What's going UP in price
Selected inflation components in 2021



What's going DOWN in price
Selected inflation components in 2021



Source: U.S. Bureau of Labor Statistics and officialdata.org, as of 4/30/21.

Student of the Market: June 2021

Returns as of 5/31/21	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
BBgBarc US Agg Bond TR USD	-0.40	3.25	3.29
IA SBBI US IT Govt TR USD	-1.60	2.69	2.68
IA SBBI US Large Stock TR USD Ext	40.32	17.16	14.38
Russell 1000 Growth TR USD	39.92	22.07	16.98
Russell 1000 Value TR USD	44.38	12.33	11.51
S&P 500 TR USD	40.32	17.16	14.38
US BLS CPI All Urban NSA 1982-1984	4.16	2.22	1.73

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 5/31/21 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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