

Student of the Market

May 2022

BlackRock[®]

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**Bond market
returns**

**Rolling
returns for
U.S. bonds**

**Returns
following bad
bond returns**

**Fed rate
hikes**

**Stocks
market
returns**

**Stocks
market
volatility**

**Seasonal
stock and
bond returns**

**Inflation-
adjusted
returns**

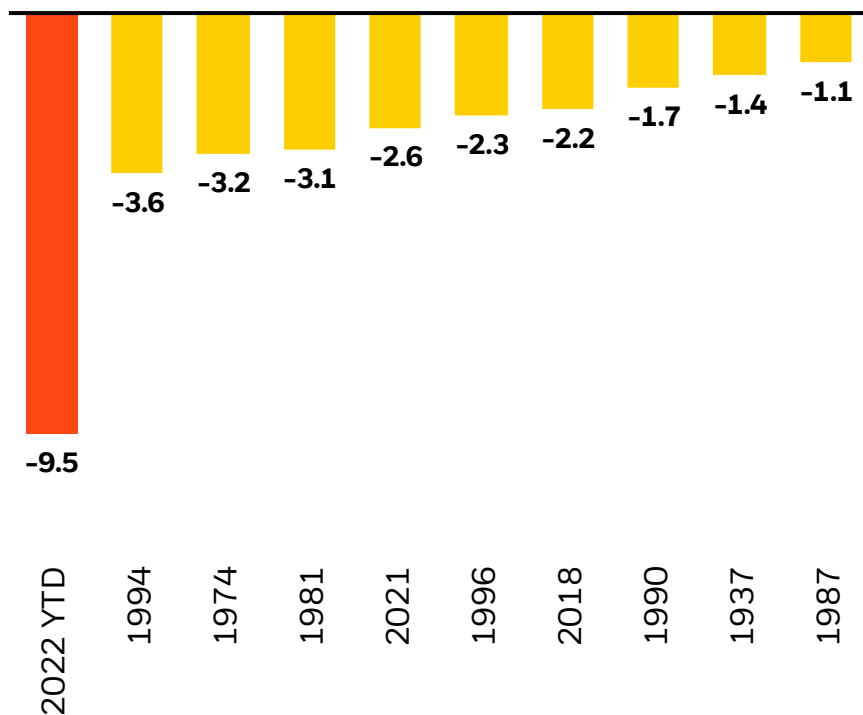
Source: Morningstar as of 4/30/22. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Worst ever start to a year for bonds

2022 is on pace to be the worst year ever for bonds

Worst ever start to a year for bonds

Since 1926, total return for 1/1- 4/30 each calendar year



Returns following the 10 worst starts to a year

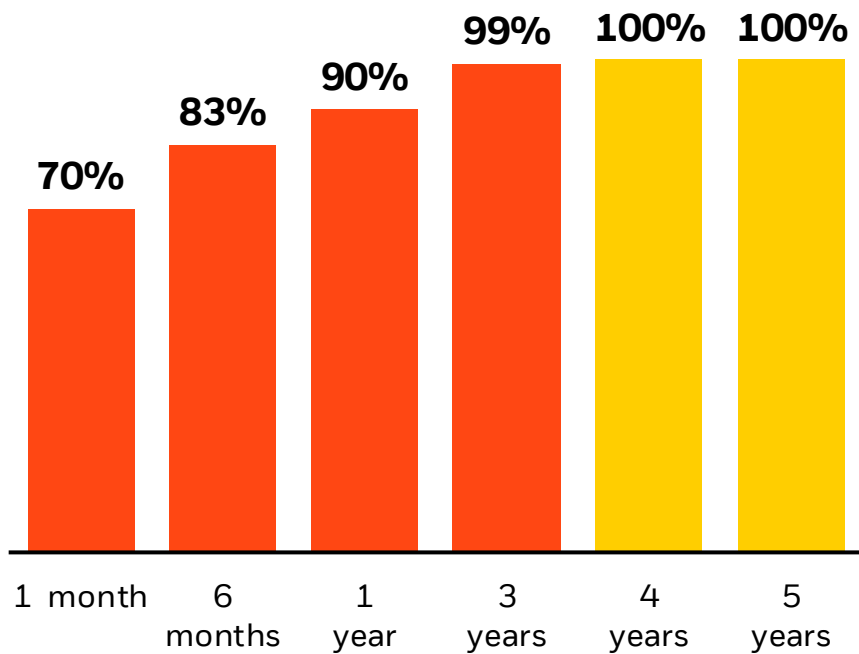
Since 1926, returns for the next 8 and 12 months

Year	First 4 months	Next 8 months	Next 12 months
2022	-9.5	?	?
1994	-3.6	0.8	7.3
1974	-3.2	9.2	8.6
1981	-3.1	9.7	17.1
2021	-2.6	1.1	-8.5
1996	-2.3	6.1	7.1
2018	-2.2	2.3	5.3
1990	-1.7	10.9	15.2
1937	-1.4	3.0	6.7
1987	-1.1	3.9	7.3
Avg	-3.1	5.2	7.3

Source: Morningstar as of 4/30/22. 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 4/30/22. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

U.S. bonds: Percent of periods that earned a positive return

Percentage of U.S. bond rolling periods that are positive
(1/1/26 - 4/30/22)



Current bond returns and historical rank
(1/1/26 - 4/30/22)

	U.S. Bonds	Worst period since	Historical rank
1-month	-3.8%	Feb 1980 (-5.9%)	3rd worst (out of 1156)
6-month	-9.5%	Mar 1980 (-11.5%)	3rd worst (out of 1151)
1-year	-8.5%	Mar 1980 (-9.2%)	2nd worst (out of 1145)
3-year	0.4%	Sept 1981 (-0.3%)	12th worst (out of 1121)
4-year	1.6%	Nov 2018 (1.2%)	111th worst (out of 1109)
5-year	1.2%	Dec 1959 (1.0%)	21st worst (out of 1097)

Source: Morningstar as of 4/30/22. 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 4/30/22. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Returns following bad periods for bonds

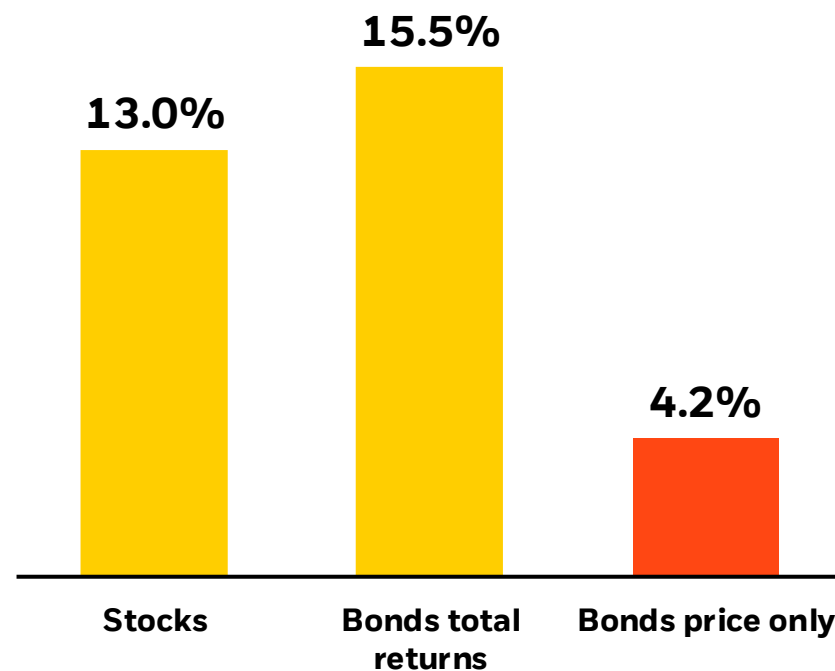
Worst 1-year bond periods (price return only)

Since 1926, 25 worst 1-year periods (price only, ex-income)

	Bond return (price only)	Stock total return 1 year later	Bond total return 1 year later	Bond price return 1 year later
Mar-80	-17.3	40.1	13.1	1.6
Feb-80	-16.4	21.6	10.5	-0.5
Jul-81	-15.3	-13.3	20.5	6.1
Jun-81	-15.2	-11.5	13.4	-0.3
Aug-81	-14.2	3.2	29.9	14.3
Sep-81	-13.5	9.9	35.2	19.2
May-81	-13.2	-10.7	14.9	1.2
Apr-81	-12.1	-7.4	17.1	3.2
Jan-80	-11.3	19.5	6.0	-4.6
Sep-80	-11.2	-2.7	-2.6	-13.5
Aug-80	-11.1	5.4	-3.6	-14.2
May-84	-10.5	31.7	30.2	16.1
Apr-22	-10.4	?	?	?
Oct-94	-10.0	26.4	15.7	7.6
Nov-80	-9.6	-5.4	13.4	0.5
Nov-94	-9.6	37.0	17.6	9.6
Dec-94	-9.5	37.6	18.5	10.4
Jun-84	-9.5	31.0	29.9	16.0
Sep-94	-9.5	29.8	14.1	6.1
Oct-79	-9.4	32.1	3.4	-6.7
Sep-69	-9.2	-6.2	11.12	3.1
Jan-95	-9.1	38.7	17.0	9.1
Apr-84	-8.7	17.7	19.9	6.7
Sep-87	-8.2	-12.4	13.3	3.5
Jan-00	-8.1	-0.9	13.8	6.2
Avg	-11.3	13.0	13.9	4.2

Following the worst 1-year price returns for bonds

Since 1926, average 1-year returns after (price only)



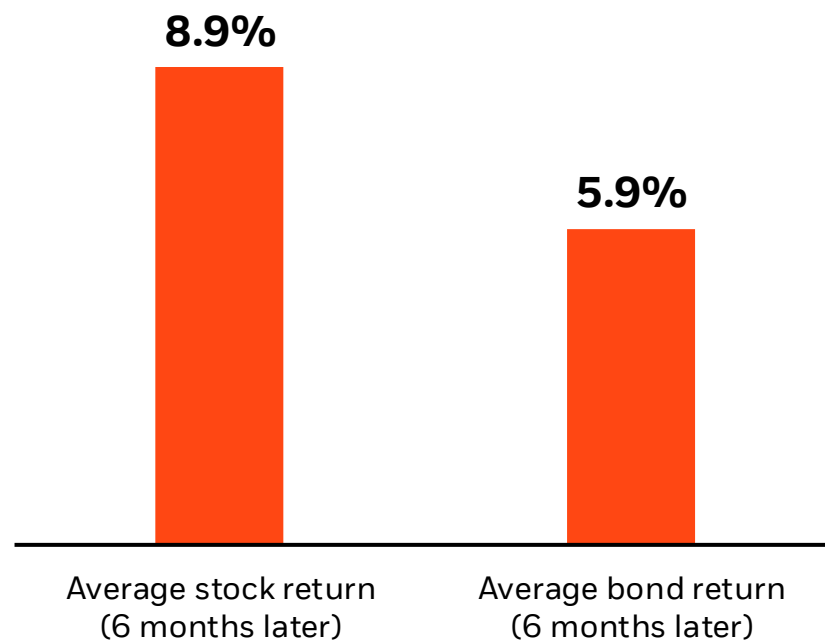
Source: Morningstar as of 4/30/22. U.S. bonds represented by the IA SBBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 4/30/22, U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 4/30/22 and the IA SBBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. Bonds (price returns only) are represented by the IASBBI US Gov IT Cap App Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond PR Index from 1/3/89 to 4/30/22. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

The Fed raising rates by 1/2 percent or more

Average returns following a Fed rate hike of 1/2 percent+ (1/1/90 - 4/30/22)

Date of Fed rate hike	Hike amount (in bps)	Return 6 months later		Return 1 year later	
		Stocks	Bonds	Stocks	Bonds
May 16, 2000	50	-3.8%	7.8%	-13.0%	13.8%
Feb 1, 1995	50	21.1%	9.0%	38.7%	17.0%
Nov 15, 1994	75	14.3%	9.6%	29.8%	16.8%
Aug 16, 1994	50	6.6%	2.8%	24.5%	10.5%
May 17, 1994	50	6.3%	0.2%	22.3%	10.7%
<i>Avg</i>		<i>8.9%</i>	<i>5.9%</i>	<i>20.5%</i>	<i>13.8%</i>

Average 6-month return after a Fed rate hike of 1/2 percent+ (1/1/90 - 4/30/22)



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

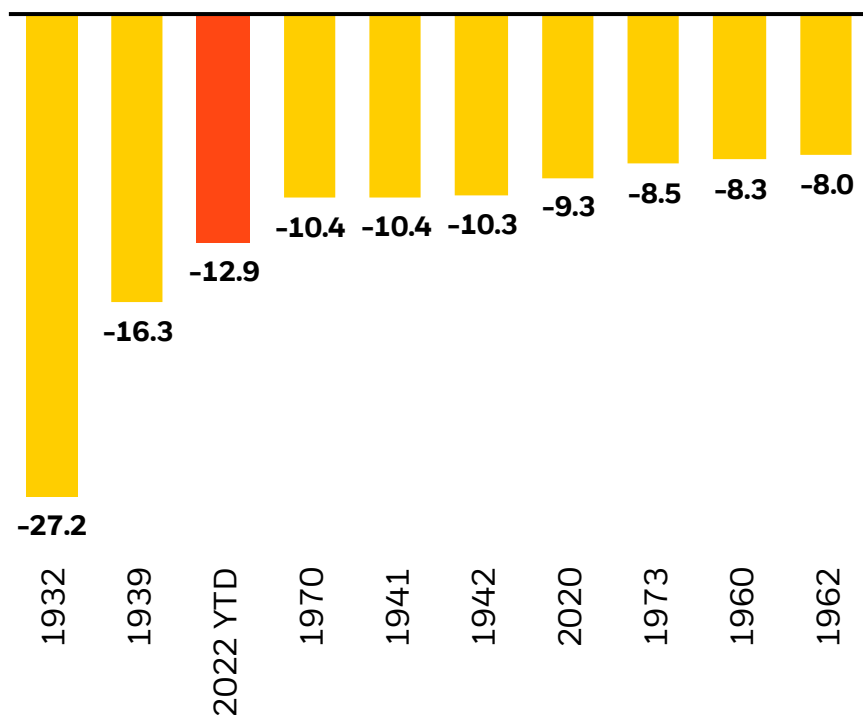
STOCK MARKET RETURNS

3rd worst start to a year for stocks

2022 is on pace to be one of the worst years ever for stocks

3rd worst start to a year for stocks

Since 1926, total return for 1/1- 4/30 each calendar year



Returns following the 10 worst starts to a year

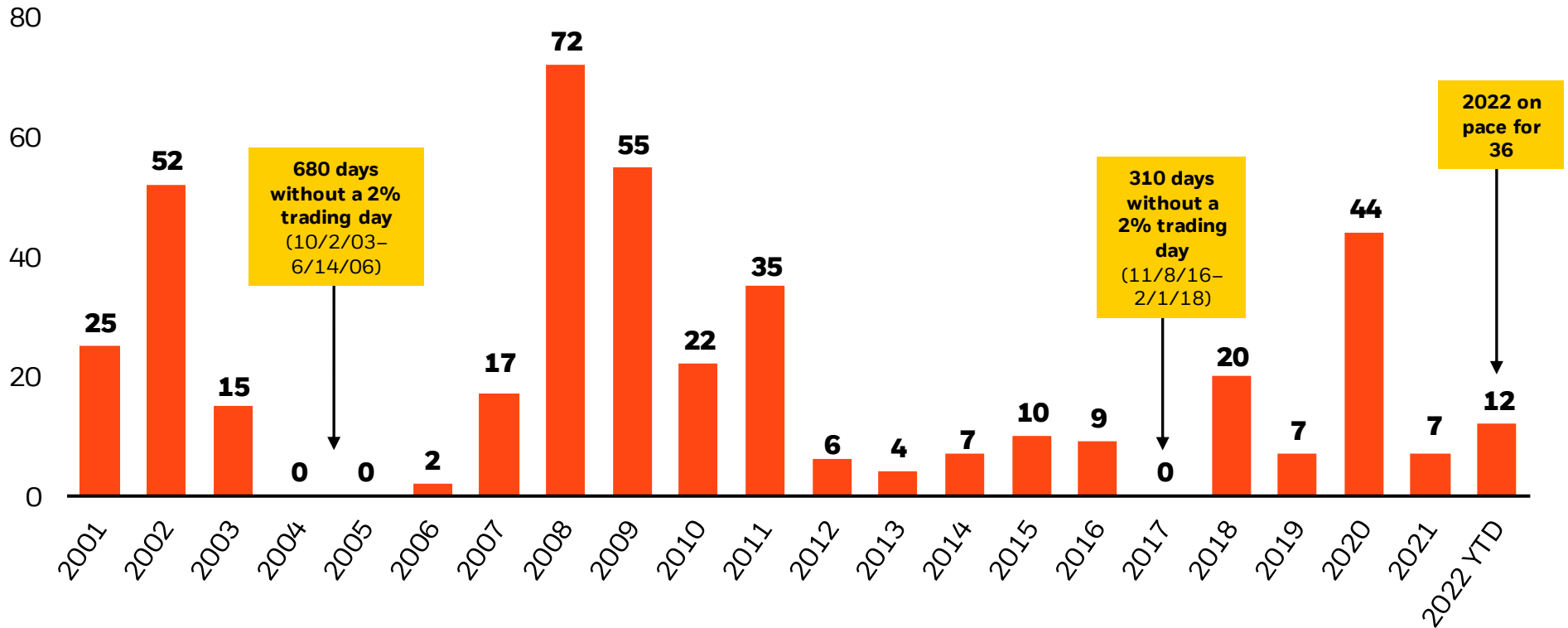
Since 1926, returns the next 8 and 12 months

Year	First 4 months	Next 8 months	Next 12 months
1932	-27.2	26.2	54.6
1939	-16.3	19.0	17.7
2022 YTD	-12.9	?	?
1970	-10.4	16.0	32.1
1941	-10.4	-1.4	-11.5
1942	-10.3	34.1	61.2
2020	-9.3	30.5	46.0
1973	-8.5	-6.7	-12.6
1960	-8.3	9.5	24.2
1962	-8.0	-0.8	10.8
Avg	-12.2	14.1	24.7

Source: Morningstar as of 4/30/22.. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 4/30/22 and the IA SBBI 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 cannot 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 - 4/30/22)



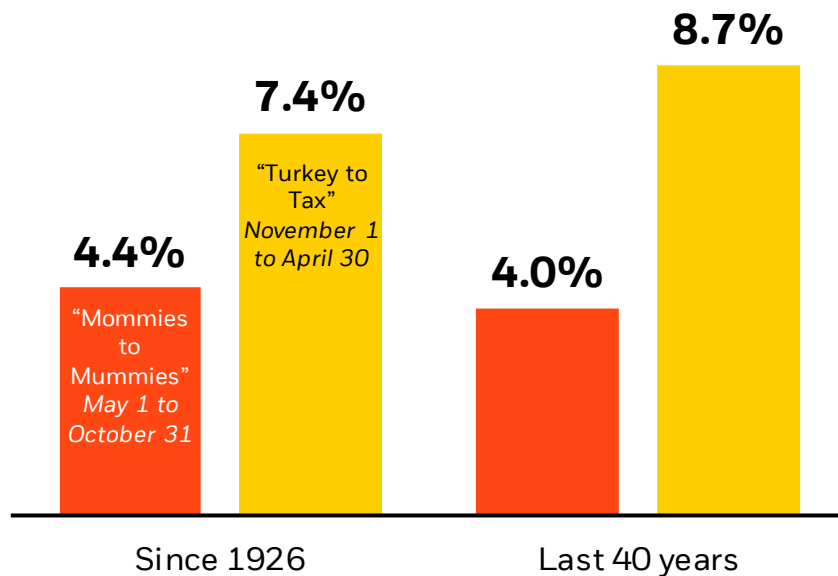
Source: Morningstar as of 4/30/22. Stock market represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Stocks and bonds are entering a new seasonal return period

Stocks like “turkey to tax”

Since 1926, Average for all 6-month periods

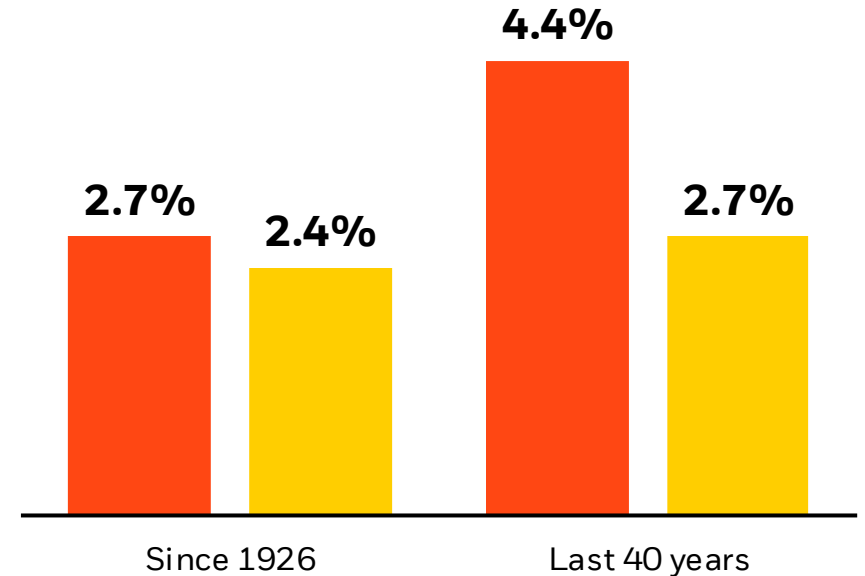
- May 1- Oct 31 (“Mommies to Mummies”)
- Nov 1- Apr 30 (“Turkey to Tax”)



Bonds like “mommies to mummies”

Since 1926, Average for all 6-month periods

- May 1- Oct 31 (“Mommies to Mummies”)
- Nov 1- Apr 30 (“Turkey to Tax”)

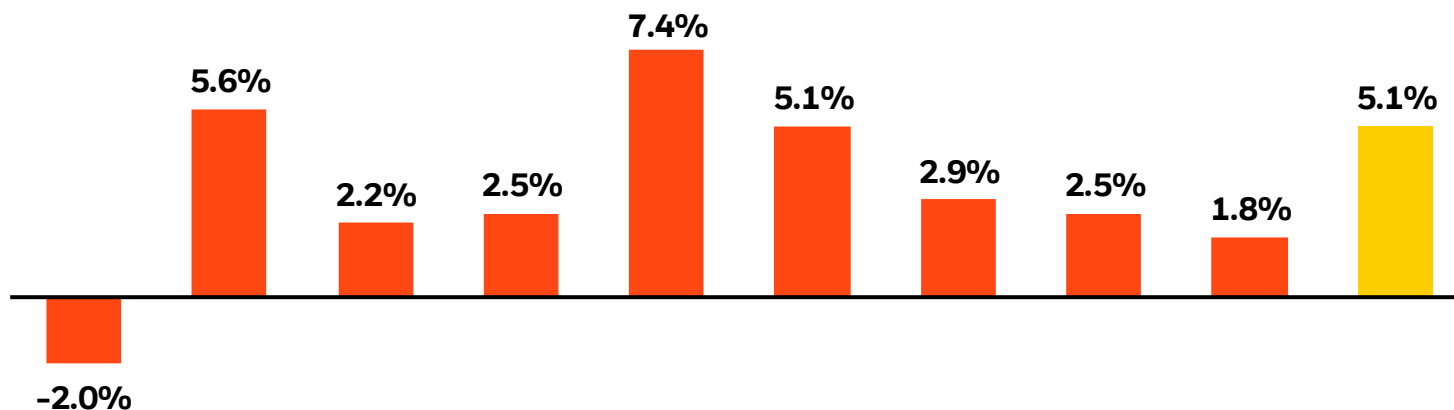


Morningstar as of 4/30/22. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 4/30/22 and the IASBBI U.S. Lrg Stock TR USD Index from 1/1/26 to 3/4/57, U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 04/30/22. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

Inflation-adjusted returns are starting to look like the '40's and '50's

Inflation rate and inflation-adjusted asset class returns by decade

Inflation rate shown in bar graph as annualized for each decade, asset class returns shown in table as cumulative for each decade 1/1/30 - 4/30/22



	1930's	1940's	1950's	1960's	1970's	1980's	1990's	2000's	2010's	2020's YTD
Stocks (adjusted for inflation)	22.3	42.0	371.9	65.3	-13.2	206.6	299.2	-29.2	200.4	19.4
Bonds (adjusted for inflation)	92.5	-29.2	-8.1	9.8	-3.6	87.5	50.2	41.8	15.8	-13.2
Cash (adjusted for inflation)	29.9	-38.5	-3.2	14.0	-9.5	42.6	21.2	2.3	-11.5	-9.6

Morningstar as of 4/30/22. U.S. stocks are represented by the IASBBI U.S.Lrg Stock Inflation adj USD Index, U.S. bonds by the IA SBBI US IT Gov Inflation adj USD Index, cash represented by the IASBBI US 30 day Treasury bill inflation adj USD 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: May 2022

Returns as of 4/30/22	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
Bloomberg US Agg Bond PR USD	-10.38	-1.30	-0.87
Bloomberg US Agg Bond TR USD	-8.51	1.20	1.73
IA SBBI US IT Govt Cap App	-9.24	-0.82	-0.29
IA SBBI US IT Govt TR USD	-8.09	0.80	1.19
IA SBBI US Large Stock TR USD Ext	0.21	13.66	13.67
S&P 500 TR USD	0.21	13.66	13.67
US BLS CPI All Urban NSA 1982-1984	8.54	3.35	2.28
IA SBBI US Large Stock Infl Adj TR Ext	-6.30	10.23	11.26
IA SBBI US IT Govt Infl Adj TR USD	-14.07	-2.28	-0.98
IA SBBI US 30 Day TBill Infl Adj TR USD	-6.47	-2.07	-1.60

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