

December 2023

Student of the Market



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Market Recap

Historic bond returns



Historic stock and bond returns



Bonds

Bond market volatility



Bond returns and changes to interest rates



Stocks

Outflows for stock funds in 2003



Election years and market performance



Asset class returns in 2023



Closed-end funds are selling at a discount



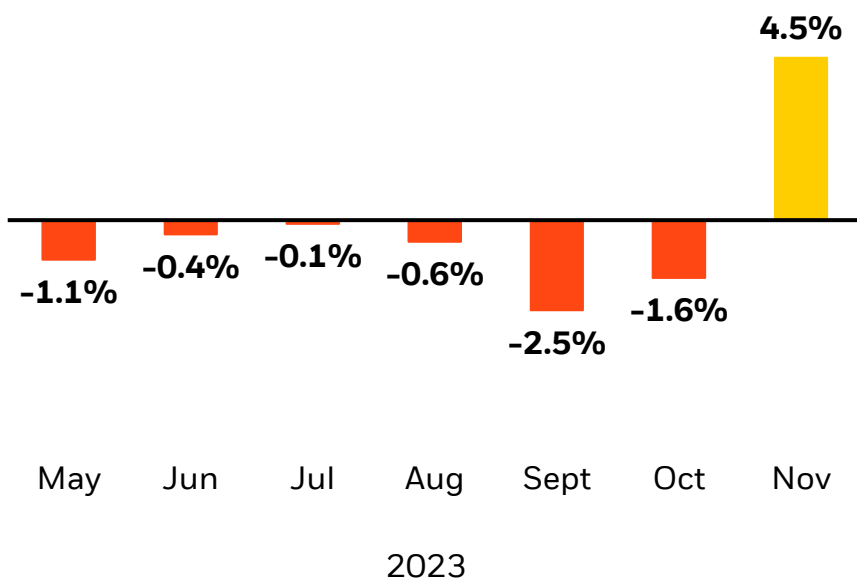
Source: Morningstar as of 11/30/23. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

November was a historic month for bonds

After a historic losing streak, bonds rebound with a historic rally culminating in the 8th best month since 1926

Bonds bounced back after losing money in 6 consecutive months for the first time in history

2023 monthly returns (%)



Top 10 best monthly returns for bonds since 1926

Total return (%)

Top 10 best bond months	Return	1 Year Later
Apr-80	11.3	-2.1
Nov-81	8.5	25.2
Oct-81	5.9	34.5
Aug-82	5.5	16.4
Oct-82	5.3	10.1
May-85	5.2	18.2
May-80	4.7	-3.1
Nov-23	4.5	?
Nov-70	4.5	8.1
Jul-82	4.3	23.9

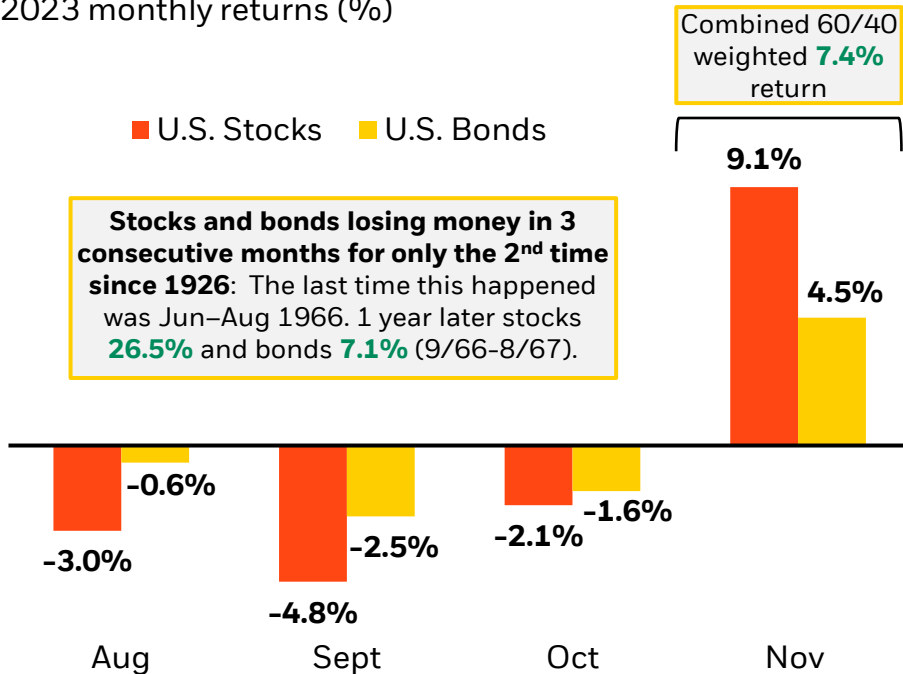
Morningstar as of 11/30/23. U.S. bonds represented by the IA SBBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 11/30/23. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

60/40 portfolios bounce back in November as well

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Stocks bounced back in addition to bonds, boosting 60/40 portfolios

2023 monthly returns (%)



Top 15 months for returns of a 60% U.S. stock and 40% bond portfolio since 1950

Total return (%)

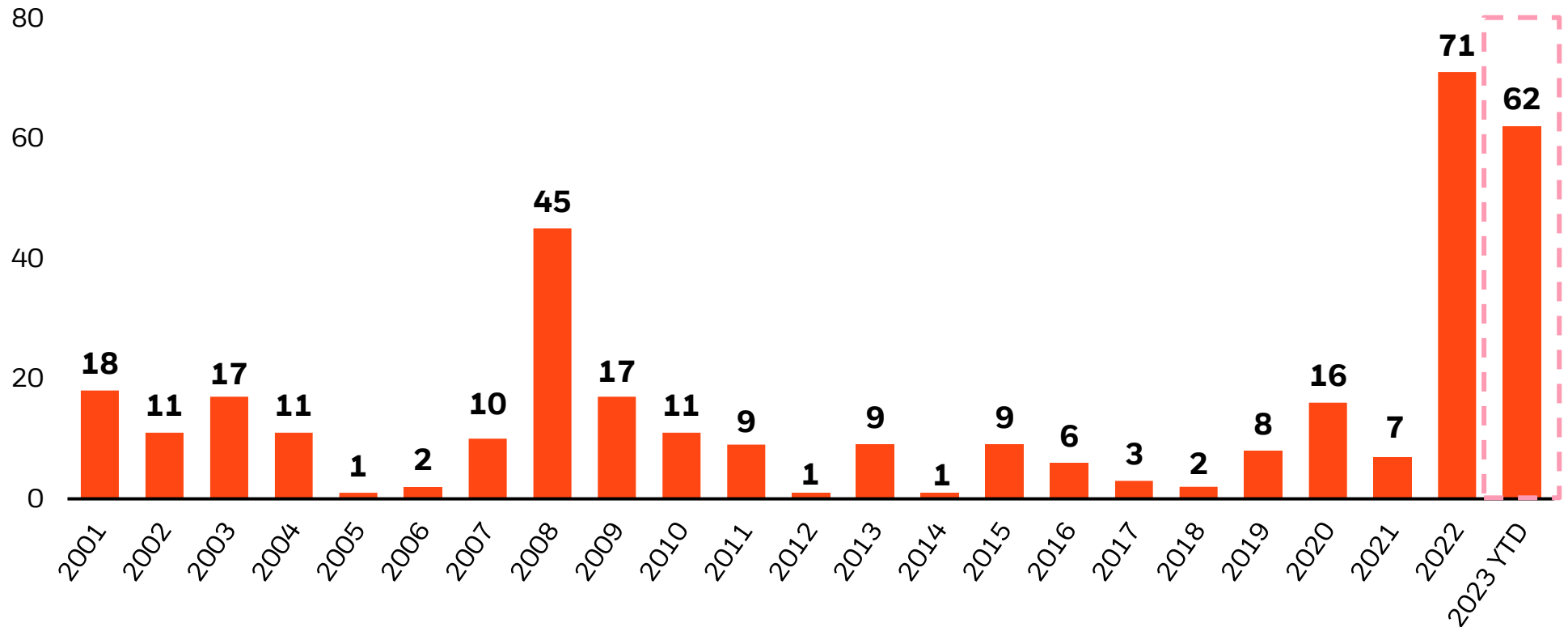
Top 15 best 60/40 months	Return
Oct-74	16.8
Jan-75	12.7
Aug-82	9.1
Dec-71	8.9
Oct-82	8.8
Jan-87	8.6
Dec-91	8.1
Jan-76	8.1
Apr-20	7.7
Jul-70	7.7
Nov-23	7.4
Apr-80	7.2
Aug-84	7.1
May-90	7.0
Nov-20	6.9

Morningstar as of 11/30/23. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 11/30/23 and the IASBBI U.S. Lrg Stock TR USD Index from 1/1/26 to 3/4/57, U.S. bonds represented by the IASBBI 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 10/31/23. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

Bond volatility has been high this year

Number of single day bond market returns of +/- 0.5% or more

Bloomberg U.S. Aggregate Bond Index, past 20+ years by calendar year (1/1/01 - 11/30/23)

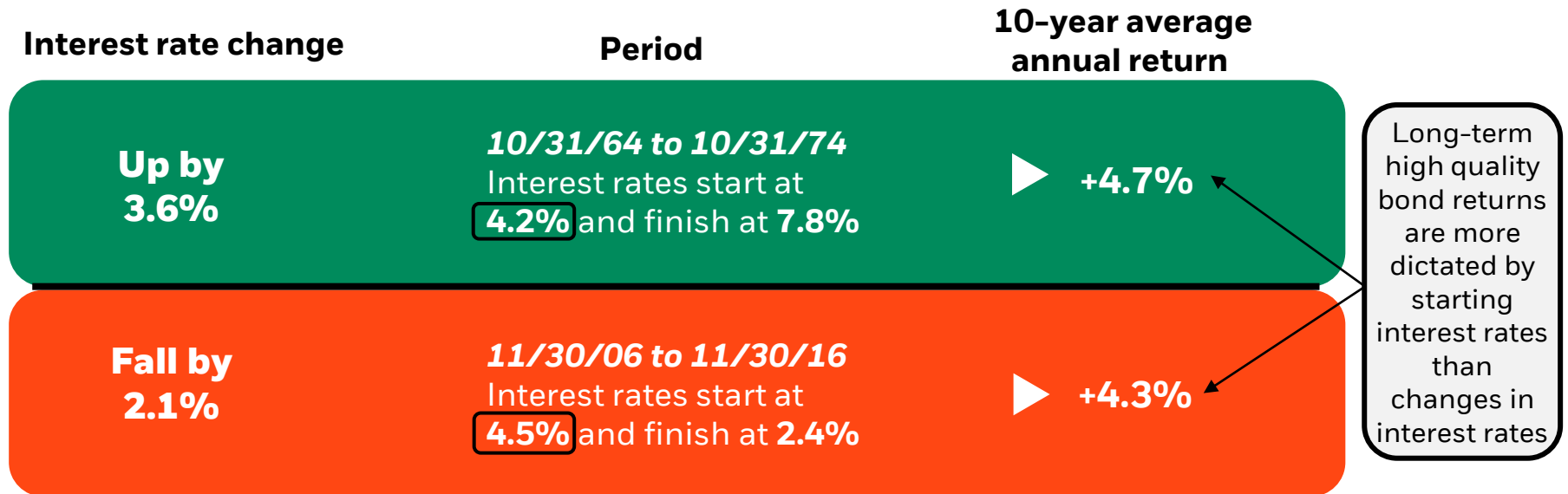


Morningstar as of 11/30/23. U.S. bonds represented by the U.S. Agg Bond TR Index. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

Bond returns and changes to interest rates

Using history to better understand changes to interest rates and bond returns

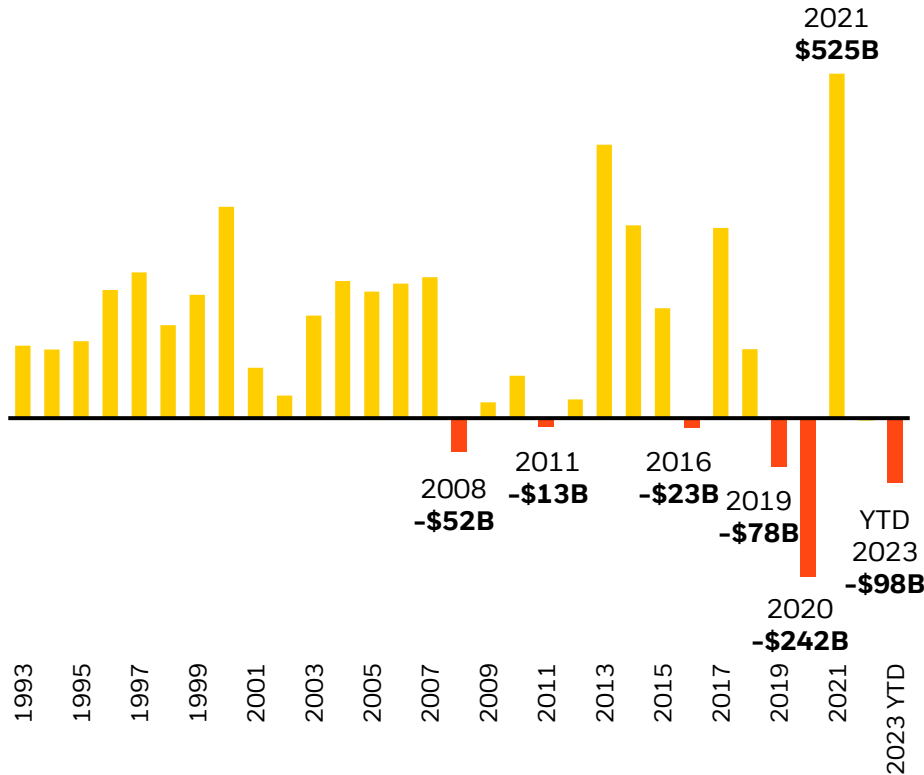
Bloomberg U.S. Aggregate Bond Index (10/31/64 - 11/30/23)



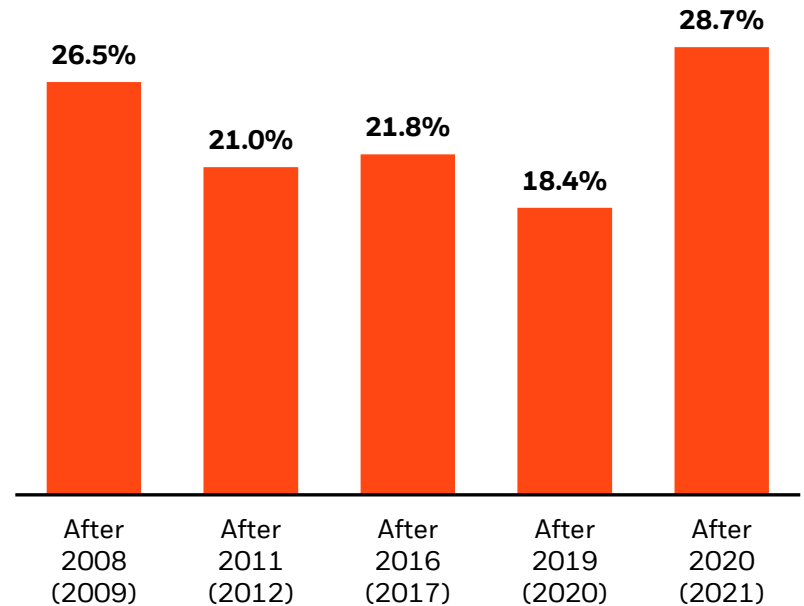
Morningstar as of 11/30/23. U.S. bonds represented by the U.S. Agg Bond TR Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Outflows in stock funds YTD bodes well for stock returns in 2024

Stock mutual fund and ETF flows by year
(2/1/93 to 10/31/23, \$B)



U.S. stock performance following a year when stock mutual funds and ETFs had outflows
S&P 500 index (%)

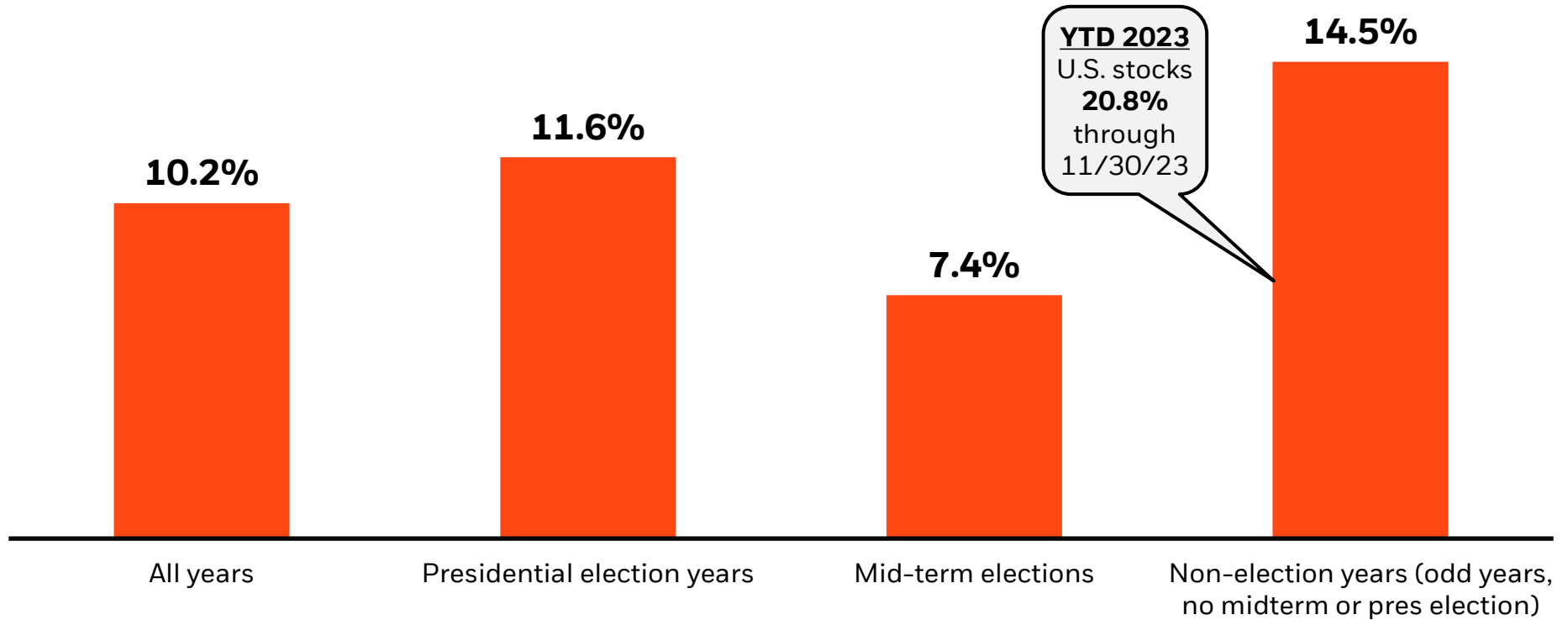


Source: Morningstar as of 10/31/23. Stock mutual funds and ETFs are represented by Morningstar Broad Equity Category. Stock market represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

U.S. stocks across the election cycle

U.S. stock performance

Average annual return, 1/1/26 – 11/31/23

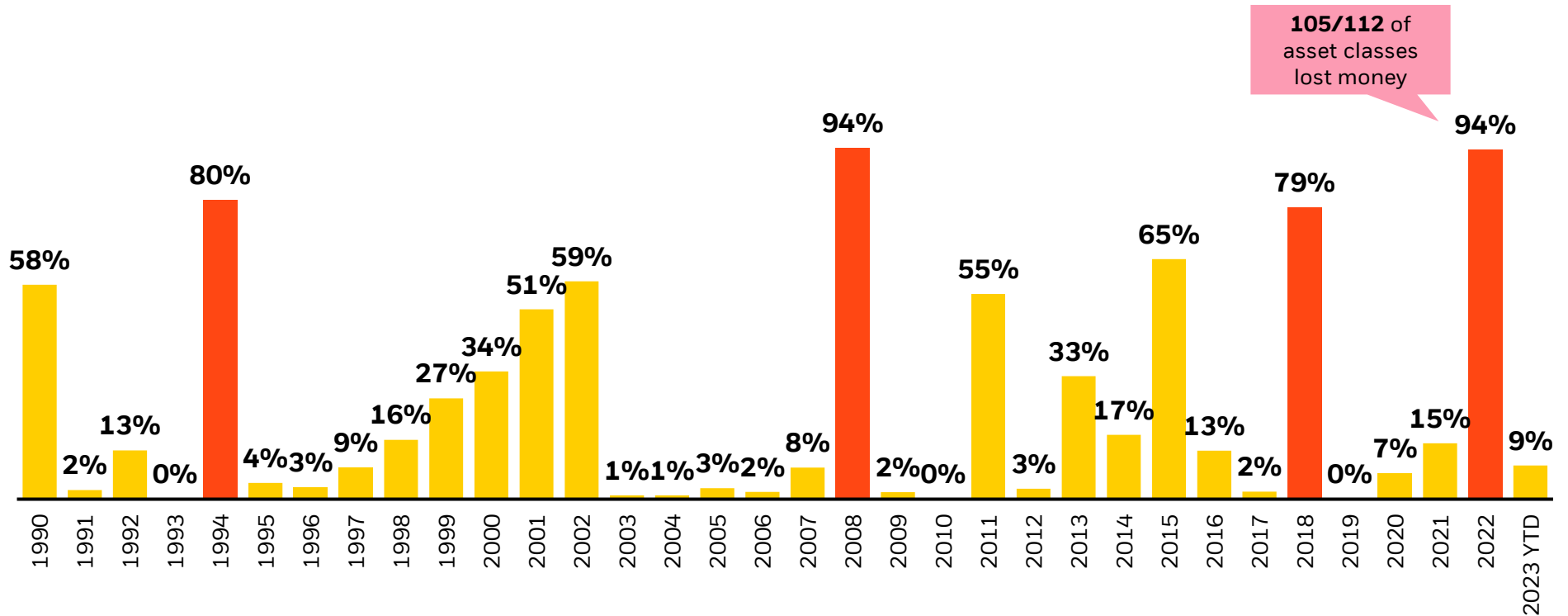


Morningstar as of 11/30/23. Stock market represented by the S&P 500 Index from 1/1/70 to 11/30/23 and IASBBI U.S. large cap stocks index from 1/1/26 to 1/1/70. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Most asset classes are positive YTD

Percent of mutual fund categories that lost money in a given calendar year

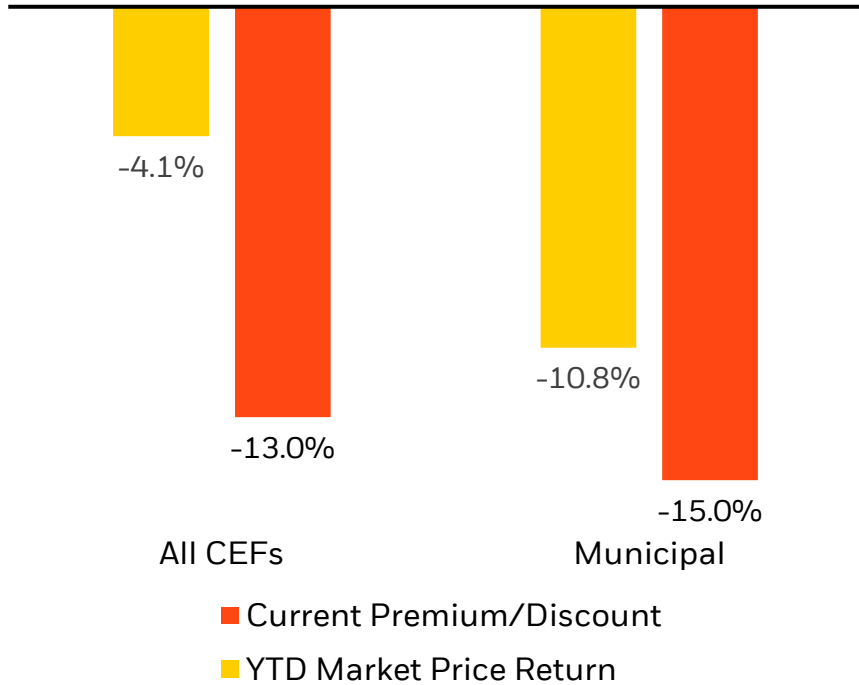
Based on total return, 1/1/90 – 11/31/23



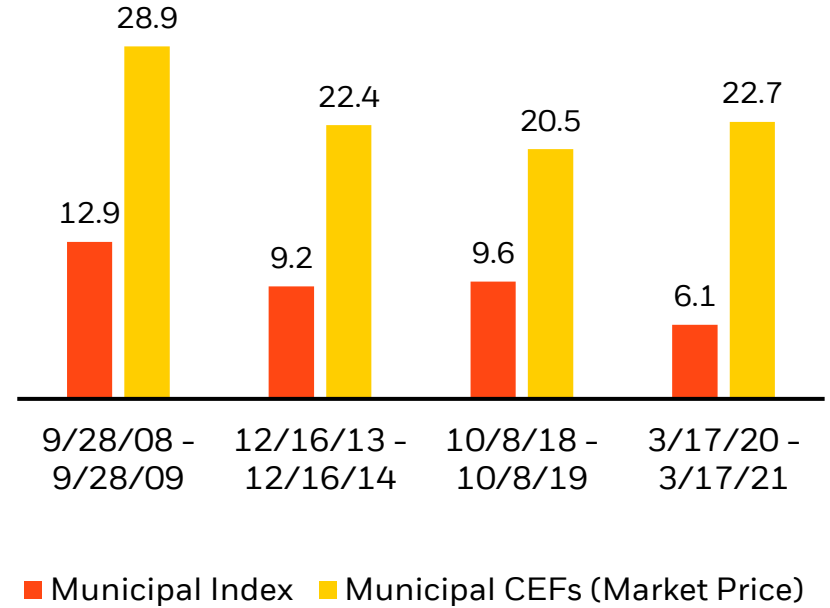
Morningstar as of 11/30/23. All asset classes represented by Morningstar open-end mutual funds categories. Past performance does not guarantee or indicate future results.

Closed-end funds NAV discounts are near record levels

Negative returns year to date and wide discounts may exacerbate tax-loss selling in 2023



When municipal CEF discounts have hit >11%, the following 1-year market price returns have been strong



Source: Morningstar as of 10/31/23. Data is based on category median Municipal is represented by the Muni National Long Morningstar category, All CEFs is the median of all CEFs in the listed CEF market. Looks at period from 2003 through 10/31/23. The one year performance period starts each time the Morningstar CE National Muni Long category hits a -11.0% discount or greater. The one year period after may include multiple days with discounts greater than -11.0%. Index is S&P Municipal Bond Total Return Index Over the same periods, Municipal CEF NAV returns were 20.2%, 19.3%, 12.4%, 20.5%, and 10.7%, respectively. **Past performance is not indicative of future results. You cannot invest directly in an index.**

Student of the Market: December 2023

Returns as of 11/30/23	1 Year Return	5 Year Avg. Annual Return	10 Year Avg. Annual Return
S&P 500 TR USD	13.84	12.51	11.82
Bloomberg US Agg Bond TR USD	1.18	0.71	1.37
IA SBBI US IT Govt TR USD	-0.23	0.50	0.89
IA SBBI US Large Stock TR USD Ext	13.84	12.51	11.82
S&P Municipal Bond TR	3.61	1.99	2.79
Morningstar US CEF All Municipal	3.52	1.02	3.34
Morningstar US CEF Municipal	3.59	1.17	3.60

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 11/30/23 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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