Inside the market

Student of the Market

July 2026

BlackRock

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Stocks

Historic 2nd quarter for U.S. stocks

Magnificent seven stocks

Stock market concentration

Dot com bubble versus AI

Stock market volatility and midterm elections

Long term stock returns and bull and bear capture ratios

Bonds and alternatives

Stock and bond correlations

Alternative funds when interest rates are higher

Source: Morningstar as of 6/30/26. U.S. stock market represented by the S&P 500 index. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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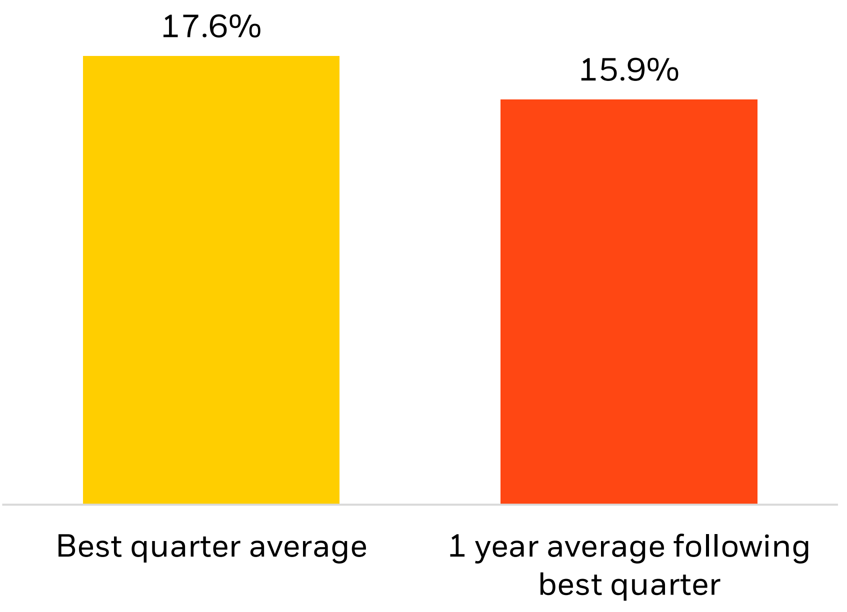
Best quarter for U.S. stocks since Q2 2020

Stocks declined 0.9% in June, but the second quarter still ranked among the strongest on record, posting the 13th-best quarterly return since 1950 (out of 306 quarters).

Best 15 quarterly periods for U.S. stock return periods since 1950

Best quarterly periods	Best quarterly return (%)	1 year return following
Q1 1975	23.0	28.3
Q1 1987	21.4	-8.3
Q4 1998	21.3	21.0
Q2 2020	20.5	40.8
Q4 1982	18.2	22.6
Q2 1997	17.5	30.2
Q4 1985	17.2	18.7
Q3 1970	16.9	20.6
Q2 2009	15.9	14.4
Q3 2009	15.6	10.2
Q2 2003	15.4	19.1
Q2 1975	15.4	14.0
Q2 2026	15.2	?
Q1 1976	15.0	-0.2
Q4 1999	14.9	-9.1

Average 1 year performance following the best quarterly periods for U.S. stocks since 1950



Source: BlackRock, Morningstar as of 6/30/2026. U.S. stocks are represented by the S&P 500 TR Index from 3/4/1957 to 6/30/2026 and the IA SBBI U.S. Lrg Stock TR USD Index from 1/1/1950 to 3/4/1957. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

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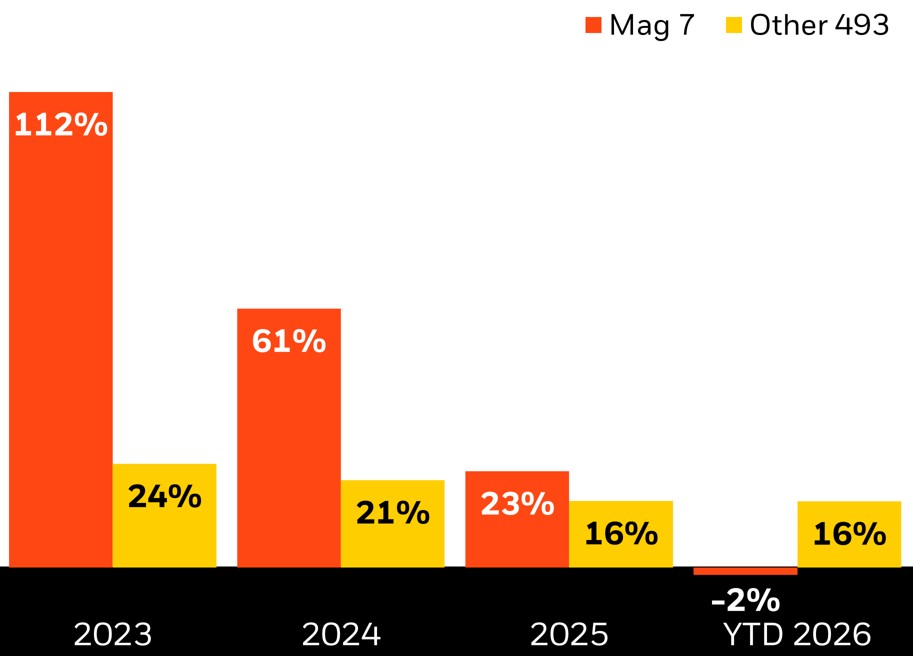
MAGNIFICENT SEVEN STOCKS

Market leaders: Not the Magnificent Seven in 2026

Mag-7 returns have trailed in 2026…

Cumulative return, 1/1/2023 - 6/30/2026



…and Mag-7 returns are more varied

Calendar year returns 1/1/2023 - 6/30/2026 (%)

	2023	2024	2025	YTD 2026
Nvidia	239.0	171.2	38.9	7.4
Microsoft	58.0	12.9	15.5	-22.5
Apple	48.9	30.6	9.0	6.6
Alphabet	58.3	35.9	65.8	14.3
Amazon	80.9	44.4	5.2	3.3
Meta	194.1	66.0	13.1	-14.5
Tesla	101.7	62.5	11.4	-6.5
S&P 500	26.3	25.0	17.8	10.2
# of Mag-7 outperforming S&P 500	7	6	2	1

Source: Bloomberg as of 6/30/26. Stocks represented by the individual stocks of the S&P 500 Index, non-voting dual-class shares excluded. "Mag 7" refers to the "Magnificent 7" group of U.S. companies whose stocks drove the majority share of returns for the S&P 500 in 2023 and 2024 and includes Amazon, Tesla, Alphabet, Meta, Apple, Nvidia and Microsoft. Specific companies or issuers are mentioned for educational purposes only and should not be deemed as a recommendation to buy or sell any securities. Any companies mentioned do not necessarily represent current or future holdings of any BlackRock products. **Past performance does not guarantee or indicate future results.** Forward looking estimates may not come to pass. Index performance is for illustrative purposes only. You cannot invest directly in the index.

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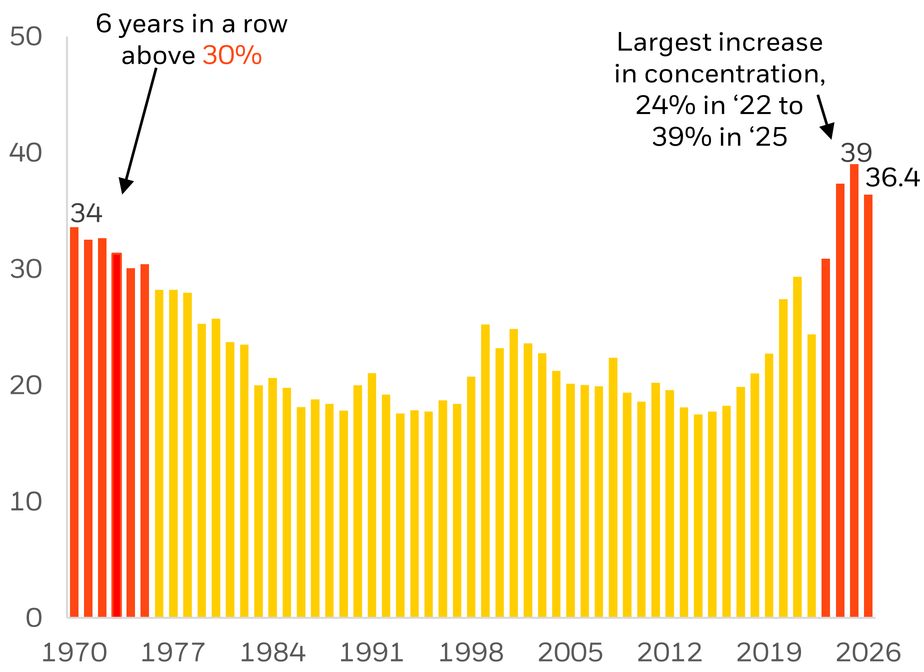
Stock market concentration trends have historically lasted for many years

Elevated concentration levels historically increased average annual drawdowns (although small sample size).

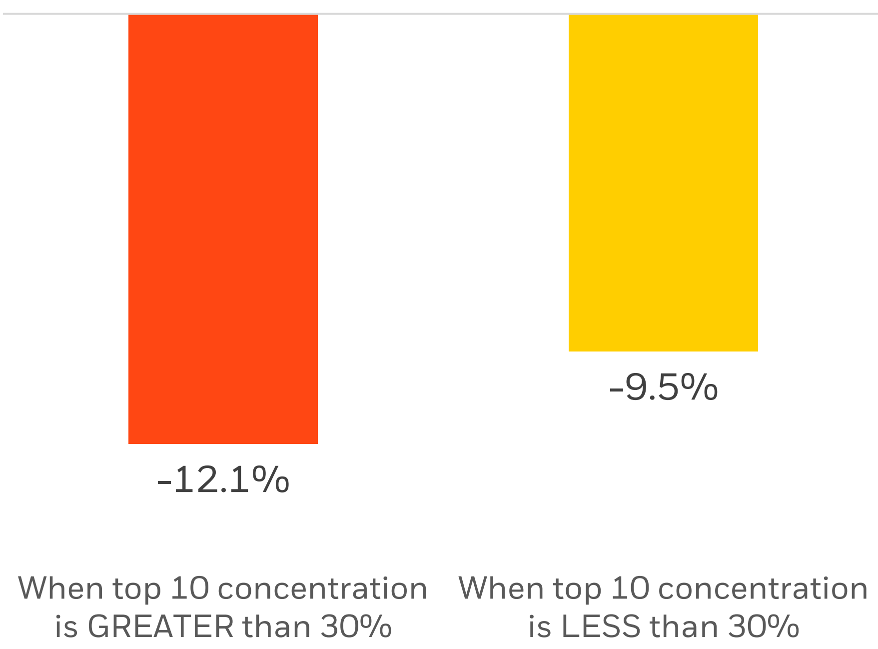
Percent of top 10 holdings of the S&P 500

S&P 500 top 10 holdings, 1970 -6/2026



Stock market concentration increased risk (max drawdown) historically

Max drawdown of calendar years, monthly returns 1970 – 6/2026



Source: Dow Jones S&P, Morningstar as of 6/30/26. 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.**

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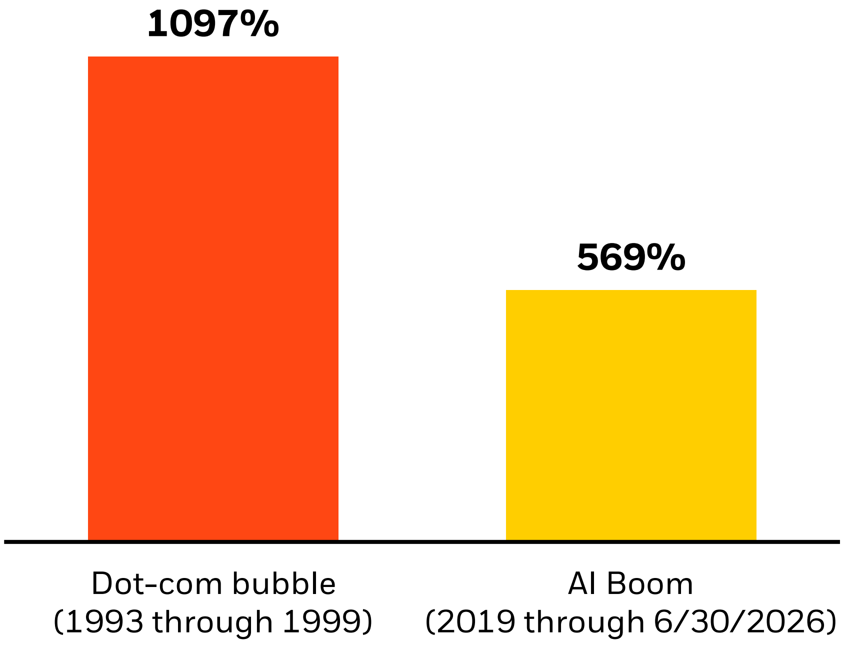
Dot-com bubble versus AI today

Technology stocks have delivered strong returns, but they still fall short of the gains seen during the dot-com bubble of the late 1990s.

Comparing the internet bubble of the 1990s to AI boom

U.S. technology stocks



Technology stocks year by year returns

Calendar year returns of Tech stocks and the S&P 500

	1993	1994	1995	1996	1997	1998	1999	Total
U.S. stocks	10.1%	1.3%	37.6%	23.0%	33.4%	28.6%	21.0%	292%
Tech stocks	21.7%	19.9%	39.5%	43.7%	28.5%	78.1%	78.7%	1097%

7 straight years of 19.9% or greater returns

	2019	2020	2021	2022	2023	2024	2025	YTD 2026	Total
U.S. stocks	31.5%	18.4%	28.7%	-18.1%	26.3%	25.0%	17.9%	10.2%	237%
Tech stocks	50.3%	43.9%	34.5%	-28.2%	57.8%	36.6%	24.0%	19.8%	569%

Bear market of 2022

Source: Morningstar as of 6/30/2026. Stock market represented by the S&P 500 PR Index and calendar year performance by the IA SBBI US large stock index. **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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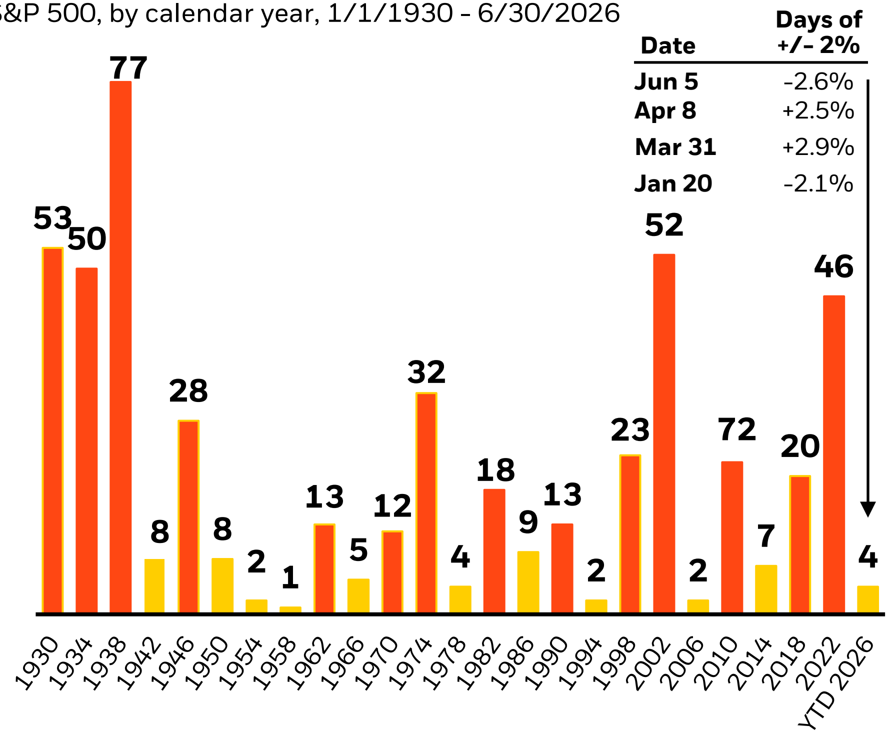
Stock volatility by midterm election year

Since 1930, the average return during midterm election years has been just 7%. However, history shows that when volatility remains subdued during those years, the market has often experienced solid gains.

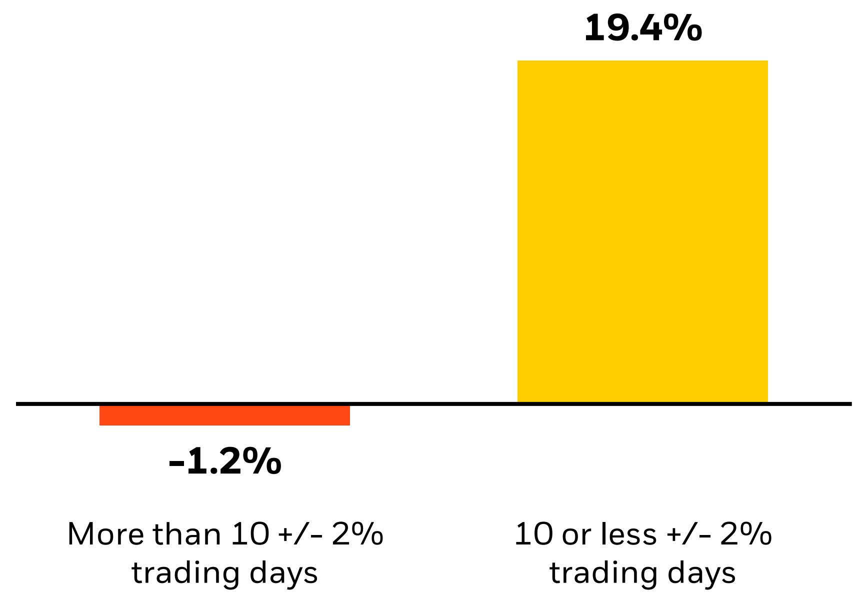
Number of single day stock market returns of +/-2% or more in midterm election years

S&P 500, by calendar year, 1/1/1930 - 6/30/2026



Average annual stock return based on number of +/- 2% trading days in midterm election years

Average returns of the S&P 500 based on calendar years since 1930

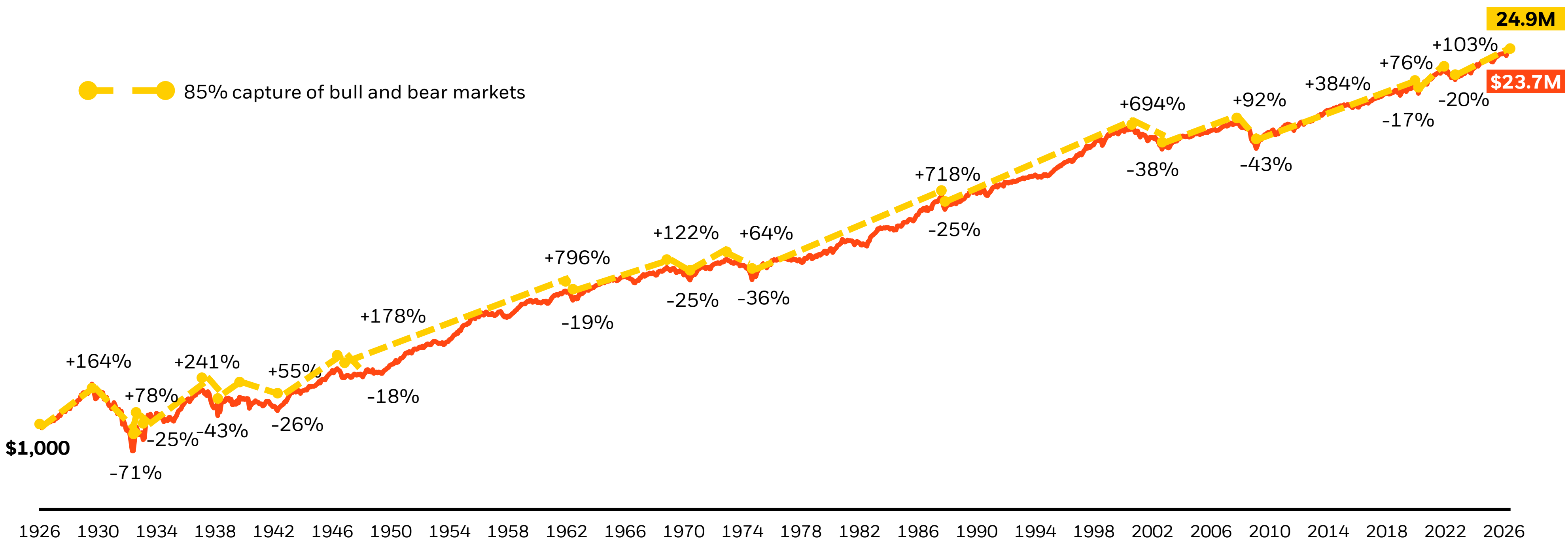


Source: Morningstar as of 6/30/2026. Stock market represented by the S&P 500 PR Index and calendar year performance by the IA SBBI US large stock index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Since 1926, less than 100% capture of all the U.S. stock bull and bear markets outperformed

Capturing 85% of the bull/bear markets outperformed 100% Stocks
$1,000 grew to over $24.9 million vs. $23.7 million

1/31/1926 through 6/30/2026, log scale



Source: Morningstar and BlackRock, as of 6/30/26. Past performance does not guarantee or indicate future results. It is not possible to invest in an index. U.S. stocks represented by the Ibbotson SBBI US Large Cap TR Index. Index performance is for illustrative purposes only. This assumes reinvestment of dividends and capital gains. Assumes investor stays fully invested over the full period. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.** Case study shown for illustrative purposes only.

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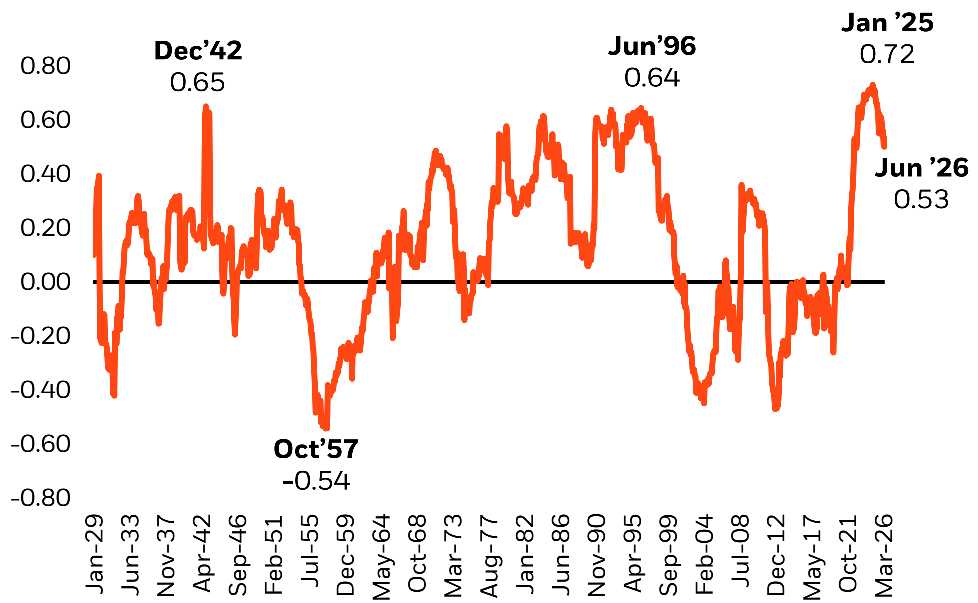
STOCK AND BOND CORRELATION

Stock and bond correlations continue coming down after historic highs

U.S. stocks lost money in June and bonds were slightly positive, a similar pattern seen since the start of 2025.

3-year rolling correlation of stocks and bonds retreats from historic highs

1/1/1929 - 6/30/2026



Recently when stocks have lost money bonds have made money

The 14 months from 2022 to 2024 that stocks lost money: bonds lost as well. This is the longest streak in history (since 1926)

Month	Stocks	Bonds
Jan-22	-5.2	-2.2
Feb-22	-3.0	-1.1
Apr-22	-8.7	-3.8
Jun-22	-8.3	-1.6
Aug-22	-4.1	-2.8
Sep-22	-9.2	-4.3
Dec-22	-5.8	-0.5
Feb-23	-2.4	-2.6
Aug-23	-1.6	-0.6
Sep-23	-4.8	-2.5
Oct-23	-2.1	-1.6
Apr-24	-4.1	-2.5
Oct-24	-0.9	-2.5
Dec-24	-2.4	-1.6

Correlations improving?
Since the start of '25, the last 6 times U.S. stocks lost money, bonds were positive in 4 of those months.

Month	Stocks	Bonds
Feb-25	-1.3	2.2
Mar-25	-5.1	0.0
Apr-25	-0.7	0.4
Feb-26	-0.8	1.6
Mar-26	-5.0	-1.8
Jun-26	-0.9	0.2

Source: Morningstar as of 6/30/26. U.S. stocks represented by the S&P 500 Index and core bond represented by the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 6/30/26, Multisector bond, nontraditional bond , equity market neutral and macro trading represented by their respective Morningstar category average. Upside and downside capture measure how much of a benchmark's gains a strategy has historically captured in up markets and how much of its losses it has experienced in down markets.
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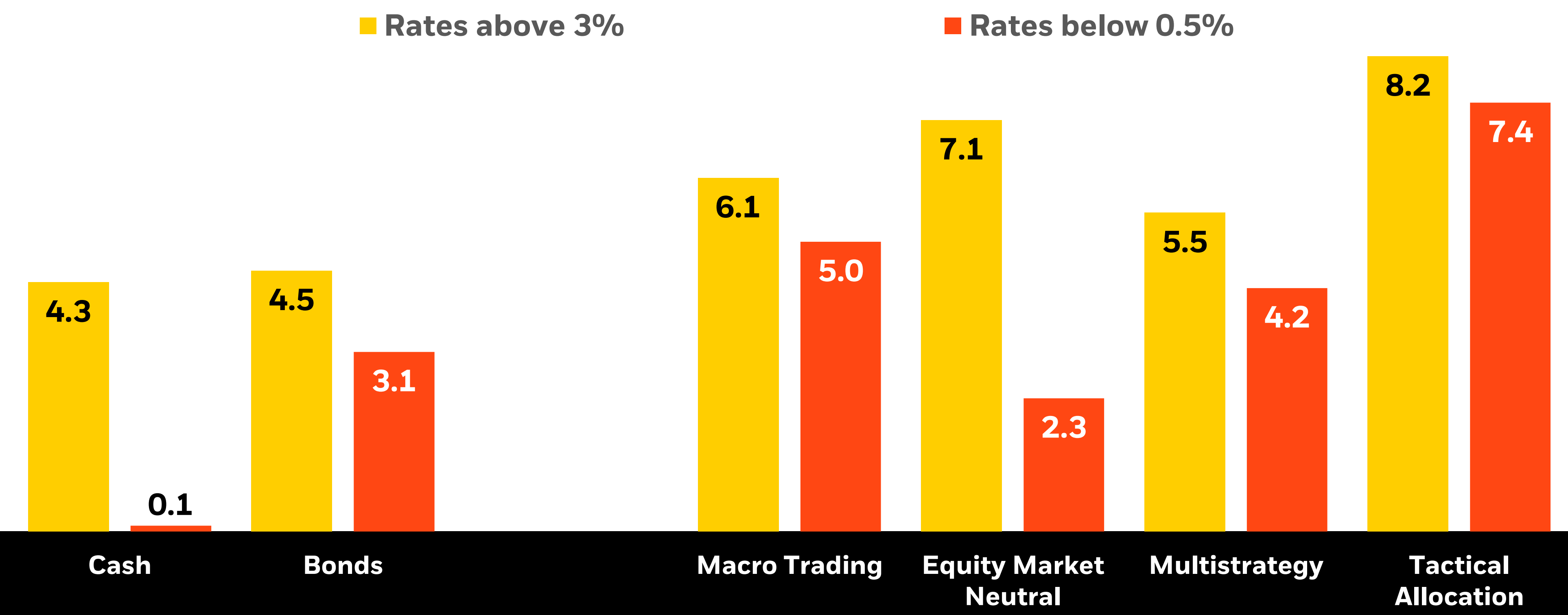
Alternatives have done well when rates are high

The Federal Reserve is expected to keep interest rates unchanged for the foreseeable future, a backdrop that could support liquid alternative investments.

Many alternatives have performed well when interest rates are high

Average annual returns (2001- 6/2026)



Source: Morningstar as of 6/30/26. Bonds represented by the Bloomberg US Agg Bond Index, "Cash" is represented by Morningstar Taxable Money Market category average," "Macro, Trading""Equity Market Neutral", "Multistrategy", and "Tactical Allocation" represented by their respective Morningstar fund category averages. **Past performance does not guarantee or indicate future results.** Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

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Returns as of 6/30/2026	1 Year Return	5 Year Avg. Annual Return	10 Year Avg. Annual Return
S&P 500 (TR) (1970)	22.32	13.41	15.51
Bloomberg US Agg Bond TR USD	3.79	0.08	1.54
IA SBBI US Large Stock TR USD Ext	22.33	13.41	15.51
US Fund Equity Market Neutral	4.55	7.59	3.83
US Fund Macro Trading	11.51	4.57	4.74
US Fund Money Market-Taxable	3.64	3.24	2.03
US Fund Multialternative	15.63	3.88	2.65
US Fund Multistrategy	9.22	5.36	3.72
US Fund Tactical Allocation	18.35	5.78	7.03

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Index Definitions:

- The S&P 500 Index is an unmanaged index that is generally considered representative of the U.S. stock market and includes 500 large-capitalization U.S. companies. Performance may be shown on a price return or total return basis, with total return including reinvested dividends.
- The Bloomberg U.S. Aggregate Bond Index is an unmanaged index that measures the performance of the U.S. investment-grade, fixed-rate, taxable bond market, including U.S. Treasuries, government-related securities, corporate bonds, mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities. Performance is shown on a total return basis.
- The IA SBBI U.S. Large Stock Index is an unmanaged index from the Ibbotson® Stocks, Bonds, Bills, and Inflation® (SBBI®) series that represents the historical performance of U.S. large-capitalization stocks and is commonly used for long-term historical market analysis.
- The Morningstar US Fund Equity Market Neutral is an average of funds within the equity market neutral category as defined by Morningstar.
- The Morningstar US Fund Macro Trading is an average of funds within the macro trading category as defined by Morningstar.
- The Morningstar US Fund Money Market-Taxable is an average of funds within the money market-taxable category as defined by Morningstar.
- The Morningstar US Fund Multialternative is an average of funds within the multialternative category as defined by Morningstar.
- The Morningstar US Fund Multistrategy is an average of funds within the multistrategy category as defined by Morningstar.
- The Morningstar US Fund Tactical Allocation is an average of funds within the tactical allocation category as defined by Morningstar.

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