Inside the market

Student of the Market

November 2026

BlackRock.

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Student of the Market

November 2026

Stocks

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- Seasonal stock returns
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- AI versus dot com bubble
- Magnificent seven stocks
- Equity allocations at historic highs

Bonds and alternatives

- Bond correlation with stocks
- Alternatives when stocks and bonds fall

Source: Morningstar as of 10/31/26. 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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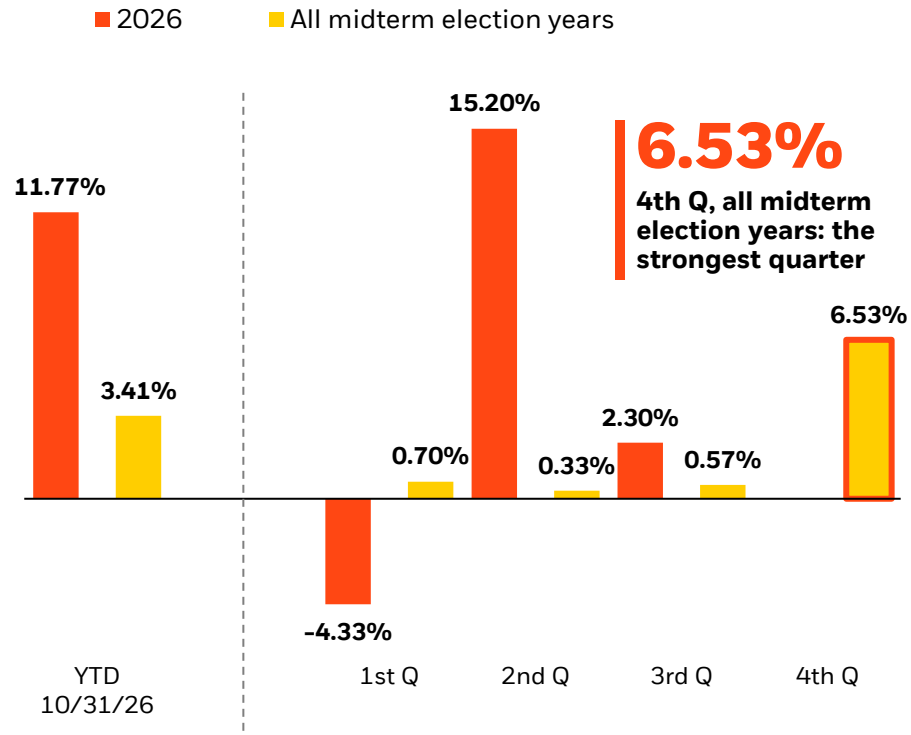
MIDTERM ELECTIONS AND STOCKS BY QUARTER

U.S. stocks in a midterm election year

The first 3 quarters of midterm election years tend to be sluggish, followed by a strong 4th quarter when elections take place.

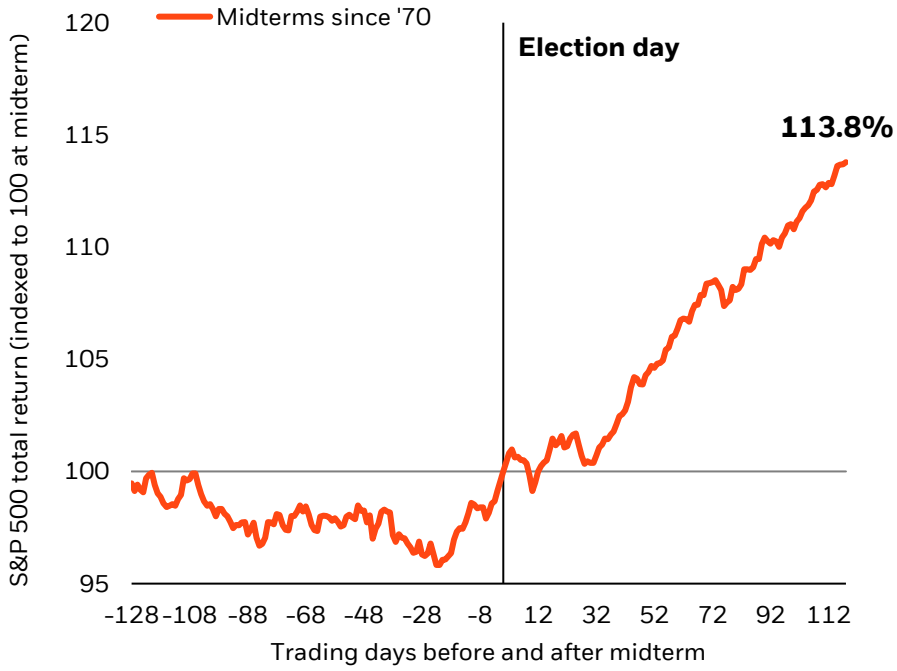
Midterm election years by quarter

(1/1/1926 – 10/31/2026)



Midterm election years do better after the election

(1970 – 2022)



Bloomberg, Morningstar as of 10/31/2026. Stock market represented by the S&P 500 Index from 1/1/1970 to 10/31/2026 and IA SBBI U.S. large cap stocks index from 1/1/1926 to 1/1/1970. **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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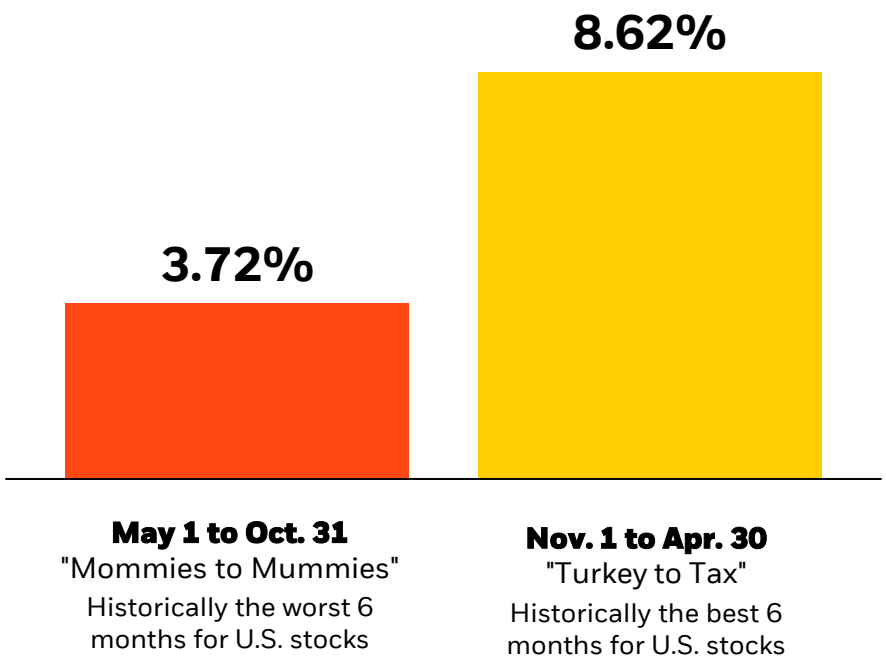
SEASONAL STOCK RETURNS

Stocks enter a historically strong season

Historically, stocks have delivered their strongest six-month returns from November through April. History suggests momentum often continues through year-end.

Stocks have tended to perform best during “Turkey to Tax”

Average for all 6-month periods, since 1950



Last 10 years Mommies to Mummies has outperformed

Since 2017, 6-month periods

Year	"Mommies to Mummies" (5/1 to 10/31)	"Turkey to Tax" (11/1 to 4/30)
2017	**9.10**	3.82
2018	3.40	**9.76**
2019	**4.16**	-3.16
2020	13.29	**28.85**
2021	**10.91**	-9.65
2022	-5.50	**8.63**
2023	1.39	**20.98**
2024	**14.08**	-1.74
2025	**23.60**	6.03
2026	**5.73**	**?**
Avg	**8.02**	**7.06**

Morningstar as of 10/31/26. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 10/31/26 and the IA SBBI U.S. Lrg Stock TR USD Index from 1/1/26 to 3/4/57, **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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TODAY'S BULL MARKET

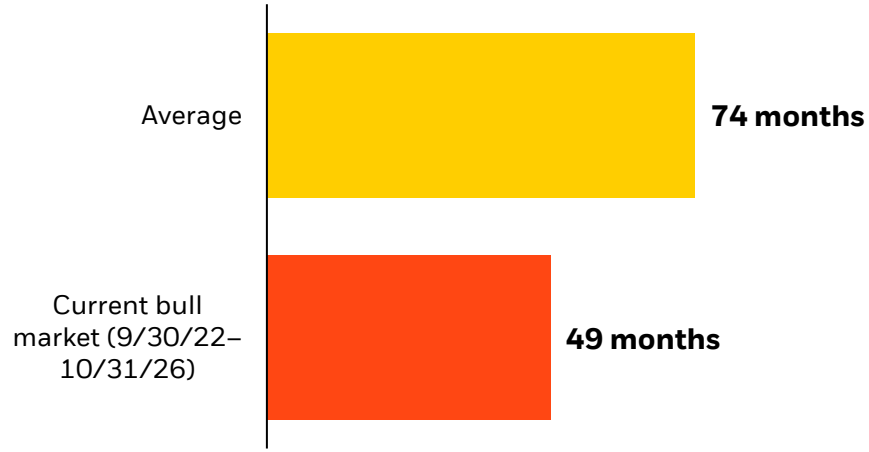
U.S. stock bull market stretches into fourth year

At four years and +124%, the current U.S. rally still trails the 74-month, +343% average bull market.

Bull markets can last a long time...

Length of bull market, since 1926 based on monthly returns

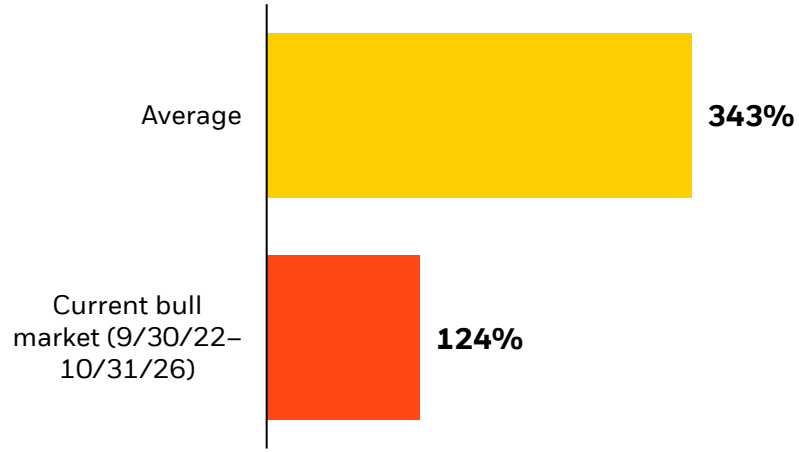
66% Current bull is 66% of the average length



...and bull market returns can be quite high

Cumulative return during bull markets, since 1926

36% ...and has delivered 36% of the average return



Did you know?

***Bear* markets have typically been shorter and less severe.**
The average bear market since 1926 has lasted 15.6 months, with a -38% return.

Source: Morningstar and BlackRock as of 10/31/26. Stock market represented by the S&P 500 Index from 3/4/57 to 10/31/26 and IA SBBI U.S. Large Cap TR Index from 1/1/26 to 3/4/57. This illustration assumes reinvestment of dividends and capital gains. Assumes investor stays fully invested over the full time period. Index performance is for illustrative purposes only. **Past performance does not guarantee or indicate future results.** It is not possible to invest in an index.

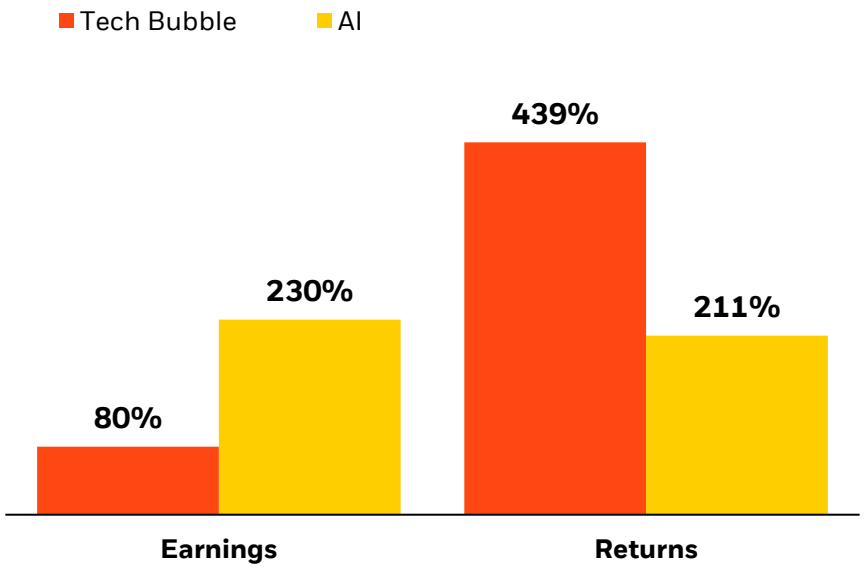
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Artificial intelligence versus tech bubble

Parallels are being drawn to the early 2000s “dot com” bubble, but this time profits are keeping pace with prices, and not every tech stock performs the same.

This time, earnings are keeping pace with returns

4 - year returns (Tech bubble 6/30/96- 3/31/00) (%)



Tech bubble: returns 5.5x earnings growth (439% vs. 80%); AI: earnings growth outpacing returns (230% vs. 211%)

Earnings hold at key intervals

1- and 3- year returns (Tech bubble 6/30/96- 3/31/00) (%)

		Earnings growth	Returns
3 year	**Tech Bubble** 1997-2000	56%	316%
	AI 2023-2026	**198%**	138%
1 year	**Tech Bubble** 1996-2000	22%	88%
	AI 2025-2026	**90%**	14%

Source: MSCI data via Refinitiv from 6/30/1996 to 3/31/2000, and AI today 10/30/2021 to 10/31/2026 (right). Price represented by the S&P 500 Information Technology Index, and Earnings represented by the I/B/E/S S&P 500 Information Technology Index consensus 12-month forward earnings. **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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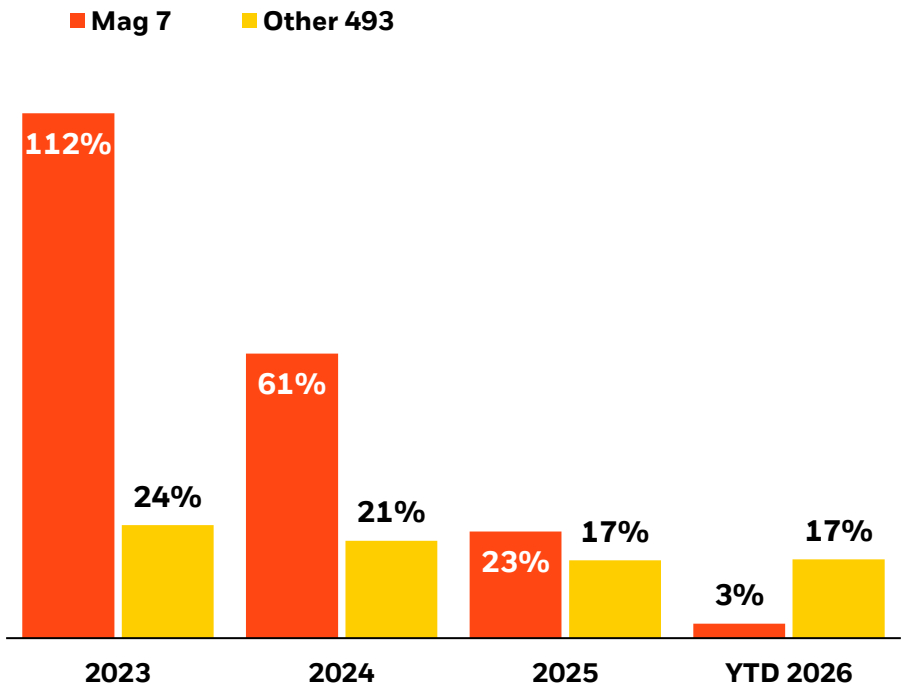
MAGNIFICENT SEVEN STOCKS

The "Magnificent Seven" are trailing in 2026

Just one of the of the Mag-7 companies is outperforming the S&P 500 YTD vs. only 2 last year.

Mag 7 returns have trailed most of 2026...

Cumulative return, 1/1/2023 - 10/31/2026



...while within the Mag-7, returns are more varied

Calendar year returns, 1/1/2023 - 10/31/2026 (%)

	2023	2024	2025	YTD 2026
Nvidia	**238.98**	**171.24**	**38.91**	10.00
Microsoft	**57.96**	12.91	15.54	8.48
Apple	**48.91**	**30.58**	8.97	**27.06**
Alphabet	**58.32**	**35.94**	**65.78**	-10.39
Amazon	**80.88**	**44.39**	5.21	4.13
Meta	**194.13**	**65.98**	13.10	-6.59
Tesla	**101.72**	**62.52**	11.36	-11.10
S&P 500	**26.29**	**25.02**	**17.88**	**11.77**
# of Mag-7 outperforming S&P 500	**7**	**6**	**2**	**1**

Green = outperformed the S&P 500

Source: Bloomberg as of 10/31/26. 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. 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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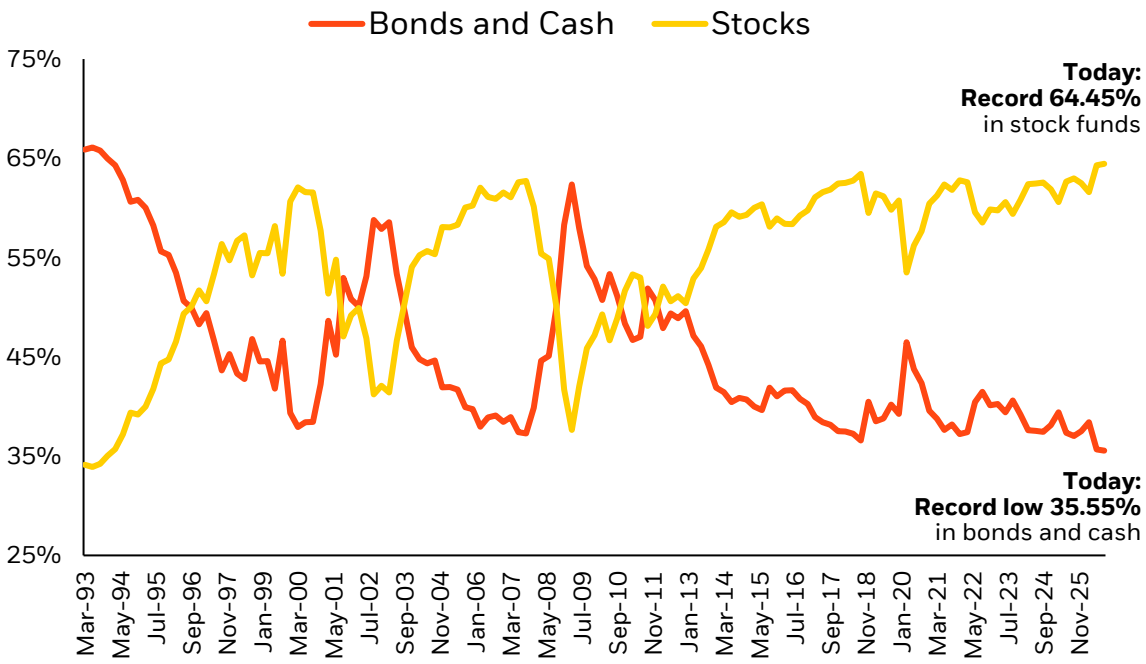
EQUITY ALLOCATIONS HIT RECORD HIGH

Stock fund allocations at historic highs

Today's record equity allocations coincide with greater market concentration and an aging investor base, creating an opportunity to revisit portfolio allocations.

Stock fund allocations vs. bonds and cash

Stock funds as a % of total stock, bond and money market mutual fund and ETF assets, 1993–2026



An un-rebalanced stock/bond portfolio is now...

(Since 1976)

Timeframe since the last rebalance	Un-rebalanced 40/60 today	Un-rebalanced 60/40 today
3 year	52/48	71/29
5 year	54/48	73/27
10 year	71/29	85/15

Source: Morningstar and BlackRock as of 10/31/26. Stock market represented by the S&P 500 Index. U.S. core bonds represented by the Bloomberg U.S. Agg Bond TR Index. Index performance is for illustrative purposes only. This illustration assumes reinvestment of dividends and capital gains. Assumes investor stays fully invested over the full time period. Index performance is for illustrative purposes only. **Past performance does not guarantee or indicate future results.** It is not possible to invest in an index

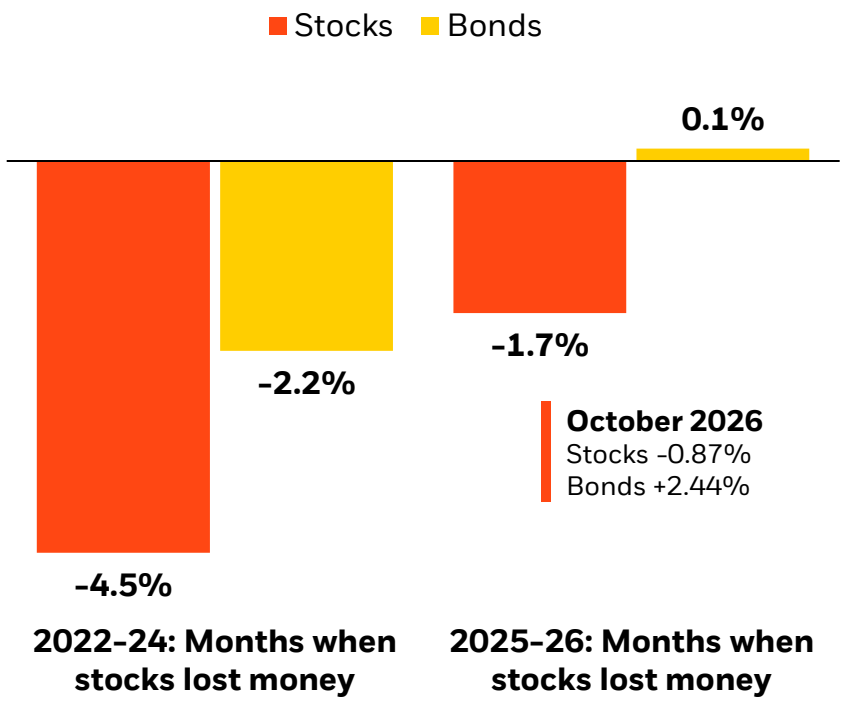
BOND CORRELATION WITH STOCKS

Bond diversification benefits are returning

Stock/bond correlation: This indicates the strength and direction between returns in stock and bond markets. The value will range between -1 and 1. A value of 1 indicates that both markets' returns move perfectly in-sync, and -1 indicates that both markets' returns move perfectly opposite from each other in both direction and level. A correlation value of 0 indicates that returns move independently of each other.

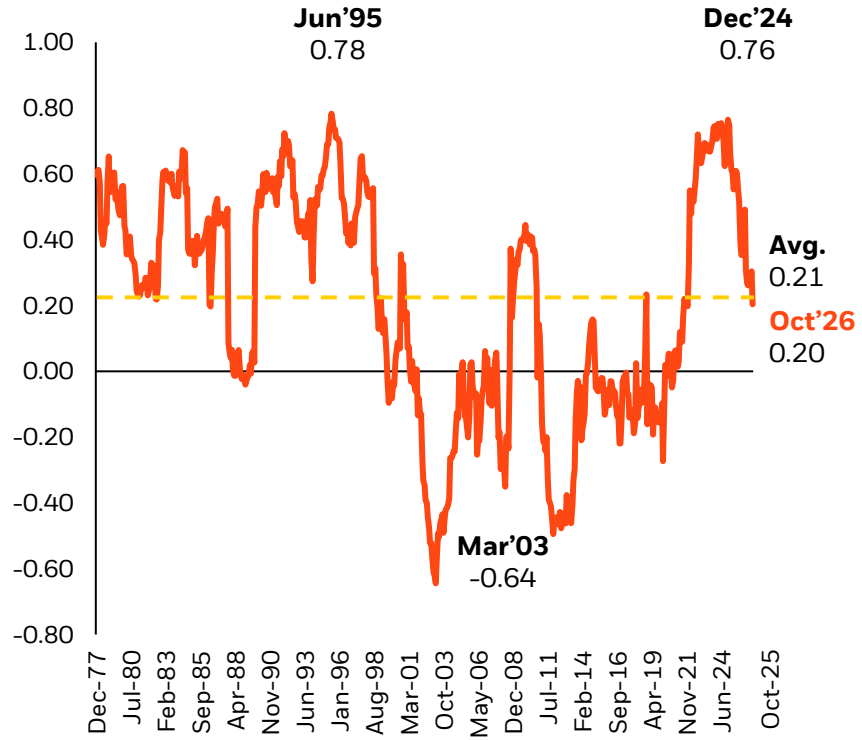
Bonds have been positive when stocks lost money in 2025-26

Avg monthly returns when stocks lost money, 2022 - 10/31/26



Diversification benefits are re-emerging as stock and bond movements decouple

(2-year rolling stock and bond correlation, 1976 - 10/31/2026)



Source: Morningstar as of 10/31/26. U.S. stocks represented by the S&P 500 TR Index,. U.S. core bonds represented by the Bloomberg U.S. Agg Bond TR Index . Index performance is for illustrative purposes only. You cannot invest directly in the index. **Past performance does not guarantee or indicate future results.**

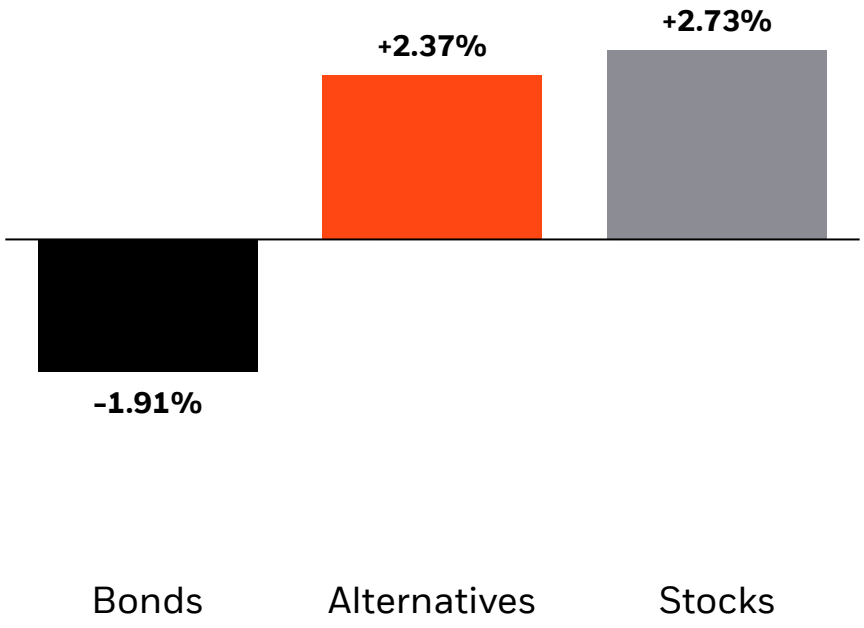
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Alternatives have delivered when stocks or bonds have fallen

Since 2023, alternatives averaged +2.37% in quarters when bonds fell and +1.65% when stocks fell.

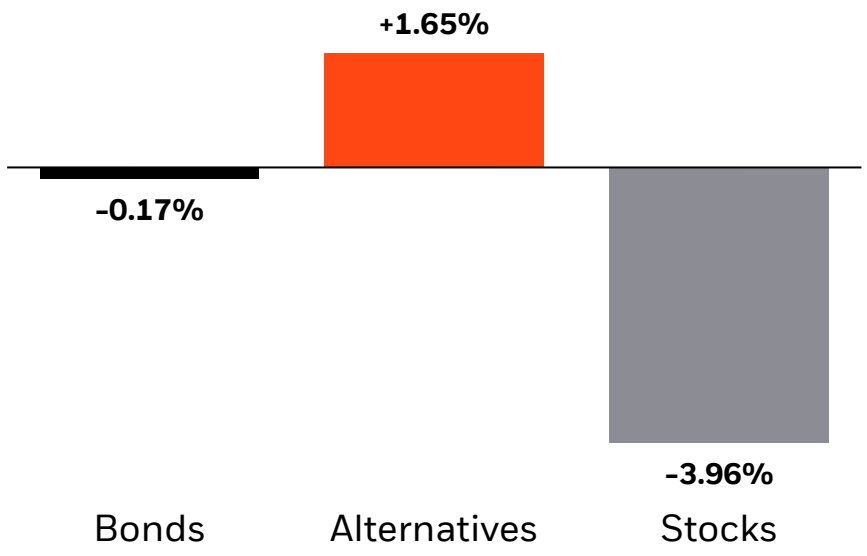
Average quarterly return when bonds were negative

Avg quarterly returns when bonds lost money, 2023 - 10/31/26



Average quarterly return when stocks were negative

Avg quarterly returns when stocks lost money, 2023 - 10/31/26



Source: Morningstar as of 10/31/25. U.S. stocks represented by the S&P 500 TR Index. U.S. core bonds represented by the Bloomberg U.S. Agg Bond TR Index. Alternatives represented by an average of all the funds in the Morningstar US Broad Alternative category. Index performance is for illustrative purposes only. You cannot invest directly in the index. **Past performance does not guarantee or indicate future results.**

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Returns as of 10/31/2026	1 Year Return	5 Year Avg. Annual Return	10 Year Avg. Annual Return
S&P 500 (TR) (1970)	12.11	12.06	15.44
Bloomberg US Agg Bond TR USD	-0.07	-0.15	1.46
IA SBBI US Large Stock TR USD Ext	12.11	12.06	15.44
S&P 500 Sec/Information Technology TRUSD	14.23	19.91	25.08

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- 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 S&P 500 Information Technology Index is an unmanaged index that measures the performance of those companies included in the S&P 500 Index that are classified in the information technology sector under the Global Industry Classification Standard (GICS). Performance may be shown on a price or total return basis.

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