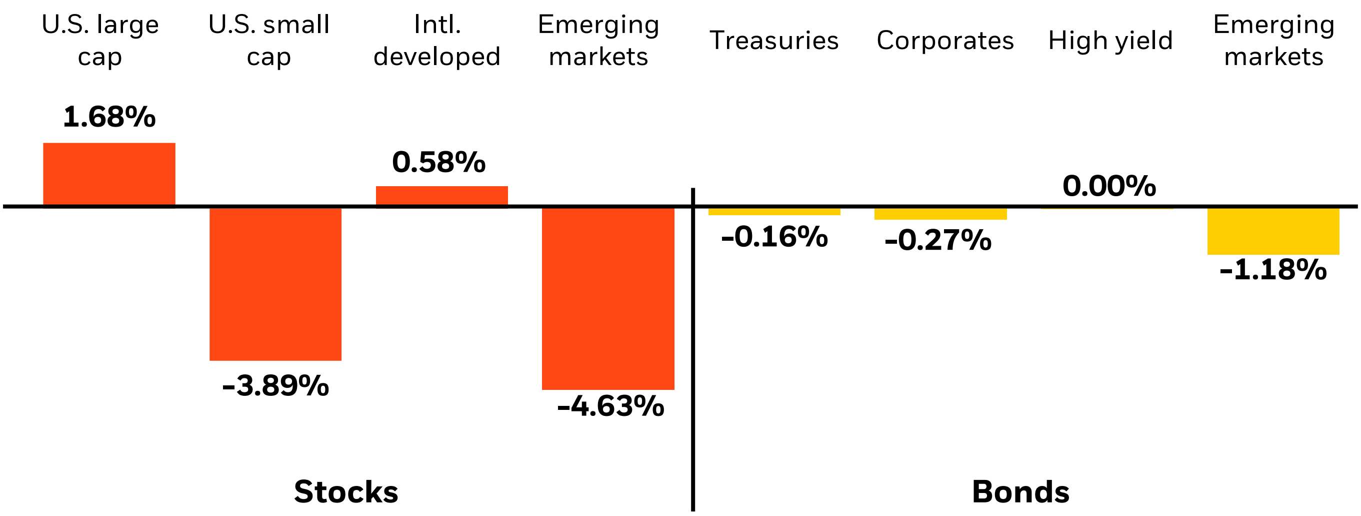
Market Insights

February 2024

Market review

Love and drama is in the air on Wall Street, with nostalgic investors rekindling their romance with AI-fueled megacap tech stocks and abruptly ending a brief but passionate year-end tryst with mid- and small-cap stocks. Major US stock indices swooned to record highs but sent mixed signals into month-end, with strong economic data instigating more hawkish undertones from the Fed. The sultry holiday rally in bonds fizzled accordingly, as fickle futures markets dumped their most ambitious rate cut expectations from just a few weeks earlier. Despite China's efforts to woo investors with promises of stimulus, skeptical traders were unimpressed and outright ghosted Emerging Market stocks, crushing prices lower over the month after further revelations of deteriorating economic activity.

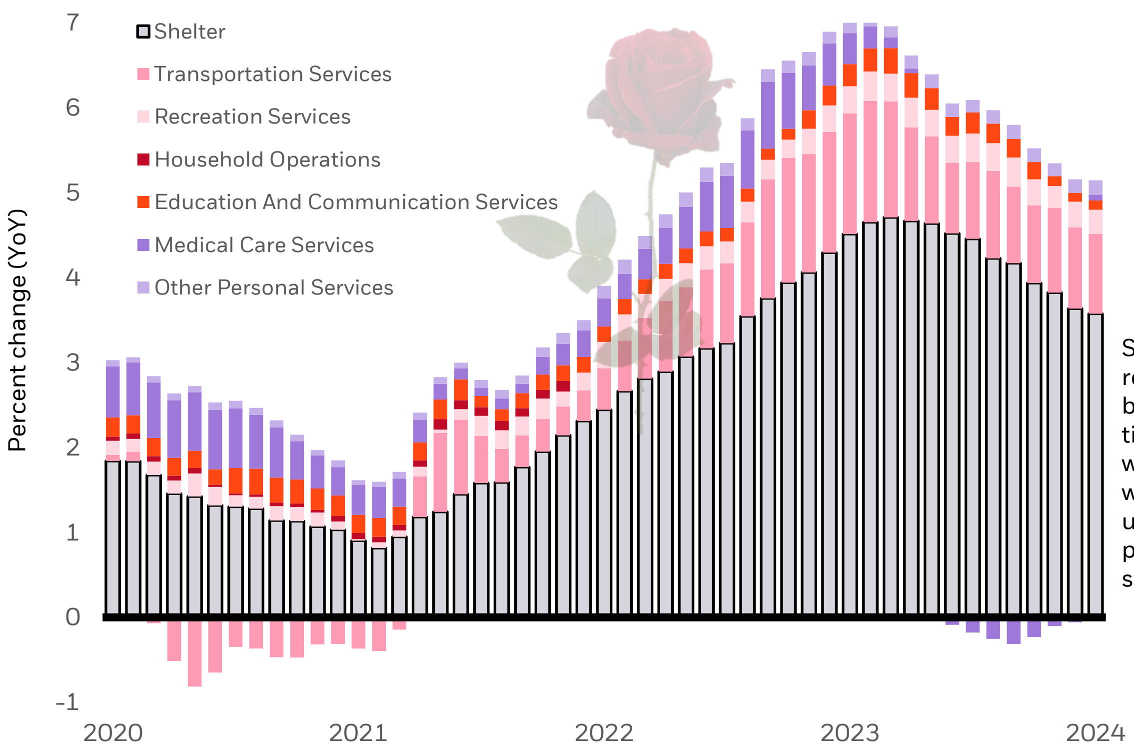
Market performance: January 2024



Source: BlackRock. Monthly returns for the period 1/1/24 – 1/31/24. U.S. large cap stocks represented by the S&P 500 Index; U.S. small cap, Russell 2000 Index; international developed, MSCI EAFE Index; emerging market stocks, MSCI Emerging Markets Index; Treasury bonds, Bloomberg U.S. Treasury 7-10 Year Total Return Index; corporate bonds, Bloomberg U.S. Aggregate Bond Index; high yield bonds, Bloomberg High Yield 2 Issuer Capped Index; EM bonds, JP Morgan Emerging Market Bond Index-Global. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

On… the thorny inflation print that pricked market sentiment :

Shelter still propping up core CPI services (for now)



Shelter has been relatively sticky - but based on real-time rent prices, we expect future weakness to unlock lower CPI prints into the summer

> The Valentine's Day eve CPI print came in hot and steamy and sparked the largest sell off in stocks of 2024. **Has this print changed our views? Are we worried? Nah, not really. We remain of the view that inflation will continue to ease**, even if we see another month or two of superficially "hot" prints (which could surely bring with it increased market volatility).

Michael Gates

Managing Director
Lead portfolio manager for the Target Allocation model portfolios

Asset class views

Source: BlackRock as of 1/31/2024

Views are subject to change

Positive	**U.S. equities**	We are overweight U.S. stocks, leaning into tech and large cap companies with the most resilient businesses and robust earnings growth, with an increase to value-oriented stocks based on strong earnings surprise momentum.
Positive	**U.S. treasuries**	We are overweight U.S. treasuries with a barbell preference for short- (floating rate) and long-duration nominals, with complementary exposure to Treasury Inflation Protected Securities to take advantage of potentially falling real rates.
Neutral	**Emerging market bonds**	We maintain near benchmark-weight in emerging market bonds in fixed income-heavy models due to attractive yields and potential softening dollar strength.
Neutral	**Factors**	We recalibrate growth/value factor positioning, maintaining a targeted preference for tech stocks but unwinding other broad growth-oriented bets as value-centric 2023 losers potentially come back into fashion.
Neutral	**High yield credit**	We are generally neutral on US high yield bonds, with a targeted tilt toward higher quality and attractively valued issues.
Negative	**Non-U.S. Developed equities**	We are underweight international developed market equities due to sluggish relative corporate earnings signals and more pronounced downside vulnerability to potential geopolitical turmoil.
Negative	**Emerging market equities**	We remain underweight emerging market stocks but with a carved-out preference for those countries with the most attractive earnings and economic growth prospects (like India and Taiwan) and purposefully limiting exposure to China.
Negative	**U.S. investment grade credit**	We hold close to benchmark exposure to investment grade credit and mortgage-backed securities, increasing exposure to a freshly embedded active fixed income strategy capable of generating attractive yields and swiftly adjusting to changing market conditions.

This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial professional know enough about their circumstances to make an investment decision.

Carefully consider the investment objectives, risk factors, charges and expenses of funds within the model portfolios before investing. This and other information can be found in the funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting each fund company's website , contacting your financial professional, or by visiting www.sec.gov/edgar/search. For BlackRock and iShares Funds, please visit www.blackrock.com or www.iShares.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal. Asset allocation and diversification may not protect against market risk, loss of principal or volatility of returns.

The BlackRock model portfolios are made available to financial professionals by BlackRock Fund Advisors ("BFA") or BlackRock Investment Management, LLC ("BIM"), which are registered investment advisers, or by BlackRock Investments, LLC ("BRIL"), which is the distributor of the BlackRock and iShares funds within the BlackRock model portfolios. BFA, BIM and BRIL (collectively, "BlackRock") are affiliates.

The BlackRock model portfolios are provided for illustrative and educational purposes only. The BlackRock model portfolios do not constitute research, are not personalized investment advice or an investment recommendation from BlackRock to any client of a third party financial professional and are intended for use only by a third party financial professional, with other information, as a resource to help build a portfolio or as an input in the development of investment advice for its own clients. Such financial professionals are responsible for making their own independent judgment as to how to use the BlackRock model portfolios. BlackRock does not have investment discretion over, or place trade orders for, any portfolios or accounts derived from the BlackRock model portfolios. BlackRock is not responsible for determining the appropriateness or suitability of the BlackRock model portfolios, or any of the securities included therein, for any client of a financial professional. Information concerning the BlackRock model portfolios – including holdings, performance, and other characteristics – may vary materially from any portfolios or accounts derived from the BlackRock model portfolios. There is no guarantee that any investment strategy or model portfolio will be successful or achieve any particular level of results. The BlackRock model portfolios themselves are not funds.

The BlackRock model portfolios include investments in shares of funds. Clients will indirectly bear fund expenses in respect of portfolio assets allocated to funds, in addition to any fees payable associated with any applicable advisory or wrap program. BlackRock intends to allocate all or a significant percentage of the BlackRock model portfolios to funds for which it and/or its affiliates serve as investment manager and/or are compensated for services provided to the funds ("BlackRock Affiliated Funds"). BlackRock has an incentive to (a) select BlackRock Affiliated Funds and (b) select BlackRock Affiliated Funds with higher fees over BlackRock Affiliated Funds with lower fees. The fees that BlackRock and its affiliates receive from investments in the BlackRock Affiliated Funds constitute BlackRock's compensation with respect to the BlackRock model portfolios. This may result in BlackRock model portfolios that achieve a level of performance less favorable to the model portfolios, or reflect higher fees, than otherwise would be the case if BlackRock did not allocate to BlackRock Affiliated Funds. This material does not constitute any specific legal, tax or accounting advice. Please consult with qualified professionals for this type of advice.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. Mortgage-backed securities ("MBS") and commercial mortgage-backed securities ("CMBS") are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to federal or state income taxes or the Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable. An investment in a treasury Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and its return and yield will fluctuate with market conditions.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets and in concentrations of single countries. Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market. Technology companies may be subject to severe competition and product obsolescence.

A fund's use of derivatives may reduce a fund's returns and/or increase volatility and subject the fund to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. A fund could suffer losses related to its derivative positions because of a possible lack of liquidity in the secondary market and as a result of unanticipated market movements, which losses are potentially unlimited. There can be no assurance that any fund's hedging transactions will be effective.

There can be no assurance that performance will be enhanced or risk will be reduced for funds that seek to provide exposure to certain quantitative investment characteristics ("factors"). Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. In such circumstances, a fund may seek to maintain exposure to the targeted investment factors and not adjust to target different factors, which could result in losses. The iShares Minimum Volatility ETFs may experience more than minimum volatility as there is no guarantee that the underlying index's strategy of seeking to lower volatility will be successful.

A fund's environmental, social and governance ("ESG") investment strategy limits the types and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not have an ESG focus. A fund's ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. In addition, companies selected by the index provider may not exhibit positive or favorable ESG characteristics.

Alternative investments present the opportunity for significant losses and some alternative investments have experienced periods of extreme volatility. Alternative investments may be less liquid than investments in traditional securities.

Commodities' prices may be highly volatile. Prices may be affected by various economic, financial, social and political factors, which may be unpredictable and may have a significant impact on the prices of precious metals.

Actively managed funds do not seek to replicate the performance of a specified index. Actively managed funds may have higher portfolio turnover than index funds.

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by Bloomberg, Cboe Global Indices, LLC, Cohen & Steers, European Public Real Estate Association ("EPRA® "), FTSE International Limited ("FTSE"), ICE Data Indices, LLC, NSE Indices Ltd, JPMorgan, JPX Group, London Stock Exchange Group ("LSEG"), MSCI Inc., Markit Indices Limited, Morningstar, Inc., Nasdaq, Inc., National Association of Real Estate Investment Trusts ("NAREIT"), Nikkei, Inc., Russell, S&P Dow Jones Indices LLC or Stoxx Ltd. None of these companies make any representation regarding the advisability of investing in the Funds. BlackRock Investments, LLC is not affiliated with the companies listed above.

Neither FTSE, LSEG, nor NAREIT makes any warranty regarding the FTSE Nareit Equity REITS Index, FTSE Nareit All Residential Capped Index or FTSE Nareit All Mortgage Capped Index. Neither FTSE, EPRA, LSEG, nor NAREIT makes any warranty regarding the FTSE EPRA Nareit Developed ex-U.S. Index or FTSE EPRA Nareit Global REITs Index. "FTSE®" is a trademark of London Stock Exchange Group companies and is used by FTSE under license.

JKG