

Student of the Markets

An Overview of the Markets and
Key Themes



Table of Contents

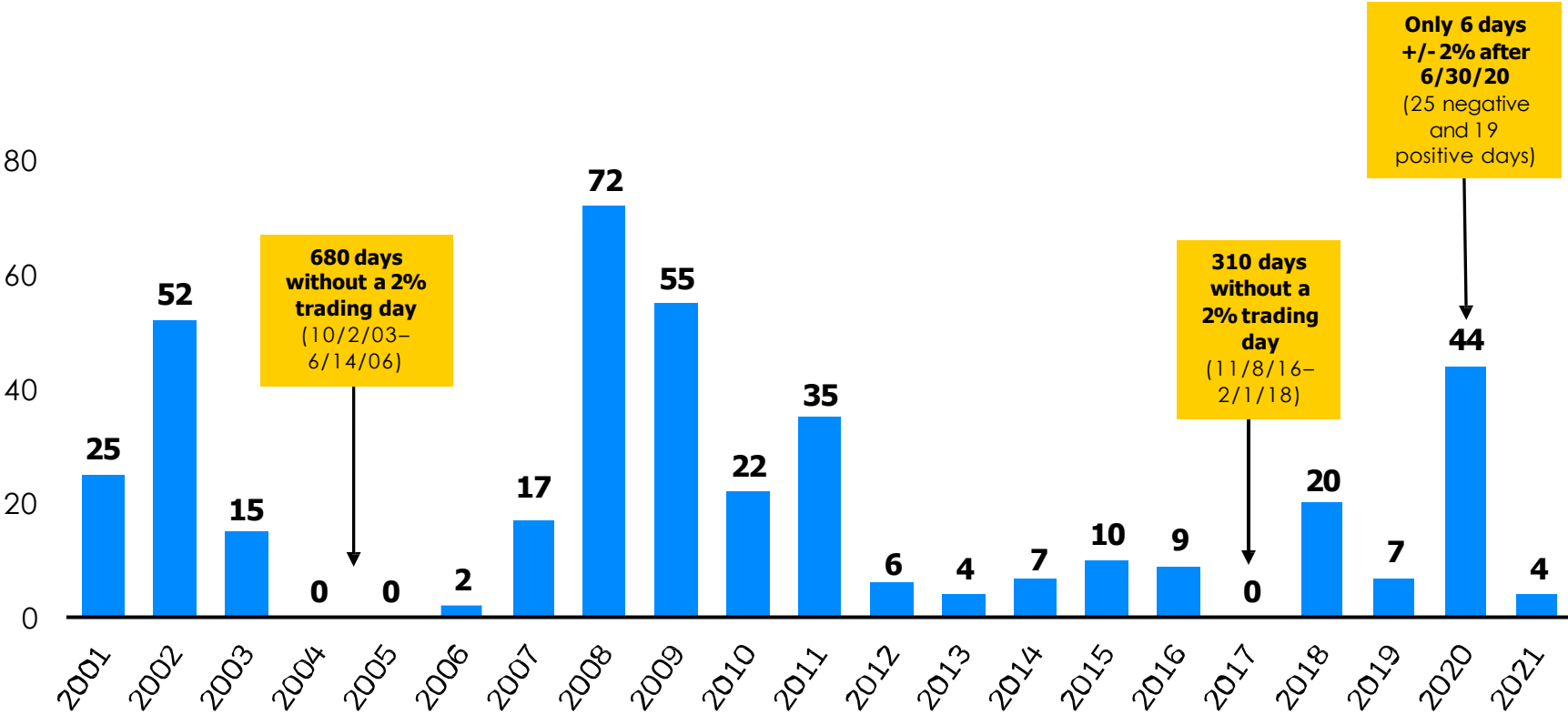


1. Stock Market Volatility
 2. Returns Assumptions
 3. Recessions
 4. Economic Cycles and Expected Returns
 5. International Stocks
 6. Inflation's Recent Spike
 7. Inflation in Portfolios
-

Volatility Has Retreated in 2021



Number of single day stock market returns of +/-2% or more
S&P 500, past 20 years by calendar year (1/1/01 - 7/31/21)



Source: Morningstar as of 7/31/21. 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.

The Path of Returns (Sequence of Returns)



Hypothetical return scenarios over 5 years

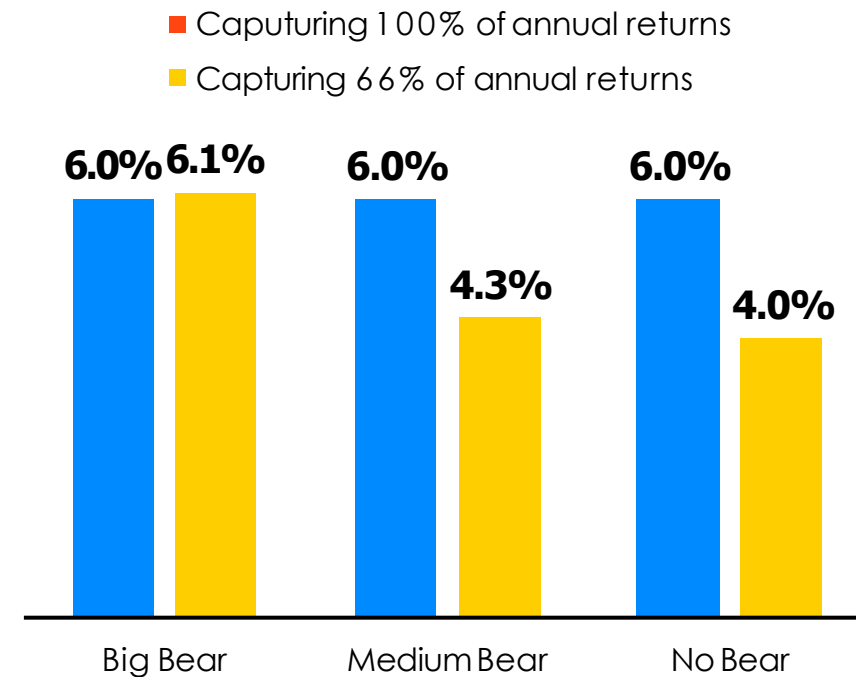
Assumes equal avg. annual return across scenarios, but with different degrees of return in the 5th year ("bear" year)

	Big Bear	Medium Bear	No Bear
Year 1	33%	20%	6%
Year 2	25%	9%	6%
Year 3	25%	9%	6%
Year 4	40%	25%	6%
Year 5	-54%	-25%	6%
Avg. annual return	6%	6%	6%

Source: BlackRock. Hypothetical example for illustrative purposes only.

Capturing only 66% of the return may help outperform with less risk when there is a big bear

Same scenarios with same assumptions, modeled to hypothetically capture 100% vs. 66% of each annual return

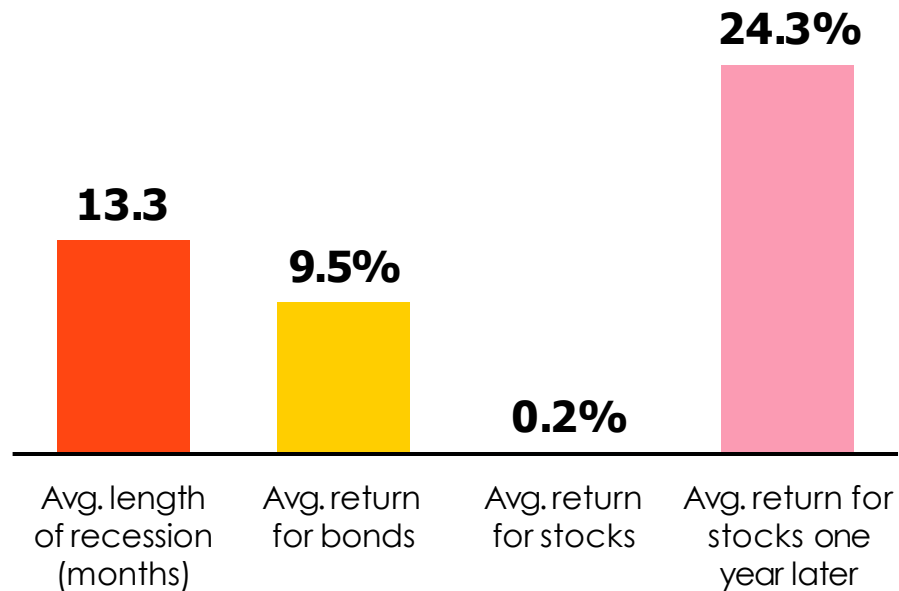


Recessions and Market Performance



Recessions and market performance

(Since 1926, all recessions, cumulative returns)



Historical recessions

(Since 1926, returns are cumulative)

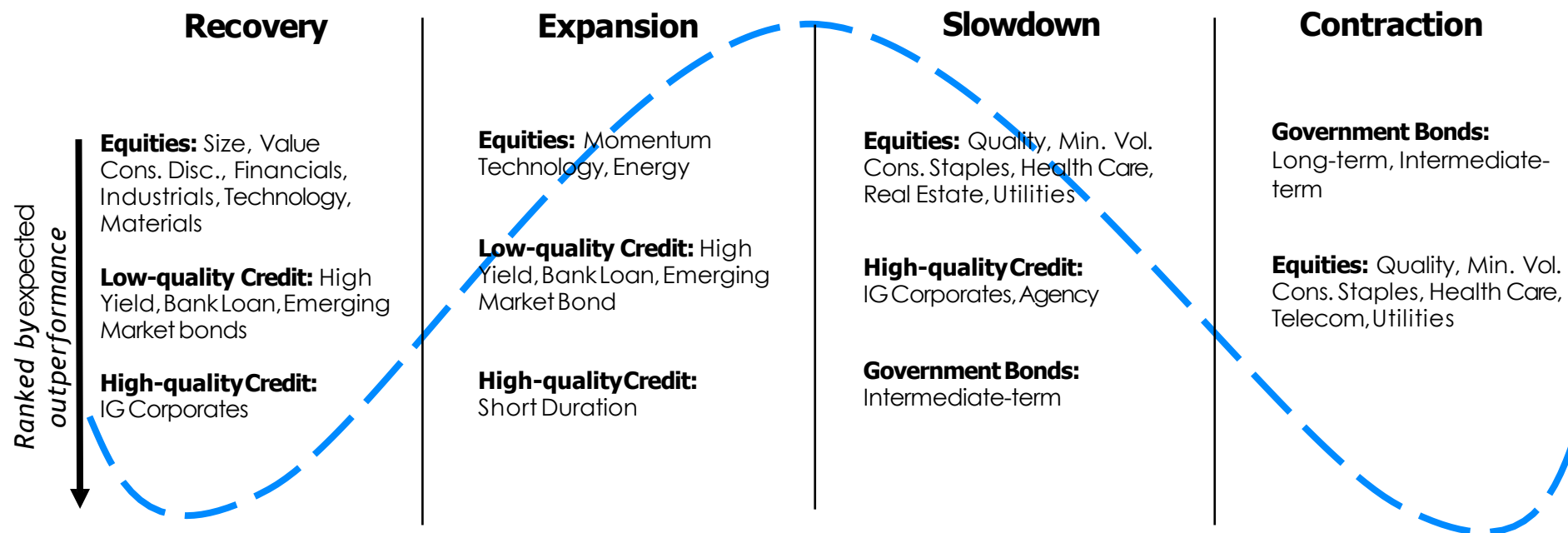
Start (month-end)	End	Length (months)	Return for bonds	Return for stocks	Stocks one year later
Oct-26	Nov-27	13	5.5	41.1	46.9
Aug-29	Mar-33	43	18.7	-76.9	92.0
May-37	Jun-38	13	6.9	-24.0	-1.9
Feb-45	Oct-45	8	1.0	19.5	-7.3
Nov-48	Oct-49	11	2.5	15.0	31.5
Jul-53	May-54	10	5.1	24.2	35.9
Aug-57	Apr-58	8	9.7	-1.5	37.3
Apr-60	Feb-61	10	7.2	20.3	13.6
Dec-69	Nov-70	11	16.2	-2.0	11.3
Nov-73	Mar-75	16	7.6	-7.8	28.3
Jan-80	Jul-80	6	9.5	9.6	20.6
Jul-81	Nov-82	16	40.6	14.2	25.6
Jul-90	Mar-91	8	7.5	8.0	11.0
Mar-01	Nov-01	8	5.9	-0.9	-16.5
Dec-07	Jun-09	18	7.2	-35.0	14.4
Feb-20	Apr-20	2	1.2	-1.1	46.0
Average		13.3	9.5	0.2	24.3

Source: Morningstar as of 7/31/21. Stocks are represented by the S&P 500 PR Index from 3/4/57 to 7/31/21 and the IASBBI U.S.Lrg Stock PR USD Index from 1/1/50 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. Bonds are represented by the BbgBarc U.S. Agg Bond TR Index from 1/3/89 to 7/31/21 and the IASBBI US GovIT Index from 1/1/26 to 1/3/89, unmanaged indexes that are generally considered representative of the U.S. bond market during each given time period. Recessionary periods are those defined by the National Bureau of Economic Research (NBER). Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in an index.

Economic Cycles and Asset Class Performance



Hypothetical economic cycles and expected market performance



Source: Blackrock of 7/31/21. Illustration is purely hypothetical and for educational purposes only. Past performance does not guarantee or indicate future results.

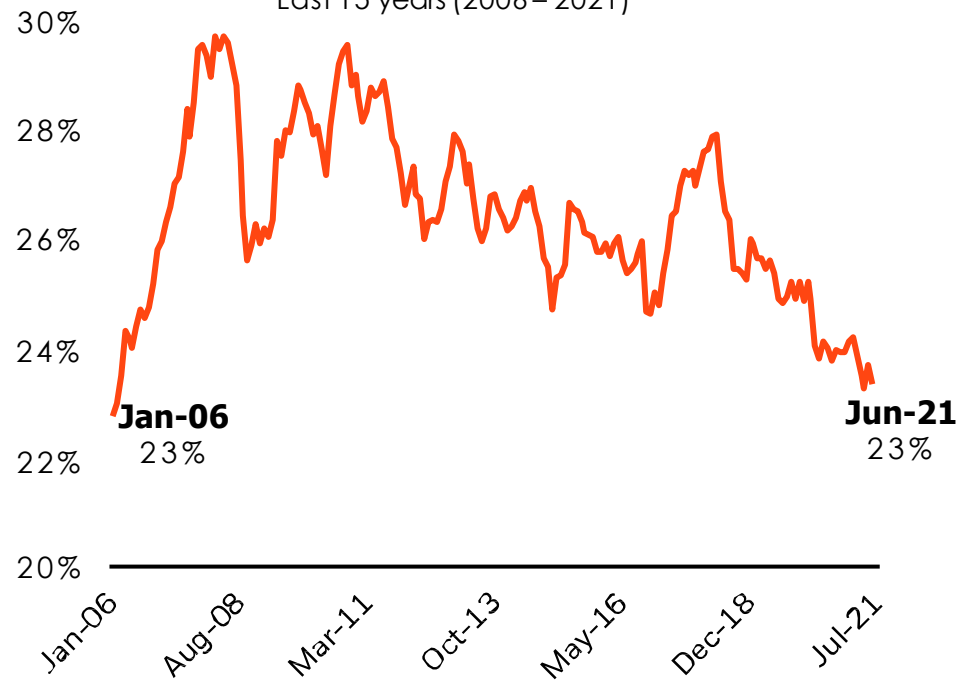
International Stock Fund Weightings



International stocks have not had a 10-year rolling avg. annual return period above 10% since June 1996

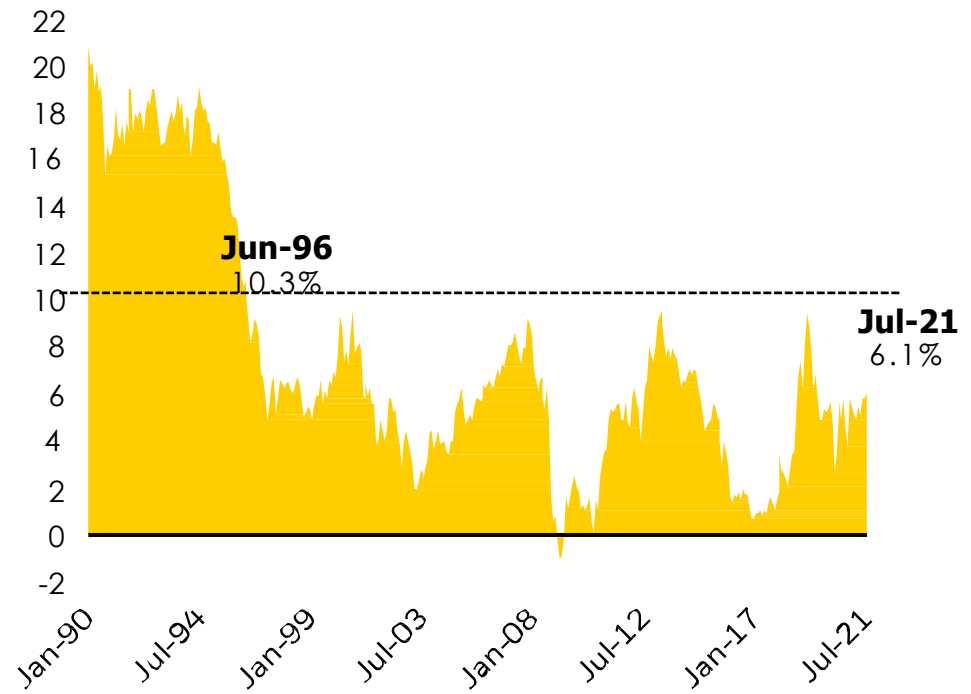
Percentage of total equity fund assets in international stocks

Last 15 years (2006–2021)



International stocks, 10-year rolling return

(Since 1990, average annual returns)

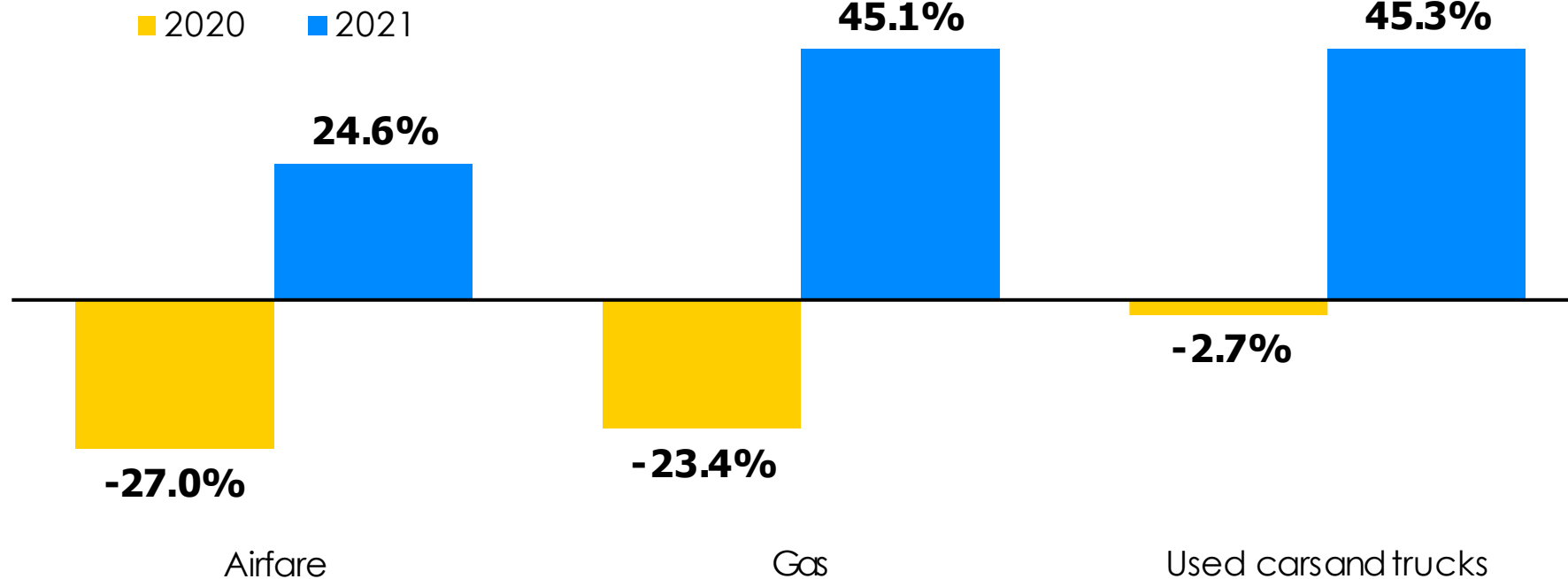


Source: Morningstar as of 7/31/21. International stock performance is represented by the MSCI EAFE NR Index, while percentage of assets in International stocks is defined by the percentage of total equity fund assets in the International equity funds category as defined by Morningstar. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Pandemic Played Havoc with Prices



Price change in 2020 versus 2021
Selected inflation components in 2020



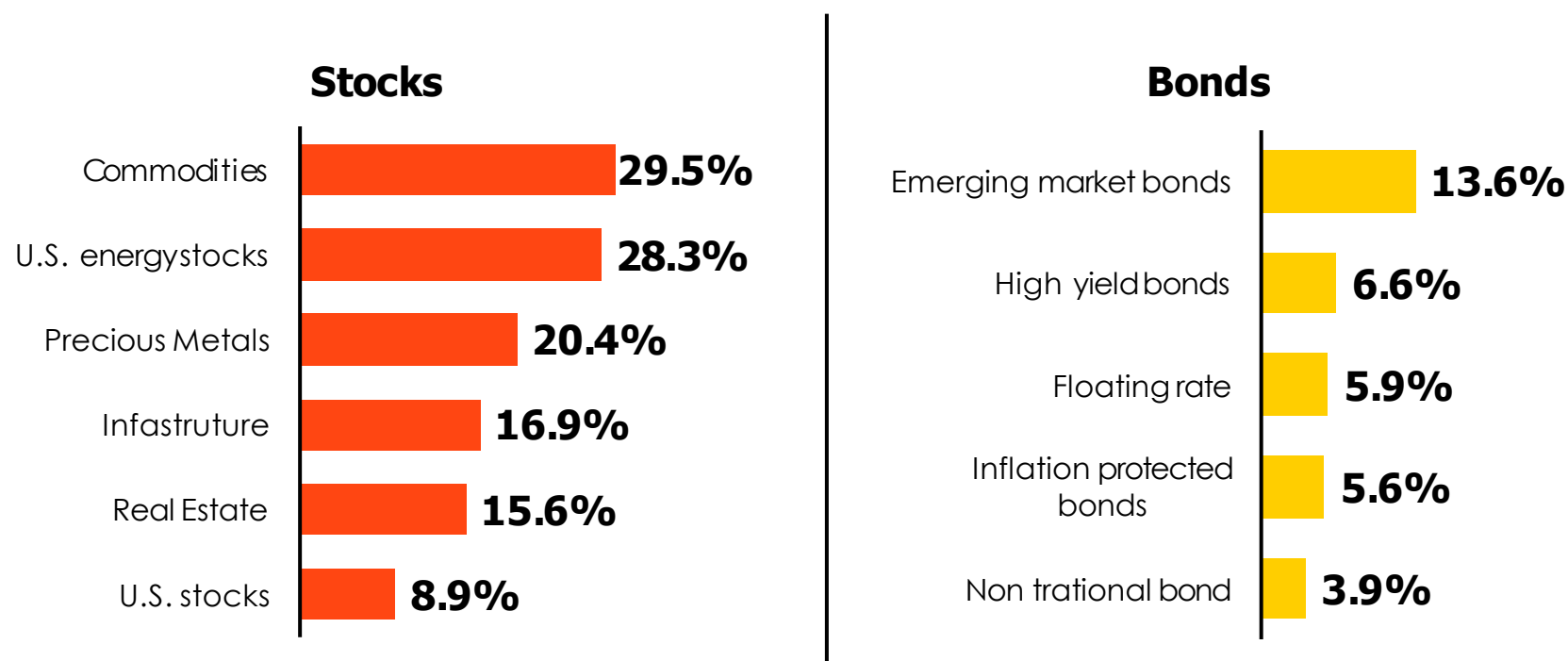
Source: Bureau of Labor Statistics, as of 6/30/21. Percentages for selected goods calculated off or YOY changes in price levels. Past performance does not guarantee or indicate future results.

Asset Class Performance with Higher Inflation



Performance of various asset classes when inflation has been above average

(Since 1990, calendar years when inflation has been above 3%)



Source: Morningstar as of 6/30/21. Commodities are represented by the S&PGSCI TR Index, Bank loans by the S&P/LSTA Leveraged Loan TR Index, Ultrashort bonds by the Morningstar US Fund Ultrashort Bond category, High yield bonds by the BBgBarc US Corporate High Yield TR Index, Nontraditional bonds by the Morningstar US Fund Nontraditional bond category, Inflation-protected bonds by the Morningstar US Fund Inflation-protected bond category, Real Estate by the Morningstar US Fund Real Estate category, International stocks by the MSCI EAFENR Index, U.S. stocks by the S&P 500 Index, U.S. bonds by the BBgBarc USAgg Bond TR Index, and Long U.S. bonds by the BBgBarc US Treasury 20+ Yr TR Index. Past performance does not guarantee or indicate future results. 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 Markets



Returns as of 7/31/21	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
S&P 500 TR USD	36.45	17.35	15.35
BBgBarc US Agg Bond TR USD	-0.70	3.13	3.35
BBgBarc US Corporate High Yield TR USD	10.62	6.99	6.58
IASBBI US IT Govt TR USD	-2.18	2.42	2.52
IASBBI US Large Stock TR USD Ext	36.45	17.35	15.35
MSCI EAFE NR USD	30.31	9.35	6.14
S&P GSCI TR USD	54.00	4.12	-6.56
S&P/LSTA Leveraged Loan TR	9.49	4.69	4.37
US BLS CPI All Urban NSA 1982-1984	5.39	2.43	1.87
US Fund Emerging Markets Bond	5.86	4.39	4.12
US Fund Equity Energy	53.73	-6.66	-7.48
US Fund Equity Precious Metals	-2.82	3.49	-4.66
US Fund Inflation-Protected Bond	7.13	4.22	2.69
US Fund Infrastructure	21.26	6.98	8.15
US Fund Nontraditional Bond	5.87	3.50	2.75
US Fund Real Estate	36.58	6.99	9.42
US Fund Ultrashort Bond	0.78	1.63	1.19

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. ©2020 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by a financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index. Investing involves risks, including possible loss of principal. This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change.

BlackRock's Long-Term Capital Market Assumption Disclosures: This information is not intended as a recommendation to invest in any particular asset class or strategy or product or as a promise of future performance. Note that these asset class assumptions are passive, and do not consider the impact of active management. All estimates in this document are in US dollar terms unless noted otherwise. Given the complex risk-reward trade-offs involved, we advise clients to rely on their own judgment as well as quantitative optimization approaches in setting strategic allocations to all the asset classes and strategies. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. If the reader chooses to rely on the information, it is at its own risk. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal, or tax advice. The outputs of the assumptions are provided for illustration purposes only and are subject to significant limitations. "Expected" return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market, and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns. Asset allocation/diversification does not guarantee investment returns and does not eliminate the risk of loss.

Student of the Market: August 2021



Index Disclosures: Index returns are for illustrative purposes only and do not represent any actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.

General Disclosure: This material is prepared by BlackRock and 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 the date shown above and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by BlackRock, its officers, employees or agents. This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. 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. This material is intended for information purposes only and does not constitute investment advice or an offer or solicitation to purchase or sell in any securities, BlackRock funds or any investment strategy nor shall any securities be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. Investment involves risks.

© 2021 BlackRock, Inc. **BlackRock** is a trademark of BlackRock, Inc. All other trademarks are the property of their respective owners.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Prepared by BlackRock Investments, LLC. Member FINRA.

DISCLOSURE



Advisory services offered through Veracity Capital, LLC, a registered investment advisor. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial advisor and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

This performance report provides information regarding the accounts managed by Veracity Capital, LLC, in accordance with your investment objectives. You should communicate any changes to your current investment objectives or financial condition to Veracity Capital, LLC.

Past performance is not indicative of future performance. Principal value and investment return will fluctuate. No guarantees or assurances that the target returns will be achieved, or objectives will be met are implied. Future returns may differ significantly from past returns due to many different factors. Investments involve risk and the possibility of loss of principal. The values and performance numbers represented in this report do not reflect management fees. The values used in this report were obtained from sources believed to be reliable. Veracity Capital, LLC, calculated performance numbers using data provided. Please consult your custodial statements for an official record of value.

This information may be taken, in part, from external sources. We believe these external sources to be reliable, but no warranty is made as to accuracy. This material is not financial advice or an offer to sell any product. There is no guarantee of the future performance of any Veracity Capital, LLC, portfolio. The investment strategies discussed may not be suitable for all investors. Before investing, consider your investment objectives and Veracity Capital, LLC, charges and expenses. All investment strategies have the potential for profit or loss.

Benchmarks: The index / indices used by Veracity Capital, LLC, have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed for informational purposes. Detailed information regarding the indices is available upon request. The volatility of the indices may be materially different than that of the portfolio.

Veracity Capital, LLC, is a registered investment advisor. Registration does not imply a certain level of skill or training. More information about Veracity Capital, LLC, including its advisory services and fee schedule, can be found in Form ADV Part 2 which is available upon request.