

# Strategies for Recoveries: After a Bounce

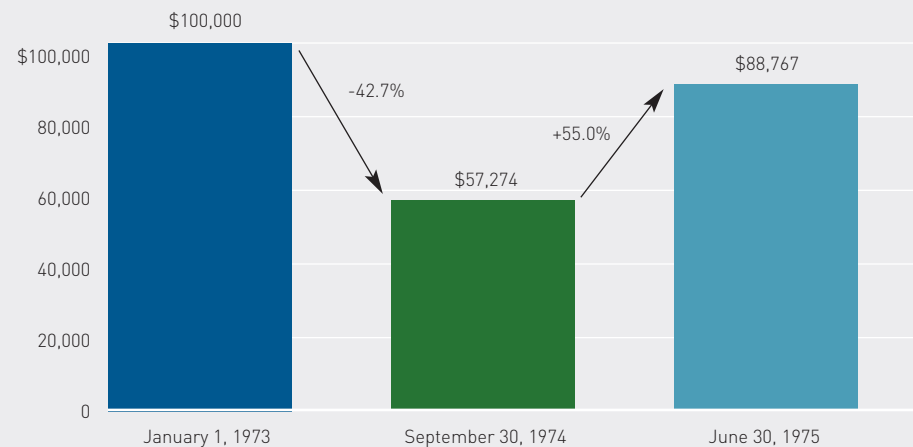


Between September 2008 and March 2009, the S&P 500 Index fell 51% before bouncing back more than 50%. This is not the first time the stock market has performed this way. In the 2½ years following 1972, it declined 43% before rebounding 55%.

Historically, investing additional money following a market bounce, whether through a lump-sum investment, systematic investment plan or tactical investment plan, was superior to taking no action.

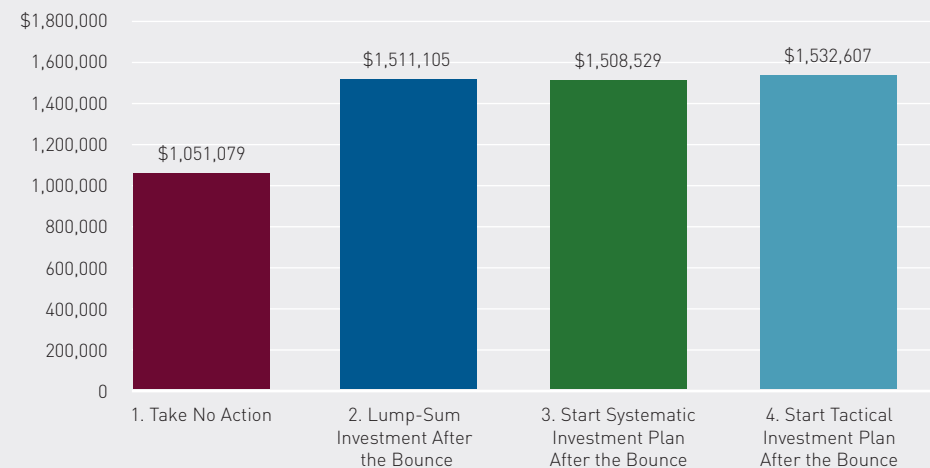
## The Effect of the 1970s Decline and Bounce on a Stock Portfolio

Portfolio Value of a \$100,000 Initial Investment.



## The Market Has Historically Rewarded Those Who Take Action

Hypothetical Illustration of Investment Strategies Over 15 Years Following a Market Bounce (Post-Bounce Starting Value of \$88,767 Plus Additional Investment of \$120,000) — June 30, 1975 – June 30, 1990. See investment strategy descriptions below.



## Investment Strategies Illustrated Above in “The Market Has Historically Rewarded Those Who Take Action”

1. Take No Action reflects maintaining \$88,767 in stocks and leaving \$120,000 in cash.
2. Lump-Sum Investment After the Bounce reflects adding \$120,000 to the stock portfolio on June 30, 1975.
3. Start Systematic Investment Plan After the Bounce reflects adding \$10,000 to the stock portfolio per month for 12 months starting June 30, 1975.
4. Start Tactical Investment Plan After the Bounce reflects adding \$20,000 to the stock portfolio per month following the first six monthly declines starting June 30, 1975.

Sources: BlackRock, PSN Enterprise. Stocks are represented by the S&P 500 Index, an unmanaged index that consists of the common stocks of 500 large-capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange. Cash is represented by the 90 Day Treasury Bill. Past performance is not a guarantee of future results. It is not possible to invest in an index.

Systematic investing does not assure a profit and does not protect against loss in declining markets. Dollar-cost averaging involves continuous investing so investors should consider their ability to make periodic payments in all market environments.

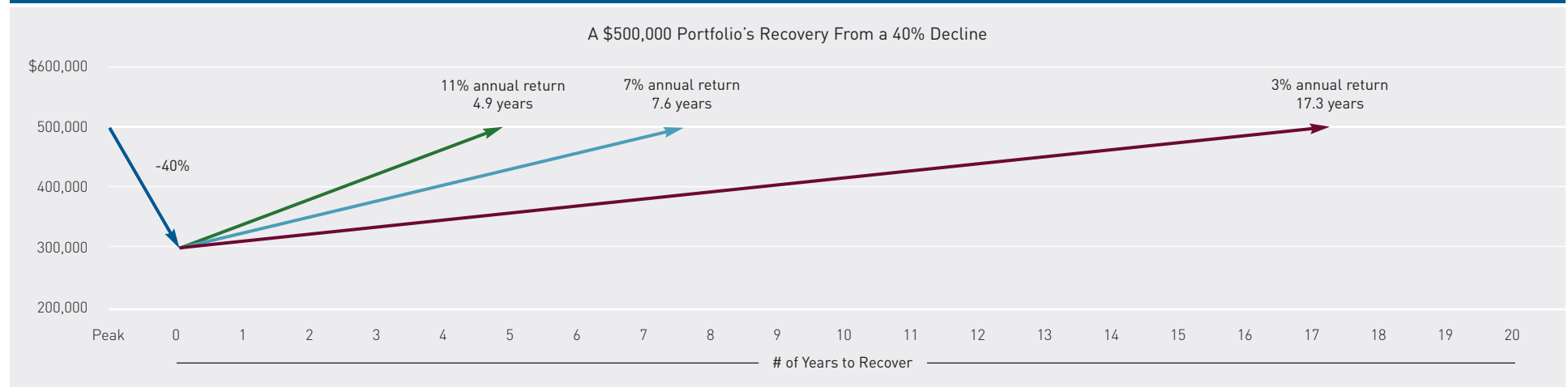
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# Strategies for Recoveries: Recouping Takes Time



The amount of time it takes your portfolio to recover from a downturn is directly related to the returns you can achieve. Investments with lower risk also have less potential for high returns. Investing only in lower-risk assets may delay your portfolio's recovery, while investing in equities may allow your portfolio to recover more quickly.

## Recovery Takes More Time With Lower Returns



Portfolio is down:	Total return needed to break even:	Years to break even assuming a constant annual return of:					
		3%	5%	7%	9%	11%	13%
10%	11%	3.6	2.2	1.6	1.2	1.0	0.9
20%	25%	7.5	4.6	3.3	2.6	2.1	1.8
30%	43%	12.1	7.3	5.3	4.1	3.4	2.9
40%	67%	17.3	10.5	7.6	5.9	4.9	4.2
50%	100%	23.4	14.2	10.2	8.0	6.6	5.7
60%	150%	31.0	18.8	13.5	10.6	8.8	7.5

Source: BlackRock. Investing involves risks. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions.

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