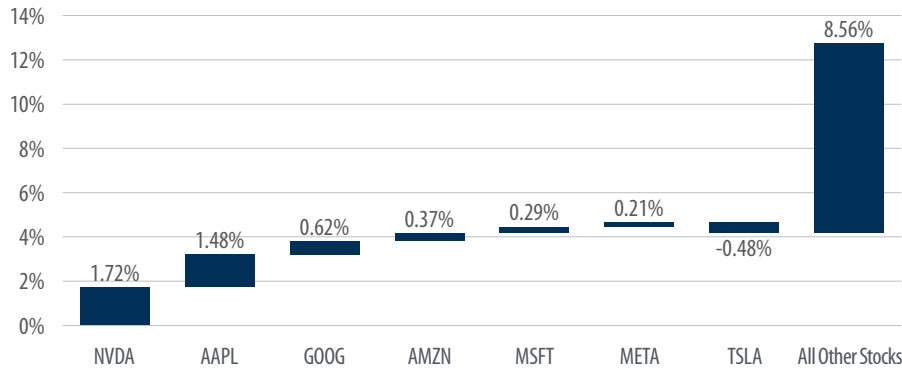


S&P 500 Index Through Q3 2026

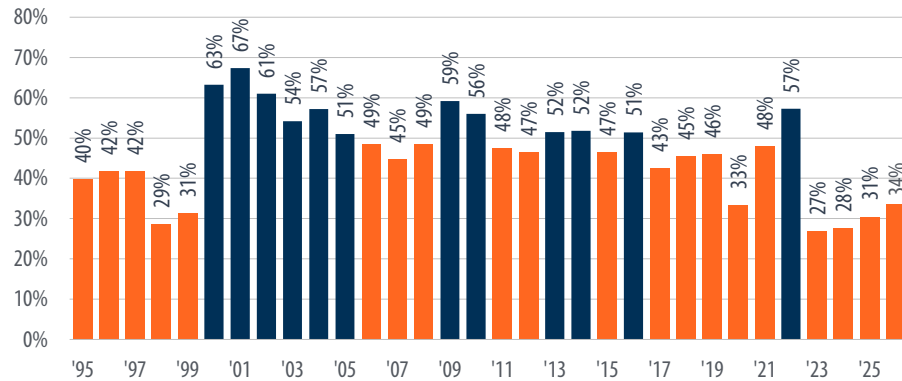
This week's edition of "Three on Thursday" focuses on the S&P 500 Index's (the "Index") performance over the first three quarters of 2026. As a widely respected barometer for the overall stock market, the Index tracks the performance of 500 of the largest companies listed on U.S. stock exchanges. The Index uses a market-cap-weighting approach, giving a higher percentage allocation to companies with larger market capitalizations, adjusted for the number of publicly traded shares. In the third quarter, the Index achieved a total return of 2.3%, bringing the year-to-date gains up to 12.7%. So far this year through Q3, the Index has hit all-time highs 27 times, with a maximum drawdown (peak to trough) of 9.1%. Below are three charts that provide a deeper insight into what has shaped the market over the first three quarters.

S&P 500 Index YTD Attribution Through Q3 2026 (Percentage Points)



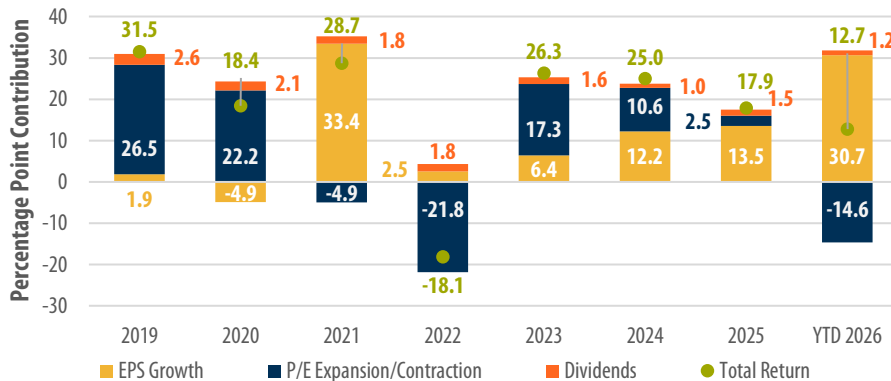
Source: Capital IQ, First Trust Advisors. Data from 12/31/25 – 9/30/26.

Percentage of S&P 500 Index Members Outperforming the Index Through Q3 2026



Source: Capital IQ, First Trust Advisors. Data from 12/30/95 – 9/30/26.

The S&P 500 Index Total Return Drivers Through Q3 2026



Source: Bloomberg, First Trust Advisors. Annual data from 2019-2025. Data for 2026 is year-to-date through 9/30/26. Return drivers may not sum exactly to total return because earnings growth and multiple expansion compound rather than add.

This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

The "Magnificent 7" companies – Apple, NVIDIA, Microsoft, Amazon, Tesla, Alphabet, and Meta – which currently hold a combined 33.4% weighting in the Index, accounted for 32.9% of the Index's 12.7% total return over the first three quarters of 2026. NVIDIA and Apple stood out in the group, both seeing their prices increase by almost 23%, and both leading the group in contribution. Not all of the Magnificent 7 are still the largest seven companies in the Index. Broadcom Inc. is now larger than Tesla taking the seventh slot. If Broadcom Inc. replaced Tesla in the Magnificent 7, the new group's contribution to the overall market return for the first three quarters of 2026 increases to 37.6%.

In 2023, just 26.9% of stocks outperformed the Index, the narrowest market since at least 1995. That pattern persisted in 2024 and 2025, with only 27.7% and 30.5% of stocks beating the Index, among the most concentrated stretches in nearly three decades. Such narrow leadership hasn't been seen since the late 1990s and that period was followed by a meaningful broadening in market participation. Is that shift happening? It looks still too early to tell, but over the first three quarters of 2026, there has been an ever so slight broadening to 33.6% of stocks outperforming the Index.

Total return for the Index can be broken into three parts: earnings per share (EPS) growth, change in the price-to-earnings (P/E) multiple, and dividends. Year-to-date, EPS growth of 30.7% has more than accounted for the Index's total return, while a lower P/E multiple subtracted from it. If this holds through year-end, 2026 will be the third consecutive year in which EPS growth was the largest contributor. Because the multiple fell, prices have risen less than earnings, leaving valuations less stretched than at the start of the year.

Past performance is no guarantee of future results. Index data is for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. These returns were the result of certain market factors and events which may not be repeated in the future. References to specific securities should not be construed as a recommendation to buy or sell and should not be assumed profitable.