



# CLIENT RESOURCE KIT

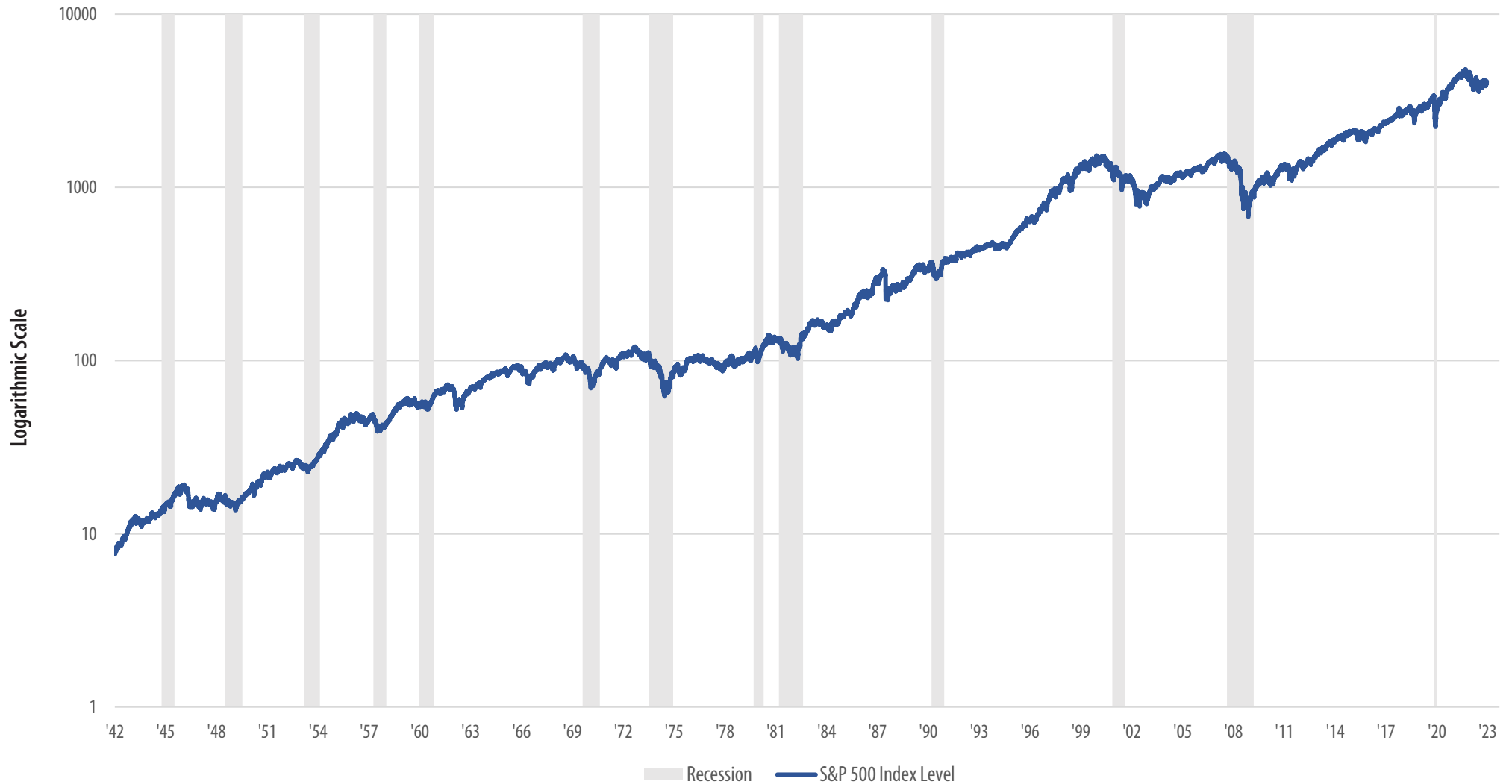
## RECESSIONS

 First Trust

# S&P 500 Index Levels and Recessions

Since 1942

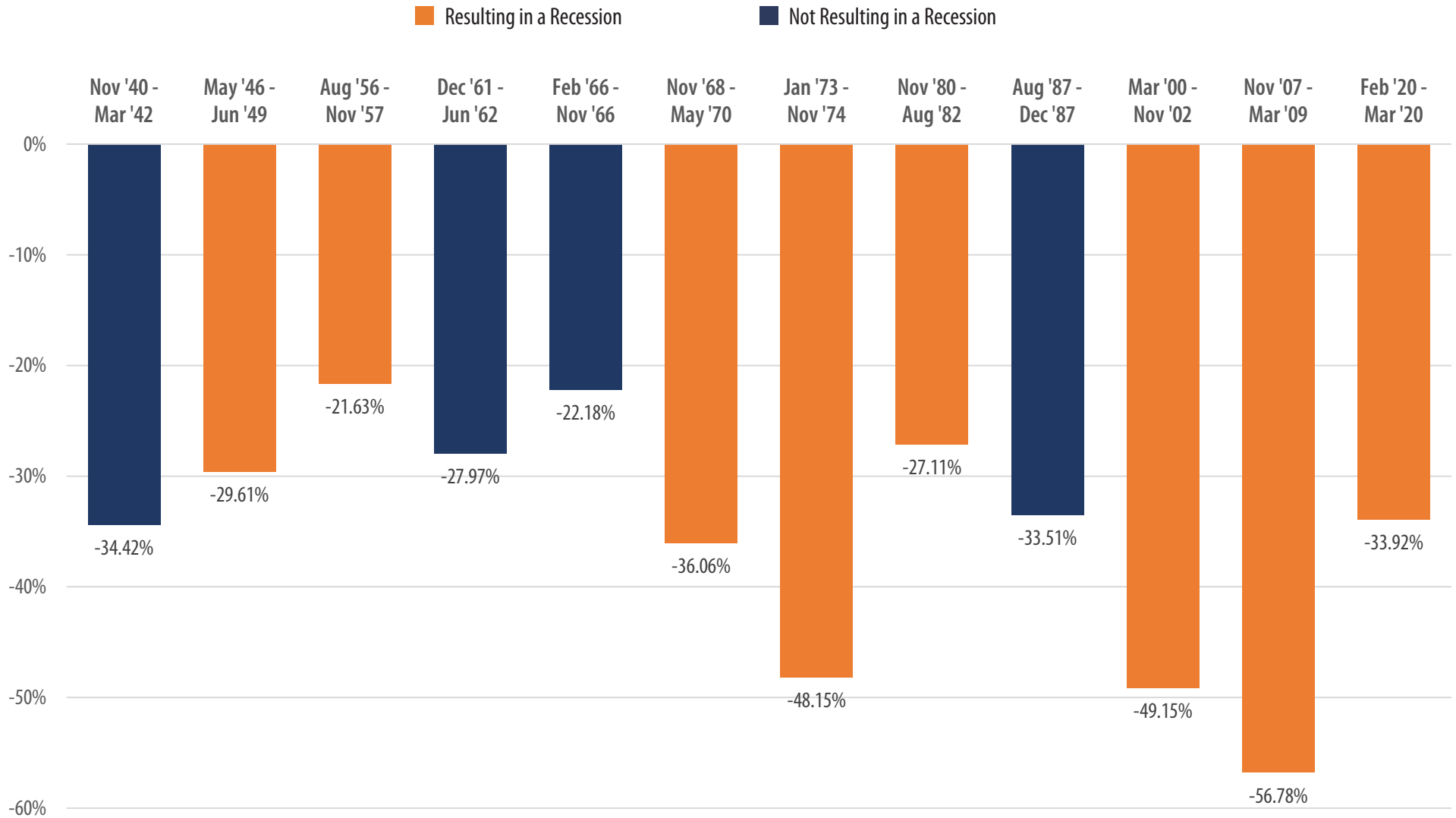
## S&P 500 INDEX LEVELS AND RECESSIONS



Source: First Trust Advisors L.P., Bloomberg. Daily returns from 4/29/1942 - 3/31/2023. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

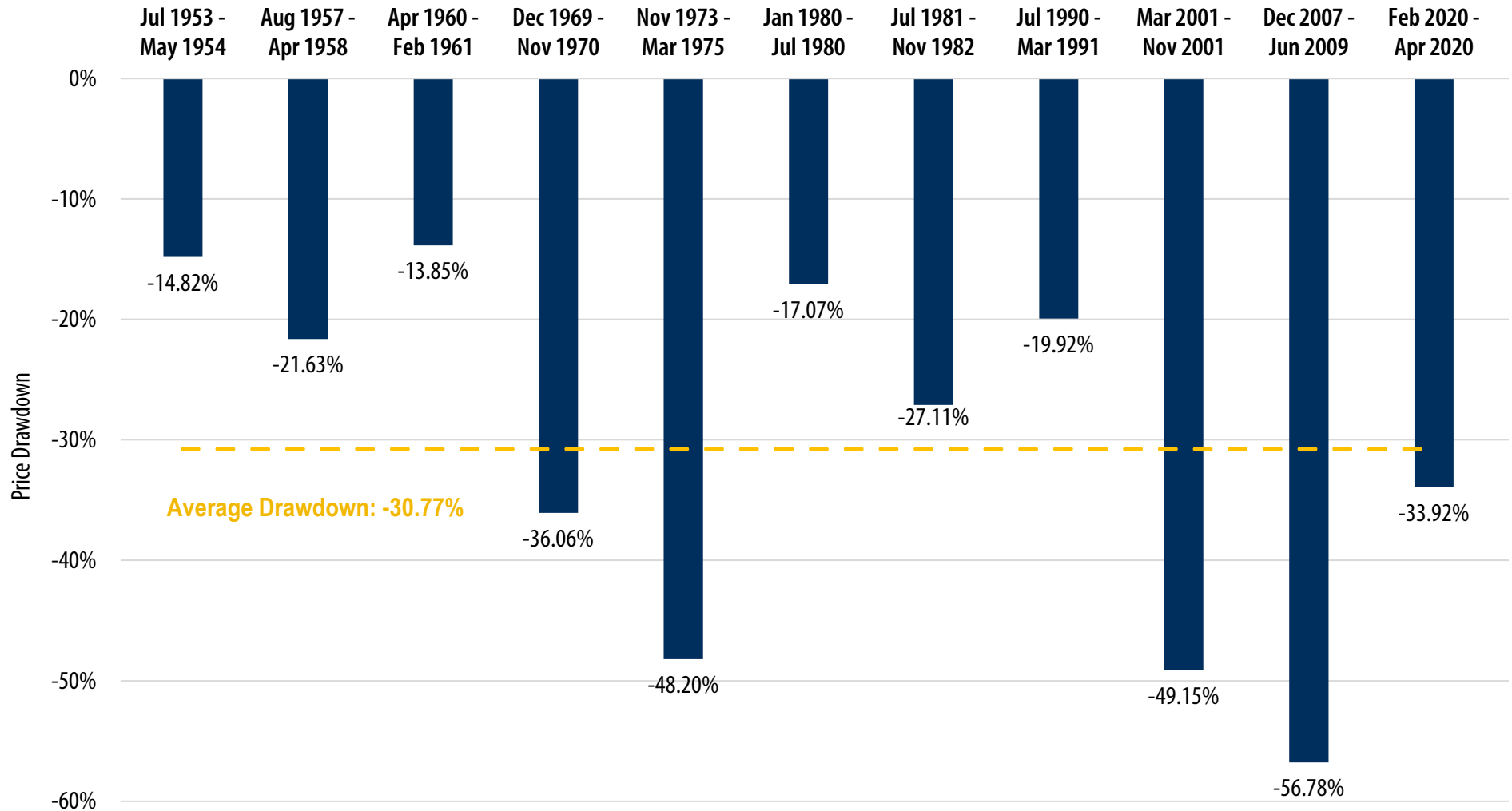
# Which Bear Markets Resulted in Recessions?



Source: Bloomberg. Data as of 3/31/2023. **Past performance is no guarantee of future results.** This chart is for illustrative purposes and does not represent any actual investment. A bear market was defined as a 20% drawdown in the S&P 500 Index. The S&P 500 Index is an index of 500 companies used to measure large-cap U.S. stock market performance. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indices are unmanaged and investors cannot invest directly in an index. *The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.*

# % Drawdown In The S&P 500 Index During Past Recessions

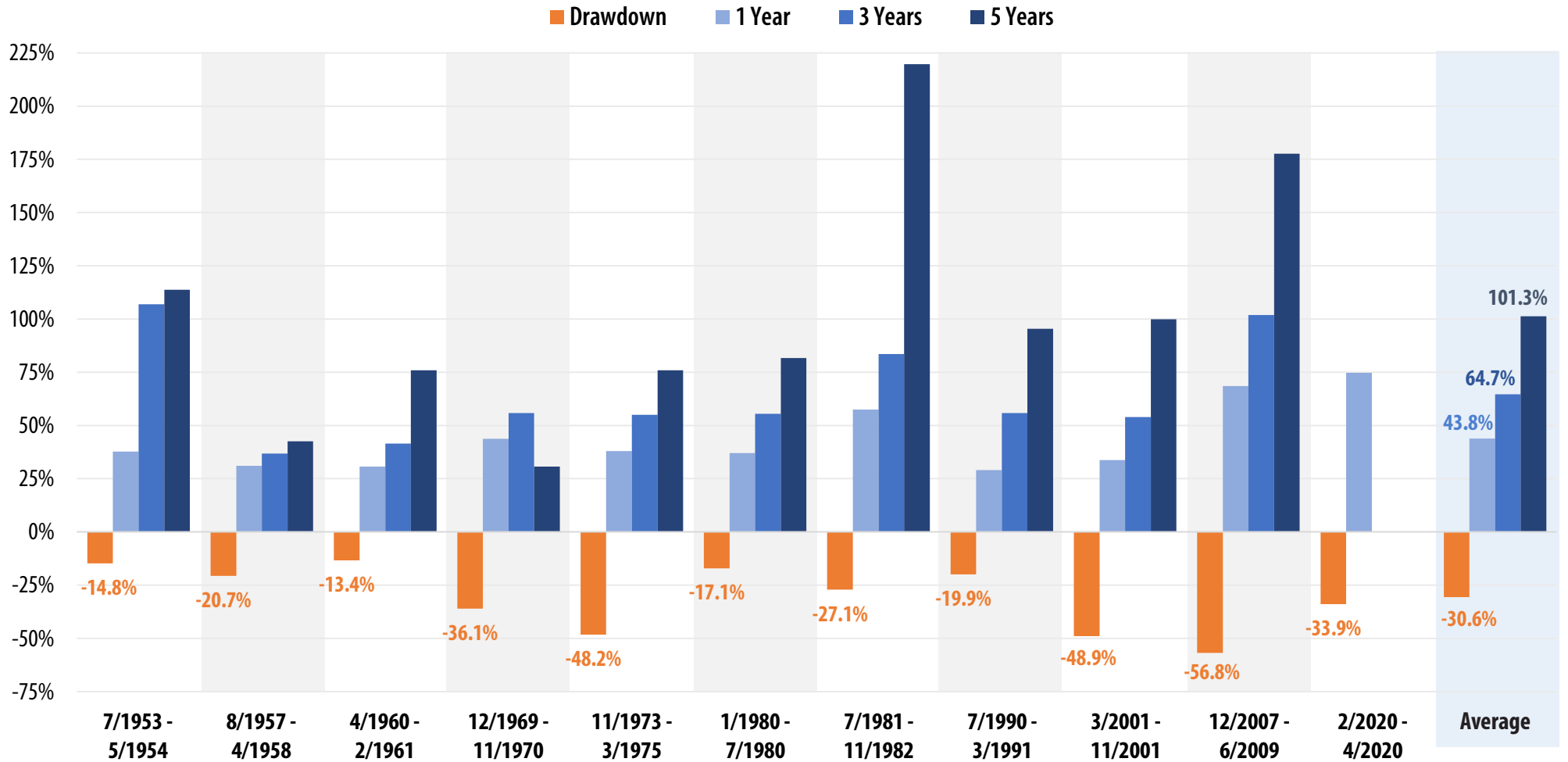
## RECESSIONARY PERIOD



Source: Bloomberg. Data is shown monthly from 1/5/1953 – 3/31/2023. For illustrative purposes only and not indicative of any investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. **Past performance is not a guarantee of future results.** An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indices are unmanaged and investors cannot invest directly in an index. The USRINDEX measures whether the U.S. economy is in a recession for a given month and was used to determine the recessionary periods.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

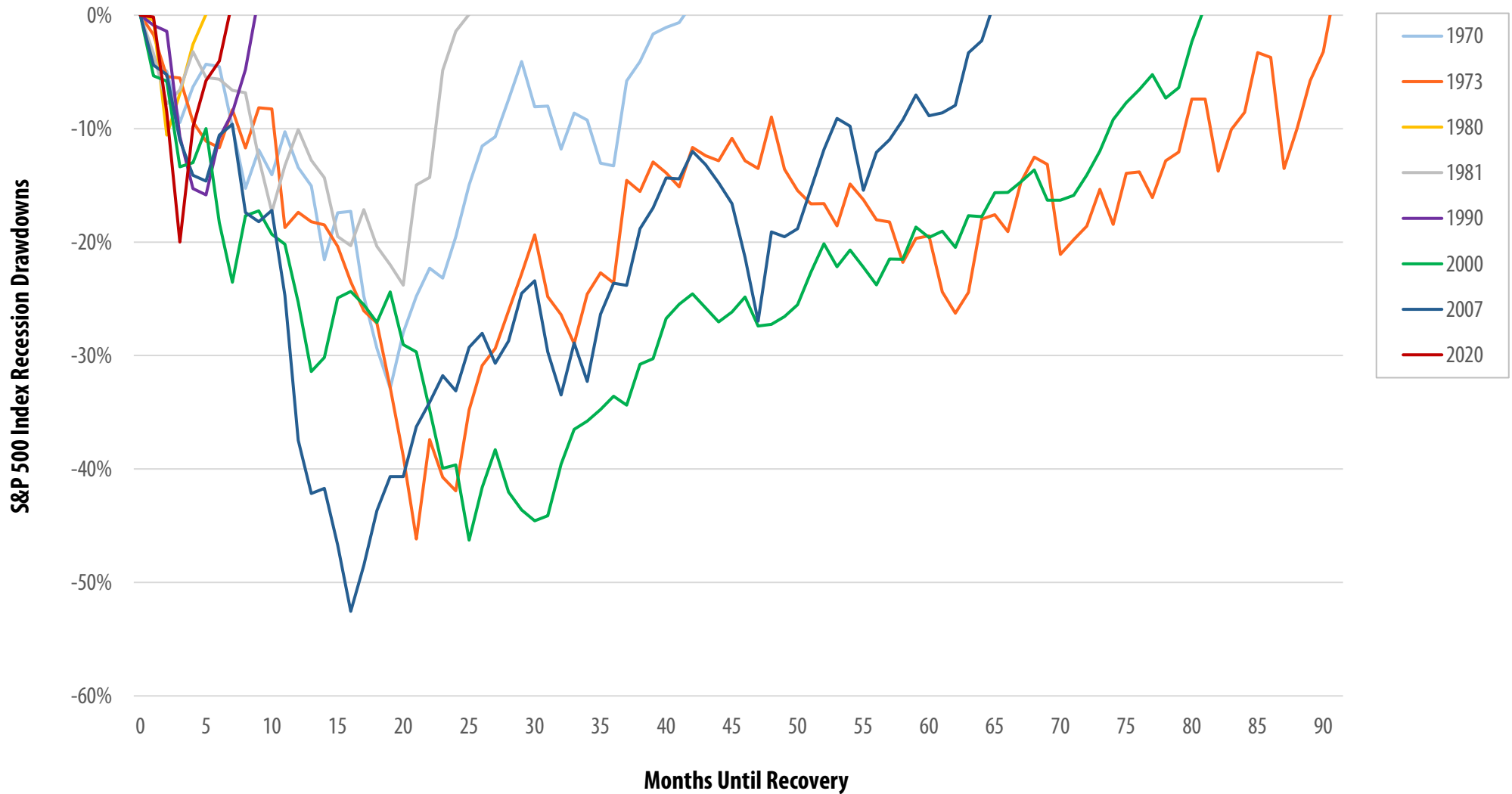
## S&P 500 INDEX: RECESSION DRAWDOWNS AND PRICE RETURNS FOR SUBSEQUENT YEARS



Source: Bloomberg and National Bureau of Economic Research. Data as of 3/31/2023. Returns are price returns. The subsequent returns are calculated from the recession trough date. **Past performance is no guarantee of future results.** This chart is for illustrative purposes and does not represent any actual investment. The S&P 500 Index is an index of 500 companies used to measure large-cap U.S. stock market performance. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indices are unmanaged and investors cannot invest directly in an index. The USRINDEX measures whether the U.S. economy is in a recession for a given month and was used to determine the recessionary periods.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

# S&P 500 Index Recession Drawdowns And Months Until Recovery



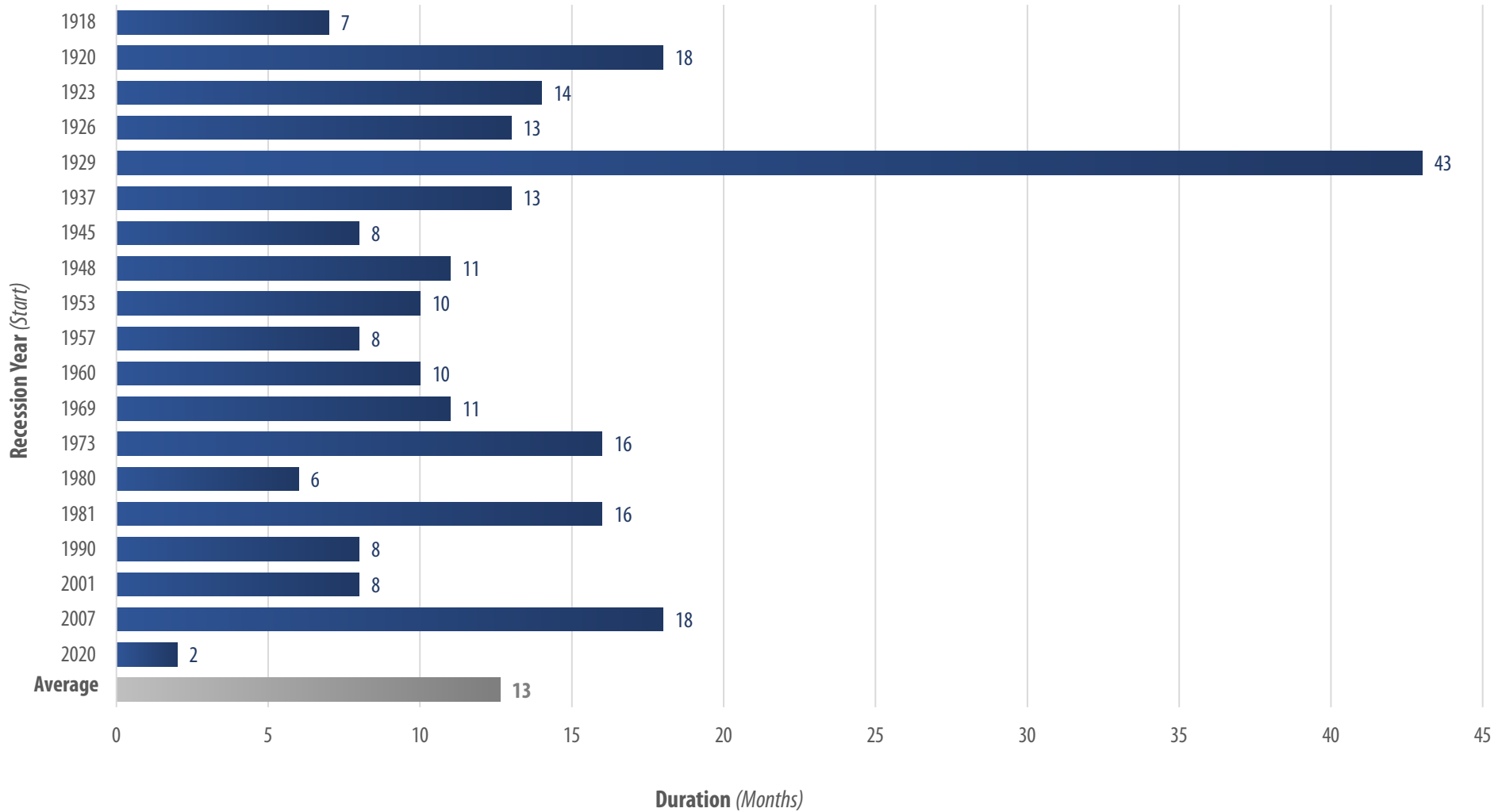
Source: Bloomberg, National Bureau of Economic Research. Data as of 3/31/2023. Drawdowns are based on the S&P 500's peak after the prior recession until the index retraces back to that peak. Returns are based on monthly S&P 500 Index price data. Recessions are based on classifications by the National Bureau of Economic Research. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. **Past performance is no guarantee of future results.**

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

# Historical Recession Length

Since 1918

## U.S. ECONOMY RECESSION LENGTH SINCE 1918

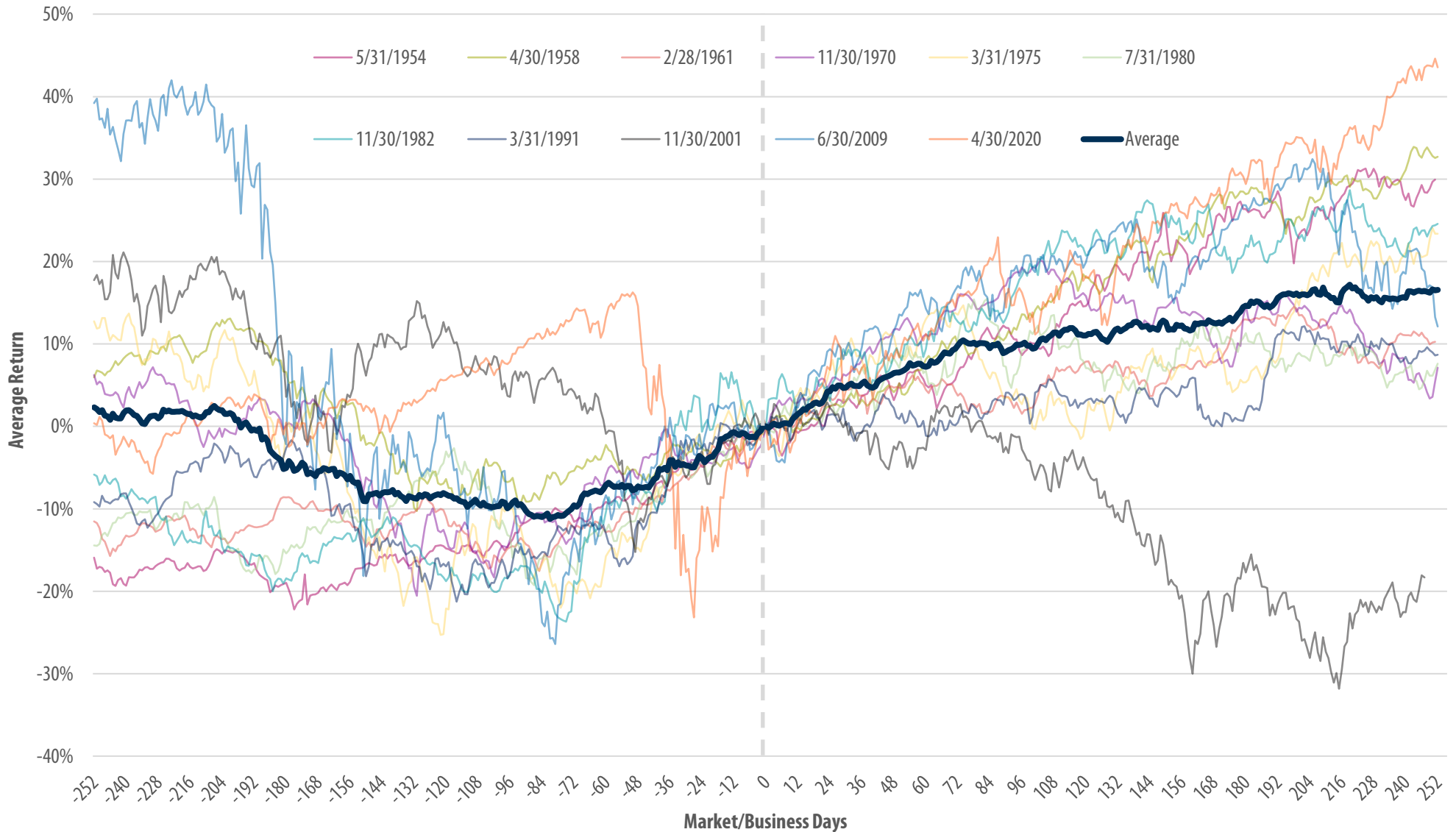


Source: NBER (National Bureau of Economic Research). The historical data in this chart is for illustrative purposes only and is not intended to imply or predict future outcomes.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

# Average Returns 1 Year Before and After Recessions

S&P 500 Index - Since 1953



Source: Bloomberg. Indexed to recession's end. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. These returns were the result of certain market factors and events which may not be repeated in the future. Returns are total returns. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.



# Recessions: Before and After

S&P 500 Index

Recession Start	Recession End	Before		After			
		6 Months	During Recession	1 Year	3 Years	5 Years	10 Years
11/30/1948	10/31/1949	-8.99%	19.01%	35.06%	92.80%	177.83%	510.36%
7/31/1953	5/31/1954	-3.53%	22.94%	36.07%	83.74%	145.16%	295.53%
8/31/1957	4/30/1958	6.52%	-0.94%	37.23%	66.38%	89.85%	211.22%
4/30/1960	2/28/1961	-3.83%	19.74%	13.64%	35.15%	68.41%	112.23%
12/31/1969	11/30/1970	-4.14%	-1.92%	11.25%	20.58%	25.10%	146.56%
11/30/1973	3/31/1975	-7.63%	-7.80%	28.33%	22.08%	55.64%	253.47%
1/31/1980	7/31/1980	12.99%	9.58%	13.00%	56.07%	100.53%	344.64%
7/31/1981	11/30/1982	3.59%	14.23%	25.57%	66.79%	102.96%	350.21%
7/31/1990	3/31/1991	10.12%	7.94%	11.00%	29.79%	98.08%	284.21%
3/31/2001	11/30/2001	-18.75%	-0.91%	-16.51%	8.42%	34.29%	33.17%
12/31/2007	6/30/2009	-1.29%	-35.01%	14.42%	57.66%	136.88%	293.77%
2/29/2020	4/30/2020	1.91%	-1.12%	45.96%	N/A	N/A	N/A
<b>Average</b>		-1.08%	3.81%	21.25%	49.04%	94.07%	257.76%
<b>Median</b>		-2.41%	3.52%	20.00%	56.07%	98.08%	284.21%

Source: Bloomberg. As of 3/31/2023. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Index returns shown are total returns.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

# Defensive Equity Returns Before, During, and Following a Recession

S&P 500, S&P 500 Consumer Staples, S&P 500 Health Care, and S&P 500 Utilities Indexes

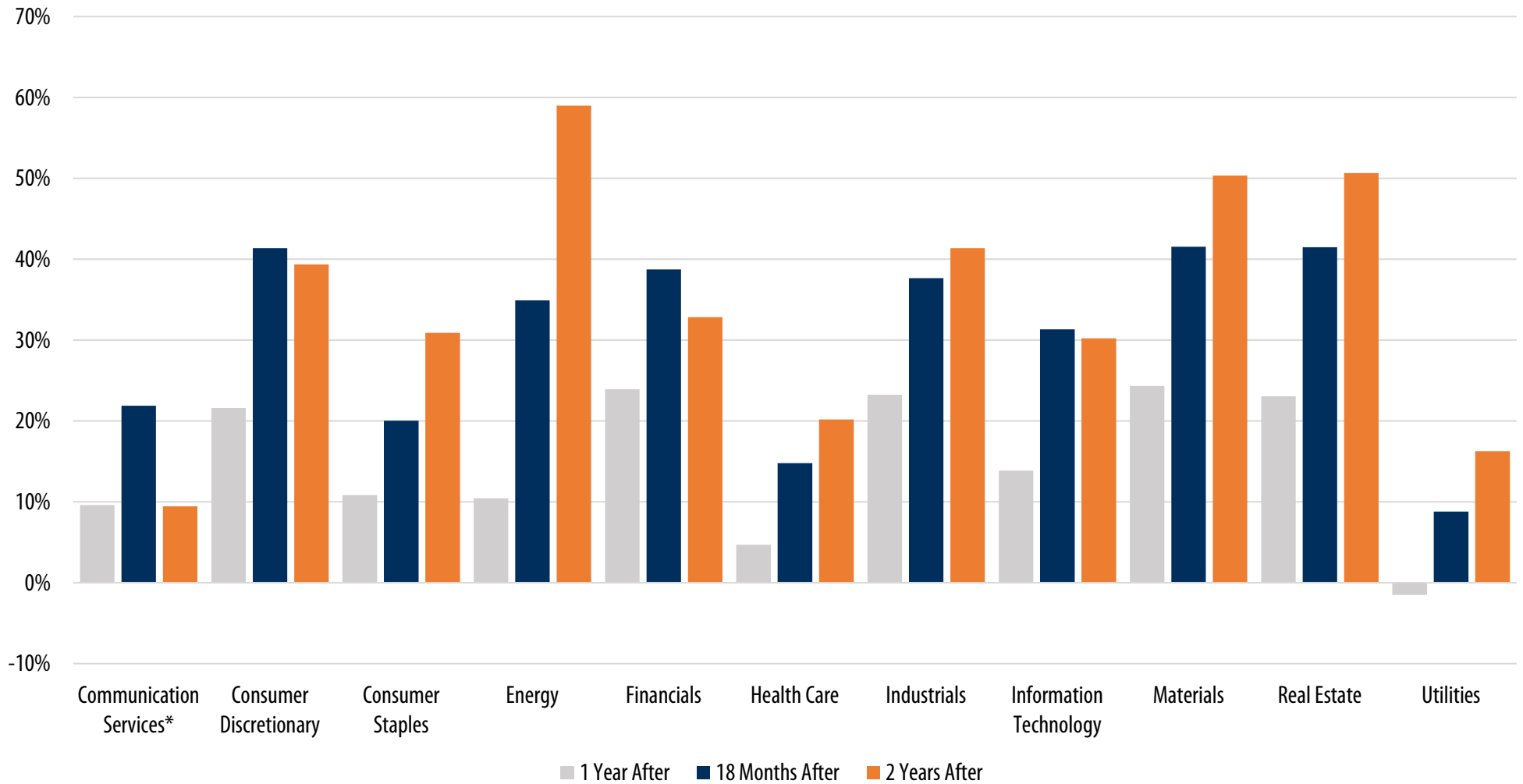
	Recession Start	Recession End	Before		After			
			6 Months	During Recession	1 Year	3 Years	5 Years	10 Years
<b>S&amp;P 500 Index</b>	7/31/1990	3/31/1991	10.12%	7.94%	11.00%	29.79%	98.08%	284.21%
	3/31/2001	11/30/2001	-18.75%	-0.91%	-16.51%	8.42%	34.29%	33.17%
	12/31/2007	6/30/2009	-1.29%	-35.01%	14.42%	57.66%	136.88%	293.76%
	2/29/2020	4/30/2020	1.91%	-1.12%	45.96%	N/A	N/A	N/A
	<b>Average</b>		-2.00%	-7.28%	13.72%	31.96%	89.75%	203.71%
	<b>Median</b>		0.31%	-1.02%	12.71%	29.79%	98.08%	284.21%
<b>S&amp;P 500 Consumer Staples Index</b>	7/31/1990	3/31/1991	22.98%	22.07%	15.36%	16.39%	93.15%	223.28%
	3/31/2001	11/30/2001	9.44%	3.02%	-3.98%	11.96%	34.62%	93.75%
	12/31/2007	6/30/2009	8.83%	-16.93%	13.69%	65.17%	123.56%	234.46%
	2/29/2020	4/30/2020	-2.92%	1.10%	22.79%	N/A	N/A	N/A
	<b>Average</b>		9.58%	2.32%	11.97%	31.17%	83.78%	183.83%
	<b>Median</b>		9.14%	2.06%	14.53%	16.39%	93.15%	223.28%
<b>S&amp;P 500 Health Care Index</b>	7/31/1990	3/31/1991	23.80%	20.43%	12.72%	-10.99%	85.92%	366.73%
	3/31/2001	11/30/2001	-5.33%	6.71%	-18.54%	-13.01%	4.00%	17.46%
	12/31/2007	6/30/2009	1.02%	-22.68%	8.99%	53.82%	155.63%	323.29%
	2/29/2020	4/30/2020	3.67%	8.35%	23.70%	N/A	N/A	N/A
	<b>Average</b>		5.79%	3.20%	6.72%	9.94%	81.85%	235.83%
	<b>Median</b>		2.35%	7.53%	10.86%	-10.99%	85.92%	323.29%
<b>S&amp;P 500 Utilities Index</b>	7/31/1990	3/31/1991	-0.19%	9.26%	9.68%	27.70%	65.05%	238.27%
	3/31/2001	11/30/2001	-3.28%	-27.06%	-30.97%	9.77%	57.48%	84.89%
	12/31/2007	6/30/2009	9.65%	-30.20%	5.73%	50.95%	95.93%	215.51%
	2/29/2020	4/30/2020	0.97%	-7.11%	20.70%	N/A	N/A	N/A
	<b>Average</b>		1.79%	-13.78%	1.29%	29.47%	72.82%	179.56%
	<b>Median</b>		0.39%	-17.09%	7.71%	27.70%	65.05%	215.51%

Source: Bloomberg. As of 3/31/2023. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The **S&P 500 Consumer Staples Index**, **S&P 500 Health Care Index** and **S&P 500 Utilities Index** are three of the 11 major S&P 500 Sector indices that are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. Index returns do not reflect any fees, expenses, or sales charges. Index returns shown are total returns.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

# Average Post-Recession Sector Index Total Returns

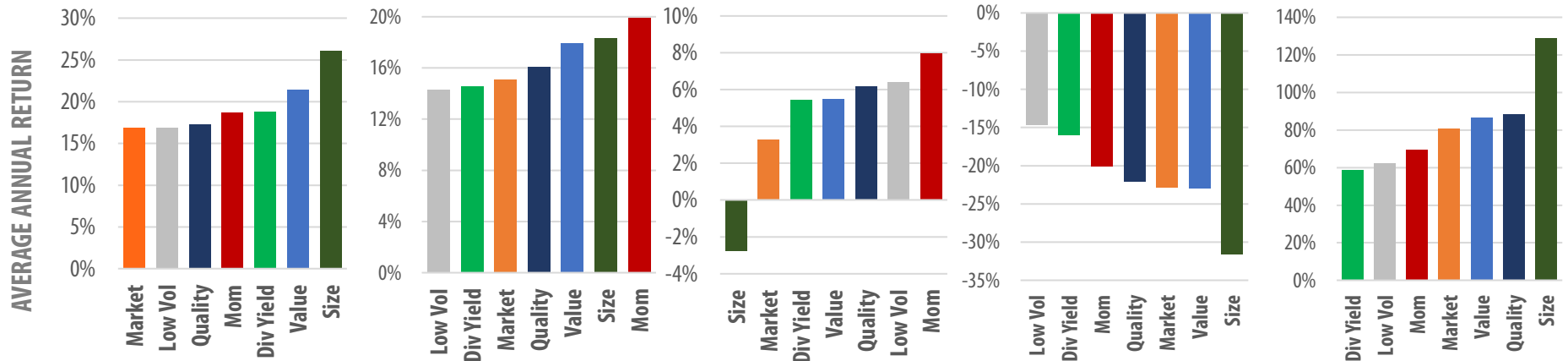
S&P 500 Index



Source: Bloomberg. Data from 11/30/2001 - 3/31/2023. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. The S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. 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.

\*As of 9/28/18, the Global Industry Classification Standard (GICS) was reconstituted, and the Telecommunications Services sector was renamed Communication Services. GICS sector information for periods prior to 9/28/18 may not necessarily be comparable to the reconstituted sectors. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

	Recovery	Expansion	Late Expansion	Early Recession	Late Recession
Economy	High Growth Off Bottom	Continued Stable Growth	Slowing Growth	Negative Growth	Negative Growth
Fed Policy	Accommodative	Neutral	Tightening	Accommodative	Accommodative
Sentiment	Risk-On	Risk-On	Switching from Risk-On to Risk-Off	Risk-Off	Risk-Off
Equities	High Equity Returns	High Equity Returns	Lower Equity Returns	Negative Returns	Highest Returns
Top Factors	Size and Value	Momentum and Value	Early: Momentum Late: Low Volatility and Quality	Low Volatility, Dividend Yield and Quality	Size and Quality



- **Market:** All NYSE, AMEX, and NASDAQ traded stocks
- **Quality:** Highest operating profitability
- **Size:** Lowest market capitalization
- **Value:** Lowest price-to-book
- **Momentum:** Highest 12-month price change lagged one month
- **Dividend Yield:** Highest dividend yield
- **Low Volatility:** Lowest trailing 60-day variance

As of 3/31/2023. **Past performance is no guarantee of future results.** This example is for illustrative purposes and does not represent any actual investment. We define economic cycles as follows: Recovery – 18 months following the end of a recession. Expansion – time between recovery and late-expansion. Late expansion – last 18 months before peak economic growth. Early recession – start of a recessionary period until 3 months before it ends. Late recession – last 3 months before the economy bottoms. Business cycle dates were sourced from the National Bureau of Economic Research. Data source for performance: Kenneth R. French data library using the CRSP database, July 1963 through May 2022 (for the purposes of this analysis we ended expansion 18 months from the end of late recession). Universe includes all NYSE, AMEX & NASDAQ stocks. Top 30% of stocks by factor are selected. Stocks are then market cap weighted.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.