

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

TABLE OF CONTENTS

Alternative Investment Solutions ---- 3

Rising Correlation Between Stocks and Bonds ---- 4

Investment Innovation: Endowment Style Investing ---- 5

15-Year Annualized Risk and Return by Asset Class ---- 6

The Efficiency of Adding Alternatives ---- 7

Alternatives Have Historically Enhanced Risk/Return Metrics ---- 8

The Power of Low Volatility ---- 9

Manager Selection is Critical in Private Markets ---- 10

Introducing the Illiquidity Premium ---- 11

Private Equity vs. Public Equity ---- 12

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.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

ALTERNATIVE INVESTMENT SOLUTIONS

FTAIR
ALTERNATIVE INVESTMENT RESEARCH

Any Client — **Accreditation Spectrum** — Qualifications

Liquid Alternatives	Registered Alternatives	Private Asset Platform
Mutual Funds / ETFs	Interval Funds / Tender Offer Funds / Non-Traded REITS	Limited Partnerships / Co-Investments

More Liquid — **Liquidity Spectrum** — Less Liquid

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.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

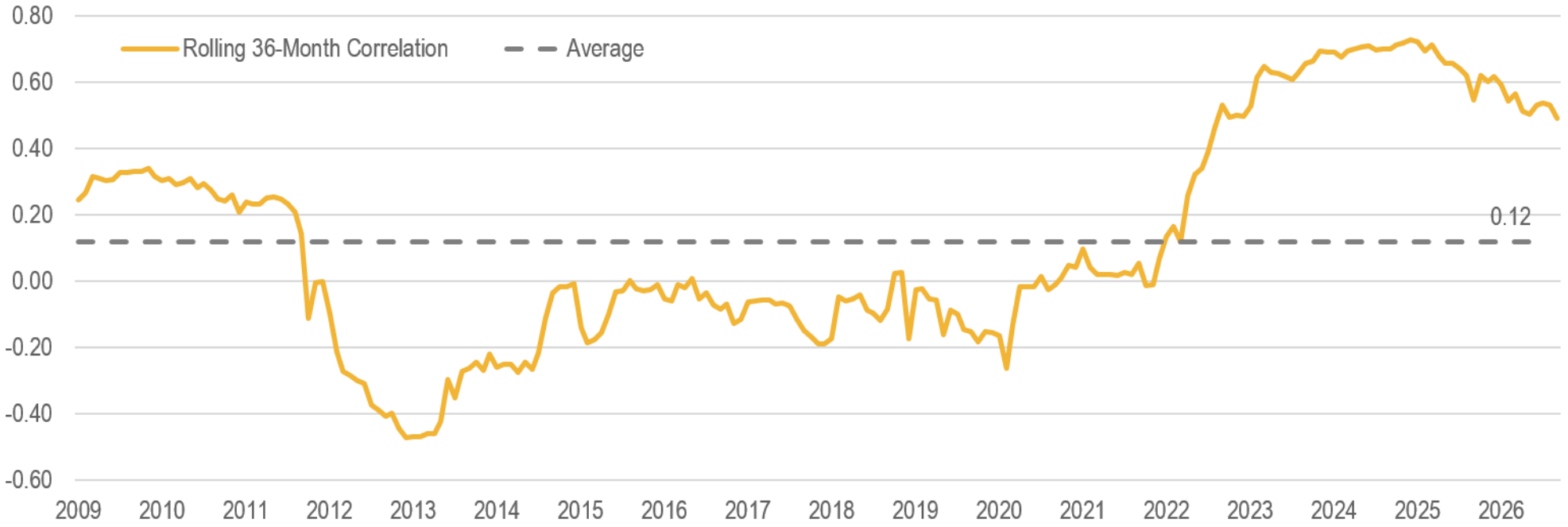
First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

RISING CORRELATION BETWEEN STOCKS AND BONDS

The correlation between stocks and bonds has been rising, with the 36-month correlation reaching 0.49 as of September 30, 2026. Within this environment, investors may want to consider alternative sources of diversification to seek attractive risk-adjusted returns.

Rolling 36-Month Correlation of Stock and Bond Returns



Past performance is not a guarantee of future results.

Source: Bloomberg. Data is from 1/30/2009 through 9/30/2026. Stocks represented by the S&P 500® Index; Bonds represented by the Bloomberg US Aggregate Bond Index. Diversification does not guarantee a profit or protect against loss.

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 Bloomberg U.S. Aggregate Bond Index measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS and CMBS. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Diversification does not guarantee a profit or protect against loss.

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.

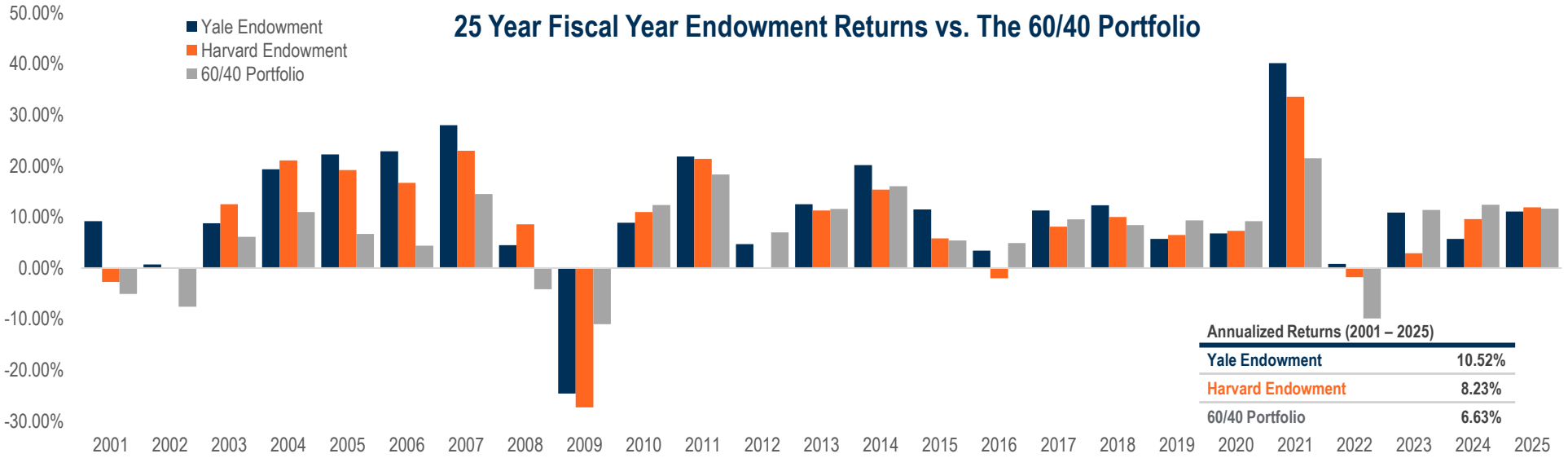
Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

INVESTMENT INNOVATION: ENDOWMENT STYLE INVESTING

Endowments look to alternatives as an option to diversify their portfolios, enhance returns, and generate income.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Yale Endowment	9.20%	0.70%	8.80%	19.40%	22.30%	22.90%	28.00%	4.50%	-24.60%	8.90%	21.90%	4.70%	12.50%	20.20%	11.50%	3.40%	11.30%	12.30%	5.70%	6.80%	40.20%	0.80%	10.90%	5.70%	11.10%
Harvard Endowment	-2.70%	-0.05%	12.50%	21.10%	19.20%	16.70%	23.00%	8.60%	-27.30%	11.00%	21.40%	-0.05%	11.30%	15.40%	5.80%	-2.00%	8.10%	10.00%	6.50%	7.30%	33.60%	-1.80%	2.90%	9.60%	11.90%
60/40 Portfolio	-5.09%	-7.60%	6.12%	10.96%	6.68%	4.39%	14.51%	-4.17%	-10.99%	12.36%	18.36%	7.00%	11.60%	16.04%	5.41%	4.88%	9.55%	8.45%	9.34%	9.21%	21.53%	-9.86%	11.38%	12.44%	11.67%

Source: Morningstar, The Harvard Crimson, Yale.Edu. Performance based on fiscal year ending June 30th (latest data available). **Past performance is not a guarantee of future results**.

The Yale Endowment seeks to provide high risk-adjusted returns to support current and future needs of the University. Yale's portfolio is structured with an overweight exposure to nontraditional assets due to their return potential and diversifying power. The Harvard Endowment is the largest academic endowment in the world dedicated as a source of support to continue to maintain the teaching and research mission within the University. The portfolio consists of over 14,000 individual funds and is heavily skewed toward alternative investments allocations. The 60/40 Portfolio refers to a portfolio invested in 60% stocks (S&P 500 Index) and 40% bonds (Bloomberg U.S. Aggregate Bond Index). Diversification does not guarantee a profit or protect against loss.

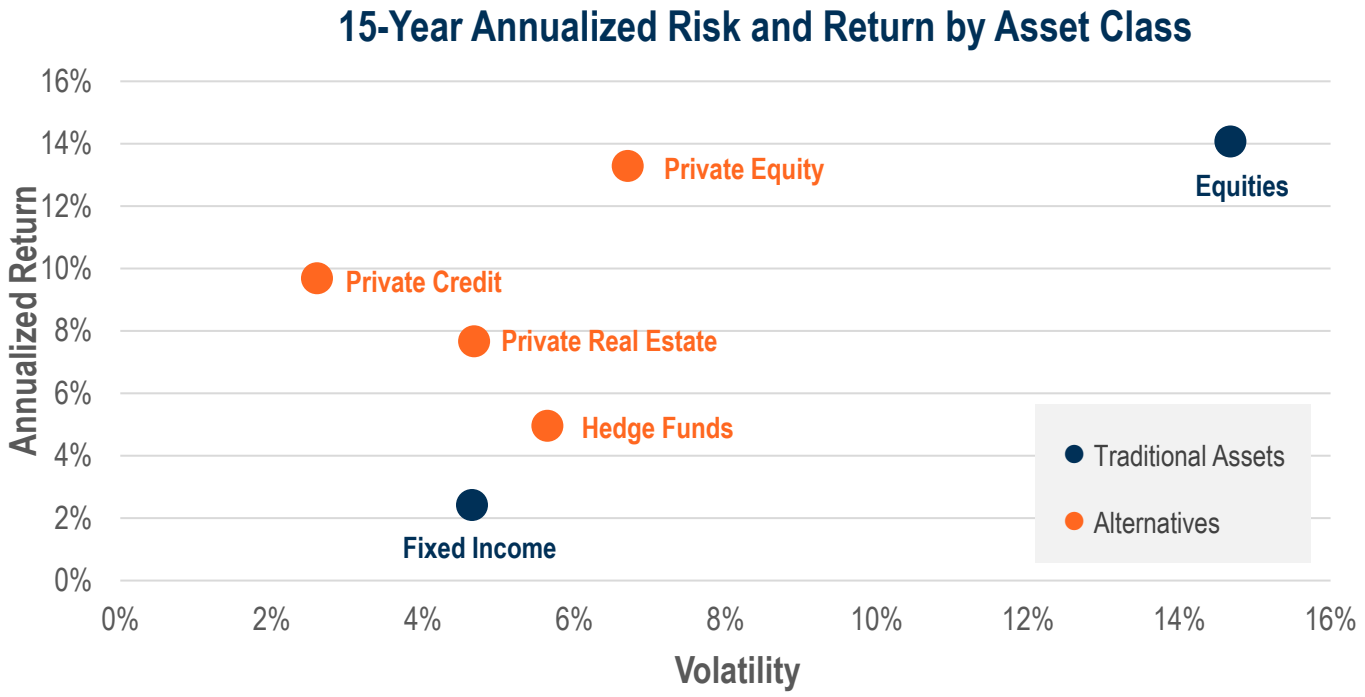
The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory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

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

15-YEAR ANNUALIZED RISK AND RETURN BY ASSET CLASS



Asset Class	Volatility	Annualized Return
Equities	14.68%	14.07%
Fixed Income	4.65%	2.42%
Private Equity	6.71%	13.29%
Private Real Estate	4.68%	7.67%
Hedge Funds	5.65%	4.97%
Private Credit	2.60%	9.69%

Source: Cliffwater, Evestment, Preqin. Based on quarterly returns from 3/31/2011-12/31/2025, most recent data available. Equities: S&P 500 Index, Fixed Income: Bloomberg U.S. Aggregate Bond Index, Private Real Estate: NCREIF Open-End Diversified Core Equity Fund Index (NFI-ODCE), Hedge Funds: HFN Aggregate Hedge Fund Index, Private Equity: Preqin Private Capital Quarterly Index, Private Credit: Cliffwater Direct Lending Index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The Bloomberg U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The NCREIF Open End Diversified Core Equity Fund Index is an equal-weighted index of the investment returns from a collection of open-end commingled funds which focus on core real estate investment strategy. The HFN Aggregate Hedge Fund Index is an equal weighted average of all single-manager hedge funds and CTA/managed futures products. The Preqin Private Capital Quarterly Index is an average of private capital portfolios, based on the actual amount of money invested in private capital. The Cliffwater Direct Lending Index is comprised of over 10,000 directly originated middle market loans, providing a benchmark for private debt. For illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. Indices do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Volatility is represented by Standard Deviation which is a measure of price variability (risk).

Past performance is not a 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.

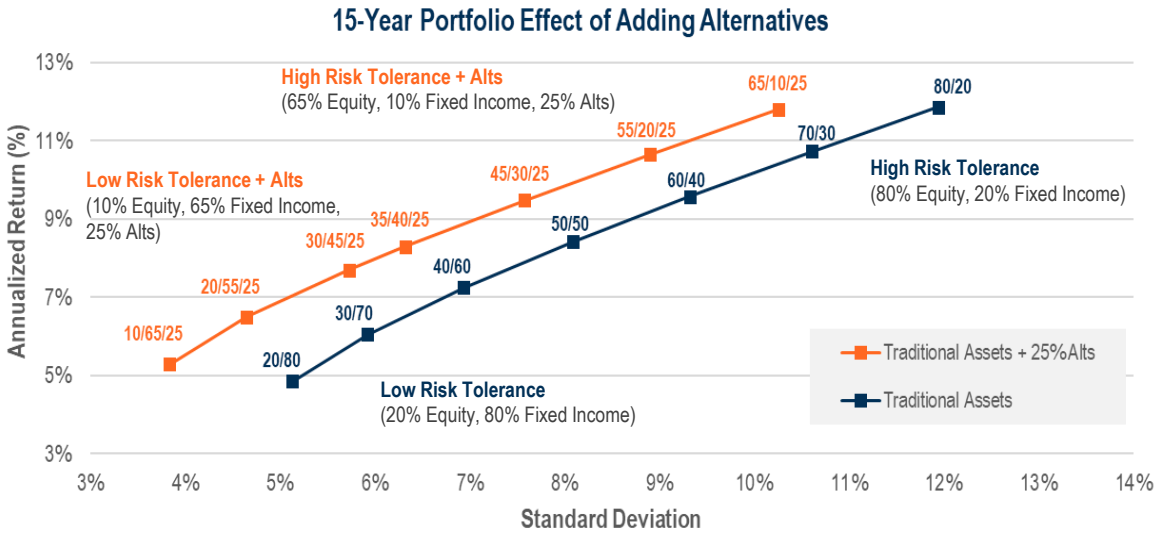
Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

THE EFFICIENCY OF ADDING ALTERNATIVES

When paired with traditional asset classes, alternative investments may add value to an overall portfolio that leads to more efficient outcomes. Consider the following hypothetical examples that show the risk/return effects of adding alternative strategies to traditional asset allocation models over the 15-year period ending 12/31/25:



Allocations (% Equity, % Fixed Income, % Alts)	Volatility	Annualized Return
10/65/25	3.8%	5.3%
20/55/25	4.7%	6.5%
30/45/25	5.7%	7.7%
35/40/25	6.3%	8.3%
45/30/25	7.6%	9.5%
55/20/25	8.9%	10.6%
65/10/25	10.3%	11.8%

Allocations (% Equity, % Fixed Income)	Volatility	Annualized Return
20/80	5.1%	4.9%
30/70	5.9%	6.1%
40/60	6.9%	7.2%
50/50	8.1%	8.4%
60/40	9.3%	9.6%
70/30	10.6%	10.7%
80/20	11.9%	11.9%

Source: Morningstar Direct, as of 12/31/2025, most recent data available. Traditional Assets composed of Equity (S&P 500 Index) and Fixed Income (Bloomberg U.S. Aggregate Bond Index). 25% Alts (Alternatives) is composed of an equally weighted portfolio across the HFN Aggregate Hedge Fund Index, NCREIF Open-End Diversified Core Equity Fund Index (NFI-ODCE), Preqin Private Capital Quarterly Index and Cliffwater Direct Lending Index. This mix was used to capture alternative investments broadly across the major alternative asset classes: Hedge Funds, Private Real Estate, Private Equity and Private Credit. Indices do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. **The S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The **Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The **HFN Aggregate Hedge Fund Index** is an equal weighted average of all single-manager hedge funds and CTA/managed futures products. The **Preqin Private Capital Quarterly Index** is an average of private capital portfolios, based on the actual amount of money invested in private capital. The **NCREIF Open End Diversified Core Equity Fund Index** is an equal-weighted index of the investment returns from a collection of open-end commingled funds which focus on core real estate investment strategy. The **Cliffwater Direct Lending Index** is comprised of over 10,000 directly originated middle market loans, providing a benchmark for private debt. Standard Deviation is a measure of price variability (risk). Note: Graph illustrates a 15-year investing period based on quarterly returns from 3/31/2011-12/31/2025. The returns of each sample portfolio identified above represent the weighted average on the different asset mixes. The sample portfolios are for illustrative purposes only and do not represent actual portfolios for investors. Therefore, no investors experienced these returns. In addition, the returns do not account for the reduction of any fees, which would reduce the noted returns.

Past performance is not a guarantee of future results. There can be no assurance that any index or fund will achieve comparable results or avoid substantial losses. 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.

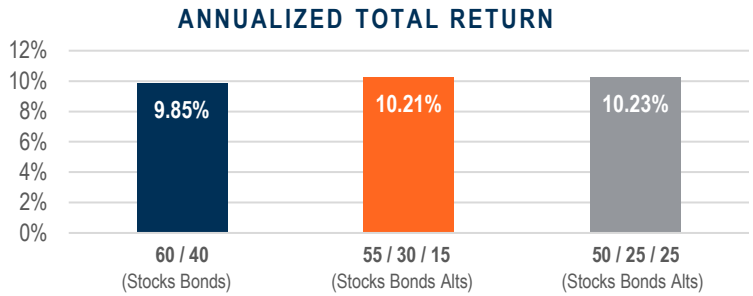
Not FDIC Insured | Not Bank Guaranteed | May Lose Value

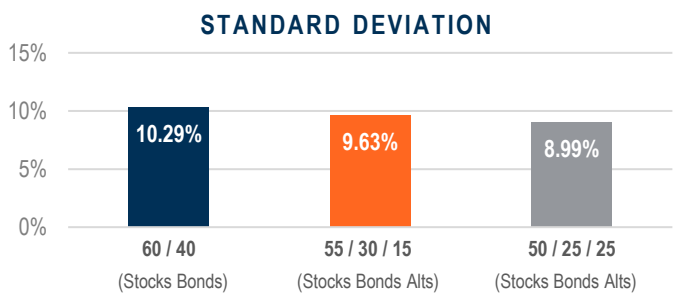
First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

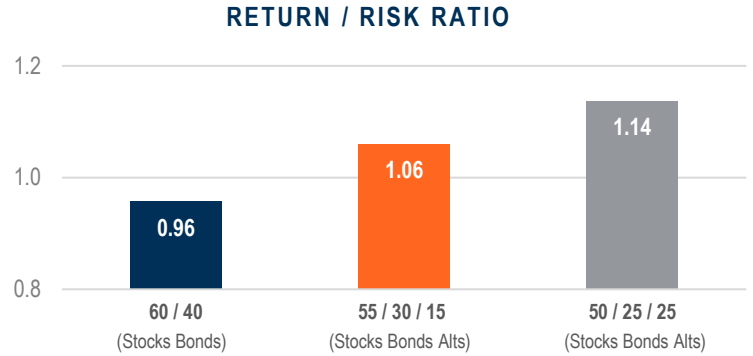
First Trust

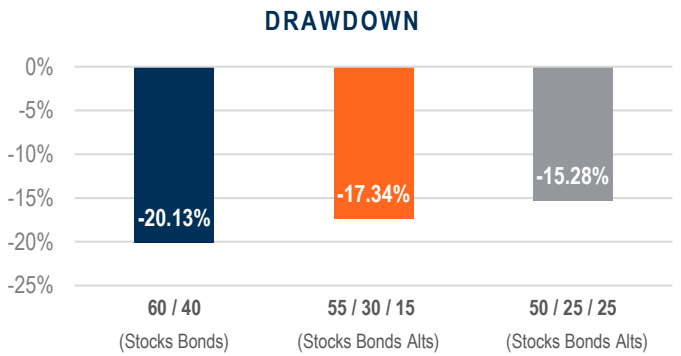
ALTERNATIVES HAVE HISTORICALLY ENHANCED RISK/RETURN METRICS

Historically, adding alternative investments to traditional portfolios has been beneficial in a number of ways including increased diversification, lower volatility, and reduced drawdowns. Below you will find the risk/return effects of adding different percentages to alternative strategies over the 10-year period ending 12/31/25.









Past performance is not a guarantee of future results. There can be no assurance that any index or fund will achieve comparable results or avoid substantial losses. Investors cannot invest directly in an index. The return metrics of each sample portfolio identified above represent the weighted average on the different asset mixes. The sample portfolios are for illustrative purposes only and do not represent actual portfolios for investors. Therefore, no investors experienced these returns. In addition, the returns do not account for the reduction of any fees, which would reduce the noted return metrics.

Diversification does not guarantee a profit or protect against loss.

Source: Morningstar Direct, based on quarterly returns from 3/31/2016 - 12/31/2025, most recent data available. Traditional Assets composed of Equity (S&P 500 Index) and Fixed Income (Bloomberg U.S. Aggregate Bond Index). Alts (Alternatives) is composed of an equally weighted portfolio across the HFN Aggregate Hedge Fund Index, NCREIF Open-End Diversified Core Equity Fund Index (NFI-ODCE), Preqin Private Capital Quarterly Index and Cliffwater Direct Lending Index. This mix was used to capture alternative investments broadly across the major alternative asset classes: Hedge Funds, Private Real Estate, Private Equity, and Private Credit. Indices do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. **The S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The **Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The **HFN Aggregate Hedge Fund Index** is an equal weighted average of all single-manager hedge funds and CTA/managed futures products. The **Preqin Private Capital Quarterly Index** is an average of private capital portfolios, based on the actual amount of money invested in private capital. The **NCREIF Open End Diversified Core Equity Fund Index** is an equal-weighted index of the investment returns from a collection of open-end commingled funds which focus on core real estate investment strategy. The **Cliffwater Direct Lending Index** is comprised of over 10,000 directly originated middle market loans, providing a benchmark for private debt. Standard Deviation is a measure of price variability (risk). Return/Risk Ratio is the annualized return divided by the standard deviation. Drawdown is a measurement of the peak-to-trough decline of an investment and assesses the historical risk associated with an investment.

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.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

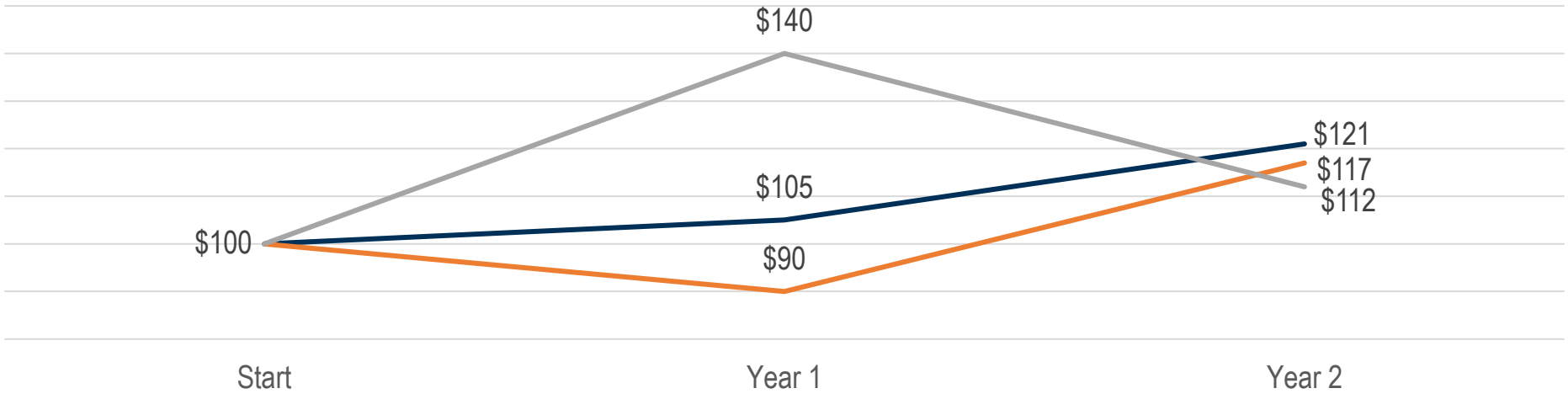
First Trust

THE POWER OF LOW VOLATILITY

Shown below are hypothetical scenarios of three portfolios. As you can see, the greater the dispersion of yearly returns, the lower the compound return. The less volatile portfolio would achieve better long-term results due to the power of compounding.

Performance	Year 1	Year 2	Average Annual Return
Portfolio A	5%	15%	**10%**
Portfolio B	-10%	30%	**10%**
Portfolio C	40%	-20%	**10%**

Dollar Growth	Initial Investment	Year 1 Year-End Value	Year 2 Year-End Value
Portfolio A	$100	$105	**$121**
Portfolio B	$100	$90	**$117**
Portfolio C	$100	$140	**$112**



The hypothetical results shown do not reflect actual investment results and are not a guarantee of future results. For illustrative purposes only and not indicative of actual results. The example excludes the effects of dividends, taxes, and fees and expenses associated with investing.

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.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

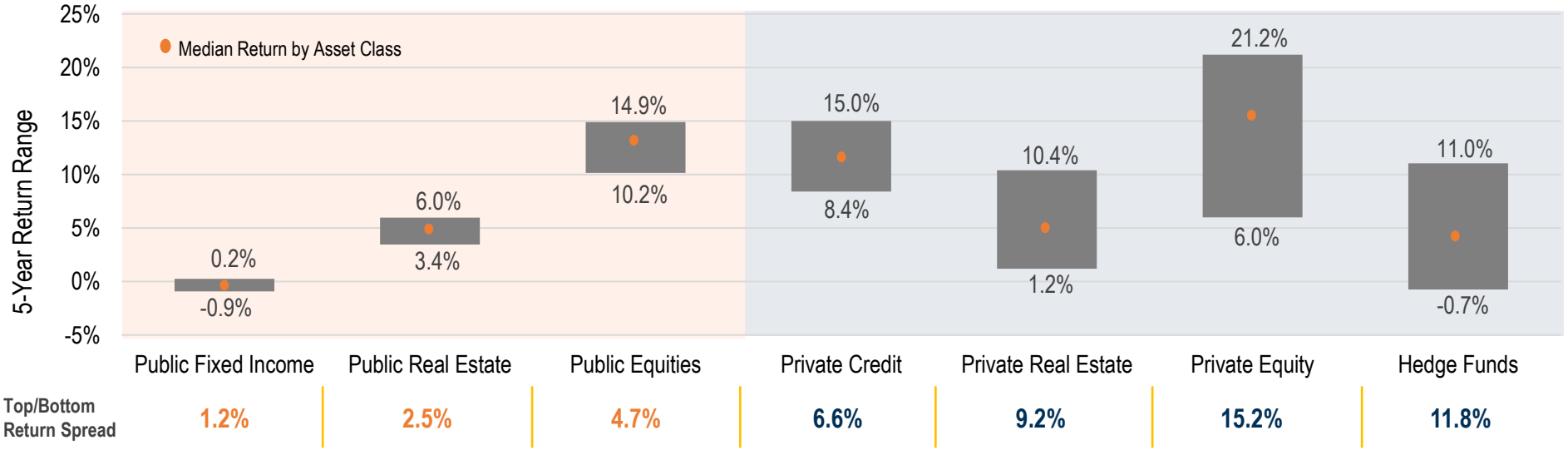
First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

MANAGER SELECTION IS CRITICAL IN PRIVATE MARKETS

Over the past 5 years private assets have outperformed public markets. However, the dispersion between top and bottom managers show a wide range of outcomes. Manager selection and access to top-tier managers can have a significant impact in alternative asset class performance.

Top Quartile/Bottom Quartile Asset Class Performance



Top/Bottom Return Spread	Public Fixed Income	Public Real Estate	Public Equities	Private Credit	Private Real Estate	Private Equity	Hedge Funds
	1.2%	2.5%	4.7%	6.6%	9.2%	15.2%	11.8%

Source for public funds and hedge funds is Morningstar, returns are annualized over a five-year period ending 12/31/2025 using open-end funds. Public Equities are represented by Morningstar US Large Blend category. Public Fixed Income is represented by Morningstar US Intermediate Core Bond category. Public Real Estate is represented by Morningstar US Real Estate category. Hedge Funds are represented by the Morningstar Unlisted Closed-End Hedge Fund category. The median represents the median return for all funds in the category.

Source for private funds is Preqin, returns are for all open and closed private funds in North America with 2021 vintages that have last reported on 12/31/2025, most recent data available. Private fund returns are based on Net Internal Rate of Return (IRR). Private Equity represents all private equity as classified by Preqin, Private Credit represents all private debt strategies as classified by Preqin; Private Real Estate represent all co-investment, core, core+, debt, value added, and fund of fund real estate strategies. Investments in less liquid private market strategies are by nature risky and typically involve a high degree of leverage. The returns indicated above are long-term and represent well-known asset class indices and are not meant to be predictive of future performance of any particular fund, nor are they meant to suggest that all private funds result in positive returns or would avoid loss of principal.

Past performance is not a 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.

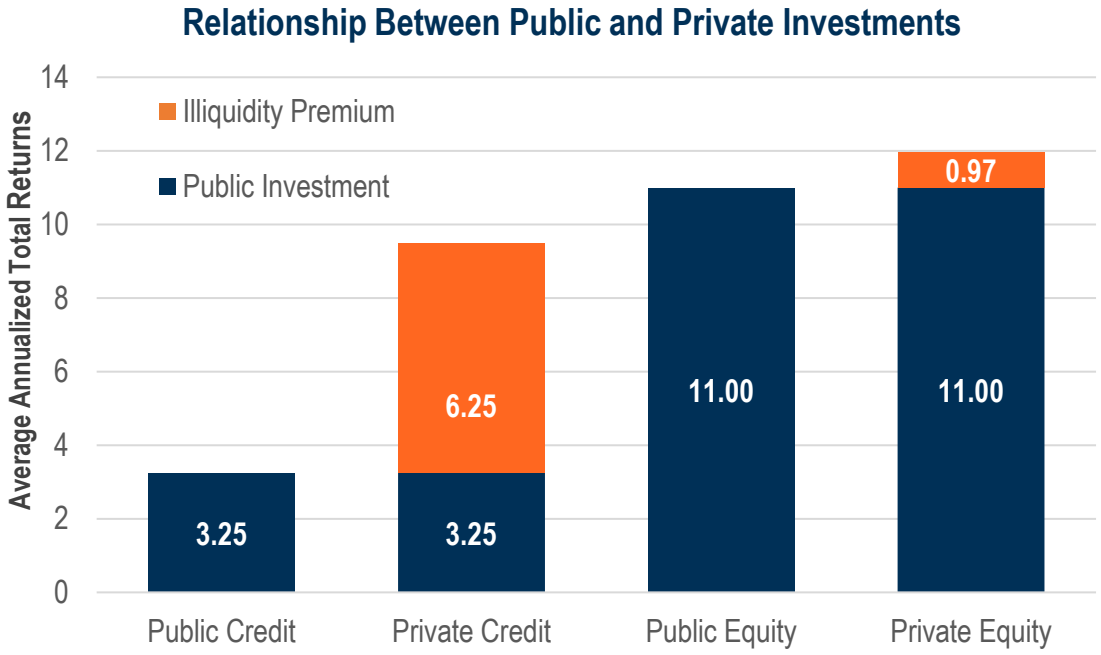
Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

INTRODUCING THE ILLIQUIDITY PREMIUM

The interval fund structure provides access to less liquid investments across various asset classes. In exchange for holding longer-term assets and giving up daily liquidity, investors have the potential to earn higher returns.



Less liquid investments may:

- ✓ provide long-term appreciation through their holding periods
- ✓ diversify an investor's portfolio through differentiated investments which traditionally are difficult to access
- ✓ allow fund managers flexibility when investing in long-term investments as interval funds' liquidity is offered on a quarterly basis

For illustrative purposes only and not indicative of any actual investment. Chart illustrates a 20-year investing period from the common inception date of the private benchmarks 1/1/06 through 12/31/25, most recent data available. Source: Evestment, Preqin, Cliffwater. Public Credit is represented by the Bloomberg U.S. Aggregate Bond Index. Private Credit is represented by the Cliffwater Direct Lending Index. Public Equity is represented by the S&P 500 Index. Private Equity is represented by the Preqin Private Capital Quarterly Index. Indices do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Investors cannot invest directly in an index. Diversification does not guarantee a profit or protect against loss. ***Past performance is no guarantee of future results.***

The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The **Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The **Cliffwater Direct Lending Index** is comprised of over 10,000 directly originated middle market loans, providing a benchmark for private debt. Investors cannot invest directly in an index. The **Preqin Private Capital Quarterly Index** is an average of private capital portfolios, based on the actual amount of money invested in private capital.

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.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

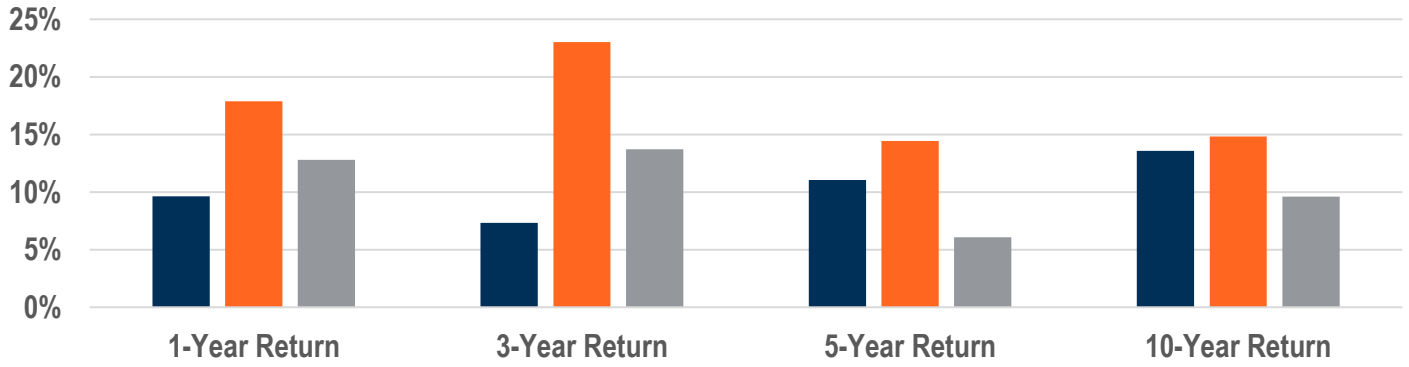
First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust

PRIVATE EQUITY VS. PUBLIC EQUITY

There may be a broader opportunity set in private equity than public markets: in the United States there were over 11,000 private equity backed companies and over 4,000 public companies in 2024.*

Historical Annualized Returns as of 12/31/2025



	1-Year Return	3-Year Return	5-Year Return	10-Year Return
US Private Equity	9.62%	7.33%	11.05%	13.57%
S&P 500 Index	17.88%	23.01%	14.43%	14.82%
Russell 2000 Index	12.80%	13.73%	6.09%	9.61%

*Source for private equity companies: Pitchbook. 2024. Source for public companies: World Bank, WFE. 2024.

Sources for historical returns are eVestment Analytics and Preqin. Private Equity is represented by the Preqin Private Capital Quarterly Index.

The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The Russell 2000 Index is a small-cap stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. Indices do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Investors cannot invest directly in an index.

Past performance is not a guarantee of future results. For illustrative purposes only and not indicative of any actual investment.

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.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

First Trust Portfolios L.P. | Member SIPC | Member FINRA | 1-800-621-1675 | www.ftportfolios.com

First Trust


First Trust
First Trust Portfolios L.P. | 1-800-621-1675 | www.ftportfolios.com