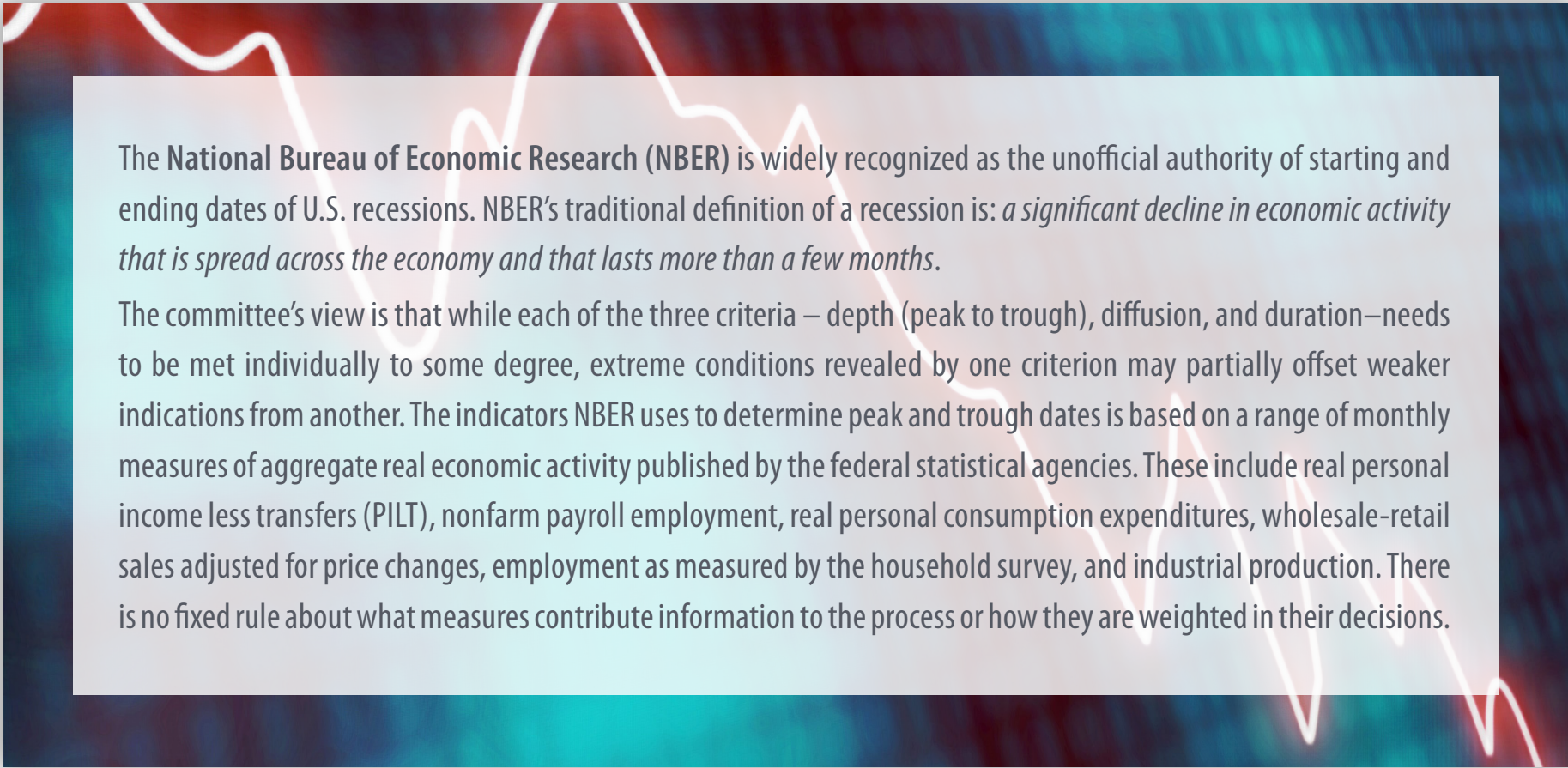


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RECESSIONS

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The **National Bureau of Economic Research (NBER)** is widely recognized as the unofficial authority of starting and ending dates of U.S. recessions. NBER's traditional definition of a recession is: *a significant decline in economic activity that is spread across the economy and that lasts more than a few months.*

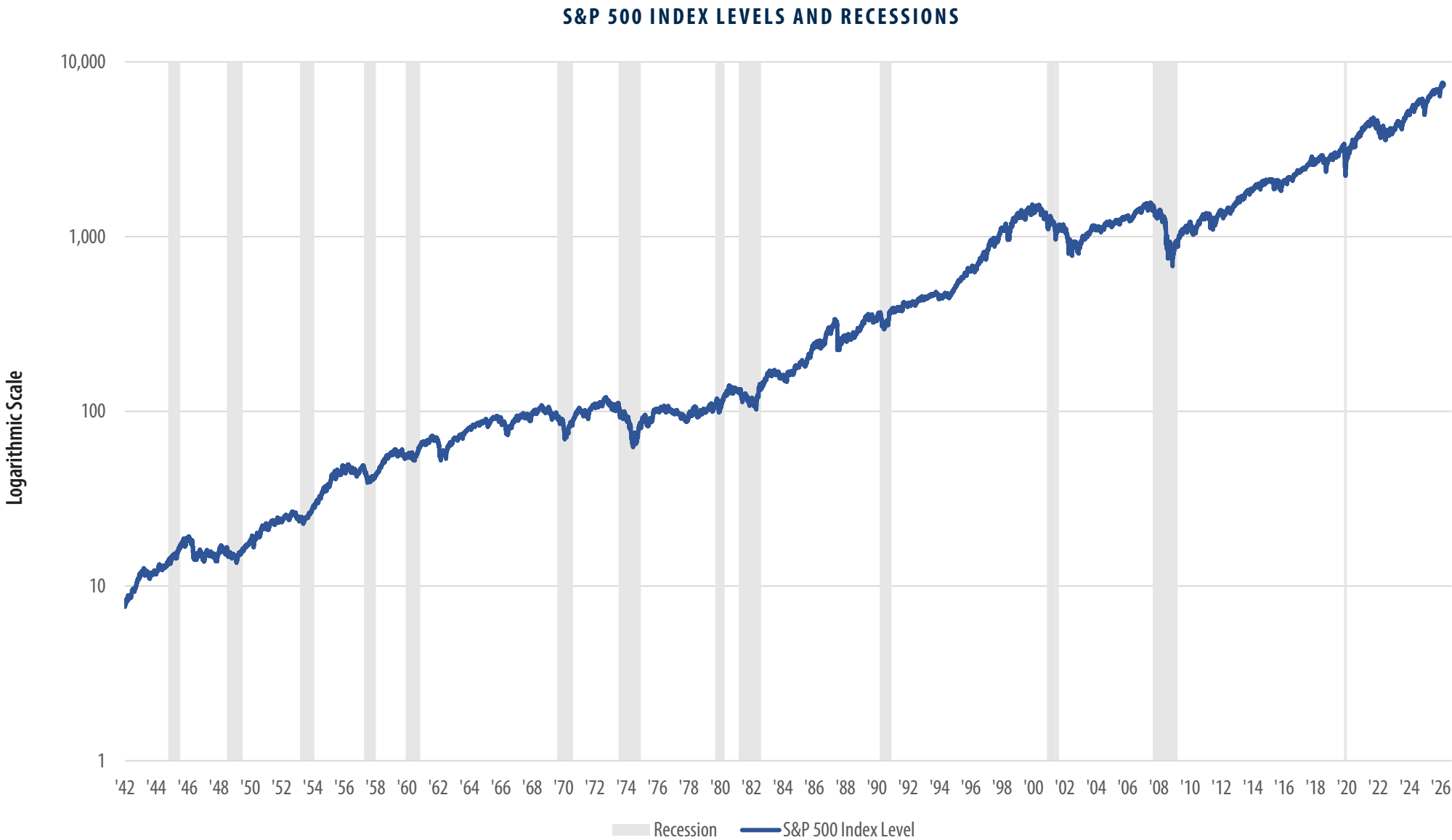
The committee's view is that while each of the three criteria – depth (peak to trough), diffusion, and duration—needs to be met individually to some degree, extreme conditions revealed by one criterion may partially offset weaker indications from another. The indicators NBER uses to determine peak and trough dates is based on a range of monthly measures of aggregate real economic activity published by the federal statistical agencies. These include real personal income less transfers (PILT), nonfarm payroll employment, real personal consumption expenditures, wholesale-retail sales adjusted for price changes, employment as measured by the household survey, and industrial production. There is no fixed rule about what measures contribute information to the process or how they are weighted in their decisions.

Source: First Trust, National Bureau of Economic Research (NBER).

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S&P 500 Index Levels and Recessions

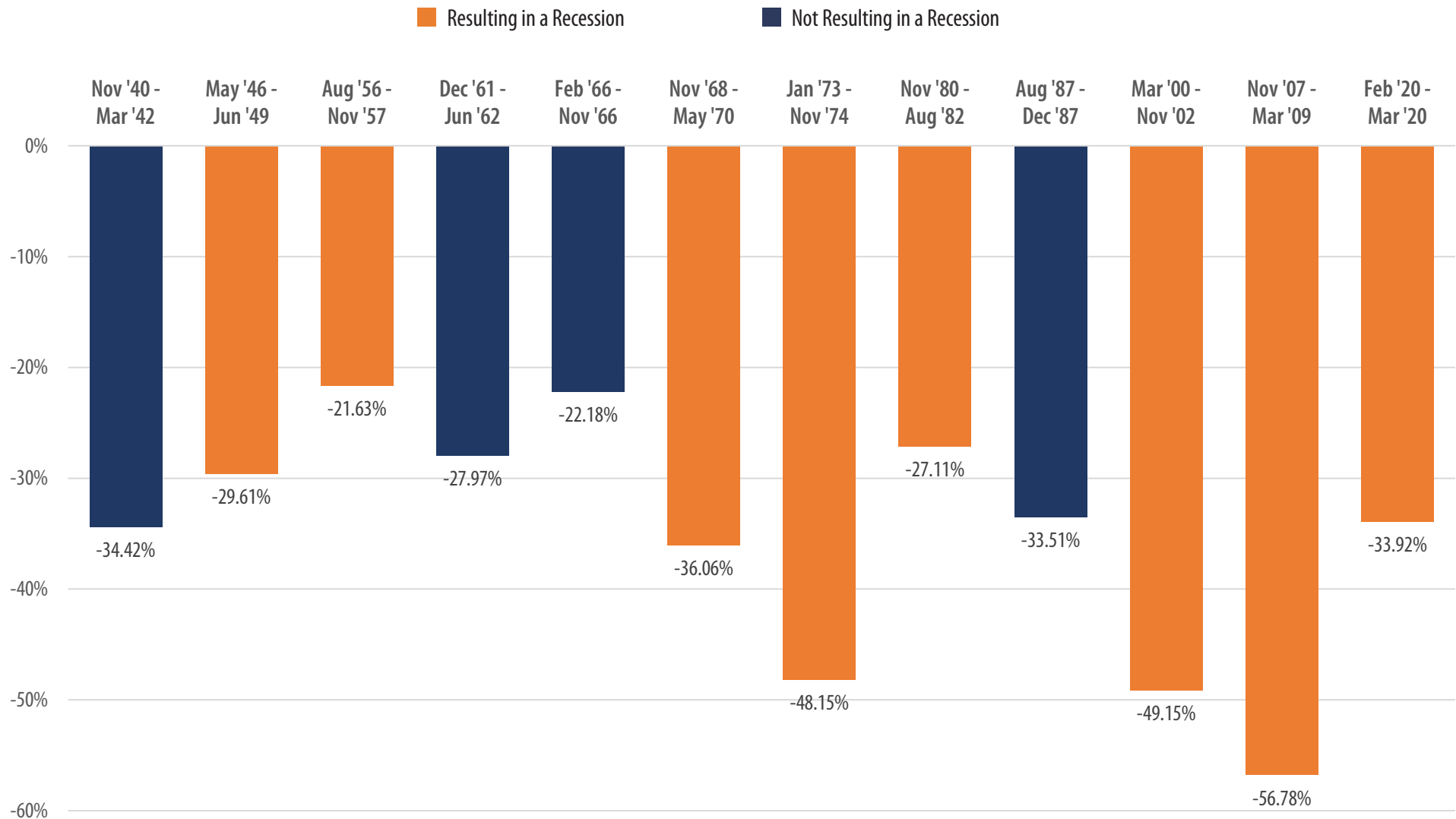
Since 1942



Source: First Trust, Bloomberg. Daily returns from 4/29/1942 - 6/30/2026. **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.

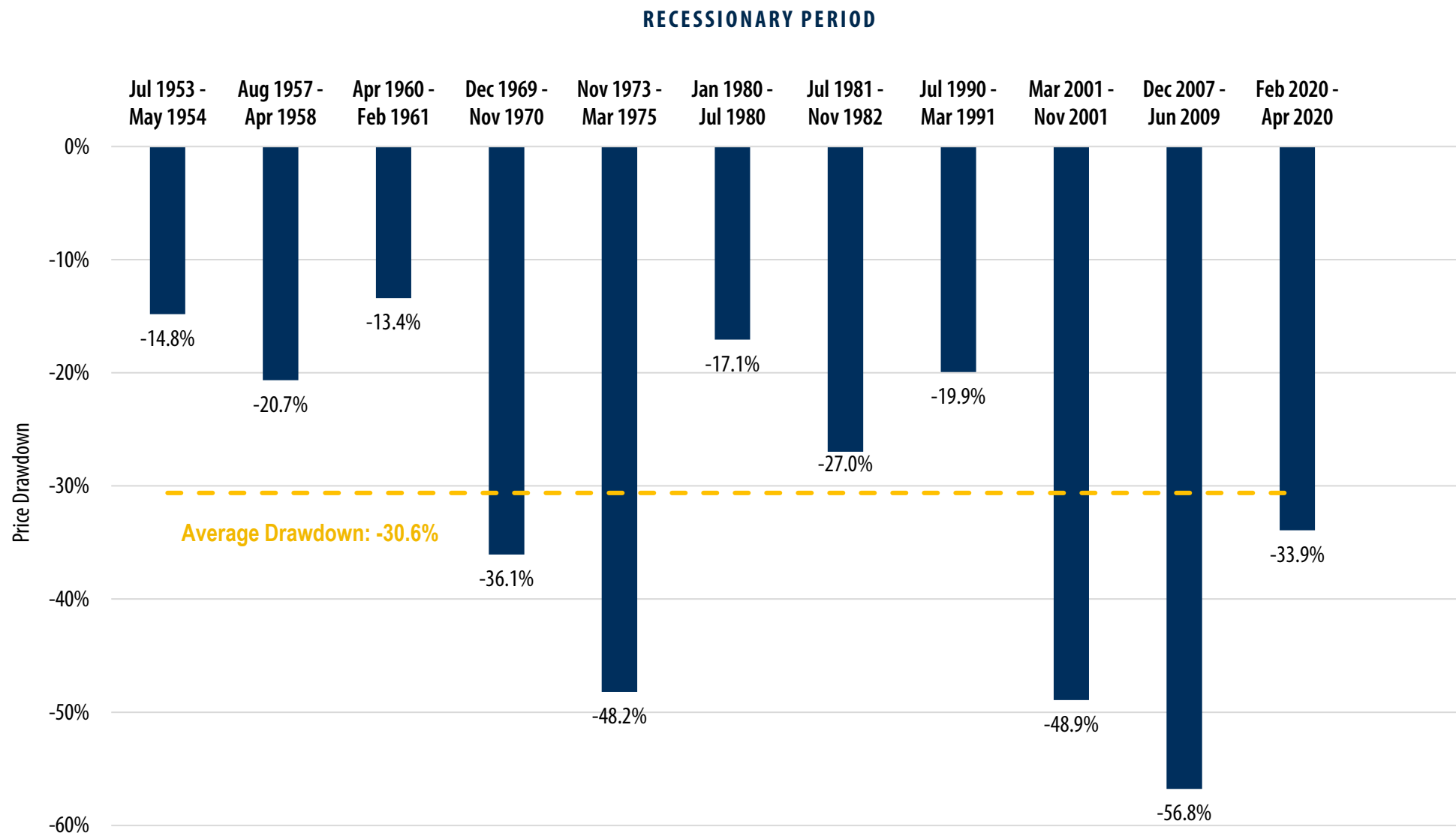
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Which Bear Markets Resulted in Recessions?



Source: First Trust, Bloomberg. Data as of 6/30/2026. **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.

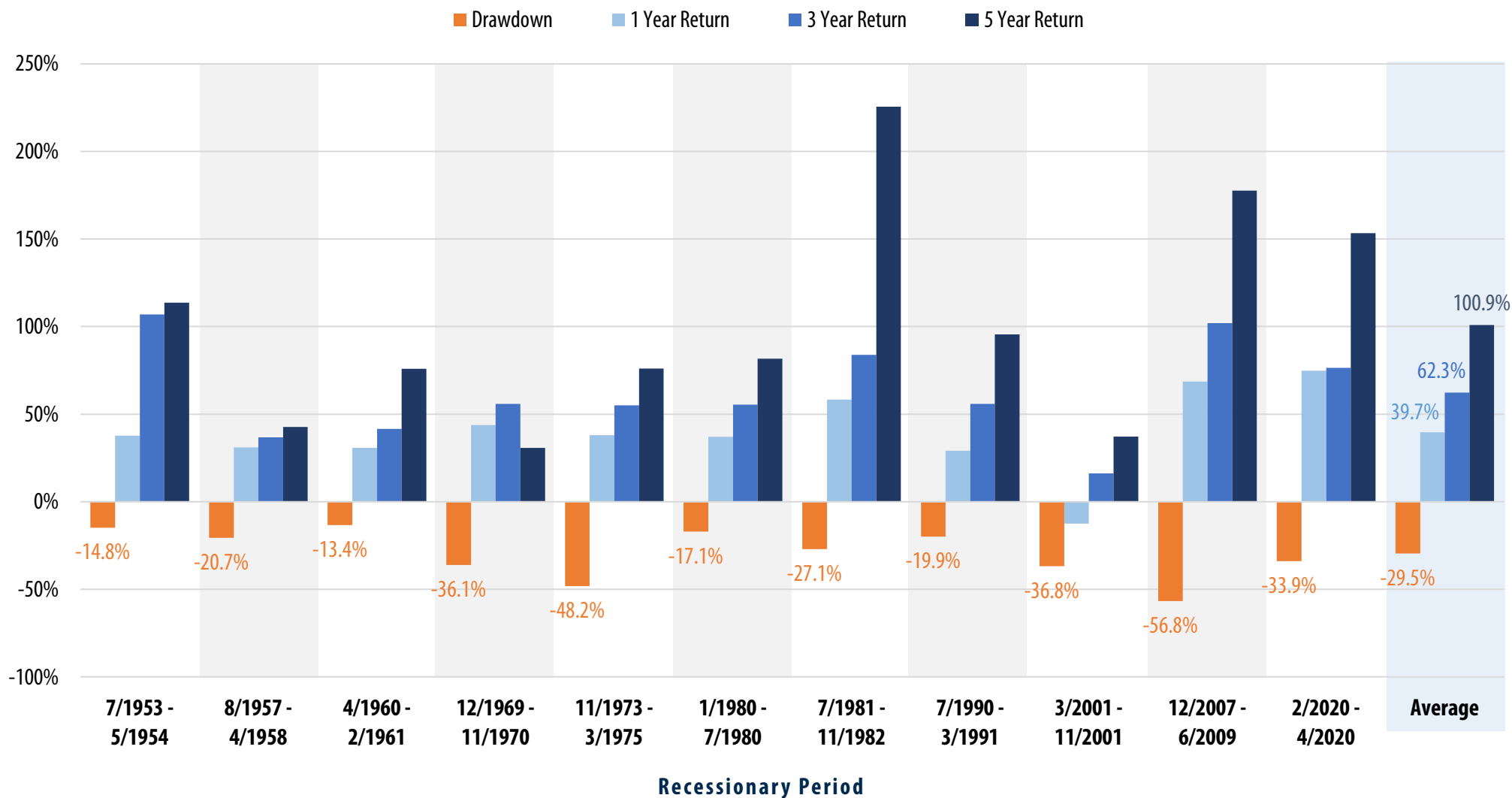
% Drawdown In The S&P 500 Index During Past Recessions



Source: First Trust, Bloomberg. Data is shown monthly from 1/5/1953 – 6/30/2026. 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.

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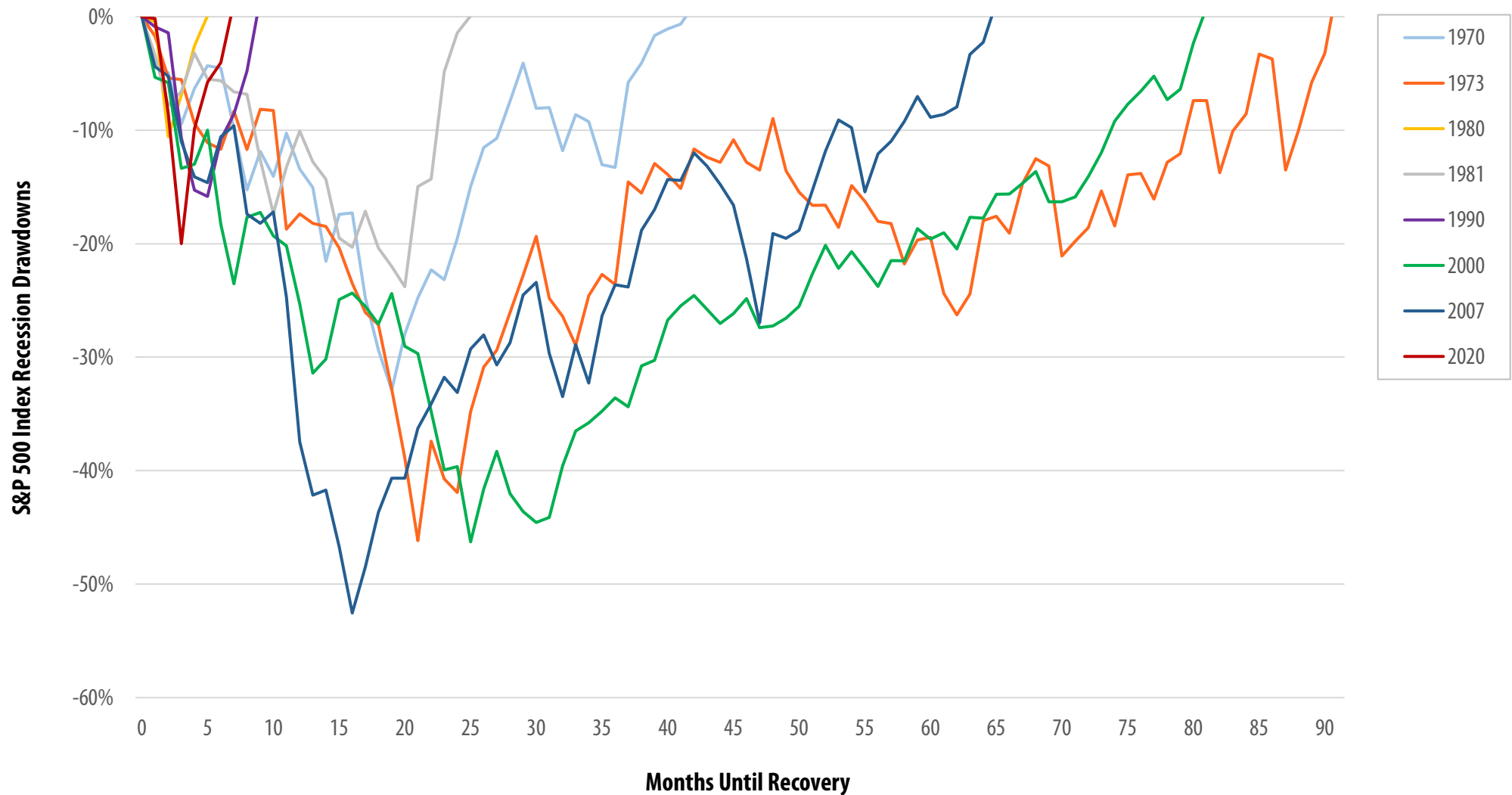
S&P 500 INDEX: RECESSION DRAWDOWNS AND PRICE RETURNS FOR SUBSEQUENT YEARS



Source: First Trust, Bloomberg, National Bureau of Economic Research. 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.

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S&P 500 Index Recession Drawdowns And Months Until Recovery



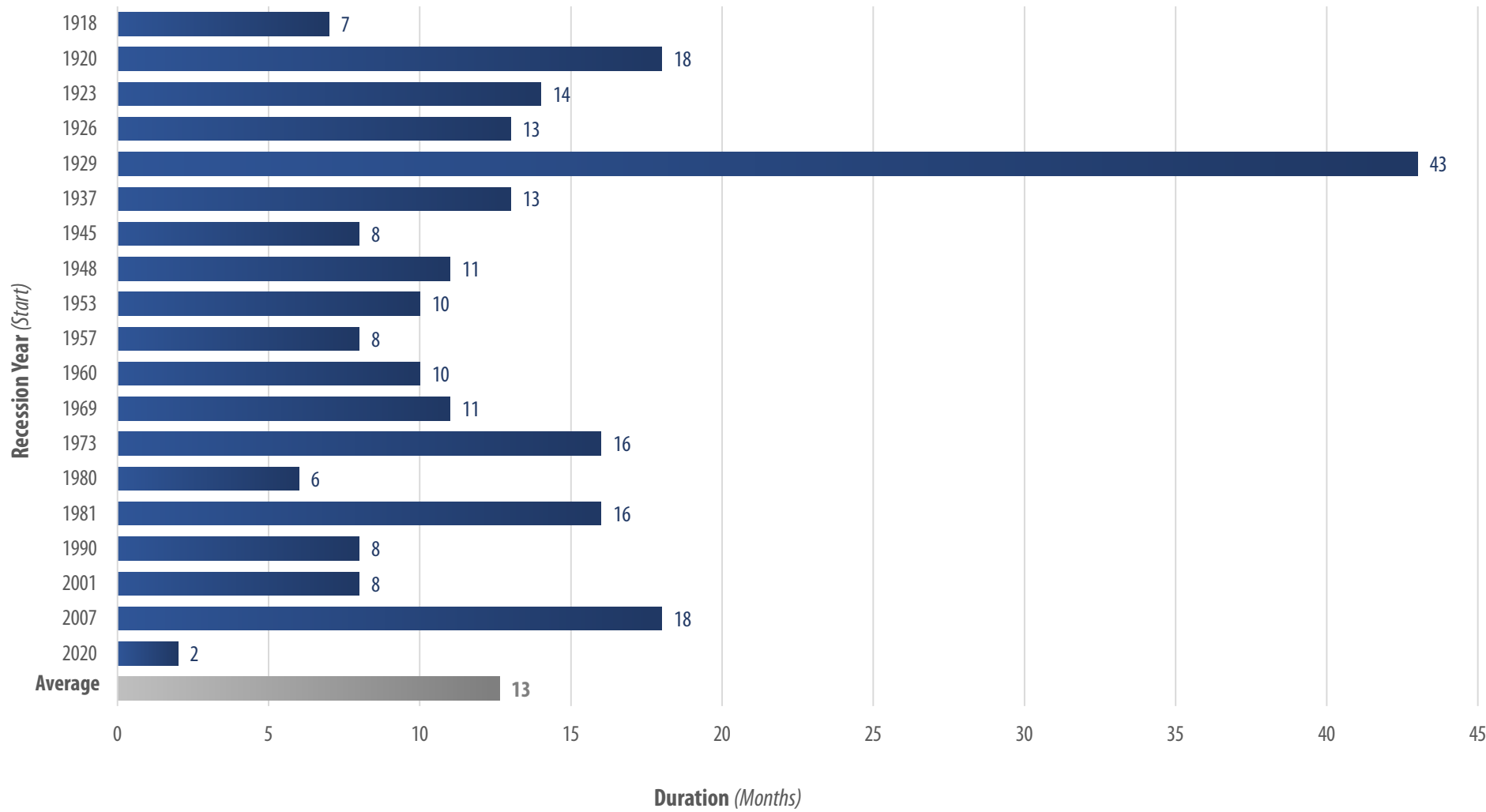
Source: First Trust, Bloomberg, National Bureau of Economic Research. Data as of 6/30/2026. Drawdowns are based on the S&P 500's peak after the prior recession until the index retraces back to that peak. Returns are based on monthly S&P 500 Index price data. Recessions are based on classifications by 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.**

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Historical Recession Length

Since 1918

U.S. ECONOMY RECESSION LENGTH SINCE 1918

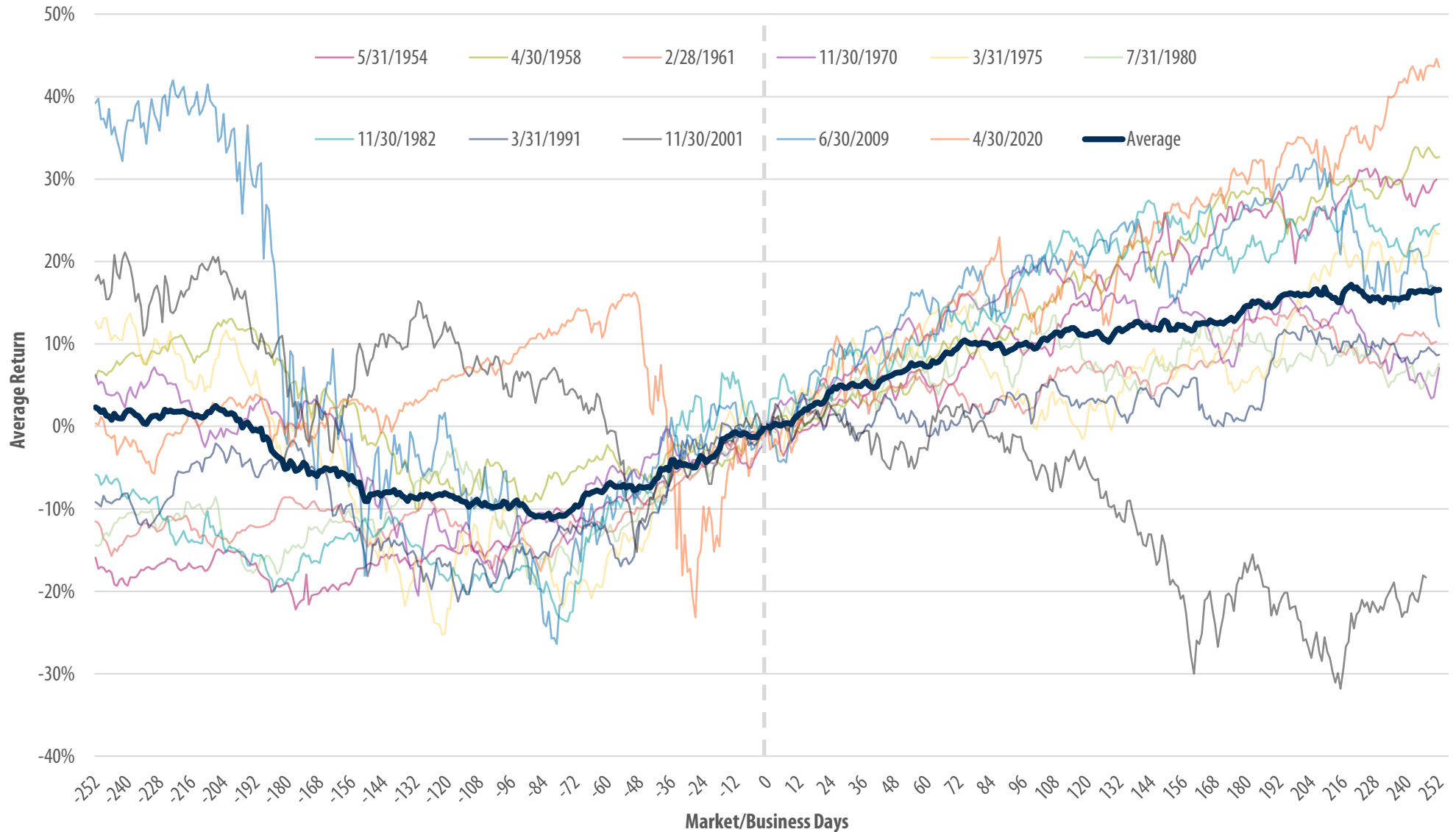


Source: First Trust, NBER (National Bureau of Economic Research). The historical data in this chart is for illustrative purposes only and is not intended to imply or predict future outcomes.

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Average Returns 1 Year Before and After Recessions

S&P 500 Index - Since 1953



Source: First Trust, 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.

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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	1.99%	-1.12%	45.96%	50.12%	106.34%	N/A
Average		-1.08%	3.81%	21.25%	49.13%	95.09%	257.76%
Median		-2.41%	3.52%	20.00%	53.09%	99.30%	284.21%

Source: First Trust, Bloomberg. **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.

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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
S&P 500 Index	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%	136.87%	293.76%
	2/29/2020	4/30/2020	1.91%	-1.12%	45.96%	50.12%	106.34%	N/A
	Average		-2.00%	-7.27%	13.72%	36.50%	93.89%	203.72%
	Median		0.31%	-1.01%	12.71%	39.95%	102.21%	284.21%
S&P 500 Consumer Staples Index	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%	46.26%	72.24%	N/A
	Average		9.58%	2.32%	11.96%	34.95%	80.89%	183.83%
	Median		9.13%	2.06%	14.53%	31.33%	82.69%	223.28%
S&P 500 Health Care Index	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%	40.66%	53.17%	N/A
	Average		5.79%	3.20%	6.72%	17.62%	74.68%	235.83%
	Median		2.34%	7.53%	10.86%	14.84%	69.55%	323.29%
S&P 500 Utilities Index	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%	32.63%	62.11%	N/A
	Average		1.79%	-13.78%	1.28%	30.26%	70.14%	179.56%
	Median		0.39%	-17.09%	7.71%	30.17%	63.58%	215.51%

Source: First Trust, Bloomberg. **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.

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Fixed Income Returns Before, During, and Following a Recession

Core Bonds, High Yield Bonds, 2-Year U.S. Treasury, and 10-Year U.S. Treasury

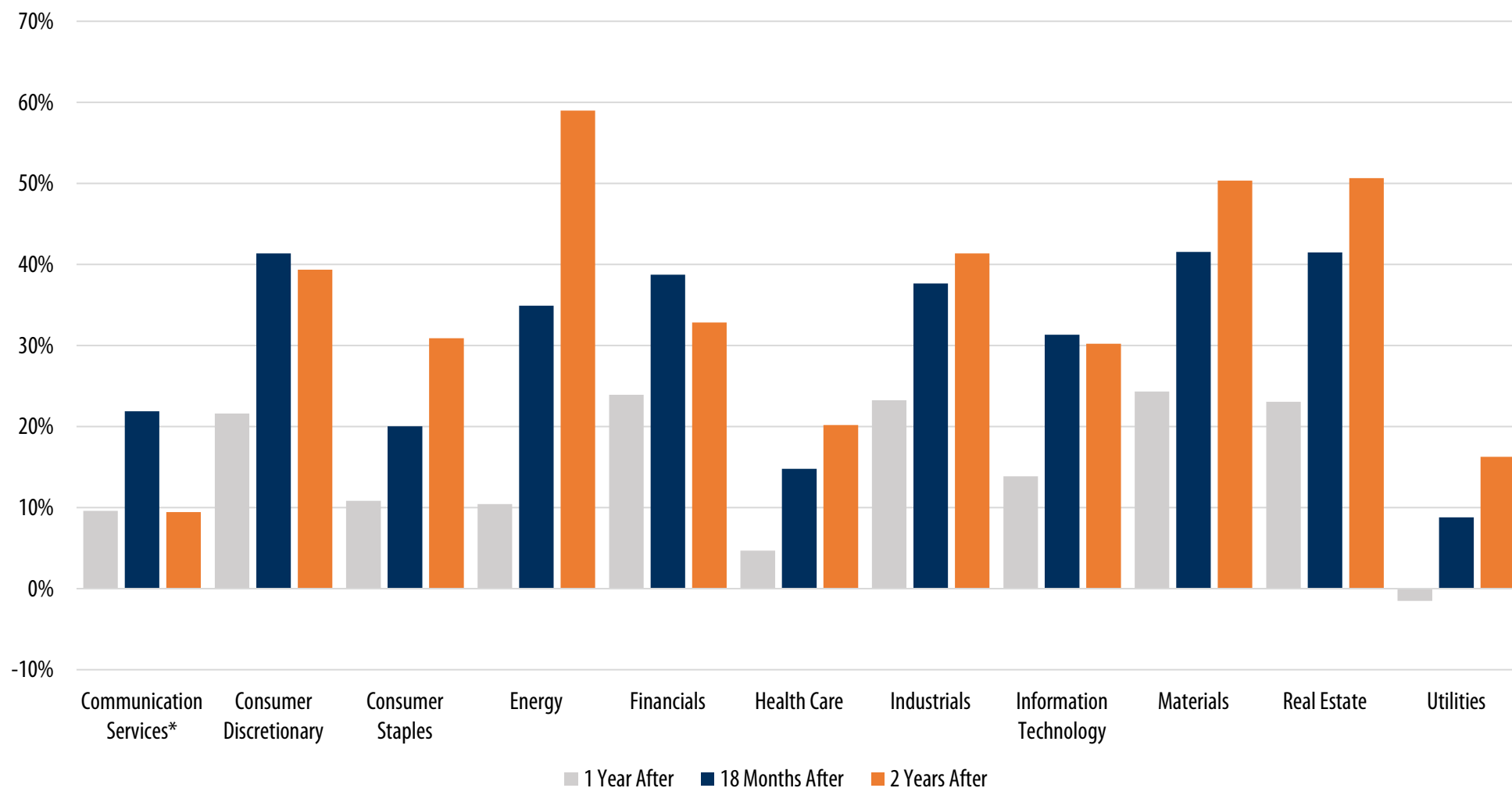
	Recession Start	Recession End	Before		After			
			6 Months	During Recession	1 Year	3 Years	5 Years	10 Years
Core Bonds	7/31/1990	3/31/1991	5.51%	7.45%	11.40%	29.20%	50.27%	115.53%
	3/31/2001	11/30/2001	7.37%	5.92%	7.34%	17.91%	27.91%	72.35%
	12/31/2007	6/30/2009	5.93%	7.24%	9.50%	22.27%	26.74%	46.56%
	2/29/2020	4/30/2020	3.39%	1.18%	-0.27%	-9.15%	-3.30%	N/A
	Average		5.55%	5.45%	6.99%	15.06%	25.41%	78.15%
	Median		5.72%	6.58%	8.42%	20.09%	27.33%	72.35%
High Yield Bonds*	7/31/1990	3/31/1991	7.87%	6.06%	28.63%	61.03%	98.51%	161.03%
	3/31/2001	11/30/2001	0.76%	-0.48%	-2.71%	37.98%	57.67%	123.77%
	12/31/2007	6/30/2009	-0.57%	-4.03%	27.46%	56.44%	91.66%	141.10%
	2/29/2020	4/30/2020	1.31%	-8.41%	20.01%	15.19%	36.38%	N/A
	Average		2.34%	-1.71%	18.35%	42.66%	71.05%	141.97%
	Median		1.03%	-2.25%	23.73%	47.21%	74.66%	141.10%
2-Year U.S. Treasury	7/31/1990	3/31/1991	4.62%	6.50%	9.10%	21.90%	36.74%	84.24%
	3/31/2001	11/30/2001	5.45%	5.39%	5.31%	9.56%	15.38%	40.37%
	12/31/2007	6/30/2009	5.27%	7.93%	2.90%	5.01%	6.07%	11.77%
	2/29/2020	4/30/2020	1.74%	1.40%	0.14%	-2.88%	5.27%	N/A
	Average		4.27%	5.30%	4.36%	8.40%	15.86%	45.46%
	Median		4.94%	5.95%	4.10%	7.28%	10.72%	40.37%
10-Year U.S. Treasury	7/31/1990	3/31/1991	4.31%	6.94%	10.71%	29.23%	49.90%	109.83%
	3/31/2001	11/30/2001	8.45%	4.06%	8.65%	17.77%	25.59%	82.45%
	12/31/2007	6/30/2009	10.23%	9.59%	8.19%	29.38%	27.49%	47.08%
	2/29/2020	4/30/2020	4.14%	4.83%	-7.69%	-17.28%	-15.83%	N/A
	Average		6.78%	6.35%	4.97%	14.78%	21.79%	79.78%
	Median		6.38%	5.88%	8.42%	23.50%	26.54%	82.45%

Source: First Trust, Bloomberg. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. *7/31/1990 - 3/31/1991 data uses ICE BofA US High Yield Index since ICE BofA US High Yield Constrained data is not available before January 1995. **Core Bonds** - Bloomberg U.S. Aggregate Bond Index measures the investment grade, USD-denominated, fixed-rate taxable bond market. **High Yield Bonds** - ICE BofA U.S. High Yield Constrained Index tracks the performance of USD-denominated below investment-grade corporate debt publicly issued in the U.S. domestic market but caps issuer exposure at 2%. **2-Year U.S. Treasury** - Bloomberg U.S. Treasury Bellwethers 2-Yr. Index is an unmanaged index representing the most recently auctioned U.S. Treasury bonds with 2 years' maturity. **10-Year U.S. Treasury** - Bloomberg U.S. Treasury Bellwethers 10-Yr. Index is a universe of Treasury bonds and is used as a benchmark against the market for long-term maturity fixed-income securities. Index returns do not reflect any fees, expenses, or sales charges. Index returns shown are total returns. Indexes are unmanaged and an investor cannot invest directly in an index.

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Average Post-Recession Sector Index Total Returns

S&P 500 Index

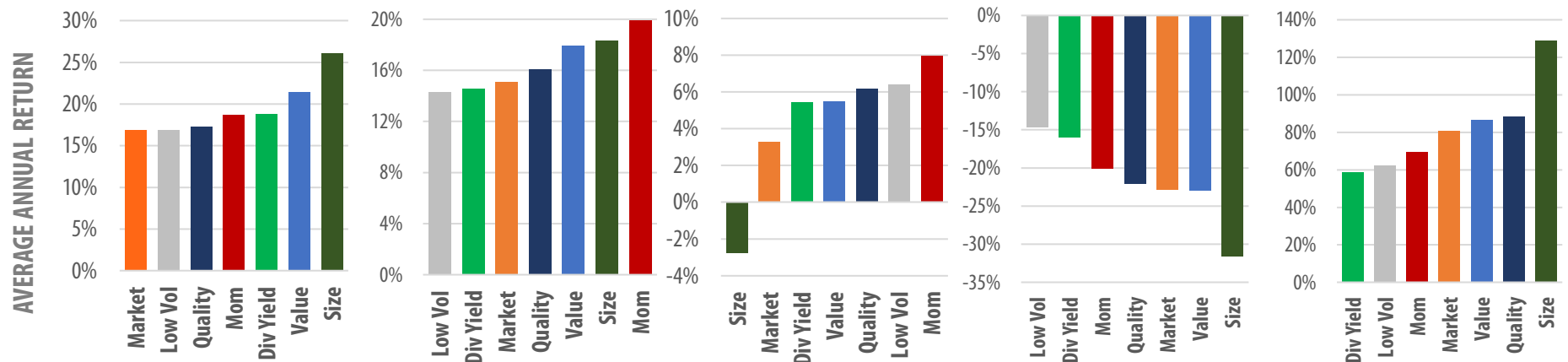


Source: First Trust, Bloomberg. Data from 11/30/2001 - 6/30/2026. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock 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.

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	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
Value: Lowest price-to-book
Low Volatility: Lowest trailing 60-day variance

Quality: Highest operating profitability
Momentum: Highest 12-month price change lagged one month

Size: Lowest market capitalization
Dividend Yield: Highest dividend yield

As of 6/30/2026. Source: First Trust, 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. **Past performance is no guarantee of future results.** This example is for illustrative purposes and does not represent any actual investment. Universe includes all NYSE, AMEX & NASDAQ stocks. Top 30% of stocks by factor are selected. Stocks are then market cap weighted. 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.

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