History of U.S. Bear & Bull Markets

Daily Returns Since 1942

First Trust

This chart shows daily historical performance of the S&P 500 Index throughout the U.S. Bull and Bear Markets since 1942. We believe looking at the history of the market's expansions and recessions helps to gain a fresh perspective on the benefits of investing for the long-term.

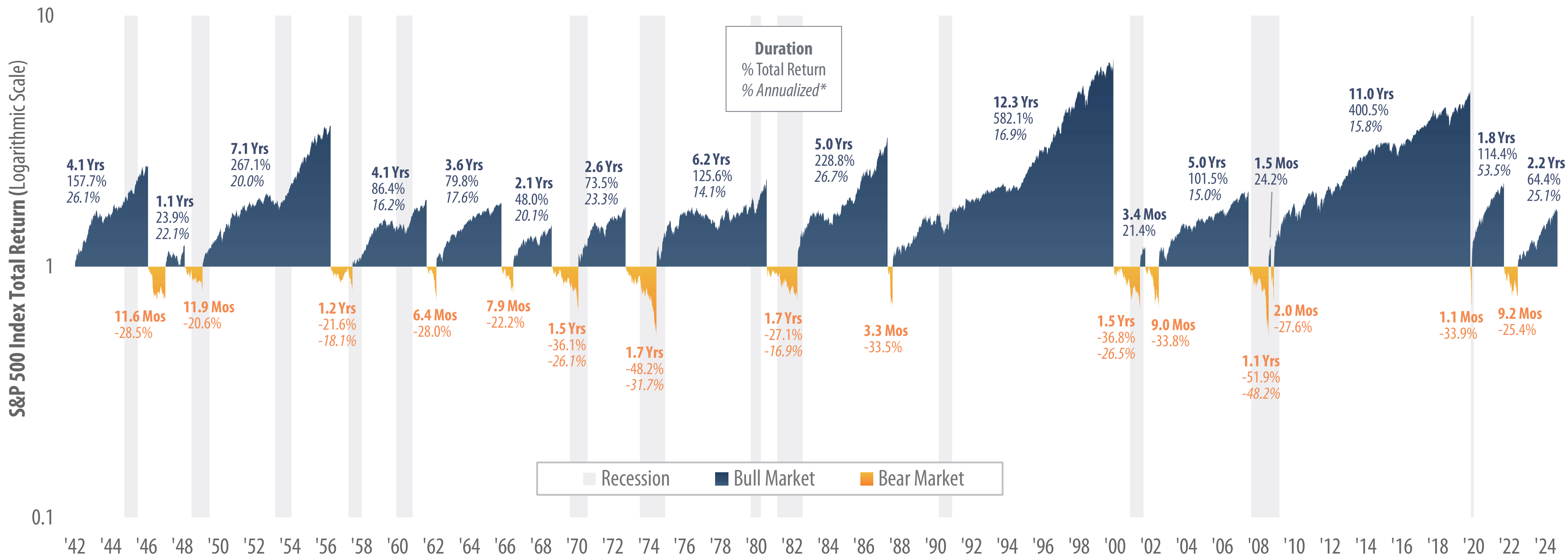
- The average **Bull Market** period lasted 4.3 years with an average cumulative total return of 150.0%.
- The average **Bear Market** period lasted 11.1 months with an average cumulative loss of -31.7%.

BULL

From the lowest close reached after the market has fallen 20% or more, to the next market high.

BEAR

When the index closes at least 20% down from its previous high close, through the lowest close reached after it has fallen 20% or more.



Source: First Trust, Bloomberg. Daily returns from 4/29/1942 - 12/31/2024. *No annualized return shown if duration is less than one year. **Past performance is no guarantee of future results.** These results are based on daily returns–returns using different periods would produce different results. 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. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future.

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Missing The Best Days In The Market

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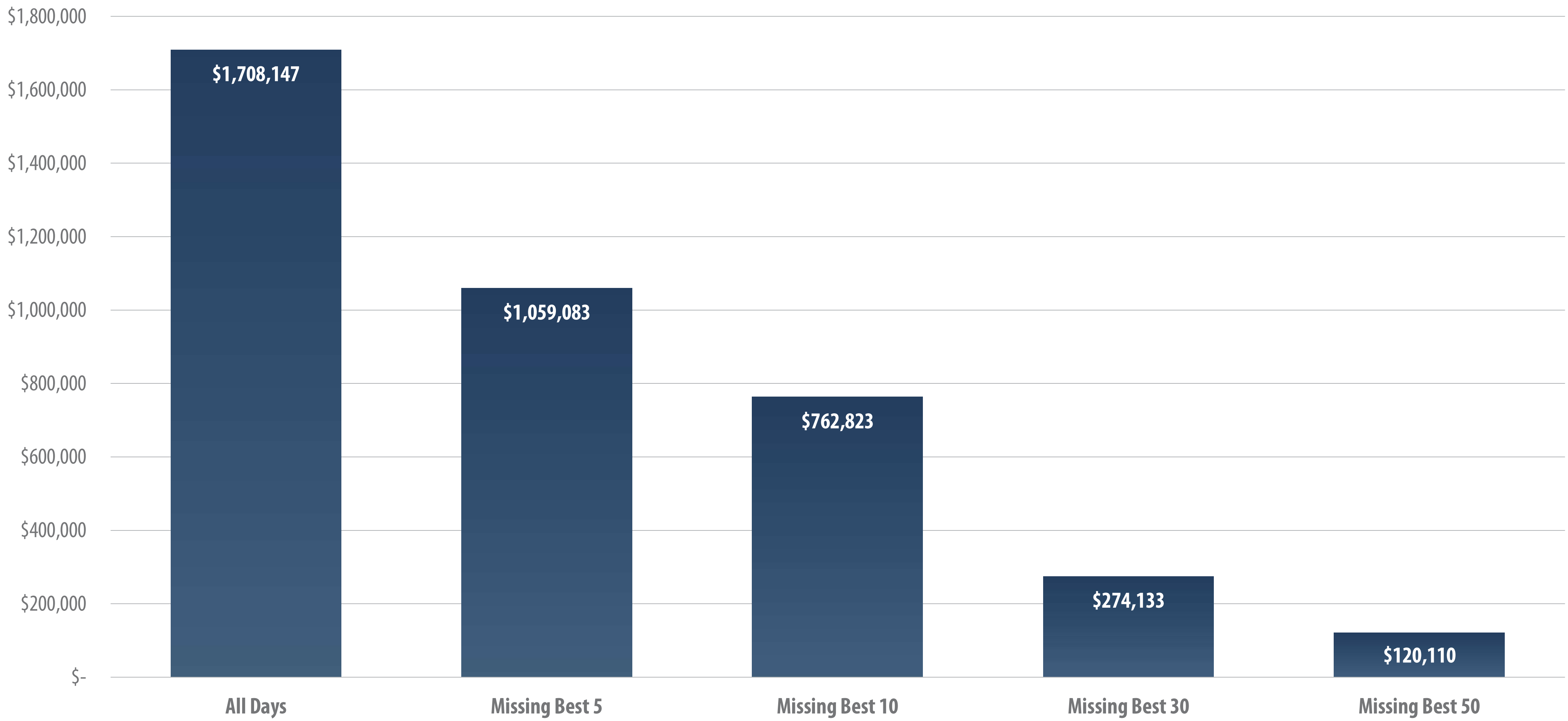
Investing in the stock market can be volatile, which may tempt some investors to pull out of the market to avoid the bad days. However, it is impossible to predict when good and bad days will happen. This chart shows the potential effect that pulling out of the stock market could have on a portfolio. An investor does not have to miss many good days to feel the financial impact over time. We believe investors will be rewarded for sticking with their investment plan.

Growth of $10K Invested in the S&P 500 Index: 12/31/79 – 12/31/24



Source: First Trust, Bloomberg. **Past performance is no guarantee of future results.** Returns are total returns. The illustration is not indicative of any actual investment and 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. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. An index cannot be purchased directly by investors.

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S&P 500 Index: Positive and Negative Years

Since 1926

Below we look at the S&P 500 Index since 1926 and compare the average annual total returns of the last 99 years. Although stock market returns fluctuate significantly, since 1926, the S&P 500 Index produced positive returns 74% of the time, with an average of 21.5%. In 26% of those years the return was negative, with an average of -13.4%.

1926-2024: 10.4%

99-Year Average Annual Return

73 Positive Years

21.5% Average Positive Return

Up 0-7%	
2015	1.38%
2011	2.11%
2007	5.49%
2005	4.91%
1994	1.32%
1987	5.25%
1984	6.27%
1978	6.57%
1970	3.86%
1960	0.47%
1956	6.56%
1948	5.50%
1947	5.71%

Up 7-14%	
2016	11.96%
2014	13.69%
2004	10.88%
1993	10.08%
1992	7.62%
1968	11.06%
1965	12.45%
1959	11.96%
1926	11.62%

Up 14-21%	
2020	18.40%
2012	16.00%
2010	15.06%
2006	15.79%
1988	16.61%
1986	18.67%
1979	18.61%
1972	19.00%
1971	14.30%
1964	16.48%
1952	18.37%
1949	18.79%
1944	19.75%
1942	20.34%

Up 21-28%	
2024	25.00%
2023	26.29%
2017	21.83%
2009	26.46%
1999	21.04%
1996	22.96%
1983	22.56%
1982	21.55%
1976	23.93%
1967	23.98%
1963	22.80%
1961	26.89%
1951	24.02%
1943	25.90%

Up 28%+	
2021	28.71%
2019	31.49%
2013	32.39%
2003	28.68%
1998	28.58%
1997	33.36%
1995	37.58%
1991	30.47%
1989	31.69%
1985	31.73%
1980	32.50%
1975	37.23%
1958	43.36%
1955	31.56%
1954	52.62%
1950	31.71%
1945	36.44%
1938	31.12%
1936	33.92%
1935	47.67%
1933	53.99%
1928	43.61%
1927	37.49%

Down 28%+	
2008	-37.00%
1937	-35.03%
1931	-43.34%

Down 21-28%	
2002	-22.10%
1974	-26.47%
1930	-24.90%

Down 14-21%	
2022	-18.11%
1973	-14.69%

Down 7-14%	
2001	-11.89%
2000	-9.10%
1977	-7.16%
1969	-8.50%
1966	-10.06%
1962	-8.73%
1957	-10.78%
1946	-8.07%
1941	-11.59%
1940	-9.78%
1932	-8.19%
1929	-8.42%

Down 0-7%	
2018	-4.38%
1990	-3.10%
1981	-4.92%
1953	-0.99%
1939	-0.41%
1934	-1.44%

-13.4% Average Negative Return

26 Negative Years

Source: First Trust, Morningstar, Bloomberg. Data from 1926-2024. **Past performance is no guarantee of future results.** 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. These returns were the result of certain market factors and events which may not be repeated in the future.

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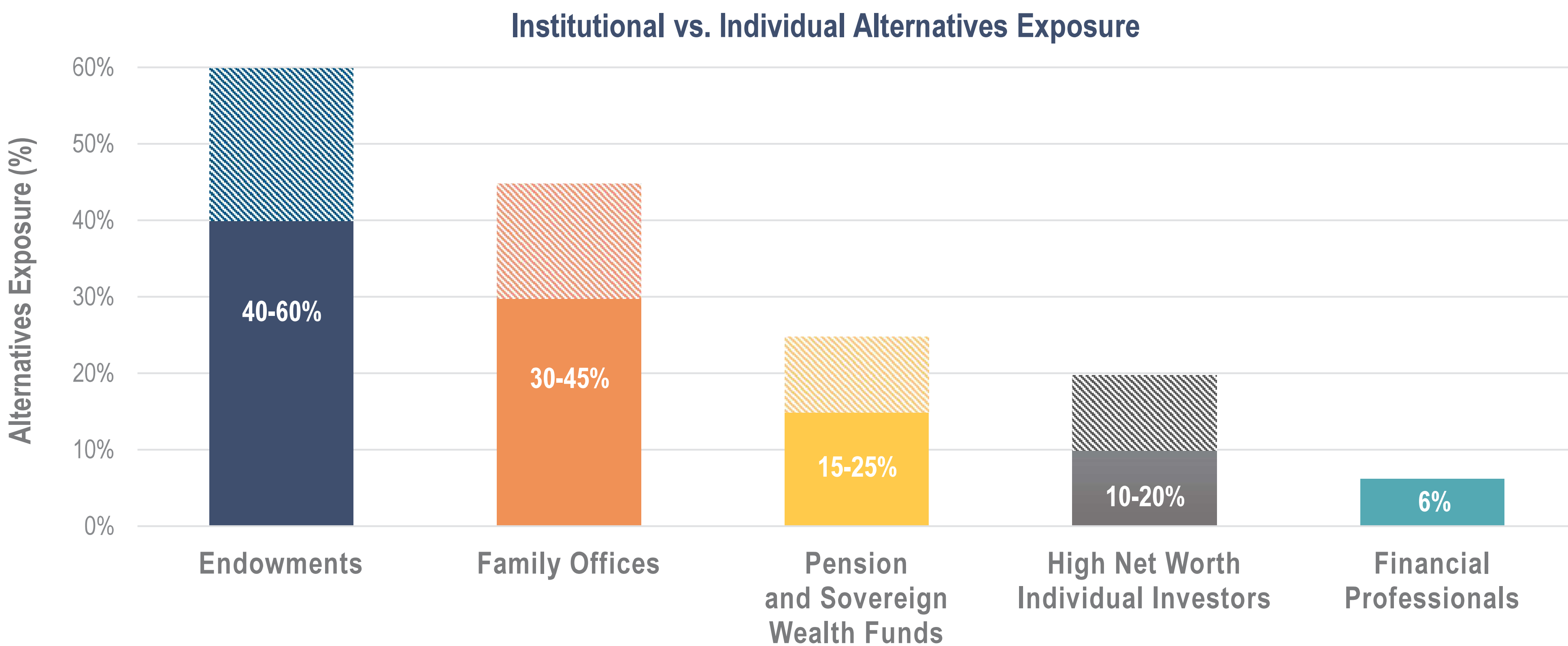
ALLOCATION TO ALTERNATIVE INVESTMENTS

For many years, alternative investments have been limited to certain investors, but access to these types of solutions is growing. Exposure to alternative investments among wealth management clients is expected to grow by 50% in North America in the next few years.[1]



Sources: Endowments, Family Offices, Pension and Sovereign Wealth Funds data from UBS Alternative Investments, December 2020 and UBS Global Family Office Report 2021. High Net Worth Individual Investors data from Statista. Financial Professionals data from FundFire.

[1]Source: Statista, 2021. Based on a survey of 2,500 wealth management respondents.

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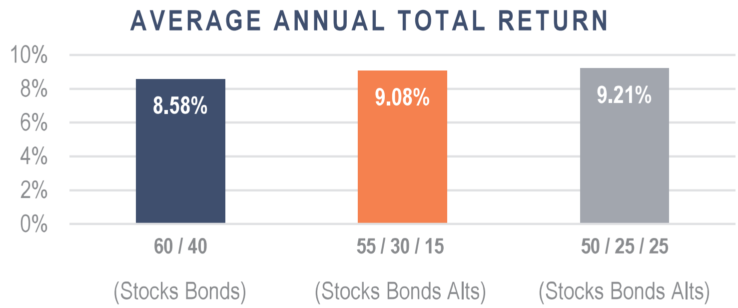
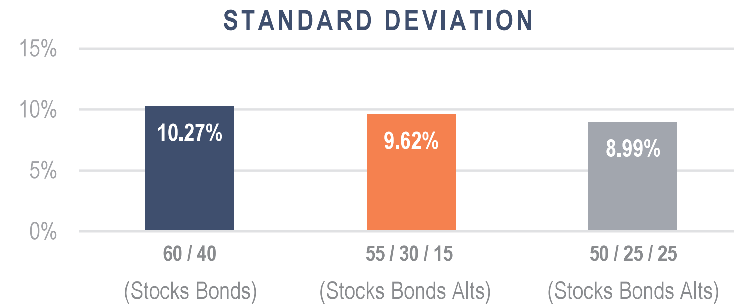
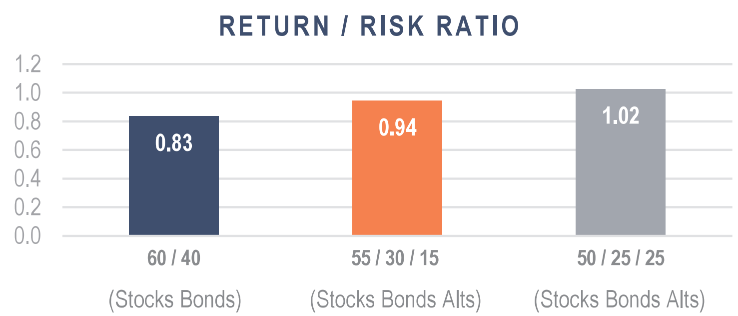
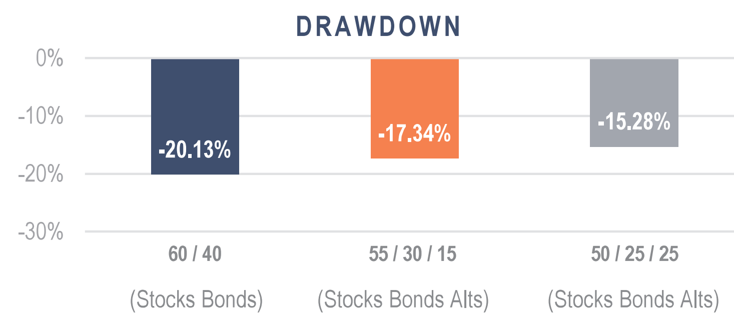
ALTERNATIVES ENHANCE RISK/RETURN METRICS

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 12/31/24.









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 3/31/2015 - 12/31/2024, 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.

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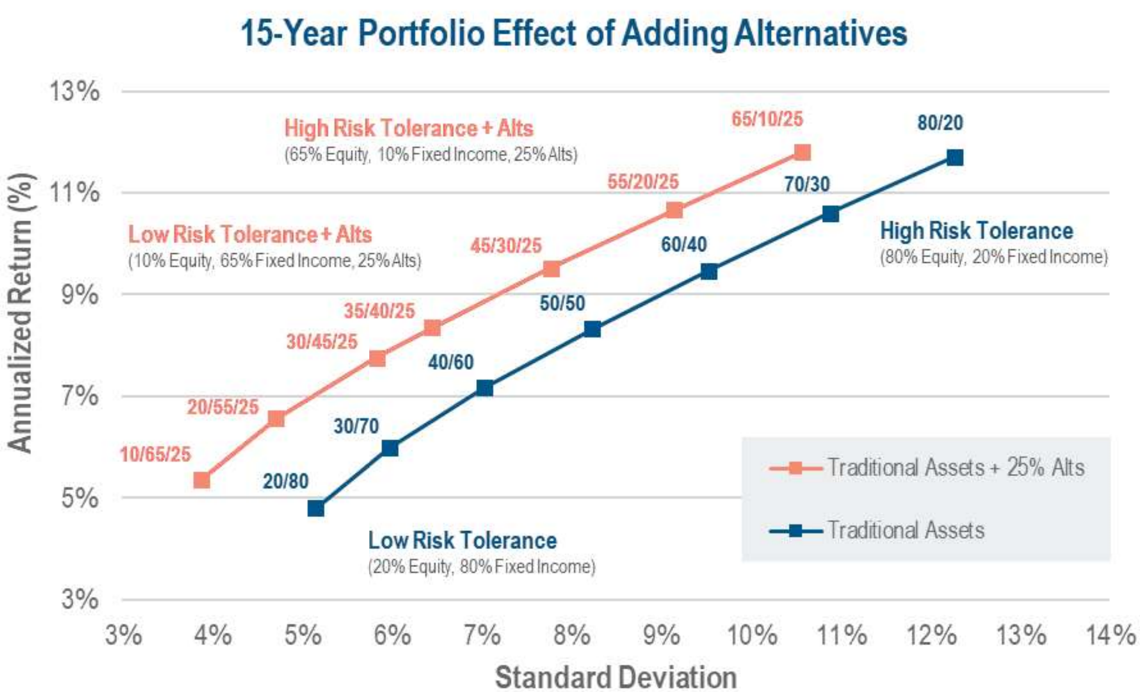
THE EFFICIENCY OF ADDING ALTERNATIVES

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 12/31/24:



Allocations (% Equity, % Fixed Income, % Alts)	Volatility	Annualized Return
10/65/25	3.9%	5.4%
20/55/25	4.7%	6.6%
30/45/25	5.8%	7.8%
35/40/25	6.5%	8.3%
45/30/25	7.8%	9.5%
55/20/25	9.2%	10.7%
65/10/25	10.6%	11.8%

Allocations (% Equity, % Fixed Income)	Volatility	Annualized Return
20/80	5.2%	4.8%
30/70	6.0%	6.0%
40/60	7.0%	7.2%
50/50	8.2%	8.3%
60/40	9.5%	9.5%
70/30	10.9%	10.6%
80/20	12.3%	11.7%

Source: Morningstar Direct, as of 12/31/2024, 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 3/31/2010-12/31/2024. 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.

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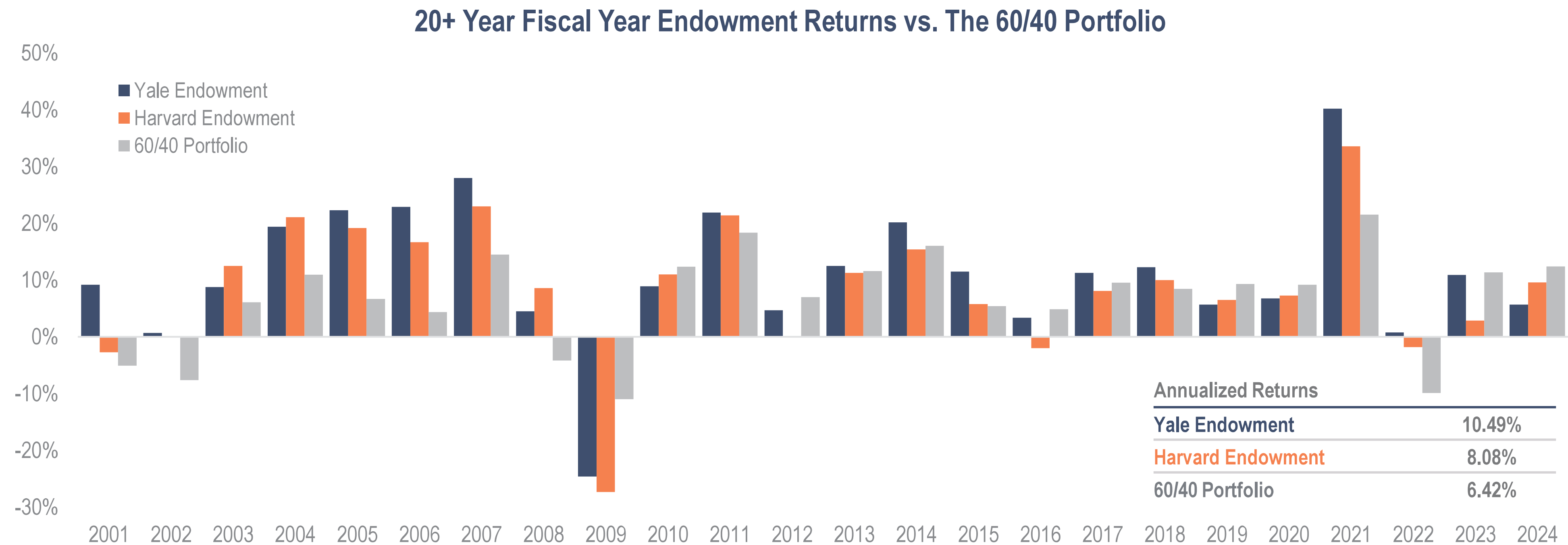
INVESTMENT INNOVATION: ENDOWMENT STYLE INVESTING

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



Annualized Returns	
Yale Endowment	10.49%
Harvard Endowment	8.08%
60/40 Portfolio	6.42%

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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%
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%
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%

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 and 40% bonds. Diversification does not guarantee a profit or protect against loss.

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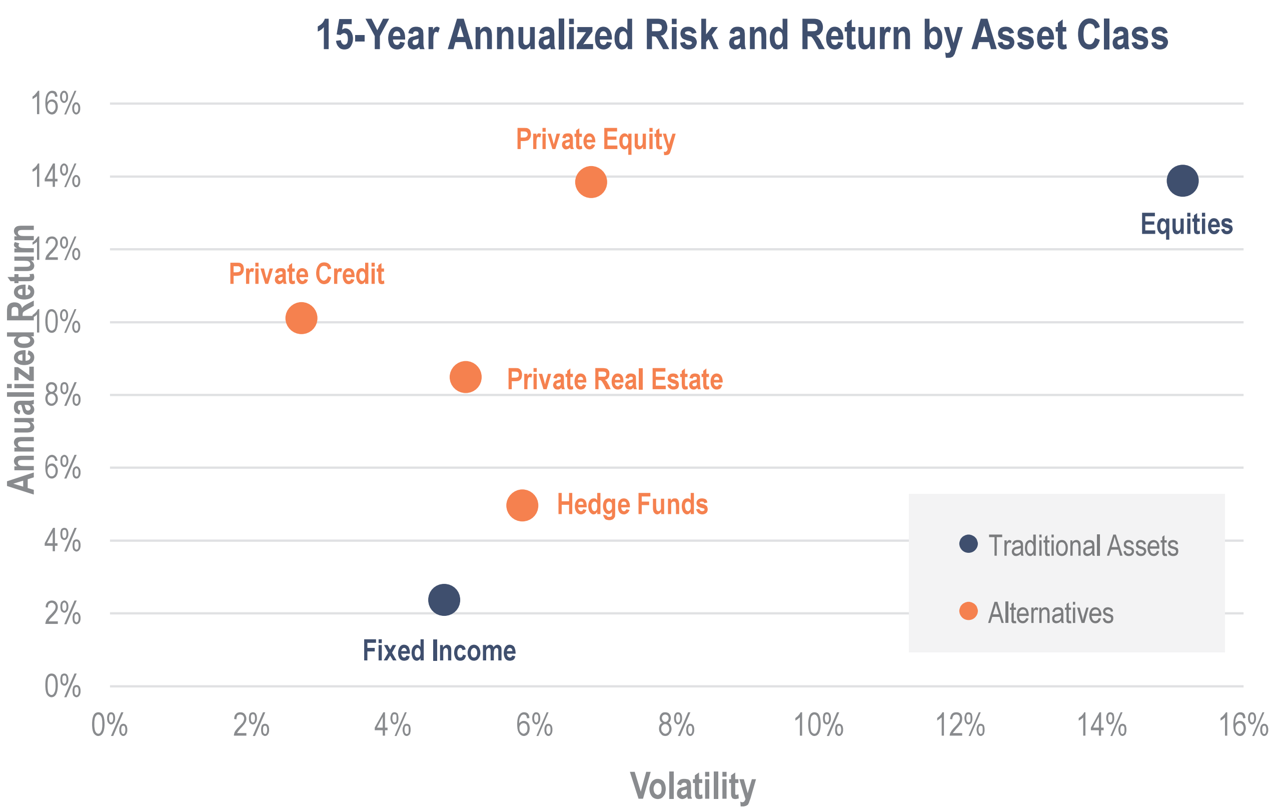
15-YEAR ANNUALIZED RISK AND RETURN BY ASSET CLASS



Asset Class	Volatility	Annualized Return
Equities	15.14%	13.88%
Fixed Income	4.72%	2.37%
Private Equity	6.79%	13.85%
Private Real Estate	5.02%	8.49%
Hedge Funds	5.82%	4.97%
Private Credit	2.70%	10.11%

Source: Cliffwater, Evestment, Preqin. Based on quarterly returns from 3/31/2010-12/31/2024, 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).

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