FIRST Trust ADVISORS L.P.

Market Watch

Week of October 23rd

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2005	5-yr.
DOW JONES 30 (12002)	0.39%	14.06%	19.52%	1.72%	7.80%
S&P 500 (1369)	0.23%	11.28%	18.42%	4.91%	6.83%
NASDAQ 100 (1710)	-1.02%	4.25%	10.38%	1.90%	5.15%
S&P Citigroup Growth	0.58%	7.74%	13.28%	4.01%	4.23%
S&P Citigroup Value	-0.11%	15.00%	23.87%	5.85%	9.36%
S&P 400 Citigroup Growth	-0.75%	3.13%	13.30%	13.58%	10.14%
S&P 400 Citigroup Value	-0.37%	10.43%	20.46%	11.58%	15.72%
S&P 600 Citigroup Growth	-0.15%	7.12%	14.74%	9.27%	13.54%
S&P 600 Citigroup Value	-0.43%	15.49%	22.97%	6.26%	16.17%
MSCI EAFE	1.41%	18.31%	29.50%	14.13%	15.20%
MSCI World (ex US)	1.47%	17.86%	29.21%	15.06%	15.51%
MSCI World	0.83%	14.27%	23.57%	10.08%	10.61%
MSCI Emerging Markets	0.45%	16.68%	36.46%	10.08%	27.89%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/20/06.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2005	5-yr.
Consumer Discretionary	-0.43%	12.19%	17.65%	-6.37%	7.34%
Consumer Staples	1.06%	11.33%	13.85%	3.58%	6.38%
Energy	1.67%	14.44%	23.77%	31.37%	17.46%
Financials	-0.88%	12.97%	23.55%	6.50%	10.24%
Health Care	2.27%	8.23%	13.16%	6.46%	1.60%
Industrials	-0.97%	9.65%	17.06%	2.32%	7.90%
Information Technology	-0.71%	5.68%	10.75%	0.99%	3.19%
Materials	-0.08%	10.21%	28.46%	4.69%	13.33%
Telecom Services	1.48%	31.27%	40.86%	-5.34%	0.35%
Utilities	3.20%	16.33%	23.18%	16.83%	6.36%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/20/06.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2005	5-yr.
U.S. Treasury: Intermediate	0.15%	2.41%	3.24%	1.56%	3.35%
GNMA 30 Year	0.28%	2.98%	4.31%	3.28%	4.32%
U.S. Aggregate	0.26%	2.74%	3.75%	2.43%	4.61%
U.S. Corporate High Yield	0.22%	8.17%	9.33%	2.74%	10.45%
U.S. Corporate Inv. Grade	0.33%	2.43%	3.51%	1.68%	5.46%
Municipal Bond: 22 years +	0.19%	4.69%	6.15%	7.06%	6.49%
Global Aggregate	0.63%	3.85%	3.65%	-4.49%	6.80%

Source: Lehman Bros. Returns include reinvested interest. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/20/06.

KEY RATES

As of 10/20

Fed Funds	5.25%	5-YR CD	4.83%
LIBOR (1-month)	5.32%	2-YR Note	4.86%
CPI - Headline	2.10%	5-YR Note	4.75%
CPI - Core	2.90%	10-YR Note	4.78%
Money Market Accts.	3.47%	30-YR T-Bond	4.90%
Money Market Funds	4.72%	30-YR Mortgage	6.33%
6-mo. CD	4.67%	Prime Rate	8.25%
1-YR CD	4.90%	Bond Buyer 40	4.74%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

WEEKLY FUND FLOWS

	Week of 10/18	Previous
Equity Funds	**$3.9 B**	**$5.9 B**

Including ETF activity, Domestic funds reporting net inflows of $1.625B and Non-domestic funds reporting net inflows of $2.256B.

Bond Funds	**$1.2 B**	**$494 M**

The largest inflows went into Investment Grade Corporate Bond funds, $555M, and International & Global Debt funds, $109M.

Municipal Bond Funds	**$205 M**	**$222 M**
Money Markets	**-$3.157 B**	**$17.032 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF OCTOBER 16TH-20TH

Monday, October 16, 2006 — Separate Managed Accounts
The separate managed account (SMA) industry is closing in on $800 billion in assets yet less than 15% of taxable accounts are customized for tax purposes, according to Cerulli Associates. Morningstar's research indicates that 70% of SMA money managers do not even offer such services, according to InvestmentNews.com. Perhaps the most common strategy involves tax-loss-harvesting for those investors with embedded losses. Until recently, tax-loss-harvesting was processed manually making it very labor intensive. Today, the process can be automated so advisers can sell stocks electronically to realize losses.

Tuesday, October 17, 2006 — U.S. Securities Industry
The U.S. securities industry posted profits totaling $7.5 billion in the second quarter of 2006, 89% higher than a year ago, according to the Securities Industry Association (SIA). For the first half of 2006, profits totaled $15.3 billion, the best showing in six years. The SIA is forecasting that total profits in 2006 will be $25.6 billion, $8 billion higher than last year's take and the second best performance ever.

Wednesday, October 18, 2006 — U.S. Small Businesses
The average amount of money spent to start a small business in the U.S. is $10,000, according to Wells Fargo. Its typical small business loan ranges from $30,000 to $35,000. Personal/family savings fund 57% of all start-ups, which amounts to $60 billion a year, according to the Small Business Administration (SBA). Bank business loans are a distant second at 12%. It is estimated that venture capital investors will fund less than 3,400 small firms (old or new) this year, according to *USA TODAY*. There are over 20 million small companies in the U.S. Companies with larger capital needs often tap the SBA for loans up to $2 million, but the SBA's average loan is $145,000.

Thursday, October 19, 2006 — Corporate Liquidity
According to *Worth*, corporate liquidity in the form of cash and equivalents reached an all-time high of $5.4 trillion in September. Liquidity is up 15% from 2004 and 50% higher today than in 1999. Companies build cash reserves for many reasons and one of them is future investment considerations. Today's slightly inverted yield curve means companies can earn a competitive rate of return on their cash while waiting for their next growth opportunity.

Friday, October 20, 2006 — Payout Ratios
The payout ratio for dividend-paying companies in the S&P 500 Index, which pertains to over 70% of the constituents over time, has averaged about 53% since 1936, according to S&P. The payout ratio is the percentage of quarterly earnings distributed to shareholders in the form of a dividend. The payout ratio has consistently been below 37% since the beginning of 2003, according to S&P. That means that companies have been hoarding cash for nearly four calendar years. The estimated payout ratio for the third quarter of 2006 is 27.93%. If that ratio holds, it would be the lowest payout since the first quarter of 1948.