FIRST Trust ADVISORS L.P.

Market Watch

Week of December 25th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2005	5-yr.
DOW JONES 30 (12343)	-0.82%	15.17%	13.35%	1.72%	4.22%
S&P 500 (1411)	-1.10%	15.15%	13.39%	4.91%	6.13%
NASDAQ 100 (1749)	-3.31%	6.78%	4.36%	1.90%	2.37%
S&P Citigroup Growth (L-C)	-1.45%	10.54%	8.68%	4.01%	3.02%
S&P Citigroup Value (L-C)	-0.76%	20.03%	18.41%	5.85%	9.26%
S&P 400 Citigroup Growth (M-C)	-1.76%	5.80%	4.70%	13.58%	7.93%
S&P 400 Citigroup Value (M-C)	-1.61%	14.41%	13.22%	11.58%	14.23%
S&P 600 Citigroup Growth (S-C)	-1.58%	10.01%	8.09%	9.27%	11.53%
S&P 600 Citigroup Value (S-C)	-1.43%	18.33%	17.11%	6.26%	13.44%
MSCI EAFE	-0.20%	25.81%	25.37%	14.13%	16.07%
MSCI World (ex US)	-0.27%	25.15%	24.76%	15.06%	16.30%
MSCI World	-0.69%	19.82%	18.70%	10.08%	10.67%
MSCI Emerging Markets	0.17%	29.29%	30.57%	10.08%	26.79%

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 12/22/06.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2005	5-yr.
Consumer Discretionary	-0.58%	18.15%	16.87%	-6.37%	5.83%
Consumer Staples	-0.15%	14.23%	12.24%	3.58%	6.21%
Energy	-3.71%	23.49%	21.06%	31.37%	19.56%
Financials	-0.17%	18.49%	16.92%	6.50%	9.59%
Health Care	-0.22%	7.11%	5.21%	6.46%	1.39%
Industrials	-0.36%	13.19%	11.90%	2.32%	5.84%
Information Technology	-2.59%	7.35%	5.26%	0.99%	0.40%
Materials	-2.59%	17.67%	17.18%	4.69%	13.12%
Telecom Services	-1.11%	33.95%	32.19%	-5.34%	1.49%
Utilities	-0.98%	20.56%	19.20%	16.83%	9.85%

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 12/22/06.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2005	5-yr.
U.S. Treasury: Intermediate	0.01%	3.74%	3.94%	1.56%	3.78%
GNMA 30 Year	0.07%	4.76%	5.03%	3.28%	4.82%
U.S. Aggregate	-0.02%	4.56%	4.85%	2.43%	5.18%
U.S. Corporate High Yield	0.37%	11.64%	11.89%	2.74%	10.16%
U.S. Corporate Inv. Grade	-0.04%	4.60%	4.98%	1.68%	6.06%
Municipal Bond: 22 years +	0.00%	6.99%	7.55%	7.06%	7.40%
Global Aggregate	-0.02%	6.87%	6.77%	-4.49%	7.86%

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 12/22/06.

KEY RATES

As of 12/22

Fed Funds	5.25%	5-YR CD	4.69%
LIBOR (1-month)	5.35%	2-YR Note	4.72%
CPI - Headline	2.00%	5-YR Note	4.58%
CPI - Core	2.60%	10-YR Note	4.61%
Money Market Accts.	3.56%	30-YR T-Bond	4.75%
Money Market Funds	4.74%	30-YR Mortgage	6.06%
6-mo. CD	4.63%	Prime Rate	8.25%
1-YR CD	4.79%	Bond Buyer 40	4.58%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

WEEKLY FUND FLOWS

	Week of 12/20	Previous
Equity Funds	**-$10.5 B**	**$921 M**
Including ETF activity, Domestic funds reporting net outflows of -$13.241B and Non-domestic funds reporting net inflows of $2.742B.		
Bond Funds	**$1.5 B**	**$651 M**
Municipal Bond Funds	**$260 M**	**$202 M**
Money Markets	**$2.186 B**	**$17.796 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF DECEMBER 18TH - 22ND

Monday, December 18, 2006 — Foreign Purchases of U.S. Equities
Net foreign purchases of U.S. equities increased from $9.2 billion in September to $21.4 billion in October, according to the U.S. Treasury Department. Net purchases totaled $114.2 billion for the 12-month period ended October 2006, up from $83.6 billion a year ago. Net inflows are up over fourfold from the $26.2 billion registered in 2004.

Tuesday, December 19, 2006 — Adjustable-Rate Mortgages (ARMS)
Nearly 14% of subprime borrowers with adjustable-rate mortgages (ARMS) were behind on their payments in the third quarter, the highest percentage since the beginning of 2003, according to the Mortgage Bankers Association. More than $1.2 trillion worth of ARMs are scheduled to reset higher in 2007. In California, 1 in 10 homeowners with a subprime ARM was behind in their payment in Q3. That rate was double in West Virginia, Michigan and Alabama, where unemployment is more of a problem than it is nationally. Job loss is the primary cause of foreclosures. Typically, a lender begins the foreclosure process after the borrower has missed three consecutive payments.

Wednesday, December 20, 2006 — Exchange-Traded Funds
ETF assets totaled approximately $407 billion at the end of November, up 34.8% year-to-date, according to State Street Global Advisors. Assets in international ETFs are up over 50% in 2006. There are currently 54 international funds with assets totaling $96 billion. There have been 140 ETFs brought to market this year with several hundred more in registration with the SEC, according to TheStreet.com. As of November, the number of ETFs trading in the U.S. totaled 344.

Thursday, December 21, 2006 — Variable Annuity Sales
U.S. variable annuity assets grew 9.8% in the third quarter on a y-o-y basis to $1.3 trillion, according to the National Association for Variable Annuities. Third quarter sales totaled $37 billion, also 9.8% higher than a year ago. Perhaps the most encouraging stat is that net flows surged 98.3% y-o-y to $9.3 billon. A 2006 survey by researcher Mintel found that people buy annuities primarily for the following reasons: guaranteed income for life; seems to be the safest retirement investment; recommended by an advisor/broker; and do not have to worry so much about making investment decisions.

Friday, December 22, 2006 — Separate Managed Accounts
The total assets held in separately managed accounts (SMAs) increased by $32.0 billion to $805.8 billion in Q3'06, according to the Money Management Institute. Total assets closed the third quarter 24.8% above a year ago. The number of SMA accounts decreased by 4% in Q3 to 2.52 million, but were up 18% over the 2.13 million at the close of Q3'05. International and Global SMAs increased their share of the market from 19% (Q3'05) to 25% (Q3'06). Wirehouses continue to be the top distributors of SMAs with a 78.4% share of the market. Banks remain a distant second with an 8.1% share.