Market Watch

FIRST Trust ADVISORS L.P.

Week of July 30th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
DOW JONES 30 (13265)	-4.23%	6.44%	19.50%	19.04%	9.91%
S&P 500 (1459)	-4.88%	3.90%	17.67%	15.79%	13.36%
NASDAQ 100 (1956)	-3.91%	11.59%	32.92%	7.28%	16.88%
S&P 500/Citigroup Growth	-4.45%	4.72%	18.24%	11.03%	10.65%
S&P 500/Citigroup Value	-5.30%	3.16%	17.22%	20.85%	16.18%
S&P MidCap 400/Citigroup Growth	-5.49%	9.68%	20.88%	5.90%	15.51%
S&P MidCap 400/Citigroup Value	-6.58%	5.30%	17.66%	14.98%	18.35%
S&P SmallCap600/Citigroup Growth	-5.19%	6.46%	18.33%	10.56%	17.81%
S&P SmallCap600/Citigroup Value	-7.32%	0.29%	15.54%	19.66%	16.93%
MSCI EAFE	-5.46%	7.82%	23.78%	26.98%	20.99%
MSCI World (ex US)	-5.59%	8.55%	24.15%	26.34%	21.48%
MSCI World	-5.26%	6.43%	21.24%	20.72%	17.25%
MSCI Emerging Markets	-5.61%	20.45%	46.56%	32.20%	32.66%

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 7/27/07.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
Consumer Discretionary	-5.97%	-2.80%	17.87%	18.64%	11.02%
Consumer Staples	-2.68%	3.03%	11.25%	14.58%	7.79%
Energy	-6.65%	17.88%	24.18%	24.21%	26.80%
Financials	-5.61%	-7.99%	5.42%	19.23%	12.27%
Health Care	-4.11%	1.82%	8.01%	7.53%	7.92%
Industrials	-3.95%	11.81%	25.71%	13.29%	14.57%
Information Technology	-4.08%	10.11%	34.18%	8.42%	14.13%
Materials	-8.51%	12.61%	32.45%	18.98%	16.88%
Telecom Services	-1.33%	12.61%	29.49%	36.74%	19.29%
Utilities	-7.09%	4.07%	15.08%	20.99%	19.45%

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 7/27/07.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
U.S. Treasury: Intermediate	0.79%	2.89%	5.92%	3.51%	3.13%
GNMA 30 Year	0.41%	1.58%	5.84%	4.62%	3.92%
U.S. Aggregate	0.41%	1.77%	5.94%	4.33%	4.35%
U.S. Corporate High Yield	-3.14%	-1.46%	5.94%	11.85%	11.55%
U.S. Corporate Investment Grade	0.16%	1.15%	6.08%	4.30%	5.65%
Municipal Bond: 22 years +	0.22%	0.13%	4.96%	6.82%	6.05%
Global Aggregate	0.20%	2.44%	6.21%	6.64%	6.41%

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 7/27/07.

KEY RATES

As of 7/27

Fed Funds	5.25%	5-YR CD	4.95%
LIBOR (1-month)	5.32%	2-YR Note	4.52%
CPI - Headline	2.70%	5-YR Note	4.56%
CPI - Core	2.20%	10-YR Note	4.75%
Money Market Accts.	3.71%	30-YR T-Bond	4.93%
Money Market Funds	4.72%	30-YR Mortgage	6.63%
6-mo. CD	4.62%	Prime Rate	8.25%
1-YR CD	4.90%	Bond Buyer 40	4.77%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

WEEKLY FUND FLOWS

	Week of 7/25	Previous
Equity Funds	**-$6.0 B**	**$8.4 B**

Including ETF activity, Domestic funds reporting net outflows of -$7.377B and Non-domestic funds reporting net inflows of $1.410B.

Bond Funds	**$453 M**	**$525 M**

Inflows were reported in all sectors except High Yield Corporate Bond funds, -$386M, and Flexible funds, -$279M. High Yield Corporate Bond funds report the seventh consecutive week of net outflows for the first time since 5/31/06.

Municipal Bond Funds	**$145 M**	**-$24 M**

Money Markets	**$12.570 B**	**-$5.652 B**

These inflows bring the total net assets in the sector to a record $2.543 Trillion.

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF JULY 23RD - 27TH

Monday, July 23, 2007 — Dividends
Approximately 7,000 publicly owned companies report dividend information to Standard & Poor's Dividend Record. In Q2'07, 448 companies increased their dividend distributions – a 7.25% decline from the 483 increases registered in Q2'06, according to S&P. S&P believes that corporate stock buybacks are contributing to the slower pace of dividend growth. One-time/special dividend distributions rose 3.37% from 89 in Q2`06 to 92 in Q2`07. The number of companies paying a dividend did increase by 3% in the first half of 2007.

Tuesday, July 24, 2007 — Stock Returns
From 1950 through 2005, stock returns outpaced inflation during each and every overlapping 20-year period, but bonds beat inflation only 70% of the time, according to *Kiplinger*. Stocks tend to outpace bonds even when the economic climate is less than stellar. From 1967 through 1986, bonds actually lost an annualized 0.5% after inflation, while stocks gained an average of 2.1%.

Wednesday, July 25, 2007 — Speculative-Grade Niche
Corporations looking to raise capital in the speculative-grade niche of the bond market are shelving deals due to the fallout from sub-prime mortgages. The tightening of credit standards has a lot to do with the sudden drop in supply. Companies have issued just $816 million worth of high yield corporates so far in July, which pales in comparison to the $9.8 billion raised in just the final week of June, according to Thomson Financial. The average for the first half of 2007 was $16.3 billion per month.

Thursday, July 26, 2007 — Asset Allocation Models
Don Hayes of respected institutional service Hays Advisory remains a "superbull" on stocks and thinks we are now entering the last half of this bull market, according to MarketWatch.com. He believes investors will achieve "accelerated" gains over the next 18-20 months. Here are his recommended asset allocation models: *Long-term growth strategy* (100% stocks); *Moderate growth strategy* (85% stocks/15% bonds); and *Conservative growth strategy* (65% stocks/35% bonds).

Friday, July 27, 2007 — Global Mergers and Acquisitions
Global mergers and acquisitions are running 56% ahead of last year's record pace, according to Bloomberg. Total value of announced deals to date is $3.07 trillion. An estimated $380 billion in cash will be paid out to shareholders over the next four months if all the announced private equity merger deals are consummated, according to MarketWatch.com. Fund and institutional money managers would likely plow much of that capital back into stocks and other assets.