FIRST Trust ADVISORS L.P.

Market Watch

Week of August 6th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
DOW JONES 30 (13182)	-0.58%	7.10%	19.94%	19.04%	12.16%
S&P 500 (1433)	-1.74%	2.10%	14.03%	15.79%	12.66%
NASDAQ 100 (1919)	-1.90%	9.46%	27.58%	7.28%	16.91%
S&P 500/Citigroup Growth	-1.68%	2.96%	14.89%	11.03%	10.00%
S&P 500/Citigroup Value	-1.79%	1.32%	13.29%	20.85%	15.41%
S&P MidCap 400/Citigroup Growth	-1.67%	7.85%	15.92%	5.90%	15.09%
S&P MidCap 400/Citigroup Value	-2.54%	2.64%	12.21%	14.98%	17.44%
S&P SmallCap600/Citigroup Growth	-1.35%	5.02%	13.54%	10.56%	17.78%
S&P SmallCap600/Citigroup Value	-3.20%	-2.92%	8.51%	19.66%	16.63%
MSCI EAFE	0.11%	7.93%	23.18%	26.98%	20.75%
MSCI World (ex US)	0.02%	8.57%	23.30%	26.34%	21.21%
MSCI World	-0.81%	5.57%	18.97%	20.72%	16.75%
MSCI Emerging Markets	-0.40%	19.97%	45.63%	32.20%	32.48%

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 8/3/07.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
Consumer Discretionary	-1.99%	-4.74%	13.42%	18.64%	11.22%
Consumer Staples	0.18%	3.22%	10.28%	14.58%	7.16%
Energy	-4.16%	12.98%	17.50%	24.21%	26.36%
Financials	-3.69%	-11.38%	-0.33%	19.23%	10.73%
Health Care	-0.10%	1.72%	7.92%	7.53%	7.02%
Industrials	-0.54%	11.21%	23.33%	13.29%	14.15%
Information Technology	-1.55%	8.40%	29.59%	8.42%	14.13%
Materials	-1.39%	11.04%	26.14%	18.98%	17.34%
Telecom Services	0.09%	12.71%	28.76%	36.74%	17.44%
Utilities	0.32%	4.39%	14.62%	20.99%	17.98%

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 8/3/07.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
U.S. Treasury: Intermediate	0.35%	3.25%	5.88%	3.51%	3.09%
GNMA 30 Year	0.66%	2.25%	5.81%	4.62%	3.98%
U.S. Aggregate	0.44%	2.22%	5.80%	4.33%	4.32%
U.S. Corporate High Yield	1.11%	-0.37%	6.66%	11.85%	12.08%
U.S. Corporate Investment Grade	0.24%	1.39%	5.65%	4.30%	5.57%
Municipal Bond: 22 years +	-0.40%	-0.28%	4.00%	6.82%	5.95%
Global Aggregate	0.59%	3.04%	6.34%	6.64%	6.47%

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 8/3/07.

KEY RATES

As of 8/3

Fed Funds	5.25%	5-YR CD	4.94%
LIBOR (1-month)	5.32%	2-YR Note	4.40%
CPI - Headline	2.70%	5-YR Note	4.47%
CPI - Core	2.20%	10-YR Note	4.67%
Money Market Accts.	3.70%	30-YR T-Bond	4.86%
Money Market Funds	4.74%	30-YR Mortgage	6.62%
6-mo. CD	4.58%	Prime Rate	8.25%
1-YR CD	4.88%	Bond Buyer 40	4.80%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

WEEKLY FUND FLOWS

	Week of 7/25	Previous
Equity Funds	**$1.8 B**	**-$6.0 B**

Including ETF activity, Domestic funds reporting net inflows of $2.366B and Non-domestic funds reporting net outflows of -$602M.

Bond Funds	**-$866 M**	**$453 M**

The largest outflows were reported from Flexible funds, -$625M, and High Yield Corporate Bond funds, -$493M. High Yield Corporate Bond funds report the largest consecutive eight-week string of outflows, -$2.7B, since 11/9/05.

Municipal Bond Funds	**$105 M**	**$145 M**
Money Markets	**$16.796 B**	**$12.570 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF JULY 30TH - AUGUST 3RD

Monday, July 30, 2007 — U.S. Multinationals
U.S. multinationals are generating profits at a much faster clip overseas than here at home. In the first quarter of 2007, foreign profits grew by 16.4% (y-o-y), while domestic profits increased just 2.7%, according to the Bureau of Economic Analysis and Bank of America. Those percentages are noticeably different than in the third quarter of 2005 when foreign and domestic profits grew by 13.0% and 7.4%, respectively. The weakness in the dollar has helped boost foreign profits in 2007. The dollar has declined 4.7% this year. According to Richard Bernstein, chief investment strategist at Merrill Lynch, investors looking to capitalize on foreign markets should focus on U.S. multinationals.

Tuesday, July 31, 2007 — Corporate America and Cash
Corporate America remains flush with cash despite the billions of dollars spent in recent years on buybacks, dividend increases, capital expenditures and M&A activity. The S&P 500 industrials alone have $602 billion sitting in cash and equivalents, according to Howard Silverblatt, senior index analyst at Standard & Poor's. That amount equates to nearly 61 weeks of earnings and represents 39.6% of long-term debt.

Wednesday, August 1, 2007 — Dividend Payers vs. Non-Payers
In July, the dividend-payers (388) in the S&P 500 (equal weight) posted a total return of -4.55%, vs. -4.43% for the non-payers (112), according to Standard & Poor's. Year-to-date, the payers gained 3.36%, vs. 4.79% for the non-payers. For the 12-month period ended July 2007, payers gained 15.87%, vs. 22.32% for the non-payers. The number of dividend increases (S&P 500) year-to-date totaled 193, lagging the 200 and 207 increases registered over the same period in 2006 and 2005. The dividend yield on the index was 1.92% at the close of July.

Thursday, August 2, 2007 — High-Yield Corporate Bonds
The sell-off in the speculative-grade corporate bond market was just a matter of time considering the great run high yield corporates have had since the fourth quarter of 2002. From 9/30/02-6/30/07, or 57 months, the Lehman Brothers U.S. Corporate High Yield Index posted a cumulative total return of 80.83%, with 23.3 percentage points of that coming from price appreciation. The index posted a total return of -3.54% in July, but prices were down 4.19%. Currently, the spread between high yield corporates and treasuries is approximately 417 basis points, a bit below the long-term average of 450 basis points, according to *Forbes*.

Friday, August 3, 2007 — Senior Loan Default Rate
The default rate on senior loans stood at 0.42% in July, up slightly from the all-time low of 0.29% in June, according to Standard & Poor's LCD. The senior loan market had been default-free for a record seven consecutive months, but **Bally Total Fitness** filed a prepackaged bankruptcy on July 31 to end the streak. There have only been three defaults over the past 12 months. The default rate remains below the historical average of 3.15%.