First Trust

Market Watch

Week of October 3rd

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (10,913)	1.34%	-3.89%	3.84%	14.06%	1.37%
S&P 500 (1,131)	-0.41%	-8.68%	1.14%	15.06%	-1.18%
NASDAQ 100 (2,139)	-3.07%	-2.95%	7.99%	20.15%	5.97%
S&P 500 Growth	-1.41%	-5.54%	4.90%	15.09%	1.43%
S&P 500 Value	0.74%	-11.92%	-2.63%	15.13%	-3.86%
S&P MidCap 400 Growth	-2.51%	-10.16%	2.96%	30.65%	4.47%
S&P MidCap 400 Value	-0.65%	-15.79%	-5.34%	22.80%	0.01%
S&P SmallCap 600 Growth	-1.37%	-10.56%	4.54%	28.43%	2.33%
S&P SmallCap 600 Value	0.10%	-16.83%	-3.36%	25.01%	-1.53%
MSCI EAFE	2.83%	-14.98%	-9.36%	7.75%	-3.46%
MSCI World (ex US)	2.50%	-16.80%	-10.81%	11.15%	-1.57%
MSCI World	0.95%	-12.20%	-4.35%	11.76%	-2.22%
MSCI Emerging Markets	2.22%	-21.88%	-16.15%	18.88%	4.86%

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 09/30/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	-2.42%	-5.72%	6.32%	27.85%	1.63%
Consumer Staples	0.53%	3.38%	9.70%	14.12%	6.33%
Energy	0.51%	-11.41%	7.62%	20.46%	3.41%
Financials	1.05%	-25.14%	-16.45%	12.18%	-17.40%
Health Care	0.76%	2.52%	6.25%	2.90%	1.19%
Industrials	-0.26%	-14.68%	-4.59%	26.74%	-1.39%
Information Technology	-2.28%	-5.79%	3.88%	10.22%	3.33%
Materials	-3.06%	-21.70%	-6.70%	22.34%	1.13%
Telecom Services	1.84%	-1.52%	5.71%	18.97%	1.53%
Utilities	0.67%	10.78%	11.99%	5.46%	3.88%

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 09/30/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	-0.34%	5.81%	3.94%	5.29%	6.05%
GNMA 30 Year	-0.24%	6.62%	6.96%	6.71%	7.03%
U.S. Aggregate	-0.39%	6.65%	5.26%	6.54%	6.53%
U.S. Corporate High Yield	-1.74%	-1.39%	1.78%	15.12%	7.08%
U.S. Corporate Investment Grade	-0.54%	6.10%	4.40%	9.00%	6.70%
Municipal Bond: Long Bond (22+)	-0.61%	12.62%	4.31%	1.12%	4.17%
Global Aggregate	-0.73%	5.40%	4.00%	5.55%	6.85%

Source: Barclays Capital. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 09/30/11.

Key Rates

As of 09/30/11

Fed Funds	0.00-0.25%	5-yr CD	1.65%
LIBOR (1-month)	0.24%	2-yr T-Note	0.24%
CPI - Headline	3.80%	5-yr T-Note	0.95%
CPI - Core	2.00%	10-yr T-Note	1.91%
Money Market Accts.	0.54%	30-yr T-Bond	2.91%
Money Market Funds	0.02%	30-yr Mortgage	4.03%
6-mo CD	0.52%	Prime Rate	3.25%
1-yr CD	0.82%	Bond Buyer 40	4.92%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg.

Market Indicators

As of 09/30/11

TED Spread	36 bps
Investment Grade Spread (A2)	273 bps
ML High Yield Master II Index Spread	842 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 9/21/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$3.885	Billion	-$2.659	Billion
Foreign Equity	$1.110	Billion	$666	Million
Taxable Bond	$1.184	Billion	$3.242	Billion
Municipal Bond	$569	Million	$610	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$2.71	Billion	$1.42	Billion
Institutional	$15.92	Billion	-$13.24	Billion

Source: Investment Company Institute

Factoids for the week of September 26th – 30th

Monday, September 26, 2011
A report out today by Aon Hewitt and investment adviser Financial Engines shows that participants in 401(k) plans that utilized some form of professional assistance in allocating their capital from 2006-2010 achieved annual returns 3% above those participants that made their own investment choices, according to the Associated Press. Assistance, for the purposes of this study, included the use of target-date funds, professionally managed accounts and online advice. Nearly 30% of workers used some form of help with their retirement investments in 2010, up from 25% in 2009.

Tuesday, September 27, 2011
Bankrate released the results of its annual study of checking accounts and it revealed that 45% of non-interest checking accounts do not levy fees, down from 65% in 2010 and 76% (peak) in 2009, according to CNNMoney.com. Roughly 92% of checking accounts, however, will give customers a pass on the fees providing they meet certain criteria, such as maintaining a minimum balance or making direct deposits. The average balance required to avoid the fee is $585, up from $249 last year. The average monthly fee for those charged is $4.37, up from $2.49 last year.

Wednesday, September 28, 2011
Morningstar data shows that close to 50% of the 1,300 ETFs currently trading have less than $50 million in assets – typically the minimum for an ETF to make a profit, according to SmartMoney.com. Only a handful of ETFs have closed so far in 2011. That number was 50 or more per year over the past three calendar years. Investwithanedge.com estimates that more than 150 funds are currently on "life support." The marketplace is comprised of 36 ETF managers overseeing $1 trillion in assets.

Thursday, September 29, 2011
The combination of the correction in the stock market and the soft patch in economic activity helped curb the number of IPOs in Q3'11. Data from PricewaterhouseCoopers shows that just 20 companies have gone public this quarter, according to Fortune. The $3.1 billion raised represents a 74% decline from Q2'11, and is the lowest quarterly total in three years. The good news is executives are still optimistic. There have been 75 IPOs filed so far in Q3, including 25 during the volatile month of August.

Friday, September 30, 2011
The Q3'11 edition of the *Investment Manager Outlook* (released 9/29), a survey of investment managers conducted by Russell Investment Group, found that 78% of managers do not expect the U.S. to slide into a double-dip recession. Strong corporate balance sheets and high corporate profit levels were the top reasons cited. Managers are most bullish on the following asset classes (**Q3'11**/Q2'11): Emerging Markets Equities (**74%**/59%); U.S. Large-Cap Growth (**73%**/60%); and U.S. Large-Cap Value (**63%**/49%). The sectors managers are most bullish on are Technology (**71%**/65%) and Energy (**57%**/55%).