

| Open-End Net Fund Flows (\$) | 2/18 | 1/18 | YTD (Feb) |
|------------------------------|--------|---------|-----------|
| Equity | -8.37B | -7.08B | -15.45B |
| Taxable Bond | 1.21B | 36.97B | 38.19B |
| Municipal Bond | -1.09B | 10.08B | 9.00B |
| Hybrid | -3.86B | -0.97B | -4.83B |
| Taxable Money Market | 43.54B | -57.00B | -13.46B |

| Key Interest Rates | 3/29/18 | 12/29/17 | 3/31/17 |
|---------------------------|---------|----------|---------|
| Federal Funds Target Rate | 1.75% | 1.50% | 1.00% |
| ICE LIBOR (3-Month) | 2.31% | 1.69% | 1.15% |
| 2-Year T-Note | 2.27% | 1.89% | 1.26% |
| 10-Year T-Note | 2.74% | 2.41% | 2.39% |
| Bond Buyer 40 | 3.98% | 3.87% | 4.25% |

| Commodities/U.S. Dollar | 3/18 | YTD | 12 Mo. |
|--------------------------------|--------|--------|---------|
| U.S. Dollar Index (DXY) | -0.51% | -2.14% | -10.16% |
| TR/CC CRB Commodity Index | 0.73% | 0.77% | 5.10% |
| Crude Oil (Barrel) | 5.35% | 7.48% | 28.34% |
| Natural Gas (per million BTUs) | 2.25% | -7.46% | -14.42% |
| Gold Bullion (Ounce) | 0.37% | 1.03% | 6.05% |

Total Return Performance

| U.S. Stock Indices | 3/18 | YTD | 12 Mo. |
|--------------------|--------|--------|--------|
| S&P 500 | -2.54% | -0.76% | 13.98% |
| DJIA | -3.59% | -1.96% | 19.39% |
| NASDAQ 100 | -3.94% | 3.15% | 22.39% |
| S&P 400 | 0.93% | -0.77% | 10.96% |
| Russell 2000 | 1.29% | -0.08% | 11.79% |
| Russell 3000 | -2.01% | -0.64% | 13.80% |

| U.S. Styles/Market Caps | 3/18 | YTD | 12 Mo. |
|-------------------------|--------|--------|--------|
| S&P 500 Growth | -2.98% | 1.93% | 19.68% |
| S&P 500 Value | -2.04% | -3.58% | 7.68% |
| S&P MidCap 400 Growth | 1.02% | 1.35% | 15.65% |
| S&P MidCap 400 Value | 0.84% | -3.01% | 6.10% |
| Russell 2000 Growth | 1.35% | 2.28% | 18.60% |
| Russell 2000 Value | 1.24% | -2.61% | 5.15% |

| Foreign Stock Indices (USD) | 3/18 | YTD | 12 Mo. |
|-----------------------------|--------|--------|--------|
| MSCI World NET (Ex-U.S.) | -1.89% | -2.19% | 13.74% |
| MSCI Emerging Markets NET | -1.99% | 1.28% | 24.76% |
| MSCI Europe NET | -1.20% | -1.98% | 14.49% |
| MSCI BRIC NET | -3.15% | 2.24% | 29.88% |
| MSCI EM Latin America NET | -0.96% | 8.02% | 19.29% |
| Nikkei 225 | -3.18% | -0.94% | 19.15% |

| Barclays Bond Indices | 3/18 | YTD | 12 Mo. |
|-----------------------------|--------|--------|--------|
| U.S. Treasury: Intermediate | 0.53% | -0.75% | -0.16% |
| GNMA 30 Year | 0.65% | -1.28% | 0.29% |
| Municipal Bond (22+) | 0.71% | -1.56% | 4.68% |
| U.S. Aggregate | 0.64% | -1.46% | 1.20% |
| Intermediate Corporate | 0.06% | -1.50% | 1.19% |
| U.S. Corporate High Yield | -0.60% | -0.86% | 3.78% |
| Global Aggregate | 1.06% | 1.36% | 6.97% |
| EM Hard Currency Aggregate | 0.19% | -1.04% | 5.07% |

Sources: Bloomberg, Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

In the first three months of this year, we experienced a correction in the stock market (10% or more price decline in the S&P 500 Index) and a second significant sell-off stemming from the trade tariffs announced by the Trump administration. Suffice it to say that one of the new buzzwords in 2018 is volatility. Volatility in the equities markets has spiked relative to 2017's record low levels, but the increase has simply brought it back more in line with its long-term historical average, as measured by the CBOE Volatility Index® (VIX). The index estimates expected volatility by averaging the weighted prices of S&P 500 puts and calls over a wide range of strike prices. The VIX posted an average reading of 19.06 in March 2018, up significantly from its 11.10 average for all of 2017, but still below its 20-year average of 20.34, according to Bloomberg. In other words, last year was the outlier.

Stock Market

The S&P 500 Index (the "index") closed at 2,640.87 on 3/29/18, 8.08% below its all-time high of 2,872.87, set on 1/26/18, according to Bloomberg. The index posted a total return of -2.54% in March. Eight of the 11 major sectors that comprise the S&P 500 Index were down on a total return basis. The top-performer was Real Estate, up 3.78%, while the worst showing came from Financials, down 4.31%. In Q1'18, the index posted a total return of -0.76%. Nine of 11 sectors were down on a total return basis in the quarter. The top-performer was Information Technology, up 3.53%, while the worst showing came from Telecommunication Services, down 7.48%. In 2016 and 2017, the S&P 500 Index registered several multi-month periods without experiencing a single up or down day of more than 1%, according to Bloomberg. Year-to-date, there have already been 23 days in which the index has fluctuated by more than 1% in a trading day, triple the total for all of 2017. While a lot of attention is being focused on how volatile the equities markets have become in 2018, it has not deterred companies from going public. Data from Renaissance Capital shows that a total of 44 equity IPOs (market caps in excess of \$50 million) were priced in the U.S. in Q1'18, up 76.0% from Q1'17 (thru 3/29). The 44 companies raised a combined \$15.5 billion, up 57.4% from the same period a year ago. On top of a strong IPO market, companies are pursuing acquisitions. Global mergers and acquisitions (M&A) deal volume surpassed the \$1 trillion mark on 3/20/18, the shortest amount of time it has ever taken to reach that mark, according to the *Financial Times*. Data from Dealogic shows that M&A activity is up more than 50% from a year ago and 12% higher than at the same point in 2007, which went on to set the all-time high for M&A deal volume at \$4.6 trillion. Corporate America appears to be flush with cash. In Q4'17, S&P 500 Industrials (Old), defined as the S&P 500 minus Financials, Utilities, Real Estate and Transportation companies, had cash and equivalent holdings totaling an all-time high of \$1.636 trillion, according to S&P Dow Jones Indices.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) declined by 12 basis points (bps) in March to 2.74%, according to Bloomberg. The yield stood 18 bps higher than its average of 2.56% for the 10-year period ended 3/29/18. Its 2.74% yield at the close on 3/29/18 was 21 bps below its Q1'18 closing high of 2.95% on 2/21/18. If you recall, the financial media covered the spike in bond yields closely back then and some speculated as to how symbolic it might be to have the yield on the 10-year T-note crack the 3.00% mark. Some even wondered if a 3.00% yield would be enticing enough to draw in equity investors, which it is not in the current climate, in our opinion. We believe that the direction of high-grade bond yields moving forward is likely to be heavily influenced by the tightening of monetary policy by the Federal Reserve (the "Fed"). The Fed raised the federal funds target rate (upper bound) by 25 bps to 1.75% on 3/21/18. If the Fed is effective in keeping inflation in check, then yields could also remain in check. Brian Wesbury, Chief Economist at First Trust Advisors L.P., sees the yield on the 10-year T-note closing out 2018 at 3.00%.

Takeaway

Ever since the bull market commenced in March 2009, we have been steadfast in saying that the fundamentals for investing in U.S. equities were stronger than for owning bonds. It remains just as true today, in our opinion. We believe that the combination of low interest rates, low inflation, strong corporate earnings and the recent passage of the Tax Cuts & Jobs Act help forge a climate conducive for investing in stocks.

| Index | 10-Yr. High Value | Date | 10-Yr. Low Value | Date | Month-End Value | % Off High Value | YTD Return (USD) | Month-End Yield |
|---|-------------------|------------|------------------|------------|-----------------|------------------|------------------|-----------------|
| S&P 500 | 2872.87 | 1/26/2018 | 676.53 | 3/9/2009 | 2640.87 | -8.08% | -0.76% | 1.95% |
| S&P 500 Growth | 1667.73 | 1/26/2018 | 363.99 | 3/9/2009 | 1557.68 | -6.60% | 1.93% | 1.34% |
| S&P 500 Value | 1195.51 | 1/26/2018 | 307.16 | 3/9/2009 | 1080.05 | -9.66% | -3.58% | 2.64% |
| S&P MidCap 400 | 1995.23 | 1/26/2018 | 404.62 | 3/9/2009 | 1878.77 | -5.84% | -0.77% | 1.60% |
| S&P MidCap 400 Growth | 933.56 | 1/26/2018 | 174.44 | 11/20/2008 | 885.65 | -5.13% | 1.35% | 1.15% |
| S&P MidCap 400 Value | 662.48 | 1/23/2018 | 144.98 | 3/9/2009 | 618.18 | -6.69% | -3.01% | 2.10% |
| S&P 100 | 1273.99 | 1/26/2018 | 322.13 | 3/9/2009 | 1157.37 | -9.15% | -1.69% | 2.09% |
| DJIA | 26616.71 | 1/26/2018 | 6547.05 | 3/9/2009 | 24103.11 | -9.44% | -1.96% | 2.21% |
| NASDAQ 100 | 7131.12 | 3/12/2018 | 1036.51 | 11/20/2008 | 6581.13 | -7.71% | 3.15% | 1.05% |
| Russell 2000 | 1610.71 | 1/23/2018 | 343.26 | 3/9/2009 | 1529.43 | -5.05% | -0.08% | 1.32% |
| Russell 2000 Growth | 1016.18 | 3/12/2018 | 190.73 | 3/9/2009 | 966.69 | -4.87% | 2.28% | 0.70% |
| Russell 2000 Value | 1960.40 | 1/23/2018 | 469.32 | 3/9/2009 | 1825.16 | -6.90% | -2.61% | 2.02% |
| Russell 3000 | 1694.23 | 1/26/2018 | 389.61 | 3/9/2009 | 1565.56 | -7.59% | -0.64% | 1.86% |
| MSCI World Net (ex U.S.) (USD) | 6487.64 | 1/25/2018 | 2131.84 | 3/9/2009 | 5971.64 | -7.95% | -2.19% | 3.16% |
| MSCI Emerging Markets Net (USD) | 573.23 | 1/26/2018 | 164.51 | 10/27/2008 | 528.12 | -7.87% | 1.28% | 2.42% |
| Ibovespa/Brazil (USD) | 44638.24 | 5/19/2008 | 9077.09 | 1/21/2016 | 25685.44 | -42.46% | 11.20% | 2.86% |
| RTS/Russia (USD) | 2487.92 | 5/19/2008 | 498.20 | 1/23/2009 | 1246.98 | -49.88% | 8.08% | 4.81% |
| S&P BSE 500/India (USD) | 245.12 | 1/24/2018 | 57.52 | 3/9/2009 | 216.84 | -11.54% | -7.42% | 1.23% |
| Shanghai Composite/China (USD) | 832.07 | 6/12/2015 | 249.66 | 11/4/2008 | 501.39 | -39.74% | -1.34% | 1.92% |
| KOSPI/South Korea (USD) | 2.42 | 1/29/2018 | 0.63 | 11/20/2008 | 2.29 | -5.33% | -0.39% | 1.63% |
| Hang Seng (USD) | 4241.01 | 1/26/2018 | 1420.72 | 10/27/2008 | 3834.28 | -9.59% | 0.45% | 3.35% |
| MSCI Euro (USD) | 1841.89 | 5/19/2008 | 682.47 | 3/9/2009 | 1418.70 | -22.98% | -0.50% | 3.17% |
| S&P 500 Consumer Discretionary | 868.00 | 1/26/2018 | 125.72 | 3/9/2009 | 806.97 | -7.03% | 3.08% | 1.33% |
| S&P 500 Consumer Staples | 605.24 | 1/26/2018 | 199.80 | 3/9/2009 | 541.73 | -10.49% | -7.12% | 3.07% |
| S&P 500 Energy | 737.09 | 6/23/2014 | 304.81 | 3/5/2009 | 498.29 | -32.40% | -5.88% | 3.50% |
| S&P 500 Utilities | 287.82 | 11/14/2017 | 113.81 | 3/9/2009 | 256.14 | -11.01% | -3.30% | 3.65% |
| S&P 500 Financials | 501.29 | 1/26/2018 | 81.74 | 3/6/2009 | 457.53 | -8.73% | -0.95% | 1.71% |
| S&P 500 Banks | 372.05 | 2/1/2018 | 49.02 | 3/5/2009 | 333.95 | -10.24% | -1.63% | 1.98% |
| FTSE NAREIT All Equity REITs | 725.61 | 8/1/2016 | 163.57 | 3/6/2009 | 631.20 | -13.01% | -6.67% | 4.21% |
| S&P 500 Health Care | 1059.33 | 1/26/2018 | 252.84 | 3/5/2009 | 940.73 | -11.20% | -1.22% | 1.66% |
| S&P 500 Pharmaceuticals | 675.68 | 1/26/2018 | 214.50 | 3/3/2009 | 611.38 | -9.52% | -2.86% | 2.70% |
| NYSE Arca Biotechnology | 4939.86 | 1/29/2018 | 541.77 | 3/9/2009 | 4504.23 | -8.82% | 6.73% | 0.25% |
| S&P 500 Information Technology | 1233.97 | 3/12/2018 | 198.51 | 11/20/2008 | 1141.62 | -7.48% | 3.53% | 1.21% |
| Philadelphia Semiconductor | 1445.90 | 3/12/2018 | 171.32 | 11/20/2008 | 1328.90 | -8.09% | 6.45% | 1.55% |
| S&P 500 Telecom Services | 183.85 | 7/1/2016 | 88.10 | 3/9/2009 | 151.65 | -17.52% | -7.48% | 5.51% |
| S&P 500 Industrials | 678.74 | 1/26/2018 | 132.83 | 3/9/2009 | 624.95 | -7.92% | -1.56% | 1.99% |
| S&P 500 Materials | 401.59 | 1/26/2018 | 108.33 | 3/2/2009 | 356.34 | -11.27% | -5.52% | 2.01% |
| Philadelphia Gold & Silver | 228.95 | 4/8/2011 | 38.84 | 1/19/2016 | 81.12 | -64.57% | -4.64% | 0.75% |
| TR/CC CRB Commodity | 473.52 | 7/2/2008 | 155.01 | 2/11/2016 | 195.36 | -58.74% | 0.77% | N/A |
| ICE BofA ML Perpetual Preferred | 257.56 | 12/7/2017 | 51.79 | 3/9/2009 | 253.58 | -1.54% | -1.19% | 5.68% |
| ICE BofA ML U.S. High Yield Constrained | 421.57 | 1/26/2018 | 130.37 | 12/12/2008 | 413.77 | -1.85% | -0.92% | 6.62% |

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.