

Open-End Net Fund Flows (\$)	4/19	3/19	YTD (Apr)
Equity	-42.43B	-24.66B	-70.18B
Taxable Bond	27.98B	21.18B	80.68B
Municipal Bond	6.34B	7.72B	32.85B
Hybrid	-5.74B	-6.09B	-15.45B
Taxable Money Market	-7.52B	-14.97B	30.49B

Key Interest Rates	5/31/19	12/31/18	5/31/18
Federal Funds Target Rate	2.50%	2.50%	1.75%
ICE LIBOR (3-Month)	2.50%	2.81%	2.32%
2-Year T-Note	1.92%	2.49%	2.43%
10-Year T-Note	2.13%	2.69%	2.86%
Bond Buyer 40	3.71%	4.09%	3.94%

Commodities/U.S. Dollar	5/19	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.28%	1.64%	4.01%
TR/CC CRB Commodity Index	-4.82%	3.27%	-13.55%
Crude Oil/WTI (per Barrel)	-16.29%	17.82%	-20.20%
Natural Gas (per million BTUs)	-5.04%	-16.67%	-16.95%
Gold Bullion (Ounce)	1.56%	1.91%	0.44%

Total Return Performance

U.S. Stock Indices	5/19	YTD	12 Mo.
S&P 500	-6.35%	10.73%	3.78%
DJIA	-6.32%	7.54%	4.05%
NASDAQ 100	-8.25%	13.15%	3.41%
S&P MidCap 400	-7.98%	9.59%	-5.45%
Russell 2000	-7.78%	9.25%	-9.08%
Russell 3000	-6.47%	10.92%	2.49%

U.S. Styles/Market Caps	5/19	YTD	12 Mo.
S&P 500 Growth	-5.29%	13.21%	6.15%
S&P 500 Value	-7.57%	7.97%	1.16%
S&P MidCap 400 Growth	-6.36%	11.22%	-4.36%
S&P MidCap 400 Value	-9.67%	7.90%	-6.58%
Russell 2000 Growth	-7.42%	11.74%	-6.92%
Russell 2000 Value	-8.17%	6.67%	-11.34%

Foreign Stock Indices (USD)	5/19	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-4.73%	8.21%	-5.44%
MSCI Emerging Markets NET	-7.26%	4.09%	-8.70%
MSCI Europe NET	-5.48%	8.51%	-5.17%
MSCI BRIC NET	-7.65%	7.00%	-7.24%
MSCI EM Latin America NET	-2.04%	6.11%	8.16%
Nikkei 225	-4.84%	5.79%	-5.00%

Barclays Bond Indices	5/19	YTD	12 Mo.
U.S. Treasury: Intermediate	1.48%	3.13%	5.30%
GNMA 30 Year	1.25%	3.28%	5.33%
Municipal Bond (22+)	1.80%	6.59%	7.53%
U.S. Aggregate	1.78%	4.80%	6.40%
Intermediate Corporate	1.01%	5.38%	6.62%
U.S. Corporate High Yield	-1.19%	7.49%	5.51%
Global Aggregate	1.35%	3.28%	3.09%
EM Hard Currency Aggregate	0.46%	5.78%	6.06%

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

Investors shifted from risk-on in April to risk-off in May. President Trump's decision to raise the existing tariffs on Chinese imports from 10% to 25% as of 5/10/19 and his announcement on 5/30/19 that Washington would begin imposing a 5% tariff on imports from Mexico beginning on 6/10/19 if it did not stop illegal immigration at the southern border contributed to the sharp sell-off in stocks and other risk assets, like high yield corporate bonds, according to Reuters. This news reignited concerns that an escalation of the trade tariff battle could negatively impact global growth moving forward. The fallout extended all the way to the crude oil market. The price of a barrel of WTI crude oil plunged from \$63.91 per barrel at the close of trading on 4/30/19 to \$53.50 at the close on 5/31/19, or a decline of 16.29%, according to Bloomberg. The steep plunge in bond yields in May (see Bond Market) may be a signal, at least in part, from investors to the Federal Reserve that a federal funds rate cut is needed to offset some of the fallout caused by the escalation of tariffs. Stay tuned.

Stock Market

The S&P 500 Index ("index") closed at 2,752.06 on 5/31/19, 6.58% below its all-time high of 2,945.83 on 4/30/19, according to Bloomberg. The index posted a total return of -6.35% in May. Only one of the 11 major sectors that comprise the index was up on a total return basis. The top-performer was Real Estate, up 1.16%, while the worst showing came from Energy, down 11.14%. Year-to-date through May, the index posted a total return of 10.73%. All 11 major sectors were up on a total return basis. The top-performer was Real Estate, up 18.34%, while the worst showing came from Health Care, up 1.34%. Ironically, since President Trump launched the administration's first round of tariffs on 3/8/18, large-capitalization (cap) stocks have outperformed their mid- and small-cap counterparts. From 3/8/18-5/31/19, the S&P 500 Index posted a cumulative total return of 2.96%, compared to -3.66% and -5.28% for the S&P MidCap 400 and S&P SmallCap 600 Indices, respectively, according to Bloomberg. One might have thought that equity investors would have found both mid- and small-cap stocks to be more desirable based on the fact that their business models tend to be more tethered to the U.S. economy than the global economy, which tends to have a significant influence on the performance of large-cap/multinational companies. Perhaps investors have viewed large-caps as a bit of a safe-haven, like government bonds. As of 5/31/19, 98% of companies in the S&P 500 Index had reported Q1'19 earnings, and results show that 76.0% of them beat their estimates for the quarter, according to FactSet. That is above the five-year average of 72%.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 5/31/19 at 2.13%, down 37 basis points (bps) from its 2.50% close on 4/30/19, according to Bloomberg. The yield stood 36 bps below its 2.49% average for the 10-year period ended 5/31/19. The plunge in the yield on the 10-year T-note produced some strong returns for investment-grade (IG) debt securities (see Barclays Bond Indices). While investor demand for fixed-income securities has been robust for many years, there is some concern that a good chunk of the supply of IG corporate bonds recently issued could be vulnerable to an economic downturn or recession at some point. New issuers in BBB debt, which is one notch above the junk bond category, accounted for 44% of all new corporate bond issuance in 2018, double the level in 2017, according to CNBC. At the present time, we believe the U.S. economy looks to be on solid footing.

Takeaway

Despite the positive showing by the U.S. stock market to date in 2019, retail investors continue to pull their money out of U.S. stock funds, as they have for much of the past decade. Even though the S&P 500 Index posted a total return of 18.25% from 12/31/18 through 4/30/19, investors liquidated a net \$53.46 billion from Domestic Equity mutual funds over the same period, according to the Investment Company Institute. No matter how many shocks to the system, equities have proven their resiliency over time. Stocks are still one of the best, if not the best, opportunities for building wealth, in our opinion. Goldman Sachs reported that the richest people in the U.S. have increased their share of stock ownership over the past 30 years, according to *MarketWatch*. The wealthiest 0.1% and 1% currently own approximately 17% and 50% of all household equities, respectively, up from 13% and 39% in the late 1980s.

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	2945.83	4/30/2019	879.13	7/10/2009	2752.06	-6.58%	10.73%	2.03%
S&P 500 Growth	1798.62	4/30/2019	459.66	7/7/2009	1700.34	-5.46%	13.21%	1.51%
S&P 500 Value	1195.51	1/26/2018	411.67	7/10/2009	1067.77	-10.69%	7.97%	2.64%
S&P MidCap 400	2050.23	8/29/2018	546.53	7/8/2009	1810.50	-11.69%	9.59%	1.82%
S&P MidCap 400 Growth	962.51	9/14/2018	237.38	7/8/2009	858.16	-10.84%	11.22%	1.49%
S&P MidCap 400 Value	680.56	8/29/2018	197.55	7/10/2009	592.44	-12.95%	7.90%	2.19%
S&P 100	1307.07	4/29/2019	412.29	7/10/2009	1215.02	-7.04%	10.12%	2.13%
DJIA	26828.39	10/3/2018	8146.52	7/10/2009	24815.04	-7.50%	7.54%	2.36%
NASDAQ 100	7845.73	5/3/2019	1404.78	7/7/2009	7127.96	-9.15%	13.15%	1.11%
Russell 2000	1740.75	8/31/2018	479.27	7/9/2009	1465.49	-15.81%	9.25%	1.59%
Russell 2000 Growth	1117.18	8/31/2018	268.10	7/9/2009	950.19	-14.95%	11.74%	0.79%
Russell 2000 Value	2049.42	8/22/2018	650.88	7/9/2009	1702.20	-16.94%	6.67%	2.48%
Russell 3000	1737.97	9/20/2018	511.18	7/8/2009	1619.72	-6.80%	10.92%	2.03%
MSCI World Net (ex U.S.) (USD)	6487.64	1/25/2018	2989.99	7/8/2009	5675.61	-12.52%	8.21%	3.65%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	266.24	6/23/2009	463.69	-19.11%	4.09%	2.86%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	24624.48	-43.55%	8.56%	3.03%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1287.09	-39.39%	21.44%	5.57%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	222.99	-9.02%	7.25%	1.22%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	419.79	-49.55%	16.16%	2.36%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.05	7/13/2009	1.72	-29.23%	-6.10%	2.32%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3430.91	-19.10%	5.56%	3.65%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1237.70	-19.86%	8.77%	3.89%
S&P 500 Consumer Discretionary	957.39	4/26/2019	171.91	7/7/2009	878.54	-8.24%	13.04%	1.33%
S&P 500 Consumer Staples	605.24	1/26/2018	233.49	6/16/2009	569.93	-5.83%	10.42%	2.98%
S&P 500 Energy	737.09	6/23/2014	347.64	7/10/2009	432.10	-41.38%	3.53%	3.77%
S&P 500 Utilities	302.53	5/23/2019	135.10	6/9/2009	293.95	-2.84%	11.01%	3.29%
S&P 500 Financials	501.29	1/26/2018	149.24	7/8/2009	430.65	-14.09%	9.85%	2.15%
S&P 500 Banks	372.05	2/1/2018	100.73	7/8/2009	300.27	-19.29%	9.21%	2.91%
FTSE NAREIT All Equity REITs	740.02	5/16/2019	222.64	7/10/2009	730.17	-1.33%	17.65%	3.85%
S&P 500 Health Care	1107.28	10/1/2018	288.59	6/15/2009	1007.00	-9.06%	1.34%	1.79%
S&P 500 Pharmaceuticals	723.95	11/30/2018	242.56	6/16/2009	659.81	-8.86%	0.17%	2.71%
NYSE Arca Biotechnology	5400.34	9/27/2018	644.00	7/8/2009	4362.26	-19.22%	3.45%	0.36%
S&P 500 Information Technology	1383.92	4/23/2019	274.42	7/7/2009	1258.60	-9.06%	16.49%	1.54%
Philadelphia Semiconductor	1589.02	4/24/2019	250.94	7/8/2009	1296.19	-18.43%	13.02%	2.04%
S&P 500 Telecom Services	183.85	7/1/2016	97.80	7/10/2009	157.52	-14.32%	14.21%	1.45%
S&P 500 Industrials	678.74	1/26/2018	179.44	7/8/2009	604.80	-10.89%	12.55%	2.11%
S&P 500 Materials	401.59	1/26/2018	145.12	7/8/2009	329.32	-17.99%	4.97%	2.40%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	70.02	-69.42%	-0.37%	1.29%
TR/CC CRB Commodity	370.56	4/29/2011	155.01	2/11/2016	175.36	-52.68%	3.28%	N/A
ICE BofAML Perpetual Preferred	270.35	5/30/2019	108.47	5/31/2009	269.94	-0.15%	10.07%	5.61%
ICE BofAML U.S. High Yield Constrained	444.75	5/1/2019	180.57	5/31/2009	438.89	-1.32%	7.52%	6.94%

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