

| Open-End Net Fund Flows (\$) | 8/20 | 7/20 | YTD (Aug) |
|------------------------------|---------|---------|-----------|
| Equity | -68.18B | -71.71B | -374.54B |
| Taxable Bond | 60.76B | 59.77B | 46.22B |
| Municipal Bond | 10.57B | 9.50B | 11.83B |
| Hybrid | -2.68B | -3.48B | -62.46B |
| Taxable Money Market | -55.32B | -47.49B | 898.24B |

| Key Interest Rates | 9/30/20 | 12/31/19 | 9/30/19 |
|---------------------------|---------|----------|---------|
| Federal Funds Target Rate | 0.25% | 1.75% | 2.00% |
| ICE LIBOR (3-Month) | 0.23% | 1.91% | 2.09% |
| 2-Year T-Note | 0.13% | 1.57% | 1.62% |
| 10-Year T-Note | 0.69% | 1.92% | 1.67% |
| Bond Buyer 40 | 3.59% | 3.63% | 3.59% |

| Commodities/U.S. Dollar | 9/20 | YTD | 12 Mo. |
|--------------------------------|--------|---------|---------|
| U.S. Dollar Index (DXY) | 1.90% | -2.59% | -5.52% |
| Refinitiv/CC CRB Excess Ret. | -3.07% | -20.07% | -14.62% |
| Crude Oil/WTI (per Barrel) | -5.61% | -34.13% | -25.61% |
| Natural Gas (per million BTUs) | -3.80% | 15.53% | 8.58% |
| Gold Bullion (Ounce) | -4.21% | 23.92% | 28.78% |

Total Return Performance

| U.S. Stock Indices | 9/20 | YTD | 12 Mo. |
|--------------------|--------|--------|--------|
| S&P 500 | -3.80% | 5.57% | 15.14% |
| DJIA | -2.18% | -0.91% | 5.70% |
| NASDAQ 100 | -5.67% | 31.65% | 48.75% |
| S&P MidCap 400 | -3.25% | -8.62% | -2.17% |
| Russell 2000 | -3.34% | -8.70% | 0.37% |
| Russell 3000 | -3.64% | 5.41% | 14.99% |

| U.S. Styles/Market Caps | 9/20 | YTD | 12 Mo. |
|-------------------------|--------|---------|---------|
| S&P 500 Growth | -4.68% | 20.60% | 30.63% |
| S&P 500 Value | -2.40% | -11.47% | -2.69% |
| S&P MidCap 400 Growth | -2.37% | 1.42% | 8.25% |
| S&P MidCap 400 Value | -4.35% | -19.39% | -13.44% |
| Russell 2000 Growth | -2.14% | 3.87% | 15.70% |
| Russell 2000 Value | -4.65% | -21.55% | -14.91% |

| Foreign Stock Indices (USD) | 9/20 | YTD | 12 Mo. |
|-----------------------------|--------|---------|---------|
| MSCI World NET (Ex-U.S.) | -2.82% | -7.13% | 0.16% |
| MSCI Emerging Markets NET | -1.60% | -1.16% | 10.54% |
| MSCI Europe NET | -3.33% | -8.85% | -0.79% |
| MSCI BRIC NET | -2.89% | 2.07% | 15.48% |
| MSCI EM Latin America NET | -5.13% | -36.06% | -29.36% |
| Nikkei 225 | 0.95% | 2.81% | 11.22% |

| Bloomberg Barclays Bond Ind. | 9/20 | YTD | 12 Mo. |
|------------------------------|--------|-------|--------|
| U.S. Treasury: Intermediate | 0.07% | 6.02% | 6.03% |
| GNMA 30 Year | -0.01% | 3.31% | 3.86% |
| Municipal Bond (22+) | -0.14% | 3.14% | 3.70% |
| U.S. Aggregate | -0.05% | 6.79% | 6.98% |
| Intermediate Corporate | -0.18% | 5.61% | 6.78% |
| U.S. Corporate High Yield | -1.03% | 0.62% | 3.25% |
| Global Aggregate | -0.36% | 5.72% | 6.24% |
| EM Hard Currency Aggregate | -1.38% | 2.01% | 4.35% |

Sources: Bloomberg, 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 September, the Federal Reserve (“Fed”) stated that it expects to hold short-term interest rates near zero until two things happen: (1) the U.S. unemployment rate is back to normal (around a 4.0% unemployment rate), and (2) inflation is running at or above 2.0%. Brian Wesbury, Chief Economist at First Trust Advisors L.P., notes that the Fed does not expect to achieve both goals until 2024. We believe that one of the Fed’s motivations in promoting a multi-year commitment to a near zero interest rate monetary policy is to incentivize risk-taking. By holding interest rates low, the Fed is essentially disincentivizing saving.

Stock Market

The S&P 500 Index (“index”) closed at 3,363.00 on 9/30/20, 6.08% below its all-time closing high of 3,580.84 on 9/2/20, according to Bloomberg. The S&P 500 Index posted a total return of -3.80% in September. It was the first down month for the index since March 2020. Two of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Materials, up 1.34%, while the worst showing came from Energy, down 14.51%. Year-to-date through September, the S&P 500 Index posted a total return of 5.57%. Six of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 28.69%, while the worst showing came from Energy, down 48.09%. While S&P 500 Index earnings have been adjusted much lower for 2020 since the start of the year, 2021 projections are up significantly. As of 12/30/19, Bloomberg’s 2020 and 2021 consensus earnings estimates for the S&P 500 Index stood at 9.02% and 10.72%, respectively. As of 10/2/20, those two estimates were -19.42% and 24.23%, respectively. A Bloomberg survey of 18 equity strategists found that their average 2020 year-end price target for the S&P 500 Index was 3,286 as of 9/16/20, up from 3,198 on 8/18/20, according to its own release. The highest estimate was 3,650, while the lowest estimate was 2,800. U.S. large-capitalization (cap) stocks have significantly outperformed their mid- and small-cap U.S. counterparts as well as the major non-U.S. stock markets so far in 2020 (see U.S. Stock Indices and Foreign Stock Indices tables). The outperformance of growth stocks over value stocks has been even more dramatic year-to-date (see U.S. Styles/Market Caps).

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 9/30/20 at 0.69%, down two basis points (bps) from its 0.71% close on 8/31/20, according to Bloomberg. The yield stood 152 bps below its 2.21% average for the 10-year period ended 9/30/20. While the fund flow table at the top left of this page shows that net inflows to municipal bond funds were very strong in July and August, Refinitiv Lipper reported that its data indicated that investors liquidated \$775 million for the week ended 9/30/20, according to Bloomberg. This was the first week of net outflows from municipal bond funds in 20 weeks. Bloomberg cited concerns growing over the COVID-19 pandemic’s fiscal fallout on states and cities, the uncertainty surrounding the presidential election and the potential for additional stimulus from Congress. On 10/1/20, both New York City and the state had their respective credit ratings lowered by Moody’s Investors Service due to the economic impact from COVID-19, among the most severe in the U.S., according to Bloomberg. Both ratings were dropped one notch to Aa2, the third-highest investment grade rating. This is the first rating cut for either in about three decades. The Partnership for New York City, a nonprofit business group comprised of roughly 300 CEOs based in NYC, estimates that as many as 33% of New York’s 230,000 businesses could close permanently due to the pandemic, according to Bloomberg. Fed Chairman Jerome Powell has called for more aid from Congress to support the recovery.

Takeaway

The COVID-19 pandemic has been on the attack for over seven months now. Suffice it to say that we are anxiously awaiting a medical breakthrough that will help us better coexist with this virus, because there is a good chance the virus may never go away, according to experts. In late September, Dr. Anthony Fauci, the leading infectious disease expert in the U.S., commented that COVID-19 vaccinations could begin as early as November or December. In all likelihood, a vaccine will not be available prior to election day on 11/3/20. We learned at the start of October that President Donald J. Trump has contracted COVID-19. While we wish him a speedy recovery, it remains to be seen how it may impact his ability to campaign over the next 30 days. As a result, things could get a bit bumpy in the markets in October based on the daily news feed, in our opinion.

Data as of 9/30/20

| 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 | 3580.84 | 9/2/2020 | 1099.23 | 10/3/2011 | 3363.00 | -6.08% | 5.57% | 1.79% |
| S&P 500 Growth | 2516.63 | 9/2/2020 | 592.56 | 10/4/2010 | 2334.46 | -7.24% | 20.60% | 1.06% |
| S&P 500 Value | 1301.02 | 1/17/2020 | 494.97 | 10/3/2011 | 1114.12 | -14.37% | -11.47% | 2.93% |
| S&P MidCap 400 | 2106.12 | 2/20/2020 | 744.98 | 10/3/2011 | 1861.29 | -11.62% | -8.62% | 1.87% |
| S&P MidCap 400 Growth | 1017.04 | 9/2/2020 | 345.40 | 10/3/2011 | 971.66 | -4.46% | 1.42% | 1.14% |
| S&P MidCap 400 Value | 692.20 | 1/16/2020 | 252.35 | 10/3/2011 | 541.07 | -21.83% | -19.39% | 2.82% |
| S&P 100 | 1675.67 | 9/2/2020 | 500.09 | 10/3/2011 | 1560.58 | -6.87% | 9.77% | 1.75% |
| DJIA | 29551.42 | 2/12/2020 | 10655.30 | 10/3/2011 | 27781.70 | -5.99% | -0.91% | 2.27% |
| NASDAQ 100 | 12420.54 | 9/2/2020 | 1975.33 | 10/4/2010 | 11418.06 | -8.07% | 31.65% | 0.77% |
| Russell 2000 | 1740.75 | 8/31/2018 | 609.49 | 10/3/2011 | 1507.69 | -13.39% | -8.70% | 1.63% |
| Russell 2000 Growth | 1172.28 | 9/2/2020 | 350.15 | 10/3/2011 | 1124.18 | -4.10% | 3.87% | 0.55% |
| Russell 2000 Value | 2049.42 | 8/22/2018 | 804.33 | 10/3/2011 | 1486.11 | -27.49% | -21.55% | 2.84% |
| Russell 3000 | 2089.83 | 9/2/2020 | 644.45 | 10/3/2011 | 1968.09 | -5.83% | 5.41% | 1.70% |
| MSCI World Net (ex U.S.) (USD) | 6499.50 | 1/17/2020 | 3369.63 | 10/4/2011 | 5966.69 | -8.20% | -7.13% | 2.75% |
| MSCI Emerging Markets Net (USD) | 573.23 | 1/26/2018 | 296.25 | 1/21/2016 | 521.43 | -9.04% | -1.16% | 2.28% |
| Ibovespa/Brazil (USD) | 43619.40 | 4/8/2011 | 9077.09 | 1/21/2016 | 16772.46 | -61.55% | -41.55% | 3.55% |
| RTS/Russia (USD) | 2123.56 | 4/8/2011 | 628.41 | 1/20/2016 | 1178.51 | -44.50% | -20.85% | 5.24% |
| S&P BSE 500/India (USD) | 245.12 | 1/24/2018 | 95.89 | 9/3/2013 | 201.86 | -17.65% | -7.19% | 1.29% |
| Shanghai Composite/China (USD) | 832.07 | 6/12/2015 | 314.68 | 12/3/2012 | 473.87 | -43.05% | 10.69% | 2.20% |
| KOSPI/South Korea (USD) | 2.42 | 1/29/2018 | 1.16 | 3/19/2020 | 1.99 | -17.84% | 5.30% | 1.74% |
| Hang Seng (USD) | 4241.01 | 1/26/2018 | 2087.46 | 10/4/2011 | 3026.97 | -28.63% | -13.74% | 3.41% |
| MSCI Euro (USD) | 1544.35 | 1/26/2018 | 814.62 | 6/1/2012 | 1250.04 | -19.06% | -8.51% | 2.48% |
| S&P 500 Consumer Discretionary | 1283.28 | 9/2/2020 | 263.12 | 10/4/2010 | 1207.69 | -5.89% | 23.38% | 0.91% |
| S&P 500 Consumer Staples | 684.99 | 9/2/2020 | 288.02 | 10/4/2010 | 659.14 | -3.77% | 4.13% | 2.71% |
| S&P 500 Energy | 737.09 | 6/23/2014 | 179.94 | 3/18/2020 | 227.49 | -69.14% | -48.09% | 7.51% |
| S&P 500 Utilities | 359.13 | 2/18/2020 | 152.93 | 8/8/2011 | 301.86 | -15.95% | -5.68% | 3.45% |
| S&P 500 Financials | 516.21 | 1/2/2020 | 151.85 | 10/3/2011 | 400.28 | -22.46% | -20.25% | 2.63% |
| S&P 500 Banks | 383.30 | 1/2/2020 | 105.73 | 8/22/2011 | 239.22 | -37.59% | -35.29% | 4.21% |
| FTSE NAREIT All Equity REITs | 835.20 | 2/14/2020 | 371.48 | 10/3/2011 | 665.51 | -20.32% | -12.27% | 3.96% |
| S&P 500 Health Care | 1273.61 | 9/2/2020 | 346.38 | 8/10/2011 | 1231.02 | -3.34% | 5.01% | 1.67% |
| S&P 500 Pharmaceuticals | 768.14 | 1/21/2020 | 282.86 | 8/10/2011 | 742.79 | -3.30% | 1.59% | 2.71% |
| NYSE Arca Biotechnology | 6142.97 | 7/20/2020 | 1001.60 | 11/25/2011 | 5361.52 | -12.72% | 6.00% | 0.28% |
| S&P 500 Information Technology | 2232.92 | 9/2/2020 | 357.71 | 8/19/2011 | 2054.56 | -7.99% | 28.69% | 1.12% |
| Philadelphia Semiconductor | 2370.18 | 9/2/2020 | 326.32 | 8/19/2011 | 2244.12 | -5.32% | 22.92% | 1.50% |
| S&P 500 Telecom Services | 215.83 | 9/2/2020 | 115.22 | 8/8/2011 | 195.49 | -9.42% | 8.60% | 1.12% |
| S&P 500 Industrials | 718.21 | 2/12/2020 | 245.04 | 10/3/2011 | 650.68 | -9.40% | -3.99% | 2.03% |
| S&P 500 Materials | 419.18 | 9/17/2020 | 179.78 | 10/3/2011 | 400.01 | -4.57% | 5.47% | 2.03% |
| Philadelphia Gold & Silver | 228.95 | 4/8/2011 | 38.84 | 1/19/2016 | 143.08 | -37.51% | 34.67% | 0.65% |
| Refinitiv/CC CRB Excess Return | 370.56 | 4/29/2011 | 106.29 | 4/21/2020 | 148.51 | -59.92% | -20.07% | N/A |
| ICE BofA Perpetual Preferred | 298.74 | 9/16/2020 | 146.25 | 8/8/2011 | 295.56 | -1.07% | 2.64% | 4.46% |
| ICE BofA U.S. High Yield Constrained | 472.87 | 2/20/2020 | 250.64 | 10/4/2011 | 465.27 | -1.61% | -0.38% | 6.13% |

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, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.