

| Open-End Net Fund Flows (\$) | 12/19 | 11/19 | YTD (Dec) |
|------------------------------|---------|---------|-----------|
| Equity | -60.15B | -37.57B | -361.97B |
| Taxable Bond | 27.60B | 26.42B | 219.09B |
| Municipal Bond | 8.99B | 8.54B | 93.24B |
| Hybrid | -5.04B | -2.37B | -49.55B |
| Taxable Money Market | 64.53B | 43.21B | 561.61B |

| Key Interest Rates | 1/31/20 | 12/31/19 | 1/31/19 |
|---------------------------|---------|----------|---------|
| Federal Funds Target Rate | 1.75% | 1.75% | 2.50% |
| ICE LIBOR (3-Month) | 1.75% | 1.91% | 2.74% |
| 2-Year T-Note | 1.31% | 1.57% | 2.46% |
| 10-Year T-Note | 1.51% | 1.92% | 2.63% |
| Bond Buyer 40 | 3.51% | 3.63% | 4.08% |

| Commodities/U.S. Dollar | 1/20 | YTD | 12 Mo. |
|--------------------------------|---------|---------|---------|
| U.S. Dollar Index (DXY) | 1.04% | 1.04% | 1.89% |
| TR/CC CRB Commodity Index | -8.33% | -8.33% | -5.19% |
| Crude Oil/WTI (per Barrel) | -15.56% | -15.56% | -4.15% |
| Natural Gas (per million BTUs) | -15.98% | -15.98% | -34.52% |
| Gold Bullion (Ounce) | 3.93% | 3.93% | 19.94% |

Total Return Performance

| U.S. Stock Indices | 1/20 | YTD | 12 Mo. |
|--------------------|--------|--------|--------|
| S&P 500 | -0.04% | -0.04% | 21.67% |
| DJIA | -0.89% | -0.89% | 15.79% |
| NASDAQ 100 | 3.01% | 3.01% | 31.60% |
| S&P MidCap 400 | -2.61% | -2.61% | 11.24% |
| Russell 2000 | -3.21% | -3.21% | 9.18% |
| Russell 3000 | -0.11% | -0.11% | 20.51% |

| U.S. Styles/Market Caps | 1/20 | YTD | 12 Mo. |
|-------------------------|--------|--------|--------|
| S&P 500 Growth | 2.26% | 2.26% | 24.73% |
| S&P 500 Value | -2.64% | -2.64% | 18.29% |
| S&P MidCap 400 Growth | -1.21% | -1.21% | 14.14% |
| S&P MidCap 400 Value | -4.13% | -4.13% | 8.16% |
| Russell 2000 Growth | -1.10% | -1.10% | 13.87% |
| Russell 2000 Value | -5.40% | -5.40% | 4.35% |

| Foreign Stock Indices (USD) | 1/20 | YTD | 12 Mo. |
|-----------------------------|--------|--------|--------|
| MSCI World NET (Ex-U.S.) | -1.94% | -1.94% | 12.12% |
| MSCI Emerging Markets NET | -4.66% | -4.66% | 3.81% |
| MSCI Europe NET | -2.51% | -2.51% | 13.20% |
| MSCI BRIC NET | -4.40% | -4.40% | 6.88% |
| MSCI EM Latin America NET | -5.60% | -5.60% | -3.54% |
| Nikkei 225 | -1.48% | -1.48% | 14.49% |

| Bloomberg Barclays Bond Ind. | 1/20 | YTD | 12 Mo. |
|------------------------------|-------|-------|--------|
| U.S. Treasury: Intermediate | 1.43% | 1.43% | 6.27% |
| GNMA 30 Year | 0.48% | 0.48% | 5.51% |
| Municipal Bond (22+) | 2.43% | 2.43% | 12.31% |
| U.S. Aggregate | 1.92% | 1.92% | 9.64% |
| Intermediate Corporate | 1.46% | 1.46% | 9.78% |
| U.S. Corporate High Yield | 0.03% | 0.03% | 9.40% |
| Global Aggregate | 1.28% | 1.28% | 6.58% |
| EM Hard Currency Aggregate | 1.28% | 1.28% | 10.21% |

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

As we have noted more than once, the S&P 500 Index has never failed to fully recoup any losses sustained from corrections or bear markets over time. That includes all of the negative events that have occurred as well. In other words, it has proven itself to be quite resilient. The reason we bring this up is because, depending on the day, the markets have been challenged lately by a new threat known as the coronavirus, which surfaced in China, is deadly, and currently has no remedy, such as a vaccine. As of 2/3/20, there were over 20,000 cases of coronavirus worldwide and more than 400 deaths, according to Bloomberg. For comparative purposes, NPR reported that there are as many as five million severe flu cases worldwide causing hundreds of thousands of deaths each year. Obviously, this new virus is serious and has already negatively influenced certain segments of the global economy, such as crude oil and other commodities. We intend to monitor its path moving forward.

Stock Market

The S&P 500 Index ("index") closed at 3,225.52 on 1/31/20, 3.13% below its all-time closing high of 3,329.62 on 1/17/20, according to Bloomberg. The S&P 500 Index posted a total return of -0.04% in January. Six of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Utilities, up 6.65%, while the worst showing came from Energy, down 11.07%. The S&P 500 Index posted a total return of 21.67% for the 12-month period ended 1/31/20. Ten of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 46.07%, while the worst showing came from Energy, down 10.51%. We believe that rising dividend payouts reflect confidence in the current global economic climate. Total global dividend payouts are expected to rise 5.5% year-over-year to a record \$1.9 trillion in 2020, according to business information provider IHS Markit. All regions are expected to register dividend growth. Dividend-paying companies in the U.S. are expected to increase distributions by 7.1%, with technology, oil and gas and health care sectors driving the growth. Distributions from companies in emerging markets are projected to increase by 5.6% year-over-year, compare to 5.5% for developed markets. A Bloomberg survey of 23 equity strategists found that their average 2020 year-end price target for the S&P 500 Index was 3,355 as of 1/21/20, up from the previous survey estimate of 3,280 on 12/17/19, according to its own release. The highest estimate from 1/21/20 was 3,600 while the lowest estimate was 3,000. Considering that the S&P 500 Index posted a total return of 31.49% last year, we find it amazing that retail investors liquidated a net \$361.79 billion from open-end equity mutual funds in 2019, according to the Investment Company Institute (ICI).

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 1/31/20 at 1.51%, down 41 basis points (bps) from its 1.92% close on 12/31/19, according to Bloomberg. The yield stood 87 bps below its 2.38% average for the 10-year period ended 1/31/20. The announcement of the coronavirus was primarily behind the plunge in bond yields in January, in our opinion. The uncertainty surrounding this virus likely sent a good chunk of investment capital from around the globe in search of a safe-haven, such as U.S. government bonds. Keep in mind, the Federal Reserve ("Fed") held the federal funds target rate (upper bound) at 1.75% at its January 2020 Federal Open Market Committee meeting, so there was no directional pressure on interest rates or bond yields from the Fed's actions, despite an indication that it would like to see inflation a bit more elevated. In 2019, retail investors funneled a net \$219.09 billion into open-end taxable bond mutual funds and another \$93.24 billion into municipal bond funds, according to the Investment Company Institute.

Takeaway

Robust job growth and more fiscally responsible consumers continue to provide solid underpinnings to the U.S. economy, in our opinion. Data from Experian indicates that the average FICO (Fair, Isaac & Company) score in the U.S. reached an all-time high of 703 in 2019, according to *Money*. FICO scores range from 300 to 850. A score above 800 is considered exceptional. The data shows that credit scores have been improving since 2013. The S&P/Experian Consumer Credit Default Index stood at 0.96% at the end of December 2019, well below the historical average of 1.83% since the inception of the index in July 2004, according to Bloomberg. This default rate reached as high as 5.51% in May 2009, which was at the tail end of the financial crisis. Think twice before betting against the consumer or the Fed!

Data as of 1/31/20

| 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 | 3329.62 | 1/17/2020 | 1022.58 | 7/2/2010 | 3225.52 | -3.13% | -0.04% | 1.83% |
| S&P 500 Growth | 2047.06 | 1/23/2020 | 528.55 | 7/2/2010 | 1995.60 | -2.51% | 2.26% | 1.18% |
| S&P 500 Value | 1301.02 | 1/17/2020 | 486.55 | 7/2/2010 | 1249.47 | -3.96% | -2.64% | 2.60% |
| S&P MidCap 400 | 2100.34 | 1/16/2020 | 692.52 | 2/8/2010 | 2007.22 | -4.43% | -2.61% | 1.79% |
| S&P MidCap 400 Growth | 988.53 | 1/16/2020 | 297.73 | 2/8/2010 | 953.75 | -3.52% | -1.21% | 1.10% |
| S&P MidCap 400 Value | 692.20 | 1/16/2020 | 251.27 | 7/6/2010 | 654.60 | -5.43% | -4.13% | 2.56% |
| S&P 100 | 1489.62 | 1/17/2020 | 463.84 | 7/2/2010 | 1446.71 | -2.88% | 0.47% | 1.87% |
| DJIA | 29348.10 | 1/17/2020 | 9686.48 | 7/2/2010 | 28256.03 | -3.72% | -0.89% | 2.26% |
| NASDAQ 100 | 9216.98 | 1/23/2020 | 1728.34 | 7/2/2010 | 8991.51 | -2.45% | 3.01% | 0.95% |
| Russell 2000 | 1740.75 | 8/31/2018 | 586.49 | 2/8/2010 | 1614.06 | -7.28% | -3.21% | 1.49% |
| Russell 2000 Growth | 1128.77 | 1/16/2020 | 320.69 | 2/8/2010 | 1075.19 | -4.75% | -1.10% | 0.73% |
| Russell 2000 Value | 2049.42 | 8/22/2018 | 804.33 | 10/3/2011 | 1821.01 | -11.14% | -5.40% | 2.31% |
| Russell 3000 | 1949.87 | 1/17/2020 | 602.36 | 7/2/2010 | 1888.03 | -3.17% | -0.11% | 1.77% |
| MSCI World Net (ex U.S.) (USD) | 6499.50 | 1/17/2020 | 3249.15 | 5/25/2010 | 6300.59 | -3.06% | -1.94% | 3.33% |
| MSCI Emerging Markets Net (USD) | 573.23 | 1/26/2018 | 296.24 | 1/21/2016 | 502.96 | -12.26% | -4.66% | 2.73% |
| Ibovespa/Brazil (USD) | 43619.40 | 4/8/2011 | 9077.09 | 1/21/2016 | 26646.82 | -38.91% | -7.13% | 3.00% |
| RTS/Russia (USD) | 2123.56 | 4/8/2011 | 628.41 | 1/20/2016 | 1517.07 | -28.56% | -1.80% | 6.57% |
| S&P BSE 500/India (USD) | 245.12 | 1/24/2018 | 95.89 | 9/3/2013 | 218.68 | -10.78% | -0.57% | 1.18% |
| Shanghai Composite/China (USD) | 832.07 | 6/12/2015 | 314.68 | 12/3/2012 | 430.96 | -48.21% | -1.61% | 2.28% |
| KOSPI/South Korea (USD) | 2.42 | 1/29/2018 | 1.24 | 5/25/2010 | 1.77 | -26.98% | -6.82% | 1.88% |
| Hang Seng (USD) | 4241.01 | 1/26/2018 | 2087.46 | 10/4/2011 | 3388.40 | -20.10% | -6.37% | 3.77% |
| MSCI Euro (USD) | 1544.35 | 1/26/2018 | 814.62 | 6/1/2012 | 1352.78 | -12.40% | -3.12% | 3.42% |
| S&P 500 Consumer Discretionary | 1005.69 | 1/17/2020 | 225.69 | 2/8/2010 | 992.01 | -1.36% | 0.63% | 1.28% |
| S&P 500 Consumer Staples | 659.44 | 1/22/2020 | 262.40 | 7/2/2010 | 648.25 | -1.70% | 0.36% | 2.68% |
| S&P 500 Energy | 737.09 | 6/23/2014 | 371.08 | 7/2/2010 | 405.45 | -44.99% | -11.07% | 4.32% |
| S&P 500 Utilities | 351.64 | 1/30/2020 | 141.65 | 6/1/2010 | 350.08 | -0.44% | 6.65% | 2.87% |
| S&P 500 Financials | 516.21 | 1/2/2020 | 151.85 | 10/3/2011 | 497.10 | -3.70% | -2.62% | 2.07% |
| S&P 500 Banks | 383.30 | 1/2/2020 | 105.73 | 8/22/2011 | 351.75 | -8.23% | -7.16% | 2.79% |
| FTSE NAREIT All Equity REITs | 804.47 | 1/23/2020 | 317.99 | 2/9/2010 | 788.26 | -2.01% | 1.26% | 3.58% |
| S&P 500 Health Care | 1219.65 | 1/22/2020 | 324.13 | 7/1/2010 | 1153.96 | -5.39% | -2.72% | 1.70% |
| S&P 500 Pharmaceuticals | 768.14 | 1/21/2020 | 268.30 | 6/4/2010 | 739.50 | -3.73% | -0.71% | 2.55% |
| NYSE Arca Biotechnology | 5400.34 | 9/27/2018 | 960.69 | 2/8/2010 | 4830.27 | -10.56% | -4.68% | 0.31% |
| S&P 500 Information Technology | 1720.68 | 1/30/2020 | 328.07 | 7/2/2010 | 1673.91 | -2.72% | 3.96% | 1.20% |
| Philadelphia Semiconductor | 1945.37 | 1/23/2020 | 307.49 | 8/31/2010 | 1789.93 | -7.99% | -3.17% | 1.62% |
| S&P 500 Telecom Services | 191.12 | 1/22/2020 | 100.96 | 5/26/2010 | 182.84 | -4.33% | 0.92% | 1.25% |
| S&P 500 Industrials | 711.84 | 1/16/2020 | 234.50 | 7/2/2010 | 684.12 | -3.89% | -0.45% | 2.00% |
| S&P 500 Materials | 401.59 | 1/26/2018 | 170.73 | 7/2/2010 | 361.99 | -9.86% | -6.17% | 2.24% |
| Philadelphia Gold & Silver | 228.95 | 4/8/2011 | 38.84 | 1/19/2016 | 103.94 | -54.60% | -2.75% | 0.87% |
| TR/CC CRB Commodity | 370.56 | 4/29/2011 | 155.01 | 2/11/2016 | 170.31 | -54.04% | -8.33% | N/A |
| ICE BofAML Perpetual Preferred | 290.45 | 1/30/2020 | 132.55 | 5/6/2010 | 290.44 | 0.00% | 0.87% | 4.85% |
| ICE BofAML U.S. High Yield Constrained | 470.80 | 1/20/2020 | 226.12 | 2/12/2010 | 467.04 | -0.80% | 0.00% | 6.12% |

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