

Open-End Net Fund Flows (\$)	7/20	6/20	YTD (Jul)
Equity	-71.74B	-63.05B	-306.38B
Taxable Bond	59.78B	55.71B	-14.53B
Municipal Bond	9.50B	11.18B	1.26B
Hybrid	-3.48B	-2.30B	-59.78B
Taxable Money Market	-47.49B	-129.64B	953.55B

Key Interest Rates	8/31/20	12/31/19	8/30/19
Federal Funds Target Rate	0.25%	1.75%	2.25%
ICE LIBOR (3-Month)	0.24%	1.91%	2.14%
2-Year T-Note	0.13%	1.57%	1.51%
10-Year T-Note	0.71%	1.92%	1.50%
Bond Buyer 40	3.57%	3.63%	3.53%

Commodities/U.S. Dollar	8/20	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.30%	-4.41%	-6.85%
Refinitiv/CC CRB Excess Ret.	6.63%	-17.54%	-10.07%
Crude Oil/WTI (per Barrel)	5.81%	-30.22%	-22.67%
Natural Gas (per million BTUs)	46.11%	20.09%	14.85%
Gold Bullion (Ounce)	0.39%	29.37%	29.38%

Total Return Performance

U.S. Stock Indices	8/20	YTD	12 Mo.
S&P 500	7.19%	9.74%	21.92%
DJIA	7.92%	1.30%	10.27%
NASDAQ 100	11.16%	39.56%	59.00%
S&P MidCap 400	3.51%	-5.55%	4.21%
Russell 2000	5.63%	-5.54%	6.00%
Russell 3000	7.24%	9.39%	21.43%

U.S. Styles/Market Caps	8/20	YTD	12 Mo.
S&P 500 Growth	9.57%	26.52%	37.44%
S&P 500 Value	3.58%	-9.30%	3.43%
S&P MidCap 400 Growth	3.29%	3.88%	12.30%
S&P MidCap 400 Value	3.81%	-15.73%	-5.01%
Russell 2000 Growth	5.87%	6.15%	17.26%
Russell 2000 Value	5.39%	-17.73%	-6.17%

Foreign Stock Indices (USD)	8/20	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	5.16%	-4.44%	5.96%
MSCI Emerging Markets NET	2.21%	0.45%	14.49%
MSCI Europe NET	4.11%	-5.71%	5.43%
MSCI BRIC NET	3.71%	5.11%	20.21%
MSCI EM Latin America NET	-6.21%	-32.60%	-23.59%
Nikkei 225	6.66%	1.87%	14.73%

Bloomberg Barclays Bond Ind.	8/20	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.20%	5.95%	5.48%
GNMA 30 Year	-0.06%	3.32%	3.88%
Municipal Bond (22+)	-0.78%	3.28%	3.05%
U.S. Aggregate	-0.81%	6.85%	6.47%
Intermediate Corporate	0.00%	5.80%	6.72%
U.S. Corporate High Yield	0.95%	1.67%	4.71%
Global Aggregate	-0.15%	6.11%	5.54%
EM Hard Currency Aggregate	0.71%	3.44%	5.76%

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

On 8/27/20, Federal Reserve ("Fed") Chairman Jerome Powell announced that the Fed is willing to let inflation exceed its normal 2.00% target rate to provide the labor market and overall economy with additional support, according to CNBC. In other words, the Fed intends to keep rates artificially low even when the unemployment rate falls. The economy is far from hitting on all cylinders. Large U.S. corporate bankruptcy filings are on pace to potentially surpass the all-time high set in 2009, according to Bloomberg. Year-to-date through August, there were 180 bankruptcy filings by companies with over \$50 million in liabilities. In 2009, that total reached 271 for the full-year. Twenty companies filed last month, the worst August on record. For now, investors seem willing to ignore the red lights flashing in the economy. It was risk-on for equity investors in August.

Stock Market

The S&P 500 Index ("index") closed at 3,500.31 on 8/31/20, just 0.22% below its all-time closing high of 3,508.01 on 8/28/20, according to Bloomberg. The S&P 500 Index posted a total return of 7.19% in August. Nine of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Information Technology, up 12.01%, while the worst showing came from Utilities, down 2.65%. Year-to-date through August, the S&P 500 Index posted a total return of 9.74%. Six of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 35.99%, while the worst showing came from Energy, down 39.28%. 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 8/31/20, those two estimates were -19.53% and 24.46%, respectively. A Bloomberg survey of 17 equity strategists found that their average 2020 year-end price target for the S&P 500 Index was 3,198 as of 8/18/20, up from 3,108 on 7/17/20, according to its own release. The highest estimate was 3,600 while the lowest estimate was 2,800. Brian Wesbury, Chief Economist at First Trust Advisors L.P., sees the S&P 500 Index closing the year at around 3,650. As good as the major stock indices are performing, it is important to note that many companies are still struggling in the U.S. as well as abroad. As a result, some companies have had to lower their dividend distributions. Business Wire reported that global dividend payouts, as measured by the Janus Henderson Global Dividend Index, declined by \$108.1 billion to \$382.2 billion in Q2'20, the lowest total for a second quarter since 2012. Twenty-seven percent of the companies that distributed a dividend in Q2'20 reduced their payout. Janus Henderson's best-case scenario sees global dividend payouts totaling \$1.18 trillion in 2020, while its worst-case scenario calls for \$1.10 trillion. Global dividend payouts totaled a record \$1.43 trillion in 2019.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 8/31/20 at 0.71%, up 18 basis points (bps) from its 0.53% close on 7/31/20, according to Bloomberg. The yield stood 152 bps below its 2.23% average for the 10-year period ended 8/31/20. As was previously noted (corporate bankruptcies), investors may want to keep a close eye on credit risk moving forward. That means tracking speculative-grade defaults. Moody's reported that its global speculative-grade default rate stood at 6.1% in July, according to its own release. Moody's puts the historical average default rate at 4.1%. Its baseline scenario sees the default rate rising to 8.8% by the end of 2020. In 2009, the default rate peaked at 13.3%. Moody's had recorded 140 defaults year-to-date through July, well above 2019's full-year total of 105 defaults. The U.S. speculative-grade default rate stood at 8.4% in July. Moody's sees it rising to 11.7% by year-end. Hopefully, the Fed's actions to date will be successful in helping expedite the recovery underway in the economy. If so, a healthier economy could potentially ease some of the mounting pressure on defaults.

Takeaway

For all of the talk about the overall health of the business climate in the U.S. in light of the COVID-19 pandemic, we should also acknowledge that a large number of companies may end up changing how they conduct business. A study by human resources consulting firm Mercer found that the number of companies expecting to have 50% or more of their employees working remotely post COVID-19 pandemic is 1 in 3, compared to 1 in 30 pre-pandemic, according to *U.S. News & World Report*.

Data as of 8/31/20

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	3508.01	8/28/2020	1049.33	8/31/2010	3500.31	-0.22%	9.74%	1.72%
S&P 500 Growth	2450.92	8/31/2020	542.06	8/31/2010	2450.92	0.00%	26.52%	1.01%
S&P 500 Value	1301.02	1/17/2020	494.97	10/3/2011	1143.86	-12.08%	-9.30%	2.87%
S&P MidCap 400	2106.12	2/20/2020	721.64	8/31/2010	1926.54	-8.53%	-5.55%	1.81%
S&P MidCap 400 Growth	1005.77	8/17/2020	316.93	8/31/2010	996.15	-0.96%	3.88%	1.10%
S&P MidCap 400 Value	692.20	1/16/2020	252.35	10/3/2011	566.91	-18.10%	-15.73%	2.75%
S&P 100	1640.78	8/28/2020	475.73	8/31/2010	1638.94	-0.11%	15.17%	1.67%
DJIA	29551.42	2/12/2020	10014.72	8/31/2010	28430.05	-3.79%	1.30%	2.20%
NASDAQ 100	12110.70	8/31/2020	1767.43	8/31/2010	12110.70	0.00%	39.56%	0.72%
Russell 2000	1740.75	8/31/2018	602.06	8/31/2010	1561.88	-10.28%	-5.54%	1.64%
Russell 2000 Growth	1154.39	8/28/2020	330.06	8/31/2010	1149.39	-0.43%	6.15%	0.59%
Russell 2000 Value	2049.42	8/22/2018	804.33	10/3/2011	1562.10	-23.78%	-17.73%	2.76%
Russell 3000	2047.81	8/28/2020	617.48	8/31/2010	2045.01	-0.14%	9.39%	1.65%
MSCI World Net (ex U.S.) (USD)	6499.50	1/17/2020	3369.63	10/4/2011	6139.56	-5.54%	-4.44%	2.78%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	296.25	1/21/2016	529.93	-7.55%	0.45%	2.32%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	18162.89	-58.36%	-36.70%	3.01%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1258.60	-40.73%	-15.55%	5.35%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	202.95	-17.20%	-6.74%	1.30%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	495.83	-40.41%	15.74%	2.12%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.16	3/19/2020	1.96	-19.21%	3.57%	1.93%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3248.53	-23.40%	-7.81%	3.69%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1299.34	-15.86%	-4.99%	2.46%
S&P 500 Consumer Discretionary	1254.67	8/26/2020	237.42	8/31/2010	1253.91	-0.06%	28.01%	0.91%
S&P 500 Consumer Staples	673.67	8/28/2020	273.56	8/31/2010	671.53	-0.32%	5.69%	2.65%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	266.50	-63.84%	-39.28%	6.61%
S&P 500 Utilities	359.13	2/18/2020	152.93	8/8/2011	299.46	-16.62%	-6.73%	3.47%
S&P 500 Financials	516.21	1/2/2020	151.85	10/3/2011	415.53	-19.50%	-17.37%	2.52%
S&P 500 Banks	383.30	1/2/2020	105.73	8/22/2011	252.34	-34.17%	-31.90%	3.96%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	371.48	10/3/2011	687.32	-17.71%	-9.87%	3.87%
S&P 500 Health Care	1259.89	8/31/2020	325.08	8/31/2010	1259.89	0.00%	7.32%	1.63%
S&P 500 Pharmaceuticals	768.14	1/21/2020	280.73	8/31/2010	760.21	-1.03%	3.84%	2.66%
NYSE Arca Biotechnology	6142.97	7/20/2020	1001.60	11/25/2011	5478.03	-10.82%	8.27%	0.27%
S&P 500 Information Technology	2172.20	8/31/2020	328.12	8/31/2010	2172.20	0.00%	35.99%	1.05%
Philadelphia Semiconductor	2264.14	8/28/2020	307.49	8/31/2010	2260.43	-0.16%	23.57%	1.45%
S&P 500 Telecom Services	211.97	8/26/2020	112.61	8/31/2010	209.04	-1.38%	16.12%	1.05%
S&P 500 Industrials	718.21	2/12/2020	243.55	8/31/2010	656.22	-8.63%	-3.25%	2.01%
S&P 500 Materials	401.66	8/28/2020	179.78	10/3/2011	395.69	-1.49%	4.07%	2.04%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	154.21	-32.64%	44.96%	0.54%
Refinitiv/CC CRB Excess Return	370.56	4/29/2011	106.29	4/21/2020	153.21	-58.65%	-17.53%	N/A
ICE BofA Perpetual Preferred	298.36	8/27/2020	146.25	8/8/2011	298.30	-0.02%	3.60%	4.43%
ICE BofA U.S. High Yield Constrained	472.87	2/20/2020	246.18	8/31/2010	470.14	-0.58%	0.67%	5.86%

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