

Open-End Net Fund Flows (\$)	5/21	4/21	YTD (May)
Equity	-16.03B	-34.14B	-164.19B
Taxable Bond	17.06B	44.02B	208.51B
Municipal Bond	5.48B	8.80B	40.46B
Hybrid	-1.15B	0.21B	-4.28B
Taxable Money Market	82.35B	34.89B	287.04B

Key Interest Rates	6/30/21	12/31/20	6/30/20
Federal Funds Target Rate	0.25%	0.25%	0.25%
ICE LIBOR (3-Month)	0.15%	0.24%	0.30%
2-Year T-Note	0.25%	0.12%	0.15%
10-Year T-Note	1.47%	0.92%	0.66%
Bond Buyer 40	3.41%	3.46%	3.63%

Commodities/U.S. Dollar	6/21	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.67%	2.78%	-5.08%
Refinitiv/CC CRB Excess Ret.	3.74%	27.17%	54.66%
Crude Oil/WTI (per Barrel)	10.78%	51.42%	87.09%
Natural Gas (per million BTUs)	22.07%	43.70%	108.57%
Gold Bullion (Ounce)	-6.88%	-6.52%	-1.61%

### Total Return Performance

U.S. Stock Indices	6/21	YTD	12 Mo.
S&P 500	2.33%	15.24%	40.77%
DJIA	0.02%	13.79%	36.34%
NASDAQ 100	6.40%	13.34%	44.36%
S&P MidCap 400	-1.02%	17.59%	53.22%
Russell 2000	1.94%	17.53%	62.00%
Russell 3000	2.47%	15.10%	44.15%

U.S. Styles/Market Caps	6/21	YTD	12 Mo.
S&P 500 Growth	5.68%	14.30%	41.35%
S&P 500 Value	-1.17%	16.29%	39.51%
S&P MidCap 400 Growth	1.07%	12.28%	45.42%
S&P MidCap 400 Value	-2.81%	22.97%	61.40%
Russell 2000 Growth	4.69%	8.98%	51.35%
Russell 2000 Value	-0.61%	26.68%	73.24%

Foreign Stock Indices (USD)	6/21	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-1.37%	9.92%	33.60%
MSCI Emerging Markets NET	1.33%	7.45%	40.90%
MSCI Europe NET	-1.51%	11.80%	35.09%
MSCI BRIC NET	1.80%	5.30%	34.00%
MSCI EM Latin America NET	3.46%	8.89%	44.92%
Nikkei 225	-2.31%	-1.72%	27.44%

Bloomberg Barclays Bond Ind.	6/21	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.07%	-1.14%	-1.18%
GNMA 30 Year	-0.03%	-1.00%	-0.97%
Municipal Bond (22+)	0.69%	2.33%	6.91%
U.S. Aggregate	0.70%	-1.60%	-0.33%
Intermediate Corporate	0.38%	-0.52%	2.57%
U.S. Corporate High Yield	1.34%	3.62%	15.37%
Global Aggregate	-0.88%	-3.21%	2.63%
EM Hard Currency Aggregate	0.28%	-0.97%	6.98%

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

The first half of 2021 was encouraging on many levels, in our opinion. There was robust manufacturing activity in the U.S. The ISM Manufacturing Index achieved a reading above 60 in five of the six months, according to the Institute for Supply Management. A reading above 50 signals expansion. Merger activity was robust. Data from Refinitiv indicates that global mergers and acquisitions (M&A) deal value totaled \$2.4 trillion from January through May, according to Reuters. That is an all-time high for the five-month period. The U.S. accounted for \$1.3 trillion of that total. In late June, the Federal Reserve ("Fed") announced that 27 of the largest banks in the U.S. passed the latest round of stress tests with "flying colors," according to Fox Business. The Fed stated that these banks now hold more than double the average capital cushion required, paving the way for dividend hikes and increased stock buybacks.

### Stock Market

The S&P 500 Index ("index") closed at 4,297.50 on 6/30/21, its all-time closing high, according to Bloomberg. A Bloomberg survey of 22 equity strategists found that their average 2021 year-end price target for the S&P 500 Index was 4,213 as of 6/16/21, according to its own release. The highest and lowest estimates were 4,600 and 3,800, respectively. The index posted a total return of 2.33% in June. Six of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Information Technology, up 6.95%, while the worst showing came from Materials, down 5.30%. The S&P 500 Index posted a total return of 15.24% in the first half of 2021. All 11 major sectors were up on a total return basis. The top-performer was Energy, up 45.61%, while the worst showing came from Utilities, up 2.47%. The 15.24% total return posted by the S&P 500 Index in the first half was its second-best showing since 1998. Non-financial companies in the S&P 500 Index that reported their earnings results in April and May increased their cash holdings by 12% year-over-year, according to Bloomberg in mid-June. Cash holdings, which include short-term investments and long-term marketable securities, reached \$2.03 trillion. Companies are cash-rich! S&P 500 Index stock buybacks totaled \$178.13 billion (preliminary) in Q1'21, up 36.48% from the \$130.52 billion executed in Q4'20, but down 10.36% from the \$198.72 billion registered in Q1'20, according to a release from S&P Dow Jones Indices in June. S&P 500 Index companies distributed \$123.91 billion in dividend payments in the quarter, up 1.88% from the \$121.62 billion paid out in Q4'20, but down 2.42% from the \$126.98 billion paid out in Q1'20. As indicated in the stock performance tables on this page, the major U.S. stock indices outperformed the major foreign counterparts in the first half of 2021.

### Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 6/30/21 at 1.47%, down 13 basis points (bps) from its 1.60% close on 5/31/21, according to Bloomberg. The yield stood 60 bps below its 2.07% average for the 10-year period ended 6/30/21. Bond investors continue to embrace higher levels of risk to secure higher yielding fixed-income securities. The yields on U.S. high yield corporate bonds, also referred to as junk bonds, hit an all-time low of 3.78% on 6/29/21, according to Bloomberg. The downward move in speculative-grade yields also tightened the spread over comparable Treasuries to 2.72%, a 14-year low, as measured by the Bloomberg Barclays U.S. Corporate High Yield Average OAS (Option-Adjusted Spread). In June, Moody's reported that its global speculative-grade default rate stood at 4.9% in May, according to its own release. Moody's puts the historical average default rate at 4.2%. Its baseline scenario sees the default rate declining to 1.8% by December 2021. That should provide a level of comfort to those investors holding U.S. high yield corporate bonds, in our opinion.

### Takeaway

A survey by Bankrate.com found that Americans now favor real estate and cash when investing long-term, according to its own release. When investing money that would not be needed for more than a decade, 28% of those polled selected real estate over other options, up from 26% a year ago. Cash was a close second at 25%, its highest level since 2014. Stocks, which held the top spot a year ago at 28%, ran a distant third at 16%. Gold and other precious metals appealed to 13% of respondents. Other notable choices were cryptocurrency and bonds at 9% and 4%, respectively. The S&P 500 Real Estate Index was the third-best performing S&P 500 sector in the first half of 2021, with a total return of 23.30%, according to Bloomberg. It was the top-performer in Q2'21, posting a total return of 13.09%.

Data as of 6/30/21

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	4297.50	6/30/2021	1099.23	10/3/2011	4297.50	0.00%	15.24%	1.35%
S&P 500 Growth	2938.24	6/29/2021	598.65	10/3/2011	2934.39	-0.13%	14.30%	0.71%
S&P 500 Value	1490.97	6/4/2021	494.97	10/3/2011	1457.75	-2.23%	16.29%	2.07%
S&P MidCap 400	2770.27	5/7/2021	744.98	10/3/2011	2696.12	-2.68%	17.59%	1.28%
S&P MidCap 400 Growth	1353.31	4/26/2021	345.40	10/3/2011	1313.31	-2.96%	12.28%	0.74%
S&P MidCap 400 Value	882.65	5/7/2021	252.35	10/3/2011	844.47	-4.33%	22.97%	1.75%
S&P 100	1964.75	6/30/2021	500.09	10/3/2011	1964.75	0.00%	15.03%	1.36%
DJIA	34777.76	5/7/2021	10655.30	10/3/2011	34502.51	-0.79%	13.79%	1.75%
NASDAQ 100	14572.75	6/29/2021	2038.22	8/19/2011	14554.80	-0.12%	13.34%	0.69%
Russell 2000	2360.17	3/15/2021	609.49	10/3/2011	2310.55	-2.10%	17.53%	1.05%
Russell 2000 Growth	1709.62	2/9/2021	350.15	10/3/2011	1583.08	-7.40%	8.98%	0.40%
Russell 2000 Value	2600.57	6/8/2021	804.33	10/3/2011	2480.72	-4.61%	26.68%	1.74%
Russell 3000	2570.66	6/30/2021	644.45	10/3/2011	2570.66	0.00%	15.10%	1.27%
MSCI World Net (ex U.S.) (USD)	7837.57	6/16/2021	3369.63	10/4/2011	7597.82	-3.06%	9.92%	2.44%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	670.62	-4.09%	7.45%	1.94%
Ibovespa/Brazil (USD)	41029.60	7/4/2011	9077.09	1/21/2016	25350.71	-38.21%	10.68%	3.17%
RTS/Russia (USD)	1987.79	7/26/2011	628.41	1/20/2016	1653.78	-16.80%	21.87%	4.83%
S&P BSE 500/India (USD)	295.43	6/15/2021	95.89	9/3/2013	288.65	-2.30%	15.92%	1.08%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	556.15	-33.16%	5.56%	2.01%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.91	-0.58%	10.63%	1.69%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3711.88	-12.48%	7.25%	2.23%
MSCI Euro (USD)	1695.19	6/16/2021	814.62	6/1/2012	1626.58	-4.05%	13.32%	2.24%
S&P 500 Consumer Discretionary	1440.19	4/16/2021	267.58	10/3/2011	1431.82	-0.58%	10.27%	0.55%
S&P 500 Consumer Staples	732.67	6/4/2021	293.02	8/10/2011	721.62	-1.51%	5.02%	2.76%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	407.37	-44.73%	45.61%	4.03%
S&P 500 Utilities	359.13	2/18/2020	152.93	8/8/2011	321.58	-10.46%	2.47%	3.41%
S&P 500 Financials	637.75	6/4/2021	151.85	10/3/2011	610.60	-4.26%	25.60%	1.69%
S&P 500 Banks	431.28	6/1/2021	105.73	8/22/2011	403.55	-6.43%	29.18%	2.18%
FTSE NAREIT All Equity REITs	883.02	6/10/2021	371.48	10/3/2011	853.69	-3.32%	21.35%	2.85%
S&P 500 Health Care	1469.58	6/29/2021	346.38	8/10/2011	1468.94	-0.04%	11.85%	1.52%
S&P 500 Pharmaceuticals	849.83	6/10/2021	282.86	8/10/2011	840.08	-1.15%	9.07%	2.52%
NYSE Arca Biotechnology	6319.77	2/8/2021	1001.60	11/25/2011	5901.08	-6.63%	3.04%	0.34%
S&P 500 Information Technology	2596.96	6/29/2021	357.71	8/19/2011	2594.48	-0.10%	13.76%	0.84%
Philadelphia Semiconductor	3348.87	6/29/2021	326.32	8/19/2011	3345.31	-0.11%	20.39%	1.10%
S&P 500 Telecom Services	266.34	6/28/2021	115.22	8/8/2011	264.35	-0.75%	19.67%	0.81%
S&P 500 Industrials	891.14	5/10/2021	245.04	10/3/2011	866.24	-2.79%	16.40%	1.33%
S&P 500 Materials	556.90	5/17/2021	179.78	10/3/2011	517.02	-7.16%	14.50%	1.71%
Philadelphia Gold & Silver	227.03	9/8/2011	38.84	1/19/2016	141.17	-37.82%	-1.30%	1.37%
Refinitiv/CC CRB Excess Return	349.17	7/13/2011	106.29	4/21/2020	213.39	-38.89%	27.17%	N/A
ICE BofA Perpetual Preferred	316.15	6/30/2021	146.25	8/8/2011	316.15	0.00%	2.32%	3.97%
ICE BofA U.S. High Yield Constrained	513.72	6/30/2021	250.64	10/4/2011	513.72	0.00%	3.70%	4.62%

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