FIRST Trust ADVISORS L.P.

Market Watch

Week of February 26th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
DOW JONES 30 (12647)	-0.85%	1.89%	16.97%	19.04%	7.25%
S&P 500 (1451)	-0.26%	2.61%	14.84%	15.79%	7.80%
NASDAQ 100 (1840)	1.01%	4.80%	10.52%	7.28%	6.61%
S&P Citigroup Growth (L-C)	-0.11%	2.23%	10.92%	11.03%	4.53%
S&P Citigroup Value (L-C)	-0.39%	2.97%	18.91%	20.85%	11.11%
S&P 400 Citigroup Growth (M-C)	1.19%	8.13%	9.79%	5.90%	10.48%
S&P 400 Citigroup Value (M-C)	0.98%	8.03%	16.34%	14.98%	15.68%
S&P 600 Citigroup Growth (S-C)	1.11%	6.00%	10.22%	10.56%	13.76%
S&P 600 Citigroup Value (S-C)	0.89%	4.99%	14.83%	19.66%	14.66%
MSCI EAFE	0.55%	4.88%	25.91%	26.98%	18.40%
MSCI World (ex US)	0.55%	4.83%	25.18%	26.34%	18.63%
MSCI World	0.18%	3.96%	20.06%	20.72%	12.74%
MSCI Emerging Markets	0.36%	3.14%	22.44%	32.20%	26.37%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 2/23/07.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
Consumer Discretionary	-0.17%	3.79%	19.99%	18.64%	6.74%
Consumer Staples	-0.47%	2.29%	14.78%	14.58%	5.97%
Energy	1.12%	-0.49%	16.49%	24.21%	18.69%
Financials	-1.15%	1.56%	16.87%	19.23%	11.40%
Health Care	-0.96%	2.76%	7.20%	7.53%	2.31%
Industrials	-0.46%	3.18%	13.65%	13.29%	7.73%
Information Technology	0.34%	2.57%	8.88%	8.42%	4.05%
Materials	0.96%	10.09%	25.11%	18.98%	13.82%
Telecom Services	-0.21%	4.30%	27.41%	36.74%	6.43%
Utilities	1.23%	5.37%	23.59%	20.99%	12.40%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 2/23/07.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2006	5-yr.
U.S. Treasury: Intermediate	0.13%	0.75%	4.59%	3.51%	3.57%
GNMA 30 Year	0.13%	0.86%	5.18%	4.62%	4.51%
U.S. Aggregate	0.15%	0.96%	5.21%	4.33%	4.89%
U.S. Corporate High Yield	0.24%	2.73%	12.44%	11.85%	10.90%
U.S. Corporate Inv. Grade	0.21%	1.39%	5.74%	4.30%	5.89%
Municipal Bond: 22 years +	0.18%	0.93%	6.43%	6.82%	6.86%
Global Aggregate	0.04%	0.18%	6.15%	6.64%	7.83%

Source: Lehman Bros. Returns include reinvested interest. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 2/23/07.

KEY RATES

As of 2/23

Fed Funds	5.25%	5-YR CD	4.81%
LIBOR (1-month)	5.32%	2-YR Note	4.80%
CPI - Headline	2.10%	5-YR Note	4.65%
CPI - Core	2.70%	10-YR Note	4.67%
Money Market Accts.	3.59%	30-YR T-Bond	4.77%
Money Market Funds	4.75%	30-YR Mortgage	6.16%
6-mo. CD	4.60%	Prime Rate	8.25%
1-YR CD	4.86%	Bond Buyer 40	4.58%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

WEEKLY FUND FLOWS

	Week of 2/21	Previous
Equity Funds	**$9.4 B**	**$547 M**

Including ETF activity, Domestic funds reporting net inflows of $6.387B and Non-domestic funds reporting net inflows of $2.968B.

	Week of 2/21	Previous
Bond Funds	**$1.9 B**	**$1.7 B**
Municipal Bond Funds	**$558 M**	**$354 M**
Money Markets	**$22.627 B**	**$12.077 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF FEBRUARY 19TH - 23RD

Monday, February 19, 2007 — Holiday
None.

Tuesday, February 20, 2007 — Consumer Spending
A University of Michigan professor believes that consumer spending will remain strong over the next few months despite the slowdown in housing and other economic challenges. The reason he cites is that consumers are growing more satisfied with the goods and services they are purchasing, according to MSNBC.com. Claes Fornell oversees the American Customer Satisfaction Index, which is conducted on a quarterly basis. In the fourth quarter of 2006, the index registered a reading of 74.9 on a scale of 100. It was the highest reading since the inception of the index in 1994 and 2 percentage higher than a year ago.

Wednesday, February 21, 2007 — REITs
The marketplace for Real Estate Investment Trusts (REITs) is expanding rapidly overseas. Both Great Britain and Germany are adopting REIT laws early on in 2007, which could bring hundreds of billions of dollars worth of REIT assets to market, according to *Financial Advisor Magazine*. Pensions and endowments have reportedly been diversifying into foreign REITs, in part, because more than half of those trading are securitized, vs. only a small percentage of U.S. REITs. According to Ibbotson Associates, foreign REITs not only carry a low correlation to U.S. stocks, but also a low correlation from country to country. Over the past 30 years, the FTSE NAREIT All REITs Index posted an average annual total return of 13.40%, vs. 12.47% for the S&P 500 and 11.28% for the Nasdaq Composite, according to the National Association of Real Estate Investment Trusts (NAREIT).

Thursday, February 22, 2007 — Default Rates
Moody's Investors Service expects the default rate on speculative-grade corporate bonds to nearly double in 2007 from 1.57% in 2006, the lowest yearend level since 1981, to 3.07%. The default rate has averaged 4.9% since 1983, according to Moody's. It cites some riskier debt issuance back in 2003-2004, particularly debt rated below single-B, as the reason for the anticipated jump in the default rate. Historically, the default risk associated with such debt tends to be highest in the third and fourth years after issuance. From October 9, 2002, the day in which the stock market bottomed, through February 21, 2007, the Lehman U.S. Corporate High Yield Index posted a cumulative total return of 82.26%, vs. just 10.96% for the Lehman U.S. Treasury: Intermediate Index.

Friday, February 23, 2007 — Senior Loan Market
The default rate on senior loans fell to an all-time low of 0.78% in January, according to Standard & Poor's Leveraged Commentary & Data (LCD). It was the second straight month the industry was default-free. If it remains default-free through February the default rate will drop to 0.46%. The industry default rate stood at 1.97% a year ago and has a historical average of 3.31%. The vast majority of the buyside remains optimistic about the senior loan market over the next 12-18 months, according to S&P LCD.