

Open-End Net Fund Flows (\$)	4/17	3/17	YTD (Apr)
Equity	-13.43B	-15.68B	-34.71B
Taxable Bond	12.54B	28.23B	79.81B
Municipal Bond	2.45B	0.85B	9.52B
Hybrid	-2.26B	-2.63B	-8.45B
Taxable Money Market	-22.66B	-18.19B	-88.56B

Key Interest Rates	5/31/17	12/30/16	5/31/16
Federal Funds Target Rate	1.00%	0.75%	0.50%
LIBOR (3-Month)	1.21%	1.00%	0.69%
2-Year T-Note	1.28%	1.19%	0.88%
10-Year T-Note	2.20%	2.45%	1.85%
Bond Buyer 40	4.06%	4.25%	3.90%

Commodities/U.S. Dollar	5/17	YTD	12 Mo.
U.S. Dollar Index (DXY)	-2.15%	-5.18%	1.07%
TR/CC CRB Commodity Index	1.08%	-6.62%	-3.43%
Crude Oil (Barrel)	-2.05%	-10.05%	-1.59%
Natural Gas (per million BTUs)	-6.40%	-17.47%	34.06%
Gold Bullion (Ounce)	0.29%	10.45%	4.71%

### Total Return Performance

U.S. Stock Indices	5/17	YTD	12 Mo.
S&P 500	1.41%	8.66%	17.46%
DJIA	0.71%	7.47%	21.16%
NASDAQ 100	3.88%	19.65%	29.51%
S&P 400	-0.49%	4.30%	17.15%
Russell 2000	-2.03%	1.48%	20.34%
Russell 3000	1.02%	7.96%	17.68%

U.S. Styles/Market Caps	5/17	YTD	12 Mo.
S&P 500 Growth	2.83%	13.78%	19.33%
S&P 500 Value	-0.32%	2.89%	14.70%
S&P MidCap 400 Growth	0.45%	7.30%	16.95%
S&P MidCap 400 Value	-1.52%	1.07%	16.54%
Russell 2000 Growth	-0.91%	6.31%	19.68%
Russell 2000 Value	-3.11%	-2.86%	20.98%

Foreign Stock Indices (USD)	5/17	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	3.33%	12.72%	15.75%
MSCI Emerging Markets NET	2.96%	17.25%	27.41%
MSCI Europe NET	4.85%	16.63%	17.00%
MSCI BRIC NET	2.08%	16.01%	29.20%
MSCI EM Latin America NET	-2.37%	9.40%	27.34%
Nikkei 225	3.06%	9.24%	16.22%

Barclays Bond Indices	5/17	YTD	12 Mo.
U.S. Treasury: Intermediate	0.40%	1.48%	0.39%
GNMA 30 Year	0.62%	1.39%	0.96%
Municipal Bond (22+)	2.25%	4.80%	1.45%
U.S. Aggregate	0.77%	2.38%	1.58%
Intermediate Corporate	0.70%	2.71%	3.21%
U.S. Corporate High Yield	0.87%	4.79%	13.58%
Global Aggregate	1.55%	4.50%	0.77%
EM Hard Currency Aggregate	1.08%	5.82%	8.47%

Sources: 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 World Bank's *Global Economic Prospects*, released at the start of June, reported that the global economy is set to post solid growth in 2017, due to improving world trade and better performance by large emerging markets, according to international news agency AFP. It was the first time in four years that the publication did not downgrade its growth forecast. After two years of notable weakness, a recovery in industrial activity has coincided with a rise in global trade. AFP noted that the seven largest emerging economies (China, Brazil, Mexico, India, Indonesia, Turkey and Russia) remain the key engine for the world economy. Year-to-date through 5/31/17, the MSCI Daily TR Net Emerging Markets (USD) posted a total return of 17.25%, nearly double the 8.66% total return posted by the S&P 500 Index, according to Bloomberg.

### Stock Market

The S&P 500 Index closed at 2,411.80 on 5/31/17, 0.17% below its all-time high of 2,415.82, established on 5/26/17, according to Bloomberg. The S&P 500 Index posted a total return of 1.41% in May. Seven of the 11 major sectors that comprise the S&P 500 Index were up on a total return basis. The top-performer was Information Technology, up 4.40%, while the worst showing came from Energy, down 3.40%. YTD thru May, the S&P 500 Index posted a total return of 8.66%. Nine of the 11 major sectors were up. The top-performer was Information Technology, up 20.49%, while the worst showing came from Energy, down 12.46%. From 11/8/16 (date Donald Trump was elected 45th President of the United States) through 5/31/17, the S&P 500 Index posted a total return of 14.07%, according to Bloomberg. Ten of the 11 major sectors were up. The top-performer was Information Technology, up 21.96%, while the worst showing came from Energy, down 4.60%. On May 25, Wall Street closed the 100th trading day of 2017, with the S&P 500 Index having risen by 7.9% (price-only basis), according to MarketWatch. That represented the fourth-best start of the past 20 years. Data from LPL Financial indicates that the market has never ended a year with a negative return after such a start. Since 1950, there have been 23 years (not including 2017) where the S&P 500 Index rose at least 7.5% over the first 100 trading days. In each of those instances, the market ended higher on the year, with an average annual gain of 23.4%. Year-to-date through 5/31/17, 330 stocks in the S&P 500 Index had posted positive returns, while 211 and 247 stocks were up in the S&P MidCap 400 and S&P SmallCap 600 Indices, respectively, according to S&P Dow Jones Indices.

### Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 2.20% on 5/31/17, down eight basis points (bps.) from 2.28% on 4/28/17, according to Bloomberg. It was 35 bps. higher than a year ago (1.85% on 4/29/16), but 52 bps. lower than the 10-year average of 2.72%. As indicated in the table of bond index returns (lower left of this page), long-term municipal bonds have performed well year-to-date through May, keeping pace with speculative-grade high yield corporate bonds. Retail investors account for approximately 70% of municipal bond ownership, according to *The Bond Buyer*. Demand for municipal bonds is rising at a time when supply is set to shrink beginning in June, according to *Barron's*. It is forecasting new issue supply totaling \$368 billion (\$204 billion in new money bonds and \$164 billion of refundings) in 2017, down 14% year-over-year.

### Takeaway

Equities and bonds continue to generate solid returns for investors. The ongoing climate of low inflation and low interest rates has been a boon for both, in our opinion. While the rate of change in the Consumer Price index has doubled over the most recent 12-month period, from 1.1% in April 2016 to 2.2% in April 2017, it is at the same 2.2% level as its 30-year average, according to data from Bloomberg. The absence of any significant inflationary pressure could keep bond investors fairly content with their returns for at least a little while longer, in our view. In May, equity investors clearly favored the stocks that had performed the best year-to-date through April. Bespoke Investment Group broke the S&P 500 Index down into deciles and found that the 50 top-performing stocks YTD (thru April) posted the highest total return (+3.85%) of the 10 deciles in May, while the worst-performing decile YTD also happened to be down the most in May (-6.57%).

Data as of 5/31/17

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	2415.82	5/26/2017	676.53	3/9/2009	2411.80	-0.17%	8.66%	1.97%
S&P 500 Growth	1381.64	5/31/2017	363.99	3/9/2009	1381.64	0.00%	13.78%	1.60%
S&P 500 Value	1057.51	3/1/2017	307.16	3/9/2009	1019.35	-3.61%	2.89%	2.44%
S&P MidCap 400	1758.27	3/1/2017	404.62	3/9/2009	1721.69	-2.08%	4.30%	1.72%
S&P MidCap 400 Growth	793.98	5/25/2017	174.44	11/20/2008	790.24	-0.47%	7.30%	1.28%
S&P MidCap 400 Value	609.68	3/1/2017	144.98	3/9/2009	582.93	-4.39%	1.07%	2.21%
S&P 100	1065.35	5/26/2017	322.13	3/9/2009	1062.91	-0.23%	8.28%	2.16%
DJIA	21115.55	3/1/2017	6547.05	3/9/2009	21008.65	-0.51%	7.47%	2.36%
NASDAQ 100	5794.63	5/30/2017	1036.51	11/20/2008	5788.80	-0.10%	19.65%	1.10%
Russell 2000	1419.43	4/26/2017	343.26	3/9/2009	1370.21	-3.47%	1.48%	1.49%
Russell 2000 Growth	843.67	4/27/2017	190.73	3/9/2009	827.41	-1.93%	6.31%	0.97%
Russell 2000 Value	1825.27	3/1/2017	469.32	3/9/2009	1716.90	-5.94%	-2.86%	2.01%
Russell 3000	1429.38	5/26/2017	389.61	3/9/2009	1426.10	-0.23%	7.96%	1.91%
MSCI World Net (ex U.S.) (USD)	5549.31	5/22/2017	2131.84	3/9/2009	5540.64	-0.16%	12.72%	3.06%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	445.37	-5.91%	17.25%	2.39%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	19335.10	-56.68%	4.61%	3.11%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	1053.30	-57.66%	-8.31%	4.69%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	204.59	-9.49%	26.52%	1.20%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	457.21	-45.05%	2.42%	1.75%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	2.10	-8.32%	24.94%	1.52%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	3292.91	-19.34%	17.24%	3.24%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1340.34	-32.49%	18.58%	3.19%
S&P 500 Consumer Discretionary	723.76	5/31/2017	125.72	3/9/2009	723.76	0.00%	12.34%	1.40%
S&P 500 Consumer Staples	581.55	5/31/2017	199.80	3/9/2009	581.55	0.00%	10.52%	2.71%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	479.19	-34.99%	-12.46%	2.91%
S&P 500 Utilities	271.69	5/31/2017	113.81	3/9/2009	271.69	0.00%	11.77%	3.32%
S&P 500 Financials	508.86	6/1/2007	81.74	3/6/2009	385.26	-24.29%	0.43%	1.76%
S&P 500 Banks	405.18	6/1/2007	49.02	3/5/2009	275.77	-31.94%	-2.09%	2.04%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	663.31	-8.59%	2.85%	3.99%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	877.55	-1.65%	10.94%	1.67%
S&P 500 Pharmaceuticals	647.69	8/1/2016	214.50	3/3/2009	613.08	-5.34%	7.35%	2.59%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	3541.42	-20.09%	15.30%	0.41%
S&P 500 Information Technology	969.77	5/30/2017	198.51	11/20/2008	966.84	-0.30%	20.49%	1.30%
Philadelphia Semiconductor	1091.45	5/30/2017	171.32	11/20/2008	1091.42	0.00%	21.23%	1.49%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	158.76	-13.65%	-8.06%	4.91%
S&P 500 Industrials	575.95	5/31/2017	132.83	3/9/2009	575.95	0.00%	8.01%	2.12%
S&P 500 Materials	336.51	4/25/2017	108.33	3/2/2009	332.25	-1.27%	7.23%	2.02%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	83.39	-63.58%	6.08%	0.56%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	179.77	-62.03%	-6.62%	N/A
BofA ML Perpetual Preferred	249.66	5/30/2017	51.79	3/9/2009	249.51	-0.06%	7.42%	5.33%
BofA ML U.S. High Yield Constrained	407.20	5/31/2017	130.37	12/12/2008	407.20	0.00%	4.79%	6.01%

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