

| Open-End Net Fund Flows (\$) | 7/17 | 6/17 | YTD (Jul) |
|------------------------------|---------|---------|-----------|
| Equity | -13.89B | -9.54B | -52.24B |
| Taxable Bond | 18.17B | 17.18B | 138.85B |
| Municipal Bond | 2.21B | 2.74B | 17.53B |
| Hybrid | -2.72B | -2.95B | -16.19B |
| Taxable Money Market | 11.02B | -21.60B | -87.17B |

| Key Interest Rates | 8/31/17 | 12/30/16 | 8/31/16 |
|---------------------------|---------|----------|---------|
| Federal Funds Target Rate | 1.25% | 0.75% | 0.50% |
| LIBOR (3-Month) | 1.32% | 1.00% | 0.84% |
| 2-Year T-Note | 1.33% | 1.19% | 0.81% |
| 10-Year T-Note | 2.12% | 2.45% | 1.58% |
| Bond Buyer 40 | 3.99% | 4.25% | 3.74% |

| Commodities/U.S. Dollar | 8/17 | YTD | 12 Mo. |
|--------------------------------|--------|---------|--------|
| U.S. Dollar Index (DXY) | -0.20% | -9.33% | -3.49% |
| TR/CC CRB Commodity Index | -0.97% | -6.05% | 0.36% |
| Crude Oil (Barrel) | -5.86% | -12.08% | 5.66% |
| Natural Gas (per million BTUs) | 8.96% | -18.28% | 5.19% |
| Gold Bullion (Ounce) | 4.10% | 14.48% | 0.81% |

Total Return Performance

| U.S. Stock Indices | 8/17 | YTD | 12 Mo. |
|--------------------|--------|--------|--------|
| S&P 500 | 0.31% | 11.93% | 16.23% |
| DJIA | 0.65% | 13.01% | 22.29% |
| NASDAQ 100 | 2.03% | 24.13% | 27.00% |
| S&P 400 | -1.53% | 5.28% | 12.36% |
| Russell 2000 | -1.27% | 4.42% | 14.89% |
| Russell 3000 | 0.19% | 11.20% | 16.05% |

| U.S. Styles/Market Caps | 8/17 | YTD | 12 Mo. |
|-------------------------|--------|--------|--------|
| S&P 500 Growth | 1.48% | 18.01% | 19.05% |
| S&P 500 Value | -1.16% | 5.05% | 12.34% |
| S&P MidCap 400 Growth | -1.03% | 8.28% | 11.84% |
| S&P MidCap 400 Value | -2.07% | 2.07% | 12.08% |
| Russell 2000 Growth | -0.12% | 10.77% | 16.36% |
| Russell 2000 Value | -2.46% | -1.32% | 13.45% |

| Foreign Stock Indices (USD) | 8/17 | YTD | 12 Mo. |
|-----------------------------|--------|--------|--------|
| MSCI World NET (Ex-U.S.) | -0.02% | 16.15% | 17.14% |
| MSCI Emerging Markets NET | 2.23% | 28.29% | 24.53% |
| MSCI Europe NET | 0.06% | 18.87% | 19.43% |
| MSCI BRIC NET | 3.84% | 31.77% | 28.85% |
| MSCI EM Latin America NET | 4.62% | 24.75% | 22.63% |
| Nikkei 225 | -1.11% | 9.95% | 11.15% |

| Barclays Bond Indices | 8/17 | YTD | 12 Mo. |
|-----------------------------|--------|-------|--------|
| U.S. Treasury: Intermediate | 0.62% | 2.16% | 0.03% |
| GNMA 30 Year | 0.59% | 1.94% | 0.47% |
| Municipal Bond (22+) | 0.97% | 6.58% | 0.42% |
| U.S. Aggregate | 0.90% | 3.64% | 0.49% |
| Intermediate Corporate | 0.55% | 3.99% | 2.16% |
| U.S. Corporate High Yield | -0.04% | 6.05% | 8.63% |
| Global Aggregate | 0.99% | 7.22% | 0.19% |
| EM Hard Currency Aggregate | 1.39% | 8.58% | 5.35% |

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

Congress will be back in session on 9/5/17, and there is a lot of important and challenging work to do. Here are just a few of the tasks at hand: addressing the U.S. debt limit, passing a 2018 fiscal budget, appropriating funds for the recovery effort tied to Hurricane Harvey, and the potential for legislation involving individual and corporate tax reform. Real GDP growth in Q2'17 was revised from 2.6% (annualized) to 3.0% (annualized) at the end of August, according to the Bureau of Economic Analysis (BEA). While considerably stronger than the 1.2% annualized growth rate posted in Q1'17, it marked just the ninth quarter out of 32 that real GDP growth was 3.0% or higher in the current economic recovery. From Q3'09 through Q2'17 (current recovery), real GDP growth averaged 2.2%, according to data from the BEA.

Stock Market

The S&P 500 Index closed at 2,471.65 on 8/31/17, 0.37% below its all-time high of 2,480.91 established on 8/7/17, according to Bloomberg. The S&P 500 Index posted a total return of 0.31% in August. The index was up 0.05% on a price-only basis. From 1950 through 2016, the average price-only return was -0.09%, according to the **Stock Trader's Almanac**. In August, six 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 3.47%, while the worst showing came from Energy, down 5.18%. Year-to-date through 8/31/17, the S&P 500 Index posted a total return of 11.93%. Nine of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 26.56%, while the worst showing came from Energy, down 15.07%. From 11/8/16 (date Donald Trump was elected 45th President) through 8/31/17, the S&P 500 Index posted a total return of 17.50%, according to Bloomberg. Ten of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 28.11%, while the worst showing came from Energy, down 7.44%. For those equity investors who subscribe to the strategy "Sell in May and Go Away," shunning equities from May through October has not been a winning proposition thus far in 2017. From 4/30/17 through 8/31/17, the S&P 500 Index posted a total return of 4.46%, according to Bloomberg. In Q2'17, 352 constituents in the S&P 500 Index topped their operating earnings estimates. The 70.4% beat rate exceeded the historical average of 67%. Information Technology and Health Care posted the best showing of the 11 sectors, with beat rates of 85.1% and 81.7%, respectively. From 3/31/17 through 9/1/17, the top-performing sectors in the index, on a total return basis, were Information Technology, up 12.38%, and Health Care, up 9.83%, according to Bloomberg. Bloomberg's consensus earnings growth rate estimates for the S&P 500 Index for 2017 and 2018 stood at 11.96% and 10.97%, respectively, as of 9/5/17.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 2.12% on 8/31/17, down 18 basis point (bps) from 2.30% on 7/31/17, according to Bloomberg. It was 53 bps lower than the 10-year average of 2.65%. Interest rates remain at low levels due in part to the absence of any significantly inflationary pressure. As of 7/31/17, the Consumer Price Index (Headline Rate) stood at 1.7% on a year-over-year basis, according to the Bureau of Labor Statistics. That is well below its historical average of 3.0% since 1926. Inflation aside, interest rates could be influenced in the months and years ahead once the Federal Reserve (the "Fed") undertakes the unwinding of its expansive balance sheet, in our opinion. Due to its bond-buying quantitative easing programs, the Fed grew its balance sheet holdings from \$874 billion on 8/29/07 to \$4.45 trillion as of 8/30/17, according to its own data.

Takeaway

CNBC commented in May 2017 that while the current bull market in stocks might not be hated, it still isn't trusted. Well said, in our opinion. This is especially true with respect to retail investors. Despite the fact that several major domestic and foreign equity indices posted double-digit total returns year-to-date through 8/31/17, retail investors liquidated a net \$52.24 billion from equity funds in the first seven months of 2017, according to the Investment Company Institute.

Data as of 8/31/17

| 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 | 2480.91 | 8/7/2017 | 676.53 | 3/9/2009 | 2471.65 | -0.37% | 11.93% | 2.00% |
| S&P 500 Growth | 1427.15 | 8/31/2017 | 363.99 | 3/9/2009 | 1427.15 | 0.00% | 18.01% | 1.61% |
| S&P 500 Value | 1057.51 | 3/1/2017 | 307.16 | 3/9/2009 | 1034.13 | -2.21% | 5.05% | 2.51% |
| S&P MidCap 400 | 1791.93 | 7/25/2017 | 404.62 | 3/9/2009 | 1730.88 | -3.41% | 5.28% | 1.63% |
| S&P MidCap 400 Growth | 818.48 | 7/25/2017 | 174.44 | 11/20/2008 | 794.88 | -2.88% | 8.28% | 1.33% |
| S&P MidCap 400 Value | 610.02 | 7/25/2017 | 144.98 | 3/9/2009 | 585.84 | -3.96% | 2.07% | 1.95% |
| S&P 100 | 1097.21 | 8/7/2017 | 322.13 | 3/9/2009 | 1093.78 | -0.31% | 12.05% | 2.14% |
| DJIA | 22118.42 | 8/7/2017 | 6547.05 | 3/9/2009 | 21948.10 | -0.77% | 13.01% | 2.31% |
| NASDAQ 100 | 5988.60 | 8/31/2017 | 1036.51 | 11/20/2008 | 5988.60 | 0.00% | 24.13% | 1.10% |
| Russell 2000 | 1450.39 | 7/25/2017 | 343.26 | 3/9/2009 | 1405.28 | -3.11% | 4.42% | 1.43% |
| Russell 2000 Growth | 880.65 | 7/25/2017 | 190.73 | 3/9/2009 | 860.62 | -2.28% | 10.77% | 0.87% |
| Russell 2000 Value | 1825.27 | 3/1/2017 | 469.32 | 3/9/2009 | 1735.82 | -4.90% | -1.32% | 2.03% |
| Russell 3000 | 1469.21 | 7/25/2017 | 389.61 | 3/9/2009 | 1461.81 | -0.50% | 11.20% | 1.91% |
| MSCI World Net (ex U.S.) (USD) | 5763.13 | 8/3/2017 | 2131.84 | 3/9/2009 | 5709.60 | -0.93% | 16.15% | 3.13% |
| MSCI Emerging Markets Net (USD) | 487.30 | 8/31/2017 | 164.51 | 10/27/2008 | 487.30 | 0.00% | 28.29% | 2.38% |
| Ibovespa/Brazil (USD) | 44638.24 | 5/19/2008 | 9077.09 | 1/21/2016 | 22510.18 | -49.57% | 21.79% | 2.79% |
| RTS/Russia (USD) | 2487.92 | 5/19/2008 | 498.20 | 1/23/2009 | 1095.84 | -55.95% | -0.82% | 5.13% |
| S&P BSE 500/India (USD) | 226.04 | 1/7/2008 | 57.52 | 3/9/2009 | 215.10 | -4.84% | 33.86% | 1.22% |
| Shanghai Composite/China (USD) | 832.07 | 6/12/2015 | 249.66 | 11/4/2008 | 509.55 | -38.76% | 16.16% | 1.86% |
| KOSPI/South Korea (USD) | 2.29 | 10/31/2007 | 0.63 | 11/20/2008 | 2.10 | -8.10% | 25.42% | 1.50% |
| Hang Seng (USD) | 4082.25 | 10/30/2007 | 1420.72 | 10/27/2008 | 3574.07 | -12.45% | 30.12% | 3.51% |
| MSCI Euro (USD) | 1985.51 | 10/31/2007 | 682.47 | 3/9/2009 | 1371.36 | -30.93% | 21.89% | 3.22% |
| S&P 500 Consumer Discretionary | 732.96 | 6/2/2017 | 125.72 | 3/9/2009 | 712.13 | -2.84% | 11.00% | 1.44% |
| S&P 500 Consumer Staples | 588.35 | 6/5/2017 | 199.80 | 3/9/2009 | 561.81 | -4.51% | 7.49% | 2.86% |
| S&P 500 Energy | 737.09 | 6/23/2014 | 304.81 | 3/5/2009 | 461.61 | -37.37% | -15.07% | 3.69% |
| S&P 500 Utilities | 278.85 | 8/28/2017 | 113.81 | 3/9/2009 | 277.28 | -0.56% | 15.03% | 3.30% |
| S&P 500 Financials | 482.01 | 10/5/2007 | 81.74 | 3/6/2009 | 408.45 | -15.26% | 6.98% | 1.72% |
| S&P 500 Banks | 377.51 | 9/19/2007 | 49.02 | 3/5/2009 | 292.42 | -22.54% | 4.41% | 2.02% |
| FTSE NAREIT All Equity REITs | 725.61 | 8/1/2016 | 163.57 | 3/6/2009 | 682.61 | -5.93% | 6.88% | 4.00% |
| S&P 500 Health Care | 938.28 | 8/31/2017 | 252.84 | 3/5/2009 | 938.28 | 0.00% | 19.13% | 1.59% |
| S&P 500 Pharmaceuticals | 647.69 | 8/1/2016 | 214.50 | 3/3/2009 | 629.69 | -2.78% | 11.00% | 2.58% |
| NYSE Arca Biotechnology | 4431.87 | 7/17/2015 | 541.77 | 3/9/2009 | 4208.94 | -5.03% | 37.11% | 0.35% |
| S&P 500 Information Technology | 1012.14 | 8/31/2017 | 198.51 | 11/20/2008 | 1012.14 | 0.00% | 26.56% | 1.29% |
| Philadelphia Semiconductor | 1138.25 | 6/8/2017 | 171.32 | 11/20/2008 | 1114.31 | -2.10% | 24.41% | 1.59% |
| S&P 500 Telecom Services | 183.85 | 7/1/2016 | 88.10 | 3/9/2009 | 156.85 | -14.69% | -7.93% | 4.99% |
| S&P 500 Industrials | 593.52 | 7/14/2017 | 132.83 | 3/9/2009 | 582.01 | -1.94% | 9.74% | 2.18% |
| S&P 500 Materials | 349.77 | 7/25/2017 | 108.33 | 3/2/2009 | 344.67 | -1.46% | 11.88% | 1.98% |
| Philadelphia Gold & Silver | 228.95 | 4/8/2011 | 38.84 | 1/19/2016 | 90.12 | -60.64% | 14.76% | 0.67% |
| TR/CC CRB Commodity | 473.52 | 7/2/2008 | 155.01 | 2/11/2016 | 180.86 | -61.81% | -6.05% | N/A |
| BofA ML Perpetual Preferred | 254.15 | 8/31/2017 | 51.79 | 3/9/2009 | 254.15 | 0.00% | 9.42% | 5.33% |
| BofA ML U.S. High Yield Constrained | 412.79 | 8/2/2017 | 130.37 | 12/12/2008 | 412.24 | -0.13% | 6.09% | 6.10% |

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.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.