

Open-End Net Fund Flows (\$)	6/19	5/19	YTD (Jun)
Equity	-37.19B	-8.88B	-116.24B
Taxable Bond	8.09B	6.6B	95.45B
Municipal Bond	6.40B	7.68B	46.93B
Hybrid	-4.75B	-4.20B	-24.41B
Taxable Money Market	37.32B	83.89B	151.70B

Key Interest Rates	7/31/19	12/31/18	7/31/18
Federal Funds Target Rate	2.25%	2.50%	2.00%
ICE LIBOR (3-Month)	2.27%	2.81%	2.35%
2-Year T-Note	1.87%	2.49%	2.67%
10-Year T-Note	2.02%	2.69%	2.96%
Bond Buyer 40	3.67%	4.09%	4.01%

Commodities/U.S. Dollar	7/19	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.49%	2.44%	4.20%
TR/CC CRB Commodity Index	-1.39%	5.14%	-8.22%
Crude Oil/WTI (per Barrel)	0.19%	29.00%	-14.81%
Natural Gas (per million BTUs)	0.87%	-20.75%	-16.19%
Gold Bullion (Ounce)	0.88%	11.30%	16.54%

## Total Return Performance

U.S. Stock Indices	7/19	YTD	12 Mo.
S&P 500	1.44%	20.24%	7.98%
DJIA	1.12%	16.69%	8.22%
NASDAQ 100	2.36%	24.73%	9.74%
S&P MidCap 400	1.18%	19.36%	0.77%
Russell 2000	0.57%	17.64%	-4.45%
Russell 3000	1.49%	20.48%	7.04%

U.S. Styles/Market Caps	7/19	YTD	12 Mo.
S&P 500 Growth	1.16%	21.58%	9.55%
S&P 500 Value	1.76%	18.76%	6.26%
S&P MidCap 400 Growth	1.25%	20.54%	1.81%
S&P MidCap 400 Value	1.12%	18.15%	-0.29%
Russell 2000 Growth	0.97%	21.51%	-1.26%
Russell 2000 Value	0.16%	13.64%	-7.74%

Foreign Stock Indices (USD)	7/19	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-1.21%	13.25%	-2.33%
MSCI Emerging Markets NET	-1.22%	9.23%	-2.18%
MSCI Europe NET	-1.94%	13.56%	-3.31%
MSCI BRIC NET	-0.83%	12.79%	1.26%
MSCI EM Latin America NET	0.12%	12.78%	8.58%
Nikkei 225	0.50%	10.62%	0.40%

Barclays Bond Indices	7/19	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.18%	3.80%	6.21%
GNMA 30 Year	0.31%	4.44%	6.42%
Municipal Bond (22+)	0.86%	7.77%	8.83%
U.S. Aggregate	0.22%	6.35%	8.08%
Intermediate Corporate	0.23%	7.32%	8.34%
U.S. Corporate High Yield	0.56%	10.56%	6.92%
Global Aggregate	-0.28%	5.28%	5.73%
EM Hard Currency Aggregate	0.73%	9.65%	8.92%

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

For being this far into an economic expansion (10-plus years), investors should be encouraged by July's 164,000 nonfarm payroll released by the Bureau of Labor Statistics, in our opinion. The strong U.S. labor market, along with a sustained period of historically low interest rates, have largely backstopped the current recovery since its earliest days. These two components, in particular, have also enabled the housing market, which was at the epicenter of the 2008-2009 financial crisis, to recover. CoreLogic reported in July that the share of U.S. home mortgage loan payments that are 30 days or more past due stood at 3.6% in April 2019, its lowest level in more than 20 years, according to 24/7 Wall St. The serious delinquency rate (90 days or more past due) stood at 1.3% in April, down from 1.9% a year ago. That particular rate fell in all 50 states in April. The foreclosure inventory rate stood at 0.4% in April, its lowest level for the month in at least 20 years.

## Stock Market

The S&P 500 Index ("index") closed at 2,980.38 on 7/31/19, 1.50% below its all-time high of 3025.86 on 7/26/19, according to Bloomberg. A Bloomberg survey of 23 equity strategists found that their average year-end price target for the S&P 500 Index was 2,937 as of 7/22/19, according to its own release. The highest estimate was 3,250, while the lowest was 2,500. Brian Wesbury, Chief Economist at First Trust Advisors L.P., has a target of 3,250. The index posted a total return of 1.44% in July. Seven of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Communication Services, up 3.37%, while the worst showing came from Energy, down 1.78%. Year-to-date through July, the index posted a total return of 20.24%. All 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 31.36%, while the worst showing came from Health Care, up 6.35%. Goldman Sachs estimates that U.S. companies are on pace for another record year of stock buybacks, using a combination of cash and debt to the tune of nearly \$1 trillion, according to CNBC. Goldman points out that companies are now employing more debt to finance their buybacks. The level of buybacks to free cash flow reached 104% for the 12-month period ended 3/31/19, the first time that number has exceeded 100% since the economic recovery began in mid-2009. That figure stood at 82% in 2017.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 7/31/19 at 2.02%, up one basis point from its 2.01% close on 6/28/19, according to Bloomberg. The yield stood 45 basis points below its 2.47% average for the 10-year period ended 7/31/19. Just two days into August, the yield on the 10-year T-note plunged from 2.02% on 7/31/19 to 1.85% at the close of 8/2/19. That is a rather dramatic move over two trading sessions. This was clearly in response to President Donald Trump's announcement on 8/1/19 that the U.S. intends to slap 10% tariffs on the remaining \$300 billion or so of imported Chinese products beginning on 9/1/19, a threat he had been signaling for some time. The Trump administration tends to play the tariff card whenever trade negotiations get bogged down. The U.S. is already levying 25% tariffs on roughly \$250 billion of Chinese imports. We believe that investors flocked to U.S. government bonds at the start of August out of concern that further escalation of the use of tariffs could negatively impact global growth more than they already have. The International Monetary Fund estimates that the tariffs already in place will trim 0.2% off global growth in 2020, according to Reuters. While economic growth may get dinged, the decline in bond yields, if sustained, should provide a tailwind for fixed-income investors with respect to the performance of their holdings, in our opinion.

## Takeaway

A new survey by Bankrate found that Americans favor real estate when investing long-term, according to its own release. When investing money that would not be needed for more than a decade, 31% of those polled selected real estate over other options. The stock market was a distant second at 20%, followed closely by cash investments (savings accounts or CDs) at 19%. For the 30-year period ended 7/31/19, the FTSE NAREIT All Equity REITs Index (proxy for real estate) posted an average annualized total return of 10.43%, compared to 9.76% for the S&P 500 Index and 3.02% for the ICE BofAML U.S. 3-Month Treasury Bill Index (proxy for cash investments), according to Bloomberg.

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	3025.86	7/26/2019	979.73	8/17/2009	2980.38	-1.50%	20.24%	1.89%
S&P 500 Growth	1858.74	7/26/2019	502.19	8/17/2009	1822.41	-1.95%	21.58%	1.43%
S&P 500 Value	1195.51	1/26/2018	468.37	7/31/2009	1170.35	-2.10%	18.76%	2.42%
S&P MidCap 400	2050.23	8/29/2018	627.81	8/17/2009	1966.72	-4.07%	19.36%	1.70%
S&P MidCap 400 Growth	962.51	9/14/2018	270.95	8/17/2009	927.86	-3.60%	20.54%	1.39%
S&P MidCap 400 Value	680.56	8/29/2018	227.78	7/31/2009	646.83	-4.96%	18.15%	2.03%
S&P 100	1339.87	7/26/2019	455.50	8/17/2009	1317.09	-1.70%	19.69%	1.98%
DJIA	27359.16	7/15/2019	9135.34	8/17/2009	26864.27	-1.81%	16.69%	2.21%
NASDAQ 100	8016.95	7/26/2019	1564.89	8/17/2009	7848.78	-2.10%	24.73%	1.02%
Russell 2000	1740.75	8/31/2018	548.18	8/17/2009	1574.61	-9.54%	17.64%	1.56%
Russell 2000 Growth	1117.18	8/31/2018	298.03	8/17/2009	1032.30	-7.60%	21.51%	0.77%
Russell 2000 Value	2049.42	8/22/2018	765.75	8/17/2009	1807.19	-11.82%	13.64%	2.38%
Russell 3000	1779.48	7/26/2019	572.13	8/17/2009	1754.66	-1.40%	20.48%	1.82%
MSCI World Net (ex U.S.) (USD)	6487.64	1/25/2018	3249.15	5/25/2010	5940.38	-8.44%	13.25%	3.48%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	296.24	1/21/2016	486.60	-15.11%	9.23%	2.89%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	27044.60	-38.00%	19.23%	2.86%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1360.04	-35.95%	34.26%	6.93%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	207.98	-15.15%	0.49%	1.31%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	425.98	-48.81%	20.06%	2.41%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.22	8/17/2009	1.71	-29.40%	-6.10%	2.32%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3548.38	-16.33%	10.21%	3.52%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1295.91	-16.09%	14.30%	3.72%
S&P 500 Consumer Discretionary	989.17	7/15/2019	197.04	8/17/2009	954.09	-3.55%	23.00%	1.24%
S&P 500 Consumer Staples	623.64	7/30/2019	248.37	8/17/2009	611.23	-1.99%	19.08%	2.81%
S&P 500 Energy	737.09	6/23/2014	371.08	7/2/2010	462.47	-37.26%	11.11%	3.55%
S&P 500 Utilities	310.70	7/18/2019	141.65	6/1/2010	301.90	-2.83%	14.38%	3.23%
S&P 500 Financials	501.29	1/26/2018	151.85	10/3/2011	469.45	-6.35%	20.12%	2.02%
S&P 500 Banks	372.05	2/1/2018	105.73	8/22/2011	335.10	-9.93%	22.41%	2.71%
FTSE NAREIT All Equity REITs	766.11	6/20/2019	267.59	7/31/2009	746.30	-2.59%	21.10%	3.76%
S&P 500 Health Care	1107.28	10/1/2018	318.50	8/6/2009	1054.04	-4.81%	6.35%	1.73%
S&P 500 Pharmaceuticals	723.95	11/30/2018	265.78	8/6/2009	663.80	-8.31%	0.97%	2.71%
NYSE Arca Biotechnology	5400.34	9/27/2018	821.04	10/30/2009	4657.70	-13.75%	10.53%	0.31%
S&P 500 Information Technology	1452.75	7/24/2019	307.86	8/17/2009	1417.35	-2.44%	31.36%	1.39%
Philadelphia Semiconductor	1622.02	7/24/2019	285.92	8/17/2009	1542.44	-4.91%	35.01%	1.73%
S&P 500 Telecom Services	183.85	7/1/2016	100.96	5/26/2010	169.18	-7.98%	23.10%	1.35%
S&P 500 Industrials	678.74	1/26/2018	208.95	8/17/2009	655.57	-3.41%	22.19%	1.92%
S&P 500 Materials	401.59	1/26/2018	170.73	7/2/2010	365.54	-8.98%	16.83%	2.04%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	87.64	-61.72%	24.87%	0.89%
TR/CC CRB Commodity	370.56	4/29/2011	155.01	2/11/2016	178.53	-51.82%	5.14%	N/A
ICE BofAML Perpetual Preferred	277.55	7/29/2019	119.61	9/2/2009	277.47	-0.03%	13.14%	5.36%
ICE BofAML U.S. High Yield Constrained	451.98	7/29/2019	197.84	7/31/2009	451.95	-0.01%	10.72%	6.39%

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