

Open-End Net Fund Flows (\$)	7/22	6/22	YTD (Jul)
Equity	-19.82B	-42.43B	-177.64B
Taxable Bond	-34.27B	-47.63B	-243.09B
Municipal Bond	0.07B	-14.89B	-88.15B
Hybrid	-2.51B	-11.96B	-38.27B
Taxable Money Market	38.52B	30.15B	-184.12B

Key Interest Rates	8/31/22	12/31/21	8/31/21
Federal Funds Target Rate	2.50%	0.25%	0.25%
2-Year T-Note	3.50%	0.73%	0.21%
5-Year T-Note	3.35%	1.26%	0.78%
10-Year T-Note	3.20%	1.51%	1.31%
Bond Buyer 40	4.57%	3.45%	3.42%

Commodities/U.S. Dollar	8/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.64%	13.62%	17.35%
Refinitiv/CC CRB Excess Ret.	-0.56%	24.98%	33.11%
Crude Oil/WTI (per Barrel)	-9.20%	19.07%	30.73%
Natural Gas (per million BTUs)	10.94%	144.77%	87.90%
Gold Bullion (Ounce)	-2.61%	-6.11%	-5.45%

### Total Return Performance

U.S. Stock Indices	8/22	YTD	12 Mo.
S&P 500	-4.08%	-16.15%	-11.25%
DJIA	-3.72%	-12.01%	-9.07%
Nasdaq 100	-5.11%	-24.38%	-20.63%
S&P MidCap 400	-3.12%	-13.60%	-10.41%
Russell 2000	-2.05%	-17.18%	-17.92%
Russell 3000	-3.73%	-16.92%	-13.30%

U.S. Styles/Market Caps	8/22	YTD	12 Mo.
S&P 500 Growth	-5.34%	-22.70%	-17.44%
S&P 500 Value	-2.84%	-8.86%	-4.55%
S&P MidCap 400 Growth	-3.37%	-18.28%	-15.51%
S&P MidCap 400 Value	-2.88%	-8.83%	-5.26%
Russell 2000 Growth	-0.94%	-22.30%	-25.28%
Russell 2000 Value	-3.16%	-12.20%	-10.24%

Foreign Stock Indices (USD)	8/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-4.67%	-18.70%	-18.56%
MSCI Emerging Markets NET	0.42%	-17.49%	-21.80%
MSCI Europe NET	-6.23%	-22.05%	-21.57%
MSCI BRIC NET	1.93%	-18.45%	-25.49%
MSCI EM Latin America NET	2.72%	6.49%	-7.09%
Nikkei 225	-2.84%	-18.03%	-19.14%

Bloomberg Fixed Income Ind.	8/22	YTD	12 Mo.
U.S. Treasury: Intermediate	-2.01%	-6.46%	-7.57%
GNMA 30 Year	-3.11%	-7.87%	-8.48%
Municipal Bond (22+)	-3.52%	-14.57%	-14.09%
U.S. Aggregate	-2.83%	-10.75%	-11.52%
Intermediate Corporate	-2.06%	-8.73%	-9.71%
U.S. Corporate High Yield	-2.30%	-11.22%	-10.60%
Global Aggregate	-3.95%	-15.55%	-17.61%
EM Hard Currency Aggregate	-0.77%	-17.58%	-19.75%

Sources: Bloomberg and 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 Federal Reserve ("Fed") is front and center in the current climate. The Fed has said that it is going to be data-driven with respect to monetary policy. Brian Wesbury, Chief Economist at First Trust Portfolios L.P., believes that today's economic data is "distorted" due to the unprecedented policies implemented by governments during the COVID-19 pandemic. Sound confusing? Perhaps so, but investors should have a better idea about where things are headed in the markets by year-end. First, the mid-term election, scheduled for November 8<sup>th</sup>, should be in the rearview mirror by then if it isn't contested. If the Republicans can take back control of the House, it could portend gridlock for the Biden administration during the last two years of its term, and the markets likely will not mind gridlock after the huge spending spree following the onset of COVID-19, in our opinion. Second, the Fed is scheduled to meet three more times in 2022 to discuss interest rates. Cleveland Fed President Loretta Mester recently announced that she thinks the Fed should take the federal funds rate, currently at 2.50% at the top end of its range, to 4% or higher by early next year and then hold it there. She does not foresee the Fed cutting rates in 2023.

### Stock Market

The S&P 500 Index ("index") closed August 2022 at 3,955.00, 17.55% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 16.48% and 19.24%, respectively, below their record closing highs as of month-end. In August 2022, the S&P 500 Index posted a total return of -4.08%. Only two of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 2.83%, while the worst showing came from Information Technology, down 6.12%. The index posted a total return of -16.15% year-to-date through 8/31/22. Again, only two of the 11 major sectors were up on a total return basis. The index's top performer was Energy, up 48.52%, while the worst showing came from Communication Services, down 30.61%. A Bloomberg survey of 23 equity strategists found that their average 2022 year-end price target for the S&P 500 Index was 4,376 as of 8/16/22, down from 4,442 on 7/15/22 (23 strategists surveyed). Heading into 2022 (12/16/21), strategists had an average target of 4,950. The highest and lowest estimates on 8/16/22 were 5,100 (no change) and 3,400 (no change), respectively. One bright spot in this challenging business climate is dividend distributions. Global dividends totaled a record high of \$544.8 billion in Q2'22, as measured by the Janus Henderson Global Dividend Index, according to its own release. Dividend growth was driven by the oil and financial sectors. In the quarter, 94% of the companies that comprise the index either increased dividends or held them steady. Two potential headwinds to monitor in the second half of this year are inflation and the strength of the U.S. dollar. Janus Henderson sees global dividend payouts reaching \$1.56 trillion in 2022. Rising dividends suggest that businesses are likely confident about the future.

### Bond Market

The yield on the benchmark 10-year T-note closed trading on 8/31/22 at 3.20%, up 55 basis points from its 2.65% close on 7/29/22, according to Bloomberg. The 3.20% yield stood 112 basis points above its 2.08% average for the 10-year period ended 8/31/22. The Fed's recent remarks on being totally committed to fighting inflation, even at the expense of economic growth, were clearly embraced by bond investors in August. A 55 basis point rise in the yield on the 10-year T-note over the span of one month is dramatic, and the returns posted by the major bond indices were just as dramatic (See Bloomberg Fixed Income Indices). The selloff in the bond market should not come as a surprise to anyone. We have noted on several occasions that the normalization of interest rates and bond yields could be a painful process. When you scan the dismal 12-month returns of the major bond indices through August understand they reflect a 189 basis point surge in the yield on the 10-year T-note. The normalization of rates and yields has a silver lining: the potential for higher levels of current income for those investors with dry powder (capital reserves). For example, on 8/31/21, the yield on the Bloomberg U.S. Aggregate Index stood at 1.42% on a yield to worst basis. A year later (8/31/22), it was 3.96%.

### Takeaway

There are other things influencing the markets aside from rising interest rates and robust inflation, such as the ongoing war between Russia and Ukraine. The continued lockdown of cities in China to combat the spread of COVID-19 (zero tolerance policy) as well as its government's displeasure with the U.S. government's relationship with Taiwan. Events such as these matter, however, they are nothing new for the markets and we believe that they should not deter investors from pursuing their long-term goals.

Data as of 8/31/22

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	4796.56	1/3/2022	1353.33	11/15/2012	3955.00	-17.55%	-16.15%	1.65%
S&P 500 Growth	3423.28	12/27/2021	729.09	11/15/2012	2594.94	-24.20%	-22.70%	0.94%
S&P 500 Value	1571.24	1/12/2022	617.02	11/15/2012	1390.86	-11.48%	-8.86%	2.34%
S&P MidCap 400	2910.70	11/16/2021	945.96	11/15/2012	2431.05	-16.48%	-13.60%	1.81%
S&P MidCap 400 Growth	1427.19	11/16/2021	434.44	11/15/2012	1124.65	-21.20%	-18.28%	1.29%
S&P MidCap 400 Value	908.15	11/15/2021	323.57	11/15/2012	800.61	-11.84%	-8.83%	2.30%
S&P 100	2219.44	1/3/2022	616.63	11/15/2012	1797.95	-18.99%	-17.21%	1.62%
DJIA	36799.65	1/4/2022	12542.38	11/15/2012	31510.43	-14.37%	-12.01%	2.13%
Nasdaq 100	16573.34	11/19/2021	2524.36	11/15/2012	12272.03	-25.95%	-24.38%	0.89%
Russell 2000	2442.74	11/8/2021	769.48	11/15/2012	1844.12	-24.51%	-17.18%	1.54%
Russell 2000 Growth	1709.62	2/9/2021	441.25	11/15/2012	1153.70	-32.52%	-22.30%	0.79%
Russell 2000 Value	2643.45	11/8/2021	1017.16	11/15/2012	2159.66	-18.30%	-12.20%	2.31%
Russell 3000	2804.93	1/3/2022	798.29	11/15/2012	2293.21	-18.24%	-16.92%	1.63%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	3875.62	9/5/2012	6328.84	-20.26%	-18.70%	3.36%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	501.91	-28.22%	-17.49%	3.24%
Ibovespa/Brazil (USD)	30947.53	1/3/2013	9077.09	1/21/2016	21148.72	-31.66%	12.58%	10.59%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1258.45	-34.44%	-19.22%	5.26%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	306.77	-9.23%	-2.94%	1.35%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	464.72	-44.15%	-16.89%	2.55%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.84	-37.20%	-25.98%	2.15%
Hang Seng (USD)	4241.01	1/26/2018	2352.43	3/15/2022	2542.22	-40.06%	-13.05%	3.53%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1189.08	-30.26%	-26.01%	3.59%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	354.70	11/15/2012	1221.06	-27.03%	-23.75%	0.83%
S&P 500 Consumer Staples	841.99	4/20/2022	351.96	11/15/2012	758.99	-9.86%	-4.18%	2.58%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	611.80	-17.00%	48.52%	3.64%
S&P 500 Utilities	393.59	8/18/2022	171.80	11/15/2012	375.93	-4.49%	5.45%	2.87%
S&P 500 Financials	688.85	1/12/2022	203.39	8/31/2012	547.82	-20.47%	-14.62%	2.14%
S&P 500 Banks	461.87	1/12/2022	147.32	11/14/2012	326.75	-29.25%	-20.37%	3.12%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	480.52	11/15/2012	795.18	-18.87%	-17.40%	3.72%
S&P 500 Health Care	1664.59	4/8/2022	447.00	11/15/2012	1451.16	-12.82%	-10.77%	1.67%
S&P 500 Pharmaceuticals	1004.60	6/27/2022	362.93	11/15/2012	890.14	-11.39%	-5.27%	2.62%
NYSE Arca Biotechnology	6319.77	2/8/2021	1397.78	10/31/2012	4654.20	-26.35%	-15.47%	0.32%
S&P 500 Information Technology	3107.46	12/27/2021	439.47	11/15/2012	2364.72	-23.90%	-22.09%	1.01%
Philadelphia Semiconductor	4039.51	12/27/2021	356.00	11/16/2012	2677.39	-33.72%	-31.52%	1.53%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	184.44	-36.06%	-30.61%	1.08%
S&P 500 Industrials	905.63	1/4/2022	306.94	11/15/2012	783.36	-13.50%	-11.44%	1.76%
S&P 500 Materials	569.63	12/31/2021	218.78	11/15/2012	473.30	-16.91%	-15.89%	2.29%
Philadelphia Gold & Silver	195.20	9/21/2012	38.84	1/19/2016	98.05	-49.77%	-25.02%	2.64%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	290.41	-11.89%	24.97%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	279.48	-12.57%	-11.72%	6.52%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	300.90	8/31/2012	464.29	-11.08%	-11.03%	8.50%

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