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EQUITIES CONTINUE TO DEMONSTRATE RESILIENCY

- For the 37th time since the start of 1950, the S&P 500 Index fully recouped the losses it sustained during its most recent correction. (A correction is defined as a 10.00% - 19.99% decline in price from the previous peak.)
- The S&P 500 Index plunged 19.78% from its all-time closing high of 2,930.75 on 9/20/18 to 2,351.10 on 12/24/18 (95 calendar days). It closed at 2,933.68 on 4/23/19, establishing a new all-time closing high.
- Since 4/23/19, the S&P 500 Index has established many new highs. Its previous new alltime closing high was set at 3,025.86 on 7/26/19. Most recently, it closed at 3096.63 on 11/14/2019 for a new all-time closing high.
- Since 1950, the S&P 500 Index has endured a correction, on average, every 1.89 years.
 23 of the 37 corrections lasted 104 or fewer calendar days.

Source: The Motey Fool. Past performance is no guarantee of future results. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Investors cannot invest directly in an index.

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A SNAPSHOT OF WHERE INTEREST RATE AND YIELD LEVELS STOOD AT THE END OF PAST BULL MARKETS Fed Funds Target Rate (Upper Bound Day Bull Market Ended (S&P 500 Index) 10-Year T-Note Yield 9/30/19 (Ongoing) 1.75% 1.88% 4.75% 6.00% 6.19% 8/25/87 6.75% 8.72% 11/28/80 18.00% 12.72% 5.75% 6.43% 1/11/73 □First Trust

POTENTIAL POSITIVE CATALYSTS FOR THE MARKET

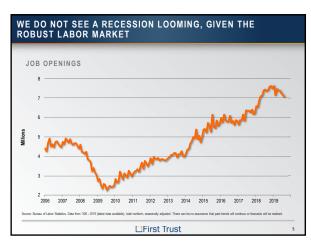
- A new trade agreement between the U.S. and China. (Tariff conflict is 18 months old and counting.)
- A Brexit agreement between the United Kingdom and the European Union. (Brexit vote occurred on 6/23/16.)
- A U.S. infrastructure spending plan. (Likely would garner bipartisan support in Congress.)
- The continuation of generous spending on dividends, stock buybacks and mergers and acquisitions. (21% federal corporate tax rate helps.)
- The Federal Reserve ("Fed") maintaining an accommodative monetary policy. (No significant inflationary pressure provides cover for the Fed.)
- More U.S. job growth. (Looking for monthly nonfarm payrolls to exceed 100,000.)

Source: First Trust Advisors. There can be no assurance that any of the catalysts will occur.

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SPECULATIVE-GRADE BOND DEFAULT RATES DO NOT PORTEND A RECESSION

- If the U.S. were on the brink of entering a recession it would likely be reflected in the default projections.
- Moody's reported that its trailing 12-month global speculative-grade default rate stood at 2.4% in September 2019, according to its own release. They see the rate rising to 3.6% in September 2020.
- Moody's puts the historical average trailing 12-month default rate at 4.1% for all rated speculative-grade issuers since 1983.
- The U.S. speculative-grade default rate stood at 3.2% in September 2019. Moody's sees the default rate rising to 3.7% in September 2020.

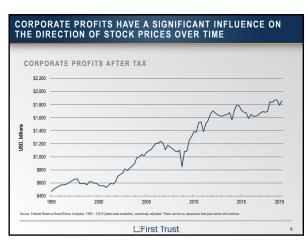
Source: Moody's Investor Service, 9/30/19. There can be no assurance that past trends will continue or forecasts will be realized.

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U.S. TRADE IS EXPANDING DESPITE RUMORS TO THE CONTRARY VALUE OF TOTAL TRADE (IMPORTS + EXPORTS) \$600 \$400 \$300 \$100 \$50 \$500

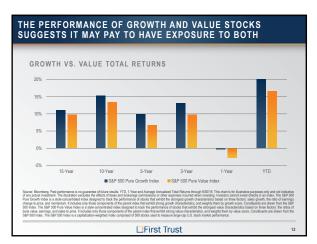
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P 500 AND SECTOR INDICES					
	2019 Earnings Est.	2020 Earnings Est.	2019 Revenue Est.	2020 Revenue Est.	
S&P 500 Index	2.5%	10.0%	3.9%	4.9%	
Communication Services	10.4%	10.7%	9.8%	7.5%	
Consumer Discretionary	9.0%	8.3%	5.9%	5.5%	
Consumer Staples	0.9%	5.2%	3.1%	3.0%	
Energy	-21.2%	30.8%	-2.6%	7.5%	
Financials	5.2%	5.9%	3.7%	2.7%	
Health Care	9.5%	7.8%	7.9%	5.5%	
Industrials	0.2%	15.9%	2.8%	4.4%	
Info. Tech	-2.5%	10.9%	0.8%	5.5%	
Materials	-11.8%	16.8%	-2.2%	4.8%	
Real Estate	4.1%	6.3%	3.9%	5.1%	
Utilities	8.5%	5.7%	3.8%	3.2%	

S&P 500 AND SI	ECTOR INDICES		
Year	# of Down Months (Price-Only)	Range of Down Months (Price-Only)	Total Return
2019 (September)	2	-1.81% to -6.58%	20.55%
2018	4	-2.54% to -9.03%	-4.38%
2017	0	N/A	21.83%
2016	3	-0.13% to -4.96%	11.96%
2015	6	-1.58% to -6.03%	1.38%
2014	4	-0.25% to -3.46%	13.69%
2013	2	-1.34% to -2.90%	32.39%
2012	3	-0.63% to -6.01%	16.00%
2011	6	-0.22% to -7.03%	2.11%
2010	4	-3.60% to -7.99%	15.06%
2009	3	-1.86% to -10.65%	26.46%
2008	8	-0.43% to -16.79%	-37.00%





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FOR THOSE EQUITY INVESTORS CONCERNED ABOUT **VALUATION LEVELS** • The S&P 500 Index's average P/E ratio for 2019 was 18.74 (as of 9/30/19). • The S&P 500 Index's year-end estimated P/E ratio for 2020 was 16.24 (as of 10/11/19). • As indicated in the table below, the average P/E on the index from 1960-2018 was 16.93. HISTORICAL S&P 500 INDEX P/E RATIOS AND TOTAL RETURNS Average P/E Average Annual Total Return Period 1960-1969 17.75 7.81% 1970-1979 12.80 5.87% 1980-1989 12.19 17.54% 1990-1999 21.43 18.16% 2000-2009 19.80 -0.95% 2010-2018 17.70 11.71% 1960-2018 16.93 9.79%

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RECAPPING THE STORY

- There is no recession in sight, in our opinion.
- The U.S. labor market remains robust.
- A new trade deal between the U.S. and China would be welcome.
- A Brexit deal between the U.K. and the EU would be welcome.
- The passage of a U.S. infrastructure spending bill would be welcome.
- The expected increase in the global and U.S. speculative-grade default rates over the next 12
 months is worth monitoring, but both forward-looking estimates are expected to remain below the
 historical average.
- Low interest rates, low bond yields and low inflation should continue to provide a tailwind for stocks.
- S&P 500 Index earnings and revenue projections for 2020 look even better than for 2019.
- Volatility may have risen since 2017, but it remains modest by historical standards.
- The S&P 500 Index's trailing 12-month P/E may be a little stretched 10-plus years into the current bull market, but valuations are not that extended on a forward-looking basis.

rce: First Trust Advisors.

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