

Thinking About Blockbuster Video After a Blockbuster Week

All (most?) of us are likely users of the ubiquitous streaming service, Netflix; most (many?) of us likely remember when Netflix wasn't even a streaming service, but a purveyor of DVDs by mail; and many (some?) of us likely remember what life was like before a world of even DVDs by mail, when one had to actually leave one's house and go to a store – most likely a Blockbuster Video – to rent a movie on DVD. (A select few of us likely remember when that movie was delivered not via DVD but via VHS tape!)

Well, as we made our way through a blockbuster week for the markets and economy – March retail sales up 9.8%, record quarterly profits from the big wall street banks, initial jobless claims at the lowest level in a year and a record high for the S&P 500 – we got to thinking about Blockbuster Video and one of the greatest “Can I have a do-over?” moments in the history of American business. You see, in 2000 a young Netflix tried to sell itself to then industry leader Blockbuster for \$50 million and was turned down cold.

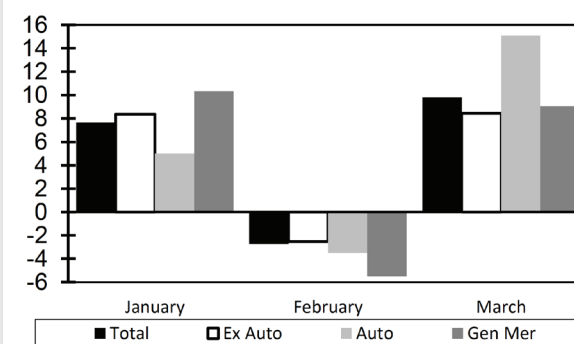
As we know, Netflix went on to revolutionize the distribution and production of filmed content – and turn itself into a publicly traded company with a

\$243 billion market cap – and Blockbuster went bankrupt. While the demise of Blockbuster undoubtedly caused personal and financial pain for many, its failure – and the spectacular success of Netflix – speak, we think, to the genius of an American economic system that punishes complacency, rewards risk-taking and makes capital available to those entrepreneurs that seek to change the world.

That economic system, that was so tested during the worst of last year's downturn, is poised to deliver the greatest annual economic growth this country has seen in nearly 40 years. Things are continuing to get better.

Percent Change in Retail and Food Services Sales from Previous Month

Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes.



Stocks, bonds, and commodities (4/16/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	4185.47	5.35%	11.43%	45.60%
MSCI AC	348.16	3.60%	6.65%	44.53%
World ex USA	2299.28	4.12%	7.07%	41.73%
MSCI EAFE	1348.69	2.45%	4.45%	49.64%
Bloomberg Barclays US Agg	105.97	0.77%	-3.55%	-3.48%
Crude Oil WTI	63.11	6.68%	30.07%	152.14%
Natural Gas	2.69	3.07%	6.41%	53.34%

Treasury rates (4/16/2021)

	Price	Yield
2Y	99.30 / 99.3	0.153
3Y	100.0 / 100.	0.336
5Y	99.19 / 99.2	0.828
7Y	99.30 / 99.3	1.258
10Y	95.26 / 95.2	1.583
30Y	91.11 / 91.1	2.274

Weekly reports

This week
• PMI Composite April
• New Home Sales SAAR March
Last week
• NAHB Housing Market Index: 83.0
• U of M Consumer Sentiment Index: 86.5

Brinker Capital Market Barometer

APRIL 2021

The increase in COVID-19 vaccinations should lead to the further reopening of the US economy, resulting in a broadening out of economic growth. Fiscal policy continues to be supportive and there is a good chance of another fiscal spending package later this year; however, it will require tax increases as an offset. The Fed is committed to an accommodative monetary policy until we see full employment and sustained higher inflation, neither of which we are close to achieving yet. Treasury yields have normalized in response to the improved economic outlook, but we will continue to watch the pace of further increases. The barometer has shifted even further into positive territory in April and is still aligned with our modest overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains solid
Trend				●	US markets remain above 50-day and 200-day moving averages
Investor sentiment			●		Investor sentiment survey data has retreated from recent highs
Seasonality			●		Relatively weaker seasonal period post election

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Additional spending package likely later in '21 but uncertainty around higher taxes
Monetary policy				●	Fed and global central banks remain very supportive
Inflation				●	Inflation at low levels but short-term inflation expectations have moved higher
Interest rate environment			●		Treasury yields still at low absolute levels and pace of normalization has slowed
Macroeconomic				●	Expect strong economic growth in 2021 driven by the COVID-19 vaccine/reopening
Business sentiment				●	CEO confidence increased sharply in 1Q2021 to a 17-year high
Consumer sentiment	→		●		Consumer confidence measures increased sharply in March
Corporate earnings				●	Year-over-year earnings growth turned positive in 4Q2020
Credit environment				●	Credit environment remains stable; little volatility in spreads

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations above long-term averages but not a near-term driver
Business cycle				●	We've entered a new expansion period with positive GDP growth since 3Q2020
Demographics			●		Mixed - US and emerging markets positive but developed international negative

Source: Brinker Capital. Information is accurate as of April 5, 2021. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed. Brinker Capital Inc., a registered investment advisor. MSCI AC World ex US Growth: An index made up of approximately the top 50% of the MSCI AC World ex US Index as composite ranked by five growth rates. This is a common proxy used to represent the growth segment of the developed international market. MSCI EAFE Index: A market-capitalized weighted index representing developed international equity markets located in Europe, Australia, Asia and Far East (EAFE). S&P 500 Index: An index consisting of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large-cap universe. Companies included in the Index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. Barclays US Aggregate Index: A market capitalization-weighted index, maintained by Barclays Capital, and is often used to represent investment grade bonds being traded in the US. MSCI Emerging Markets: a float-adjusted market capitalization index representing 13% of global market capitalization. Captures mid and large cap across more than two dozen emerging market countries.