BRINKER CAPITAL INVESTMENTS

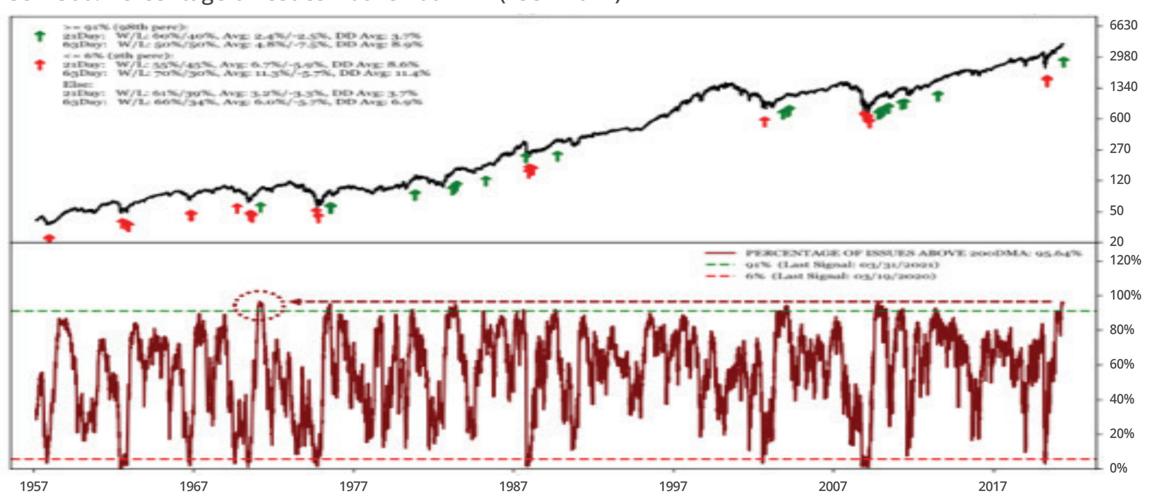
Not to get technical, but let's get technical

One of the more interesting points about investing is the myriad of ways one can go about putting capital into risk assets. Among other options, there are actively managed and passive vehicles; there are highly-concentrated and broadly-diversified strategies; and there are fundamentally and quantitatively driven portfolios. There is also the use of technical analysis when considering what securities, sectors or asset classes to invest in and when. It is this approach – or at least one datapoint that ties back to technical analysis, and what it might mean for the ongoing bull market – that is the focus of this Weekly Wire.

But before we speak to that point, we would note Orion believes dynamic, diversified, multi-asset class portfolios (that are both actively managed and incorporate active and passive vehicles) are the most prudent way to allocate capital, and the best means of ensuring a favorable investor outcome. With that written, technical analysis – at a high level – is an attempt to discern the direction of a security, sector or broad market based on factors that could include recent performance, trading volume and price relative to a moving average. Well, it turns out 91% of the stocks that make up the S&P 500 are trading above their respective 200-day moving average (the highest since 1971).

This datapoint indicates the ongoing move higher by the market is both broad based and has meaningful momentum to it. And if history is any guide, a bull market top for the S&P 500 does not present itself when so many of the stocks that make up the index are biased higher. We remain constructive on US equities.

S&P 500: Percentage of Issues Above 200DMA (1957-2021)



Stocks, bonds, and commodities (4/30/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	4181.17	5.24%	11.32%	47.71%
MSCI AC World ex USA	345.21	2.72%	5.74%	41.73%
MSCI EAFE	2268.51	2.73%	5.63%	38.68%
MSCI EM	1347.61	2.37%	4.36%	47.00%
Bloomberg Barclays US Agg	105.69	0.51%	-3.80%	-3.84%
Crude Oil WTI	63.49	7.32%	30.85%	220.98%
Natural Gas	2.94	12.77%	16.43%	55.61%

Treasury rates (4/30/2021)

	Price		Yield
2Y	99.29 /	99.3	0.156
3Y	100.0 /	100.	0.335
5Y	99.17 /	99.1	0.845
7Y	99.19 /	99.2	1.306
10Y	95.15 /	95.1	1.623
30Y	91.00 /	91.0	2.292

Weekly reports

This week

- ADP Employment Survey
- Hourly Earnings Y/Y

Last week

- Richmond Fed Index: 17.0
- Q1 GDP SAAR Q/Q: 6.4%

Brinker Capital Market Barometer

MAY 2021

Growth has picked up as the economy continues to reopen. Fiscal policy remains 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 accommodative monetary policy until we see full employment and sustained higher inflation, neither of which we are close to achieving yet. Earnings growth has been very strong, reflecting the strength in nominal GDP. 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 May, still aligned with our overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains strong; breadth is impressive
Trend				●	US markets remain above 50-day and 200-day moving averages
Investor sentiment	←	●			Sentiment at excessive optimism levels, but mitigated by strong momentum
Seasonality			●		Seasonality relatively benign until July

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Additional fiscal stimulus likely in ‘21; concern over potential higher taxes
Monetary policy				●	Fed and global central banks remain very supportive
Inflation				●	Inflation has picked up recently but expect increases to be more transitory
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 vaccine/reopening
Business sentiment				●	CEO confidence increased sharply in 1Q21 to a 17-year high
Consumer sentiment	→			●	Consumer confidence surveys have shown significant improvement
Corporate earnings				●	Earnings growth has continued to surge in 1Q21
Credit environment				●	Credit environment remains stable; little volatility in spreads

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations well above long-term averages but not a near-term driver
Business cycle				●	We’ve entered a new expansion period with positive GDP growth since 3Q20
Demographics			●		Mixed - US and emerging markets positive but developed international negative

1493-BCI-5/3/2021