

Something to Celebrate

We hope you all had a fun and safe 4th of July! And while not wanting to take away from the celebration of our nation's birthday, we think now is a great time to celebrate a remarkable second quarter for the markets. Consider that during Q2, the S&P 500 was up 8.6%, developed international market equities returned 5.6%, emerging market equities returned 5.1%, commodities were up 13.3% and the Bloomberg Barclays Aggregate – the benchmark for fixed income – was up 1.8%. Just about every market, asset class, index and sector we track produced a positive return for the April to June period.

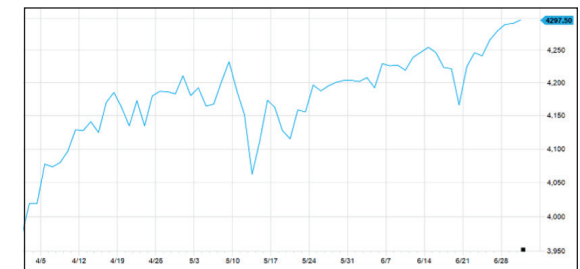
At a high level, we think risk assets did so well during the quarter because investors came to see the economy as entering, to use an overused Wall Street analogy, a sort of “Goldilocks state.” In it, growth would remain robust but inflation, while very high, would likely prove fleeting, creating a dynamic where stocks, bonds and commodities could all catch a bid.

While we are very optimistic on the economy as we enter the second half of 2021, we don't want to dismiss the challenges and

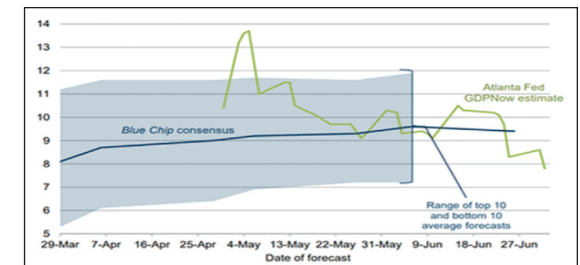
uncertainties we continue to face. These include an unfinished vaccination effort, a fast-spreading variant of the coronavirus, the dramatic jump in inflation, disrupted supply chains and millions of Americans still out of the labor market.

All that said, we do see more good news than bad when we look across the economy and the markets and expect both to do well through the second half of the year. And to put a finer point on just how well the economy was likely performing through the second quarter, we would point out that the latest GDP Now estimate from the Federal Reserve Bank of Atlanta puts Q2 US GDP growth at an incredibly robust 7.8%.

S&P 500 Q2 2021



Evolution of Atlanta Fed GDPNow real GDP estimate for 2021: Q2 (Quarterly percent change - SAAR)



Stocks, bonds, and commodities (7/2/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	4352.34	1.28%	15.87%	39.05%
MSCI AC	351.58	-0.13%	7.70%	30.26%
World ex USA	2326.31	0.93%	8.33%	28.69%
MSCI EAFE	1355.38	-1.40%	4.97%	32.43%
MSCI EM	106.45	0.19%	-3.11%	-3.83%
Bloomberg Barclays US Agg	75.19	2.34%	54.97%	84.97%
Crude Oil WTI	3.70	1.42%	46.56%	113.49%
Natural Gas				

Treasury rates (7/2/2021)

	Price	Yield
2Y	99.244 / 99.22	0.240
3Y	99.140 / 99.14	0.440
5Y	100.016 / 100.0	0.862
7Y	100.110 / 100.1	1.197
10Y	101.232 / 101.2	1.435
30Y	107.104 / 107.1	2.045

Weekly reports

This week
• ISM Non-Manufacturing June
• JOLTS Job Openings May
Last week
• Avg Hourly Earnings Y/Y June: 3.6%
• Nonfarm Payrolls June: 850K

Brinker Capital Market Barometer

JUNE 2021

With the US economy reopened, growth is picking up. Fiscal policy remains supportive and while there is a good chance of another fiscal spending package later this year, 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. Inflation measures have picked up, but we expect the increase to be more transitory in nature as it is primarily driven by temporary supply and demand mismatches. Overall, the barometer remains tilted positively in June, aligned with our overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains strong
Trend				●	US markets remain above 50-day and 200-day moving averages
Investor sentiment		●			Excessive optimism and strong equity flows, 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; expect to be transitory but watching closely
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

Source: Brinker Capital. Information is accurate as of June 2, 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.