Weekly Wire

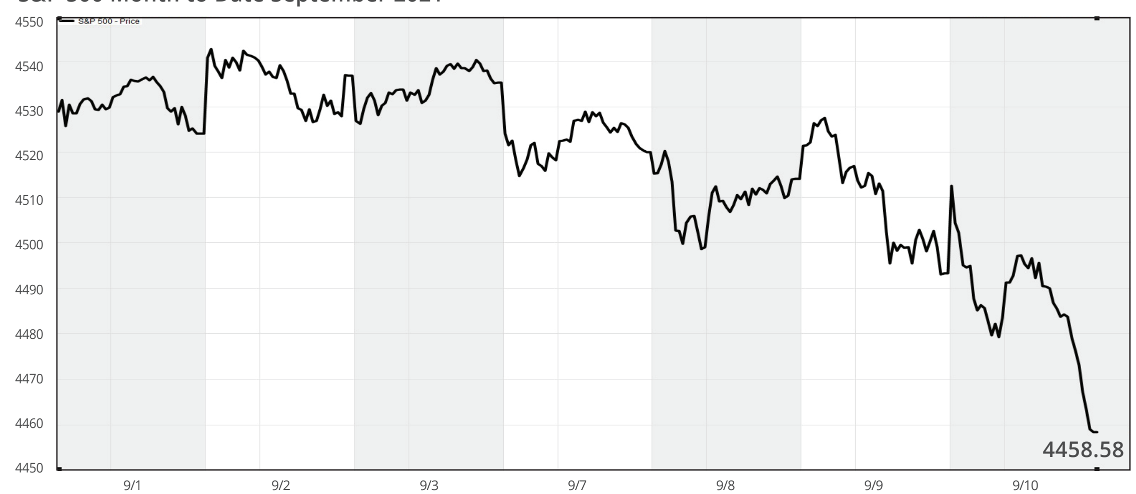
SEPTEMBER 13, 2021

BRINKER CAPITAL INVESTMENTS

So Far, September Is Living Up To Its Reputation

We are about halfway through what has historically been the roughest month of the year for the stock market, and so far, September is living up to its reputation with the S&P 500 off about 1.4% month to date, more than two times the average loss for the index in September of 0.50% over the past 70 years or so. Now, unless one is short the market, most investors prefer to see the market go up and not down, and we are very much in that camp; but as long-term investors, we appreciate the fact that down days – and sometimes down months – are part and parcel of investing, and we remember to put pullbacks in perspective and that markets go up much more than they go down. With that said, near term, we can appreciate why markets are on the back foot; we are moving closer to an inflection point on monetary and fiscal policy and that creates uncertainty for investors (the debate around tax increases will be picking up over the coming weeks and the Fed has indicated it will begin tapering its securities purchase program this year); the Delta variant has weighed on economic growth (the latest GDPNow model estimate from The Federal Reserve Bank of Atlanta puts Q3 GDP growth at 3.7%, down from 5.1% growth on September 1, 2021); Q2 earnings season is in the books, so investors have fewer opportunities to hear from management teams on what is working well for their respective businesses (and what an earnings season it was, with 88% of companies reporting earnings better than Wall Street estimates), and – back to fiscal policy – there is growing concern Congress won't lift the US debt ceiling before the US Treasury is expected to run out of cash, which could happen as soon as mid-October. These are all legitimate points of concern; but we believe we are early in the current economic expansion and bull market, and both will continue to be supported by low interest rates, robust corporate and consumer balance sheets, and a strong housing market.

S&P 500 Month to Date September 2021



Stocks, bonds, and commodities (9/10/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	4458.58	3.75%	18.70%	33.45%
MSCI AC World ex USA	353.95	0.55%	8.42%	24.21%
MSCI EAFE	2381.44	3.32%	10.89%	25.54%
MSCI EM	1308.94	-4.78%	1.37%	19.89%
Bloomberg Barclays US Agg	106.64	0.38%	-2.94%	-3.65%
Crude Oil WTI	69.71	-5.12%	43.67%	86.74%
Natural Gas	4.96	35.84%	96.28%	118.51%

Treasury rates (9/10/2021)

	Price		Yield
2Y	99.26 /	99.2	0.217
3Y	99.25 /	99.2	0.446
5Y	99.24 /	99.2	0.798
7Y	100.0 /	100.	1.097
10Y	99.12 /	99.1	1.316
30Y	101.2 /	101.	1.919

Weekly reports

This week

- Capacity Utilization NSA Aug
- Retail Sales SA M/M Aug

Last week

- Initial Claims 310K
- PPI NSA Y/Y Aug 8.3%

Brinker Capital Market Barometer

SEPTEMBER 2021

While growth may have stalled in recent months due to concerns surrounding the Delta variant, the US economy remains on track for solid growth in 2021. The August employment report was weaker than expected, but wages continue to accelerate. Fiscal policy is currently supportive; however, uncertainty may arise in September as there are a number of fiscal initiatives to work through, which could result in higher taxes, causing the fiscal backdrop to shift. Monetary policy is also supportive, and the weaker unemployment report may have further delayed the Fed's plans for tapering asset purchases. The increase in inflation measures look more sticky than transitory, but we are still working through COVID-19 related disruptions to supply and demand. Consumer and business sentiment remain at elevated levels but have receded some from recent highs likely due to renewed COVID-19 concerns. Overall, the barometer remains tilted positively in September, aligned with our overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains solid
Trend				●	Developed market indices remain above 50-day and 200-day moving averages
Investor sentiment		●			Bullish sentiment declined in recent weeks; equity ETF flows remain strong
Seasonality		●			Seasonally weak period through October

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Still supportive but watching budget bill negotiations for higher taxes
Monetary policy				●	Federal Reserve remains supportive; tapering possible before year-end
Inflation			●		Inflation has picked up and appears more sticky than transitory
Interest rate environment				●	Treasury yields stable at low levels
Macroeconomic				●	Expect solid growth in 2H21; labor market weaker than expected in August
Business sentiment				●	CEO confidence increased again in 2Q to a record high level
Consumer sentiment				●	August readings weaker due to delta variant concerns
Corporate earnings				●	Strong earnings growth so far in 2021
Credit environment				●	High yield spreads have remained relatively stable

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				●	In an economic 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 September 8, 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-weighed 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.

2443-BCI-9/13/21