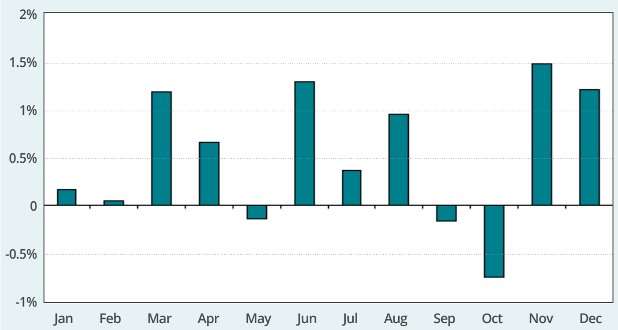
BRINKER CAPITAL INVESTMENTS

WEEKLY WIRE | NOVEMBER 2, 2020

For the market, an unpleasant, but not unexpected, September and October

S&P 500 avg. monthly price return during election years (1952-2016)



We just closed the books on a tough two months for the market, with the S&P 500 Index (S&P 500) off 3.8% in September and off 2.8% in October. If we consider a very strong July and August for equities, the COVID-19 pandemic, and the uncertainty surrounding fiscal support for the economy, the pullback isn't surprising. Beyond that, we were in the seasonally weak period for the market (remember, "Sell in May and go away") while history tells us September and October are rough months for stocks in an election year, which we ascribe to the uncertainty the upcoming vote causes on Wall Street. Now, it's important to focus on what comes next for US equities. Well, we are in the seasonally strong period for the market, and equities have historically rallied nicely in November and December in election years. As the economy continues to recover, monetary policy is very supportive of risk assets, the recent pullback in the market has improved valuation, and despite a meaningful jump in US COVID-19 cases, another broad lockdown isn't being considered. While any meaningful delay in calling the Presidential Election would likely weigh on equities, we think the market is biased higher into year-end. Finally, in a reversal of the past several weeks, the S&P 500 is now off -0.75% since August 3, indicating Joe Biden will win the Presidency.

Election countdown calculator

Stocks, bonds, and commodities (10/30/2020)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	3269.96	-2.77%	1.21%	7.65%
MSCI AC World ex USA	273.57	-2.23%	-9.32%	-4.81%
MSCI EAFE	1780.08	-4.06%	-12.61%	-8.97%
MSCI EM	1103.46	1.98%	-1.00%	5.90%
Bloomberg Barclays US Agg	109.25	-0.76%	3.44%	2.79%
Crude Oil WTI	35.72	-11.19%	-41.50%	-34.07%
Natural Gas	3.50	38.50%	59.89%	32.93%

Treasury rates (10/30/2020)

	Price	Yield
2Y	99.28 / 99.2	0.172
3Y	99.23 / 99.2	0.210
5Y	99.11 / 99.1	0.381
7Y	98.31 / 98.3	0.650
10Y	97.20 / 97.2	0.877
30Y	93.07 / 93.0	1.663

Weekly reports

This week

- ISM Manufacturing
- Unemployment Rate / Oct.

Last week

- New Home Sales / Sept. 959K
- Q3 GDP Q/Q 33.1%

Brinker Capital Market Barometer

OCTOBER 2020

We continue to focus on the COVID-19 pandemic and the upcoming election as key drivers for the economy, financial markets, and confidence over the near term. The Federal Reserve remains extremely supportive from a monetary policy perspective, while it remains to be seen whether Washington, DC can agree on another fiscal package. Due to our uneven economic recovery, and uncertainty surrounding the upcoming election, we expect the equity market to remain range-bound in the near term. Overall, the barometer leans neutral to slightly positive, in-line with our modest overweight to risk across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Momentum remains solid
Trend				●	US markets above 50-day and 200-day moving averages
Investor sentiment			●		Sentiment surveys show optimism but equity outflows continue
Seasonality		●			Seasonality weaker through October, especially during election cycle

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Strong initial fiscal response; debate on additional package continues
Monetary policy				●	Fed all in to support markets and economy; Global central banks also supportive
Inflation				●	Global inflation low; Fed committed to more flexibility with inflation target
Interest rate environment				●	Treasury yields remain at low levels but stable; yield curve positively sloped
Macroeconomic			●		Macroeconomic data has bottomed; uneven improvement as economy reopens
Business sentiment		●			CEO confidence improved but still weak; small biz optimism improving
Consumer sentiment		●			Increased sharply in August, but remains below pre-pandemic levels
Corporate earnings		●			Looking for improvement after negative impact of COVID-19 on 1H2020 results
Credit environment				●	Credit environment is stable and Fed remains supportive

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations above long-term averages but not a near-term driver
Business cycle			●		US exited recession that began in February; recovery will be uneven
Demographics			●		Mixed - US and emerging markets positive but developed international negative

Source: Brinker Capital. Information is accurate as of October 8, 2020. 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 Investments, LLC, 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.