BRINKER CAPITAL INVESTMENTS

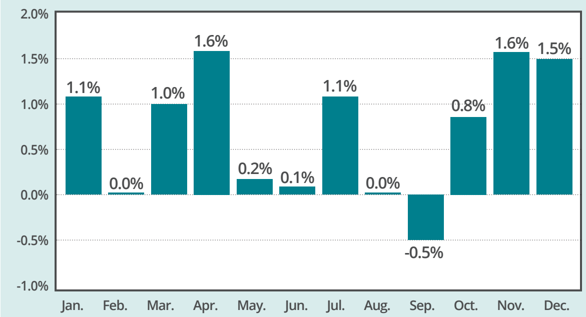
WEEKLY WIRE | DECEMBER 7, 2020

Is Washington, D.C. about to give the markets another Christmas present?

> ***Top Democrats Back Compromise Plan to Revive Stimulus Talks***
>
> The Democratic leaders in Congress endorsed a $908 billion plan put forth by moderates in both parties, offering a significant concession in efforts to jump-start negotiations.

As we move deeper into December, many of us are being handed Christmas lists by our children. In the case of my son, his list is heavy on video gaming hardware, most of which won't be available until well into 2021 (which might not be such a bad thing!). On Wall Street, investors have already received a slew of early Christmas presents, including a market-friendly election outcome (a clear win for President-elect Joe Biden and a likely divided Congress post the Senate runoff races in Georgia); dramatic breakthroughs on the COVID-19 vaccine front, and more good news than not on the economy, highlighted by a much better than expected Q3 earnings season and an ongoing rebound in CEO and small business confidence. Now, it seems Washington, D.C. might put another present under the market's tree in the form of a fifth COVID-19 economic rescue package. While the amount of aid being discussed (approximately $1 trillion) is shy of what many investors hoped for in late summer, the incremental fiscal support would come at a time when the country is dealing with a dramatic spike in the COVID-19 case count and hospitalization rate. Ultimately, we think policymakers should and will act, and we remain constructive on stocks into year end, mindful of the fact December has historically been a very strong month for US equities. Finally, this edition of the Weekly Wire is being distributed on December 7, 2020, the 79th anniversary of the attack on Pearl Harbor, a date President Roosevelt said would live in infamy. The anniversary is a reminder of the almost incomprehensible sacrifices made by prior generations of Americans on behalf of our nation and the world, and the difficult days we have faced, and we have persevered through.

S&P 500 Average Monthly Performance (since 1950)



Stocks, bonds, and commodities (12/4/2020)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	3699.12	9.99%	14.50%	18.84%
MSCI AC World ex USA	318.88	13.97%	5.70%	10.55%
MSCI EAFE	2101.12	13.25%	3.15%	6.82%
MSCI EM	1251.04	15.62%	12.24%	20.69%
Bloomberg Barclays US Agg	109.86	-0.20%	4.03%	3.66%
Crude Oil WTI	46.09	14.59%	-24.52%	-21.12%
Natural Gas	2.55	1.03%	16.63%	6.42%

Treasury rates (12/4/2020)

	Price	Yield
2Y	99.30 / 99.3	0.145
3Y	100.0 / 100.	0.210
5Y	99.24 / 99.2	0.419
7Y	99.14 / 99.1	0.702
10Y	99.03 / 99.0	0.968
30Y	97.10 / 97.1	1.739

Weekly reports

This week
- NFIB Small Business Index
- Initial Claims

Last week
- Chicago PMI 58.2
- Unemployment Rate / Nov. 6.7%

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Headline source: www.nytimes.com. Chart Source: FactSet, as of 12/4/2020.

Brinker Capital Market Barometer

NOVEMBER 2020

Despite uncertainty surrounding the outcome at the top of the ticket, the election results will likely leave us with a divided government, which we view as a positive outcome for markets. The ongoing COVID-19 pandemic's impact on economic growth will continue to be a factor in the near term. The Federal Reserve remains extremely supportive from a monetary policy perspective, and we expect additional fiscal support from Washington, D.C. in the coming months. Overall, the barometer tilts positive, in-line with our modest overweight to risk across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains solid
Trend				●	Market trends positive; US markets above 50-day and 200-day moving averages
Investor sentiment			●		Sentiment surveys show optimism but equity outflows continue
Seasonality	→ →			●	Seasonality stronger in months following a Presidential Election

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Expect additional fiscal policy support in the coming months
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 improved, but recovery will likely be uneven
Business sentiment	→		●		Both CEO confidence and small business confidence surveys have improved
Consumer sentiment		●			Continues to improve, but remains below pre-pandemic levels
Corporate earnings	→		●		Significant improvement in earnings growth in 2Q and 3Q; y/y growth still negative
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 uneven in short term
Demographics			●		Mixed - US and emerging markets positive but developed international negative

Source: Brinker Capital. Information is accurate as of November 4, 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 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.