Weekly Wire

MARCH 8, 2021

BRINKER CAPITAL INVESTMENTS

The Sizzler Index

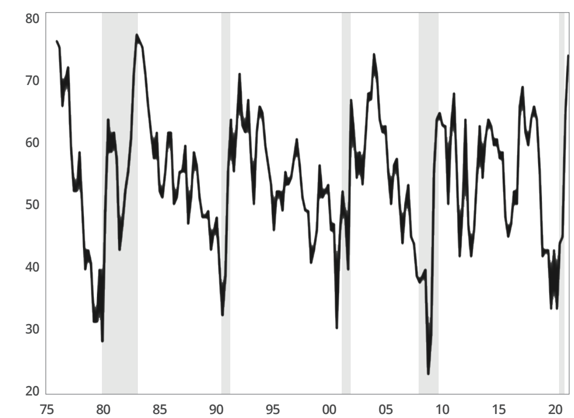
Confidence – consumer, small business and CEO – may be a soft or qualitative economic datapoint, measuring how people "feel" about their or their company's economic prospects (as opposed to a hard or quantitative economic datapoint such as GDP), but it is an important datapoint nonetheless. It's important because how one feels can have a huge impact on how one behaves from an economic perspective. This brings us to the Conference Board's U.S. CEO Confidence Survey, a survey we affectionately refer to as "The Sizzler Index."

When I was a kid growing up in Trenton and my parents were feeling particularly optimistic about our place in the world there was a good chance that we all (I am one of five) were heading to Sizzler for dinner. If you walked into a Sizzler in the late 70s or early 80s, you knew you were entering a special place – you picked your own steak, there was an all you could eat salad bar and you snaked your way through the restaurant cafeteria style; it was a big treat for all of us.

Well, I think about CEOs now the way I thought about my parents then – when they are optimistic, they spend money. According to the latest CEO Confidence Survey, CEOs are more optimistic now than at any point since 2004, with progress on the coronavirus vaccine front and the ongoing reopening of the economy likely helping to push CEO confidence to a near 20-year high. When we marry that optimism with the $6+ trillion in liquid assets that sit on corporate America's collective balance sheet, it is easy to envision a surge in corporate spending on people and productive assets helping drive a surge in economic growth this year.

The final point we would make is we have historically seen the type of spike in CEO confidence that we just witnessed early in an economic expansion, and it remains our belief that we are early in both the current economic expansion and current bull market.

US CEO Confidence (Conf Bd) 2021: 1Q: 73



Stocks, bonds, and commodities (3/5/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	3841.94	2.29%	2.29%	29.26%
MSCI AC World ex USA	332.21	1.76%	1.76%	22.84%
MSCI EAFE	2155.51	0.37%	0.37%	18.85%
MSCI EM	1339.31	3.72%	3.72%	32.33%
Bloomberg Barclays US Agg	106.01	-3.51%	-3.51%	-4.65%
Crude Oil WTI	66.28	36.60%	36.60%	60.56%
Natural Gas	2.73	8.23%	8.23%	60.07%

Treasury rates (3/5/2021)

	Price		Yield
2Y	99.30 /	0.00	0.149
3Y	99.14 /	0.00	0.312
5Y	98.19 /	0.00	0.784
7Y	99.09 /	0.00	1.230
10Y	96.01 /	0.00	1.555
30Y	90.31 /	0.00	2.291

Weekly reports

This week
- NFIB Small Business Index
- Initial Claims

Last week
- ISM Non-Manufacturing February: 55.3
- Hourly Earnings Y/Y February: 5.3

Brinker Capital Market Barometer

MARCH 2021

We expect a broadening of economic growth as the vaccine rollout ramps up further which will lead to a more robust reopening of the US economy. Another large fiscal package should be passed in the coming weeks, leading to stimulus checks in the hands of consumers in April. The Fed is committed to an accommodative monetary policy until we see full employment and sustained higher inflation, neither of which we are close to achieving yet. We view the recent sharp move higher in Treasury yields as more of a normalization process given the improved economic outlook rather than expectations for a less dovish Fed; however, the pace of the increase has resulted in a pickup in volatility which could continue in the near term. The barometer has shifted even further into positive territory in March, still aligned with our modest overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains solid
Trend				●	US markets remain above 50-day and 200-day moving averages
Investor sentiment	→		●		Investor sentiment survey data has retreated from recent highs
Seasonality			●		Relatively weaker seasonal period post election

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Additional $1.9 trillion fiscal stimulus headed for passage in March
Monetary policy				●	Fed and global central banks remain very supportive
Inflation				●	Inflation at low levels but short-term inflation expectations have moved higher
Interest rate environment	←		●		Treasury yields still at low absolute levels but pace of normalization is of concern
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 measures remain relatively weak
Corporate earnings	→			●	Year-over-year earnings growth turned positive in 4Q20
Credit environment				●	Credit environment remains stable; little volatility in spreads

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations 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 March 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-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.

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