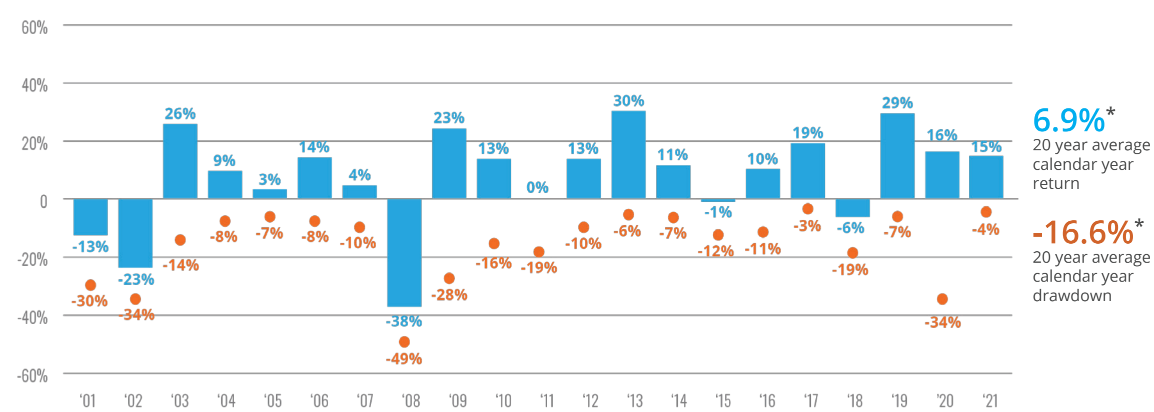
BRINKER CAPITAL INVESTMENTS

Friday The 13th Comes and Goes

With Friday the 13th just having come and gone, now seems an appropriate time to take stock of those issues that worry many investors. First, there is the Delta variant of COVID-19, and the worry it will lead to the US economy being locked down. Next, there is inflation, and the concern the recent spike in prices proves persistent and forces the Fed to raise rates sooner than expected. Then, there is the possibility of meaningfully higher tax rates on corporate profits, income, and capital gains and what that might mean for corporate and consumer sentiment and spending. And, there is the regulatory crackdown in China and what that might mean for emerging markets. Finally, there is valuation, with the S&P 500 trading north of 20x earnings and what that might mean for future returns. While not wanting to be dismissive of any of those concerns, particularly the Delta variant and its potential impact from a health perspective, there are always reasons to worry about the market (last week we wrote about adages, and a classic is "The market climbs a wall of worry"). At the risk of coming across as a glass half full type of investor (though we are an optimist at heart), we don't expect broad economic lockdowns due to the Delta variant; we don't see the Fed raising rates before 2023; we don't see tax rates moving to where the Biden Administration has proposed; we don't see the crackdown in China casting a pall over all emerging markets, and we don't see elevated valuation as a meaningful headwind for US equities (as long as earnings continue to grow year-over-year and rates remain low). With that said, volatility and pullbacks are part and parcel of investing; in fact, over the past 20 years the S&P 500 has pulled back on average nearly 17% intra-year, yet still produced an average annual return of nearly 7%. Over time, the economy and corporate profits grow, and risk assets increase in value.

S&P 500 Index Intra Year Declines vs. Calendar Year Return (Price)



*20 year average represents 2001-2021.

Stocks, bonds, and commodities (8/13/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	4468.00	3.97%	18.95%	32.47%
MSCI AC World ex USA	351.69	-0.10%	7.73%	23.15%
MSCI EAFE	2379.00	3.21%	10.78%	25.24%
MSCI EM	1280.86	-6.82%	-0.81%	17.17%
Bloomberg Barclays US Agg	106.81	0.53%	-2.79%	-3.60%
Crude Oil WTI	68.03	-7.40%	40.21%	61.94%
Natural Gas	3.85	5.45%	52.38%	63.37%

Treasury rates (8/13/2021)

	Price	Yield
2Y	99.26 / 99.2	0.209
3Y	99.26 / 99.2	0.430
5Y	99.08 / 99.0	0.776
7Y	99.17 / 99.1	1.068
10Y	99.21 / 99.2	1.284
30Y	101.1 / 101.	1.928

Weekly reports

This week
- Capacity Utilization NSA July
- Philadelphia Fed Index SA Aug

Last week
- CPI NSA Y/Y Jul 5.4%
- UofM Inflation Expectations Aug 4.6%

Brinker Capital Market Barometer

AUGUST 2021

The US economy is on track to experience strong growth in the second half of the year despite recent concern regarding COVID-19 variants. Fiscal policy is currently supportive; however, the additional spending package expected later this year will require tax increases as an offset. The Fed has reaffirmed its commitment to support the economy; however, recent higher inflation readings have caused concern for an earlier than expected unwinding of stimulus. Our base case is the increase in inflation is more transitory in nature, driven by base effects and temporary supply and demand mismatches, but we continue to watch closely for signs it could become structural. Intermediate- and long-term Treasury yields have declined from levels seen in April. Consumer and business sentiment continue to improve, and earnings growth is expected to reflect the strength in nominal GDP. Overall, the barometer remains tilted positively in July, aligned with our 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		●			Bullish sentiment has retreated in recent weeks but remains above its LT average
Seasonality		●			Currently in the weakest point of the calendar historically

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				●	Federal Reserve and global central banks remain very supportive
Inflation			●		Inflation has picked up; Fed expects it to be transitory but watching closely
Interest rate environment				●	Treasury yields have continued to fall
Macroeconomic				●	Expect continued solid economic growth in the second half of 2021
Business sentiment				●	CEO confidence increased again in 2Q to a record high level
Consumer sentiment				●	Consumer confidence rose further in July for the sixth consecutive month
Corporate earnings				●	Continued strength in earnings growth
Credit environment				●	Credit spreads remain tight; high yield spreads at levels last seen in 2007

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 August 5, 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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