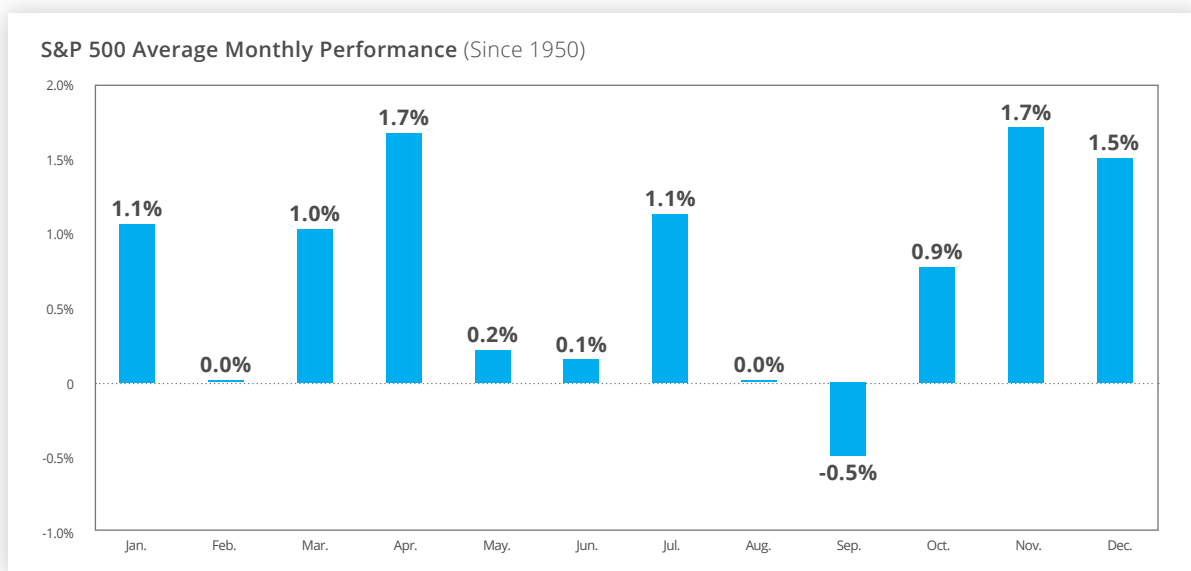


The Month Of May Gets A Bad Rap

One of the more interesting and entertaining aspects of investing is the myriad of adages which, as you would expect with adages, express a general truth about the markets. Consider, “Don’t Fight the Fed” – when the Fed wants to support or restrain risk assets, it typically prevails; or “It’s A Market of Stocks, Not A Stock Market” – individual stocks often have shockingly different return streams, offering investors the opportunity to put capital into companies that are doing well and avoid companies that are struggling. And, of course, “Sell in May and Go Away” – which speaks to the seasonally weak stretch for equities that has historically started with May and ended with October. While May has come and gone, we’ve been thinking about that adage – and we would argue the bum rap that May gets because of it – as we move deeper into what has been the worst two month stretch for US equities: August and September. Consider that since 1950, the S&P 500 has been, on average, flat in August and off 0.5% in September (the only negative month for the index over that 70-year timeframe), while May and June and July have been positive. Regardless of the time of year, the market typically confronts any number of risks, and today is no different as we are dealing with the Delta variant of COVID-19, the spike in inflation, and the regulatory crackdown in China. For those reasons and others, we wouldn’t be surprised to see a bit of volatility over the coming weeks. But earnings are growing, interest rates are low, fiscal and monetary policy are supportive (see above: “Don’t Fight the Fed”), and consumers and companies are flush with cash. For those reasons and others, we remain bullish on US equities.



Stocks, bonds, and commodities (8/6/2021)

| Security name | Last | QTD chg | YTD chg | 12mo chg |
|---------------------------|---------|---------|---------|----------|
| S&P 500 | 4436.52 | 3.23% | 18.12% | 32.38% |
| MSCI AC | 349.22 | -0.80% | 6.97% | 24.36% |
| World ex USA | 2344.82 | 1.73% | 9.19% | 26.40% |
| MSCI EAFE | 1292.53 | -5.97% | 0.10% | 18.65% |
| Bloomberg Barclays US Agg | 106.74 | 0.47% | -2.85% | -4.163% |
| Crude Oil WTI | 67.84 | -7.66% | 39.82% | 64.58% |
| Natural Gas | 4.13 | 13.26% | 63.66% | 84.72% |

Treasury rates (8/6/2021)

| | Price | Yield |
|-----|-----------------|-------|
| 2Y | 99.264 / 99.27 | 0.204 |
| 3Y | 99.294 / 0.000 | 0.402 |
| 5Y | 99.100 / 99.10 | 0.765 |
| 7Y | 99.170 / 0.000 | 1.069 |
| 10Y | 102.302 / 102.3 | 1.301 |
| 30Y | 109.256 / 0.000 | 1.945 |

Weekly reports

| This week |
|------------------------------|
| • CPI NSA Y/Y Jul |
| • UofM Inflation |
| • Expectations Aug |
| Last week |
| • Hourly Earnings Y/Y Jul 4% |
| • Nonfarm Payrolls Jul 943K |

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-weighted 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.