### **MARCH 2025**

## **Brinker Capital US Stock Market Barometer**



Interest Rates       Interest rate indicators include factors such as the interest rate environment, credit spreads, and inflation.         Both the level and trend of interest rates impact earnings and valuations.       • Despite recent Fed rate cuts, inflation-adjusted (real) interest rates remain high, and this is typically a beadwind for risk assets.         Policy       • Credit spreads remain tight, and this is typically a beadwind for risk assets.         Policy indicators include factors such as increages but have begun to widen; widening spreads often foretell equity weakness.         • The recent "re-inversion" of the Treasury yield curve between 10-yr and 3-month maturities signals market concerns about economic growth prospects.         Policy       Monetary and fiscal policy.         Nonetary and fiscal policy impact interest rates, valuations, and earnings.       • We continue to expect a more patient Fed in 2025 as further progress on inflation is made; in January, rates were held steady between 4.25% and 4.5%.         Behavioral       • We continue to specific amore patient Fed in 2025 as further progress on inflation is made; in January, rates were held steady between 4.25% and 4.5%.         • We continue to uspecific amore patient Fed in 2025 as further progress on inflation is made; in January, rates were held steady between 4.25% and 4.5%.         • Money supply growth (M2) is off its pandemic peak; however, the YoY growth rate has accelerated to ~4%, still below its 6.9% iong term average.         • Rising federal debt service continues to pose risk of "crowding out" more productive fiscal spending.         Behavioral		NEGATIVE	NEUTRAL	POSITIVE	
Fundamentalsto narticipate in company success. Over time, stock prices follow earnings.conting to provide the estimated (1/2/2020), the estimated Voi earnings provid narts for the SBP 500 for 1025 is 2.3%, this is evided tower from the estimated 11/3% ty use-end 2024 due downward EPS estimate revisions. Stock prices follow earnings.Valuation How much do we pay for those grantthe Atlant Federe settimate for 12 025 and 1200 grant stated at -2.4 Kout may believe them are disclosmed in the data from the estimated for 12 025 and 1200 grant stated in -2.4 Kout may believe them are disclosmed in usergies for the data from the estimated for 12 025 and 1200 grant stated in -2.4 Kout may believe them are disclosmed in usergies for the data from the estimated for 12 025 and 1200 grant stated in -2.4 Kout may believe them are disclosmed in usergies which has been currently 20.7 x. The -2 yearwaged 1103 and earnings sigkid valuation metrics for the data from the estimated valuation metrics for the data estimately used as the interesting and hitring is slowing. The match does up to 41% in Fortuary from 4% in January as kyoffs are increasing and hitring is slowing. Courrently 20.7 x. The -2 yearwaged 1103 and the estimated valuation metrics for the data from the estimated valuation metrics for the data estimately 30.8 x. Of US GDP which is approaching the highest at the interest reas enclosed and instaton. The interest reas enclosed and instaton. The 10 year US treasmy yield has defined to exploy 4.3 x, which has been down of the its special and regulatory believe and the site is equival and the site is estimated wind for its kaseds. The 10 year US treasmy yield has defined to exploy 4.3 x, which was begin to widen, which is hypically a hasdwind for its kaseds. The 10 year US treasmy yield has defined to exploy 4.3 x, which was begin to widen, which is hypically a hasdwind for its kaseds. <br< td=""><td></td><td></td><td></td><td></td><td>· · · ·</td></br<>					· · · ·
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Valuation indicators include factors such as price multiples, the CAPE ratio, and earnings yield vs. other asset classes.         Valuation indicators include factors such as price multiples, the CAPE ratio, and earnings yield vs. other asset classes.         Mow much do we pay for those fundamentals?         Starting points matter.       The market capalitazion of the US stock market is approximately 193.8% of US GDP which is approaching the highest silture readings.         Interest Rates       Enterest rate name       Enterest rate indicators include factors such as the interest rate environment, credit spreads, and inflation.         Starting and valuations.       Comparison of the US stock market is approximately 193.8% of US GDP which is approaching the highest silture readings.         Interest Rates       Enterest rate indicators include factors such as the interest rate environment, credit spreads, and inflation.         Starting and valuations.       Comparison of the US stock market is approximately 193.8% of US GDP which is approaching the highest silture readings.         Both the level and trend of interest rates indicators include factors such as the interest rate environment, credit spreads, and inflation.         Orecity provide unit provem p				-	•
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Valuation       Consistent with below-average forward returns over inogen-term horizons; the S&P 500's forward 12-month P/E ratio is currently 207 vs. the 5-y everage of 18.8.         How much do we pay for those fundamentals?       The market capitalization of the US stock market is approximately 193.8% of US GDP which is approaching the highest all-time readings.         Interest Rates       Despite high overall valuations, pockets of opportunity exist in the US equity market within small cap, mid-cap, and natura resource equifies.         Both the level and trend of interest rates indicators include factors such as the interest rate environment, credit spreads, and inflation.       Despite high overall valuations, and policic/likubuses uncertainty.         Policy       Credit spreads realining the target rates indicators include factors such as more and maximize signals market concerns about economic growth prospects.         Policy       Despite increased increased liquidity, economic softening, and policic/likubuses.         Monetary and fiscal policy       The reserve the Tessury yield nas declined to roughy 43%, driven lower by factors such as increased liquidity, economic growth prospects.         Policy       Despite increased near-term policy uncertainty.       Credit spreads remain tight vs. historical average but have begun to widen; widening spreads often foretell equity weakness.         will uations, and earnings.       Despite increased near-term policy uncertainty, fiscal policy is still espected to be pro-cyclical and regulatory burdens are expected to decline.         Wonetary and fiscal policy       Despite increased near-term policy					Valuation indicators include factors such as price multiples, the CAPE ratio, and earnings yield vs. other asset classes.
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nom and contrainant material by the fact that many and integration is on our by the fact that many and integrated at close to 70%.					<ul> <li>Investor sentiment has weakened significantly over the past month, with the bull/bear spread in AAII's Investor Sentiment survey at -37.8%; this is well below the -9.6% reading of four weeks ago and the historical average of 6.5%. The bullish signal from this contrarian indicator is offset by the fact that individual investor stock allocations remain elevated at close to 70%.</li> </ul>

## THE MARKET BAROMETER ightarrow

The US Stock Market Barometer captures Brinker Capital's 12+ month market outlook. It is updated each month by the Orion Asset Allocation Committee. Standard inputs include proprietary reports produced by the Brinker investment team as well as industry-leading external research providers. The Barometer reflects current positioning in investment portfolios.

### FIRST QUARTER 2025

# **Brinker Capital Asset Class Barometer**



	NEGATIVE	NEUTRAL		POSITIVE	
Domestic Equity					<ul> <li>Factors considered within domestic equity include allocations to the traditional style box asset classes.</li> <li>Fundamentals remain solid despite some cracks forming—economic growth has been resilient and corporate earnings growth for 202 forecast to remain positive at 12%.</li> </ul>
				<ul> <li>Valuations are elevated by historical standards, suggesting below-average longer-term returns; however, behavioral factors (technica and sentiment) are supportive of prospects over shorter time horizons.</li> </ul>	
					The monetary policy outlook is becoming less supportive as the Fed has paused its rate cuts and real yields remain high.
					<ul> <li>Despite recent market movements, the valuation gap between mega-cap growth stocks and the rest of the US equity market remains e vated, presenting compelling opportunities if relative fundamentals in these other segments begin showing more meaningful improvem</li> </ul>
International Equity					Factors considered within international equity include a breakdown between developed and emerging markets as well as allocation across the traditional style box.
					<ul> <li>Valuations remain attractive for non-US stocks, with relative P/E multiples vs. US equities near their widest discount in two decade the same time, corporate fundamentals have improved with the forecasted earnings growth gap to US equities for CY 2025 narrow by more than 5% since the beginning of the year.</li> </ul>
					<ul> <li>Prospects for European equities have brightened as a result of an historic agreement by Germany's likely governing coalition partner to loosen its debt brake and support elevated defense spending and a deficit-financed infrastructure fund; this sea change is supp ed by a recent EU plan to unlock nearly €800B for defense spending.</li> </ul>
					<ul> <li>Elevated geopolitical risk continues to bear monitoring as domestic European politics remains messy, the Russia-Ukraine conflict ra on, and the impact of US tariff/trade policy on the global economy remains uncertain.</li> </ul>
					Factors considered within core fixed income include credit quality and duration of the broad fixed income universe.
Core Fixed Income					<ul> <li>Yields have moved lower in sympathy with negative US economic surprises and weaker equity markets; the 10-yr Treasury yield had declined to 4.3%.</li> </ul>
		•			<ul> <li>Absolute yields for corporate bonds are attractive and corporate balance sheets remain solid; however, credit spreads continue to hover near historically-tight levels despite modest spread widening over the past month. As a result, downside risk remains if cred fundamentals deteriorate.</li> </ul>
					<ul> <li>Agency MBS remains attractive given similar default and duration risk as Treasuries but currently offering enhanced yields.</li> <li>Fixed income volatility has moved higher recently, with the MOVE Index (bond version of VIX) reaching four-month highs.</li> </ul>
					Factors considered within global credit include allocations to various spread and/or non-core fixed income sectors as well as durated as the sector of the s
		-		<ul> <li>Strategically, we believe the global credit asset class is an attractive building block within globally diversified portfolios, but tight of spreads across a range of sub-asset classes continue to tilt our intermediate-term outlook toward greater caution.</li> </ul>	
Global Credit					<ul> <li>Absolute yields on US high yield debt remain attractive and corporate balance sheets are reasonably healthy relative to historical avera spreads have widened by nearly 60 bps over the past month, but they continue to sit near their tightest levels in the past fifteen years</li> </ul>
					<ul> <li>Emerging markets debt has also seen spread compression over the past year to levels near the tightest in the past decade; conver European high yield debt remains more compelling when comparing spreads and fundamentals.</li> </ul>
Alternatives		•			Factors considered within liquid alternatives include high versus low beta sub-asset classes.
					<ul> <li>Correlations between stocks and bonds have been positive for much of the past four years, enhancing the attractiveness of altern tives as a portfolio diversifier and a complement to core fixed income.</li> </ul>
					<ul> <li>Elevated base rates (short-term rates) provide a solid foundation for performance of liquid alternatives; market consensus of a mo patient Fed and fewer rate cuts in 2025 have extended the benefit from this tailwind.</li> </ul>
					<ul> <li>The likelihood of a less active regulatory regime (but perhaps greater macro volatility) improves the outlook for event driven, market neutral, and multi-strategy approaches.</li> </ul>
Real Assets					Factors considered within real assets include allocations to infrastructure, real estate, natural resource equities, and commodities.
					Historically, real assets have offered investors the ability to benefit from growth in the real economy and to serve as an inflation hedge
					<ul> <li>Natural resource equities have compelling relative valuations and fundamental growth drivers with clean energy and infrastructure resiliency enhancing prospects for a variety of resources; a global trade war that dampens economic growth would be a headwind fo commodities and natural resource equities.</li> </ul>
					Global infrastructure should benefit from secular tailwinds tied to re-shoring and deglobalization as well as AI; e.g. data centers/surgi electricity demand.
					Gold is near its all-time high, supported by a weaker US dollar, continued central bank demand, and geopolitical tension.

## ASSET CLASS BAROMETER ightarrow

The Asset Class Barometer serves as Brinker Capital's intermediate-term outlook on the six major asset classes that comprise its multiasset class portfolios. It is updated quarterly by the Orion Asset Allocation Committee. Standard inputs include proprietary reports produced by the Brinker investment team as well as industry-leading external research providers.

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# **About Orion**

Orion is a premier provider of the tech-enabled fiduciary process that transforms the advisor-client relationship by enabling financial advisors to Prospect, Plan, Invest, and Achieve within a single, connected, technology-driven experience. Combined, our brand entities, Orion Advisor Tech, Orion Portfolio Solutions, Brinker Capital Investments, Redtail Technology, and Orion OCIO create a complete offering that empowers firms to attract new clients seamlessly, connect goals more meaningfully to investment strategies and outcomes, and ultimately track progress toward each investor's unique definition of financial success. Orion services \$4.4 trillion in assets under administration and \$69.4 billion of wealth management platform assets (as of June 30, 2024) and supports over six million technology accounts and thousands of independent advisory firms. Today, 17 out of the Top 20 Barron's RIA firms<sup>1</sup> rely on Orion's technology to power their businesses and win for investors.

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#### <sup>1</sup> 2024 Top 100 RIA Firms, Barron's, 2024.

Source: Brinker Capital. Information is accurate as of March 12, 2025. 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. Orion Portfolio Solutions, LLC d/b/a Brinker Capital Investments a registered investment advisor.