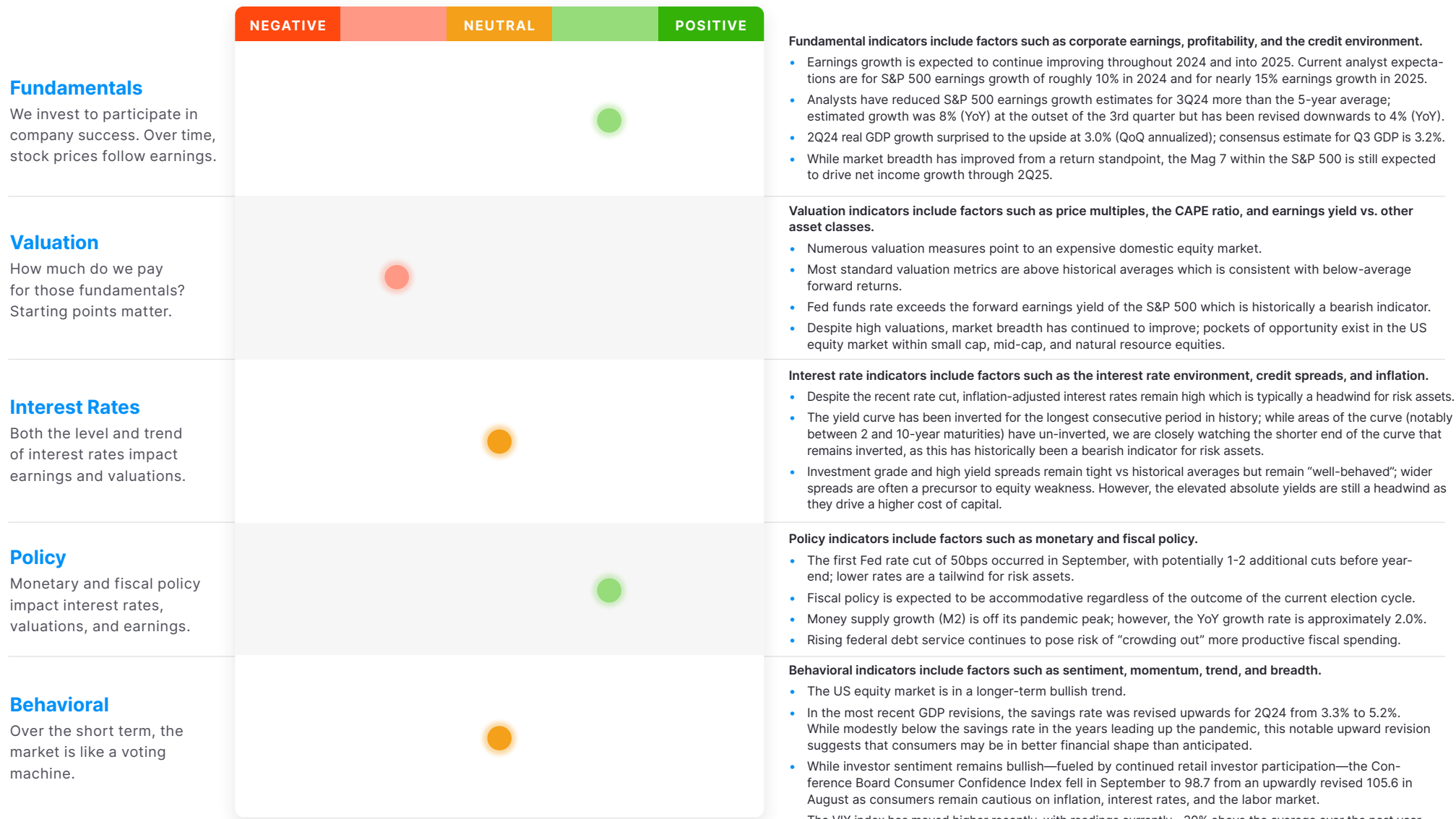


# Brinker Capital Five Factor US Stock Market Barometer



**THE MARKET BAROMETER** ➔

The Market Barometer captures the Brinker Capital's 12-month plus market outlook. It is updated each month by the Orion Asset Allocation Committee. Standard inputs include proprietary reports produced by the Orion Discretionary Investment Team. The Barometer reflects current positioning in investment portfolios. The Barometer is also used as a basis for market outlook presentations.

# Brinker Capital Asset Class Barometer

	NEGATIVE	NEUTRAL	POSITIVE	
<b>Domestic Equity</b>		●		<p><b>Factors considered within domestic equity include allocations to the traditional style box asset classes.</b></p> <ul style="list-style-type: none"> <li>• Valuations are elevated by historical standards, suggesting below-average intermediate- and longer-term returns relative to broad global equity markets.</li> <li>• Fundamentals have continued improving. Economic growth remains resilient and corporate earnings growth is forecast to accelerate from 9% in 2024 to 15% in 2025.</li> <li>• The interest rate environment is becoming more supportive for stocks with longer-term bond yields well below their late-2023 peak and the Federal Reserve (Fed) embarking on a long-awaited rate cutting campaign.</li> <li>• The valuation gaps between value and growth stocks as well as large and small cap stocks are extended, presenting opportunities outside of mega-cap growth stocks if relative fundamentals in these segments show more meaningful improvement.</li> </ul>
<b>International Equity</b>		●		<p><b>Factors considered within international equity include a breakdown between developed and emerging markets as well as allocations across the traditional style box.</b></p> <ul style="list-style-type: none"> <li>• Relative valuations are more favorable for non-US stocks although fundamentals are tepid; economic survey data for European countries (e.g. PMIs) have weakened and elevated geopolitical risk bears monitoring.</li> <li>• Many foreign central banks (particularly those in emerging economies) began cutting interest rates ahead of the Fed and are better positioned to maintain an easing posture with the Fed also easing its monetary policy.</li> <li>• We are approaching the sharp rally in Chinese equities with some skepticism and awaiting follow-through in fundamentals; recent strength in emerging markets reduces their relative attractiveness, leaving us neutral between DM and EM.</li> </ul>
<b>Core Fixed Income</b>		●		<p><b>Factors considered within core fixed income include credit quality and duration of the broad fixed income universe.</b></p> <ul style="list-style-type: none"> <li>• The yield environment continues to be attractive although the decline in yields over the past year has moderated forward return expectations.</li> <li>• Absolute yields for corporate bonds are compelling and corporate balance sheets are broadly solid; however, credit spreads near tightest levels in the past 20 years introduces downside risk if fundamentals deteriorate.</li> <li>• Agency MBS remains attractive given similar default and duration risk as Treasuries but currently offering enhanced yields.</li> <li>• Yields on the front end of the curve remain attractive but continued rate cuts by the Fed shifts this dynamic and introduces greater reinvestment risk for short-term bonds.</li> </ul>
<b>Global Credit</b>	●			<p><b>Factors considered within global credit include allocations to various spread and/or non-core fixed income sectors as well as duration.</b></p> <ul style="list-style-type: none"> <li>• Strategically, we believe the global credit asset class is an attractive building block within globally diversified portfolios, but tight credit spreads across a range of sub-asset classes tilt our intermediate-term outlook toward greater caution.</li> <li>• Absolute yields on US high yield debt remain attractive and issuers possess reasonably healthy balance sheets relative to historical averages; however, spreads are near their tightest levels in the past fifteen years.</li> <li>• Emerging markets debt has also seen spread compression over the past year to levels near the tightest in the past decade; conversely, European high yield debt remains more compelling when comparing spreads and fundamentals.</li> </ul>
<b>Alternatives</b>			●	<p><b>Factors considered within liquid alternatives include high versus low beta sub-asset classes.</b></p> <ul style="list-style-type: none"> <li>• Correlations between stocks and bonds have risen, enhancing the attractiveness of alternatives as a portfolio diversifier and a complement to core fixed income.</li> <li>• Elevated base rates (short-term rates) provide a solid foundation for the performance outlook of liquid alternatives although we will be monitoring the pace of the Fed's rate cutting campaign.</li> <li>• Liquid alts strategies that are more attractive include event driven, market neutral, trend-following, and multi-strategy.</li> <li>• We are less constructive on narrow merger arb strategies with the FTC's aggressiveness in challenging merger activity.</li> </ul>
<b>Real Assets</b>			●	<p><b>Factors considered within real assets include allocations to the subcategories of commodities, real estate, natural resource equities, and infrastructure</b></p> <ul style="list-style-type: none"> <li>• Historically, real assets have offered investors a hedge against inflation and participation in assets that benefit from growth in the real economy.</li> <li>• Within real assets, natural resource equities have compelling relative valuations and fundamental growth drivers as the green energy transition increases demand for a variety of industrial metals; gold hit an all-time high (despite high real rates) on the back of central bank demand, geopolitical concerns, and bloated levels of sovereign debt.</li> <li>• Listed REITs provide an attractive opportunity given current valuations relative to history and their out-of-favor view; lower interest rates would provide additional support.</li> </ul>



# 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 October 10, 2024. 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.