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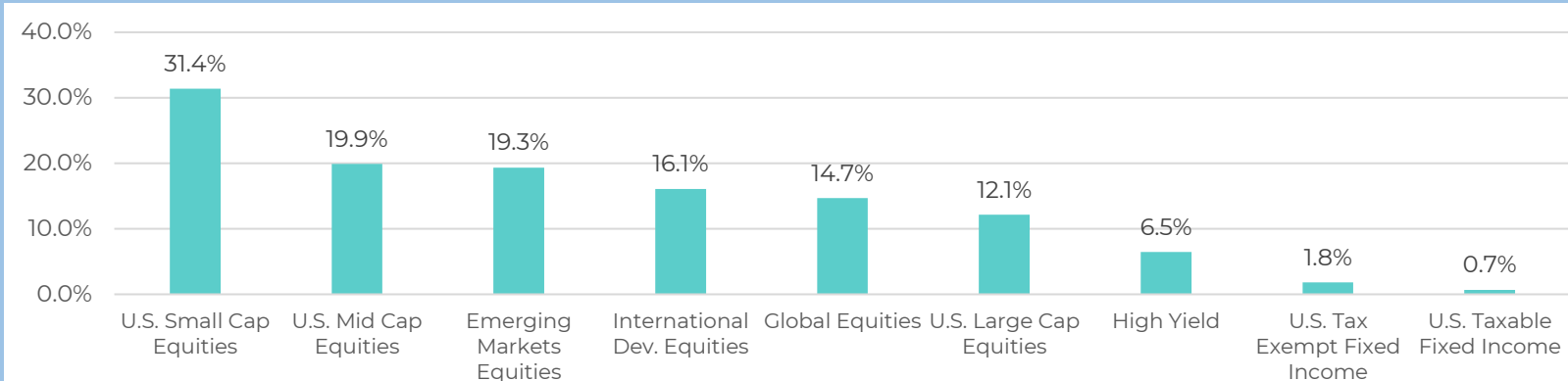
WITH
YOU
EVERY
MILE

MARKET LANDSCAPE | Q4 2020

MIRACLE MILE
ADVISORS 

Q4 2020 OVERVIEW

Q4 2020 ASSET CLASS PERFORMANCE



Our Quarterly Recap

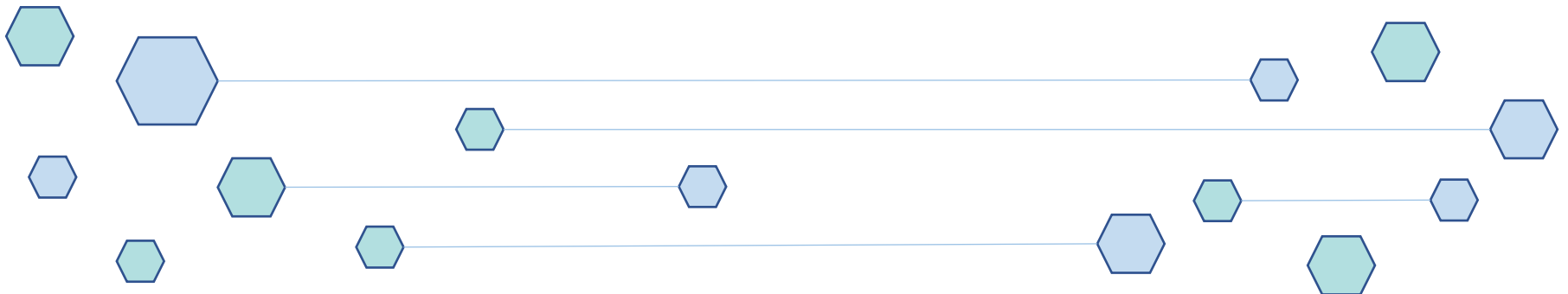
In the fourth quarter, equity markets continued to rally for the third consecutive quarter with major equity indices closing at record highs. The U.S. election result and positive news on COVID-19 vaccines helped cyclical sectors recover, with value stocks having their best quarter since 2009. However, new virus strains and holiday gatherings have increased case counts over the past month, and new restrictions are emerging across the country to start off the year. We expect leaders to be cautious in the coming months until vaccinations are effectively rolled out, with the goal of returning to normalcy in the second half of 2021.

Q4 2020 Economic & Market Highlights:

- Democrats swept the election and will focus on new stimulus and improving the vaccination rollout in the coming weeks.
- The S&P 500 gained over 16% for the year, a positive end for an otherwise forgettable year.
- Nonfarm payrolls decreased by 140,000 in December, the first decline since April 2020, concentrated mostly in leisure and hospitality due to new lockdown constraints.
- Unemployment remains at 6.7%, with hope of an improvement in 2021 as the economy recovers.

INVESTMENT STRATEGY GROUP'S 2021 OUTLOOK

- The economy will continue to recover in 2021 with an acceleration in the year's second half. Full year U.S. GDP growth is estimated to be +4.5-5.0%, with corporate earnings rising +20-25%.
- Inflation will pick up towards the end of the year in response to synchronous global growth.
- The USD will continue to weaken in 2021 due to the size of the U.S. budget and current account deficits, shrunken interest rate differentials, and the fact that the USD is a counter-cyclical currency which weakens when global growth accelerates.
- Our forecast for equities calls for mid to high single digit total returns with attractive opportunities in cyclical sectors and international markets.
- We prefer corporate bonds and other spread products versus Treasury bonds for the near term.



MARKET RISKS AND OPPORTUNITIES

KEY RISKS

NEAR TERM

Race Between Vaccine Rollout versus Rising COVID-19 Cases

- Any complications or delays with the vaccine will negatively impact economies still dealing with rising COVID-19 cases and renewed lockdowns.
- A longer recovery will lead to greater permanent job losses and corporate bankruptcies.

Change in Tax Policy

- There is a higher probability that corporate and personal income taxes will rise under a Biden administration now that Democrats have control of Congress.

LONGER TERM

Higher Inflation

- With a strong economic recovery and an accommodative central bank, inflation may rise significantly more than the 2% Fed target in the long run. A sharp spike in interest rates will be detrimental to economic growth and risk assets.
- Debt on a federal and household level continue to rise, which may hamper growth in future years.

Geopolitical Uncertainty

- Ongoing tensions with China will continue as the U.S. pushes to delist U.S.-listed Chinese companies.
- While Brexit occurred on December 31, many details between the two regions are left unanswered and the long-term ramifications remain unclear.

MARKET RISKS AND OPPORTUNITIES

KEY OPPORTUNITIES

NEAR TERM

Global Synchronous Growth

- Pent up demand for goods and services will lead to an acceleration in global growth in the 2nd half of the year with both developed and emerging market economies expected to show positive GDP growth.
- Central banks will remain accommodative as the global economy recovers to levels prior to the pandemic.

Credit Areas and Spread Products

- Corporate bonds and higher yielding areas of fixed income remain attractive and provide some level of protection against rising rates.
- Strong underlying fundamentals in credit support further spread tightening.

LONGER TERM

Rotation into Value Stocks

- Value stocks have recently outperformed growth stocks in Q4. This rotation into value is in the early innings of reversing growth's decade-long dominance.

International Investments

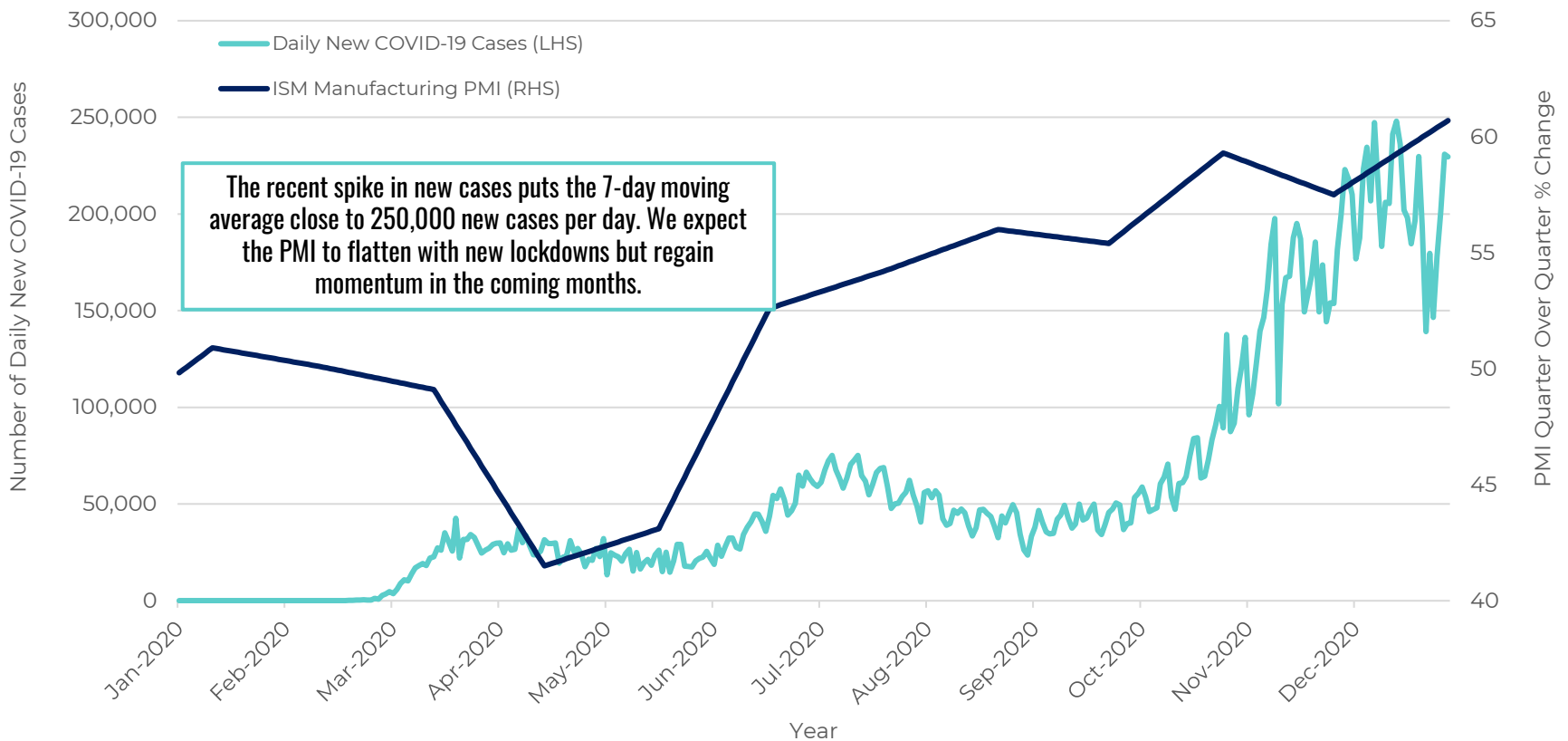
- Improving growth prospects overseas with cheaper valuations make international stocks attractive.
- A weaker USD leads to greater returns for U.S. based investors in foreign investments.

ECONOMIC DATA – COVID-19 UPDATE

Vaccines and Spiking Case Counts Provide Mixed Feelings. A year-end surge in cases from holiday gatherings and a new virus strain has extended lockdowns across certain states. The optimism surrounding a vaccine is prevalent, but it should be noted that the rollout will take several months.

Investment Outlook: We remain optimistic for widespread distribution of the vaccine by the second half of 2021, and economic growth should continue to increase over the coming quarters.

COVID-19 Surge Slows Recent Economic Recovery

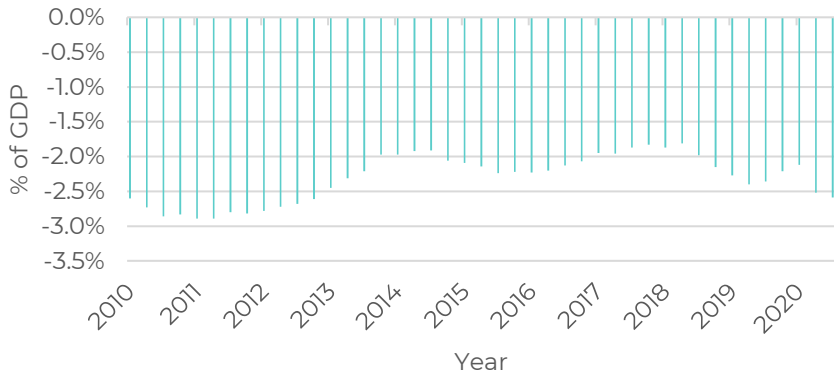


ECONOMIC DATA – U.S. DOLLAR

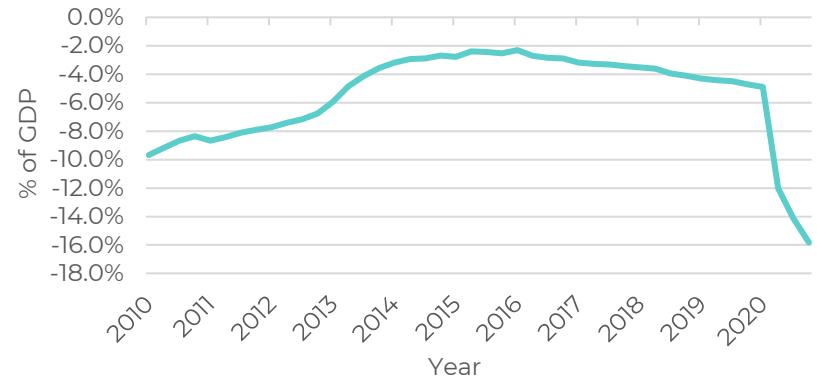
U.S. Dollar Showing Signs of Weakness. Diminishing interest rate differentials, an increasing budget deficit, and an ongoing trade deficit all point to a weakening U.S. dollar.

Investment Outlook: The USD will continue to weaken, creating attractive opportunities in overseas markets with favorable valuations.

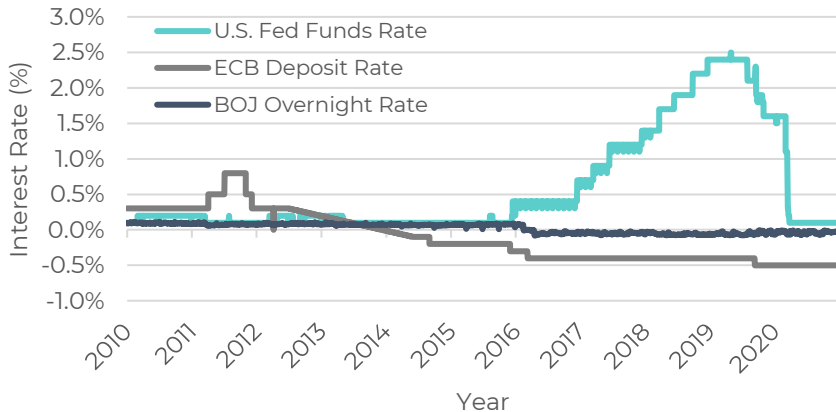
U.S. Current Account Balance



U.S. Budget Surplus



Central Banks Interest Rates



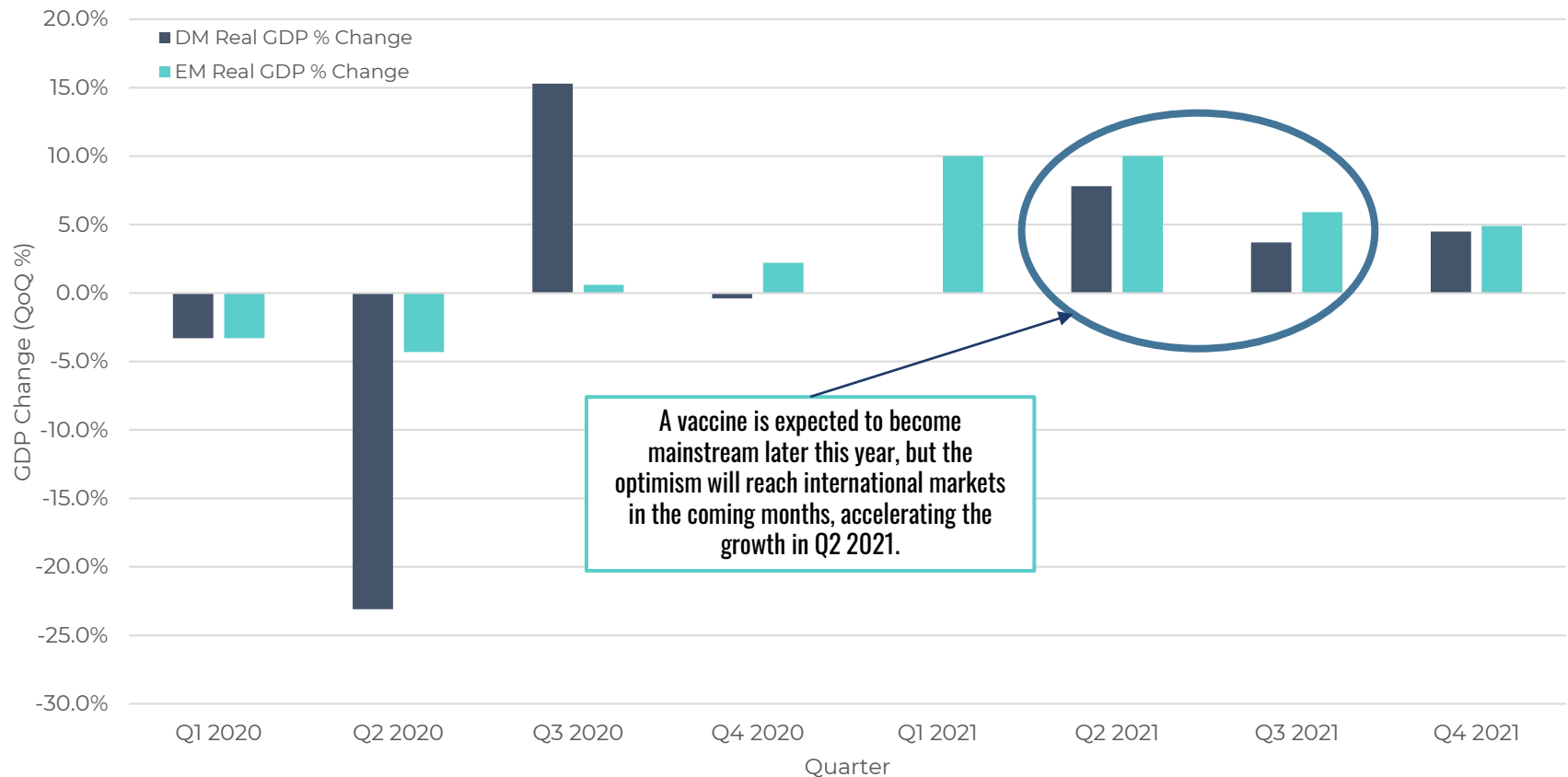
- ✓ Current Account Deficit
- ✓ U.S. Budget Deficit
- ✓ Interest Rate Differential

ECONOMIC DATA – GLOBAL GROWTH

Global Growth Looking Up: Both Developed and Emerging economies will be growing together, leading to a global synchronous recovery starting in Q2 2021.

Investment Outlook: A globally diversified portfolio will provide the best risk/return profile as the world begins a new expansionary phase of the economic cycle.

International Markets Growth Forecast

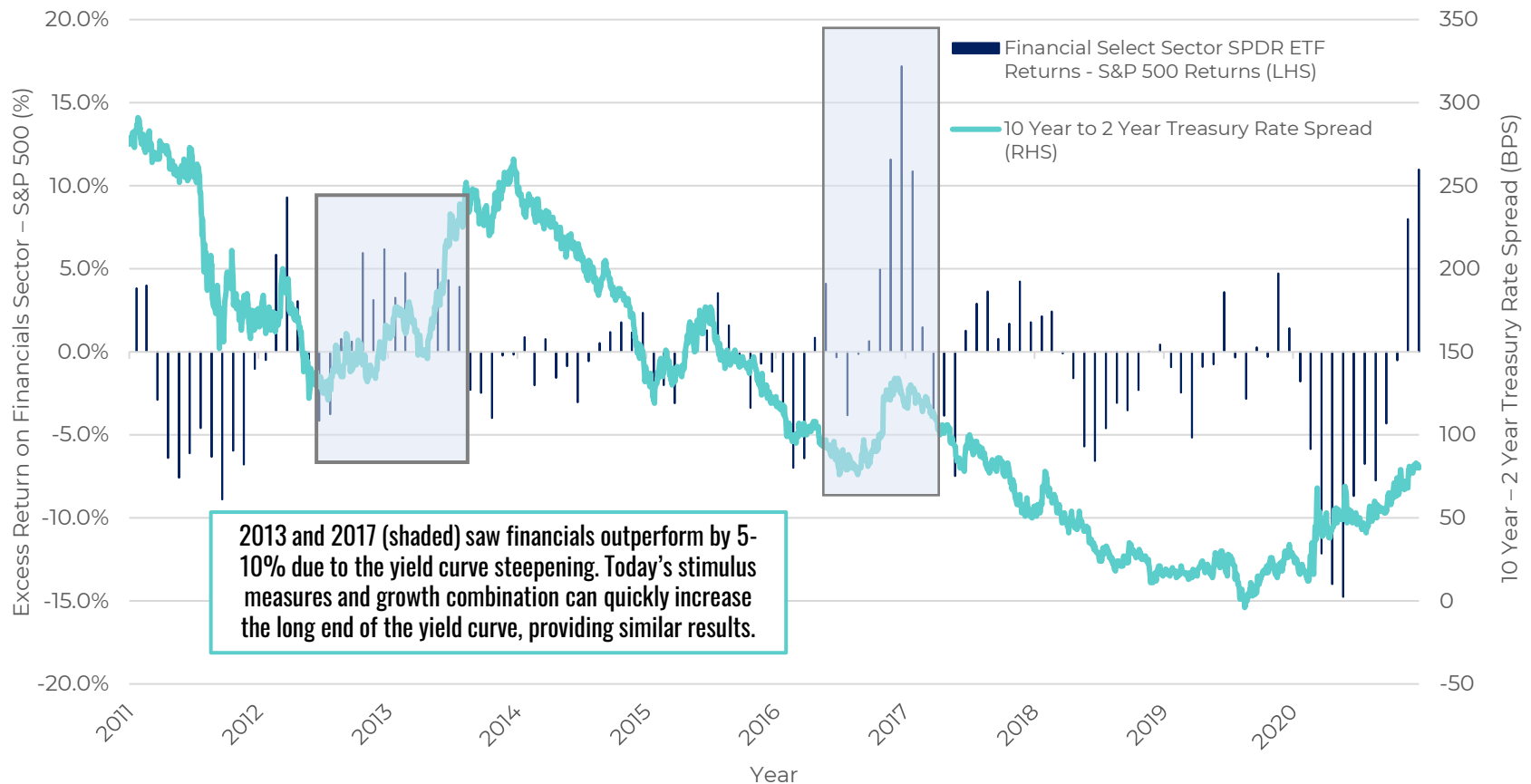


MARKET ANALYSIS - FINANCIALS

Banks Primed for a Breakout. The combination of the Fed committing to lower for longer, new stimulus measures, and accelerating economic growth all point to a steepening of the yield curve, making the financial sector appealing. Banks are well positioned with attractive valuations and strong balance sheets.

Investment Outlook: With the economy improving and further fiscal stimulus likely, we remain optimistic on the outlook for cyclical sectors, including banks.

Financial Sector Outperforms When the Yield Curve Steepens

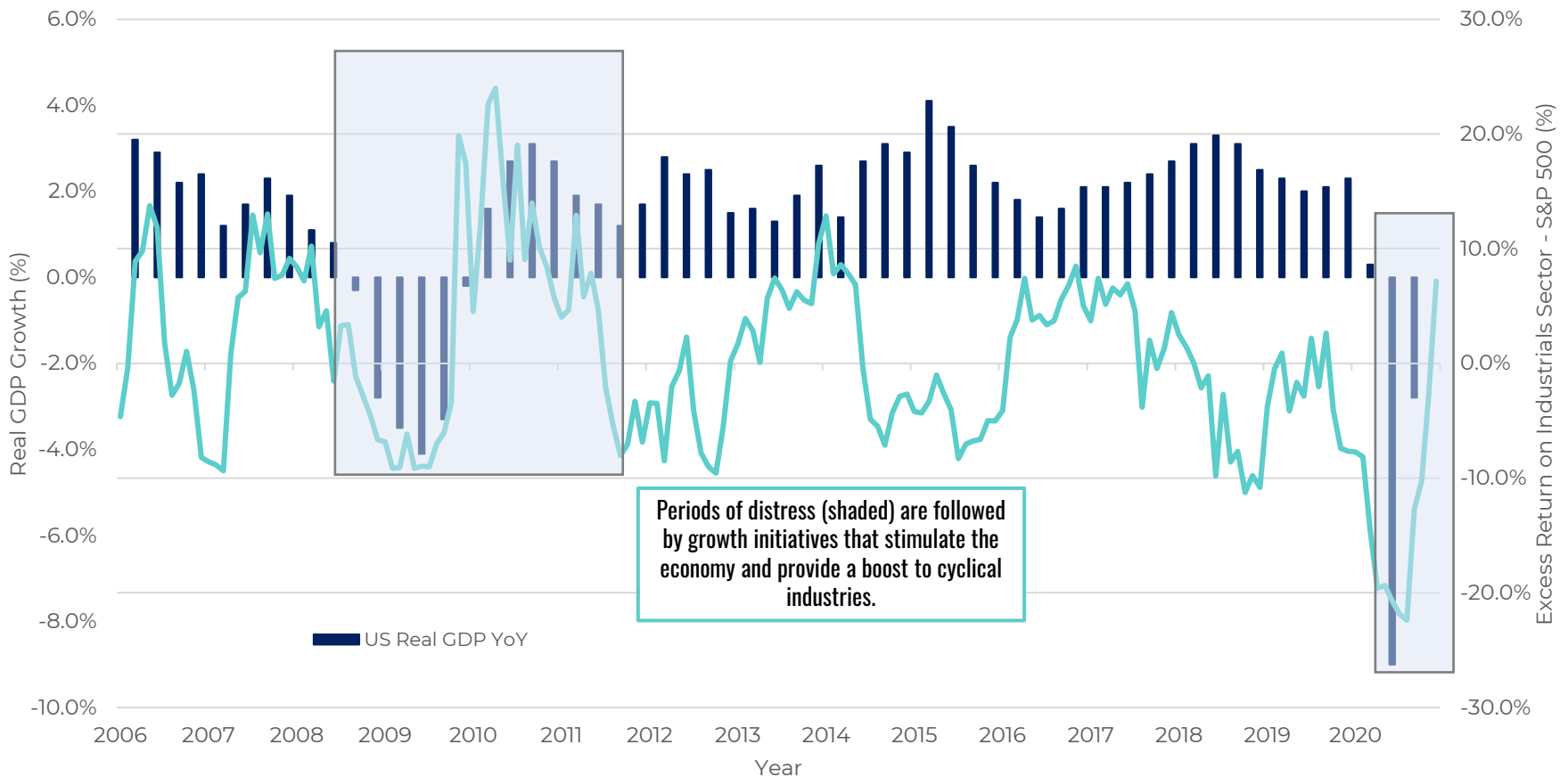


MARKET ANALYSIS - INDUSTRIALS

Business Cycles Forecast Industrial Performance. The industrial sector has historically outperformed during the recovery and early expansion phases of the economic cycle. As the global economy rolls out a vaccine this year, manufacturing and capital expenditures are likely to increase under the new administration.

Investment Outlook: Increase exposure to early business cycle beneficiaries, while continuing to analyze COVID-19 hit industries.

Industrials Sector Outperforms During GDP Growth

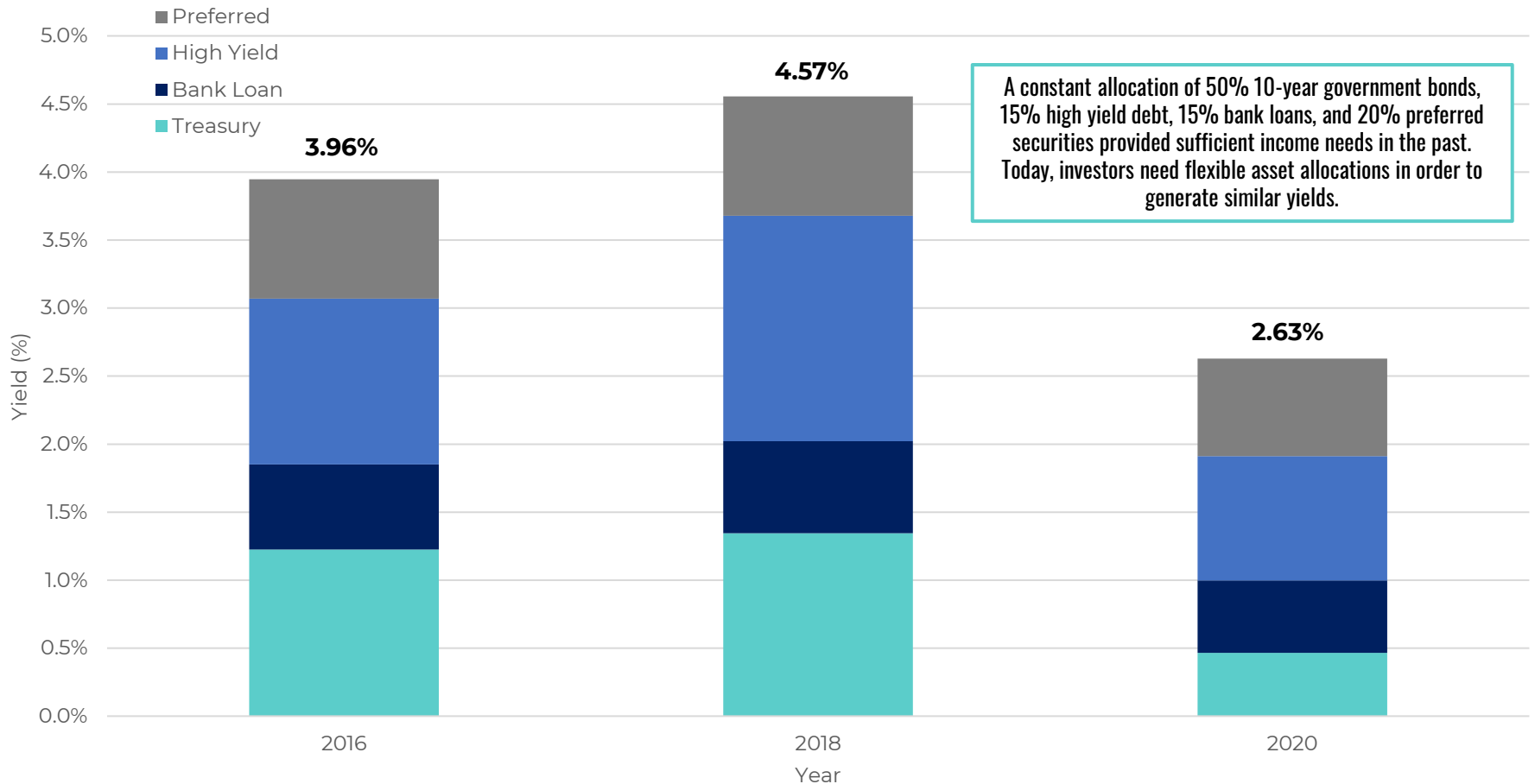


INCOME GENERATION – PUBLIC DEBT

Income Comes in Different Shapes and Sizes. The 10-year Treasury yield has stayed near 1% for the past year, forcing investors to look elsewhere for income needs. Bank loans and preferred securities offer a needed income boost and are less sensitive to rising interest rates than traditional fixed income classes.

Investment Outlook: Realign portfolios to increase income producing assets, while maintaining total risk on the portfolio level.

Income Generation Over Time

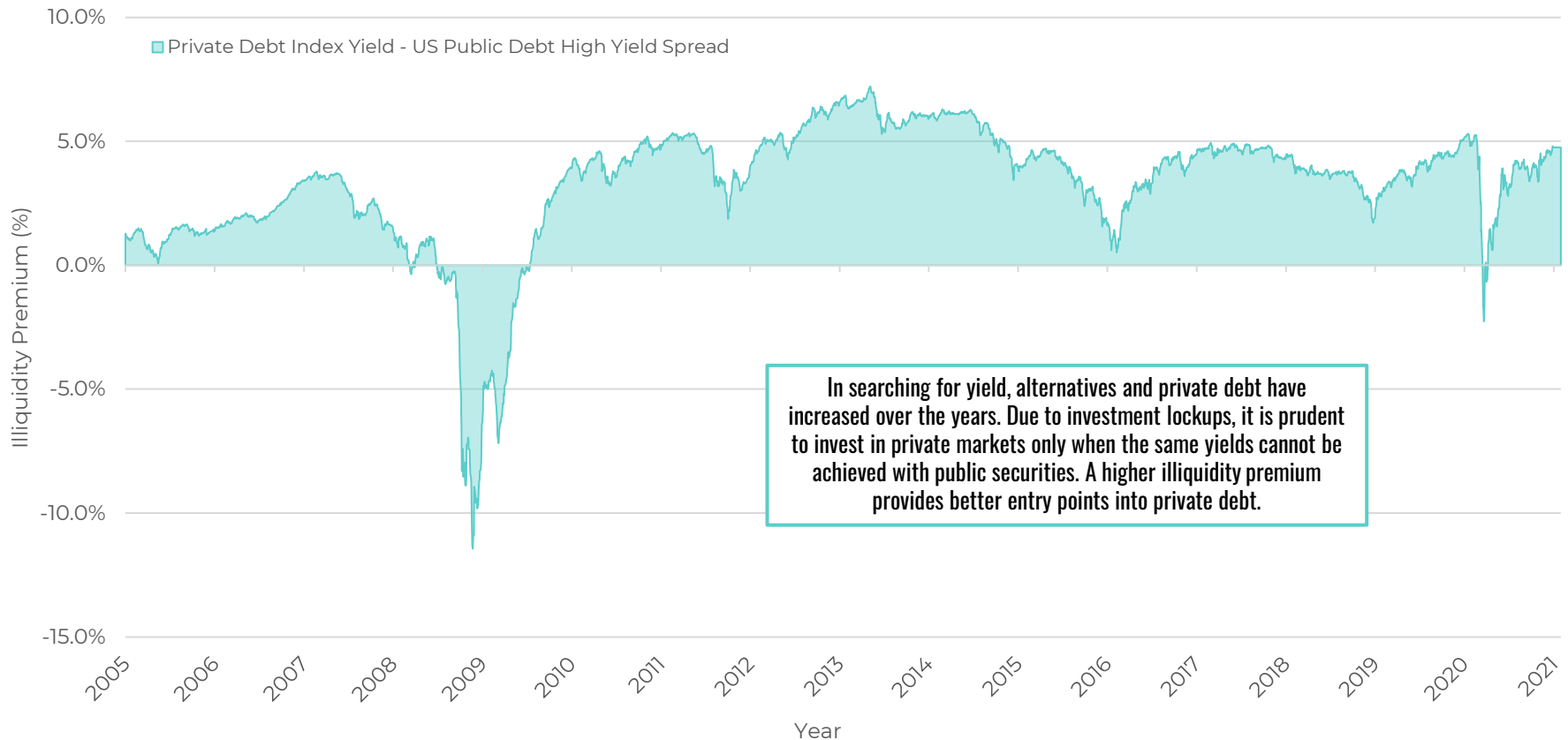


INCOME GENERATION – PRIVATE DEBT

Private Markets are Attractive for the Right Investor. Non-bank lending has increased annually over the past decade due to bank regulations and difficulty in lending to smaller or riskier borrowers after 2008. The private market can offer all-in yields of over 10%, which is virtually unheard of in the public markets in today's low-rate environment.

Investment Outlook: Manager selection is crucial in the private markets with hidden fees being a key detriment to long-term performance.

Illiquidity Premium Reaching Attractive Yields

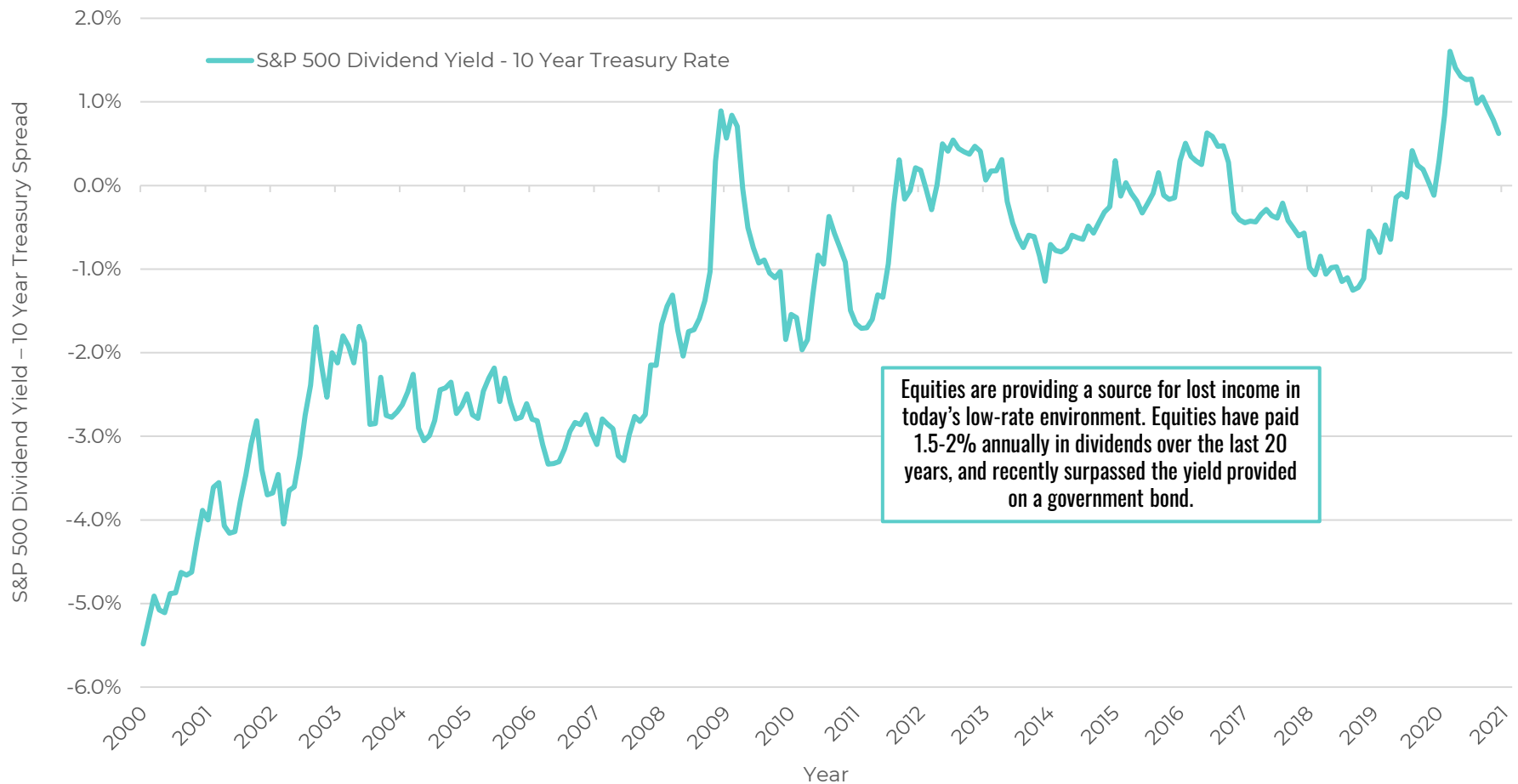


INCOME GENERATION - EQUITIES

Equities Provide Missing Income Generation. S&P 500 dividend yields provided the largest differential compared to 10-year treasuries earlier in 2020. As rates stay low, dividend focused stocks can provide a needed boost for income needs.

Investment Outlook: Continue to look at total portfolio return for income needs in this low interest rate environment.

Equities Supplement Income Deficiencies



ASSET CLASS PERFORMANCE SUMMARY

ASSET CLASS	PERFORMANCE		
	2020	2019	2018
Growth			
Global Equities	+16.3%	+26.4%	-10.1%
U.S. Large Cap Equities	+18.4%	+31.5%	-4.4%
U.S. Mid Cap Equities	+17.1%	+30.6%	-9.1%
U.S. Small Cap Equities	+19.9%	+25.5%	-11.0%
International Developed Equities	+7.8%	+22.0%	-13.8%
Emerging Markets Equities	+18.3%	+18.4%	-14.6%
Opportunistic Yield			
High Yield	+7.1%	+14.3%	-2.1%
Income & Stability			
U.S. Tax Exempt Fixed Income	+5.2%	+7.5%	+1.3%
U.S. Taxable Fixed Income	+7.5%	+8.7%	+0.1%

Sources: S&P, MSCI, Russell, Bloomberg

Performance values are the returns of the respective indices and are not inclusive of management fees: Global Equities = MSCI All Country World Index, U.S. Large Cap = S&P 500 Composite, U.S. Mid Cap = Russell Midcap, U.S. Small Cap = Russell 2000, International = MSCI EAFE Net, Emerging Markets = MSCI EM (Emerging Markets) Net, U.S. Tax Exempt Fixed Income = Bloomberg Barclays U.S. Municipal Index, U.S. Taxable Fixed Income = Bloomberg Barclays U.S. Aggregate Index, High Yield = Bloomberg Barclays U.S. High Yield Corporate Index. Past performance is no guarantee of future results.

IMPORTANT DISCLOSURES

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Page 4: Asset Class Returns are the returns of the respective indices and are not inclusive of management fees: Global Equites = MSCI All Country World Index, U.S. Large Cap = S&P 500 Composite, U.S. Mid Cap = Russell Midcap, U.S. Small Cap = Russell 2000, International = MSCI EAFE Net, Emerging Markets = MSCI EM (Emerging Markets) Net, U.S. Tax Exempt Fixed Income = Bloomberg Barclays U.S. Municipal Index, U.S. Taxable Fixed Income = Bloomberg Barclays U.S. Aggregate Index, High Yield = Bloomberg Barclays U.S. High Yield Corporate Index. Past performance is no guarantee of future results.

Page 11: The COVID-19 new cases are provided by the CDC COVID Data Tracker. The PMI is provided by Bloomberg.

Page 12: The US Current Account Balance, Budget Deficit, and Central Bank interest rates are provided by Bloomberg.

Page 13: The data is provided Bloomberg Economic Forecasting (ECFS).

Page 14: The data is provided by Bloomberg.

Page 15: The data is provided by Bloomberg.

Page 16: The data is provided by yCharts. Total and security yields are calculated using a weighted average on December 31 of the specified year.

Page 17: Private Debt Index is the Cliffwater Direct Lending Index. Index values for 2020 are annualized based on the first two quarters of data provided. The US High Yield Public Debt is the US High Yield B Effective Yield provided by yCharts.

Page 18: Data is provided by Bloomberg S&P 500 Dividend Yield and 10-2 Year Treasury Rate Spread.