WITH YOU EVERY MILE

MARKET LANDSCAPE | Q4 2023

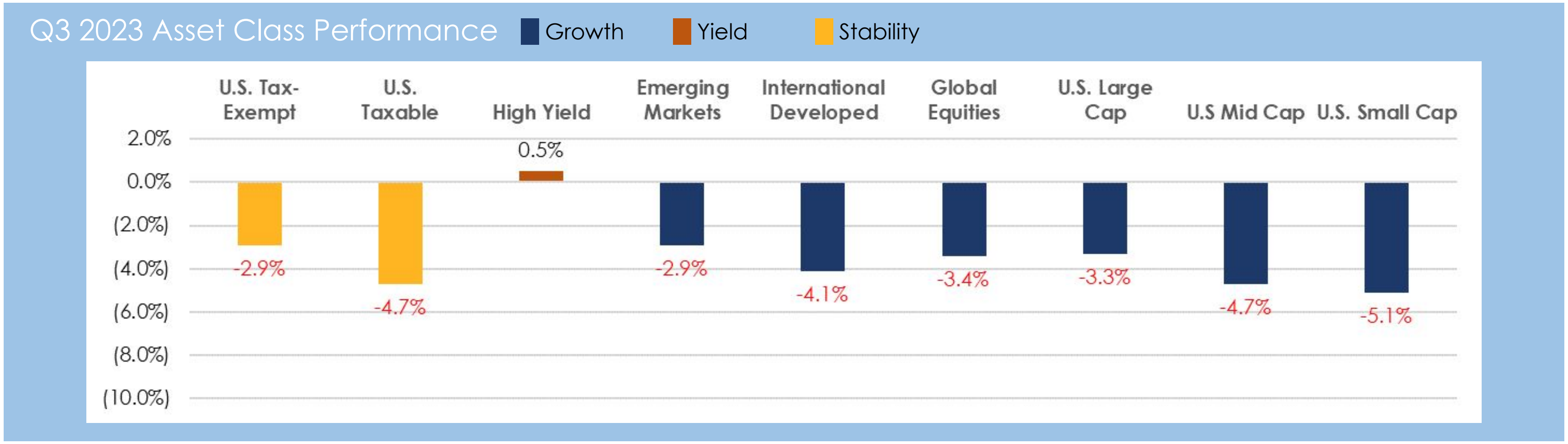
MIRACLE MILE INVESTMENT STRATEGY GROUP

MIRACLE MILE ADVISORS

THE STORY FOR Q4 2023

1. Q3 Performance was negative for stocks and bonds as interest rates rose
2. Intra-year drawdowns are normal and should be expected by all investors
3. Deficit spending is likely to increase the supply and yield of treasury bonds
4. Higher rates on longer maturities means the Yield Curve is normalizing
5. The Consumer has been the engine of the economy, and continues to be in good shape
6. Domestic equity valuations remain elevated
7. Value and international equity remain attractive
8. We see opportunities in bonds given the Fed rate cycle
9. We also continue to favor private credit over public credit
10. Sticky inflation means higher correlations between stocks and bonds
11. Diversification opportunities are plentiful in alternative markets

TRADITIONAL MARKETS ADJUSTED IN Q3



Source: Bloomberg data as of 9/30/2023

A Seasonal Pause that Refreshes?

The stock and bond markets experienced modest corrections in the third quarter of the year. After starting off strong in July, August and September lived up to their reputations as the worst performing months of the year and gave back all and more of the early gains. The correction gathered steam during the month due to a sudden surge in long-term interest rates, which reached16-year highs and threatened hopes for an economic soft landing. The concern is that the spike in rates is reflecting something more, as rates are now higher than expected for an economy that is slowing down and showing inflation is cooling. We believe the rate spike is due to a few factors, including the usual inflation premium on government bonds as inflation remains sticky, a Fed that is now a net bond seller due to their ongoing quantitative tightening, and increased debt service for the government.

2023 Economic & Market Forecasts

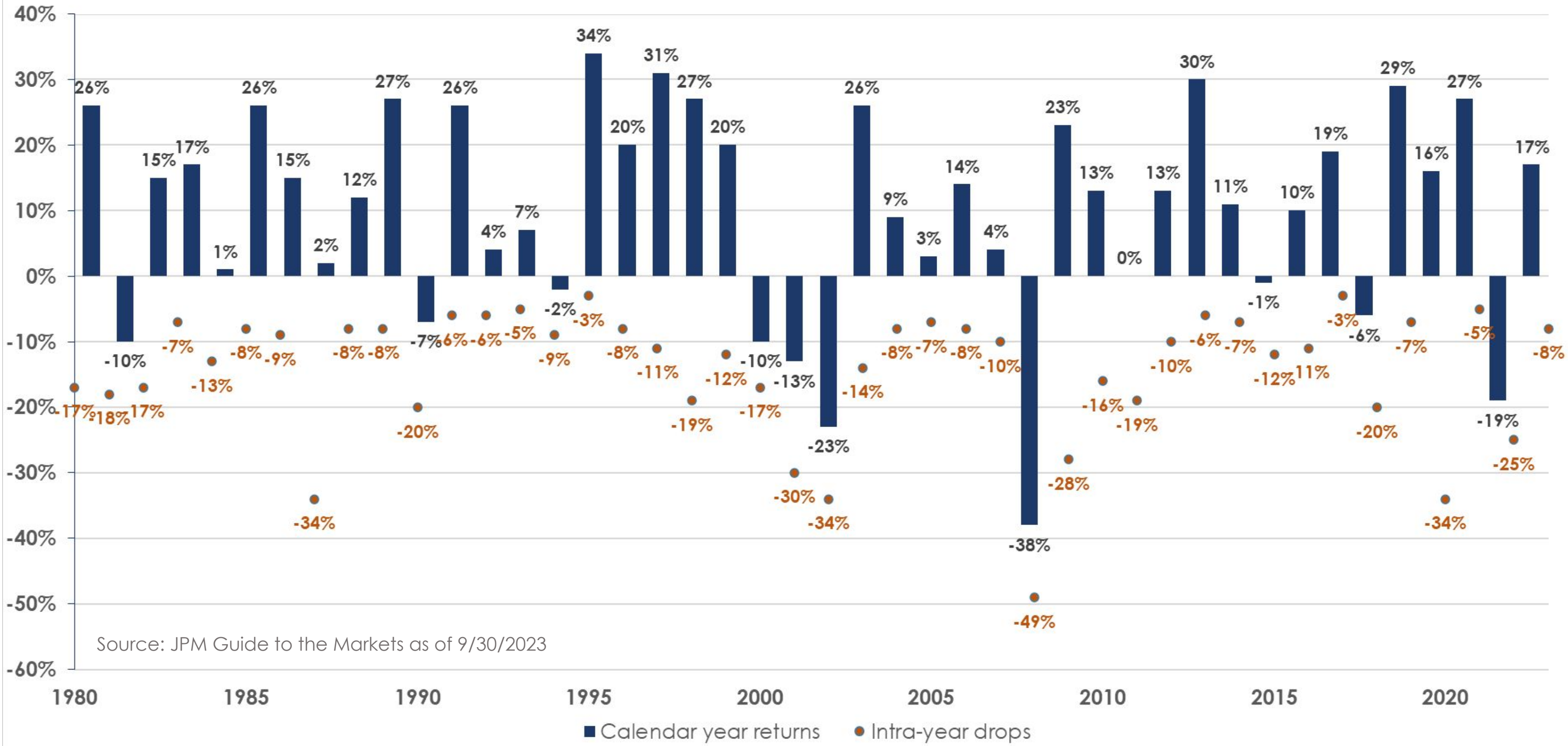
- Interest rates have risen more than expected recently, primarily due to government debt service, but are likely close to highs
- U.S. GDP growth is likely to slow in Q4 from the lag effect of rates and other impacts, but stay positive
- Inflation is expected to continue to fall over the next two years, but it is likely to remain sticky, with waves that will keep the Fed hawkish
- Higher rates for a longer period results in alternative investments that help diversify stocks and bond portfolios

S&P INTRA-YEAR DECLINES VS. CALENDAR YEAR RETURNS

Despite average intra-year drops of 14.3%, annual returns have been positive in 32 of 43 years.

Investment Outlook: We expect volatility to always be present, and a function of normal market behavior.

Markets



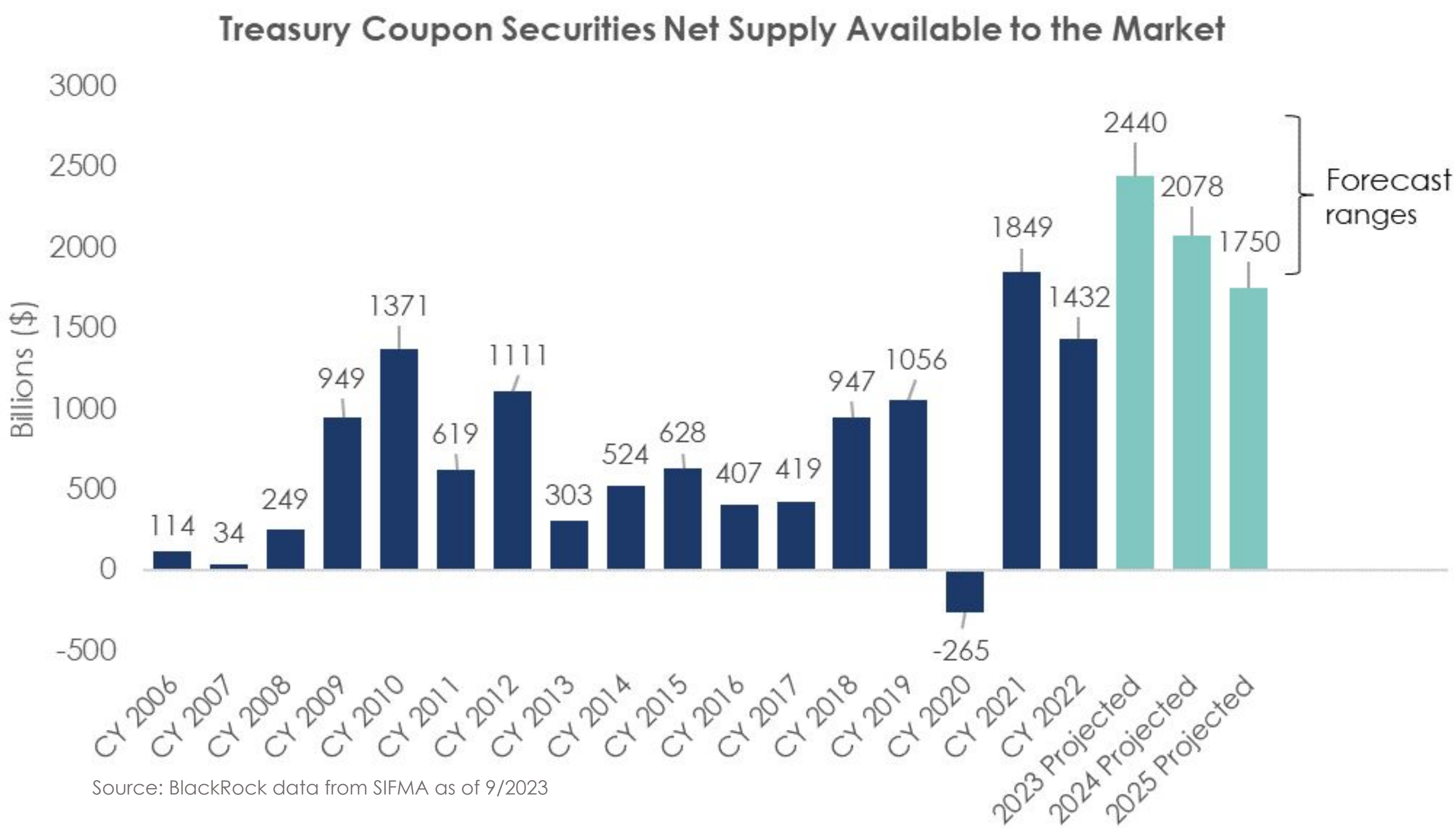
Source: JPM Guide to the Markets as of 9/30/2023

GOVERNMENT BOND ISSUANCE EXPECTED TO INCREASE

Government bond issuance is projected to increase as higher interest rates are resulting in the first increase in U.S. debt servicing costs in 35 years.

Investment Outlook: The deficit and debt service are longer-term factors now starting to impact market rates.

Markets

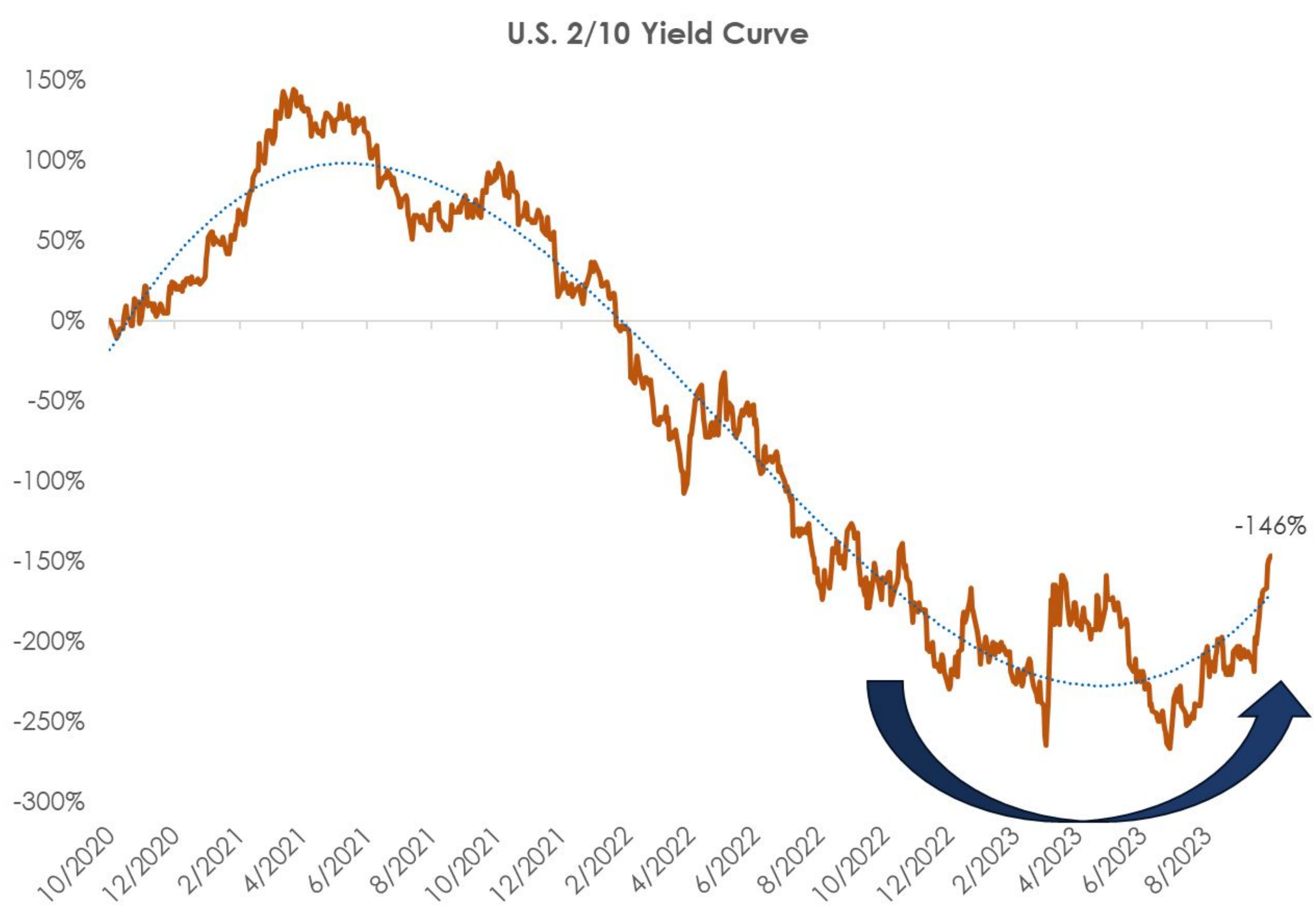


Source: BlackRock data from SIFMA as of 9/2023

IMPROVING YIELD CURVE INVERSION IS A SIGN OF ECONOMIC STRENGTH

The inverted yield curve bottomed in July and continue to normalize as the longer-term 10-year Treasury yield increases.

Investment Outlook: We expect further normalization of the overall yield curve, indicative of economic growth and a mild recession.



Source: ycharts as of 10/6/2023

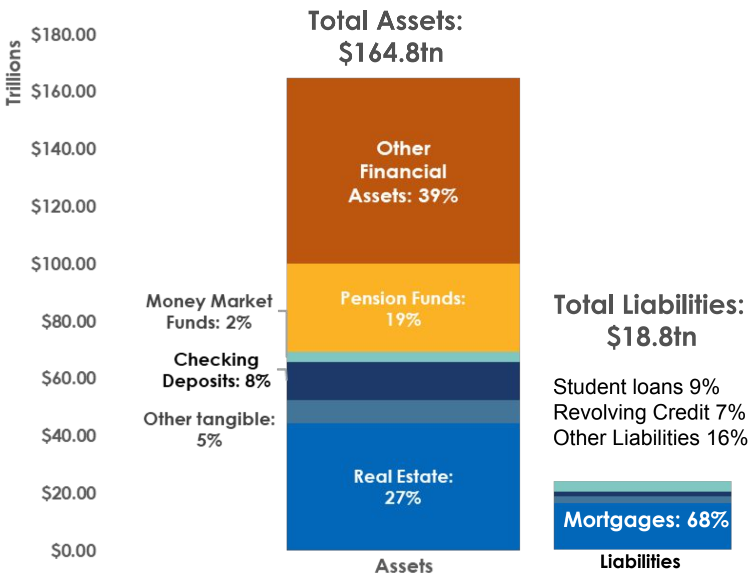
CONSUMER FINANCES REMAIN HEALTHY

Even as the economy is slowing, consumer balance sheets are in good shape.

Investment Outlook: While borrowing costs have elevated, they remain manageable.

Markets

Consumer Balance Sheet



Household Debt Service Ratio

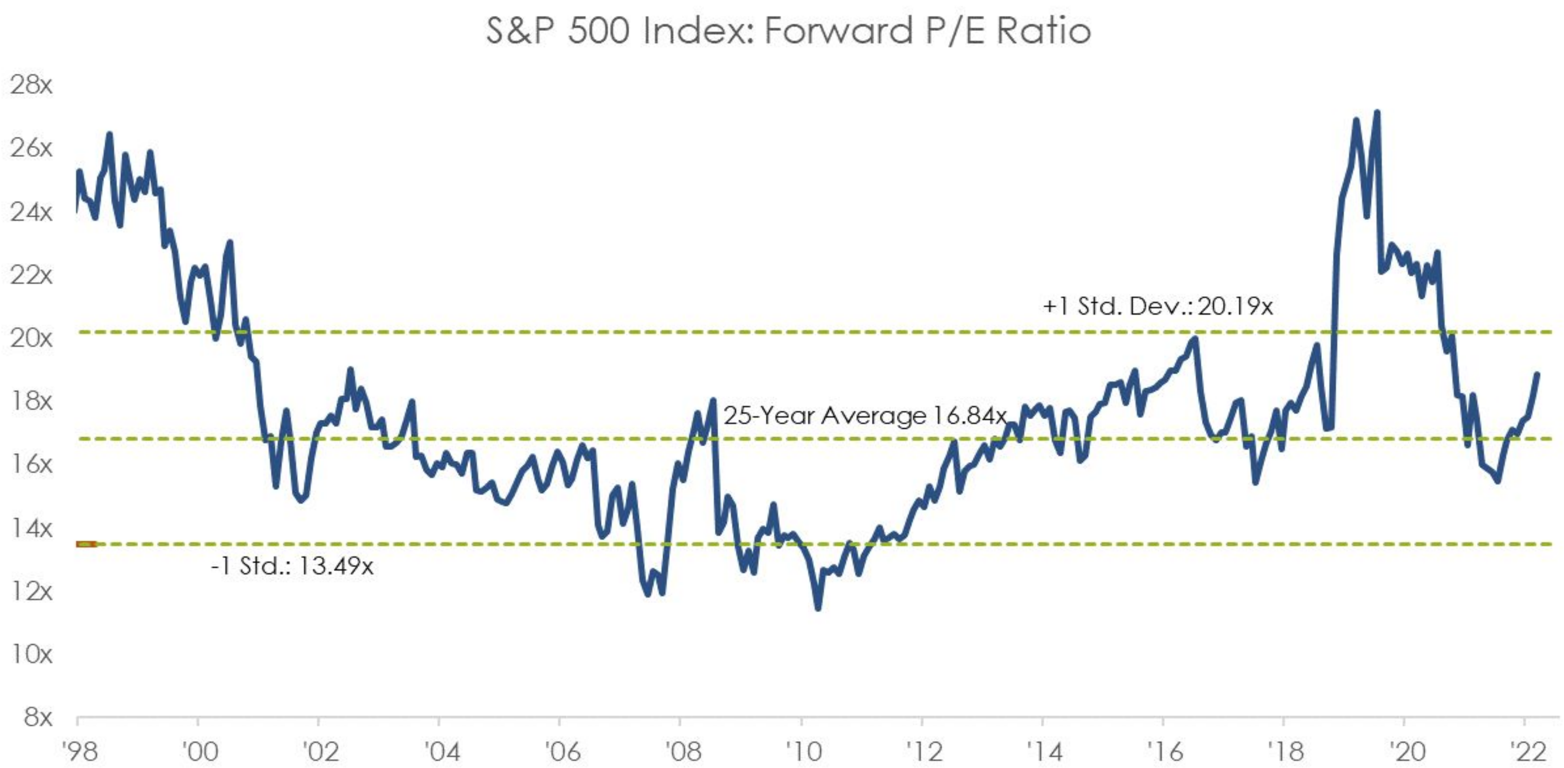
Source: JPM Guide to the Markets as of 9/30/2023

S&P 500 VALUATION MEASURES

Equities

Valuations matter, especially in a higher interest rate environment.

Investment Outlook: While the stock market is below its valuation highs from during the pandemic, domestic equities are relatively expensive.



Source: JPM Guide to the Markets as of 9/30/2023

VALUE VS. GROWTH

In the run up to the tech bubble, growth became expensive relative to value. During the financial crisis, value ended up looking expensive as the financial sector's profitability was hindered.

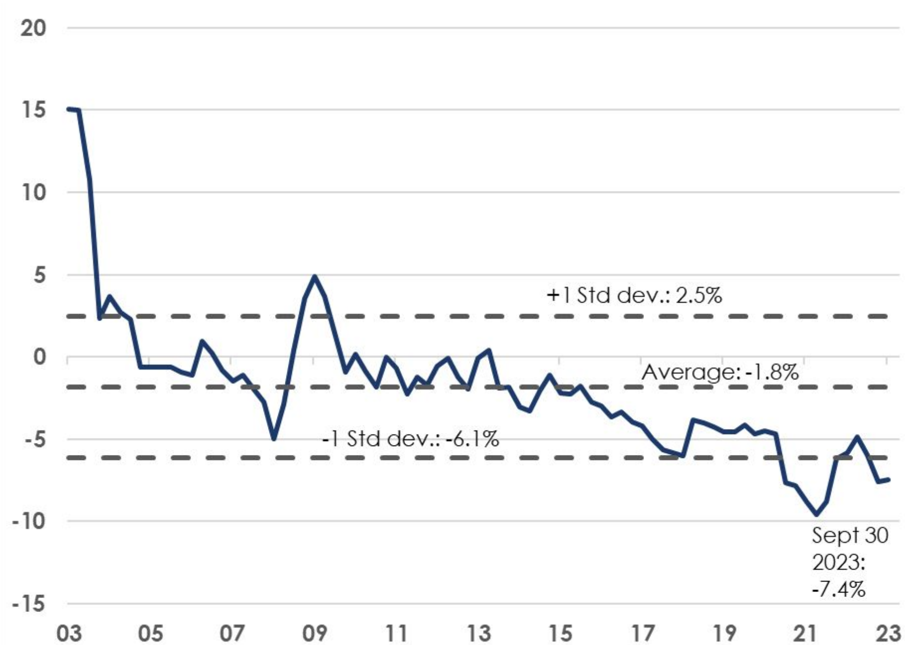
Investment Outlook: Growth remains expensive relative to value and is a basis for our value portfolio overweight.

INTERNATIONAL VALUATIONS AND DIVIDEND YIELDS

International stocks tend to be priced at a discount to U.S. stocks and the current discount is over double the average.

Investment Outlook: Current valuations and dividend yields are strong reasons to have exposure to international equity.

International: Price-to-Earnings Discount vs. U.S.
MSCI ACWI ex.US vs. S&P 500



Source: JPM Guide to the Markets as of 9/30/2023

International: Difference in Dividend Yields vs. US
MSCI ACWI ex. US vs. S&P 500

Source: JPM Guide to the Markets as of 9/30/2023

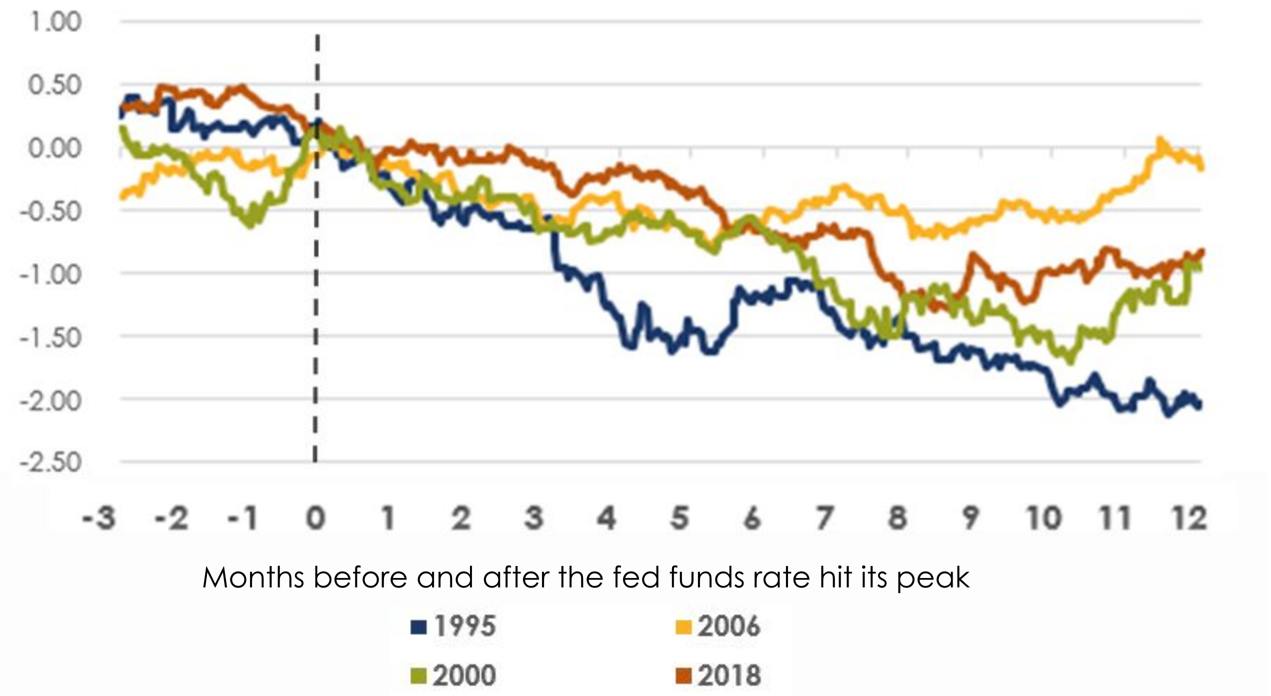
PEAK RATES ARE NEAR: STEP OUT OF CASH AND INTO LONG-TERM BONDS

The Fed funds rate has likely peaked, and rates on longer dated bonds tend to peak before Fed funds. In most situations, rates typically fall a few months in anticipation of the final rate hike and continue to decline over the next 12 months.

Investment Outlook: We recommend moving towards longer duration fixed income as rates are expected to decline over the next year.

Treasury Yields Typically Peak Before the Final Rate Hike of the Cycle

Change in 10-year Treasury yield, basis points

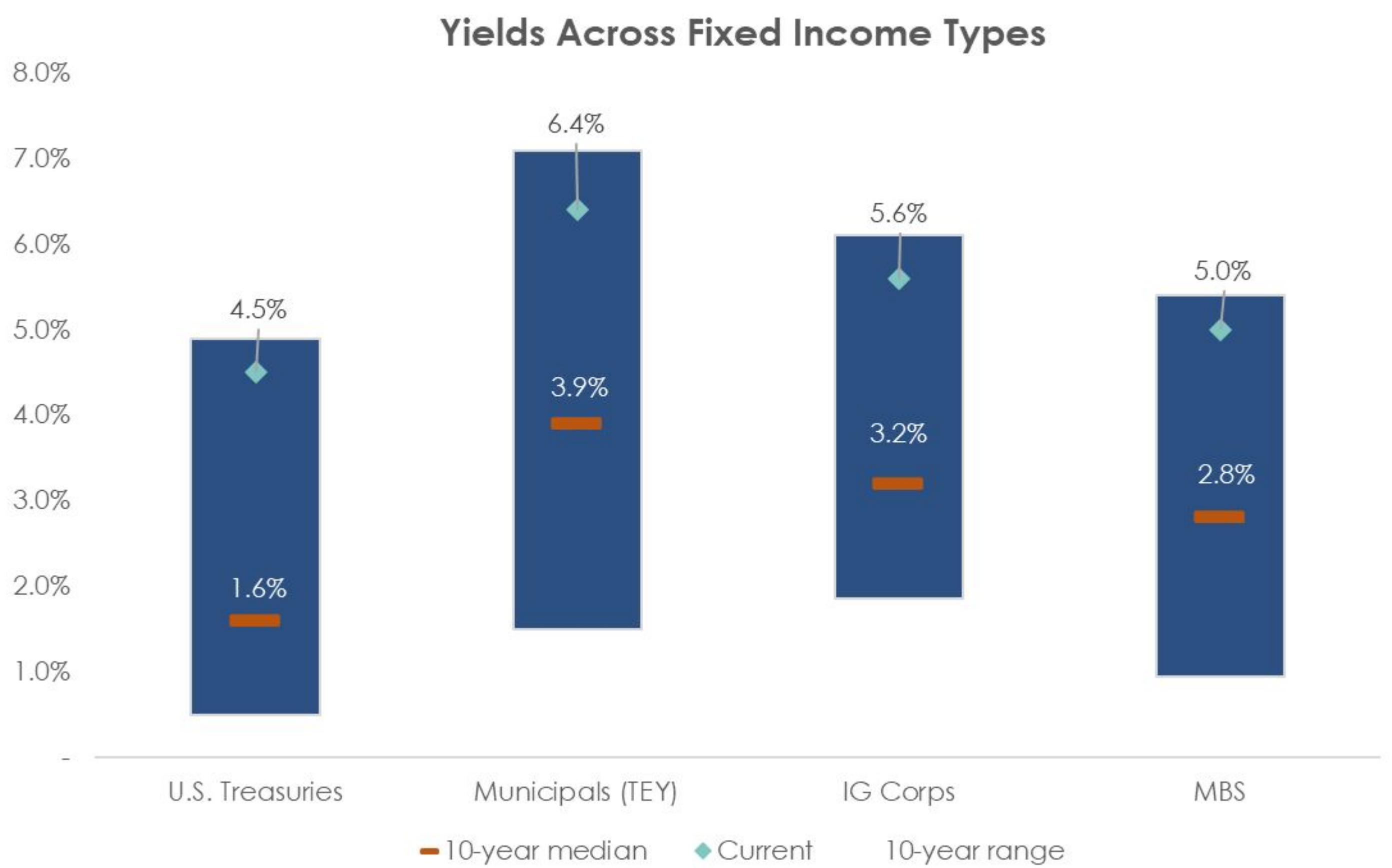


Source: Schwab Center for Financial Research as of 9/6/2023

FIXED INCOME VALUATIONS

Widening credit spreads have led to very attractive yields, some of the highest in the past decade. The fixed income market now offers meaningful income, yield protection and attractive valuations.

Investment Outlook: With recession risks elevated, we believe stepping back into duration is appropriate.



Source: JPM Guide to the Markets as of 9/30/223

Refer to appendix for disclosures and data sources

PUBLIC AND PRIVATE CREDIT COMPARISON

Credit markets have remained attractive in 2023, and private credit continues to rank well, thanks to attractive yields, favorable loan terms and better lender/borrower relationships.

Investment Outlook: Private Credit remains a favored asset class and should continue to perform well in a higher interest rate, slower growth environment.

Fixed Income

- Private Credit
- 1-3 Month T-Bill
- Treasuries
- Investment Grade Bonds
- Leveraged Loans
- High Yield

Annual Returns of Fixed Income Key Indices Ranked in Order of Performance (2016-2022)

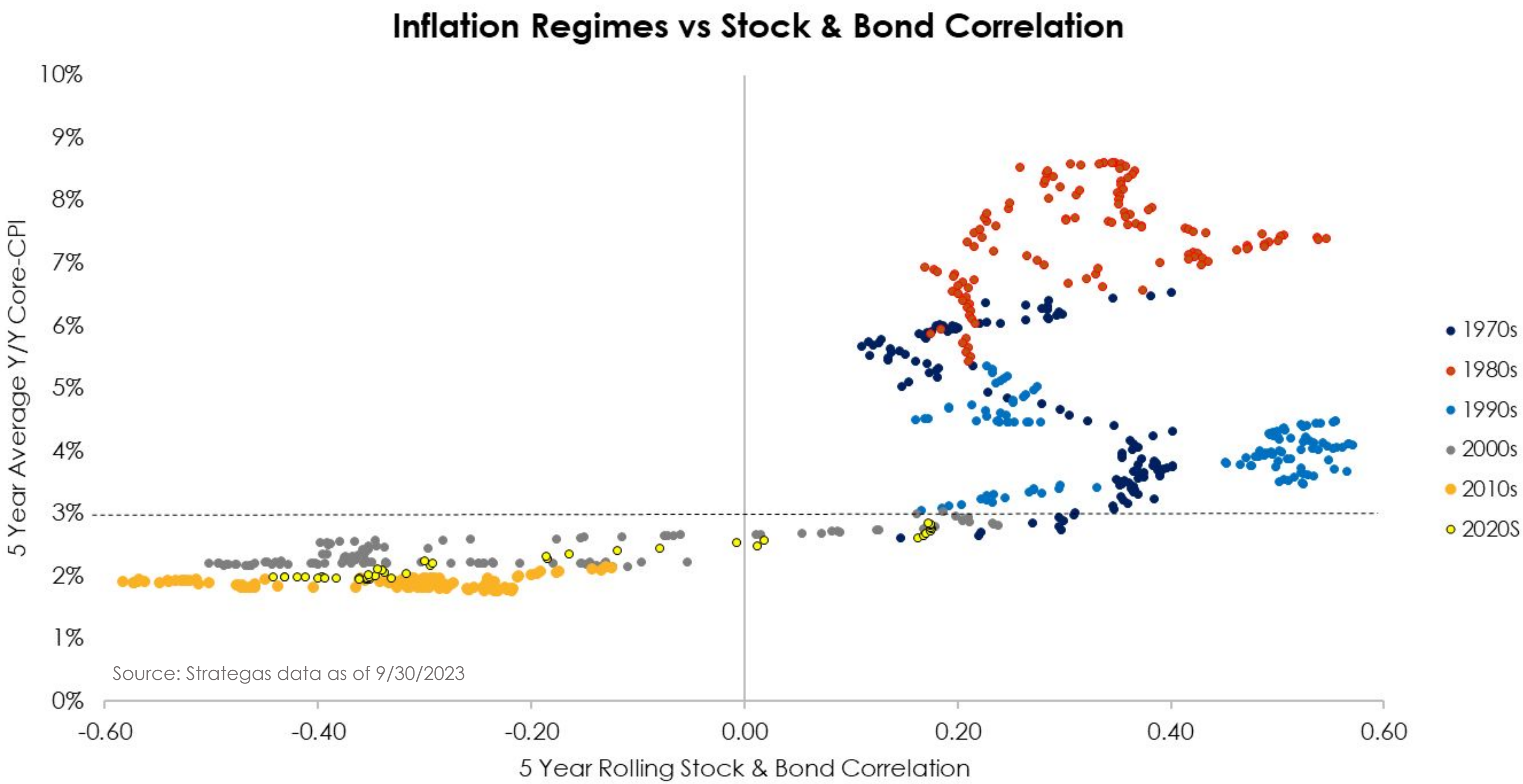
2016	2017	2018	2019	2020	2021	2022	Total Return
17.1%	8.6%	8.1%	14.3%	7.5%	12.8%	6.3%	8.8%
11.2%	7.5%	1.8%	9.0%	7.1%	5.3%	1.5%	5.0%
10.2%	4.1%	1.4%	8.7%	5.8%	5.2%	-0.8%	4.4%
2.6%	3.5%	0.4%	8.6%	5.5%	0.0%	-7.8%	1.0%
1.1%	1.1%	0.0%	5.2%	3.1%	-1.5%	-11.2%	0.9%
0.3%	0.8%	-2.1%	2.2%	0.5%	-1.7%	-13.0%	0.6%

Source: Blackstone Essentials of Private Credit 2016-2022

CORRELATION OF STOCKS AND BOND INCREASES WHEN INFLATION IS ELEVATED

During different inflation regimes, stocks and bonds tend to move in the same direction when inflation is over 3%.

Investment Outlook: While inflation is elevated, assets other than just stock and bonds are needed to maintain portfolio stability.



Alternatives

WIDE VARIETY OF PUBLIC AND PRIVATE ASSETS TO HELP MANAGE PORTFOLIO RISK

Including low correlated assets in investment portfolios reduces dependence on any one asset class and overall portfolio risk.

Investment Outlook: Higher Inflation means higher correlation between stocks and bonds and the need for other assets in a portfolio. Fortunately, access to high quality alternatives has never been better today.

Source: JPM Guide to Alternatives Q3 2023 as of 8/31/2023

	2008 - 1Q23	Global Bonds	Global Equities	U.S. Core RE	Europe Core RE	APAC Core RE	Global Core Infra	Transport	Timber	Direct Lending	Venture Capital	Private Equity	Equity Long/ Short	Relative Value	Macro	Bitcoin
Financial Assets	Global Bonds	1.0														
	Global Equities	0.4	1.0													
Global Real Estate	U.S. Core RE	-0.3	0.0	1.0												
	Europe Core RE	-0.2	0.1	0.7	1.0											
	APAC Core RE	-0.2	0.0	0.8	0.7	1.0										
Real Assets	Global Core Infra	-0.1	0.1	0.4	0.3	0.5	1.0									
	Transport	-0.2	0.0	0.4	0.0	0.3	-0.1	1.0								
	Timber	-0.2	-0.1	0.2	0.0	0.1	0.2	0.2	1.0							
Private Markets	Direct Lending	0.1	0.7	0.3	0.3	0.3	0.3	0.1	-0.1	1.0						
	Venture Capital	0.1	0.6	0.3	0.5	0.3	0.2	0.0	0.0	0.5	1.0					
	Private Equity	0.3	0.9	0.3	0.4	0.4	0.2	0.0	-0.1	0.8	0.8	1.0				
Hedge Funds	Equity Long/Short	0.3	0.9	-0.1	0.1	0.0	0.1	0.0	-0.1	0.7	0.7	0.9	1.0			
	Relative Value	0.2	0.9	-0.1	0.1	0.0	0.1	-0.1	-0.2	0.9	0.5	0.8	0.9	1.0		
	Macro	0.0	0.3	0.0	0.2	0.0	0.0	-0.2	0.0	0.1	0.2	0.2	0.3	0.3	1.0	
Crypto	Bitcoin	0.1	0.1	0.1	0.0	0.1	0.2	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.0	1.0

Refer to appendix for disclosures and data sources

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Disclosures:
Slide 3: Performance numbers from Bloomberg corresponding index as of 9/30/2023. High Yield – LF98TRUU, U.S. Small Cap – RTY, U.S. Mid Cap – RMC, U.S. Tax-Exempt – LMBITR, U.S. Taxable – LBUSTRUU, U.S. Large Cap – SPX, Global Equities – NDUEACWF, International Developed – NDDUEAFE, Emerging Markets - NDUEEGF
Slide 4: Chart sourced from JPM Guide to the Markets Q4 2023 - U.S. Data are as of September 30, 2023.
Slide 5: Chart sourced from BlackRock data from SIFMA, US Dept. of the Treasury, Bureau as of 09/2023
Slide 6: Data sourced from ycharts 10-2 Year Treasury Yield Spread (I:102YTYS) % Change as of 10/6/2023
Slide 7: Chart sourced from JPM Guide to the Markets Q4 2023 - U.S. Data are as of September 30, 2023.
Slide 8: Chart sourced from JPM Guide to the Markets Q4 2023 Data sourced from Bloomberg from 03/01/1999 to 08/31/2023
Slide 9: Chart sourced from JPM Guide to the Markets Q4 2023 data from ycharts (^RLGTR)/(^RLVTR) as of 10/6/2023
Slide 10: Chart sourced from JPM Guide to the Markets Q4 2023 - U.S. Data are as of September 30, 2023.
Slide 11: Chart sourced from Schwab Center for Financial Research as of 9/6/2023, Data from FRED Graph Observations 8-09-1993 – 10/10/2023
Slide 12: Chart and data sourced from JPM Guide to the Markets Q4 2023 - U.S. Data are as of September 30, 2023.
Slide 13: Chart sourced from Blackstone Essentials of Private Credit 2016-2022
Slide 14:Chart sourced from Strategas data as of 9/30/2023
Slide 15: Chart sourced from JPM Guide to Alternatives Q3 2023 - U.S. Data are as of 8/31/2023.