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# A MARKET OPTIMISM BALANCING ACT

Predicting the future has always been a tough thing to pull off, although it hasn't stopped armies of folks from giving it their best shot. The world of finance isn't immune to this, and every day we're presented with market outlooks and forecasts, most of which miss the mark. Not that anyone goes back to check, of course, because each new day brings a fresh wave of bold predictions and the hamster wheel continues to go round and round.

So why am I jumping into this shark-infested pool with a prediction? One of the benefits of having a long career is I'm old enough to remember things. History has a way of repeating itself, and while each boom-and-bust cycle has its own unique set of circumstances and characters, their stories tend to mirror each other.

The current market story is truly one for the history books. After an initial dip last year, the financial markets have not only been resilient—they've thrived. Domestic equities are trading at historic highs, the Federal Reserve is working overtime to keep the economy on the right track, borrowing costs couldn't be lower, and corporate executives are scrambling to take advantage of this accommodating environment to scale their businesses, make strategic acquisitions and strengthen their bottom lines. Combine that with massive pent-up demand from private equity investors - saying nothing about the rising popularity of SPACs - and the short-term outlook looks quite strong.

We expect 2021 to be a big M&A period. For companies, it is a great time to be thinking about M&A as a means of either consolidation, repositioning or creating growth. By capitalizing on a strong equity market, low interest rates and a reasonable regulatory environment, many businesses are in a position to succeed and we're seeing great opportunities for our clients. It's as busy a time as we've seen in recent memory and the markets are awash in liquidity. Many are predicting a surge of activity later this year as COVID fears continue to retreat into our rearview mirror and we share in this enthusiasm.

But all good things come to an end eventually, and while there's plenty of room left to run, things will settle down at some point. Traditional valuations are being replaced by excitement, many asset classes are trading at high levels, and the rise of SPACs have attracted new investors to what's

already a crowded field. And while the markets are always evolving and introducing new mechanisms for accessing capital and investing money, extended excitement usually evolves into mania at a certain point.

This is not to say we're bearish on the future. Unlike 2008 or the dot-com bubble, the markets today are in a much more stable environment and new technologies are enabling the growth of era-defining industries that didn't exist just a few years ago. Cycles are common, but we've been in a bull market for so long it's easy to forget that things weren't always this way. And just as with stories, market

cycles have a beginning, a middle and an end.

There are a few chapters left to this cycle and the near-term outlook is strong. We see tremendous opportunities for our clients and we're growing our team and expanding our platform at a fast pace to seize opportunities ourselves. But we're keeping as much of an eye on the long-term environment as we are the short-term, and 2021

is shaping up to be an eventful year.

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