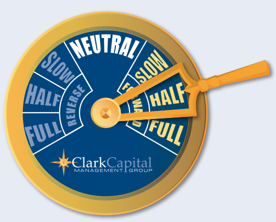
ClarkCapital MANAGEMENT GROUP

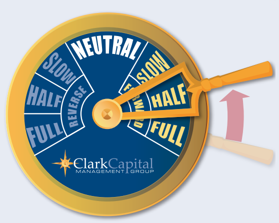
Market Moves

Charting Our Strategies

Economic Gauges

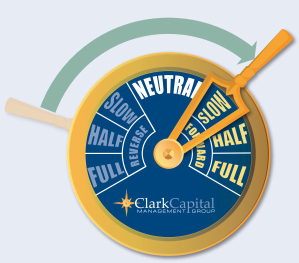


Economy

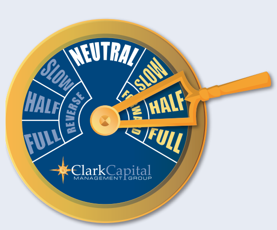


Monetary Policy

Valuations



Investor Sentiment



Interest Rates

October was a strong month for the markets following a brief correction in September, with most major indices posting new all-time highs. High yield credit declined marginally while the Bloomberg Barclays 7-10 Year Treasury index lost 0.44% as rates moved higher.

Our credit-based risk management models remained firmly entrenched in risk-on, and as such, our tactical portfolios participated in the advance. We believe the market right now has a tailwind of being in the strongest season period of the year.

Below are strategy updates from October:

Global Risk Management Strategies

- Our models have favored equities since late July 2020 – a period of 15 months now. The models stalled throughout the summer but made highs in September and October and remain near those highs.
- Though rising rates drove equity investor sentiment to its lowest levels since April 2020, the rock-solid readings from our credit models give us reassurance that a risk-on stance is likely to be rewarded.
- While we are concerned about markets beginning to enter the later stages of the cycle, our credit-based models will guide any defensive moves to come – such a move appears likelier in 2022 than this year. We do not see any reasons to consider playing defense on the foreseeable horizon.

Guardian Bond

- Amidst rising interest rates, high yield has historically performed well, and this time is proving no different. After stalling during the summer, our models comparing high yield to Treasuries made new highs in September and October, and remain stable.
- While high yield by itself is not producing absolute gains during the last few months, its relative performance is strong and our position in high yield credit remains stable.
- The only selling weakness that we see in credit markets is related to rising interest rates—not credit fundamentals, which continue to be bullish.

Style Preferred (MultiStrategy Equity)

- In early September, large-cap growth's relative strength peaked; however, after a few weeks in the doldrums, it is resuming its climb back towards its relative highs.
- Small-caps have come off their relative strength lows, but we cannot say that its relative strength has entered an established uptrend.
- The portfolio has reduced large-cap growth and added to large-cap value and also established a position in the S&P 500 Index.
- We are neutral regarding style boxes but favor large-caps. Very few style boxes have been able to outperform the index; we are watching closely for a new relative trend to break out and become pursuable.

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Senior Portfolio Manager

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The S&P 500 measures the performance of the 500 leading companies in leading industries of the U.S. economy, capturing 75% of U.S. equities.

The 10 Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of 10 year. The 10 year treasury yield is included on the longer end of the yield curve. Many analysts will use the 10 year yield as the "risk free" rate when valuing the markets or an individual security.

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.