Clark Capital MANAGEMENT GROUP

Navigator® High Dividend Equity

Maira F. Thompson, Senior Portfolio Manager

Second Quarter — Portfolio Commentary

DEMAND FOR DIVIDENDS

Maira F. Thompson
Senior Portfolio Manager

Maira is responsible for management of High Dividend Equity and Diversified Equity portfolios in the Premier Portfolios group and is a member of the Clark Capital Investment Committee. Her more than thirty years of investment experience included the position of Vice President and head of the Philadelphia Investment Group for Meridian Asset Management. After Delaware Trust became part of Meridian, Maira managed their Trust Investment Group in Wilmington, Delaware. In the 1980s Maira managed assets for high net worth clients and co-managed a small cap fund for Fidelity Bank in Philadelphia. She began her career as a trader with Prudential Bache Securities and a licensed broker for Legg Mason Wood Walker. Maira is a graduate of Ohio Wesleyan University and undertook additional studies in economics at the London School of Economics. She joined Clark Capital in 1997.

Executive Summary

Bargain Hunters Eye the Dow: Current valuations in the Dow are lower than the S&P 500 and have a higher dividend yield, possibly signaling attractive returns on the horizon.

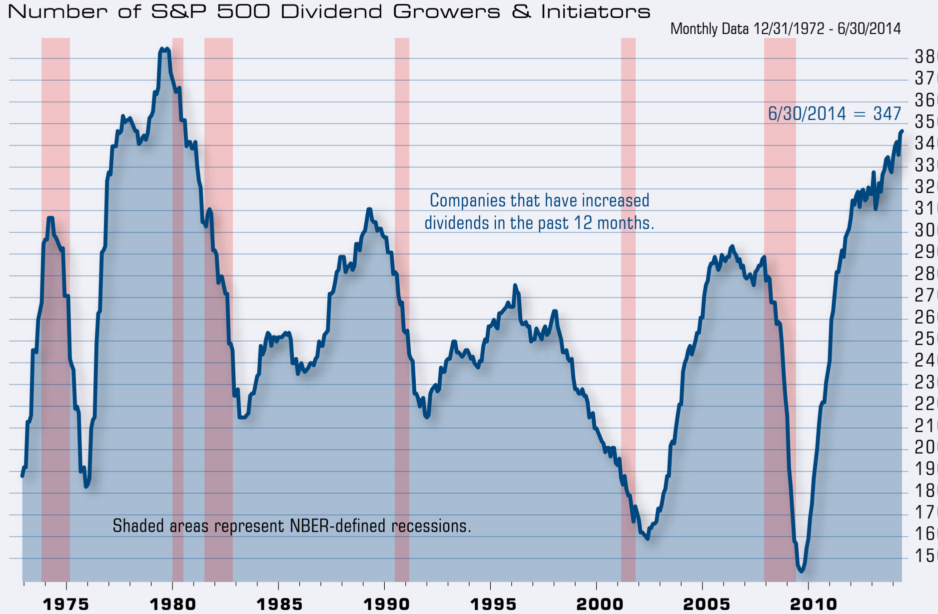
Second Quarter Leaders: Energy and Technology

Second Quarter Laggards: Financials, Telecommunications, and Discretionary

Taking a Long-Term Approach: Rising rates may hinder dividend strategies in the short term, but longer term investing in quality dividend stocks with strong earnings has outperformed since the late 1930s.

During the second quarter, demand for dividend stocks continued as long-term Treasury bonds rose a surprising 4.7%. Since the financial crisis, the persistent low interest rate environment has fueled the dividend equity strategy as one of the few income plays. Currently valuations in the large cap Dow Jones Industrial Index are trading at 15.8X earnings versus the S&P 500 Index at 18.1X. This lower valuation combined with a higher current dividend yield of 2.16% versus the S&P 500 yield of 1.90% may provide attractive 2014 returns for bargain hunters. With the 10-year Treasury yield at 2.53%, we feel dividend investing may be an attractive conservative strategy, possibly providing income and growth which is often accompanied by a lower beta. Shorter term, a rising interest rate environment may hinder the dividend strategy but history has shown longer term investing in quality dividend stocks with strong earnings has outperformed since the late 1930s.

Number of S&P 500 Dividend Growers & Initiators



Source: Ned Davis Research

Past performance is not indicative of future results.

This is not a recommendation to buy or sell a particular security. Please see attached disclosures.

The number of companies paying a dividend in the S&P 500 Index (425 companies) rose to a new high of 85%, which is the highest since 1995. Of the companies that paid a dividend, 80% also increased their 12 month dividend per share (DPS) payout year over year (see chart).

Sectors

For six consecutive quarters ending June 2014, Information Technology (IT) stocks led the S&P 500 sectors year over year in DPS growth of 24.2%. The portfolio is overweight Technology as increased earnings and dividends are expected into 2015. For the quarter, the Technology sector was the third highest performer increasing 6.05%. Late cycle bull market performers such as Energy up 11.45% and Utilities which rose 6.79% could be a potentially bearish sign indicating the end stages of the bull market. After several years of underperformance, Energy is one of the most undervalued sectors but 2014 earnings are expected to rise 10% which may result in continued outperformance.

During the quarter, the portfolio was overweight Energy and Technology by increasing positions in British Petroleum (BP), Williams Group (WMB) and Hewlett Packard (HPQ). The poorest performing sectors for the quarter were Financials (+ 1.84%), Telecommunications (+2.50%) and Discretionary (+3.13%). The portfolio was underweighted Discretionary and Financials due to the sale of Las Vegas Sands (LVS) and U.S. Bancorp (USB) and continued to hold one position in Telecommunications which is Verizon (VZ). Three middle-of-the-road performing sectors were Healthcare (+4.06%), Consumer Staples (+3.94%) and Industrials (+3.31%). The portfolio is slightly underweight these sectors although we are still positive on Industrials and Healthcare. The largest individual stock positions are Apple (AAPL), ConocoPhillips (COP), and LyondellBasell (LYB) while the smallest portfolio positions include PPG (PPG), Time Warner (TWC) and Ventas (VTR).

Sources: Bloomberg, Factset, Ned Davis

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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 Dow Jones Industrial Average is a stock market index that shows how 30 large publicly owned companies based in the U.S. have traded during a standard trading session in the stock market.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performers of developed markets outside the U.S. and Canada.

The MSCI Emerging Markets Index is a freefloat-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Barclays Capital U.S. Government/Credit Bond Index measures the performance of U.S. dollar denominated U.S. Treasuries, government-related & investment grade U.S. Corporate securities that have a remaining maturity of the greater than one year.

Index returns include the reinvestment of income and dividends. The returns for these unmanaged indexes do not include any transaction costs, management fees or other costs. It is not possible to make an investment directly in any index.

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The volatility (beta) of a client's portfolio may be greater or less than its respective benchmark. It is not possible to invest in these indices.

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