



Tony Soslow, CFA®
Senior Portfolio Manager

Tony serves as a portfolio manager in the Premier Portfolios group and is a member of the Clark Capital Investment Committee. He has over 25 years of portfolio management experience utilizing both a quantitative and fundamental process. From 1997 to 2013 Tony was the President and Chief Investment Officer of Global Capital Management which he founded. He was cited as a Top Guns Manager in 2006 and 2007 and was named Manager of the Decade in 2011 by PSN. From 1986 through 1997, Tony was Director of Portfolio Management at RTE Asset Management where he was responsible for portfolio management across all asset classes. Tony is a graduate of the Wharton School of the University of Pennsylvania and holds the CFA designation.

YOU COULDN'T PAY ME!

When European interest rates descended towards zero in 2014 and lenders hawked their wares, Dire Straits' "Money For Nothing" repeatedly ran through my head. Now as rates have perversely dived below ground level, European borrowers have replied like a character in Kipling's Captains Courageous with "You Couldn't Pay Me!" as they anticipate that deflation will make their investments worth less later than they are now. Frankly, my head is a little woozy as I attempt to understand negative rates and their impact on future cash flow expectations. Does this mean that at some point we will lend \$110 to receive \$100 in the future? Maybe this is the time when gold is good? Bitcoins? In the equity world, less is bad, and I often describe how you can't value a melting ice cube because its utility declines as time passes. Maybe Al Gore was right. Global warming has taken over.

Executive Summary

Further Fed Delays: Slower economic growth has conspired with lower inflation both abroad and at home to push the Fed to delay their highly anticipated rise in short-term interest rates.

Equities Have Risen to a High Water Mark: Europe and small caps have led the charge in equities as many large cap and dividend payers have suffered due to the dollar's strong advance and the collapse in energy prices.

The Labor Market Strengthens: The four-week rolling average of first-time unemployment claims has reached the lowest level since 2000.

Lower for Longer

Or The End of Patience? I couldn't decide. In either case, slower economic growth has conspired with lower inflation both abroad and at home to push the Fed to delay their highly anticipated rise in short-term interest rates. According to RenMac, as of mid-April, 65% of Fed watchers anticipate a rise in September, while just 18% believe it will start in June. Personally, I think shrinking the balance sheet by letting their bonds mature is a better compromise and a natural transition from tapering. Equities – which seem to revel in every permutation in Fed policy or economic growth – have risen to a high water mark. Europe and small caps have led the charge as many large cap and dividend payers have suffered due to the dollar's strong advance and the collapse in energy prices. In contrast to rising stock prices, earnings for the S&P 500 are now expected to decline for 2015. Despite the obvious rise in P/E, bulls remain right in their case for Tina ("There is no alternative") as the U.S. 10-year Treasury yield at 1.93% represents little competition.

We Need Less Cowbell

I have felt this way for a while. Fed policy, while imperfect, has successfully navigated the credit crunch of 2008 to 2009, the slow subsequent economic advance and has had little bubble effect six years into the bull market. My fear is that continued easing will lessen the Fed's ability and flexibility when they really need monetary ammo. Additionally, as debt represents future growth borrowed, I think a smaller Fed balance sheet – meaning less debt – really means

Past performance is not indicative of future results.

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

First Quarter — Portfolio Commentary

greater growth later. Doves claim that full recovery labor gains have been weak and there has potentially been a permanent loss in a portion of the labor force. While true, signs of a labor tipping point are emerging. Both Walmart and McDonalds have recently lifted wages to workers and the unemployment rate has held at 5.5% in March, the lowest level since May 2008. Moreover, the four-week rolling average of first-time unemployment claims has reached the lowest level since 2000. Now below 300,000 for five consecutive weeks, the labor market is truly strengthening.

International/ADR Equities Soar

The Navigator ADR/International Equity strategy gained 7.30% gross (+6.51% net) for the first quarter ending March 31, 2015, outpacing both the EAFE (+4.88%) and the broader MSCI All Country World ex U.S. Index (+3.49%). For the past two years, this strategy has gained +15.66% annualized gross (+12.28% net) or 10% per year ahead of the broad market benchmark. Our overweighting in both Healthcare and Technology sectors materially helped the portfolio

during the quarter while our Utilities and Industrials sector exposure reduced performance. Irish medical services company ICON gained 38%, Russian telecom giant Mobile Telesys rebounded over 40% and Argentinean Grupo Financiero rallied 45%, Telefon Brasil, Chinese utility Huaneng Power and Michael Kors all lost between 11 to 14%. We remain significantly overweight Ireland, China and Canada and underweight European countries and Australia versus the benchmark. While I have the utmost confidence in this strategy to provide excess returns over a market cycle by investing in high quality, undervalued foreign businesses with improving business prospects, I do not anticipate duplicating the magnitude of our relative two year performance. Although our investment process naturally reduces its allocation to deteriorating sectors and industries, we will almost always have some positions in large economic sectors and thus, at a minimum, suffer some decline when those groups experience large losses. The value characteristics of the ADR strategy remain more compelling than both its U.S. and international benchmarks as the current P/E of 15.3 is far less than that of the S&P 500 (18.3) and EAFE (17.3) with similar quality and business growth characteristics.

First Quarter — Portfolio Commentary

The opinions expressed are those of Clark Capital Management Group Investment Team. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. There is no guarantee of the future performance of any Clark Capital investments portfolio. Material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment strategy or strategies. For educational use only. This information is not intended to serve as investment advice. This material is not intended to be relied upon as a forecast or research. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Past performance does not guarantee future results.

Returns are presented gross of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. For example, a 0.50% annual fee deducted quarterly (.125%) from an account with a ten year annualized growth rate of 5% will produce a net result of 4.4%. Actual performance results will vary from this example. The Firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Net returns are shown net of 3%, the highest fee that could potentially be charged including investment advisory fees, trading, custody, investment advisory fees and any other expenses that may be incurred in the management of the account. Actual performance results will vary from this example. The Firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

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 S&P SmallCap 600 measures the small cap segment of the U.S. equity market. The index is designed to be an investable portfolio of companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The Russell 2000 Index measures the performance of the 2000 smallest U.S. companies based on total market capitalization in the Russell 3000, which represents approximately 11% of Russell 3000 total market capitalization.

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 free float 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.

The CBOE Volatility Index (VIX) is a forward looking index of market risk which shows expectation of volatility over the coming 30 days.

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.

Barclays 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 greater than one year.

The Barclays U.S. Aggregate Bond Index covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities. To qualify for inclusion, a bond or security must have at least one year to final maturity and be rated investment grade Baa3 or better, dollar denominated, non-convertible, fixed rate and publicly issued.

The B of A Merrill Lynch U.S. High Yield Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Barclays 7-10 Year Treasury Index tracks the investment results of an index comprised of the U.S. Treasury bonds with remaining maturities between seven and ten years.

The Barclays 20+ Year Treasury Index tracks the investment results of an index comprised of the U.S. Treasury bonds with remaining maturities greater than twenty years.

The Barclays Long-Term Year Treasury Index tracks the performance of the long-term U.S. government bond market.

The Barclays U.S. Corporate High-Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

The Barclays U.S. Treasury Bond Index is an issuances-weighted index measuring the performance of the U.S. Treasury bond market, one of the largest and most liquid government bond markets in the world.

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.

Clark Capital Management Group, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Clark Capital's advisory services and fees can be found in its Form ADV which is available upon request.