ClarkCapital MANAGEMENT GROUP

Navigator® Small Cap Core U.S. Equity

Tony Soslow, CFA®, Senior Portfolio Manager

Second Quarter 2016 — Portfolio Commentary

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.

PERSPECTIVE

A Deep Breath

On Thursday, June 24th, 51.8% of British voters surprisingly choose to leave the European Union setting off a wave of global equity selling as investors fled to the safe haven of high quality fixed income securities. As investors considered the future of both the UK/Europe relationship and the potential stability of the euro itself, uncertainty drove measures of equity investor sentiment to "overly bearish" levels. The AAII index of bullish sentiment fell to 22.0% compared to 35.2% for bearish sentiment. Broader measures of sentiment such as the NDR Daily Sentiment index reached similar relative levels. Historically, extreme sentiment swings have been associated with timely buying opportunities as they often represent investor's overly reflexive response to economic uncertainty. Although the impact on UK trade, finance and Eurosceptic country loyalty is not fully known, my response is "let's take a deep breath." Essentially, the British have determined that the estimated benefits of EU independence exceeds the estimated costs. Capitalism and democracy demonstrated in full force. After 240 years since America choose independence from them, Great Britain has determined that they should now negotiate a better economic future away from the bureaucratic slow-growth EU and more carefully control immigration.

Brexit's Opportunity

While Brexit has an undetermined, yet direct impact on Great Britain, Europe and most importantly Germany – the EU's biggest beneficiary, the simultaneous decline in both U.S. stock prices and interest rates has accentuated the U.S. high dividend equity investing opportunity. Relative values are now extreme as the S&P 500 dividend yield of 2.21% is nearly 50% higher than the ten-year U.S. Treasury yield and the Barron's Stock-Bond Yield Gap has reached minus -0.65% or near the lowest level in our lifetime. While I recognize that the S&P 500 trading range over the last 13 months since the its record high on May 21 can be justified based on negative revenue and earnings over the past five quarters, I anticipate that revenues and earnings will regain their historic positive growth trajectory in the second half of 2016 and in 2017. Oil prices which provided a severely depressing contribution to S&P 500 composite earnings and revenues recently are now up significantly this year such that this sector is expected to begin to provide a more neutral contribution. Dollar strength has also modestly depressed growth. Taken together, we believe compelling relative value to interest rates and inflation and a resurgence in moderate earnings growth should support equity prices in the intermediate term.

The New Mediocre

My equity market bullishness aside, I have a more sanguine view of near-term economic growth. Recent U.S. economic indicators have been non-homogeneous. Through May, the three-month average of real personal consumption expenditures is up 2.9%, the best such growth rate since last September, which contrasts with durable goods which on a year-over-year basis are barely rising, up just 0.8% as core business equipment orders have declined for

Past performance is not indicative of future results.

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

18 straight months. Other economic reports show first quarter real GDP revised up to 1.1% from the previous 0.8% estimate, industrial production falling 0.4% in May and declining 1.1% on a year-over-year basis with capacity utilization falling 0.4% to 74.9% or the second lowest level since October 2010. Taken together, the Atlanta Fed's GDPNow model is currently tracking 2.6% annual growth. Although this forecast exceeds the lackluster first quarter report, I can't help but classify future economic growth as "the new mediocre" – low enough to keep the Fed from tightening but not high enough to cause inflation.

Technology/Industrials Weigh on Small Cap

For the three years ending June 30, 2016, the Navigator Small Cap strategy delivered annualized gains of 10.22% gross (6.98% net) – ahead of the Russell 2000 Index's 7.09% gain. For the second quarter 2016, the strategy declined -0.50% gross (-1.25% net) vs. a 3.79% increase for the Russell 2000 Index. Consumer Staples performance and an underweight position in Financials helped the relative performance while Industrials and Information Technology sectors acted as a drag. Our holdings in Orchids Paper Products and Primerica helped performance in the quarter as positions in CACI International and Korn Ferry International hurt the performance. The value characteristics of the Small Cap strategy remain compelling. Its current P/E of 14.6 is far less than that of the S&P Small Cap (21.6) and Russell 2000 with superior quality and similar business growth characteristics.

Navigator®

Small Cap Core U.S. Equity

Tony Soslow, CFA®, Senior Portfolio Manager

Second Quarter 2016 — Portfolio Commentary

The opinions expressed are those of the 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 investment 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.

There is no assurance that any securities, sectors or industries discussed herein will be included in or excluded from an account's portfolio. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendation or decisions we make in the future will be profitable or equal to the investment performance of the securities discussed herein. All recommendations from the last 12 months are available upon request.

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 and 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 U.S. dollar-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.

CCM-670