ClarkCapital MANAGEMENT GROUP

Navigator® High Dividend Equity

Maira F. Thompson, Senior Portfolio Manager

Fourth Quarter 2016 — Portfolio Commentary

Maira F. Thompson
Senior Portfolio Manager

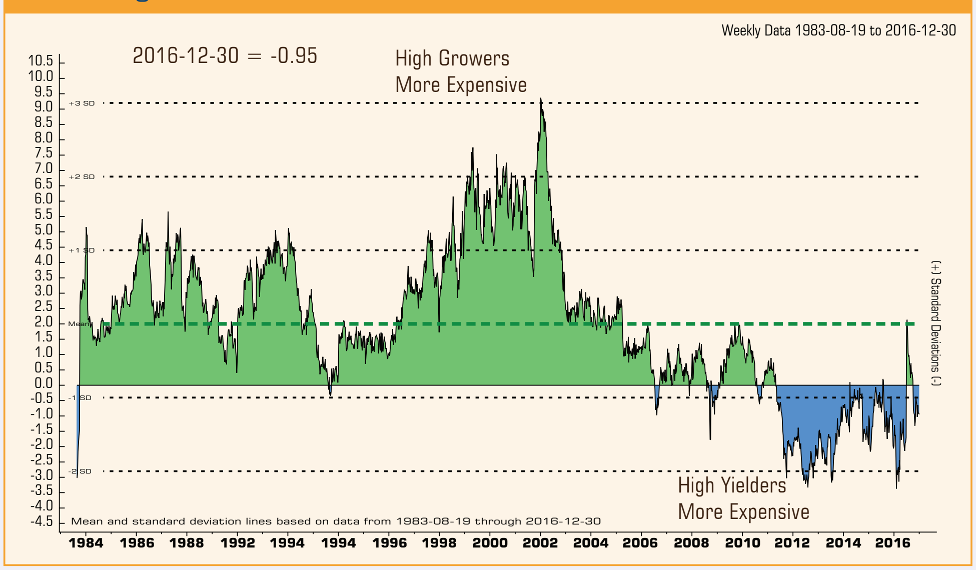
Maira is responsible for management of High Dividend Equity and customized portfolios in the Premier Portfolios group and is a member of the Clark Capital Investment Committee. Her more than thirty years of investment experience included the position of Vice President and head of the Philadelphia Investment 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.

NOTHING STAYS THE SAME BUT CHANGE

The market began the year 2016 front-end loaded with recession fears, declining earnings estimates, a 7.0% drop in the Chinese stock market and the introduction of negative interest rates by the Bank of Japan to name a few concerns. In the month of January, the S&P 500 Index declined 5.1% followed by the Dow Jones Industrial Index decline of 5.5% which was the worst start on record. Two major political surprises created buying opportunities: the British vote to leave the European Union (Brexit) and the Trump U.S. presidential victory both leading to strong market rallies. By the fourth quarter, the U.S. election, stronger U.S. corporate earnings estimates along with clarity from the Federal Reserve prompted the S&P 500 Index to rise 4.6%, locking in a gain of almost 12.0% while the Dow approached the historic 20,000 landmark, up 16.5% for the year.

With the onset of higher rates, we maintain our focus on dividend growth stocks as the market rotates into mid/late cycle interest rate sensitive sectors. The chart below "S&P 500 Median Forward P/E of High Dividend Growers Minus Dividend Yielders" illustrates high yield stocks currently trading at expensive levels versus dividend growers which historically have been more expensive since the 1980s. The accommodative Fed policy produced historically low rates over the last five years which prolonged the sweetheart rally in the RUST sectors (REITs, Utilities, Staples and Telecom). This focus changed in 2016 but not before a massive outperformance of Utilities and Tele-

S&P 500 Median Forward P/Es of High Dividend Growers minus High Dividend Yielders



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.

One Liberty Place | 1650 Market Street | 53rd Floor | Philadelphia, PA 19103 | 800.766.2264 | **www.ccmg.com**

com in the first half of the year ending in July when the 10-year Treasury yield bottomed at 1.37%. By the fourth quarter, undervalued stocks in beaten down sectors such as Financials rose 21.1% followed by a rise in Energy of 7.28% and Industrials 7.21%. The worst performing sectors for the quarter were some of the biggest winners (and overvalued) during the last five years. They were: Healthcare down 4.0%, REITs lower by 3.1% and Staples declining 2.02%.

In 2016, the number of companies in the S&P 500 Index with a dividend yield greater than the 10-year Treasury dropped to 33.6% from 63.5%. As the Fed continues to increase rates, this number will likely decline closer to the historic mean of an estimated 11.0%. This change could propel investors toward dividend stocks demonstrating strong earnings and revenue and dividend growth to achieve the compounding effect of dividend investing. The chart below "Returns of the S&P 500 Stocks by Dividend Policy" itemizes by dividend category fourth quarter total returns. The highest returns were still found in Dividend Growers which were up 4.3% versus Dividend Cutters & Eliminators returning only 0.9%, Non-

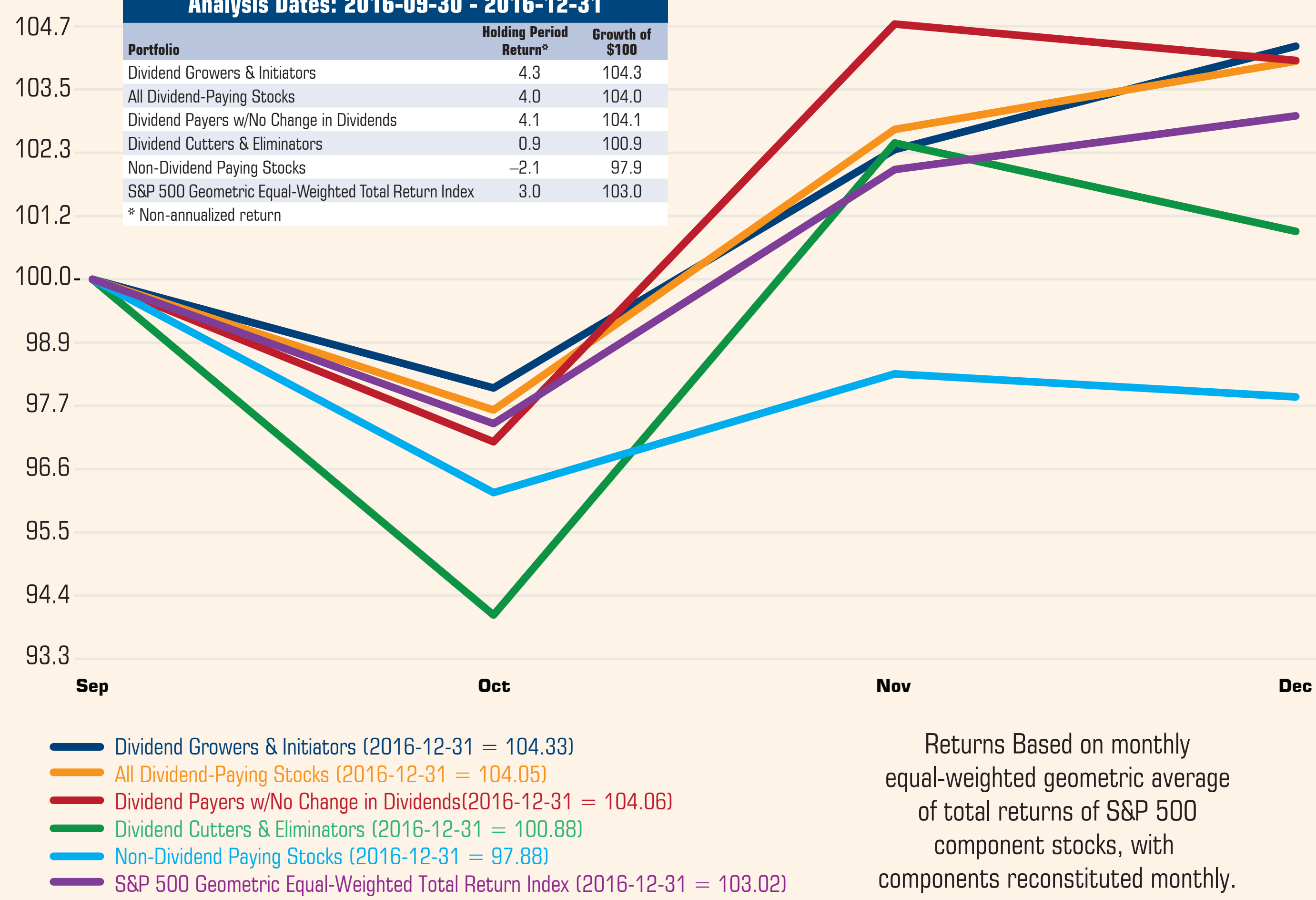
Returns of S&P 500 Stocks by Dividend Policy

Monthly Data 2016-09-30 to 2016-12-31

Portfolio Performance Statistics
Analysis Dates: 2016-09-30 - 2016-12-31

Portfolio	Holding Period Return*	Growth of $100
Dividend Growers & Initiators	4.3	104.3
All Dividend-Paying Stocks	4.0	104.0
Dividend Payers w/No Change in Dividends	4.1	104.1
Dividend Cutters & Eliminators	0.9	100.9
Non-Dividend Paying Stocks	–2.1	97.9
S&P 500 Geometric Equal-Weighted Total Return Index	3.0	103.0

* Non-annualized return



Returns Based on monthly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly.

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.

Dividend Payers declining 2.1% versus the S&P Geometric Equal-Weighted Total Return up 3.0%.

The High Dividend Equity portfolio continues to invest in what we view to be fundamentally attractive companies in undervalued sectors across the S&P 500 Index. The top contributors during the fourth quarter were PNC Bank, JPMorgan, and Morgan Stanley and the biggest detractors were Las Vegas Sands, Amgen and Cisco. The portfolio is underweight Staples, Healthcare, Utilities & REITs while overweight Consumer Discretionary, Financials, Technology and Energy.

Sources: Ned Davis Research, Bloomberg

CCM-654