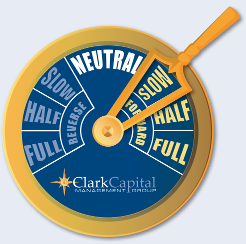
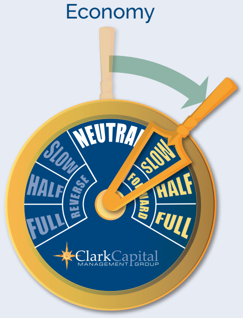
Market Moves

Charting Our Strategies

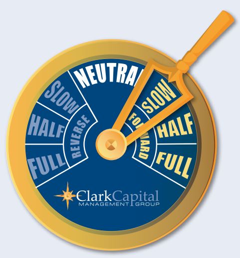
Economic Gauges



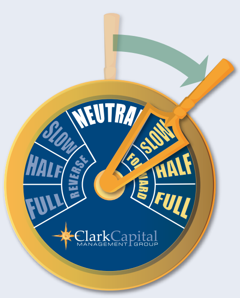
Economy



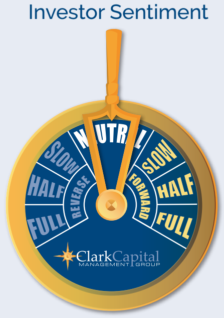
Monetary Policy



Valuations



Investor Sentiment



Interest Rates

Clark Capital's Bottom-Up, Fundamental Strategies

There was a major shift in leadership that occurred early in September as value, cyclical, and small-cap related stocks surged at the expense of momentum and growth names that had been dominating market leadership for some time.

These trends emerged as economic data in the U.S. improved and pushed recession fears to the background. Many of our equity portfolios benefited as the value factors we incorporate in our stock selection process were rewarded.

On a sector basis, consumer discretionary, energy, and materials are economically sensitive and added value. On the other hand, healthcare remained a relative underperformer, not from an earnings standpoint, but rather from Washington's ongoing drug pricing and the universal healthcare debate. Technology and consumer staples also detracted.

On the fixed income side, we remain focused on managing liquidity, duration and credit risk. Our fixed income portfolios are slightly longer in duration and have a bit more credit risk exposure compared to their benchmarks. Both of these factors have added value as rates decline and continued economic growth supports credit.

Below are strategy updates from September:

All Cap Core U.S. Equity

- Navigator® All Cap Core favors large-cap with approximately 62% allocated to large-cap stocks with the remainder of the portfolio allocated to mid/small-cap stocks and cash
- Technology remains the largest sector weighting in the portfolio at 16.9%
- Technology is also largest sector underweight relative to the benchmark as the Russell 3000 holds about 21.4% in technology.

High Dividend Equity

- In September, the Navigator® High Dividend Equity (HDE) portfolio experienced relative strength in Consumer Discretionary, Energy, Materials and Utility sectors versus weaker performance in Healthcare, Technology, Consumer Staples and Industrials
- The Healthcare sector remains a relative underperformer not from an earnings standpoint, but rather from Washington's ongoing drug pricing and the universal healthcare debate
- The Financial sector, which represents over 20% of the HDE portfolio allocation, rallied as value stocks dominated during the month

Past performance is not indicative of future results.
This is not a recommendation to buy or sell a particular security. Please see attached disclosures.

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ClarkCapital MANAGEMENT GROUP

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Navigate Your Future. Enjoy the Journey.

International Equity ADR

- Navigator® International Equity ADR has larger than typical weight of 18.7% in emerging and frontier market companies as lower interest rates and firm energy prices tend to favor less developed economies
- While safer, higher quality countries like Canada, Ireland and Japan represent our largest country allocations, we are searching intently for anti-fragile companies in developed countries in recession as those companies may present opportunities
- Financials represent the largest sector weight in the portfolio at 14.9%

Small Cap Core U.S. Equity

- Navigator® Small Cap Core portfolio has 71% allocated to small-cap stocks with the balance allocated to mid-cap stocks and cash
- 19.2% of the portfolio is positioned in Industrials and 17.1% is allocated to Consumer Discretionary
- We reduced our Healthcare underweight by adding a drug research company to the portfolio during the month

SMID Cap Core U.S. Equity

- Navigator® SMID Cap Core's portfolio is 54% allocated to small-cap stocks with the balance in mid-cap stocks and cash
- Industrials represent our largest sector weighting in the portfolio at 20.4%
- We slightly raised our weighting in Technology to 16.1% by adding a semiconductor company to the portfolio

Taxable Fixed Income

- High yield represents 19% of the Taxable Fixed Income portfolio's total holdings
- The portfolio is currently overweight BBB bonds (62% of the portfolio versus the benchmark at 37%)
- 26% of the portfolio is allocated to duration buckets less than 2 years (compared to the benchmark at 17%)
- 30% of the portfolio's holdings are in 6 to 10-year duration buckets versus the benchmark at 25%
- The strategy's added credit risk has helped performance and the portfolio continues to utilize a barbell approach

Tax-Free Fixed Income

- A third of our top 15 holdings are in California municipal bonds
- We're currently overweight the 5 to 5.99-year duration bucket versus the benchmark and underweight the 4 to 4.99-year duration bucket versus the benchmark
- The portfolio's total duration sits at 4.41 versus the benchmark duration of 3.89

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September 2019

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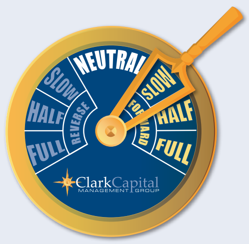

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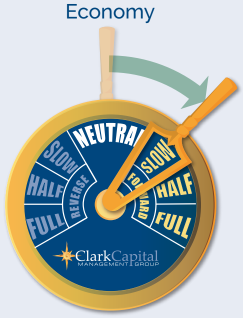

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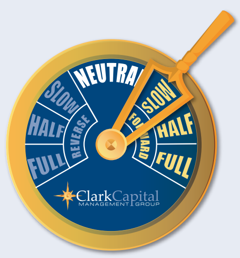

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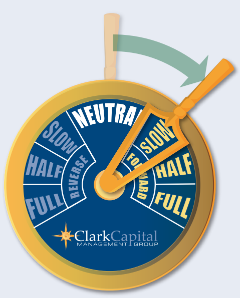

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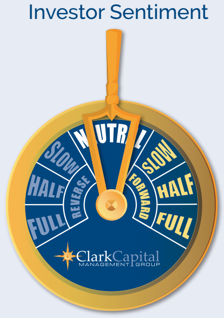

Interest Rates

Clark Capital's Top-Down, Quantitative Strategies

Our relative strength driven equity portfolios had been allocated to the market leaders which were large-cap growth, momentum, technology, and interest rate sensitive stocks.

Those trends were upended in September with the massive rotation into value, small-caps and cyclically oriented stocks, potentially marking a sea change in the market's leadership.

The difference between momentum stocks and small-cap and value stocks experienced a 4 to 5 standard deviation event favoring value. Historical studies show that when this has occurred in the past, prior momentum leaders continue to underperform. This shift led to a dramatic rotation in our top-down equity portfolios into value and away from momentum. The shift wasn't only in equities as our top-down driven fixed income models began favoring credit in mid-September and we allocated back into high yield.

Below are strategy updates from September:

Alternatives

- In the core portion of the Alternative strategy, we hold core liquid alternatives (49%), fixed income (10%), commodities (9%), tactical global equity (31%) and 4% cash
- In the tactical portion of the Alternative strategy, we continue to focus on tactical equity including emerging markets, energy infrastructure, natural resources, oil equipment and services, timber and forestry, and farmland
- The portfolio sold out of floating rate notes and reduced emerging market exposure while increasing its position in gold alongside clean energy

Fixed Income Total Return

- The FITR models turned positive on high yield and on September 13th, the strategy shifted back into high yield and out of U.S. Treasuries
- The FITR portfolio has an estimated SEC Yield of 4.86% and an estimated duration of 3.18

Style Opportunity

- The Style portfolio favored large-cap growth and momentum, but the portfolio has since sold both positions during the month
- The portfolio allocated 38% in the S&P 500 itself and has added a 25% position in large-cap value and now a 12% position in small-cap value
- We continue to own low volatility which still has a solid long-term relative strength chart

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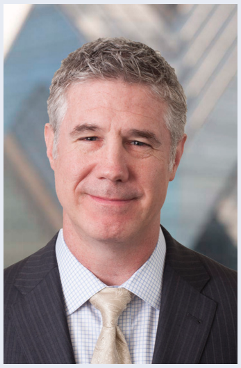
Author



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Chief Investment Officer

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