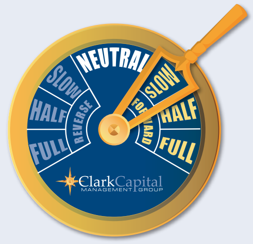
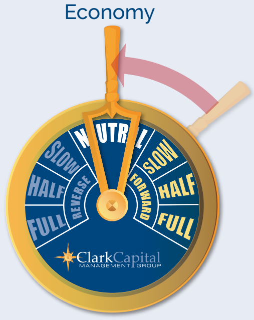
Market Moves

Charting Our Strategies

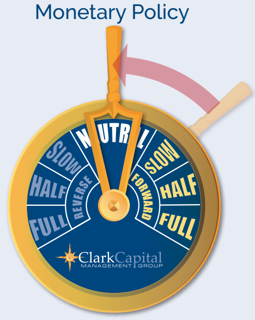
Economic Gauges



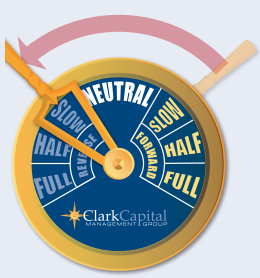
Economy



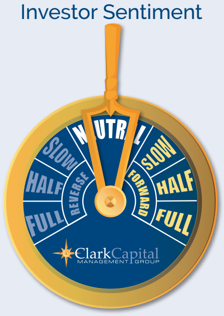
Monetary Policy



Valuations



Investor Sentiment



Interest Rates

Clark Capital's Bottom-Up, Fundamental Strategies

Dividend stocks kept pace with the strongest U.S. market in six years fueled by a shift in monetary policy by the Fed, which cut rates in July for the first time in a decade. Although a handful of big technology stocks dominated in 2019, the S&P 500 Index gains for the year were broad, with over 90% of its stocks rising. Bank stocks were among the biggest gainers of the supportive Fed policy with the Nasdaq KBW Bank Index up over 35% and the largest U.S. banks posting solid gains.

According to FactSet, S&P 500 revenues are due to rise in the high single digits in 2020 after subpar growth in 2019. As such, we believe historically low interest rates are poised to continue into the next decade and investors will continue to invest in dividend growth stocks as one of the few viable income plays.

Below are strategy updates from December:

All Cap Core U.S. Equity

- Navigator® All Cap U.S. Equity holds approximately 64.5% in large-cap stocks and the remainder in mid/small-cap stocks and cash. Healthcare remains both our largest sector weight at 18.85% and is 4.65% larger than the benchmark.
- Our overweight position in Healthcare and semiconductor companies helped the portfolio during the month while our Energy exposure and position in an office furniture company dragged on our performance.
- In December, we added a Financial Services company, moving our financial exposure to slightly overweight.
- Despite a stronger outlook for trade and the economy, we removed a rail-based freight transportation company from the portfolio as estimates continue to deteriorate and we maintain other strong holdings in Industrials.

High Dividend Equity

- For the quarter, the top contributing sectors included Energy, Healthcare and Utilities versus the weakest sectors Communications, Staples, and Industrials.
- Year-to-date, the strongest sectors; Energy, Utilities, Financials and the weakest were Healthcare, Communications, REITs.
- A decade of historically low interest rates is poised to continue into the next decade as investors continue to invest in dividend growth stocks as one of the few viable income plays.

International Equity ADR

- Navigator® International Equity/ADR has larger than typical weight of 21.5% in emerging market companies as lower interest rates and firm energy prices tend to favor less developed economies.
- While safer, higher quality countries like Japan (12%), Ireland (11%) and Canada (10%) continue to represent our largest country allocations, we are beginning to find antifragile companies in developed countries in recession as those companies may present opportunities.

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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Clark Capital Management Group

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- To this end, we recently added a Swiss bank and a materials company during the month.
- While slightly underweight relative to the All Country less US index, Financials at 19.4% represents our largest sector weight.
- We continue to have a large weight in Healthcare as European pharmaceutical companies have robust product line-ups, pipelines and have announced many price drug increases for 2020.

Small Cap Core U.S. Equity

- 19% of the portfolio is positioned in Industrial companies and 18% is positioned in Consumer Discretionary companies.
- We increased our cyclical exposure in the portfolio by adding two Energy companies during the month while removing a less cyclical Energy company and a Utility company.

SMID Cap Core U.S. Equity

- Navigator® SMID Cap holds 54.6% in small-cap stocks with balance in mid-cap stocks and cash.
- Three sectors – Industrials, Financials and Consumer Discretionary all have weights around 17% and represent our largest sector exposures.
- For December, our exposure to a university along with Real Estate helped our performance while our exposure to a furniture company dragged down both the Industrials sector and the overall portfolio.
- We slightly raised our weight in Healthcare to 15% by adding two Healthcare companies to the portfolio while removing another.

Taxable Fixed Income

- High yield represents approximately 15% of the portfolio's holdings.
- Credit risk slightly reduced in high yield due to BB bonds that were called.
- 30% of the portfolio is positioned in less than 2 years duration versus benchmark of 17%.
- Cash levels in the portfolio are usually around 1%, but are currently at 4-6% as we look for opportunities in the New Year.
- In our view, increased cash levels with investment grade trading at the tightest spreads of the year and BB spreads at record lows, seems prudent going into year end.

Tax-Free Fixed Income

- The portfolio is overweight the 5 to 5.99-year duration bucket versus the benchmark and is underweight the 4 to 4.99-year duration bucket versus the benchmark.
- The portfolio is overweight in school district G.O.s and Healthcare.
- The yield curve steepened for the third straight month, however performance was in line as the portfolio benefited from the yield curve roll down, which occurs at year end. The yield curve roll down is specific to municipal bonds due to the optional call feature on premium bonds.

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ClarkCapital MANAGEMENT GROUP

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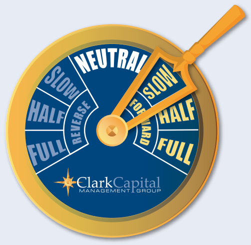

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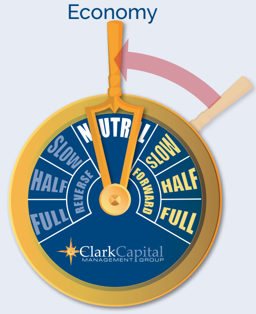

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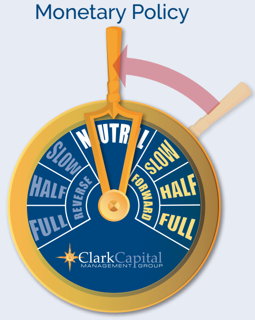

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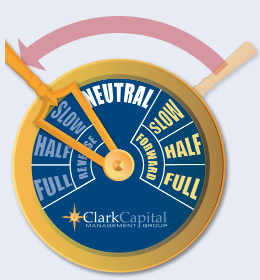

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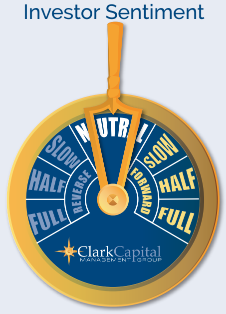

Interest Rates

Clark Capital's Top-Down, Quantitative Strategies

The markets remained in risk-on mode in December, capping off the 12th strongest total return year for the S&P 500 in the post-WWII era. We are witnessing most style and factors performing similarly – a sign of market strength.

Credit markets remain firm, with our models recently making new highs and favoring high yield bonds over U.S. Treasuries and cash equivalents. High yield spreads are very narrow, which translates to little price appreciation potential, but we believe that continued economic growth supports credit.

Below are strategy updates from December:

Alternatives

- In the 4th quarter, we added to gold and gold miners, both of which look to be breaking out.
- Since the equity market has now become extremely optimistic, we began to reduce equity exposure in the portfolio.
- We still favor emerging markets, commodity equity, and Euro financials.
- We are likely to reduce equity further; however, upon an overdue market correction, we would look to increase equities again when valuations make the risk-reward more attractive.

Fixed Income Total Return

- The FITR credit models recently made new highs and continue to favor high yield over Treasuries and cash. The models remain risk-on for the foreseeable future.
- High yield spreads are very narrow and prone to widening, but that does not have to happen soon. Still, with prices this risky, we believe the case for needing risk management is stronger than ever.

Style Opportunity

- Models favor quality stocks and buybacks, but the S&P 500 ranks very highly as well.
- Though value is favored over growth, the margin is small, and our position could reverse fairly quickly. Only the large-cap vs. small-cap trend looks persuasive.
- Most styles and factors are performing similarly, which is a sign of market strength.

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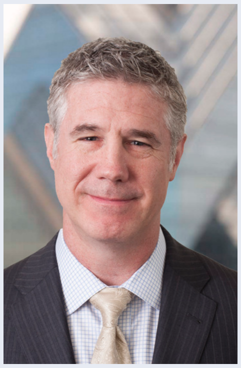
Author



K. Sean Clark, CFA®
Executive Vice President
Chief Investment Officer

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The S&P 500 Index is a stock market index that tracks the stocks of 500 large-cap U.S. companies.

The Nasdaq KBW Bank Index is designed to track the performance of the leading banks and thrifts that are publicly-traded in the U.S. The Index includes 24 banking stocks representing the large U.S. national money centers, regional banks and thrift institutions.