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Clark Capital's Bottom-Up, Fundamental Strategies

The broad market trends of the past several years continued to assert themselves in January, as U.S. large-cap stocks outperformed all others. The S&P 500 finished the month slightly negative, with a loss of 4 basis points. The same trends that led last year reasserted themselves in January with the Russell 1000 Growth up 2.23% and the Russell 1000 Value down 2.16%. In addition, the U.S. outperformed international markets and developed outperformed emerging.

The coronavirus has spread fear across the globe, impacting global markets and negatively affecting the global economic outlook. In the first month of the year, the strongest 2019 sectors continued to outperform with Technology leading the way. In January, Energy experienced over a 11% decline as lower than expected earnings and heightened concerns of dwindling demand as the coronavirus spread across the globe.

Consensus estimates for the S&P 500 Healthcare and Technology sectors are expected to have the strongest 2020 dividend growth averaging 9.0% combined with earnings estimates of roughly 10.1%. Both sectors are well represented in our Navigator® All Cap Equity Core and High Dividend Equity portfolios. In International Equity/ADR, higher quality countries like Japan, Ireland and Canada continue to represent our largest country allocations.

Below are strategy updates from January:

All Cap Core U.S. Equity

- Technology is now the largest sector weight at 19.1%, which is 4.2% less than the benchmark at 23.3%.
- Our overweight position in Healthcare (16.7% vs. 13.7% in the benchmark) was slightly reduced as we took some gains in two of our holdings.
- Portfolio performance for the month was dominated by no exposure to two large technology companies, underperformance by two of our holdings (education and an equipment rental company), and our slight overweight position in Healthcare (-0.34%).

High Dividend Equity

- Consensus estimates for the S&P 500 Index Healthcare and Technology sectors are expected to have the strongest 2020 dividend growth averaging 9.0% combined with earnings estimates of roughly 10.1%.
- The lowest dividend growers are expected to be Real Estate and Consumer Staple stocks with an average dividend growth of 4.2% and estimated earnings growth of 3.1%.

International Equity ADR

- Navigator® International Equity/ADR has a larger-than-typical weight of 21.6% in emerging market companies as they benefit from lower interest rates.
- While safer, higher quality countries like Japan (15.7%), Ireland (10.0%) and

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Canada (9.0%) continue to represent our largest country allocations, we are beginning to find antifragile companies in developed countries like France, Germany, Britain and Switzerland as slow or negative economic conditions post-Brexit will likely improve.

- We have removed a Chinese life insurer from the portfolio this month and have added an Indian technology outsourcer and Japanese technology company.
- The strategy outperformed the benchmark for the month as the portfolio benefitted from our positions in Energy, Technology and Discretionary selections.

Small Cap Core U.S. Equity

- 19% of the Small Cap Core U.S. Equity portfolio is positioned in Industrial and Consumer Discretionary companies.
- Despite a large decline in one of our education holdings, our Discretionary selections added alpha to the portfolio overall.

SMID Cap Core U.S. Equity

- Industrials, Financials and Consumer Discretionary (all with weights around 17%) represent the largest sector exposures in the Navigator® SMID Cap Core U.S. Equity portfolio.
- Despite a large decline in one of our education holdings, our Discretionary selections added alpha to the portfolio overall.

Taxable Fixed Income

- High yield holdings represent approximately 15% of the portfolio.
- The portfolio holds 30% in securities with less than 2-year duration vs. the benchmark of 17% with 4-6% of the portfolio positioned in cash.
- A mild winter has caused oil and gas prices to drop causing some underperformance in our Energy holdings.

Tax-Free Fixed Income

- The portfolio is overweight the 5 to 5.99-year duration bucket vs. the benchmark and is underweight the 4 to 4.99-year duration bucket vs. the benchmark.
- The portfolio is overweight in school district G.O.s and Healthcare.
- The yield curve roll down that is specific to municipals continued to drive tightening spreads or lower yields for the month.

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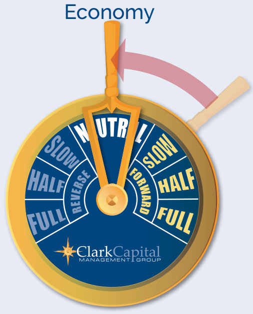

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Clark Capital's Top-Down, Quantitative Strategies

A couple of our concerns coming into the year were excessive short-term investor sentiment and geopolitical tensions. Those concerns have come to the fore with the spreading of the coronavirus across the globe. After getting off to a strong start to the year, the markets ended January in a risk-off mode. Treasury bonds advanced sharply with the 2-year Treasury yield falling to new lows and the 10-year Treasury challenging its low from last year.

High yield bonds have remained firm in the face of declining yields. In the Style Opportunity portfolio, we added exposure to large-cap growth as it has reasserted itself as market leadership. The gold and gold miners positions in the Alternative Opportunity portfolio have provided a good counterbalance to the fear in the markets.

Below are strategy updates from January:

Alternatives

- The core portion of the Alternative portfolio is seeing improved performance from managed futures and alternative-oriented fixed income in 2020.
- Tactically, we continue to favor gold, platinum, European financials, and emerging markets. We would look to add back to our equity holdings upon a more major correction.

Fixed Income Total Return

- Tremendous strength in Treasuries has weakened the main model comparing high yield and Treasuries. However, the actual price damage in high yield has been very small, indicating high market confidence in the asset class.
- The coronavirus-driven fears appear to be temporary and not part of a fundamental economic problem. In fact, it appears that Global PMIs bottomed in the second half of 2019 and are on the rise.

Style Opportunity

- The trend towards value stocks ended as January began, and the portfolio switched from favoring large-cap value to large-cap growth in early January.
- The S&P 500 itself is now the portfolio's top holding.
- Small-caps and value are least favored by the model.

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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 Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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