

# Market Moves

## Charting Our Strategies

Author



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## Navigating Volatility:

### A Special Edition of Clark Capital's Market Moves Update

We believe that now is the time when a disciplined, unemotional approach is more important than ever. Heading into last week's sell-off, Clark Capital's portfolios were positioned favorably. By late February, both our top-down, quantitative and bottom-up, fundamental strategies had taken measures to reduce risk.

Here are a few things that worked in your clients' favor:

- We reduced our positions in airlines and airports as well as financials.
- We reduced our exposure to high yield bonds.
- We maintained an overweight position in cyclical growth sectors such as Technology and Consumer Discretionary. Historically, after a significant decline in rates, these areas of the markets provide the strongest relative returns.

As active managers, we are making informed investment decisions that are guided by our disciplined investment methodologies. Here are a few changes we have implemented in our portfolios for your clients at the strategy level.

### Clark Capital's Top-Down, Quantitative Strategies

#### Navigator® Fixed Income Total Return

- The strategy now is 100% allocated to the short end of the Treasury curve, with a duration of about 2 years.
- We have been systematically de-risking the portfolio over the past weeks, as the models that guide the strategy first positioned us in 50% in high yields and 50% Treasuries while high yields held up. On March 9th, the portfolio shifted to 100% Treasuries.

#### Navigator® MultiStrategy

- The fixed income portion of this strategy is comprised of Fixed Income Total Return (see above for update). The equity allocation of the portfolio is concentrated in large-cap growth.

#### Navigator® Global Tactical

- The strategy follows the Fixed Income Total Return models' signal and was de-risked in the same fashion.

*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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### Our Fundamental, Bottom-Up Strategies

#### Equity

We have been cutting back on travel-related names since January and have added to some defensive Consumer stocks, including household and personal products along with a discount retailer. In the Healthcare sector, we've added defensive positions.

#### Navigator® All Cap Core U.S. Equity

- We are managing the strategy according to our investment philosophy of buying high quality companies that are undervalued with business momentum.
- We reduced our exposure to restaurants and restaurant related companies and added a position in Healthcare.
- The portfolio holds a large position in Technology.

#### Navigator® High Dividend Equity

- The strategy invests in companies that are consistent earnings and dividend growers. These are the types of companies that we believe will come out the other side of this in pretty good shape.
- The portfolio recently added a medical equipment company and a property and casualty insurance company. The portfolio is well positioned in defensive sectors, and underweight energy and materials.

#### Fixed Income: Clark Capital's Individual Bond Portfolios

- Investment grade corporate debt has been hit hard over the past couple of days. The last time we saw this was December 24th, 2008.
- We are buying municipal bonds at 120-200% of Treasury yields. Normally, municipals trade 60%-80% of Treasuries, depending upon where they are on the yield curve.
- On March 12th, we bought pre-refunded bonds funded in Treasuries (tax-free Treasuries, at 200% of Treasury yields). In our opinion, this represents a total dislocation of the marketplace.

#### Tax Update

- We have used the market weakness to accelerate this year's tax transitions and take losses in an effort to deliver better tax outcomes to your clients.

As always, we believe that the surest way for clients to achieve financial success is to remain focused on their long-term goals and objectives. Clark Capital is committed to helping you and your clients navigate these changing and challenging market conditions.

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