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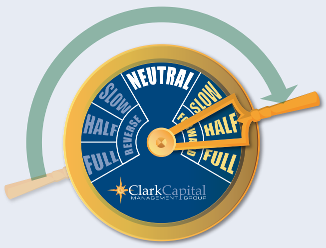
MANAGEMENT GROUP

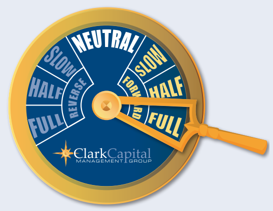
Market Moves

Charting Our Strategies

Economic Gauges

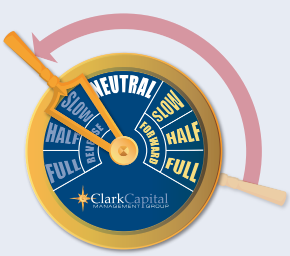


Economy

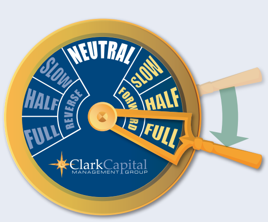


Monetary Policy

Valuations



Investor Sentiment



Interest Rates

Clark Capital's Bottom-Up, Fundamental Strategies

Since the S&P 500 Index low on March 23rd, the V-shaped recovery in stock prices was stellar in the face of extreme economic conditions. The five-month upward trajectory in the market was not solely due to improving fundamentals. A combination of Fed liquidity fueling the markets, negative real interest rates offering little alternative to equities as well as the economic reopening were contributing factors.

According to FactSet, S&P 500 companies reported Q2 earnings that in aggregate, were 23% above expectations. On a per-share basis, earnings declined by 37%. The High Dividend Equity portfolio continues to invest in industry leaders that we believe possess strong balance sheets and secure dividends. The All Cap Core portfolio continues to shift towards growth and work-from-home trends.

In fixed income, the yield curve steepened a bit in August, which was attributed to a new Fed policy of adjusted inflation targeting. The Fed has been unable to sustain their 2% inflation target. The new policy is going to allow inflation to run a bit "hot" above the 2% level if that can be achieved. In our Taxable and Tax-Free Fixed Income portfolios, we continue to monitor credit and duration exposure and have incrementally extended duration given the steeper yield curve. In the Taxable portfolio, we have needed to reinvest proceeds as bonds have been called.

Below are strategy updates from August:

All Cap Core U.S. Equity

- The Navigator® All Cap Core portfolio holds approximately 69.6% in large-cap stocks and the remainder in mid-cap/small-cap stocks and cash.
- The portfolio continues to shift towards growth and work-from-home trends by adding a video game company and a retail company to the portfolio and removing an energy company and a technology company.
- Technology remains the largest sector weight in the strategy at 24.1%. Consumer Discretionary, Financials and Healthcare are our next biggest sector exposures each with weightings between 13.3% and 16.5%.
- All Cap's quality characteristics as measured by earnings variability, gross and net margins, have now tilted towards a barbell of what we believe to be the highest quality high margin companies.

High Dividend Equity

- The Navigator® High Dividend Equity portfolio continues to invest in industry leaders that we believe possess strong balance sheets and secure dividends.
- The strongest portfolio sector contributors were Technology, Healthcare and Utilities and the detractors were Consumer Discretionary, Industrials and Materials.
- Portfolio changes included a reduction in an oil company as the Energy sector continues to underperform due to global oversupply of oil and a persistent low price of oil.
- A food manufacturer was also reduced. While the company is a long-

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term holding, the position was reduced after a 17% advance YTD from the "COVID advantage".

- Purchases during the month focused on rotation into undervalued companies/sectors that benefit from the economy reopening.

International Equity ADR

- Navigator® International Equity/ADR holds approximately 16% in emerging markets with the balance positioned in developed economies.
- Our weight in Japan has been reduced to 14% from 20% at the height of the pandemic.
- An HVAC company and a paper company were added to the portfolio as economic prospects globally improve. Similarly, we removed our more defensive position in a telecommunications company.
- Financials and Technology remain our largest sector weights with Japan, Canada, Switzerland and Britain as our largest country weights.
- While U.S. security selection has been concentrated in the large-cap growth area, performance is broadening internationally.

Small Cap Core U.S. Equity

- Navigator® Small Cap Core holds about 69% in small-cap stocks with the balance in mid-cap stocks and cash.
- Industrials are now the largest sector weight in the portfolio as economic conditions continue to improve.
- Consumer Discretionary, Healthcare and Technology represent our next largest sector weights, each greater than 15%.
- Portfolio adds during the month included an EMS company and a garden and pet supply company.

SMID Cap Core U.S. Equity

- Approximately 62% of the Navigator® SMID Cap Core portfolio is positioned in small-cap stocks with the balance in mid-cap stocks and cash.
- Industrials are now the largest sector weight in the portfolio as economic conditions continue to improve.
- Consumer Discretionary, Healthcare, Financials and Technology represent our next largest sector weights, each greater than 15%.
- Our position in Technology increased during the month with the addition of a payment processing company and an EMS company.
- We removed an insurance company and an exchange holding company from the portfolio due to slowing business momentum.

Taxable Fixed Income

- In August, taxable bonds saw a reprieve from their summer rally with the Bloomberg Barclays U.S. Aggregate Bond Index returning -0.81% for the month while the Bloomberg Barclays Intermediate Corporate Total Return Index was flat.
- During the month, we continued to have bonds called. For sector allocations, we added to Technology, and added chemicals as a cyclical play as Fed stimulus is determined to bolster the economy.
- We continued to move the duration profile to the 4.5 to 5-year range with new purchases.

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- As the calendar turns to September during a presidential year and the August employment report is released, we believe it will be an interesting fall season in rates and volatility.

Tax-Free Fixed Income

- In our municipal accounts, we continue to monitor credit and duration exposure and have incrementally extended duration, given the steeper yield curve.
- While the sell-off in ratios was relegated to the 3-year and the overall curve steepened, absolute yields and the potential supply glut in the front end are still an impetus to look for value out the curve.
- We also continue to monitor and opportunistically exit Healthcare positions, where we believe performance has lagged, or positions that we believe have achieved their intended returns.
- As bond market volatility seems rate directional since the month's beginning, we believe it has also made sense to reduce extension risk inherent in cushions bonds with extremely short calls, ergo improving the convexity profile and duration levels on the portfolio.

Clark Capital's Top-Down, Quantitative Strategies

The risk management models that drive several of our top-down strategies turned very bullish on the markets at the end of July. All major equity indices continued their bull market gains in August supported by fiscal policy, monetary policy and accelerating economic growth.

The Style Opportunity portfolio remains primarily focused on large-caps and exclusively focused on growth and continues to avoid value stocks. The Global Tactical portfolio is fully invested in equities, having shifted its exposure from risk-off in U.S. Treasuries into a risk-on position on July 30 as the strategy's risk management models turned bullish. We believe the portfolio experienced solid gains during the month as equities across the globe advanced.

Fixed Income Total Return moved back into high yield bonds on July 30th and throughout August, high yield advanced and Treasuries declined. While we have seen a huge compression in credit spreads since March, it is worth noting that spreads have just fallen below their peaks from January of 2019 and they have over 150 bps left to tighten before hitting 3.25%, which is a major low over the past ten years.

Below are strategy updates from August:

Alternative

- Our Alternative Opportunity portfolio's position in precious metals was as high as 18%, but we have reduced it to 15.5% in August.
- Recent moves include reducing equity exposure slightly, adding a U.S. dollar position, partially to further hedge gold, and adding an equity

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hedging ETF.

- We believe the portfolio remains well-positioned to benefit from the commodity/reflation theme.

Fixed Income Total Return

- We believe the markets have remained well bid with plenty of liquidity provided by the Federal Reserve.
- New issuance of Investment Grade and high yield bonds have already eclipsed their prior annual highs.
- Fixed Income Total Return moved back into high yield on July 30th.
- For the month, high yield advanced and Treasuries declined.
- While we have seen a huge compression in credit spreads since March, it is worth noting that spreads have fallen just below their peaks from January 2019 and they have over 150 bps left to tighten before hitting 3.25%, which is a major low over the past ten years.

Style Opportunity

- The Style Opportunity portfolio remains primarily focused on large-caps and exclusively focused on growth.
- Overall, the portfolio is allocated 68% in large-caps, and 30% in mid-cap and small-cap growth.
- The portfolio continues to avoid value stocks, which have not established any sustained relative strength, despite fits and bursts when rates rise (so far rate increases have proven temporary).
- Large-cap growth continues to make new relative highs, and despite valuations getting lofty, there are no signs of weakness or mass selling yet.

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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.

Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in market value of an investment), credit, payment, call (some bonds allow the issuer to call a bond for redemption before it matures), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards and political and economic risks. These risks are enhanced in emerging market countries.

Municipal securities can be affected by adverse tax, legislative or political changes and the financial conditions of the issuers of the municipal securities.

Municipal bonds can be significantly affected by political and economic changes, including inflation, as well as uncertainties in the municipal market related to taxation, legislative changes, or the rights or municipal security holders. Municipal bonds have varying levels of sensitivity to changes in interest rates. Interest rate risk is generally lower for shorter-term municipal bonds and higher for long term municipal bonds.

The trade-weighted dollar is an index created by the FED to measure the value of the USD, based on its competitiveness versus trading partners. A trade-weighted dollar is a measurement of the foreign exchange value of the U.S. dollar compared against certain foreign currencies.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

The Bloomberg Barclays US Intermediate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers that have between 1 and up to, but not including, 10 years to maturity.

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