Clark Capital Management Group

Market Outlook

Mid Year 2020

K. Sean Clark, CFA®

Thursday, June 18, 2020

Massive Swing

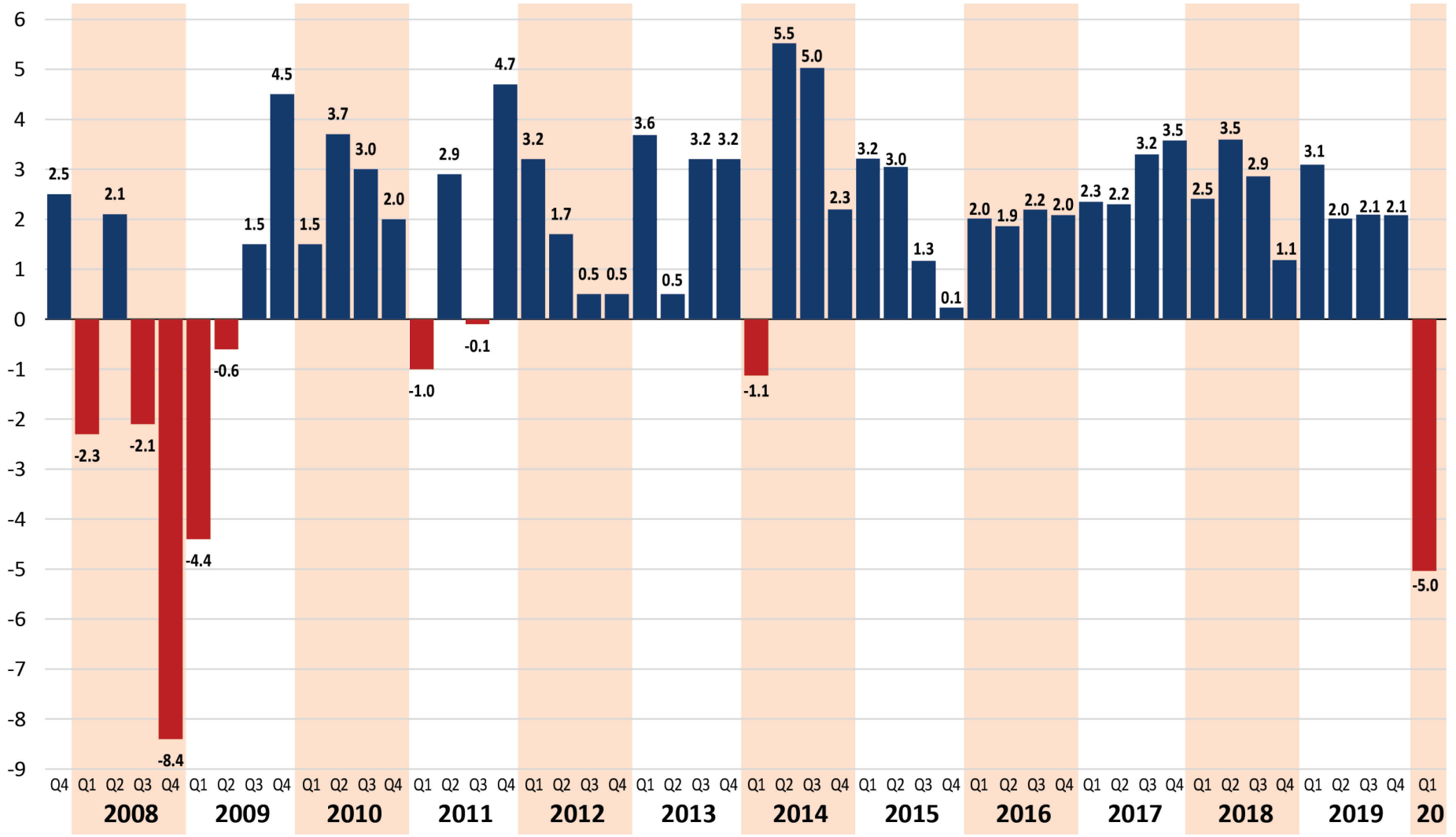
Domestic Equity		12/31/2019 – 3/23/2020	3/23/2020 – 6/15/2020	YTD 6/15/2020
	S&P 500	-30.43%	37.72%	-4.19%
	Russell 1000	-31.07%	39.37%	-3.93%
	Russell 2000	-39.74%	42.12%	-14.36%
	Russell 3000	-31.64%	39.53%	-4.61%
	Russell 1000 Value	-37.41%	35.86%	-14.96%
	Russell 1000 Growth	-25.11%	42.12%	6.44%
International Equity				
	MSCI Emerging Market	-31.80%	28.17%	-12.59%
	MSCI All Country World (ex US)	-33.33%	30.64%	-12.90%
Fixed Income				
	BBgBarc U.S. Aggregate Bond	1.04%	4.65%	5.73%
	BBgBarc U.S. Treasury	7.81%	0.51%	8.36%
	BBgBarc U.S. Corporate	-9.95%	15.65%	4.14%
	BBgBarc U.S. Corporate High Yield	-19.78%	20.73%	-3.15%
	BBgBarc Municipal	-7.62%	10.29%	1.88%

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

Source: Morningstar Direct.

United States GDP Growth Rate

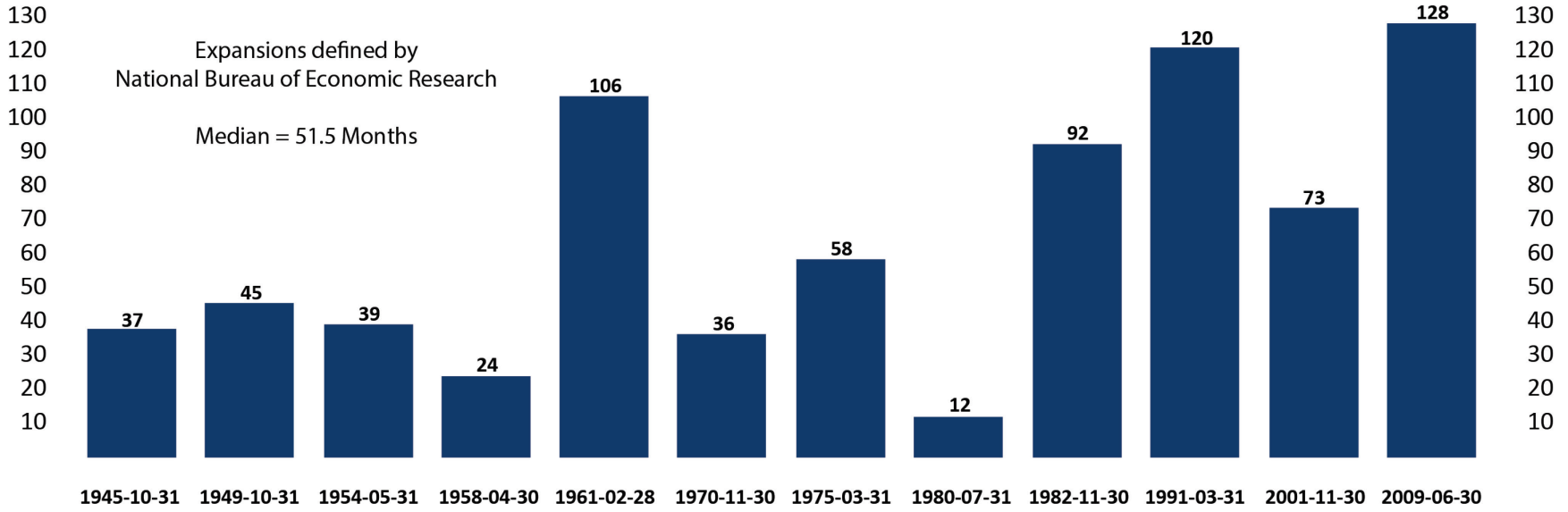
Percent Change in Gross Domestic Product

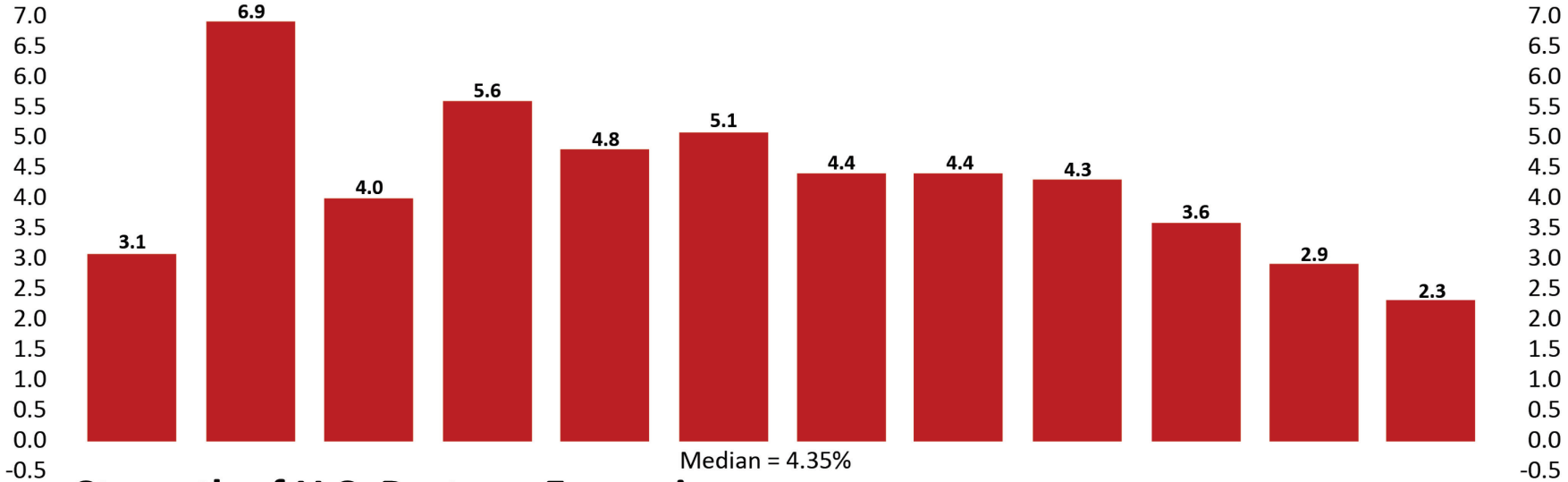


Source: www.tradingeconomics.com | U.S. Bureau of Economic Analysis

Length of U.S. Postwar Expansion (Months)

2019-12-20





Strength of U.S. Postwar Expansions (% Gain Per Annum in Real GDP From Series Trough to Peak)

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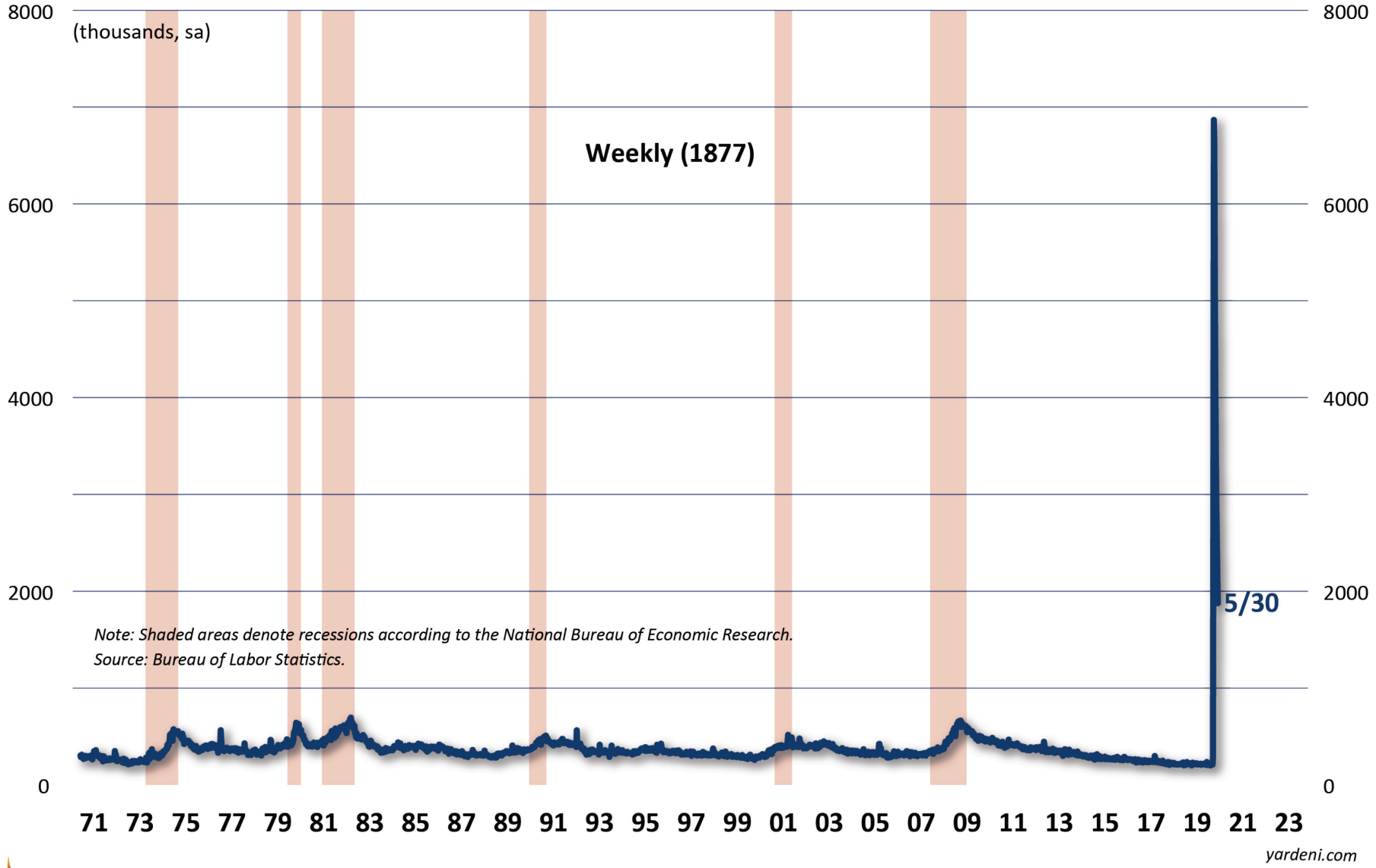
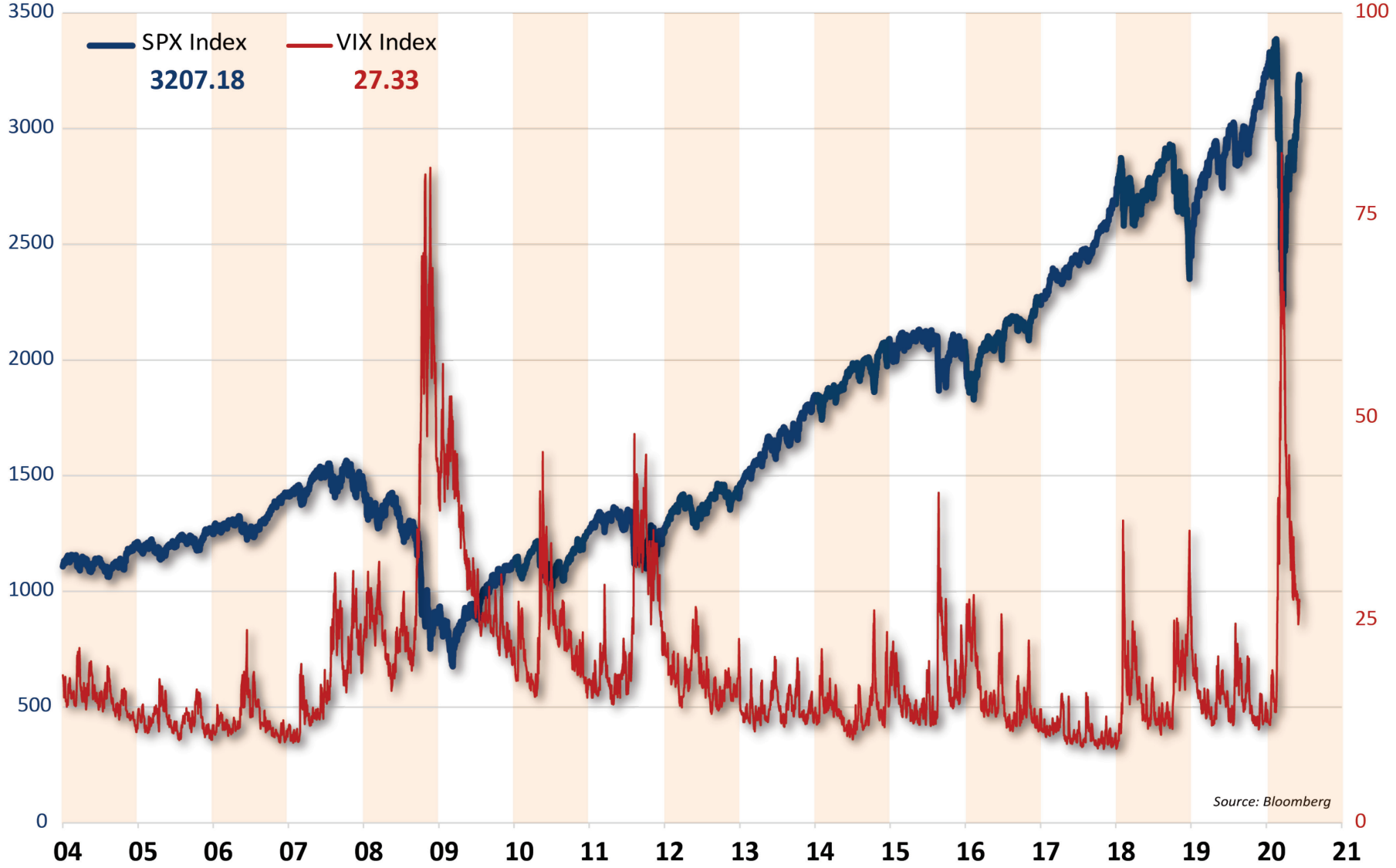
Source: Ned Davis Research

INITIAL UNEMPLOYMENT CLAIMS

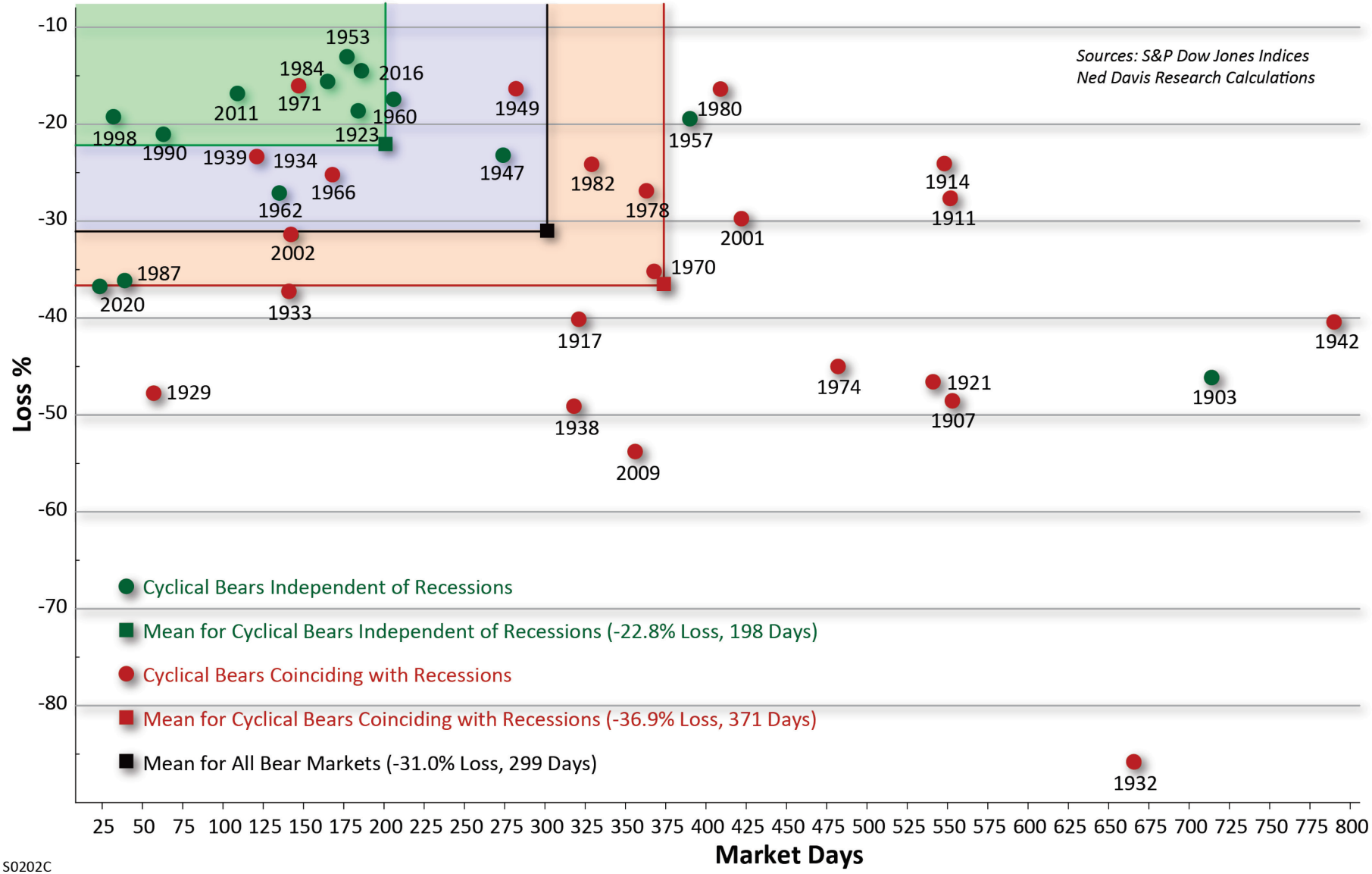


S&P 500 vs. Volatility



Source: Bloomberg

A History of Bear Markets: Dow Jones Industrial Average (1900-Present)



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Source: Ned Davis Research

How Have Stocks Done in Recessions?

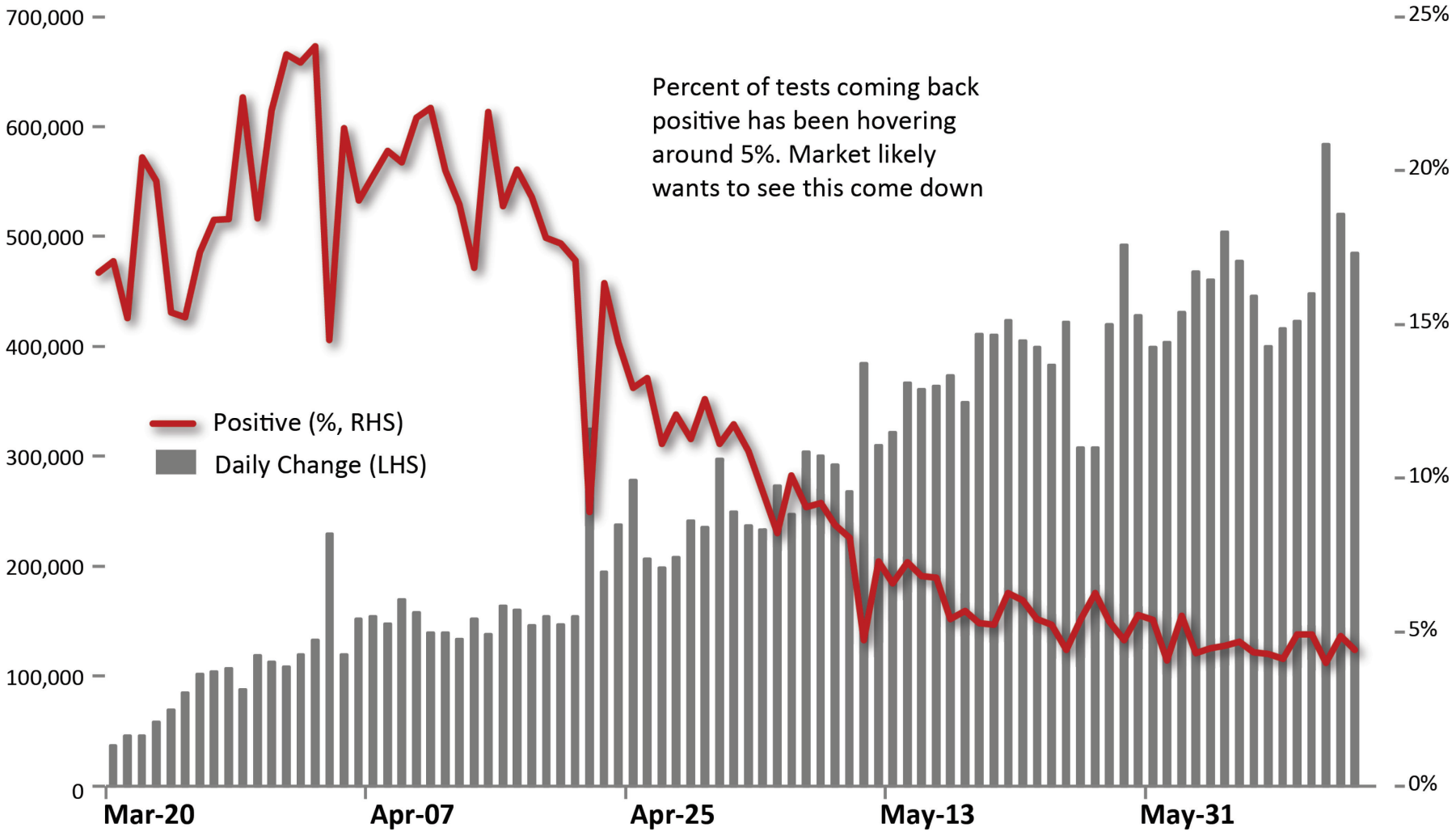
Recession		S&P 500 Gains From Recession Start Date			S&P 500 Gains From Recession End Date		
Start	End	1 Year	2 Year	3 Year	1 Year	2 Year	3 Year
30-Nov-48	31-Oct-49	9%	32%	55%	22%	43%	53%
31-Jul-53	31-May-54	25%	73%	100%	30%	56%	62%
31-Aug-57	30-Apr-58	6%	30%	26%	32%	24%	50%
30-Apr-60	28-Feb-61	20%	21%	29%	10%	1%	23%
31-Dec-69	30-Nov-70	0%	11%	28%	8%	34%	10%
30-Nov-73	31-Mar-75	-27%	-5%	7%	23%	18%	7%
31-Jan-80	31-Jul-80	13%	5%	27%	8%	-11%	33%
31-Jul-81	30-Nov-82	-18%	24%	15%	20%	18%	46%
31-Jul-90	31-Mar-91	9%	19%	26%	8%	20%	19%
31-Mar-01	30-Nov-01	-1%	-27%	-3%	-18%	-7%	3%
31-Dec-07	30-Jun-09	-38%	-24%	-14%	12%	43%	48%
	Average:	**-0.2%**	**14.4%**	**26.8%**	**14.1%**	**21.8%**	**32.1%**
	Median:	**5.6%**	**19.1%**	**25.8%**	**12.0%**	**20.4%**	**33.4%**
	% Positive	**64%**	**73%**	**82%**	**91%**	**82%**	**100%**

Economic and market forecasts presented herein reflect a series of assumptions and judgments as of the date of this presentation and are subject to change without notice. Forward-looking statements cannot be guaranteed.

Source: Bloomberg, the National Bureau of Economic Research, & Clark Capital Management Group

National Story Has Not Changed

COVID-19 Daily Tests

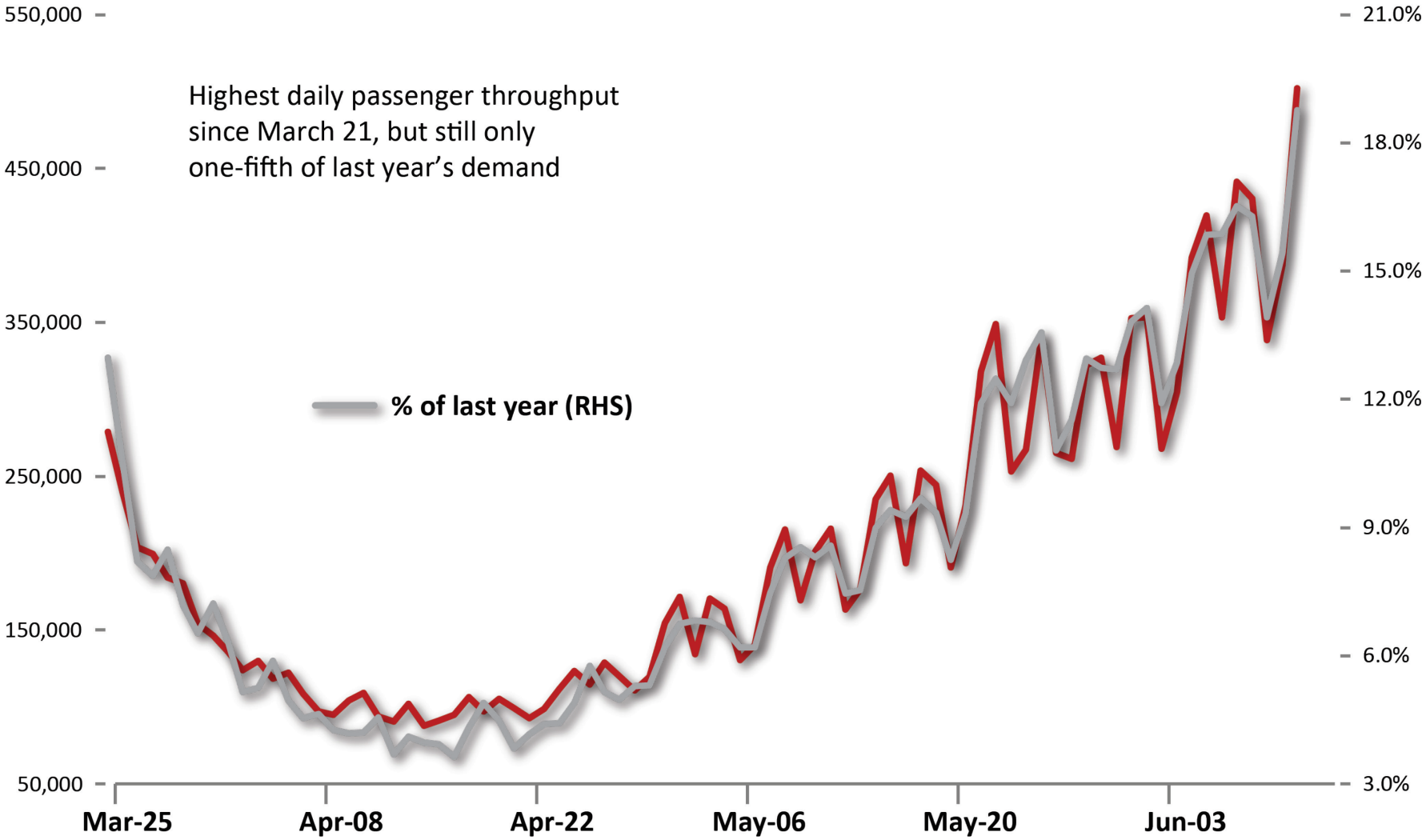


Source: Renaissance Macro Research, Haver Analytics

Source: Renaissance Macro Research, Haver Analytics

Over 500K daily passengers

TSA Total Traveler Throughput

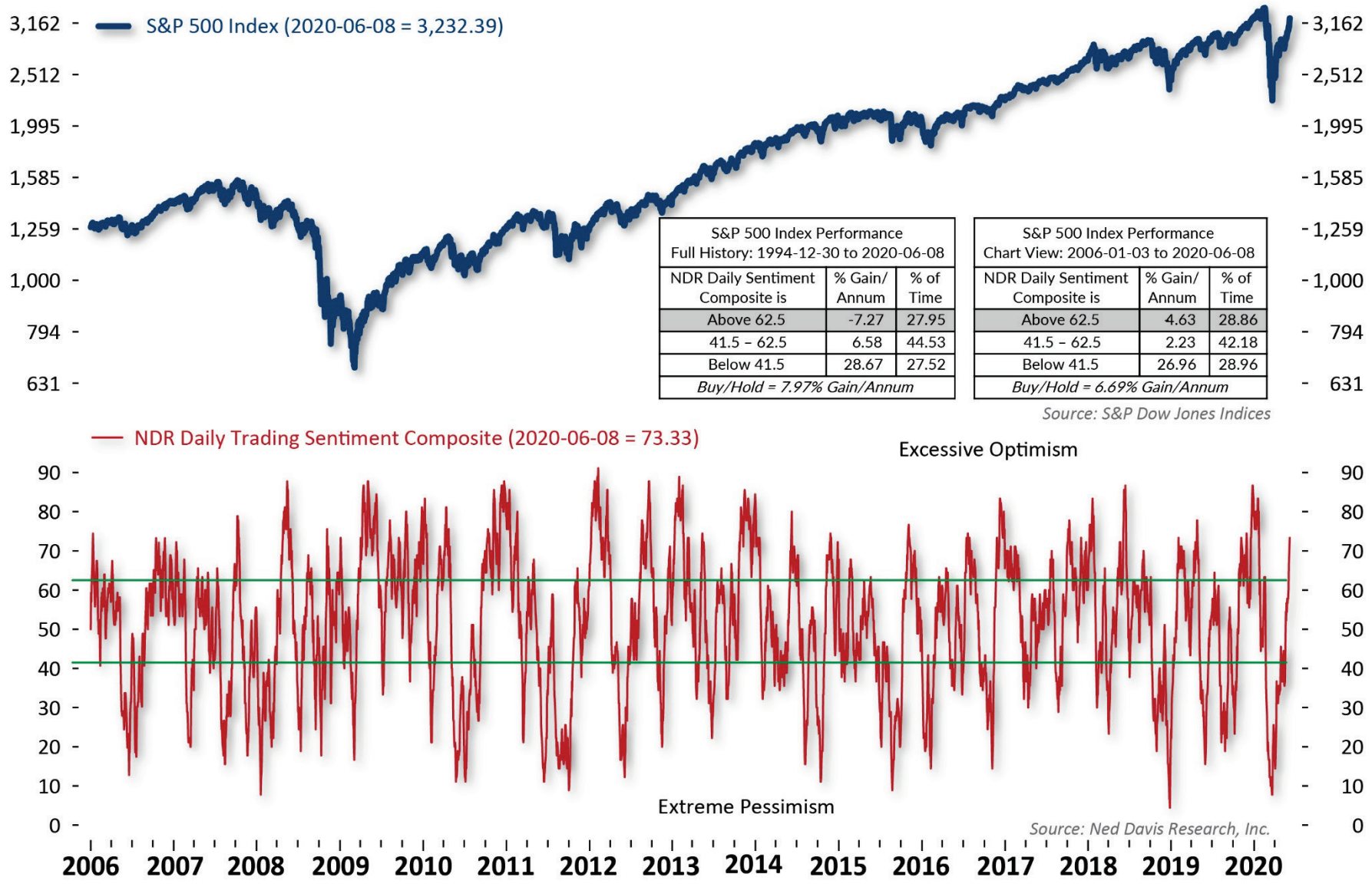


Source: Renaissance Macro Research, Haver Analytics

Source: Renaissance Macro Research, Haver Analytics

S&P 500 vs. NDR Daily Trading Sentiment Composite

Daily Data 2006-01-03 to 2020-06-08



S&P 500 Index Performance Full History: 1994-12-30 to 2020-06-08		
NDR Daily Sentiment Composite is	% Gain/ Annum	% of Time
Above 62.5	-7.27	27.95
41.5 – 62.5	6.58	44.53
Below 41.5	28.67	27.52
Buy/Hold = 7.97% Gain/Annum		

S&P 500 Index Performance Chart View: 2006-01-03 to 2020-06-08		
NDR Daily Sentiment Composite is	% Gain/ Annum	% of Time
Above 62.5	4.63	28.86
41.5 – 62.5	2.23	42.18
Below 41.5	26.96	28.96
Buy/Hold = 6.69% Gain/Annum		

Source: S&P Dow Jones Indices

Source: Ned Davis Research, Inc.

DAVIS265

Past performance is not indicative of future results.

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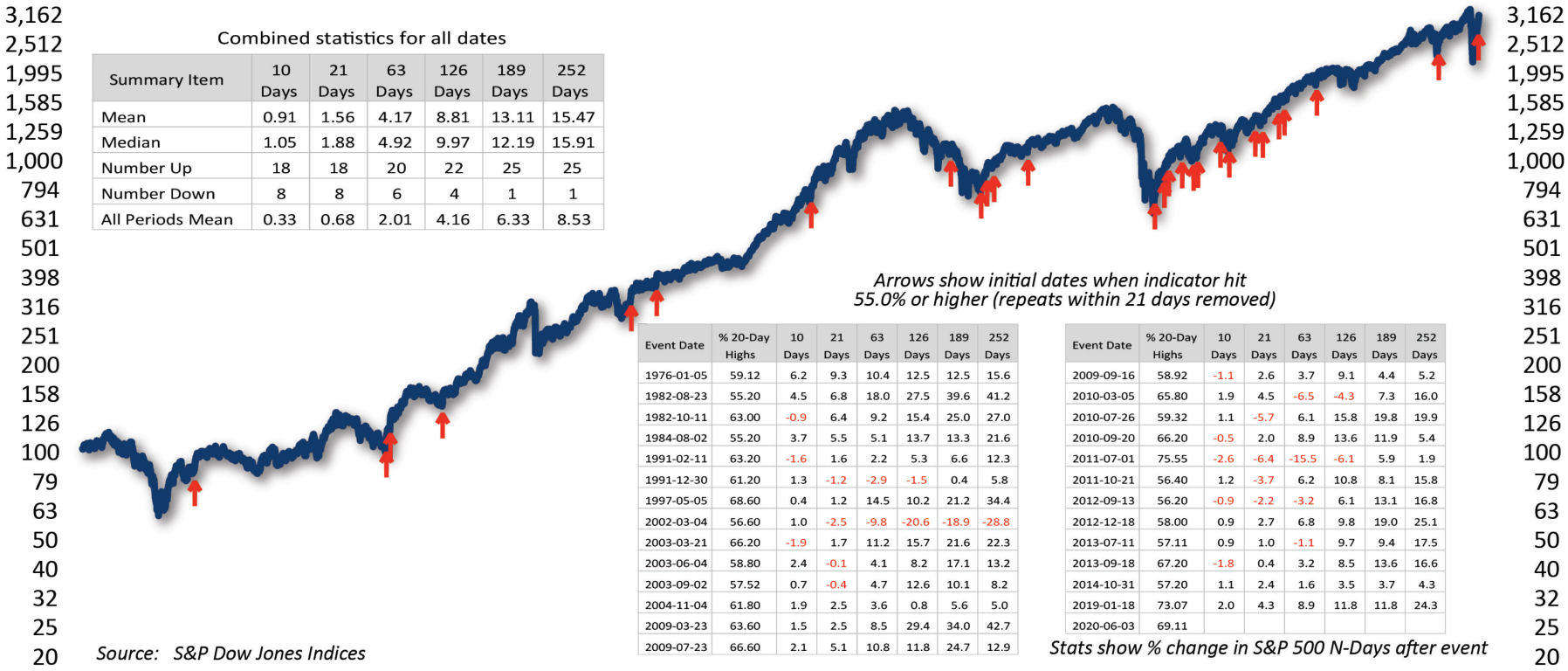
Upon Request

Standard & Poor's 500 Stock Index

Daily Data 1972-02-16 to 2020-06-08 (Log Scale)

Combined statistics for all dates

Summary Item	10 Days	21 Days	63 Days	126 Days	189 Days	252 Days
Mean	0.91	1.56	4.17	8.81	13.11	15.47
Median	1.05	1.88	4.92	9.97	12.19	15.91
Number Up	18	18	20	22	25	25
Number Down	8	8	6	4	1	1
All Periods Mean	0.33	0.68	2.01	4.16	6.33	8.53



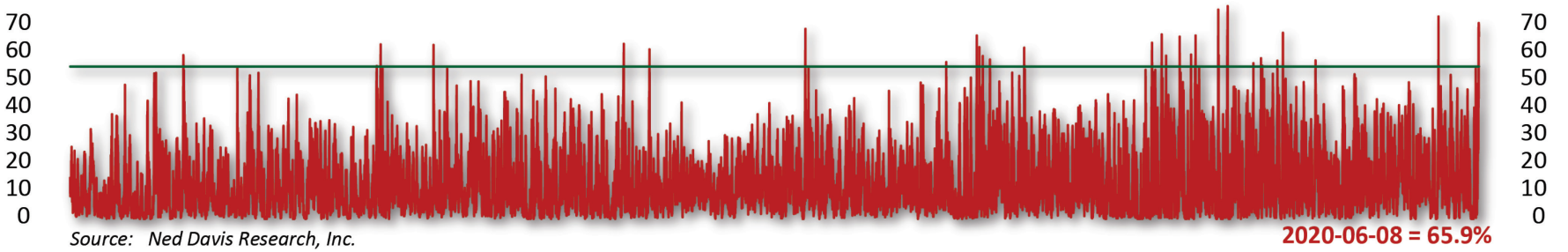
Arrows show initial dates when indicator hit 55.0% or higher (repeats within 21 days removed)

Event Date	% 20-Day Highs	10 Days	21 Days	63 Days	126 Days	189 Days	252 Days
1976-01-05	59.12	6.2	9.3	10.4	12.5	12.5	15.6
1982-08-23	55.20	4.5	6.8	18.0	27.5	39.6	41.2
1982-10-11	63.00	-0.9	6.4	9.2	15.4	25.0	27.0
1984-08-02	55.20	3.7	5.5	5.1	13.7	13.3	21.6
1991-02-11	63.20	-1.6	1.6	2.2	5.3	6.6	12.3
1991-12-30	61.20	1.3	-1.2	-2.9	-1.5	0.4	5.8
1997-05-05	68.60	0.4	1.2	14.5	10.2	21.2	34.4
2002-03-04	56.60	1.0	-2.5	-9.8	-20.6	-18.9	-28.8
2003-03-21	66.20	-1.9	1.7	11.2	15.7	21.6	22.3
2003-06-04	58.80	2.4	-0.1	4.1	8.2	17.1	13.2
2003-09-02	57.52	0.7	-0.4	4.7	12.6	10.1	8.2
2004-11-04	61.80	1.9	2.5	3.6	0.8	5.6	5.0
2009-03-23	63.60	1.5	2.5	8.5	29.4	34.0	42.7
2009-07-23	66.60	2.1	5.1	10.8	11.8	24.7	12.9

Event Date	% 20-Day Highs	10 Days	21 Days	63 Days	126 Days	189 Days	252 Days
2009-09-16	58.92	-1.1	2.6	3.7	9.1	4.4	5.2
2010-03-05	65.80	1.9	4.5	-6.5	-4.3	7.3	16.0
2010-07-26	59.32	1.1	-5.7	6.1	15.8	19.8	19.9
2010-09-20	66.20	-0.5	2.0	8.9	13.6	11.9	5.4
2011-07-01	75.55	-2.6	-6.4	-15.5	-6.1	5.9	1.9
2011-10-21	56.40	1.2	-3.7	6.2	10.8	8.1	15.8
2012-09-13	56.20	-0.9	-2.2	-3.2	6.1	13.1	16.8
2012-12-18	58.00	0.9	2.7	6.8	9.8	19.0	25.1
2013-07-11	57.11	0.9	1.0	-1.1	9.7	9.4	17.5
2013-09-18	67.20	-1.8	0.4	3.2	8.5	13.6	16.6
2014-10-31	57.20	1.1	2.4	1.6	3.5	3.7	4.3
2019-01-18	73.07	2.0	4.3	8.9	11.8	11.8	24.3
2020-06-03	69.11						

Source: S&P Dow Jones Indices

Stats show % change in S&P 500 N-Days after event



Source: Ned Davis Research, Inc.

2020-06-08 = 65.9%

deGraaf Thrust Indicator - % Of S&P 500 Stocks At New 20-Day Highs >= 55%

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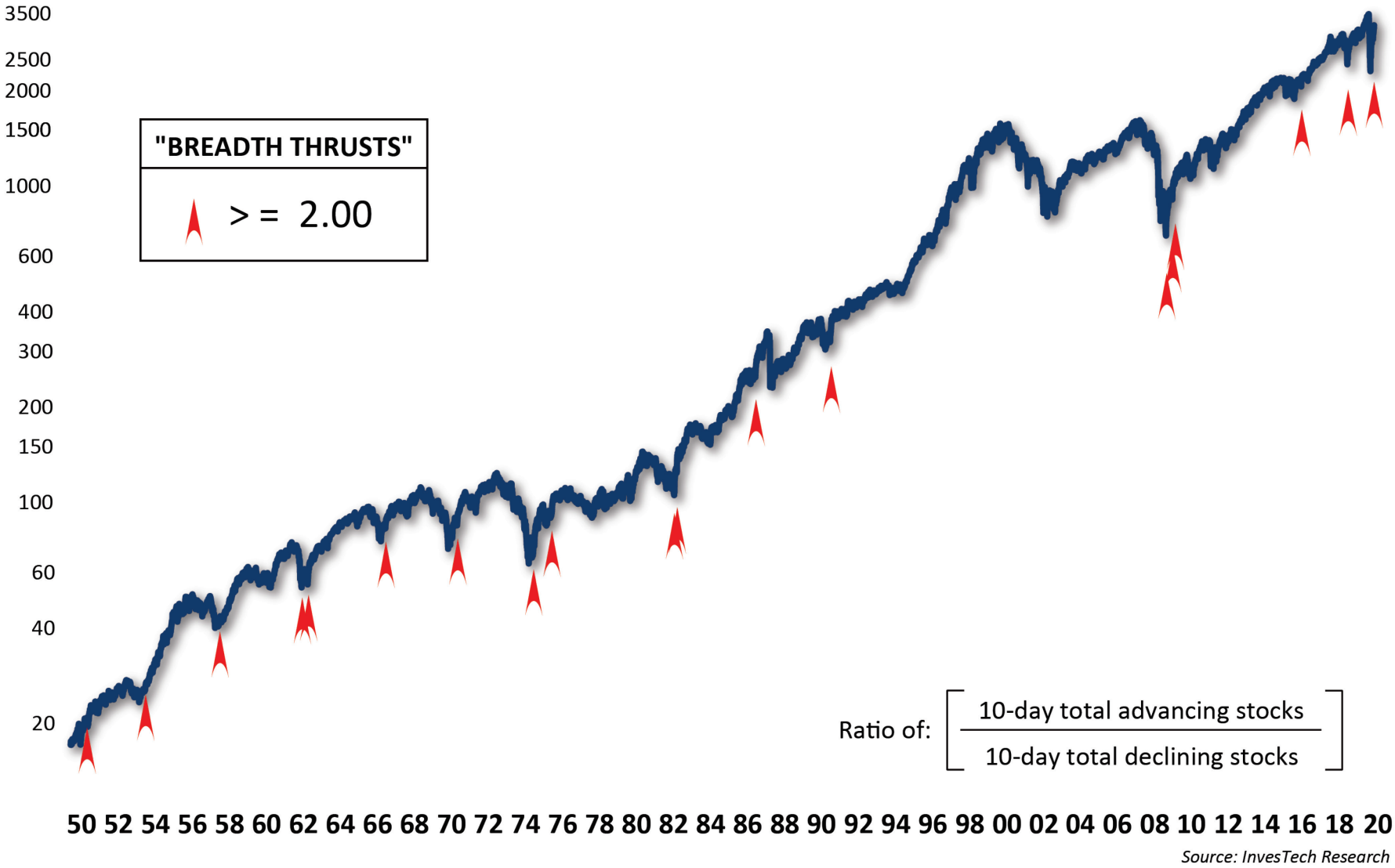
Past performance is not indicative of future results.

S&P 500 Index

Log Scale

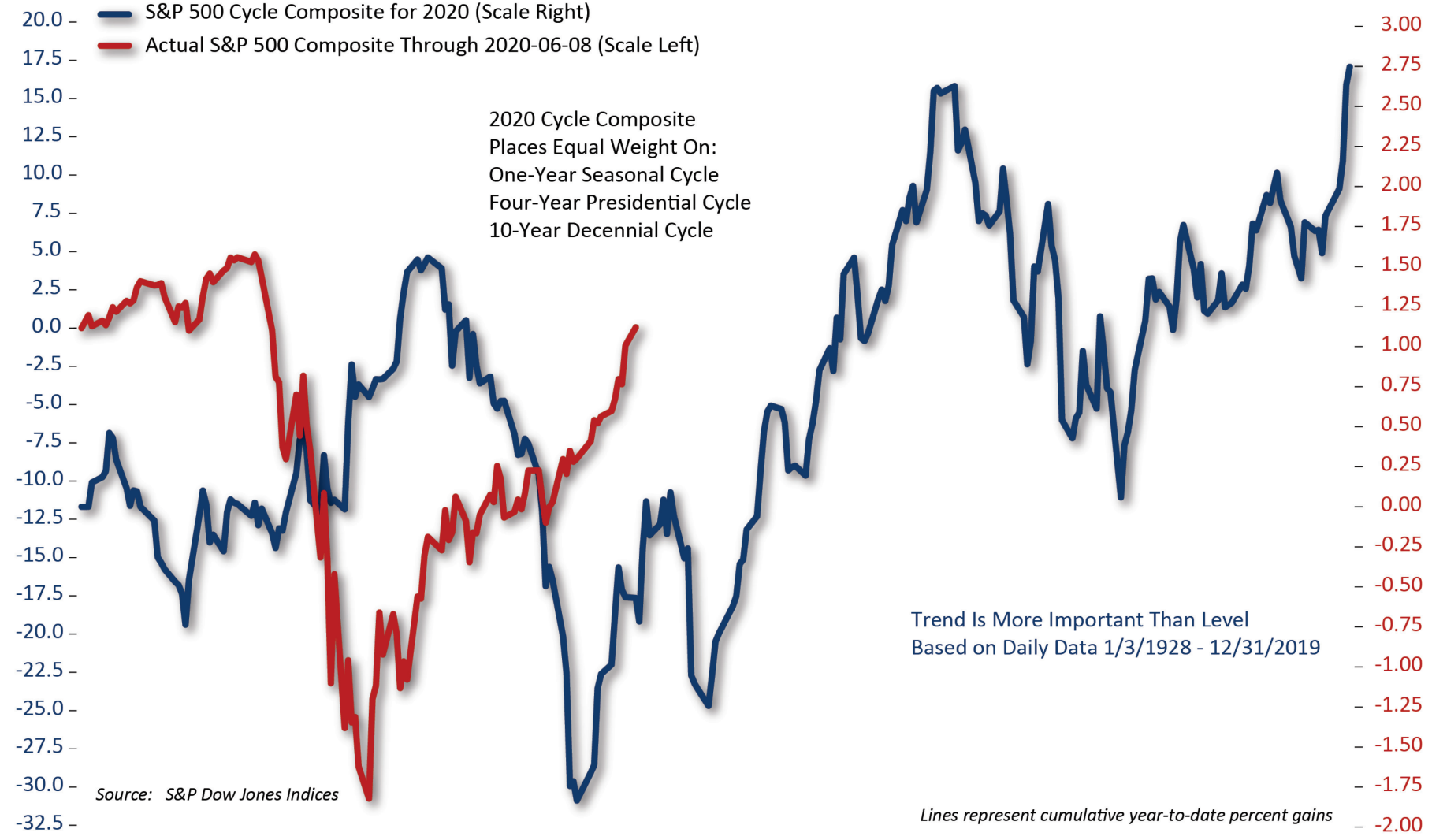


Source: InvesTech Research

Past performance is not indicative of future results.

S&P 500 Cycle Composite for 2020

Daily Data 2019-12-31 to 2020-12-31



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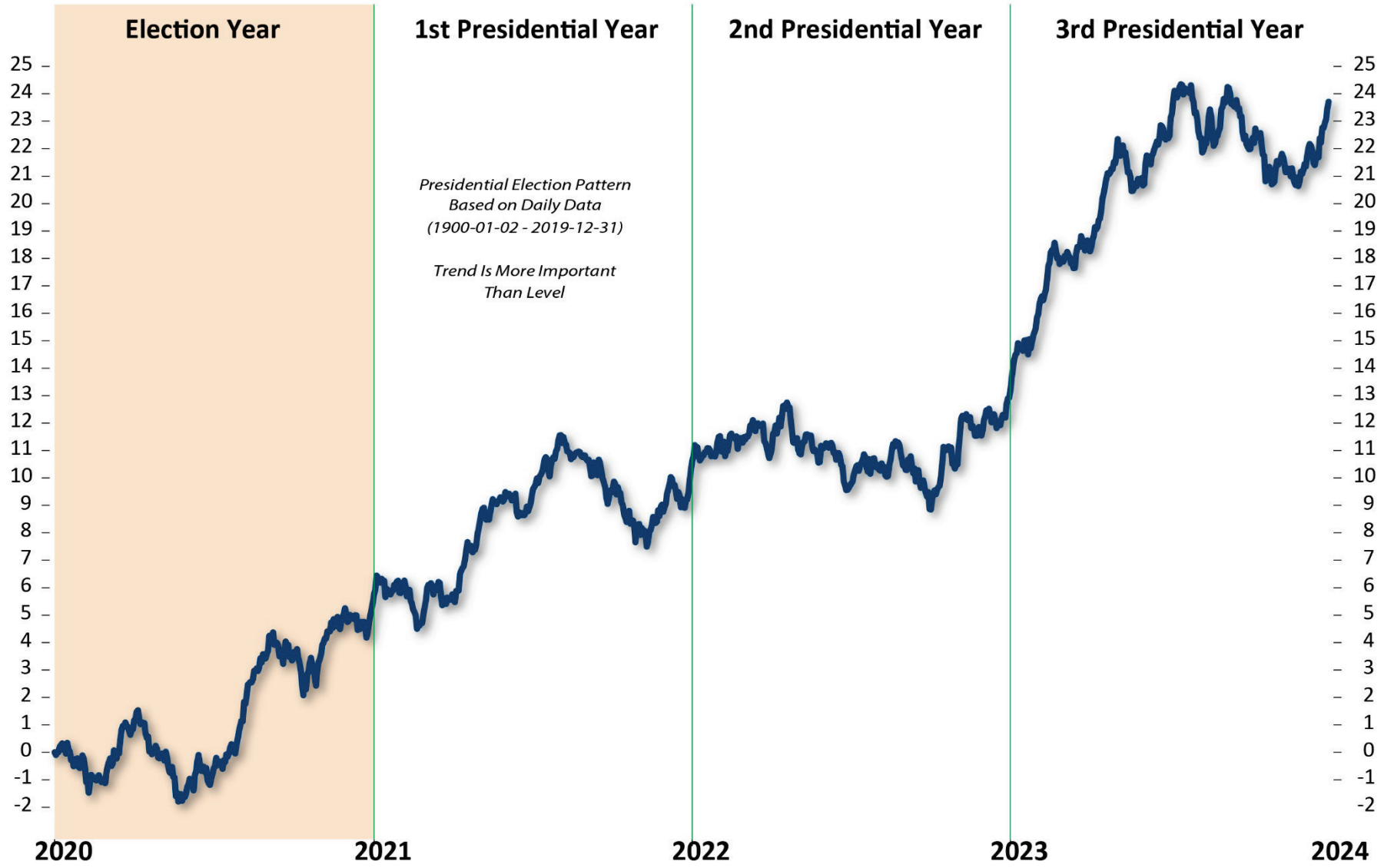
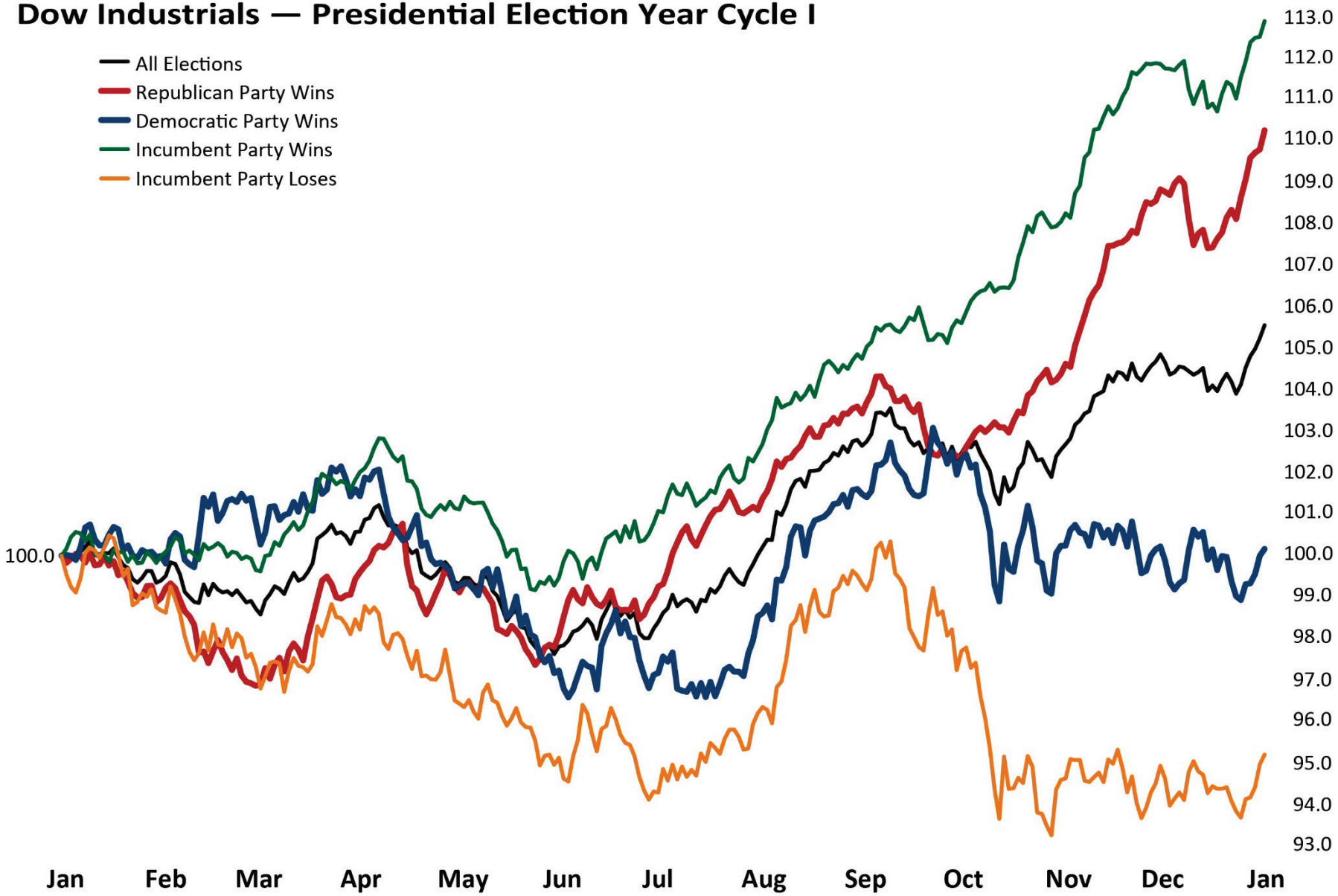
Dow Industrials Four-Year Presidential Cycle



S01642

Source: Ned Davis Research

Dow Industrials — Presidential Election Year Cycle I



S01638

Source: Ned Davis Research

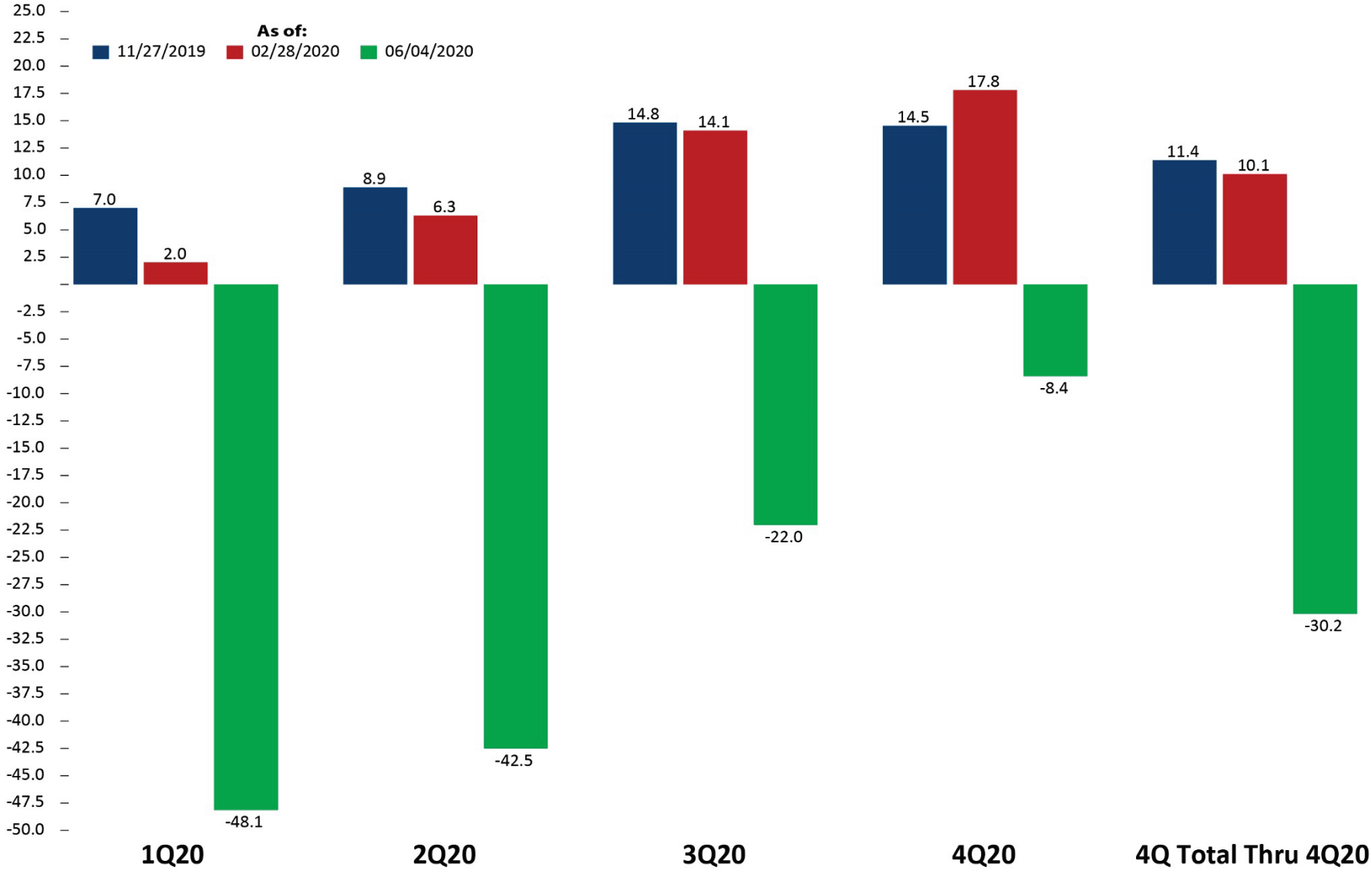
S&P 500 Forward vs. Trailing Price/Earnings Ratios

Monthly Data 1983-02-28 to 2020-05-31

S662

Source: Ned Davis Research

S&P 500 Consensus Operating EPS Estimates (Year/Year % Change)

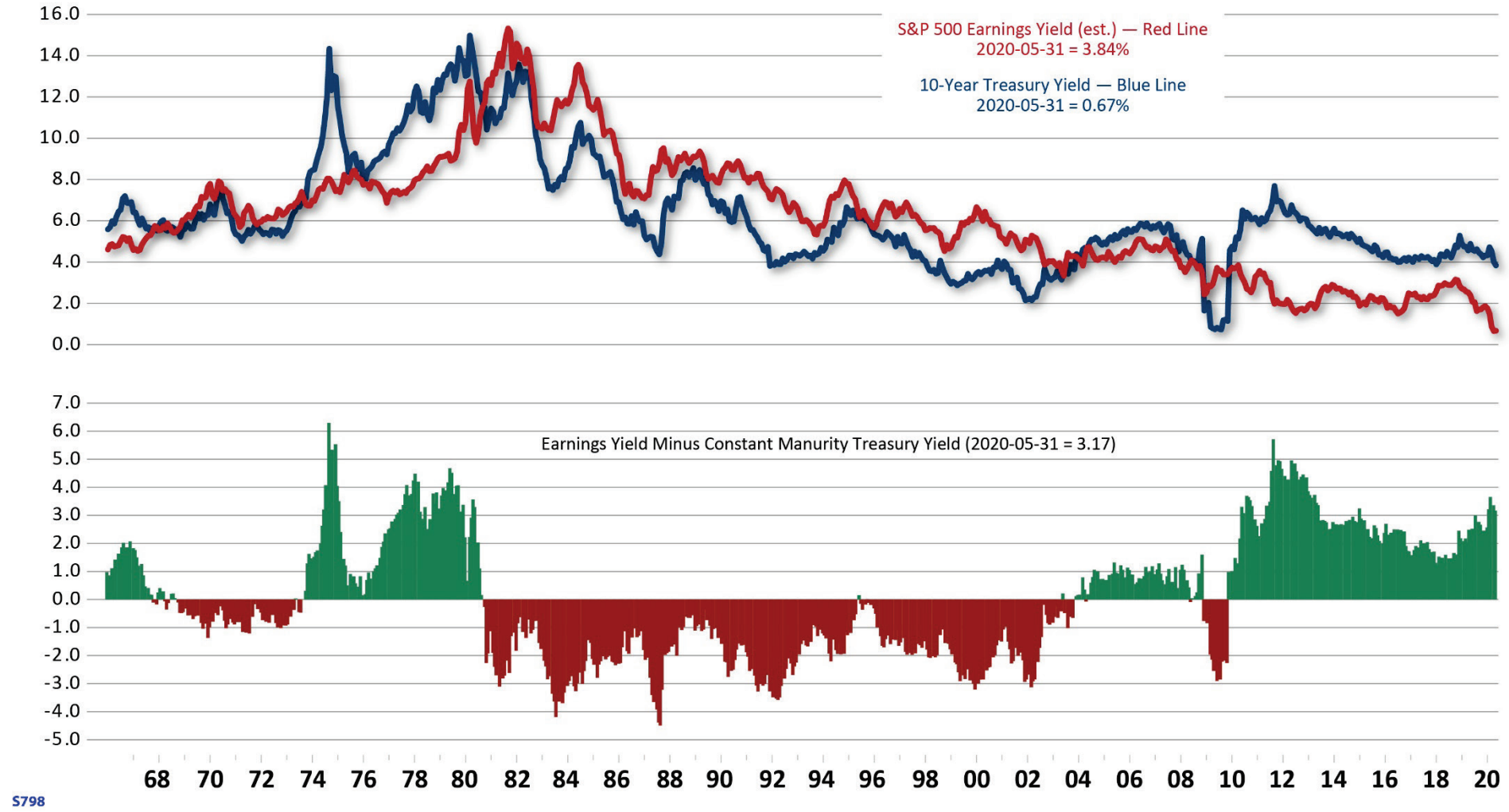


S676

Source: Ned Davis Research

S&P 500 Earnings Yield vs. 10-Year Treasury Yield

Monthly Data 1966-01-31 to 2020-05-31



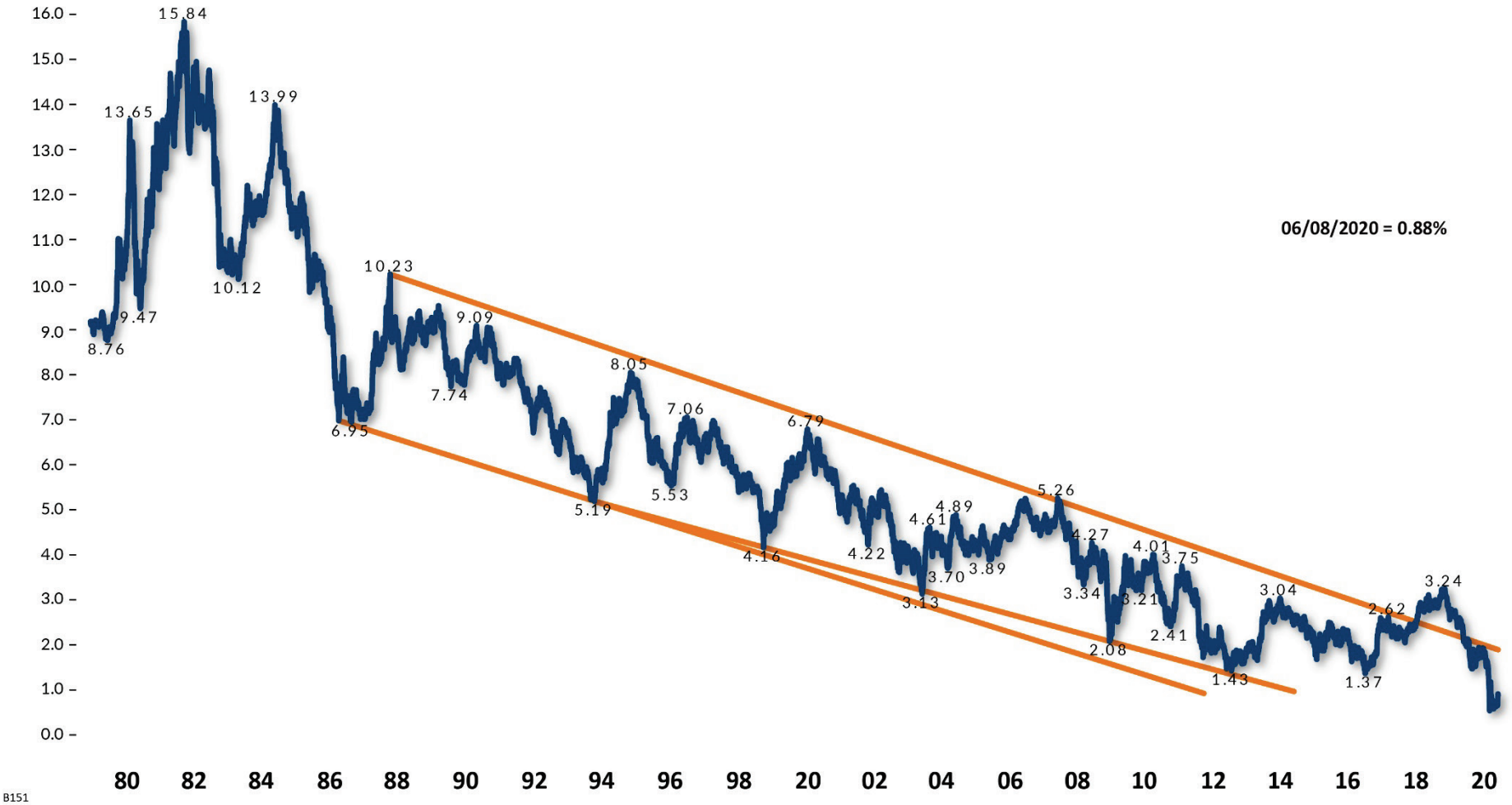
S798

Past performance is not indicative of future results.

Source: Ned Davis Research

10-Year Constant Maturity Treasury Note Yields

Daily 1/02/1979 - 06/08/2020

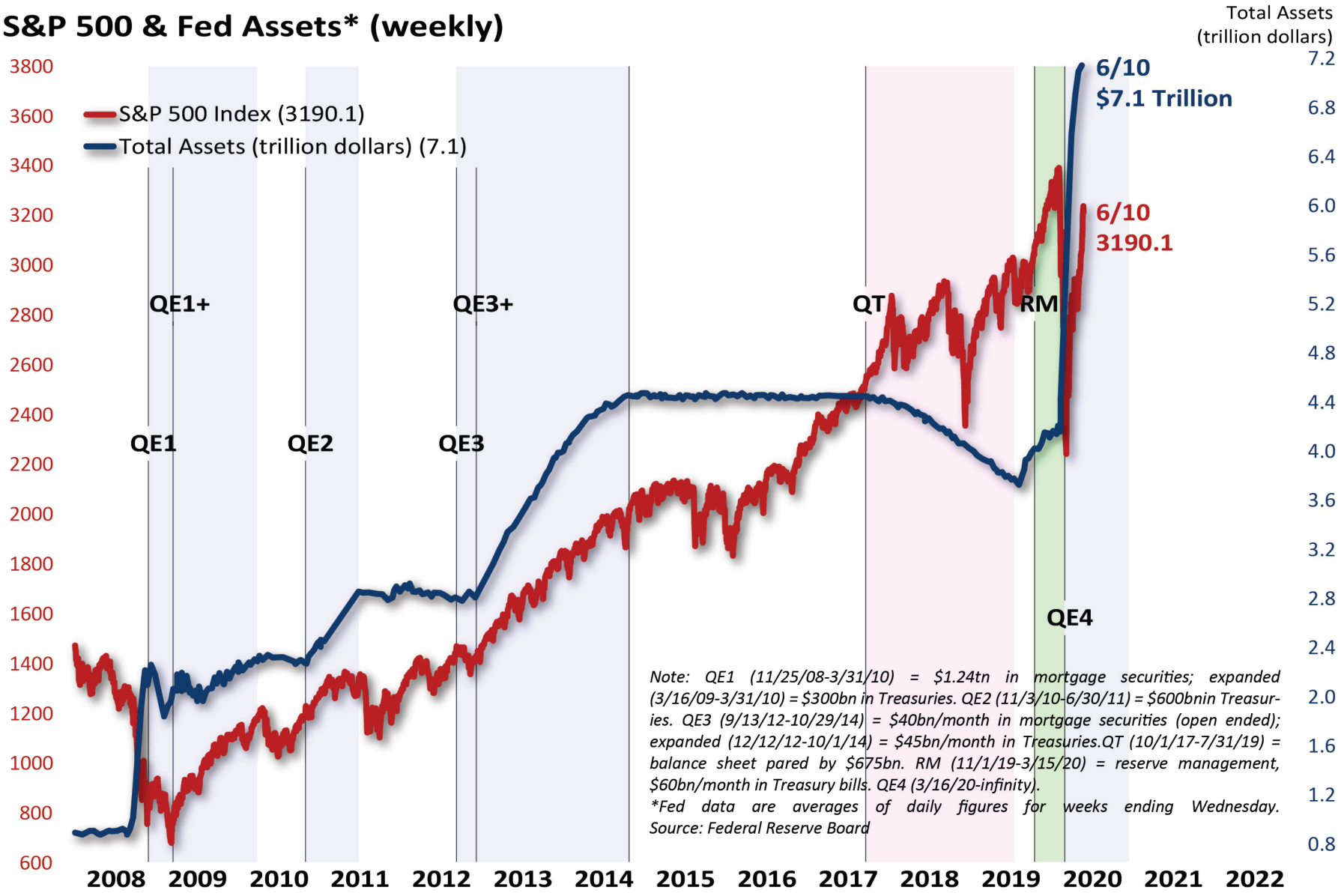


06/08/2020 = 0.88%

B151

Source: Ned Davis Research

S&P 500 & Fed Assets* (weekly)



Note: QE1 (11/25/08-3/31/10) = $1.24tn in mortgage securities; expanded (3/16/09-3/31/10) = $300bn in Treasuries. QE2 (11/3/10-6/30/11) = $600bnin Treasuries. QE3 (9/13/12-10/29/14) = $40bn/month in mortgage securities (open ended); expanded (12/12/12-10/1/14) = $45bn/month in Treasuries.QT (10/1/17-7/31/19) = balance sheet pared by $675bn. RM (11/1/19-3/15/20) = reserve management, $60bn/month in Treasury bills. QE4 (3/16/20-infinity).

**Fed data are averages of daily figures for weeks ending Wednesday.*

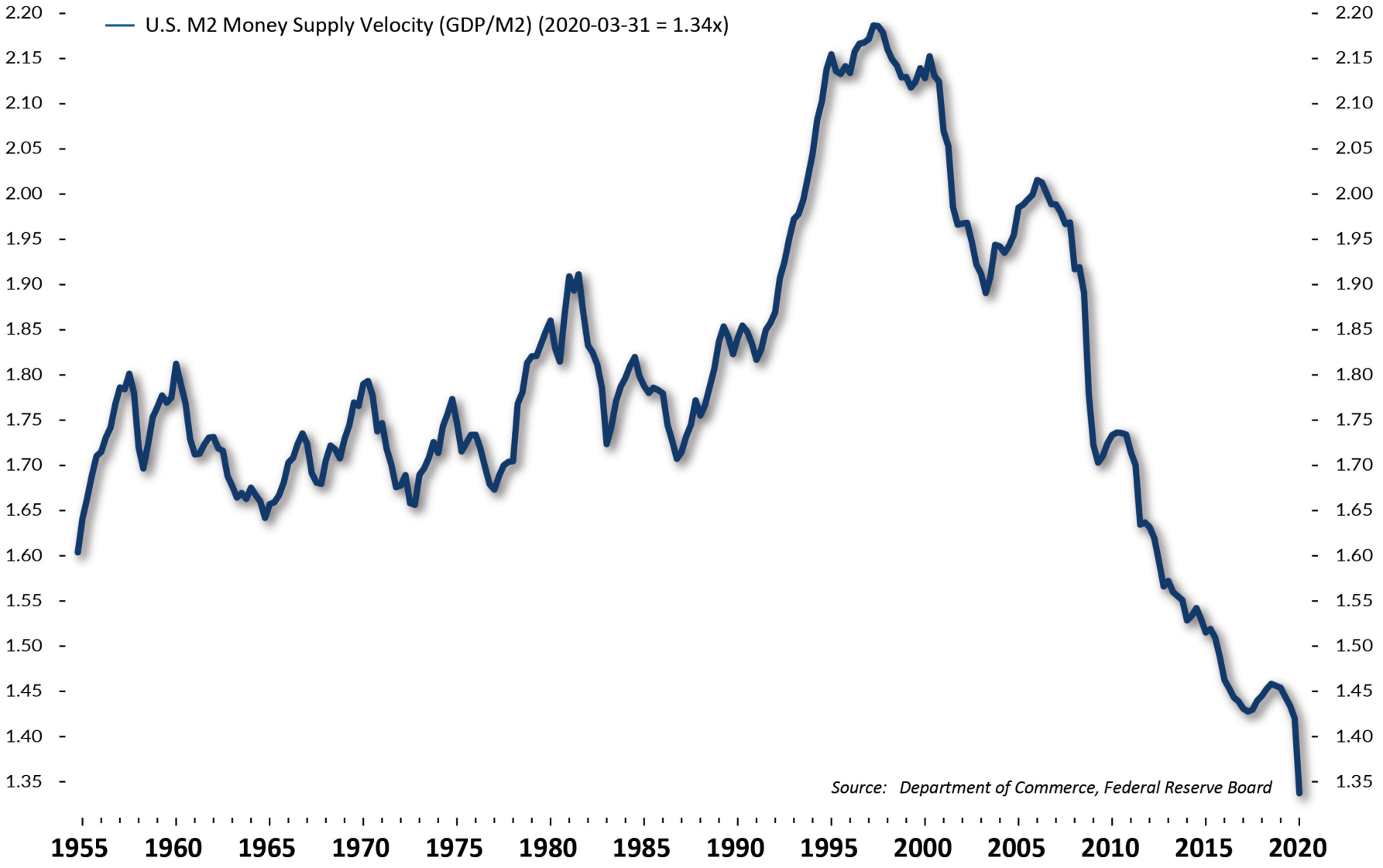
Source: Federal Reserve Board

yardeni.com

Source: Yardini Research

U.S. M2 Money Supply Velocity (GDP/M2)

Quarterly Data 1954-12-31 to 2020-03-31



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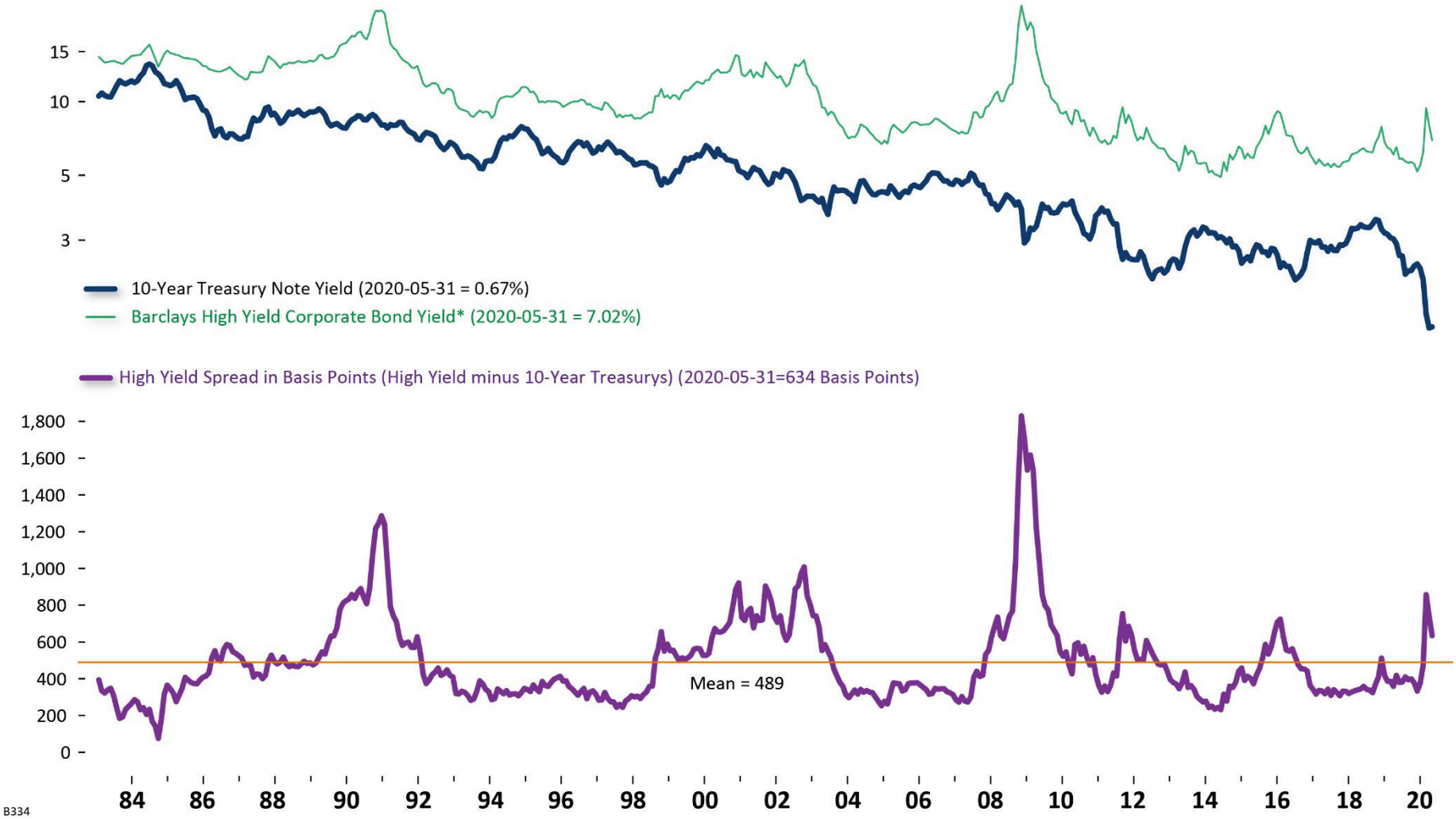
High Yield Corporate Spreads (Relative to 10-Year Treasurys)

Monthly Data 2000-01-03 to 2020-05-31



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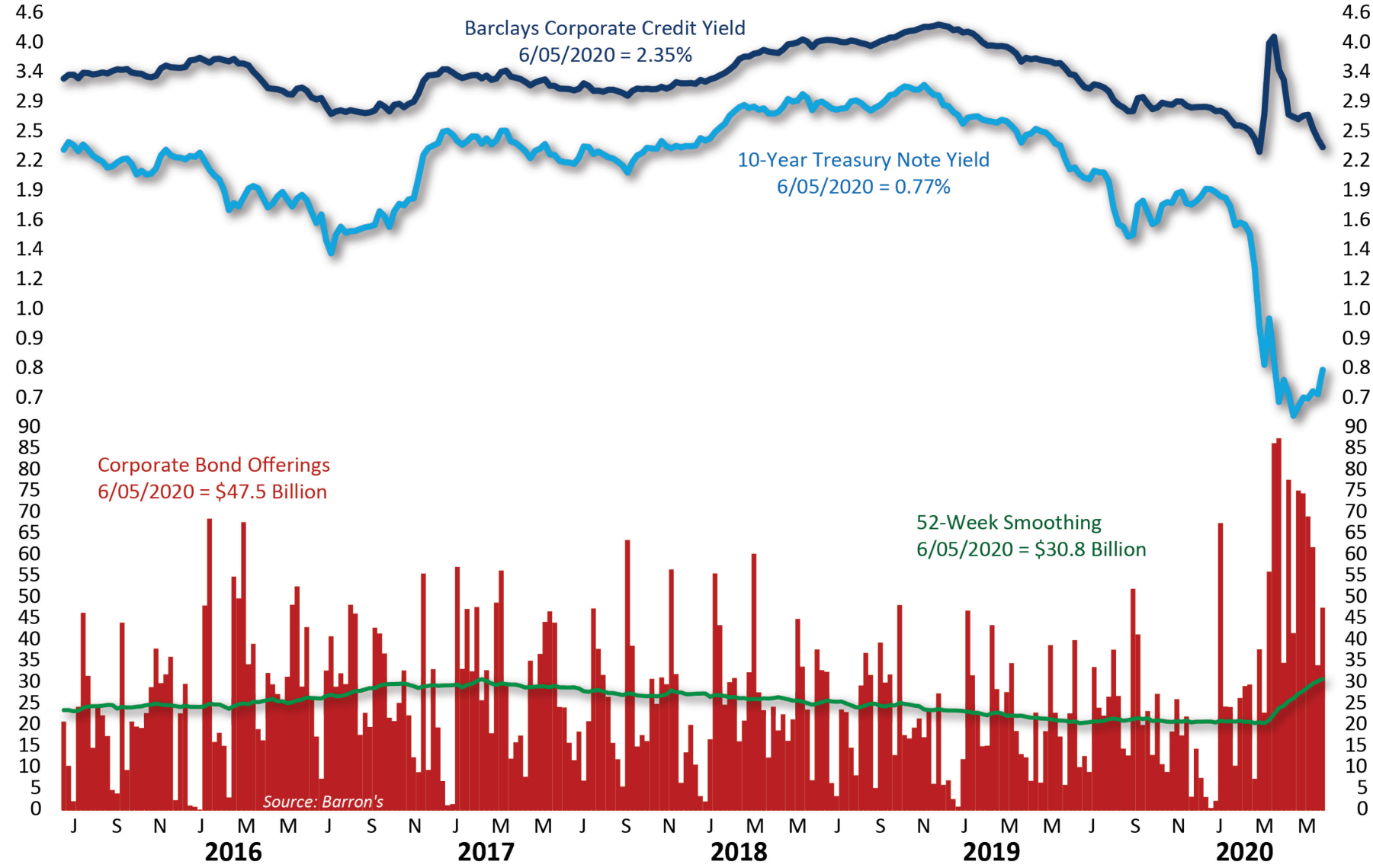
Past performance is not indicative of future results.

Source: Ned Davis Research

Corporate Bond Supply

Weekly 6/19/2015 - 6/05/2020 (Log Scale)

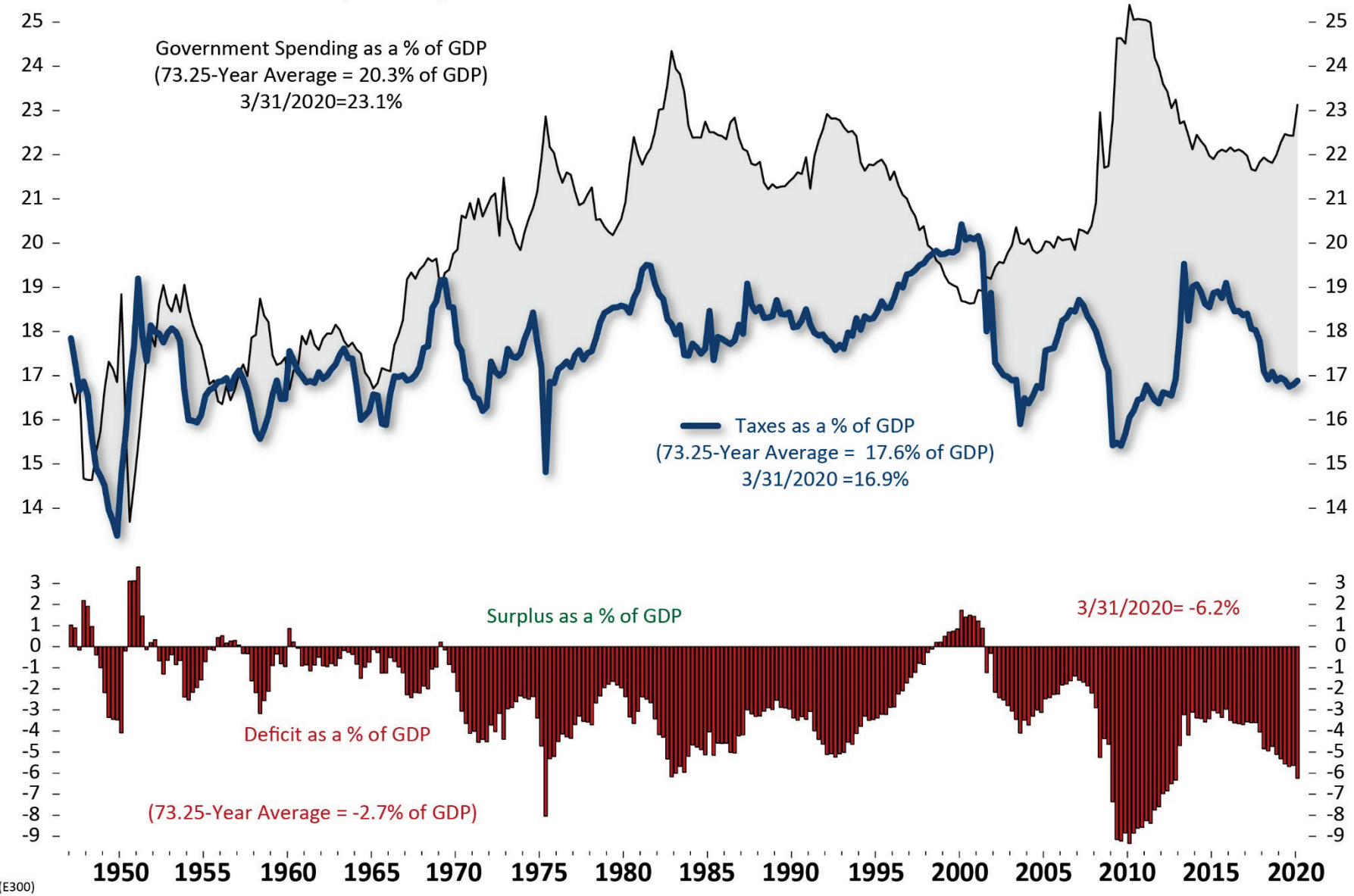


(B971)

Source: Ned Davis Research

Taxes and Government Spending

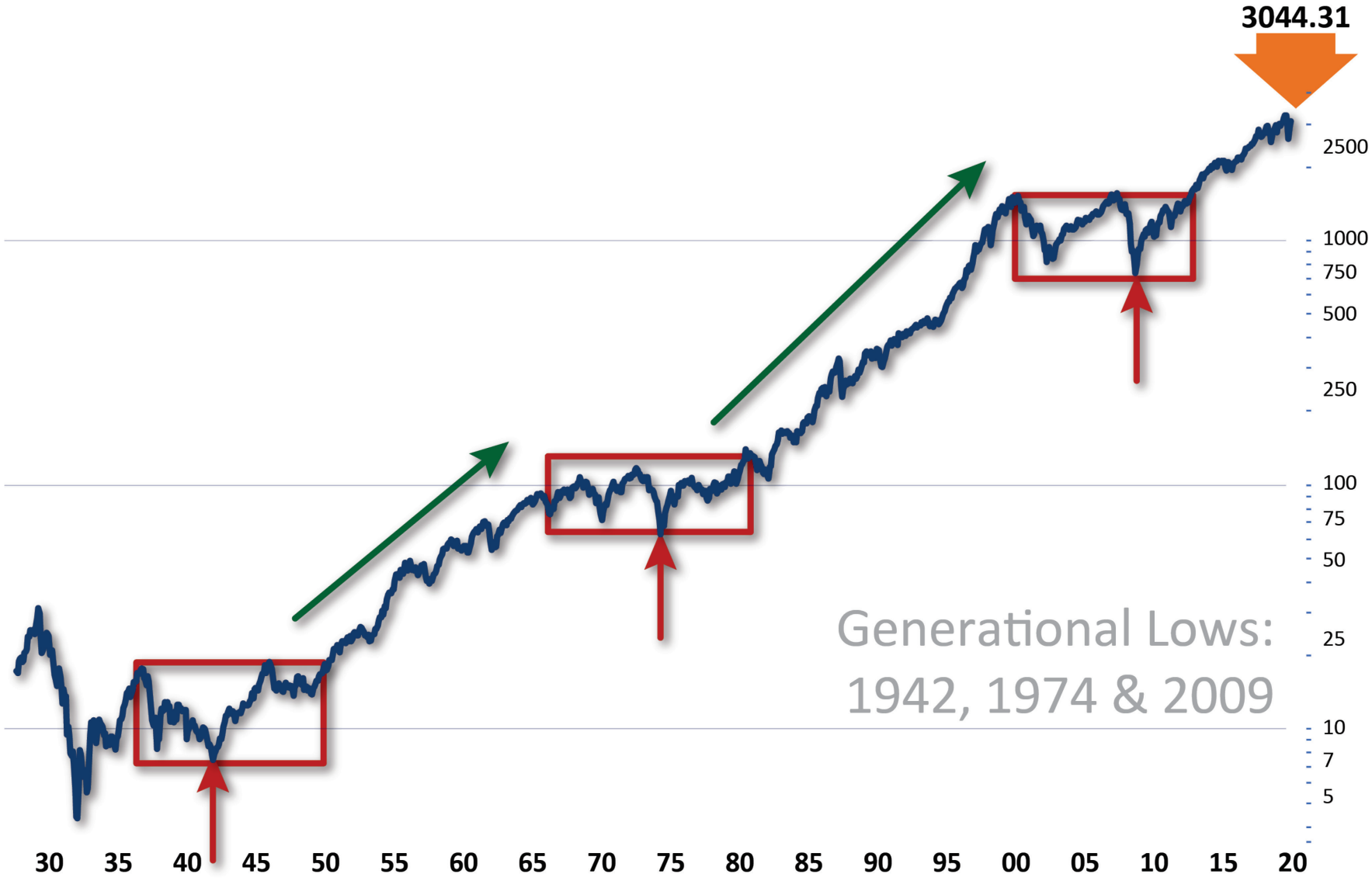
Quarterly 3/31/1947 - 3/31/2020



(E300)

Source: Ned Davis Research

S&P 500 Monthly Closing Price



Source: Bloomberg

2020 Mid-Year Market Outlook

- Will be provided in pdf format

Clark Capital MANAGEMENT GROUP

Market Outlook
Mid-Year 2019

Market Commentary by K. Sean Clark, CFA® Chief Investment Officer

January 2019

Title

2017 was an exceptional year for the global economy and the stock markets. The major equity markets stand at or near record highs and economic growth is accelerating as we begin the New Year. In the U.S., the economy is on solid footing, economic growth has accelerated over the past several quarters and we enter 2018 poised for continued expansion. The primary economic indicators suggest continued growth through 2018. For example, the Conference Board's Index of Leading Economic Indicators continues to hit new highs, consumers are optimistic with Consumer Confidence at a new recovery high, and the labor market is healthy with a 4% unemployment rate and jobless claims hitting their lowest level since the early 1970s. These all suggest that the economy is poised for continued growth in 2018, which bodes well for the global equity markets.

Our view of the markets remains that we are still within the context of a long-term secular bull market in stocks. We are now almost nine years into this bull market, and if history is any guide, we may only be halfway through this long-term bullish trend. We expect U.S. stocks to post mid to upper single digit gains for the year, with a target of 2900 on the S&P 500. However, following last year's unprecedented streak without any meaningful corrections and the lack of volatility, we expect to see an upturn in volatility and a return of more normal market corrections. Since we don't see a recession on the horizon, any correction should be shorter and shallower and set the market up for additional gains. In the fixed income markets, we currently favor credit over duration, as continued growth is supportive to risk assets.

As always, we are mindful of risks. 2018 is a midterm election year, and historically midterm election years have experienced a decent correction in the middle of the year, but those corrections have also set the stage for very strong rebound rallies. Other areas of risk include valuations, earnings growth expectations, the path of monetary policy, a new Federal Reserve Chairman, and geopolitical issues to name just a few. Valuations are again stretched, which could cap further upside gains. The Federal Reserve has now hiked interest rates five times in this cycle and plans to continue to hike rates in 2018. An overly aggressive Fed coupled with stretched valuations is a concern as we enter the New Year. Finally, we will see new leadership at the helm of the Federal Reserve and historically the market has tested new Fed Chairs within six months of their taking control.

Although there are risks to be mindful of as we begin the New Year, we believe 2018 will be a positive year for the markets.

K. Sean Clark, CFA
Chief Investment Officer

As Clark Capital's Chief Investment Officer, Sean oversees all of the Firm's investment activities and heads the Firm's portfolio team. Sean joined the Firm in 1993 and is responsible for asset allocation and investment selection for Navigator Investment Solutions as well as directing ongoing market research and contributing to the development of proprietary products. Sean is a member of the Clark Capital Executive Committee and the Board of Directors. He graduated from the University of Delaware, earning a B.S. and an M.A. in Economics. Sean is a Chartered Financial Analyst and a member of the CFA Institute (formerly AIMR) and the Financial Analysts of Philadelphia, Inc. Sean is considered an industry expert and is often asked to appear on CNBC and Bloomberg television to share his views on the market. In addition, Sean was featured in an article in Barron's and has been quoted in a number of articles in nationally distributed business journals and newspapers.

One Liberty Place | 1650 Market Street | 53rd Floor | Philadelphia, PA 19103 | 800.766.2264 | www.ccmg.com

Q&A

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The Barclays U.S. Corporate High-Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

Index returns include the reinvestment of income and dividends. The returns for these unmanaged indexes do not include any transaction costs, management fees or other costs. It is not possible to make an investment directly in any index.

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 or an investment), credit, prepayment, 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).

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities

Benchmark Descriptions

The S&P 500 measures the performance of the 500 leading companies in leading industries of the U.S. economy, capturing 75% of U.S. equities.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

The Russell 2000 Index measures the performance of the 2000 smallest U.S. companies based on total market capitalization in the Russell 3000, which represents approximately 10% of Russell 3000 total market capitalization.

The Russell 3000 Index measures the performance of the 3000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The MSCI World ex US Index is a market capitalization-weighted index designed to measure equity performance in 22 global developed markets, excluding the United States. The benchmark for this composite is used because the MSCI World Ex US Net Index is generally representative of international equities.

BBgBarc U.S. Aggregate Bond Index covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities. To qualify for inclusion, a bond or security must have at least one year to final maturity, and be rated investment grade Baa3 or better, dollar denominated, non-convertible, fixed rate and publicly issued.

The BBgBarc US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting. The US Treasury Index is a component of the US Aggregate, US Universal, Global Aggregate and Global Treasury Indices.

The BBgBarc US 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. The US Corporate Index is a component of the US Credit and US Aggregate Indices, and provided the necessary inclusion rules are met, US Corporate Index securities also contribute to the multi-currency Global Aggregate Index.

The BBgBarc U.S. Corporate High-Yield Index covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

The BBgBarc U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

The Global Manufacturing PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Manufacturing PMI™ indices are weighted according to national contributions to global manufacturing gross value added. Weights for the global indices are derived from the latest available World Bank data on the gross value added of manufacturing for each of the nations covered. World Bank data on value added are in constant 2010 US$, with all national currencies converted to 2010 US$ by the World Bank using DEC alternative conversion factors.

The NDR Credit Conditions Indices (CCI) are designed to objectively measure credit conditions in the U.S. market, specifically the cost & availability of credit. The index consists of two equal-weighted components and historically evaluates business and consumer credit conditions.

NDR (Ned Daily Research) Daily Trading Sentiment Index is based on the S&P 500 Daily Sentiment Index which shows a short-term sentiment view of the S&P 500 Index

Created by the Chicago Board Options Exchange (CBOE), the Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, it provides a measure of market risk and investors' sentiments.

The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

The Dow Jones Industrial Average is the most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of the Wall Street Journal (which is published by Dow Jones & Company), a practice that dates back to the beginning of the century. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system.

Index returns include the reinvestment of income and dividends. The returns for these unmanaged indexes do not include any transaction costs, management fees or other costs. It is not possible to make an investment directly in any index.

The volatility (beta) of an account may be greater or less than its respective benchmark.