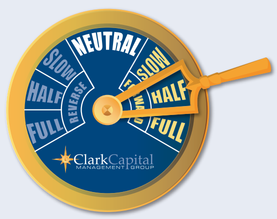
ClarkCapital MANAGEMENT GROUP

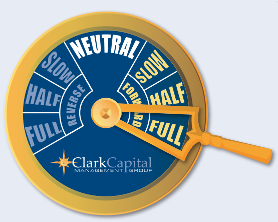
Market Moves

Charting Our Strategies

Economic Gauges

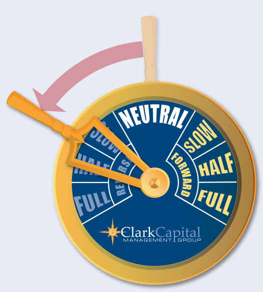


Economy

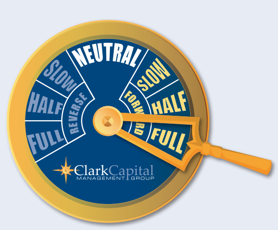


Monetary Policy

Valuations



Investor Sentiment



Interest Rates

Clark Capital's Bottom-Up, Fundamental Strategies

January was a volatile month for the markets. It started off strong with the S&P 500 heading higher, but the month ended with small losses. Small-cap stocks led the way on continued economic reopening and a short covering retail frenzy. Market participation continues to broaden with new leadership from small-cap stocks supporting the larger trends. Financials, Technology, and Consumer Staples remain strong performers. While U.S. economic growth currently exceeds most other countries and regions globally, we anticipate non-U.S. economies to begin recoveries.

Below are strategy updates from January:

All Cap Core U.S. Equity

- Navigator® All Cap is positioned with approximately 66.9% in large-cap stocks and the remainder in mid/small-cap companies and cash.
- The portfolio continues to balance portfolio holdings between the dominant large-cap growth companies and small and mid-cap companies which we believe will benefit from a likely earnings snap-back associated with the continuing economic reopening.
- To this end, we added two positions in Financials as we believe they will continue to perform as credit holds and rates increase. We also added two positions in cyclicals and a consumer brand-name houseware developer.
- Albeit underweight to the benchmark, Technology remains the largest sector weight in the strategy at 22.0%.

High Dividend Equity

- The Navigator® High Dividend Equity strategy continues to invest with a barbell approach, focusing on consistent dividend growth compounders in addition to cyclical stocks as the economy reopens.
- Large-cap stocks represent 86.0% of the portfolio with 9.7% of the portfolio in mid-cap and 2.2% in small-cap.
- Financials remains the largest sector weight at 20.0%, which is slightly overweight the benchmark's 19.5%. The next three largest weights in portfolio are Industrials, Healthcare and Technology, each ranging from 11% to 14%.

International Equity ADR

- Navigator® International Equity/ADR is positioned with 16.5% in emerging markets with the balance in developed economies.
- Britain, Canada, Ireland, and Japan are the strategy's largest country weights, all between 10% and 15%.
- During the month, we added two Technology companies, an Industrial company and a Financial Services company.
- We removed an insurance company, a manufacturing company, a home appliance company, and a Canadian freight railway company.
- Financials and Technology remain the portfolio's largest sector weights.

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Taxable Fixed Income

- January returns were driven by recurring themes from over the last few months. We added new purchases in two housing companies as housing continues to produce strong numbers despite increased costs associated with commodity rallies in lumber and copper.
- After years of being underweight REITs, we are increasing our exposure to become neutral weight with the benchmark by adding three REITs.
- With a new round of stimulus likely coming through, we also added two new Industrial names to the portfolio.
- Several of our high yield bonds were called or matured in January. The portfolio's duration remains near 4 years.

Tax-Free Fixed Income

- The month of January proved daunting: municipal bonds followed Treasuries lower at the onset of the New Year. Supply worries, political turmoil, and increased uncertainty drove the market lower and steeper through the majority of the month.
- Midway through the month, supply worries began to abate; taxable munis still accounted for approximately 35% of overall supply, and those who waited to invest in December found the expected supply push underwhelming.
- The month ended marginally stronger (2 basis points) in a parallel shift lower in yield between 3 and 30-years. Ratios to Treasuries remained nearly unchanged for the open.
- We expected some steepening in the month. While this did not come to fruition at month's end, the weakness through mid-month could be interpreted as a peek into what could happen when supply does ramp up in earnest and crossover sellers do emerge.
- We will continue to strategically sell longer, lower coupon bonds and redeploy in the front end when markets and supply permit.

Clark Capital's Top-Down, Quantitative Strategies

The strong start to the New Year for the market was upended with a small correction at the end of January. However, even though the S&P 500 only declined 3.6% from its high, volatility surged with the CBOE Volatility Index (VIX) rising to above 37, an elevated level given the small decline in stocks. Meanwhile, credit remained very firm and spreads continued to narrow. Historically, higher volatility with a firm credit landscape has been a positive sign for equities, as it suggests a healthy backdrop for the economy and markets. Our tactical strategies remained in a risk-on position throughout the month.

Below are strategy updates from January:

Alternative

- As equities continue to rally, we reduced our exposure to emerging markets and added to merger arbitrage.
- We continue to own gold, silver and mining equities. Gold is holding on

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near the 200-day moving average. We are watching it closely and could exit upon a breakdown.

- We would look to add more equities and risk to the portfolio, but only upon a sizeable correction and oversold conditions.

Fixed Income Total Return

- Our position favoring high yield remains solid. Interest rates continued to rise in January, but high yield hung in there, producing flat returns while Treasuries declined over 90 basis points.
- As January came to an end, interest rates began to decline again, but we do not see price declines in the high yield space, and our models remain bullish.

Global Tactical

- The portfolio continues to own equities, as its credit-based risk models strongly point towards risk-on.
- The portfolio is being led by small-caps, which are up over 7% after also surging in the fourth quarter.
- Broad international equities held their own in January, and are ahead of the S&P 500 year to date.

Sector Opportunity

- The portfolio had owned a position in a retail ETF for much of 2020, which was a key beneficiary of Fed easing. Its surge became parabolic in January amid GameStop's surge. GameStop grew to become 20% of the ETF (while no other stock was over 2%), driving the fund to a 29% gain through January 28th.
- Thus, we sold our retail fund late in January, looking to harvest outsized gains from the potentially temporary spike, and redeployed the proceeds into Consumer Discretionary and Technology.

Style Opportunity

- In January, the portfolio added a small position in buybacks, our first large-cap value position in some time.
- As January ended, we sold half of our small-cap position, moving that money into the S&P 500. The sale of small-caps was done primarily to take advantage of the huge moves in GameStop, a single stock that had become an outsized weight in a number of ETFs. We took some gains upon what we viewed as a temporary spike.

U.S. Strategic Beta

- The portfolio moved to increase its position in growth stocks and value, reducing its position in quality and minimum volatility.
- Overall, the portfolio is neutral with regards to growth vs. value.
- Many factor-based portfolios are often underweight growth, and with growth potentially resurgent after struggling in the fourth quarter, we are unwilling to actively bet against it.

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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.

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