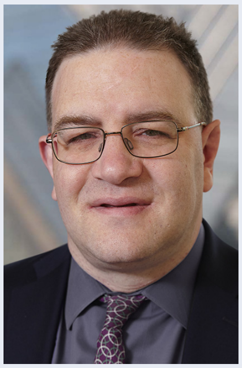
ClarkCapital MANAGEMENT GROUP

Portfolio Commentary

Navigator® Global Tactical

Portfolio Manager



Mason Wev, CFA®, CMT®, CAIA®
Senior Portfolio Manager

Top Contributors as of March 31, 2021

Company Name	Avg. Weight (%)	Contribution to Return (%)
iShares Core S&P Small Cap ETF	22.17	3.91
SPDR Portfolio S&P 500 ETF	46.51	2.96

Top Detractors as of March 31, 2021

Company Name	Avg. Weight (%)	Contribution to Return (%)
iShares Core MSCI Total International Stock ETF	19.39	0.89
Vanguard FTSE All-World ex-US Small-Cap ETF	8.83	0.47

Source: Factset. For illustrative purposes only. Past performance does not guarantee future results. The holdings identified do not represent all of the securities purchased, sold or recommended for advisory clients. In the chart above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall performance during the period. To obtain the calculation methodology and a list showing every holding's contribution to the overall composite during the period, contact: PortfolioAnalytics@ccmg.com.

Stocks Outperform Treasuries by Most Since 2009

Market Review

Even though we have been living through the disruptive effects of a pandemic, markets and the economy have recovered beautifully from the initial shock in February and March of 2020. The first quarter of 2021 saw the recovery move towards broad optimism. Vaccines are being widely distributed, and individual mobility has picked up.

Many people began to book travel plans, and investor expectations surged higher. The economic growth numbers that we will see over the next few quarters could well be the highest in our lifetime. Markets responded in kind, with cyclical stocks leveraged to the economy and small-caps soaring higher, easily overcoming a 0.8% move higher in the 10-year Treasury.

Even though markets bottomed just over a year ago, the first quarter saw an over 20% gap between the S&P 500 Index gains and the losses on long Treasury bonds. This proved to be the largest disparity since the second quarter of 2009, which marked the bottom after the Financial Crisis. Investors have delivered a broad verdict that the economy will recover over the next few quarters. The easy money tied to the recovery trade has been made. While we expect gains to become more muted as 2021 proceeds, underlying conditions continue to be robust.

First Quarter Performance Highlights

- When in risk-on mode, the portfolio allocates 70% to U.S. equity and 30% to international equity; for each region, it gives 70% weight to large caps and 30% to small-caps. The resulting portfolio is very broad, with a global reach, and a miniscule 0.055% aggregate expense ratio.
- The portfolio owns two U.S. equity ETFs and two international equity ETFs. The S&P Small Cap 600 ETF (IJR), driven by a 18.4% gain, was the portfolio's top contributor, despite being less than half the portfolio weight of the S&P 500 ETF (SPLG), which was the second largest contributor.
- The portfolio's two international ETFs were detractors, as emerging markets lost relative strength. International small-caps held up fairly well, a sign of the market's breadth and strength.

Positioning and Outlook

The Global Tactical portfolio enters risk-on positions when its credit-driven models favor risk-on; it sells equities and moves into Treasuries or cash when the models indicate negative broad credit trends. After a brief step away from equities in July, the portfolio moved back into equities on July 30th, and our credit models have kept us solidly positioned in equities ever since.

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

This enabled us to enjoy strong gains, particularly in U.S. small-caps. The market's strong bullish dynamic during the first quarter included positive news on a COVID vaccine, strengthening earnings expectations, tightening credit spreads, rising interest rates, and strong market breadth. As a result, our credit-driven models persistently made new highs and never came close to a defensive retrenchment. Since July 30th, the portfolio's four holdings have produced strong returns relative to the benchmark ETF, the MSCI All Country World Index ETF (ACWI, up 23.1%). In contrast, fixed income has produced losses, and the iShares 7-10 Year Treasury ETF (IEF) is down 7.5%.

Looking forward, we expect the economic re-opening to keep markets strong even if the gains are less sizeable through the next few quarters. Credit markets continue to give all clear signals, and technicals and breadth remain robust. Valuations and investor sentiment present serious concerns, as one year forward S&P 500 P/E ratios have hit 23, levels last seen in 1999-2000.

Valuation indicators, however, have rarely proven to be good timing tools. A weakening in earnings expectations, loss of confidence in credit markets, and most importantly, a reining in of purchasing by the Fed are the catalysts we are most focused on.

Right now, all of these factors are greenlights, and they are more likely to be an issue in 2022 or 2023. The Federal Reserve has signaled its intentions to let the recovery and economic growth run hotter than in the past. That increases the probability that this bull market has even a few more years left to run. While we understand that many people may disagree with the Fed's massive purchases and easing stance, we are mindful that those who bet against them will be hard pressed to stand in the way of their market-driving power.

As always, our credit-driven models will be our primary guide in allocating risk. This approach allows us to manage downside risk, as we saw during the pandemic-driven decline last March. Valuations indicate that sometime over the next few years, risk management and capital preservation will become essential again. We remain bullish for now, but ready to pull in the reins when market confidence ebbs.