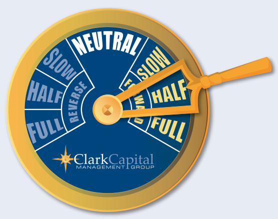
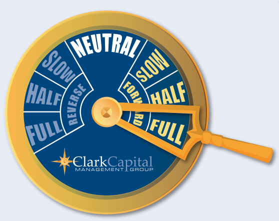
Market Moves

Charting Our Strategies

Economic Gauges

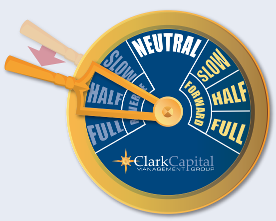


Economy

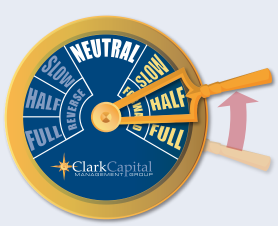


Monetary Policy

Valuations



Investor Sentiment



Interest Rates

Clark Capital's Bottom-Up, Fundamental Strategies

Large-cap value and international equities reasserted their performance advantage over large-cap growth in May as COVID cases continued to decline in the United States and began their descent globally. Economically sensitive sectors continue to outperform growth with leadership in Materials, Energy, Financials, and Industrials. Technology, Consumer Discretionary and Utilities posted the weakest returns for the month. Despite strong earnings and globally climbing Purchasing Managers Indices, 10-Year U.S. Treasury yields remained virtually unchanged at 1.61% and credit conditions show no sign of stress.

Below are strategy updates from May:

All Cap Core U.S. Equity

- Navigator® All Cap is positioned with approximately 67.1% in large-cap stocks and the remainder in mid-cap/small-cap companies and cash.
- During the month, we added a recreational vehicle manufacturer to the portfolio as we believe this company will outperform as reopening trends continue and the economy accelerates. During the month, we exited our position in an international tech company.
- Albeit underweight to the benchmark, Technology remains the largest sector weight in the strategy at 21.7%.

High Dividend Equity

- Financials remains the largest sector weight followed by Industrials and Healthcare.
- We increased biotech exposure with the purchase of a biopharmaceutical company demonstrating strong business momentum and a growing dividend profile.
- Other increases were an insurance company and a telecommunications company; additionally, two real estate trust companies were increased given the improved guidance as the economy re-opens.
- We reduced our positions in a medical technologies company and a semiconductor manufacturing company as the Technology sector continues to underperform economically sensitive stocks.

International Equity ADR

- Navigator® International Equity/ADR is positioned with 18.8% in emerging markets, with the balance in developed economies and cash.
- Britain, Canada, Ireland and Japan are the strategy's largest country weights, all between 10% and 15%.
- During the month we added to names we liked in the portfolio including a Spanish multinational electric utility company, a Japanese telecommunications company, and a German vehicle manufacturer.
- Financials, Industrials, and Technology remain our largest sector weights. While U.S. economic growth currently exceeds most other countries and regions globally, we anticipate non-U.S. economies to also have accelerating recoveries.

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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Taxable Fixed Income

- May followed a strong April with positive returns with the Bloomberg Barclays US Aggregate Bond Index up 33 basis points and the Bloomberg Barclays Intermediate Corporate Total Return Index up 58 basis points.
- Investment grade exposure slightly underperformed the benchmark and lower quality credits.
- We continue to look for names with spread in economic recovery themes. As such, we increased our position in two vehicle manufacturers, and a steel and metal manufacturer.
- The new investment grade credits added during the month were a defense contractor company, and a home improvement company.
- With 2-year yields still at 16 basis points, we view 2026-2027 maturities as the most attractive opportunity. We believe the bounce in 10-year Treasuries has slowed. A few more range bound weeks appear to lie ahead.

Tax-Free Fixed Income

- The 5-year Bloomberg Barclays Municipal Bond Index ended the month down 0.01%.
- In a departure from the prevailing composition of deal flow, 20% of new issuance was taxable versus recent levels of 25-30%, as measured in the top 50 deals.
- While the ratio of exempt issuance was higher, compounded by higher Treasury yields, munis were still able to notch gains in the longer end over the month; outright rates and ratios to Treasury counterparts were lower 15 years and longer.
- Inflows into muni bonds also remained robust, with closing weekly numbers in excess of $1B.

Clark Capital's Top-Down, Quantitative Strategies

The major equity market indices have been treading water since mid-April with a rotational correction occurring under the surface. Leadership has remained firm within economic recovery themes such as Materials, Energy, and Industrials continuing to advance. For the month of May, equity and fixed income asset classes both enjoyed modest gains.

The relative strength models that drive our top-down strategies have remained very consistent in favoring credit over Treasuries and cyclical sectors over growth. The rotation out of growth sectors accelerated when consumer prices for April came in higher than expected. Technology-related sectors felt the inflationary sting, with Consumer Discretionary, Technology, and Communication Services all underperforming in May.

Below are strategy updates from May:

Alternative

- The portfolio added to merger arbitrage within its mutual fund core, and favors commodities, precious metals and miners, and commodity equity (lumber and forestry, agribusiness) to take advantage of re-opening and

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Clark Capital Management Group

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broadly inflationary trends.

- We also own farmland REITs and U.S. Small-Cap REITs. Fixed Income remains an underweight due to persistent negative real interest rates.

Fixed Income Total Return

- High yield performed roughly in line with Treasuries in April. Our models are near recent peaks and still solidly favor high yield and credit risk in general.
- In 2021, high yield spreads have reached their lowest levels since 2007, before the Great Financial Crisis. We have seen zero weakness so far, but as always remain on watch.

Global Tactical

- The portfolio continues to favor equities, as its credit models see little friction in corporate credit markets, giving an all-clear signal for risk.
- Small-caps and international stocks performed well in April, and U.S. large-caps were hurt by Technology lagging.
- Our models have favored equities since July 2020, and we don't see signs of that changing anytime soon.

Sector Opportunity

- After a long and successful run in the Consumer Discretionary sector, we recently sold out of our last position in the space, which was an allocation to homebuilders.
- The portfolio now favors Financials, Materials, Industrials, and Real Estate. Growthy Technology and Healthcare stand at the bottom of our rankings and being avoided within the portfolio.

Style Opportunity

- The portfolio favors buybacks, large-cap value, and mid-cap value (all value-oriented ETFs) and recently established a new position in small-cap value.
- Large-cap, mid-cap and small-cap growth ETFs sit at the bottom of our rankings.

U.S. Strategic Beta

- After some softness and consolidation in March and April, we believe that markets have worked off some of their extreme optimism.
- As a result, we reduced our stake in minimum volatility, and moved into multi-cap value and growth. We believe the portfolio could become more defensive as earnings peak in the second half of 2021.

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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 10 Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of 10 year. The 10 year treasury yield is included on the longer end of the yield curve.

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The purpose of the PMI is to provide information about current and future business conditions to company decision makers, analysts, and investors.

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 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.

The BBgBarc 5-Year Municipal Bond Index is the 5 Year (4-6) component of the Municipal Bond index. It is a rules-based, market-value-weighted index engineered for the tax-exempt bond market. The index tracks general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds rated Baa3/BBB- or higher by at least two of the ratings agencies.

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