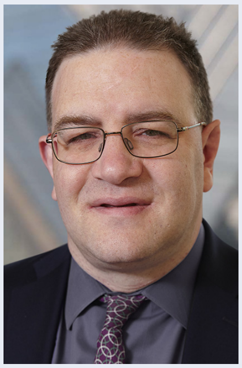
Portfolio Commentary

Navigator® Global Tactical

Portfolio Manager



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

Top Contributors as of June 30, 2021

Company Name	Avg. Weight (%)	Contribution to Return (%)
SPDR Portfolio S&P 500 ETF	48.04	3.95
iShares Core MSCI Total International Stock ETF	19.24	1.06

Top Detractors as of June 30, 2021

Company Name	Avg. Weight (%)	Contribution to Return (%)
iShares Core S&P Small Cap ETF	21.48	0.95
Vanguard FTSE All-World ex-US Small-Cap ETF	8.94	0.59

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.

Strong Economy And Fundamentals Should Fight Off Valuation Risks – For Now

Market Review

The U.S. economy and markets have surged ahead in 2021, as COVID vaccination progress and dynamic top-line growth have moved us closer to a return to normal. Combined support from the Federal Reserve along with fiscal stimulus fueled a surge in consumer activity and a strong hiring and wage backdrop. Companies have largely exceeded analyst expectations, driving markets higher; although, valuations have become a long-term concern, as we will discuss.

Economic data was dominated by strong Consumer Price Index (CPI) and Producer Price Index (PPI) readings along with surges in home, lumber, and broad commodity prices. In the markets' typical contrarian fashion, strong inflation data lined up with peaks in prices and inflationary pressures; lumber, in particular, quickly corrected after spiking higher.

Late in the quarter, the Fed moved up its expectations for action on interest rates in 2022 and 2023. Again, contrarianism ruled the day, as these moves were quickly priced in, marking the end of trend leadership of the "re-opening trade" that favored Financials, small-caps, and value stocks. Instead Technology, mega cap growth, and U.S. Treasuries enjoyed a late June boost, turning them into relative leaders for the quarter after six months of higher beta and cyclical leadership.

Second Quarter Performance Highlights

- The portfolio was positive on equities and thus, held onto its two U.S. and two international equity ETFs. The following were their portfolio weights and second quarter returns: S&P 500 Index ETF (SPLG – 48% weight; up 8.4%); Small Cap ETF (IJR – 21% weight; up 4.3%); broad International Ex-U.S. ETF (IXUS – 20% weight; up 5.5%); and International Small Cap ETF (VSS – 9% weight; up 6.7%).
- U.S. large-caps took back the lead from small-caps on the quarter, and large-cap growth in particular has taken off since the Fed indicated in late June that tapering would eventually be on the table. As a result, the S&P 500 Index ETF (SPLG) was the largest weight and largest contributor, while the International Small Cap ETF (VSS) was the smallest weight and the largest detractor.
- 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.

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

Positioning and Outlook

The Global Tactical portfolio enters risk-on positions when its credit-driven models favor risk assets (equities); it sells equities and moves into Treasuries or cash when the models indicate negative broad credit trends. The portfolio has owned equities since July 30th of last year, and our credit models have kept us unwaveringly bullish ever since.

We feel this has enabled us to enjoy healthy gains, particularly in U.S. small-caps. 10 of 11 sectors produced gains on the quarter, and the bullish tone helped boost expected S&P 500 earnings per share near their highest levels ever. We believe the economy continues to be on track to reopen and to move towards reaching its full potential.

Since July 30th of last year, the portfolio's four holdings have produced strong returns as detailed below (through 06/30): S&P 500 Index ETF (SPLG – up 34.2%); S&P Core Small Cap 600 ETF (IJR – up 59.5%); International Ex-U.S. ETF (IXUS – up 29.7%); and International Small Cap (VSS – up 36.2%). We believe these returns generally compare favorably to the MSCI All Country World Index ETF (ACWI – up 31.9%). In contrast, fixed income has produced losses, and the iShares 7-10 Year Treasury ETF (IEF) is down 5.2%.

Looking forward, we expect the economy to continue growing at an above long-term average pace, which should keep the risks to equities relatively muted. Valuations, however, indicate that in the longer run, markets are priced to perfection. As of June 30th, the S&P 500's forward P/E is 23.6, putting it right at 2000 levels and all-time highs. Given that earnings growth could be peaking in the second half of the year, a market correction of 5% to 10% by the end of the year seems likely. However, credit markets and the broader economy continue to give all clear signals.

If we had to pick one catalyst for volatility, we believe it would be the Fed more clearly signaling its intentions to eventually hike rates. Given the markets' strong reaction and the decline in rates after its first hints of a taper in June, we believe that the Fed will be muted in its language, keeping any potential fallout contained. Investors cannot ignore the Fed's defining role in this bull market and its market-driving support, and we prefer to follow along with the Fed's support rather than fight against the current.

As always, our credit-driven models will be our primary guide in allocating risk. We believe valuations that are approaching all-time highs warn that sometime over the next few years, risk management and capital preservation will become essential again. We remain bullish for now as the coast appears clear, but always stand ready to pull in the reins if market confidence turns.

The views expressed are those of the author(s) and do not necessarily reflect the views of Clark Capital Management Group. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. There is no guarantee of the future performance of any Clark Capital investments portfolio. Material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment strategy or strategies. For educational use only. This information is not intended to serve as investment advice. This material is not intended to be relied upon as a forecast or research. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Past performance does not guarantee future results.

This document may contain certain information that constitutes forward-looking statements which can be identified by the use of forward-looking terminology such as "may," "expect," "will," "hope," "forecast," "intend," "target," "believe," and/or comparable terminology (or the negative thereof). Forward looking statements cannot be guaranteed. No assurance, representation, or warranty is made by any person that any of Clark Capital's assumptions, expectations, objectives, and/or goals will be achieved. Nothing contained in this document may be relied upon as a guarantee, promise, assurance, or representation as to the future.

The volatility (beta) of a client's portfolio may be greater or less than its respective benchmark. It is not possible to invest in these indices.

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 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 Consumer Price Index (CPI) measures the change in prices paid by consumers for goods and services. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers.

The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

The MSCI All Country World is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world.

Clark Capital Management Group, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Clark Capital's advisory services and fees can be found in its Form ADV which is available upon request. CCM-508