Clark Capital Management Group

Portfolio Commentary

Navigator® High Dividend Equity

Portfolio Manager

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Co-Head of Equity

Top Contributors as of March 31, 2022

Company Name	Avg. Weight (%)	Contribution to Return (%)
ConocoPhillips	2.11	0.66
Helmerich & Payne, Inc.	1.01	0.62
Chevron Corporation	1.33	0.45

Top Detractors as of March 31, 2022

Company Name	Avg. Weight (%)	Contribution to Return (%)
Home Depot, Inc.	1.22	-0.38
Abbott Laboratories	1.71	-0.31
JPMorgan Chase & Co.	1.87	-0.30

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.

Dividend Growers Gain Momentum

Market Review

The market posted its first quarterly loss in two years due to heightened concerns over the Russia-Ukraine war, expectations of a tighter monetary policy and inflation. Dividend growers effectively combat inflation with a consistent income stream, regardless of stock price fluctuation. Challenges to a strong U.S. economic backdrop persist with supply chain shortages, higher commodity prices, and a tight labor market. Historically, market returns tend to moderate as earnings peak and interest rates rise.

The Fed tightening plan has increased market volatility, causing investors to gravitate to lower beta stocks and dividend growers. Since the start of Covid, low quality dividend-cutters outperformed growers, resulting in the highest S&P 500 Index forward P/E for cutters and non-payers versus payers since 2002. In the last 12 months, dividend growers have closed the performance gap with the Russell 1000 Value Index growers rising 17.8% versus non-dividend payers declining -5.5%.

The first quarter's mean reversion is indicative of a long record of dividend growers outperforming their dividend peers. The S&P 500 earnings are projected to rise 9.0% in 2022 and 10.0% in 2023, combined with an estimated 10% dividend growth, which could propel the market higher.

First Quarter Performance Highlights

- For the quarter, the Navigator® High Dividend Equity portfolio declined -1.07% (-1.81% net) versus the Russell 1000 Value Index return of -0.74%, and the S&P 500 Index -4.60%. Top contributing sectors were Energy, Industrials and Healthcare while detractors included Basic Materials, Financials and Consumer Discretionary.
- 126 S&P 500 Index companies increased their dividend, representing 31% of the 411 dividend paying companies. Dividends are up 14% on a quarter-over-quarter annual rate.
- Top contributing stocks during the quarter were ConocoPhillips, Helmerich & Payne, Inc., and Chevron Corp. Detractors were Home Depot, Inc., Abbott Laboratories and JPMorgan Chase & Co.

Positioning and Outlook

During the quarter, we increased positioning in late cycle sectors that we believe have consistent earnings and dividend growth. Additions included Accenture Plc, Fidelity National Informational Services, Inc., Allstate Corp., Element Solutions Inc., Fox Corp. Class A, Hewlett Packard Enterprise Co., Intercontinental Exchange Inc., McKesson Corp., Parker Hannifin Corp, and Pulte Holmes Inc.

Portfolio sales focused on companies with negative inflation exposure such as Darden Restaurants Inc. and Scotts Miracle-Gro. Co. We continued to realize gains in the

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

Financials sector with the sale of Equitable Holdings Inc., Goldman Sachs Group Inc., and Truist Financial Corp. Other sales were Interpublic Group Cos. Inc, L3Harris Technologies Inc., Oshkosh Truck Corp., and Otis Worldwide.

Financials remain the largest sector weight at 19.3%, which is underweight the benchmark at 21.7%. The purchase of Allstate increases our exposure in property and casualty insurance due to improving post-Covid business momentum. The second largest exposure is Healthcare at 17.3%, with the purchase McKesson Corp., a consistent revenue grower benefitting from a resolution to the opioid litigation. Technology remains an overweight at 12.3% with the additions of Accenture, PLC., which has a strong return on equity and positive earnings revisions and Fidelity National Informational Services, Inc., a company that we believe is undervalued relative to their strong business model and rising earnings growth. Energy continues to be an overweight as global demand outpaces supply, but as inflation peaks, our position will be re-evaluated.