

September 2022 Review & Outlook

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Economic Gauges



Economy



Monetary Policy



Valuations



Investor Sentiment



Interest Rates

The gauges reflect the degree of Clark Capital's positive (forward) or negative (reverse) outlook on the corresponding economic factors.

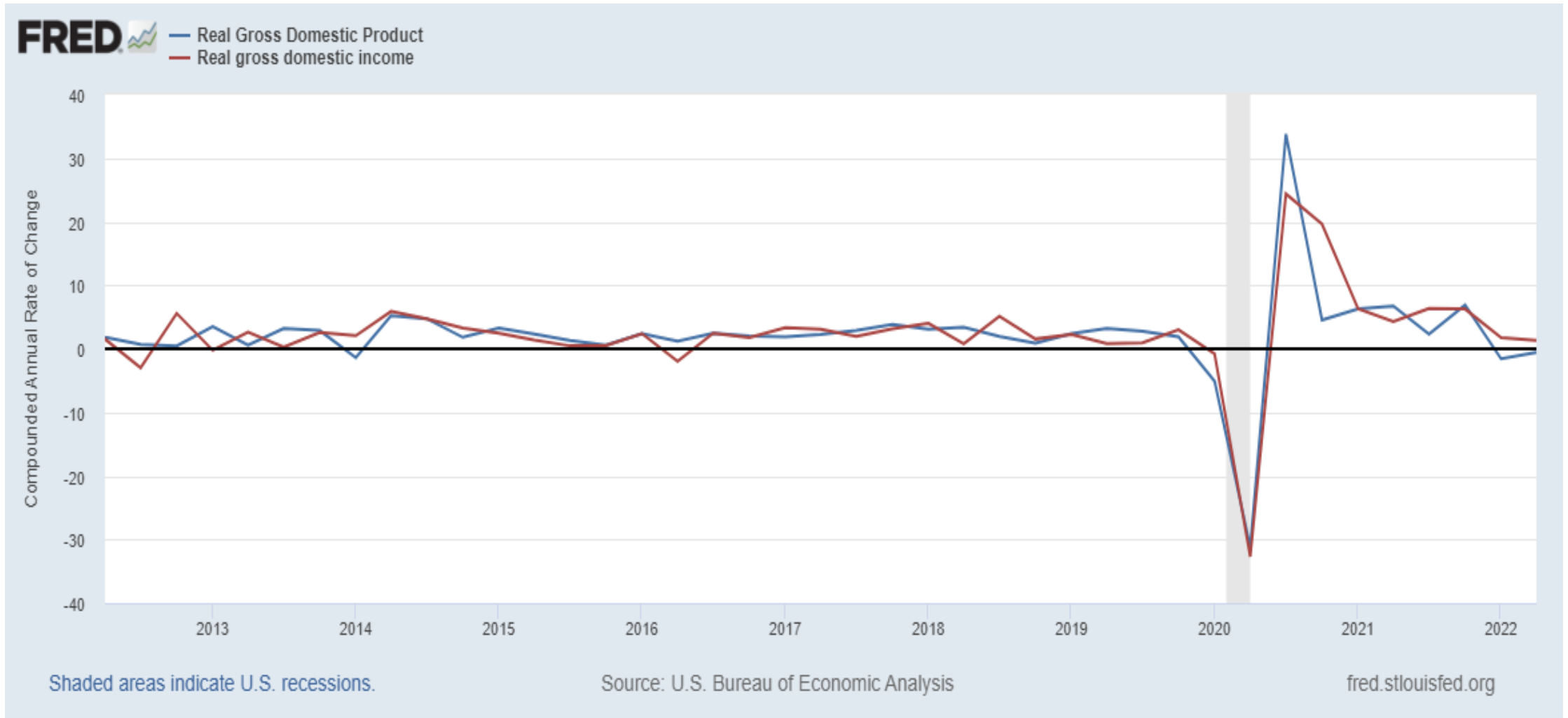


2022 Outlook

- Earnings growth slowing. Estimates suggests modestly positive earnings growth in 2022 and a rebound in 2023
- No recession yet. We believe risk will elevate in 2023
- Fed aggressively raising rates
- P/E multiples have contracted
- Yield curve flat/inverted. Bonds offering strongest yields seen in years
- We have seen heightened volatility and declining asset prices. Markets searching for a bottom. Will 6/16 low hold?
- Remember, Stocks historically lead economy and fed



2 Negative Quarters of Real GDP, But No Recession?



For illustrative purposes only.

Source: fred.stlouisfed.org

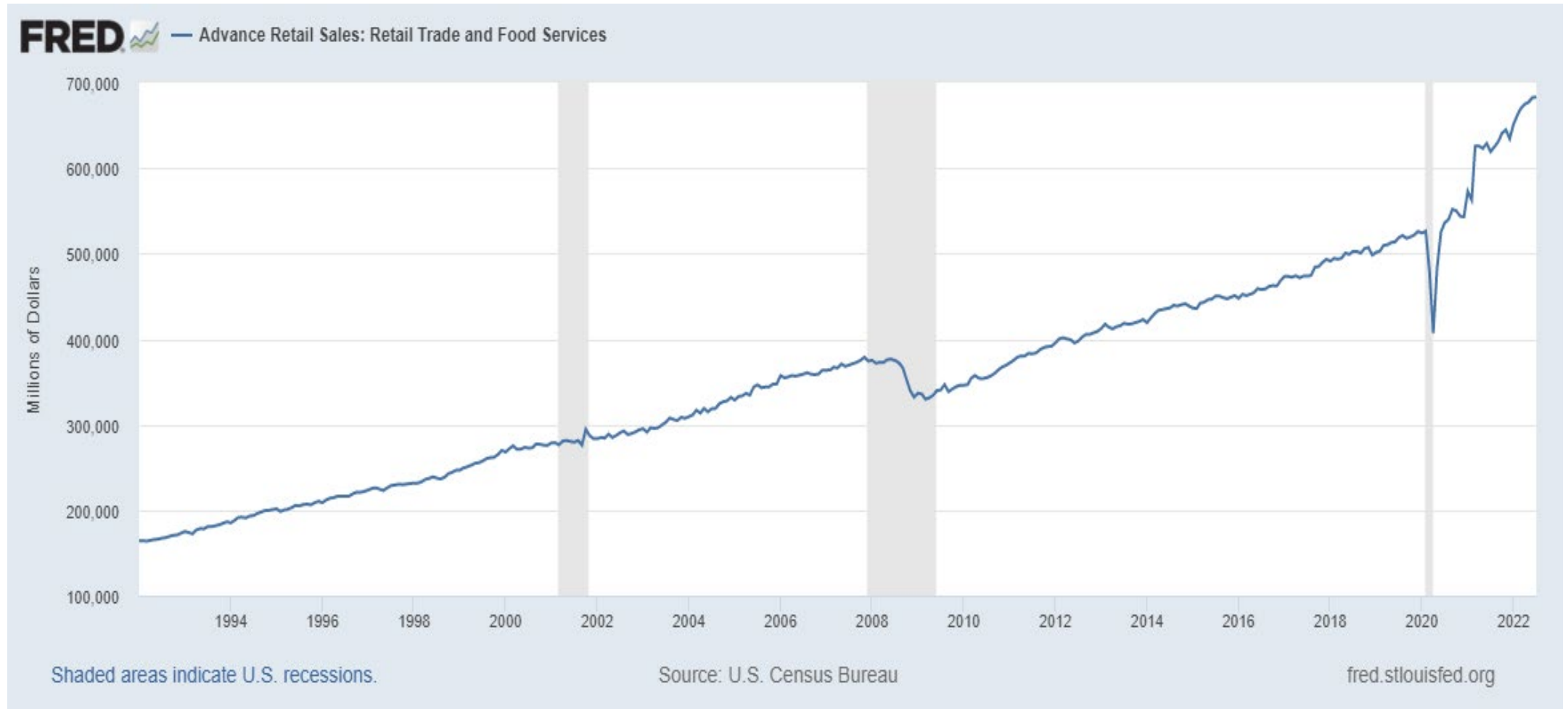
What is a recession?

The NBER's definition emphasizes that a recession involves a **significant decline in economic activity** that is spread across the economy and lasts more than a few months. In our interpretation of this definition, we treat the **three criteria—depth, diffusion, and duration**—as somewhat interchangeable. That is, while each criterion needs to be met individually to some degree, extreme conditions revealed by one criterion may partially offset weaker indications from another.

For illustrative purposes only. Past performance is not indicative of future results.



Consumers Still Spending

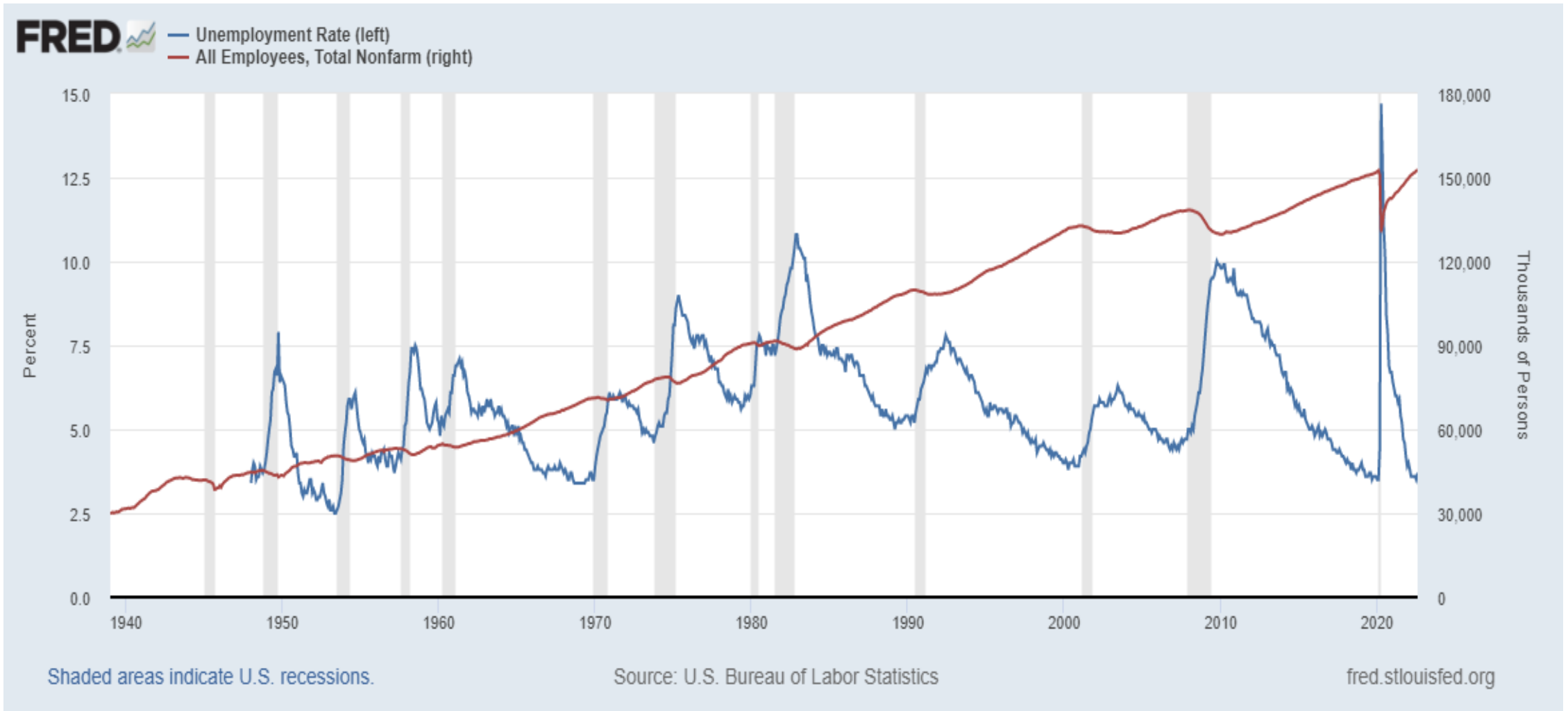


For illustrative purposes only.

Source: fred.stlouisfed.org



Labor Market Strong – Doesn't Look like a Recession



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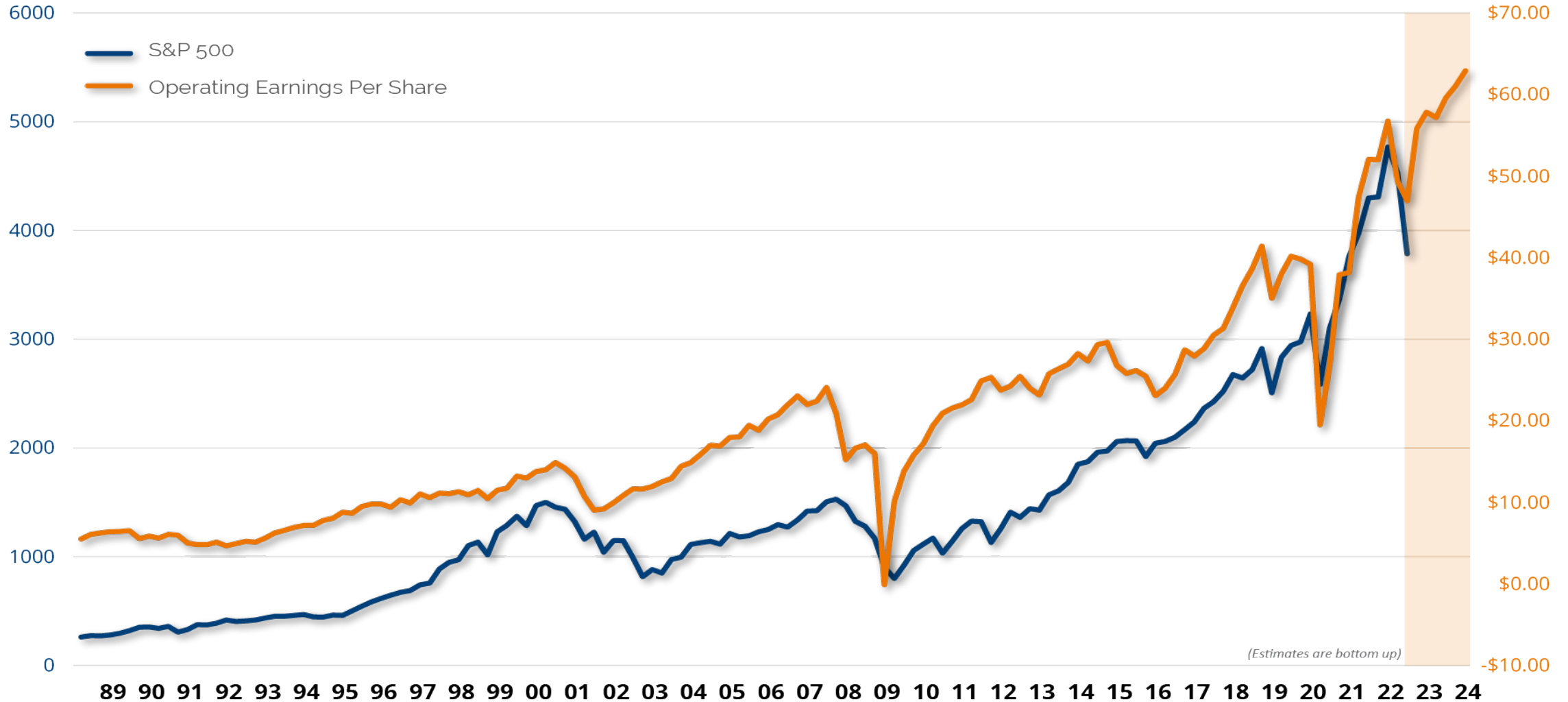
Source: fred.stlouisfed.org



Earnings Drive Stock Prices

S&P 500 & Operating Earnings

3/31/1988 to 12/31/2023 (estimated)



(Estimates are bottom up)

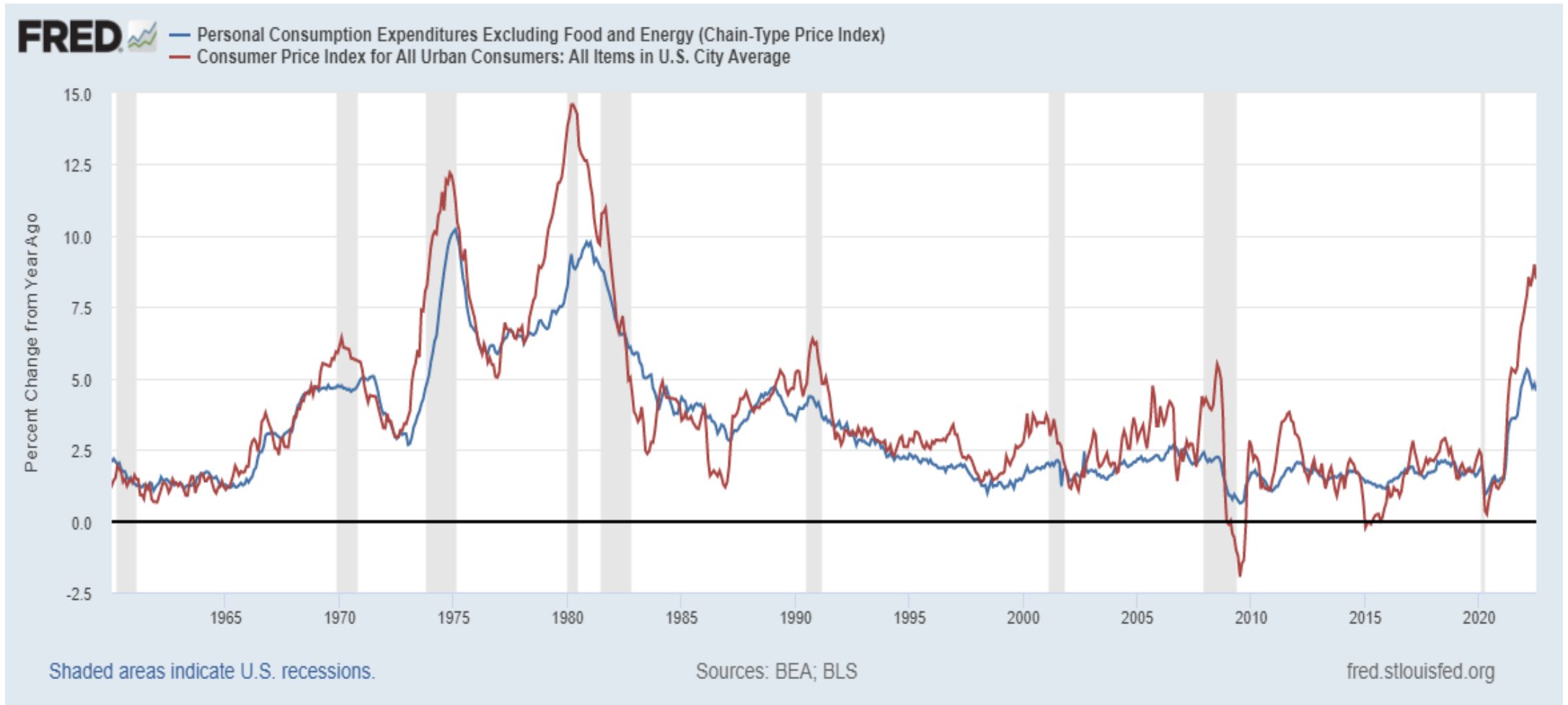
Source: S&P Dow Jones Indices.

For illustrative purposes only. Projections or other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.

Source: S&P Dow Jones Indices.

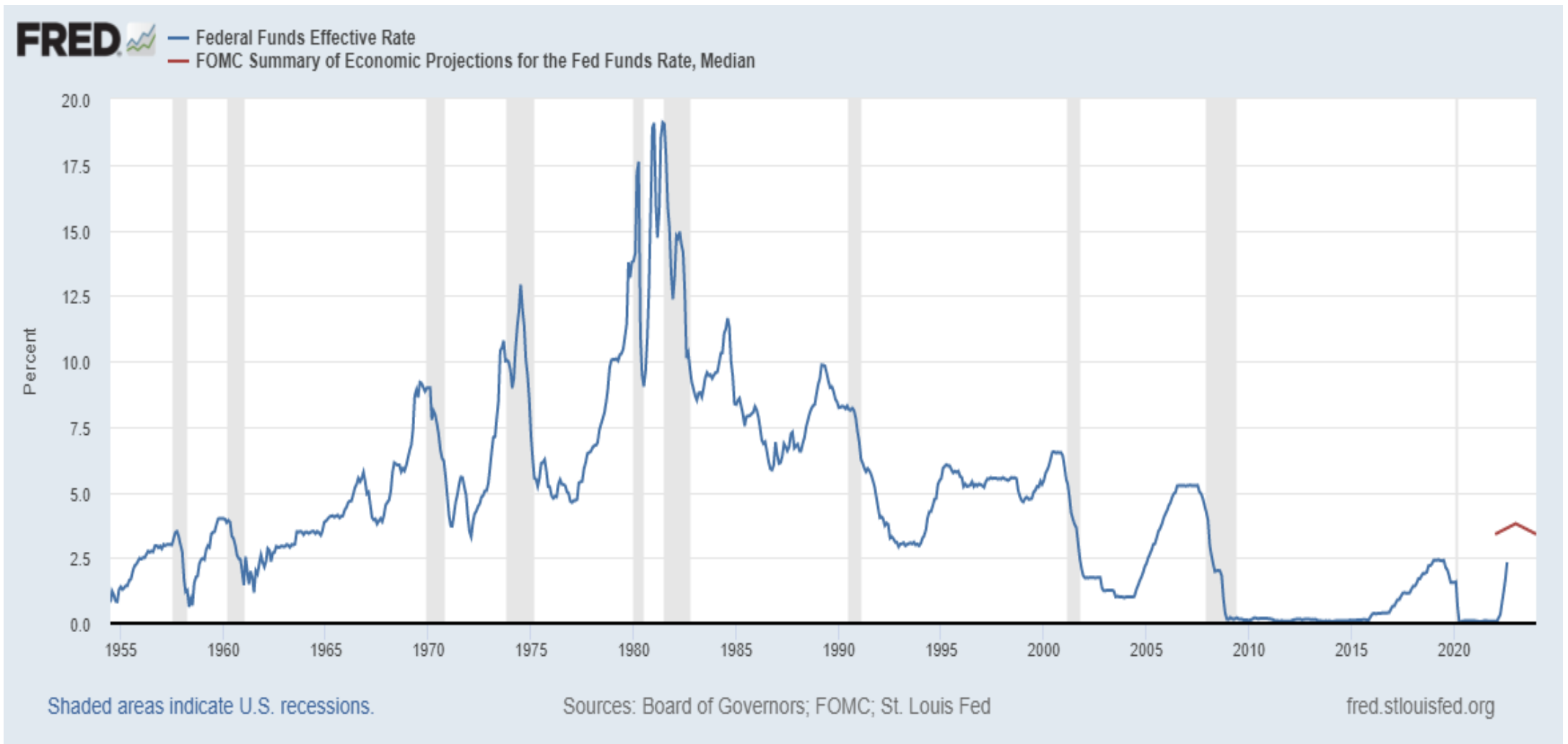


Some Progress on Inflation



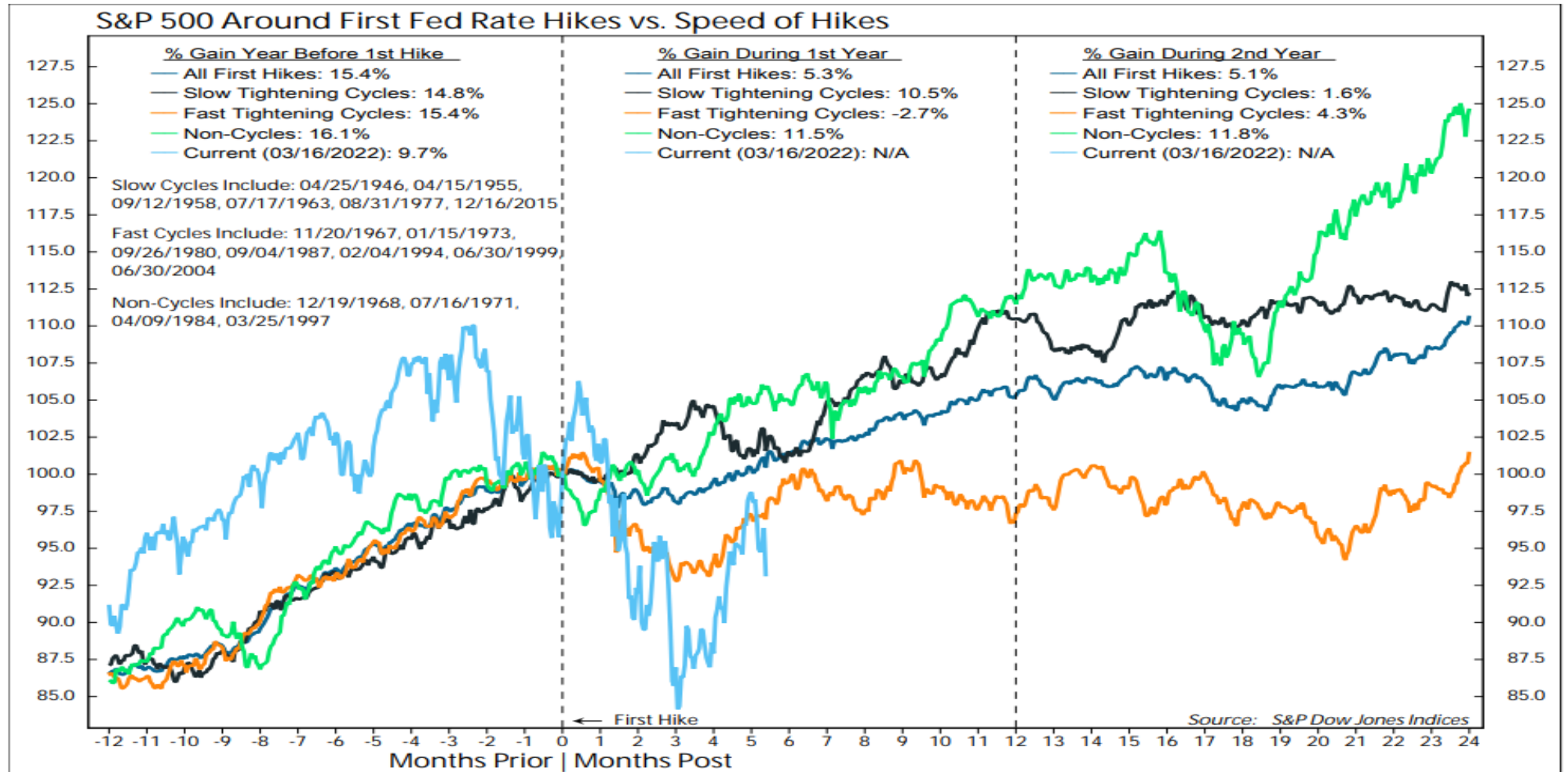
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Four Rate Hikes with More to Come



For illustrative purposes only. Past performance is not indicative of future results.

Speed Matters - Bottom Occurs Early



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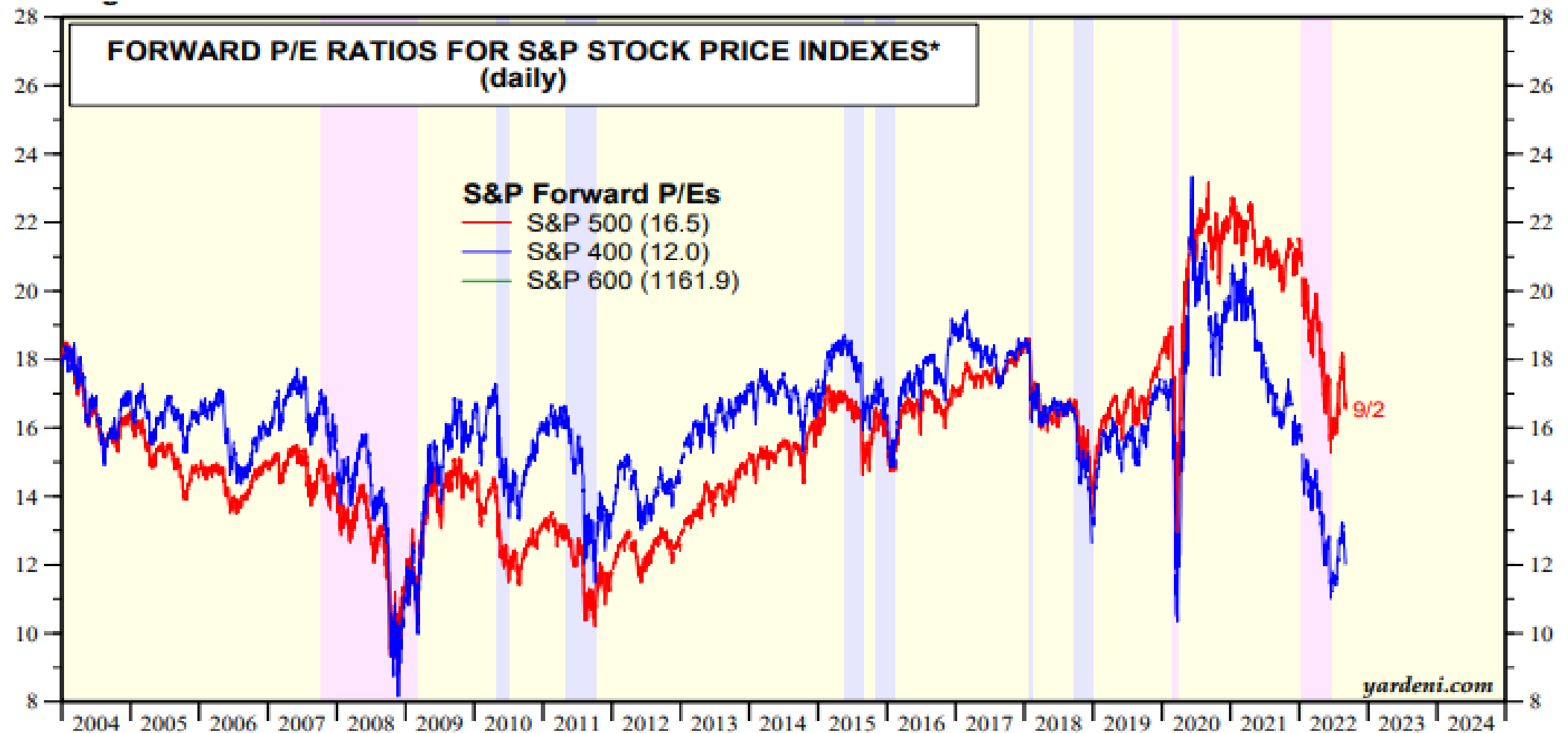


Fed Rate Hike Cycles – Historically, Stocks Bottom Early

Date	#	Total Increase	Max Decline	Days Until Bottom	Days Before Last Hike	Length of Cycle	Bottom as % of Cycle	Change in 10Y Treasury Yields (bps)
2/4/1994 – 2/1/1995	7	300	-9%	59	303	362	16%	172
6/30/1999 – 5/16/2000	6	175	-4%	107	214	321	33%	62
6/30/2004 – 6/29/2006	17	425	-5%	43	686	792	6%	60
12/17/2015 – 12/20/2018	9	225	-12%	56	1043	1099	5%	55
3/17/2022 – ????	4	225	-16%	91	????	????	????	????
Average	9.75	281.25	-7%	66	562	628	15%	87

For illustrative purposes only. Past performance is not indicative of future results.

Stocks Fairly Valued/Cheapish



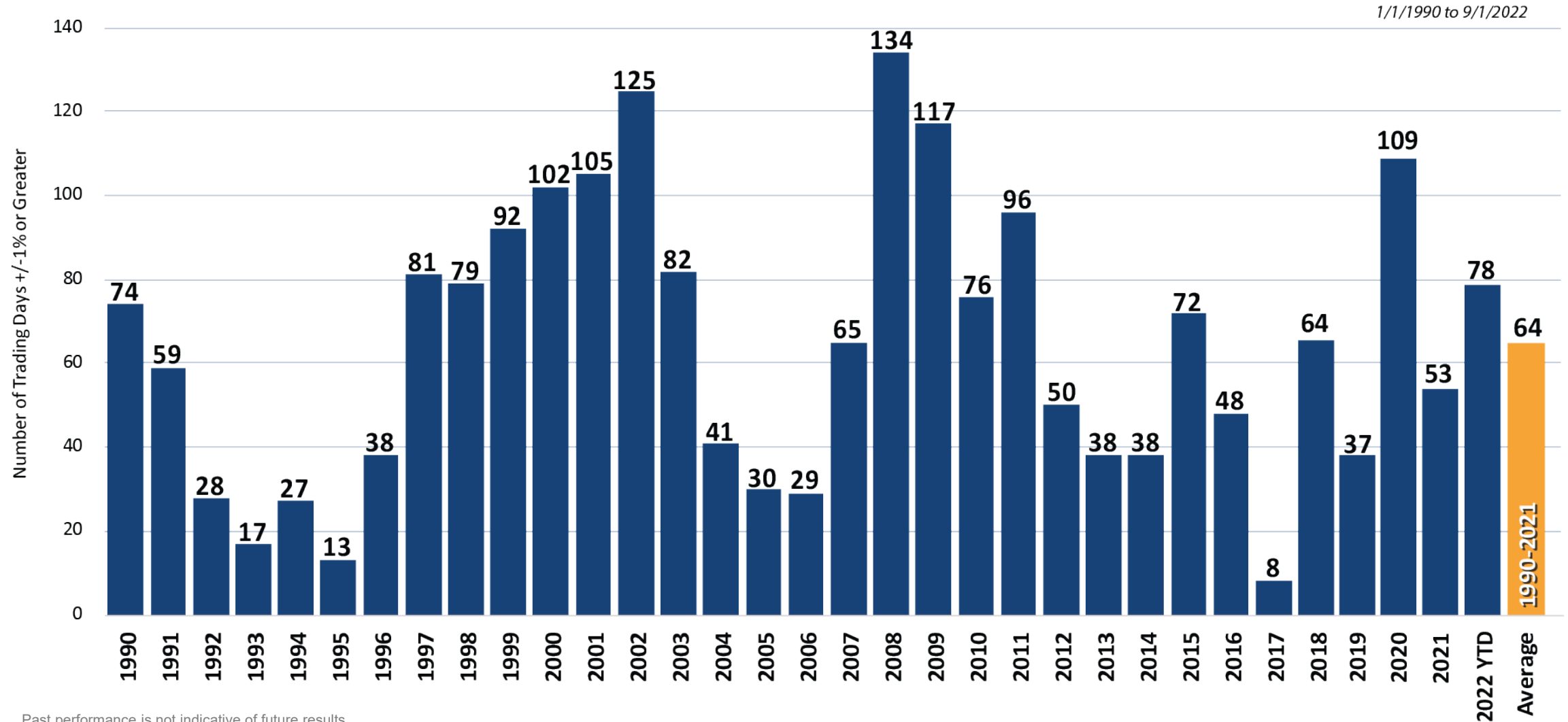
* Daily stock price index divided by 52-week forward consensus expected operating earnings per share.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Blue shaded areas are correction declines of 10% to less than 20%. Yellow areas are bull markets.
Source: Standard & Poor's and I/B/E/S data by Refinitiv.

For illustrative purposes only. Past performance is not indicative of future results. Projections and forward-looking footnote.



Volatility has Soared!

Total Trading Days Greater than +/-1% Change



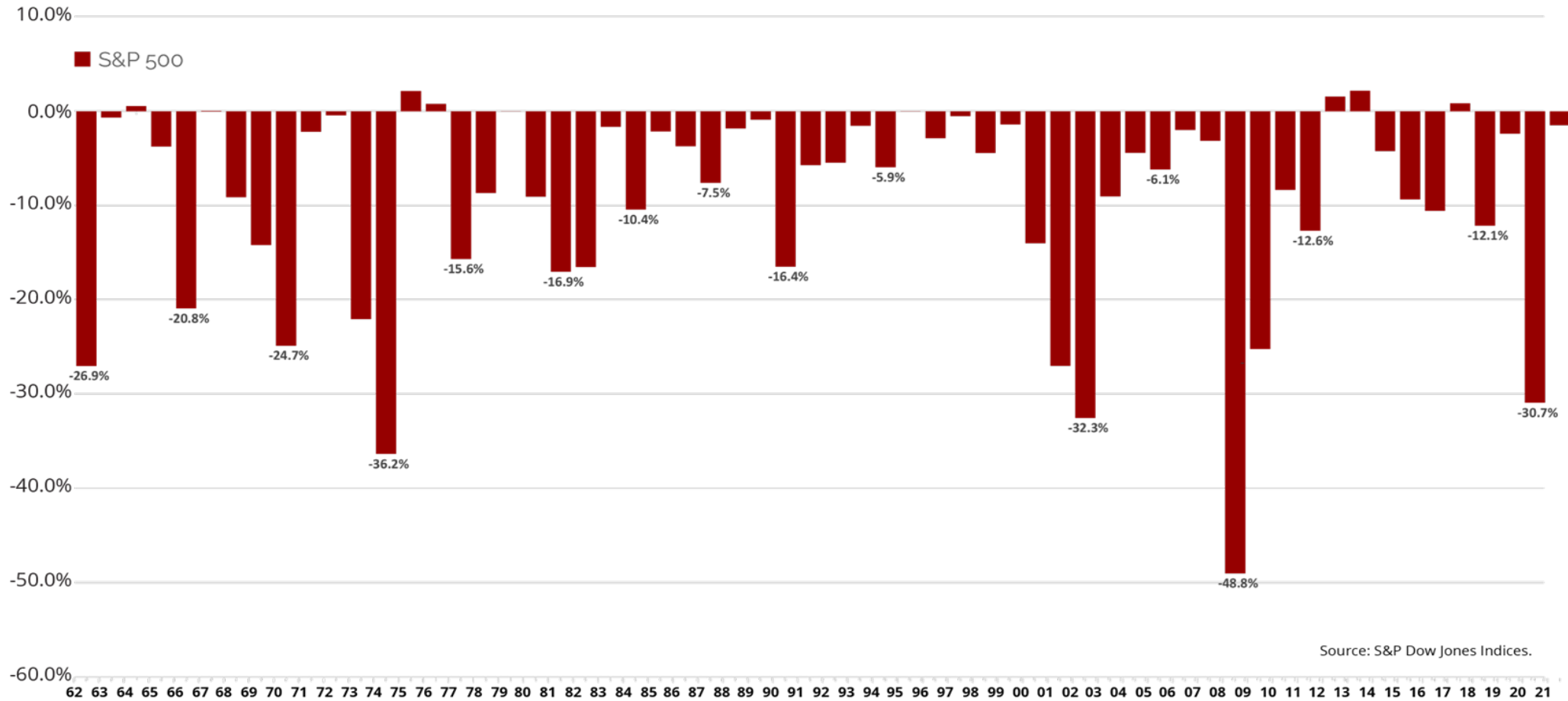
Past performance is not indicative of future results

Source: Bloomberg

S&P 500 Draw Downs

S&P 500 Intra-Year Closing Low

1962 to 2021



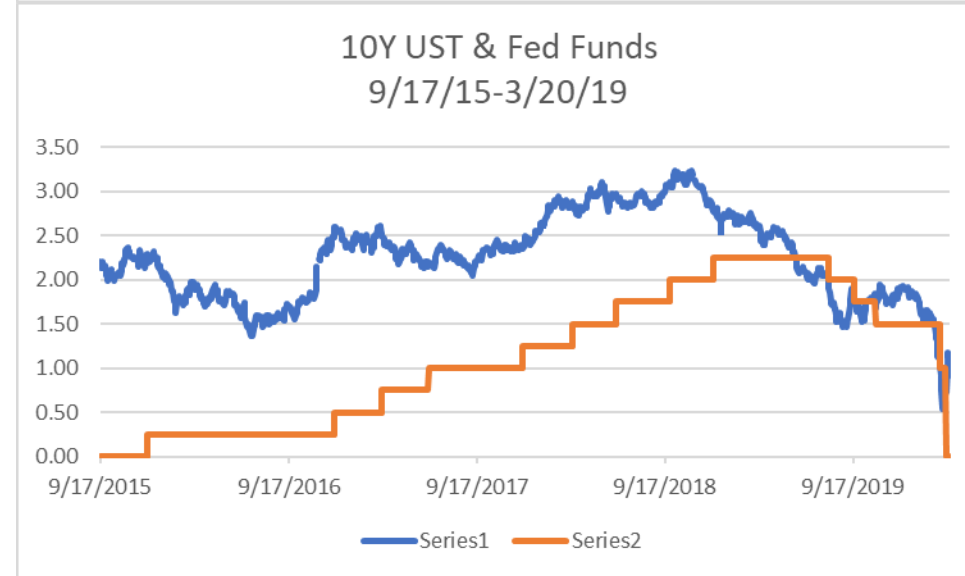
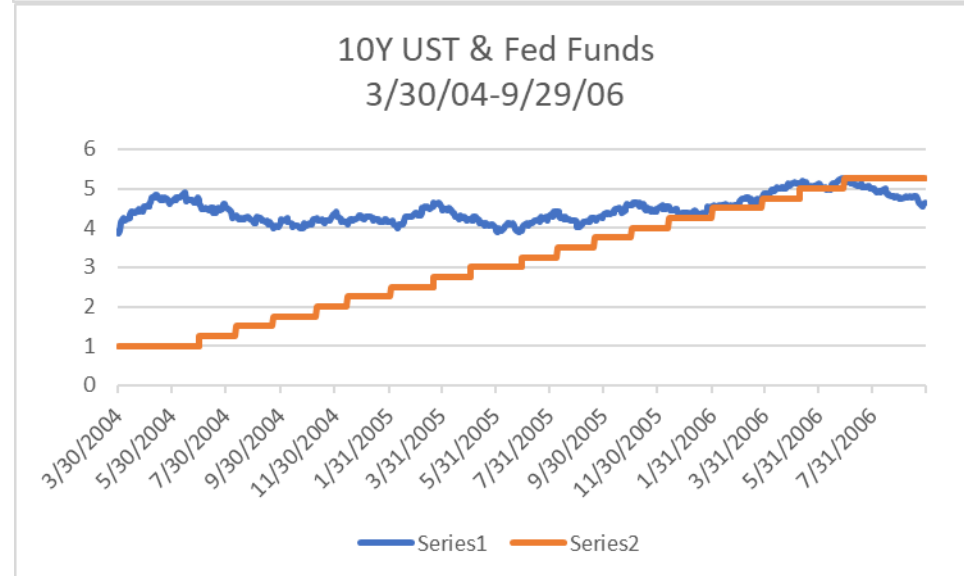
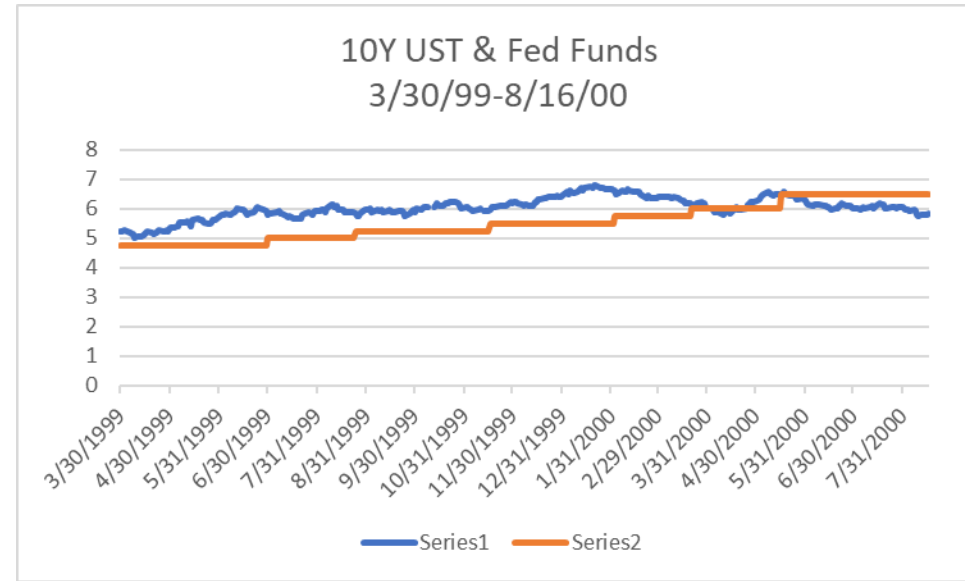
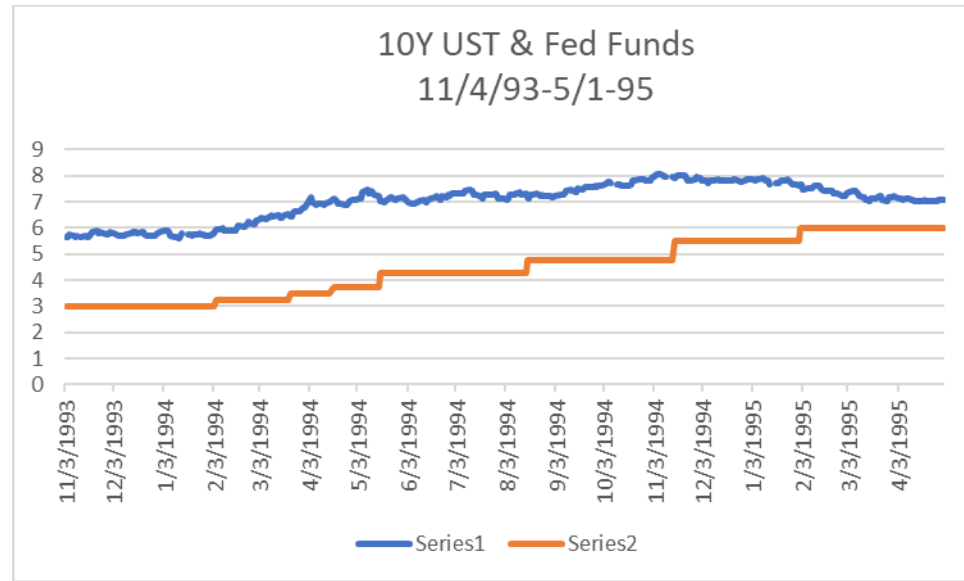
Source: S&P Dow Jones Indices.



Past performance is not indicative of future results. Please see the Important Disclosures for more information.

Source: Macrotrends.net, Bloomberg. For illustrative purposes only.

Rates Tend to Move Lower Later in Rate Hike Cycle



For illustrative purposes only.



Special Topics

- Inflation
- Bonds
- Market Timing vs. Time in the Market



It's the Rate of Change That Matters - Used Car Prices are a Great Example

ECONOMIC INDICATORS / UNITED STATES / MANHEIM USED VEHICLE VALUE INDEX

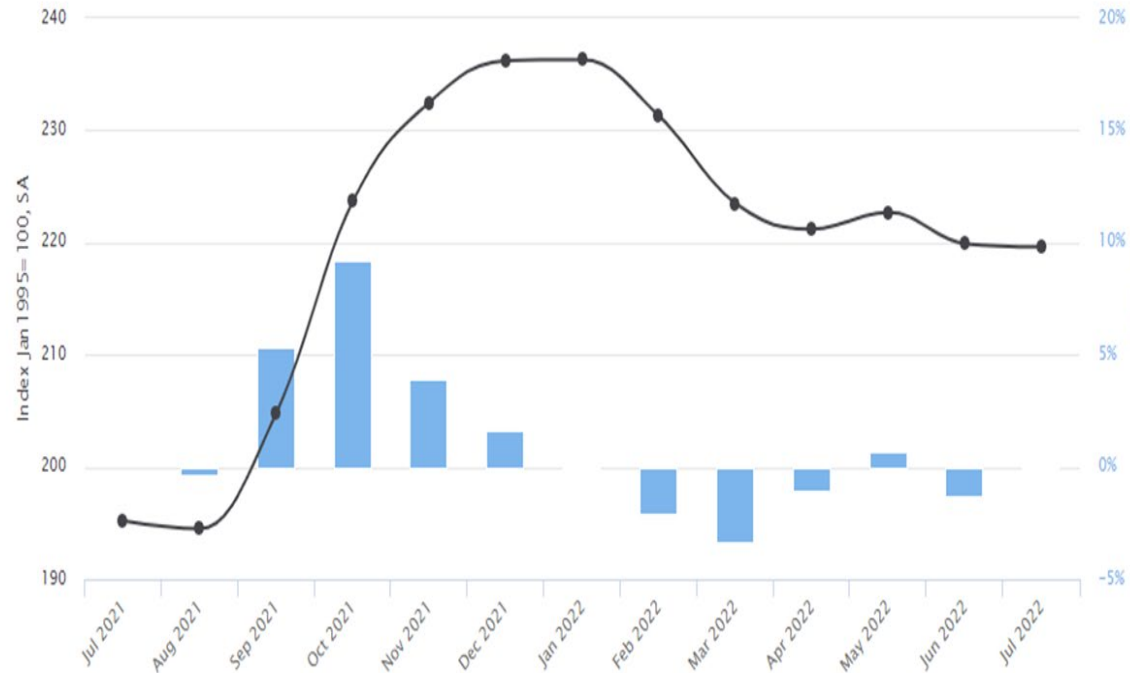


United States - Manheim Used Vehicle Value Index

FREE
ADD TO CART

MANHEIM USED VEHICLE VALUE INDEX

July 2022



Month of Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
01-Jan	109.1	101.7	117.6	124.9	125.7	123.4	122.3	125.3	125.2	124.9	131.0	135.4	141.6	163.0	236.3
02-Feb	108.1	105.5	118.1	123.6	125.8	122.0	123.3	125.1	123.2	124.7	131.0	135.2	143.5	169.2	231.3
03-Mar	107.7	106.1	119.9	124.2	126.2	120.4	124.4	124.6	122.4	124.1	130.8	136.0	141.9	179.2	223.5
04-Apr	108.4	106.6	120.7	126.6	126.1	119.2	124.9	124.2	122.7	124.7	132.5	138.4	125.8	194.0	221.2
05-May	107.5	109.1	121.0	127.8	125.1	119.1	124.7	123.8	124.4	127.9	134.2	139.6	137.0	203.0	222.7
06-Jun	107.8	114.1	120.2	127.5	123.4	119.7	124.0	123.9	126.2	129.3	134.9	140.5	149.3	200.4	219.9
07-Jul	109.9	115.4	118.9	125.9	121.2	120.9	122.7	124.1	127.0	130.3	136.9	140.5	158.0	195.2	219.6
08-Aug	110.7	116.4	118.8	123.7	120.7	122.3	121.8	124.4	126.9	131.3	139.7	141.3	163.7	194.5	
09-Sep	110.8	118.5	118.9	122.9	120.7	122.8	121.4	124.8	127.0	134.9	139.9	139.9	161.2	204.8	
10-Oct	104.2	117.4	122.9	122.8	121.9	122.3	121.8	125.3	126.1	136.3	140.9	140.3	161.9	223.7	
11-Nov	98.3	117.4	124.3	123.8	122.6	122.4	123.3	125.1	124.8	134.5	139.0	138.9	162.0	232.5	
12-Dec	98.0	117.5	124.4	125.1	124.1	121.7	123.9	125.7	125.0	132.0	137.6	141.1	161.1	236.2	
Annual Avg.	106.7	112.1	120.5	124.9	123.6	121.4	123.2	124.7	125.1	129.6	135.7	138.9	150.6	199.6	224.9

For illustrative purposes only. Past performance is not indicative of future results.

Source: Cox Automotive, Manheim Group



Inflation Expectations Moderating



For illustrative purposes only.

Source: fred.stlouisfed.org

Inflation — Not the End of the World

Stocks Have Done Reasonably Well During Inflationary Periods

	Stocks	Bonds	Cash	Inflation
1930s	-0.9%	4.0%	1.0%	-2.1%
1940s	8.5%	2.5%	0.5%	5.5%
1950s	19.5%	0.8%	2.0%	2.0%
1960s	7.7%	2.4%	4.0%	2.3%
1970s	5.9%	5.4%	6.3%	7.1%
1980s	17.3%	12.0%	8.8%	5.5%
1990s	18.0%	7.4%	4.8%	3.0%
2000s	-1.0%	6.3%	2.7%	2.6%
2010s	13.4%	4.1%	0.5%	1.8%

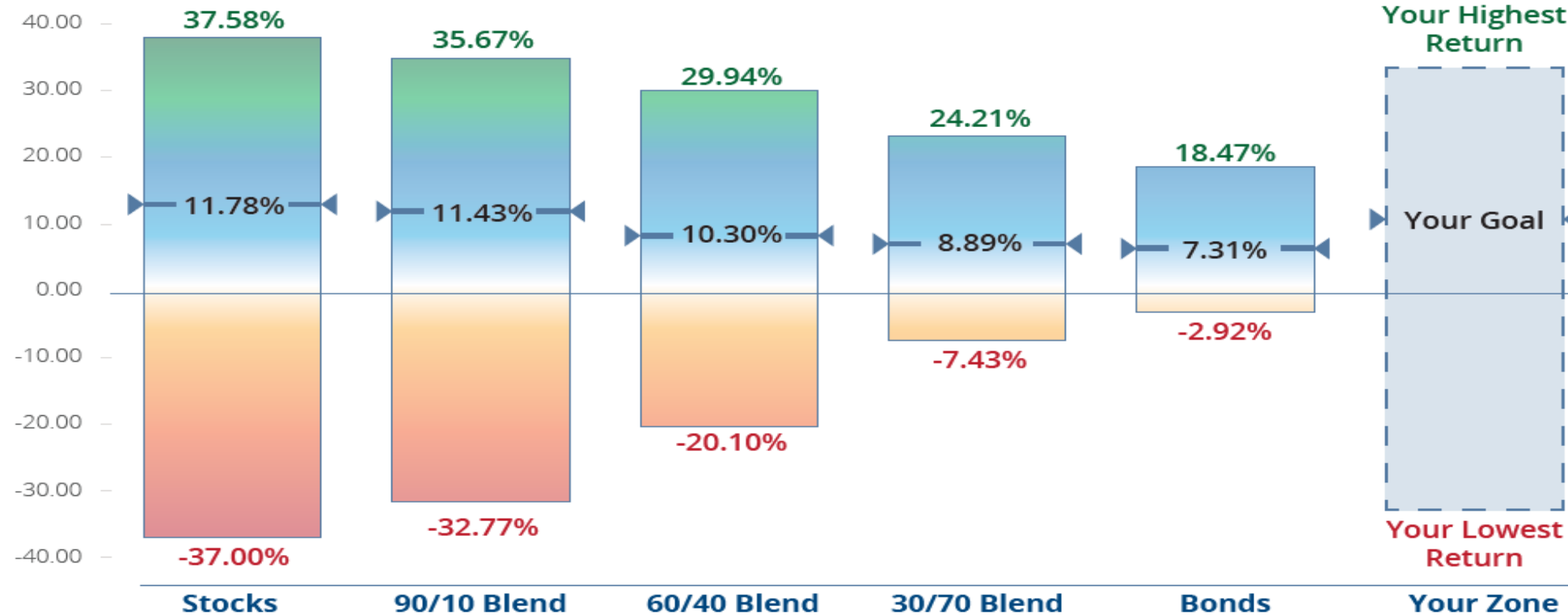
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Bonds Dampen Volatility

What Is Your Discomfort Zone?

Gross Returns: 12/31/1975 to 12/31/2020



- ▶ **Annualized Return:** Since Inception
- High Point:** Highest return during timeframe
- Low Point:** Lowest return during timeframe

Source: Clark Capital Research

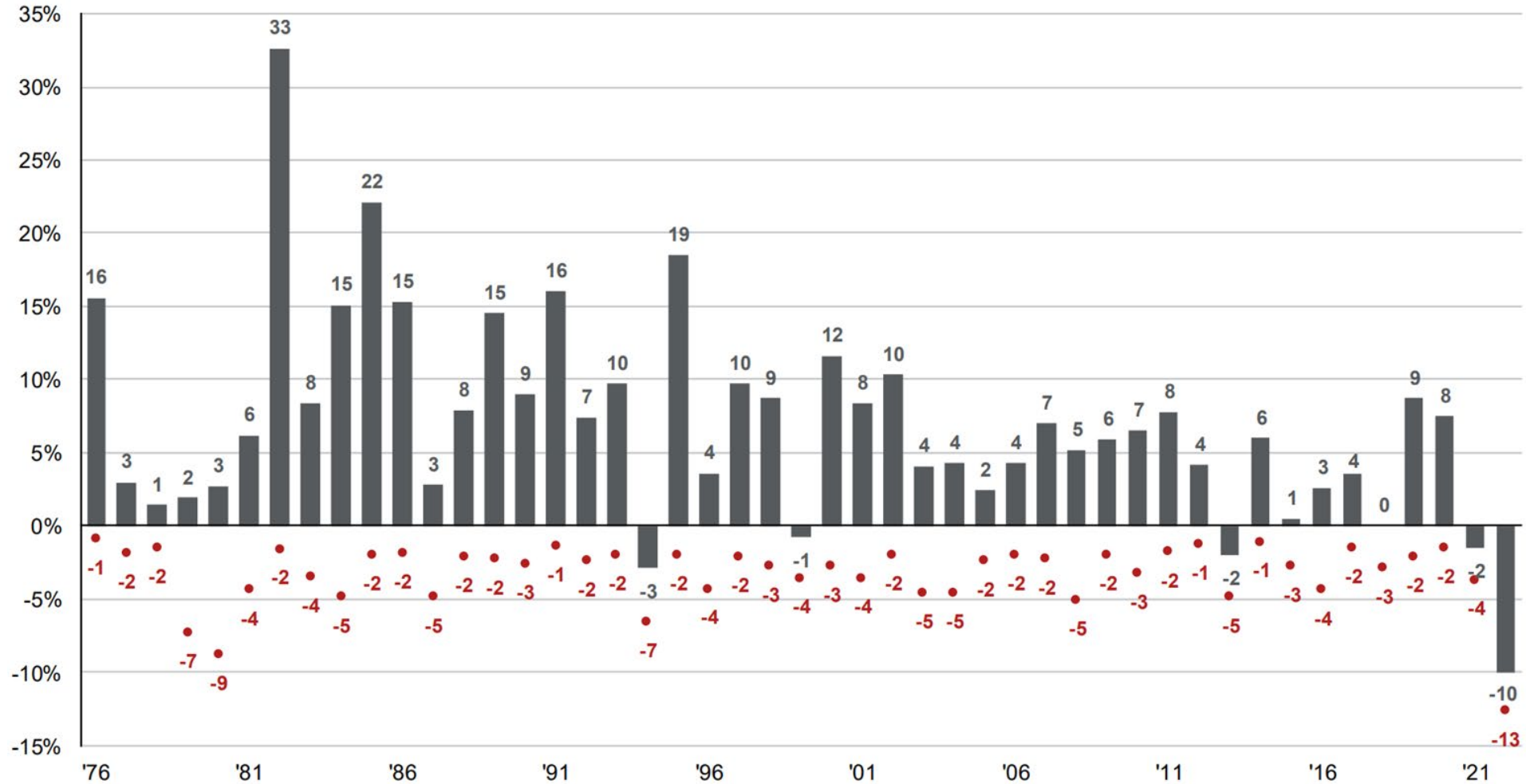
Stocks: 100% S&P 500

Blends: Use indicated percentages of S&P 500 & Bloomberg Barclays U.S. Aggregate Bond

Bonds: 100% Bloomberg Barclays U.S. Aggregate Bond

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AGG Performance since Inception



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Bonds – A Closer Look

The Bond Blueprint How Bonds Build Value Over Time

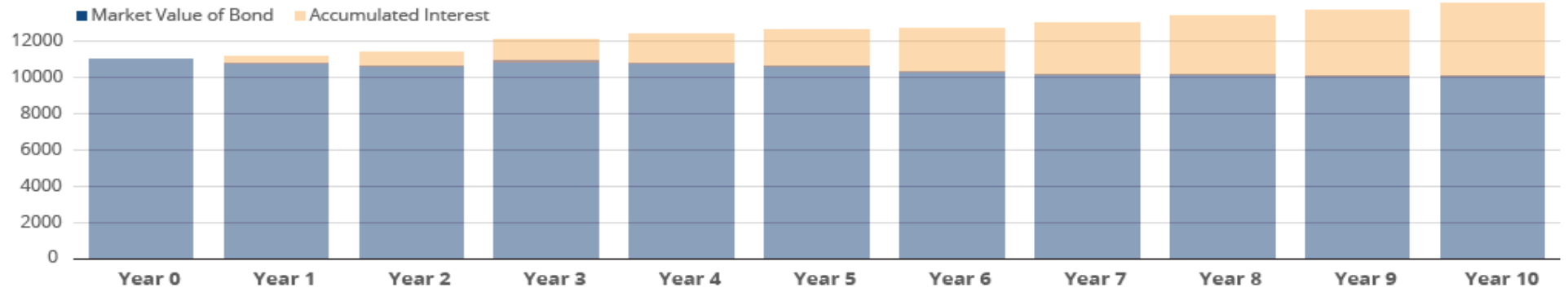
The Benefits of Owning Individual Bonds

One of the benefits of owning individual bonds is that they provide regular interest payments and the return of par value at maturity, helping investors meet their income needs and stay on track to reach their goals.

Bonds are a contractual obligation from the issuer to pay the holder of the bond, interest (usually twice per year), and the par value of that bond back to the holder at maturity. In the example below, you can see how bonds build value over time, even when prices go up and down. **After 10 years of regular interest payments, the portfolio increased from \$11,000 to an ending value of \$14,000.**

Example: The Value of Bonds Over Time

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Linear Price Movement	110	109	108	107	106	105	104	103	102	101	100
Market Fluctuations	110	108	106	109	108	106	103	102	102	101	100
Interest Payments		\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00
Accumulated Interest		\$ 400.00	\$ 800.00	\$ 1,200.00	\$ 1,600.00	\$ 2,000.00	\$ 2,400.00	\$ 2,800.00	\$ 3,200.00	\$ 3,600.00	\$ 4,000.00
Linear Value of Bond	\$11,000.00	\$10,900.00	\$10,800.00	\$10,700.00	\$10,600.00	\$10,500.00	\$10,400.00	\$10,300.00	\$10,200.00	\$10,100.00	\$10,000.00
Market Value of Bond	\$11,000.00	\$10,800.00	\$10,600.00	\$10,900.00	\$10,800.00	\$10,600.00	\$10,300.00	\$10,200.00	\$10,200.00	\$10,100.00	\$10,000.00
Market Value of Bond Plus Interest	\$11,000.00	\$11,200.00	\$11,400.00	\$12,100.00	\$12,400.00	\$12,600.00	\$12,700.00	\$13,000.00	\$13,400.00	\$13,700.00	\$14,000.00



Source: Clark Capital. For illustrative purposes only. Please see disclosures for additional information.

The Comfort of Owning Individual Bonds

If bonds are held to maturity and the issuer doesn't default, investors can know the cash flow each bond will generate to the penny, which can help them plan for the future and achieve their long-term financial goals.

Contact Your Investment Consultant to
Learn More About Clark Capital's Individual Bond Strategies
800.766.2264



Over the long run income generates returns

Return on U.S. Bonds*

Value of \$10,000

\$250,000

1/1/1976 to 4/30/2022



*Bloomberg U.S. Aggregate Bond Index
Note: Return from income includes reinvested coupons and other items such as paydowns; 2022 through April 30

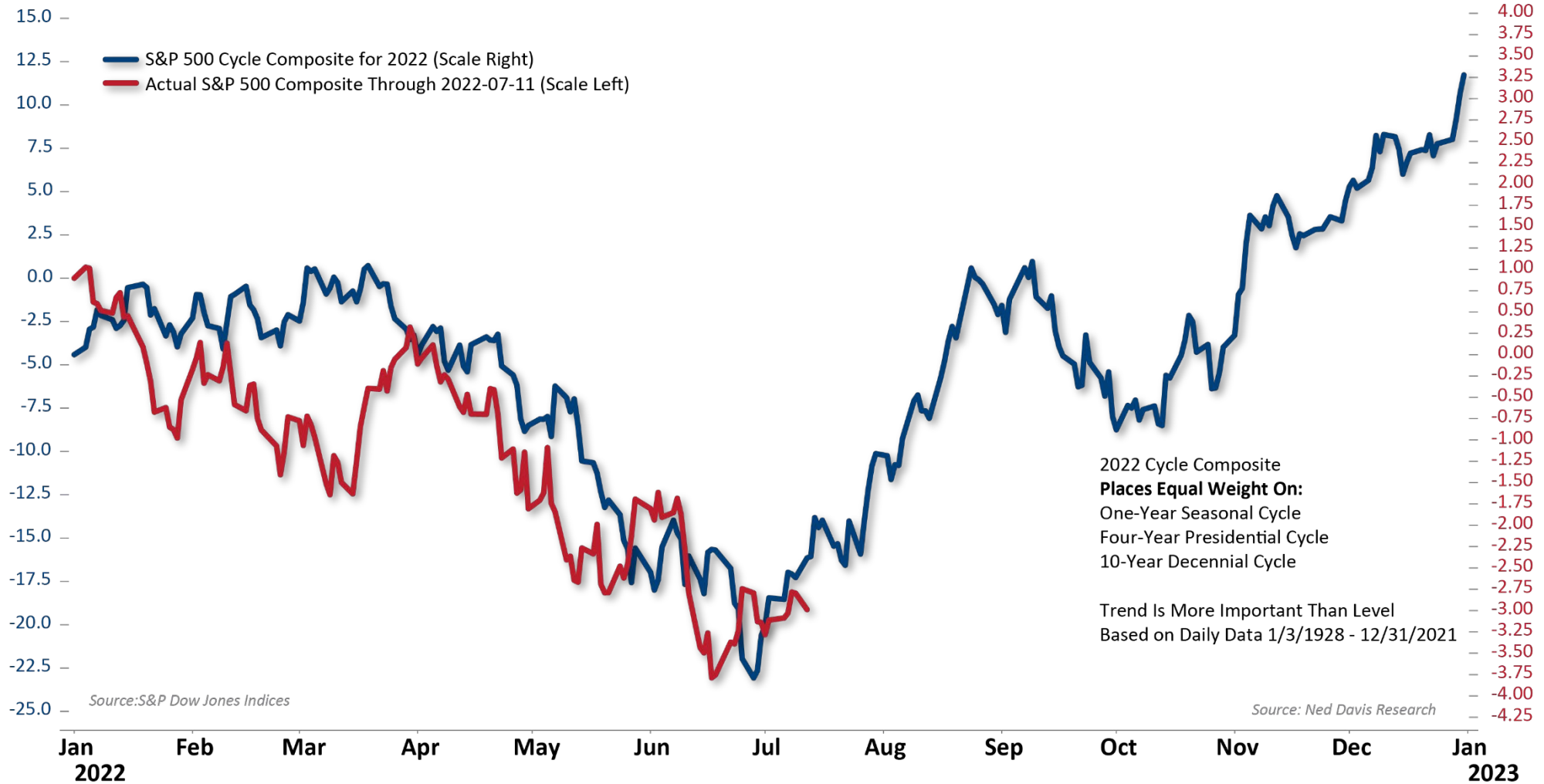
Over the long run, the total returns of bonds depends far more on their income than on changes in price. Since 1976, just over 90% of the average annual return of the U.S. bond market has come from interest and reinvesting it, according to Loomis, Sayles & Co., an investment manager in Boston.

For illustrative purposes only. Past performance is not indicative of future results. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses, or sales charges.

Hopefully History Repeats Itself, or at Least Rhymes

S&P 500 Cycle Composite for 2022

Daily Data 2021-12-31 to 2022-12-30

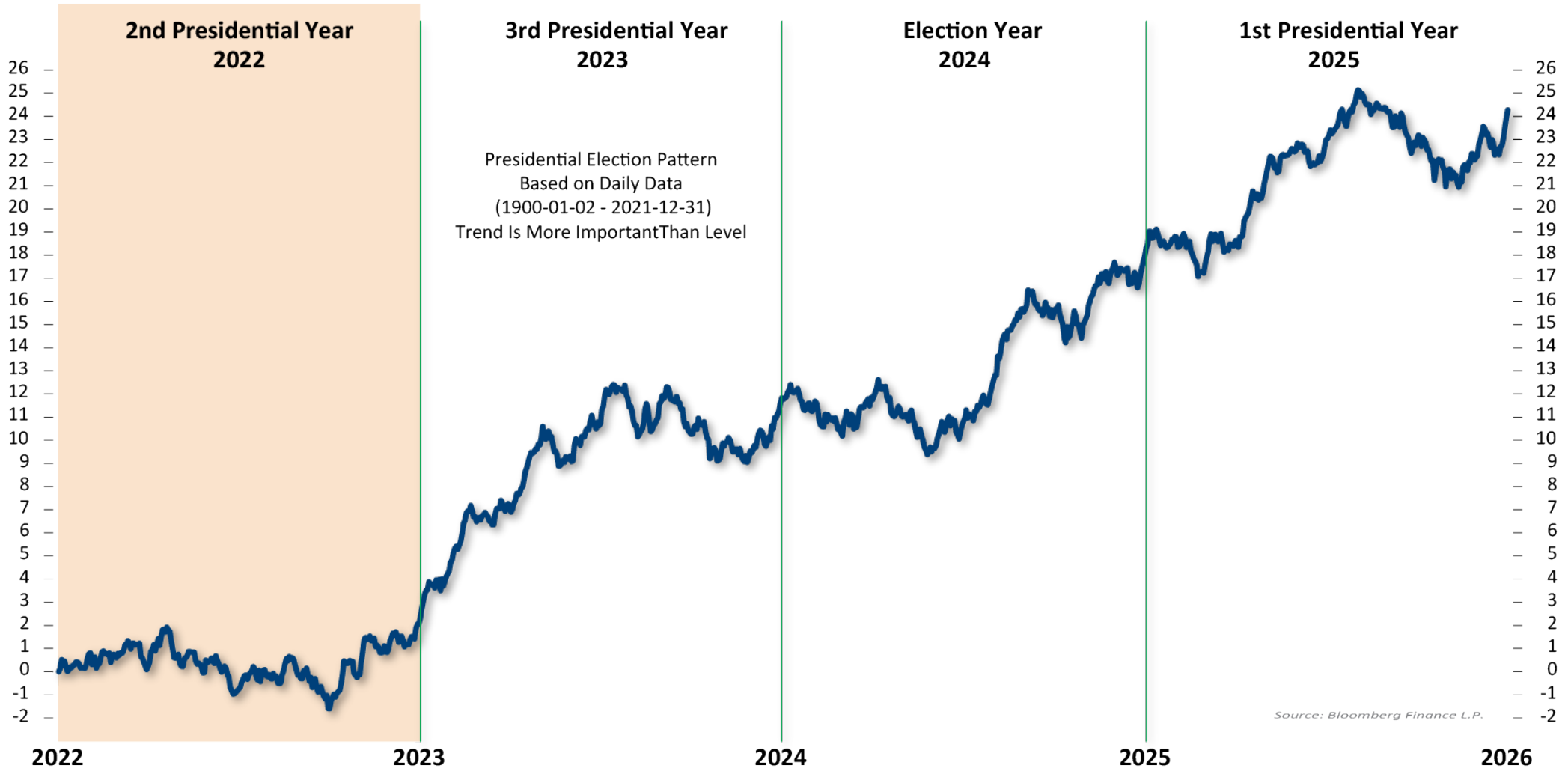


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Mid-Term Election Years Challenging

Dow Industrials Four-Year Presidential Cycle



Source: Ned Davis Research

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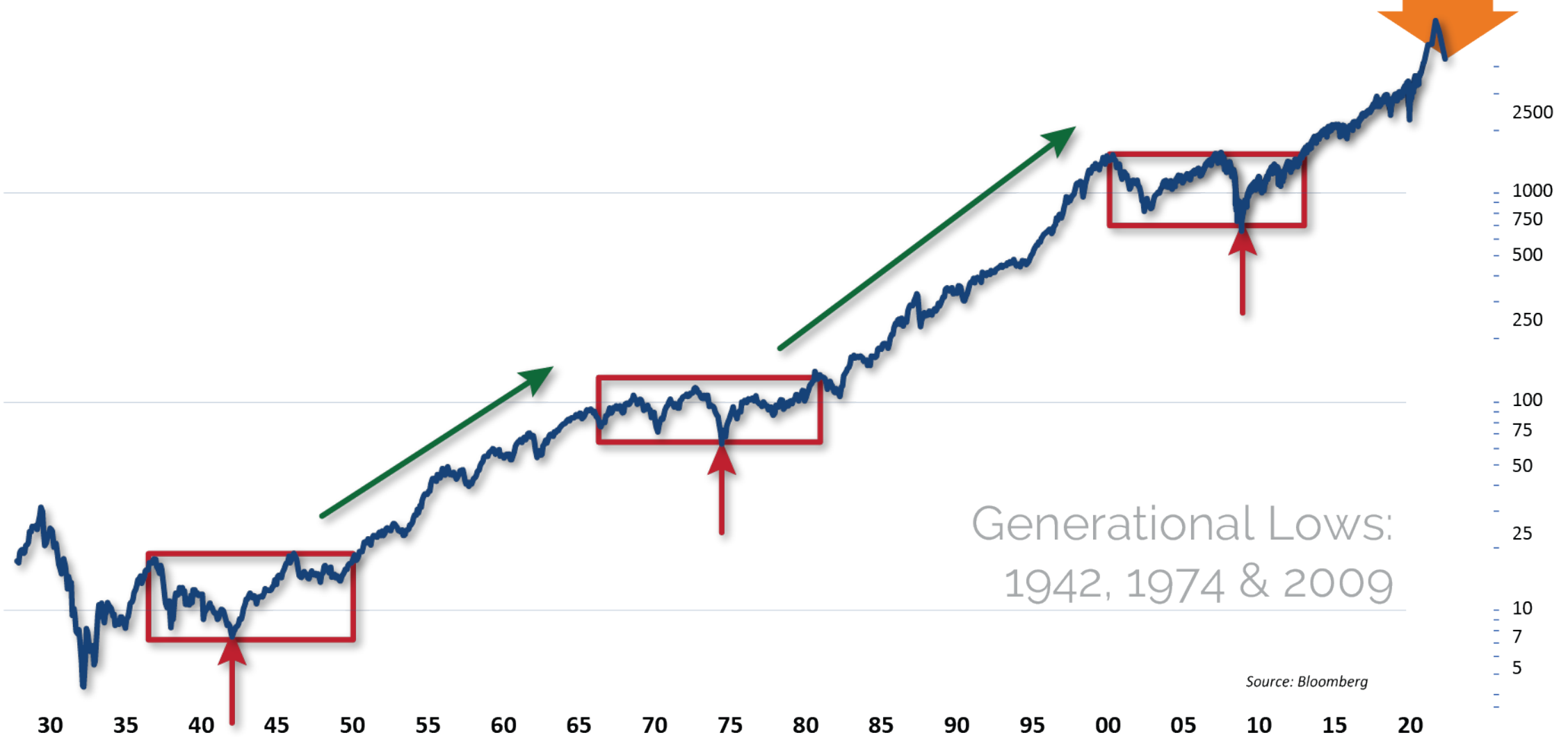
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S&P 500 Monthly Closing Price

1/1/1928 to 6/30/2022

3,785.99



Generational Lows:
1942, 1974 & 2009

Source: Bloomberg



Q&A



Disclosure

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 investment 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 sectors or 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.

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Investing involves risk, including loss of principal.

Fixed incomes securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in market value or an investment), credit, prepayment, 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).

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.

The Bond Blueprint: the data shown is for informational purposes only and should not be interpreted as the actual historical or expected performance of Clark Capital Management Group, Inc. The performance shown does not reflect the deduction of any trading costs, fees, or expenses. This material is not intended to be relied upon as a forecast. The performance shown is hypothetical and actual returns experienced by individual clients will differ due to many factors including their individual investments and fees, individual client restrictions, and the timing of the investments and cash flows.

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Benchmark Descriptions

The S&P 500 measures the performance of the 500 leading companies in leading industries of the U.S. economy, capturing 80% of U.S. equities.

The S&P 600 is an index of small-cap stocks managed by Standard & Poor's. It tracks a broad range of small-sized companies that meet specific liquidity and stability requirements. This is determined by specific metrics such as public float, market capitalization, and financial viability, among other factors.

The S&P MidCap 400 refers to a benchmark index published by Standard & Poor's (S&P). The index is comprised of 400 companies that broadly represent companies with midrange market capitalization between \$3.6 billion and \$13.1 billion. The S&P MidCap 400 was launched in 1991. It is one of several leading indexes issued by S&P that investors use as a gauge for market performance and directional trends in U.S. stocks.

Personal Consumption Expenditures (PCEs): An estimated total of personal consumption expenditures (PCEs) is compiled by the U.S. government monthly as one way to measure and track changes in the prices of consumer goods over time. PCEs are household expenditures.

Real gross domestic product (real GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year (expressed in base-year prices) and is often referred to as constant-price GDP, inflation-corrected GDP, or constant dollar GDP.

Real gross domestic income (GDI) is a measure of the incomes earned and the costs incurred in the production of gross domestic product. It's another way of measuring U.S. economic activity.

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 Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Treasury bond yields (or rates) are tracked by investors for many reasons. The yields are paid by the U.S. government as interest for borrowing money via selling the bond. Treasury Bills are loans to the federal government that mature at terms ranging from a few days to 52 weeks. A Treasury Note matures in two to 10 years, while a Treasury Bond matures in 20 or 30 years. The 10-year Treasury yield is closely watched as an indicator of broader investor confidence. Because Treasury bills, notes, and bonds carry the full backing of the U.S. government, they are viewed as one of the safest investments.

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 volatility (beta) of an account may be greater or less than its respective benchmark.

