

# Bond Overview

What You Need to Know About the  
Bond Market, But Didn't Have Time to Ask  
*(presented in just 9 minutes)*

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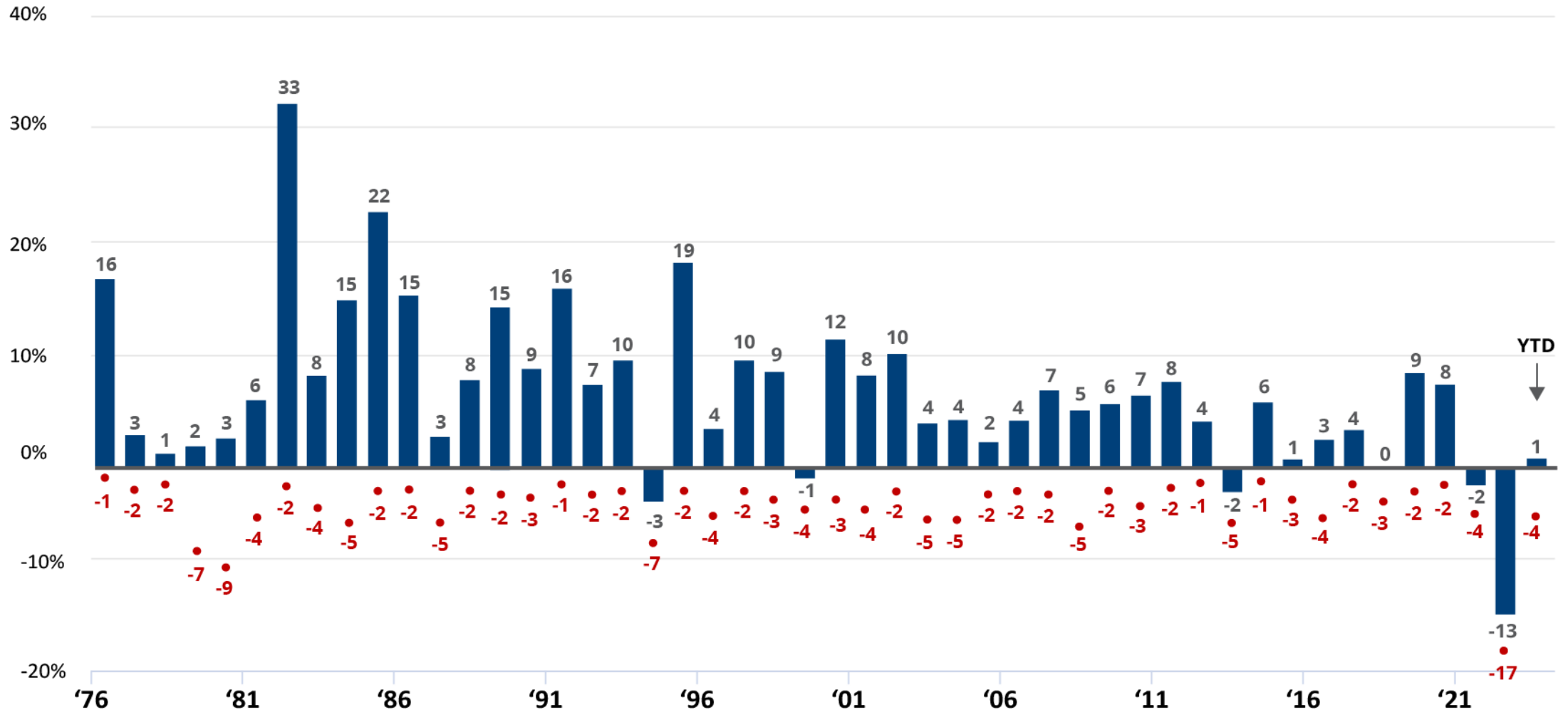


# Where Do We Go From Here?

## Bloomberg U.S. Aggregate Intra-year Declines vs. Calendar Year Returns

1/1/2000 to 8/31/2023

Despite average intra-year drops of 3.3%, annual returns positive in 42 of 47 years

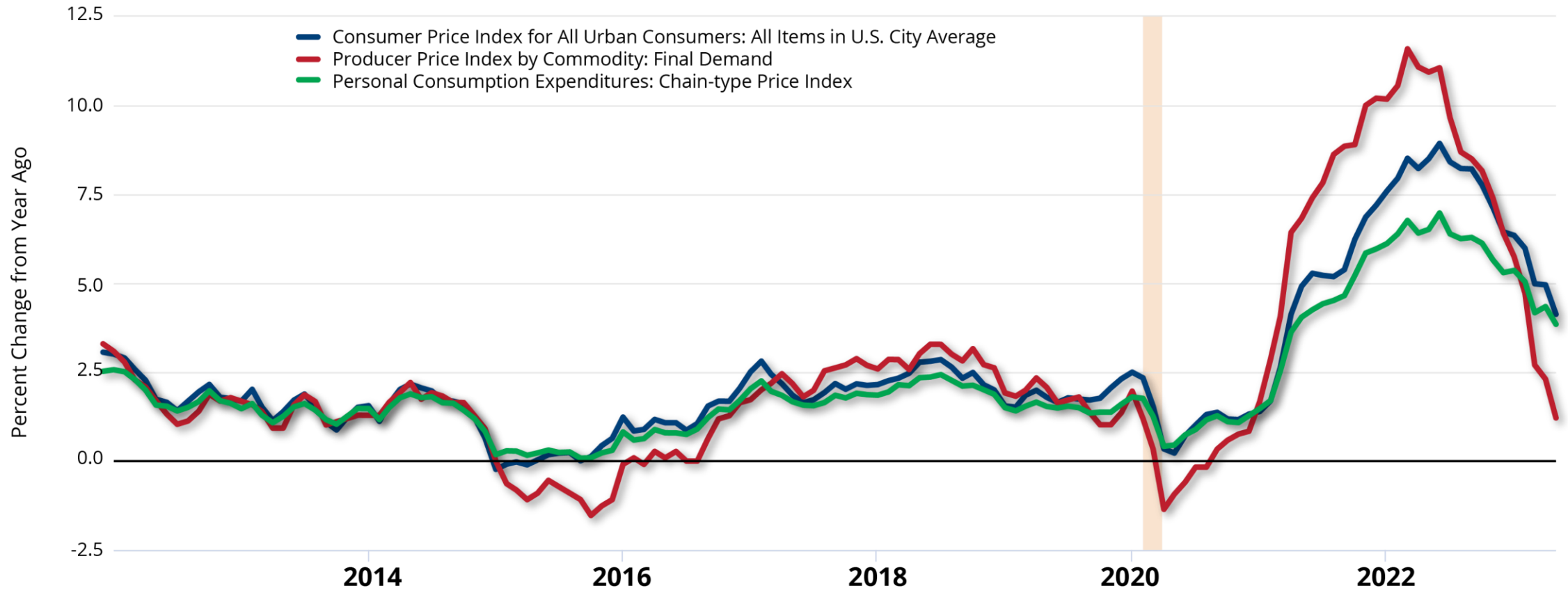


Source: JP Morgan Guide to the Markets

# Inflation Continues to Recede from High Seen Last Year

Consumer Price Index for All Urban Consumers: All Items in U.S. City Average  
Producer Price Index by Commodity: Final Demand  
Personal Consumption Expenditures: Chain-type Price Index

1/1/2012 to 5/1/2023



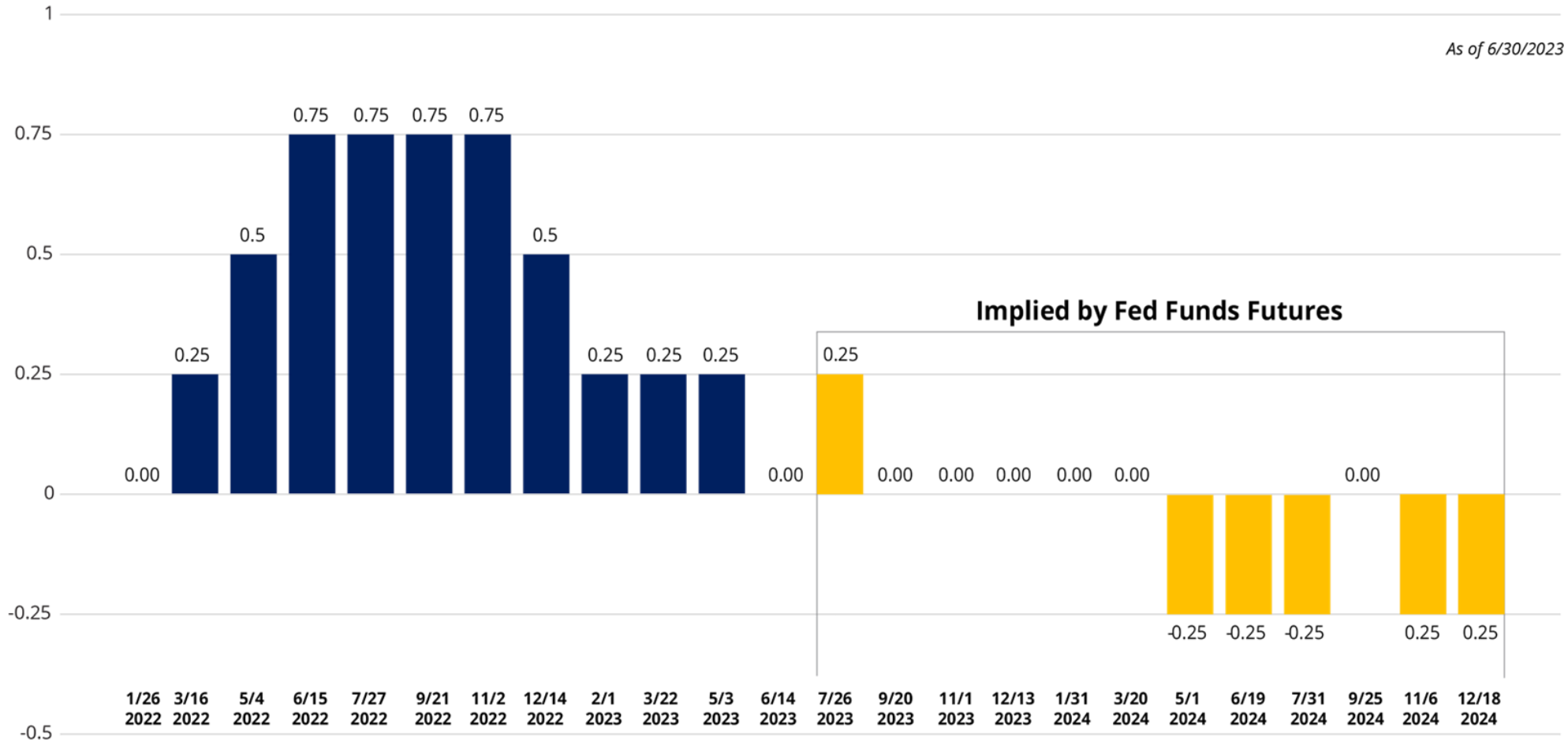
Source: Board of Governors of the Federal Reserve System (US)

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



# The Fed's Aggressive Journey

## Fed Rate Hikes: Actual and Implied by Fed Funds Futures



Source: Clark Capital, fred.stlouisfed.org, CME FedWatch Tool. Projections or other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.

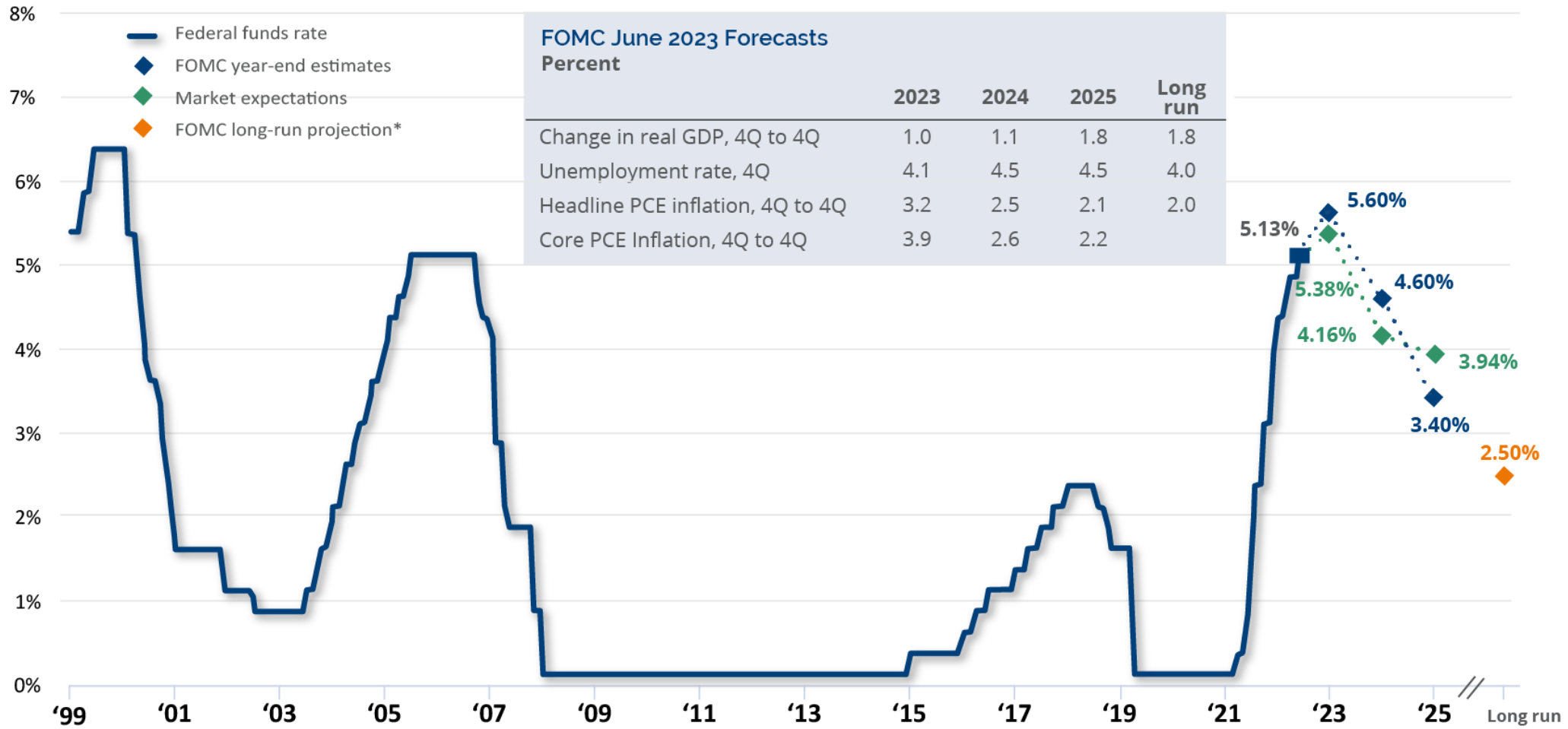


# The Fed's Aggressive Journey

## Federal Funds Rate Expectations

FOMC and market expectations for the federal funds rate

1/1/1999 to 8/31/2023



\*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy.

Source: JP Morgan Guide to the Markets



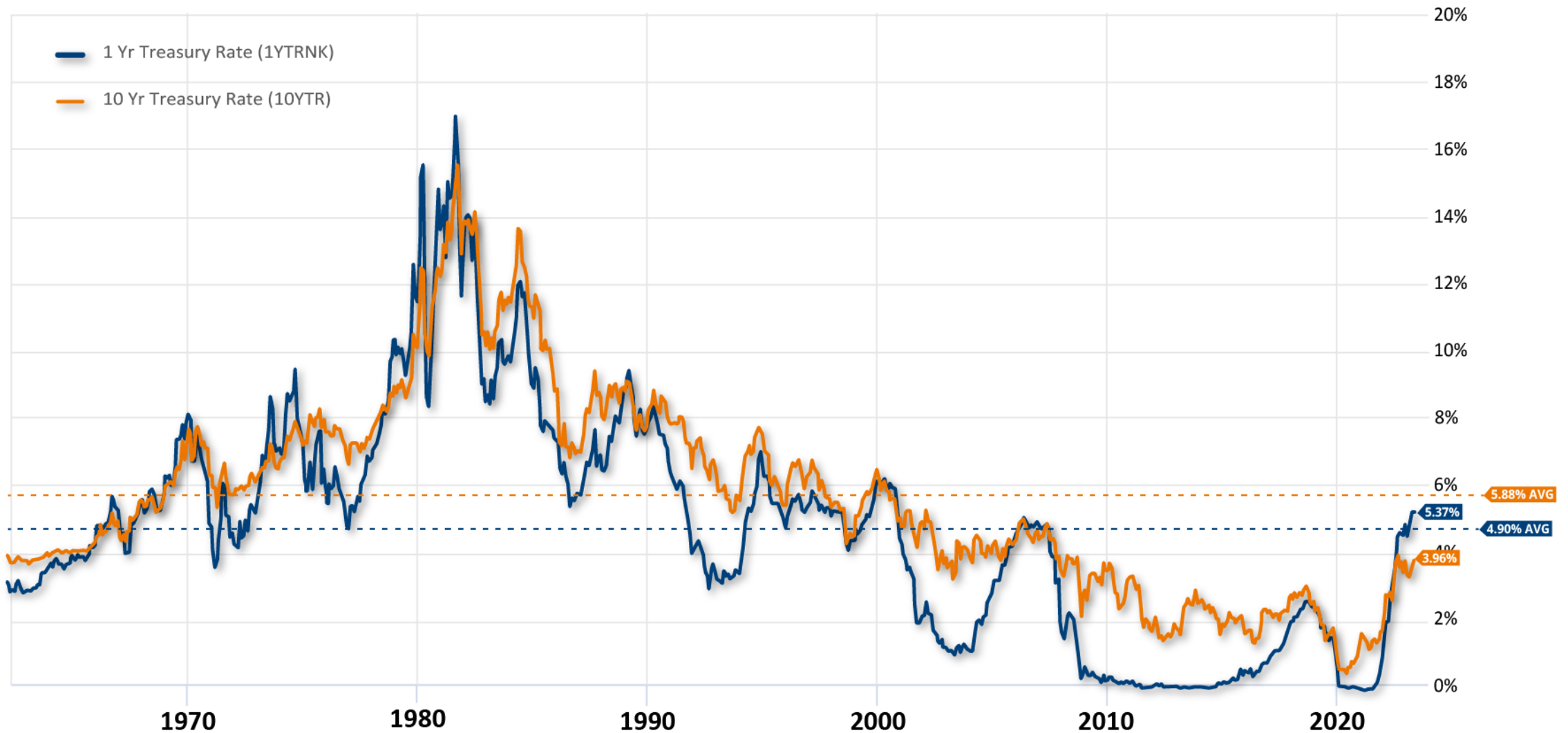
# What Happens When the Yield Curve Normalizes?

Inversion Period	Deepest Point of Inversion			Yield Curve Normalizes (Reaches 100bps or peak spread)			Change in Yield from Depth of Inversion to Normalization		
	Date	2 yr Treasury	10 yr Treasury	Date	2 yr Treasury	10 yr Treasury	2 yr Treasury	10 yr Treasury	Number of Days
8/18/1978 to 5/2/1980	3/20/1980	15.03	12.62	5/23/1980	8.73	9.85	-630bps	-277bps	64
9/12/1980 to 10/26/1981	5/21/1981	15.75	14.05	11/24/1981	12.15	13.13	-360bps	-92bps	187
1/20/1982 to 7/19/1982	2/18/1982	14.99	14.28	1/6/1983	9.39	10.39	-560bps	-389bps	322
12/13/1988 to 3/20/1990	3/30/1989	9.79	9.34	1/8/1991	7.15	8.16	-264bps	-118bps	649
6/9/1998 to 7/28/1998	6/25/1998	5.53	5.46	10/13/1998	4.13	4.73	-140bps	-73bps	110
2/2/2000 to 12/29/2000	4/7/2000	6.38	5.86	4/20/2001	4.26	5.29	-212bps	-57bps	378
6/8/2006 to 6/7/2007	11/16/2006	4.85	4.66	11/12/2007	2.99	4.00	-186bps	-66bps	361
8/27/2019 to 9/4/2019	8/24/2019	1.53	1.49	1/29/2021	0.11	1.11	-142bps	-38bps	524
	<b>Average</b>	<b>9.23</b>	<b>8.47</b>	<b>Average</b>	<b>6.11</b>	<b>7.08</b>	<b>-312bps</b>	<b>-139bps</b>	<b>324</b>
<b>Current</b>									
<b>7/6/2022</b>	<b>7/3/2023</b>	<b>4.94</b>	<b>3.86</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>



# Historical Treasury Rates

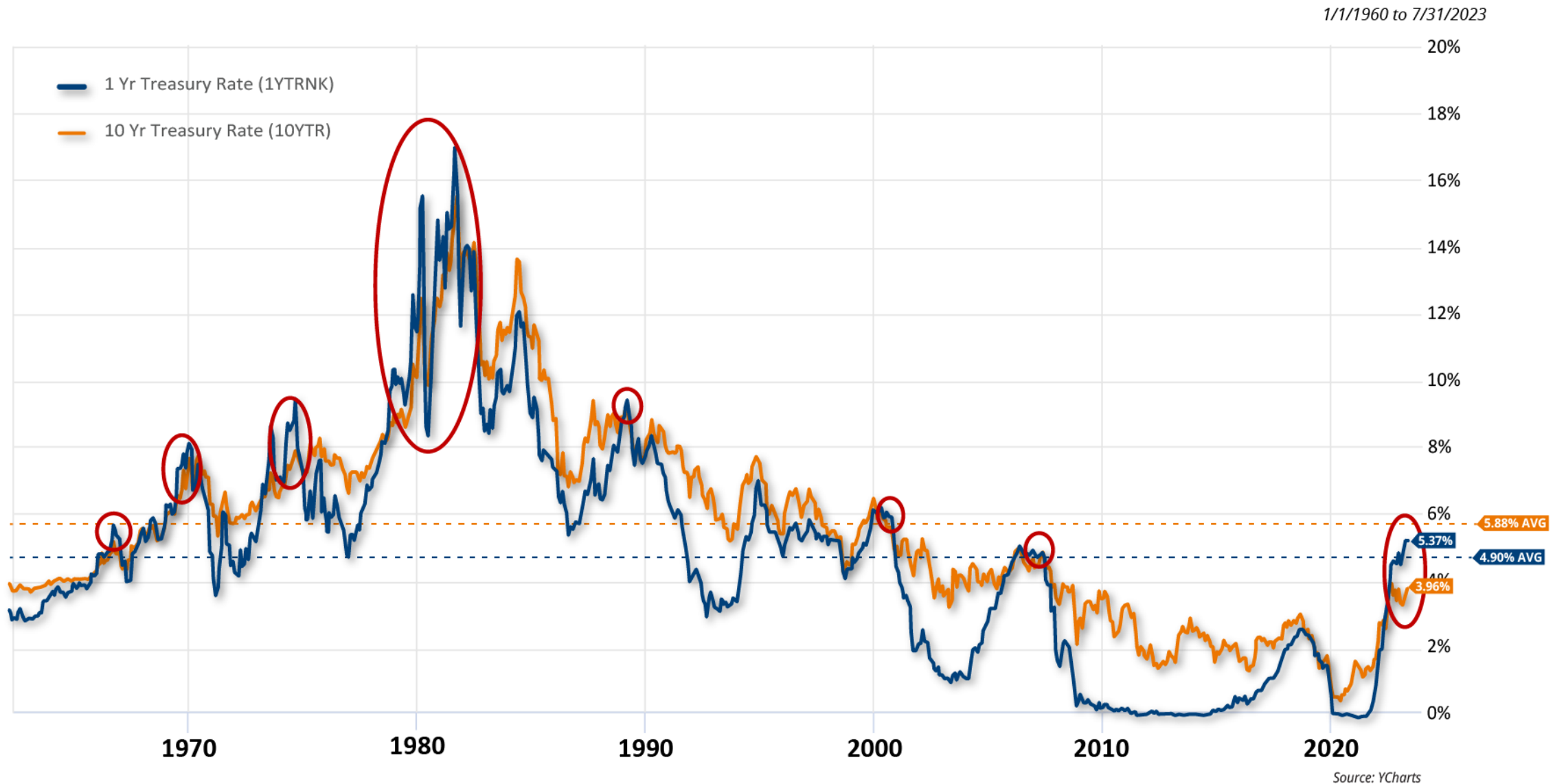
1/1/1960 to 7/31/2023



Source: YCharts



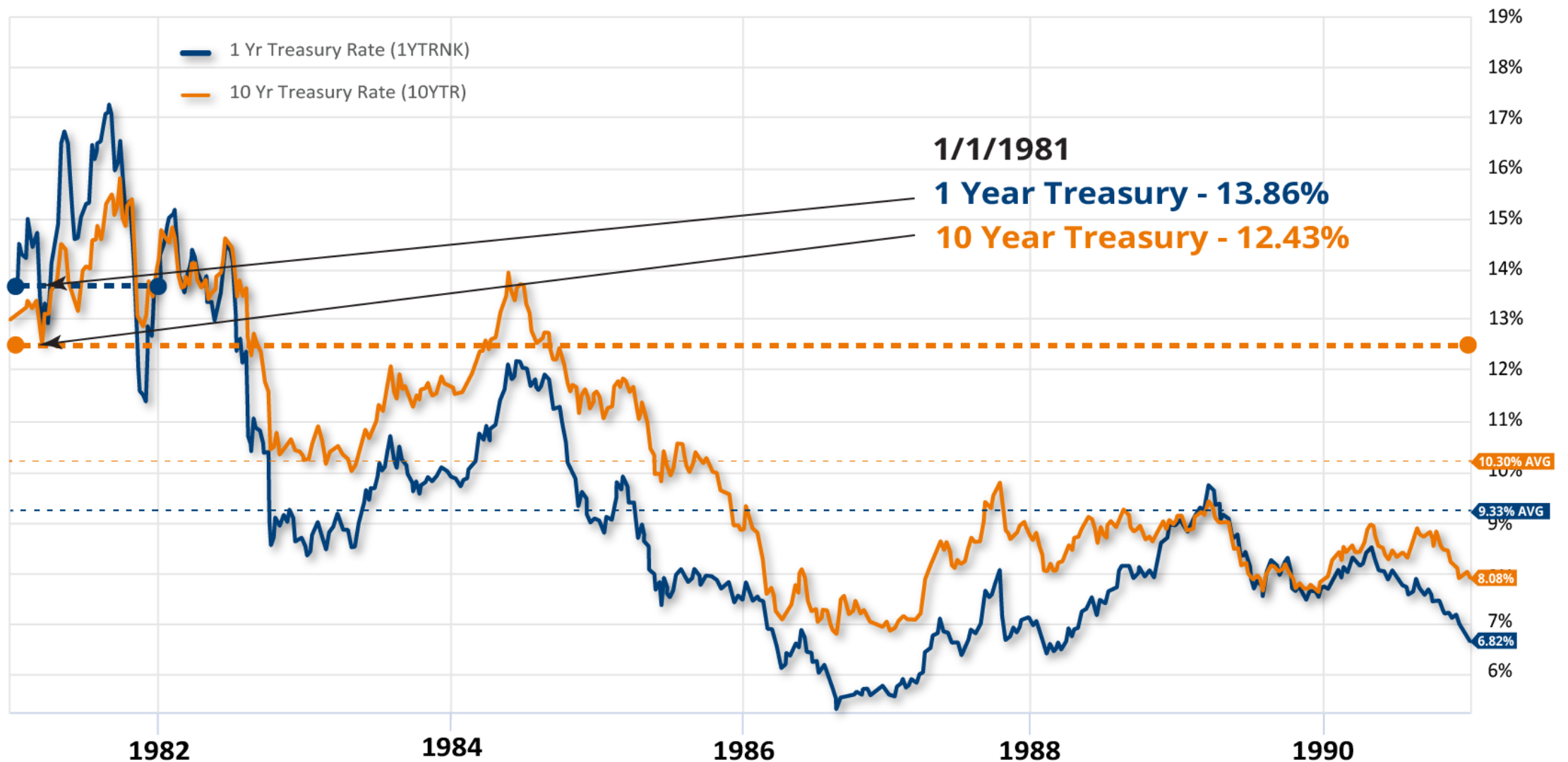
# Inverted Yield Curves: AKA "T-Bill and Chill"





# Did Investors Learn From the 1980's?

1/1/1981 to 12/31/1992



Source: YCharts



# Did Investors Learn From the 1980's?



# Waiting For the Fed to Finish Raising Rates Historically Has Not Been a Good Idea

Value Date	Munis MTD Total Return	Munis Cumulative Return	Fed Funds	Fed Funds Change	CPI	S&P Monthly	S&P Modified Cumulative
2/28/1994	-2.6	-2.6%	3.25%	0.25%	2.5	-3.0%	-3.00%
3/31/1994	-4.1	-6.6%	3.50%	0.25%	2.7	-4.6%	-7.44%
4/29/1994	0.8	-5.8%	3.75%	0.25%	2.4	1.2%	-6.37%
5/31/1994	0.9	-4.9%	4.25%	0.50%	2.3	1.2%	-5.21%
6/30/1994	-0.6	-5.5%			2.5	-2.7%	-7.75%
7/29/1994	1.8	-3.8%			2.7	3.1%	3.15%
8/31/1994	0.3	-3.5%	4.75%	0.50%	2.9	3.8%	7.03%
9/30/1994	-1.5	-4.9%			3.0	-2.7%	4.15%
10/31/1994	-1.8	-6.6%			2.6	2.1%	6.32%
11/30/1994	-1.8	-8.3%	5.50%	0.75%	2.6	-4.0%	2.12%
12/30/1994	2.2	2.2%			2.6	1.2%	3.38%
1/31/1995	2.9	5.1%			2.9	2.4%	5.89%
2/28/1995	2.9	8.2%	6.00%	0.50%	2.9	3.6%	9.71%
3/31/1995	1.1	9.4%			2.8	2.7%	12.70%
4/28/1995	0.1	9.6%			3.1	2.8%	15.86%
5/31/1995	3.2	13.0%			3.1	3.6%	20.06%
6/30/1995	-0.9	12.1%			3.0	2.1%	22.62%
7/31/1995	0.9	13.1%	5.75%	-0.25%	2.8	3.2%	26.51%
8/31/1995	1.3	14.6%			2.6	0.0%	26.47%
9/29/1995	0.6	15.3%			2.5	4.0%	31.54%
10/31/1995	1.5	17.0%			2.7	-0.5%	30.89%
11/30/1995	1.7	18.9%			2.6	4.1%	36.26%
12/29/1995	1.0	20.0%	5.50%	-0.25%	2.5	1.7%	38.64%



# What Has Historically Happened When the Fed is Done?

Date of Last Hike During a Cycle	3 Months After Last Hike			6 Months After Last Hike			12 Months After Last Hike			Last Hike to First Cut		
	3 Month T-Bill	U.S. Agg. Bond*	S&P 500	3 Month T-Bill	U.S. Agg. Bond*	S&P 500	3 Month T-Bill	U.S. Agg. Bond*	S&P 500	3 Month T-Bill	U.S. Agg. Bond*	S&P 500
12/19/1989	1.9	-0.9	-0.3	3.9	1.4	4.9	7.8	8.3	-3.6	4.4	2.7	7.3
2/1/1995	1.4	4.8	9.5	2.8	9.3	18.8	5.6	16.9	35.2	2.4	10.5	17.8
5/16/2000	1.5	5.0	2.0	3.1	7.5	-6.7	5.6	13.8	-12.1	3.8	11.0	-8.1
6/29/2006	1.2	4.1	4.9	2.5	5.4	11.4	5.0	6.5	18.1	6.0	9.6	19.4
12/20/2018	0.6	2.6	15.7	1.2	6.1	19.6	2.1	9.0	30.6	1.4	7.5	19.9
<b>Average</b>	<b>1.3</b>	<b>3.1</b>	<b>6.4</b>	<b>2.7</b>	<b>6.0</b>	<b>9.6</b>	<b>5.2</b>	<b>10.9</b>	<b>13.6</b>	<b>3.6</b>	<b>8.3</b>	<b>11.2</b>

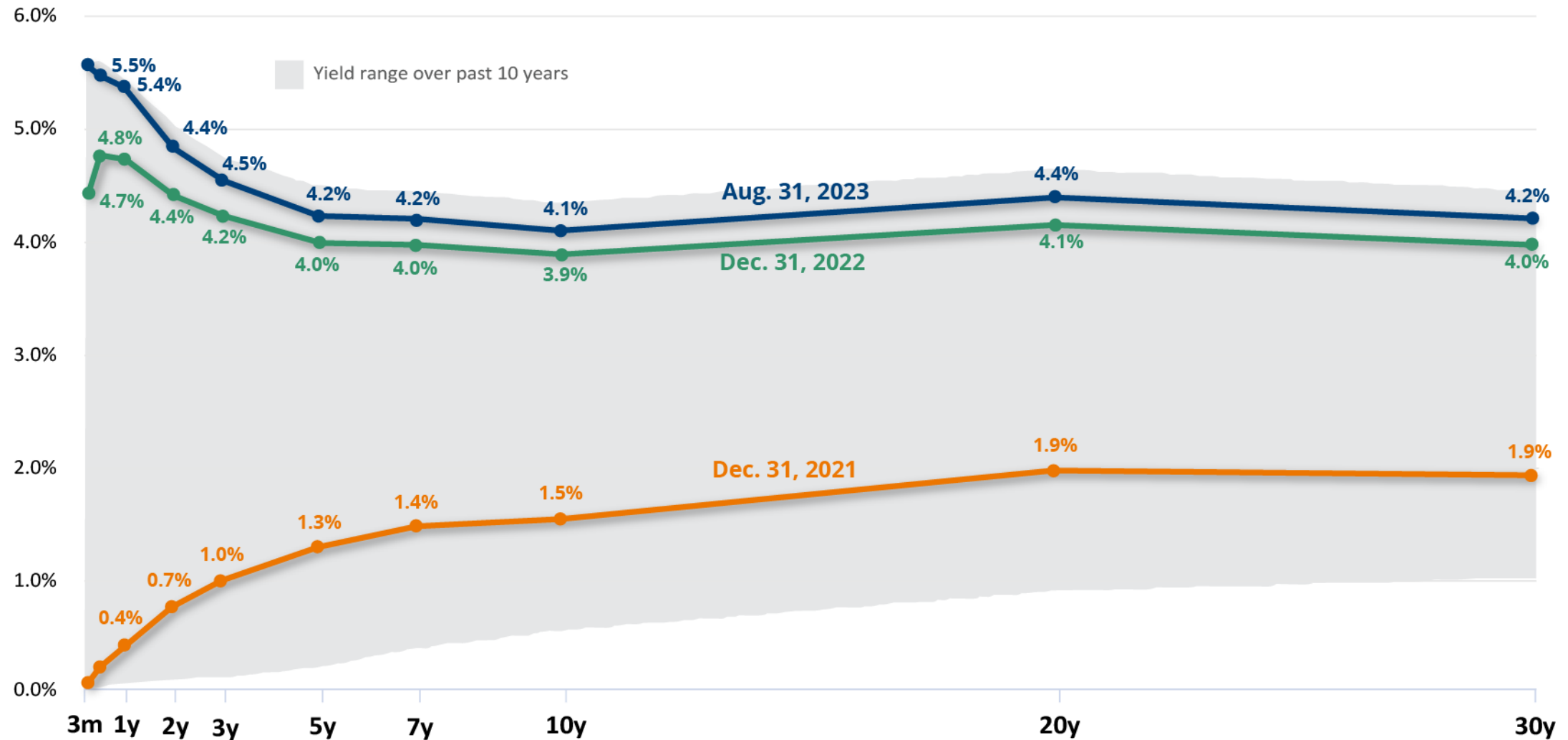
For illustrative purposes only. Past performance is not indicative of future results.

Source: FactSet, Clark Capital



# Another Reason Active Bond Management is Important

## U.S. Treasury Yield Curve



Source: JP Morgan Guide to the Markets

# Clark Capital Bond Offerings

## Individual Bonds

- Taxable Fixed Income SMA (min. \$250k)
- Tax-Free Fixed Income SMA (min. \$250k)
- Short Duration Taxable Fixed Income SMA (min. \$1mm)
- Short Duration Taxable Fixed Income SMA (min. \$1mm)

## Tactical Fixed Income

- Fixed Income Total Return SMA (only available in PUMA via AssetMark)
- Tactical Fixed Income Fund – NTBIX / NTBAX / NTBCX

Investors should carefully consider the investment objectives, risks, charges, and expenses of the Navigator Tactical Fixed Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 800.766.2264. The prospectus should be read carefully before investing. The Navigator Tactical Fixed Income Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Clark Capital Management Group, Inc. and Northern Lights Distributors, LLC are not affiliated.



# Who Is Clark Capital?

1986 Year Founded	\$30.8B AUA*	26 Investment Professionals
100% Family and Employee Owned	<b>Committed to Asset Management Excellence for Better Outcomes</b>	24.8 Investment Team Average Years Experience
139 Employees	3x Winner 2020-2021-2022 Asset Manager of the Year**	10.0 Investment Team Average Years Working Together

Past performance does not guarantee future results. Please see attached disclosures for more information. The ranking shown above is not indicative of future performance and may not be representative of any one client's experience because it reflects an average of, or a sample of all, the experiences of the adviser's clients.

\*As of 6/30/2023, includes sub-advised assets and assets under advisement. \*\*Money Management Institute (MMI) and Barron's

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Q&A



# Appendix



# The Bond Blueprint

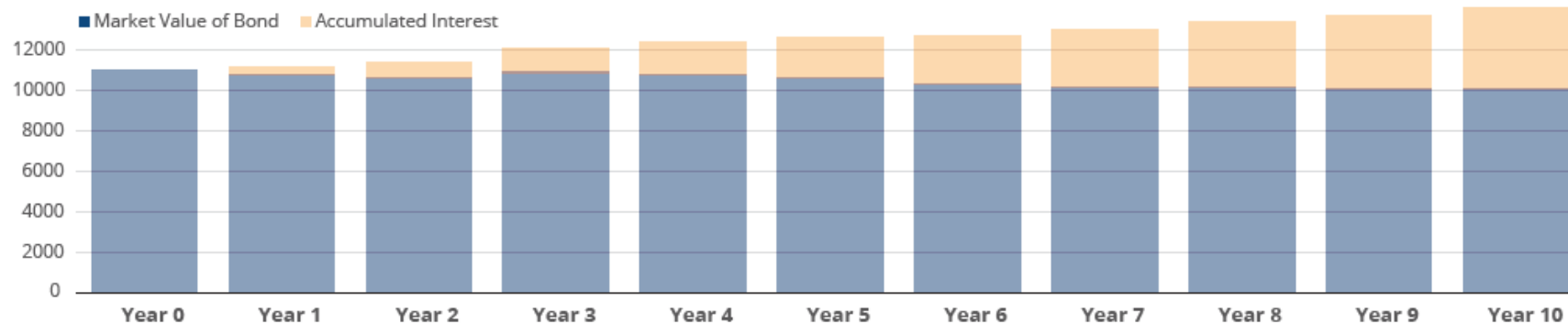
## How Bonds Build Value Over Time

### 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 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.



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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), extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase), and inflation risk (rising prices will lower

the purchasing power of the investment at maturity).

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.

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References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (each, an “index”) are provided for your information only. Reference to an index does not imply that the portfolio will achieve returns, volatility or other results similar to that index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change. Investors cannot invest directly in an index.

The Personal Consumption Expenditures Price Index (PCE) is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

Gross domestic product (GDP) is the monetary value of all finished goods and services made within a country during a specific period. GDP provides an economic snapshot of a country, used to estimate the size of an economy and growth rate.

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.

The 10 year treasury yield is included on the longer end of the yield curve. Many analysts will use the 10 year yield as the “risk free” rate when valuing the markets or an individual security.

The 2 Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of 2 years. The 2 year treasury yield is included on the shorter end of the yield curve and is important when looking at the overall US economy. 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 price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

The Core Consumer Price Index (CPI) measures the changes in the price of goods and services, excluding food and energy.

The 3 month Treasury yield is the effective annual interest rate paid by the U.S. government to a bondholder with a maturity of 3 months.

The Bloomberg USAgg Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.



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