

2023 Mid-Year

Market Outlook

Navigating Market Uncertainties

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Tuesday, June 20, 2023

Perspective...

Domestic Equity		2019 - 2022	2022	YTD – 6/15/2023
	S&P 500	63.98%	-18.13%	16.19%
	Russell 1000	62.50%	-19.14%	16.00%
	Russell 2000	37.40%	-20.46%	8.01%
	Russell 3000	60.71%	-19.22%	15.53%
	Russell 1000 Value	50.40%	-7.56%	4.42%
	Russell 1000 Growth	70.77%	-29.14%	28.38%
International Equity				
	MSCI Emerging Market	9.11%	-20.09%	8.16%
	MSCI All Country World (ex US)	21.77%	-16.00%	11.28%
Fixed Income				
	BBgBarc U.S. Aggregate Bond	0.10%	-13.01%	2.43%
	BBgBarc U.S. Treasury	-1.32%	-12.46%	2.04%
	BBgBarc U.S. Corporate	4.92%	-15.76%	3.03%
	BBgBarc U.S. Corporate High Yield	14.49%	-11.19%	5.30%
	BBgBarc Municipal	5.06%	-8.53%	2.35%

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





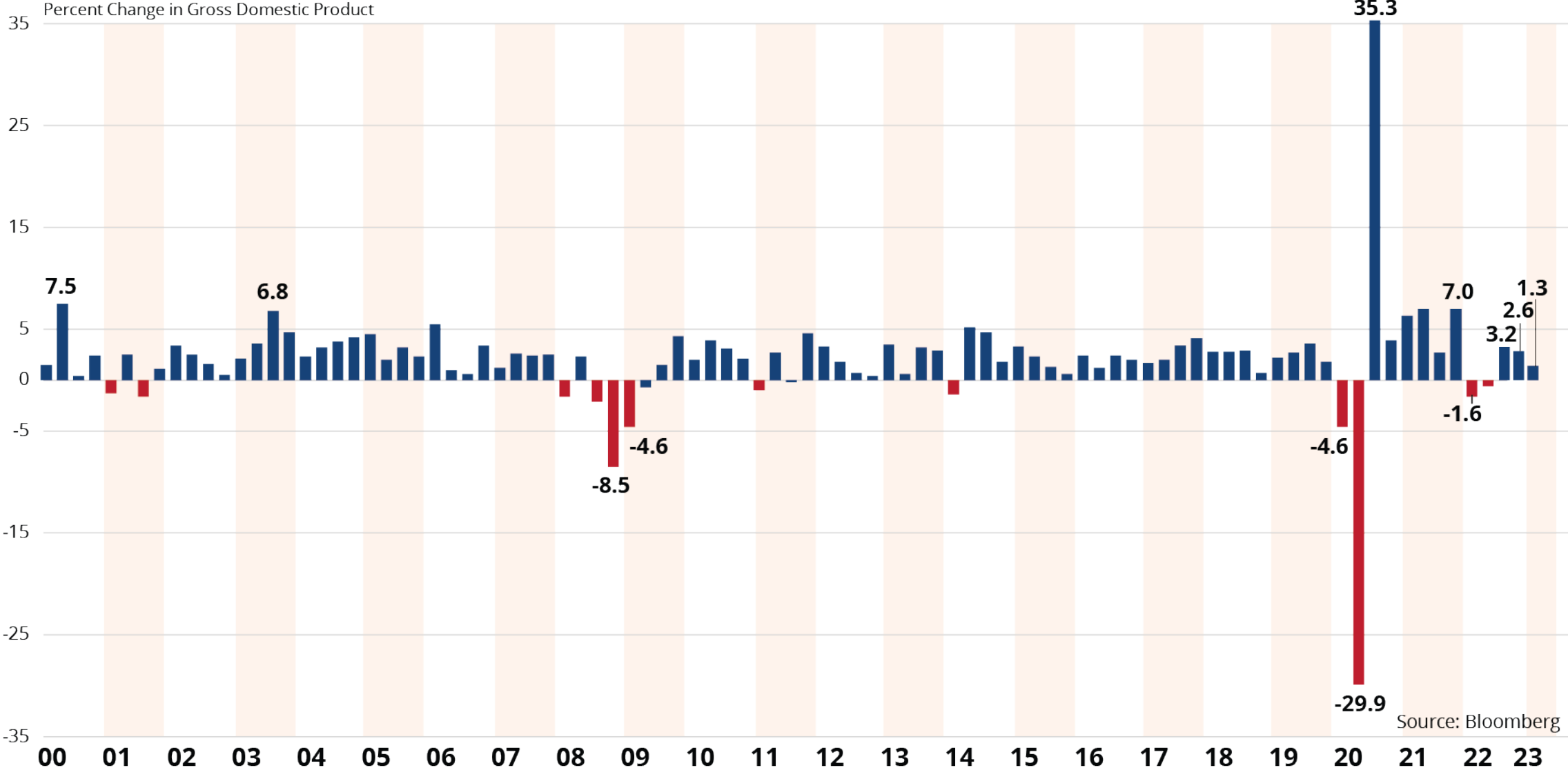
2023 Outlook – Executive Summary

We believe:

- The economy ended 2022 on a strong note, advancing in the second half of the year despite negative growth in the first half. Economic momentum is likely to carry into early 2023, but growth should weaken in Q2 and Q3.
- Economic indicators including Leading Indicators, the yield curve, manufacturing indices, housing, and the cumulative effect of monetary tightening suggest the odds of at least a mild recession are increasing for the 2nd half of the year. We expect the economy to grow only 0.5% in 2023.
- It is rare for the S&P 500 to post back-to-back years of negative returns. High yield bond losses in 2022 suggest a positive roadmap for stocks and high yield bonds in 2023. S&P 500 target of 4200. **Increasing target to 4500.**
- Inflation is set to continue moderating and could well be near the Fed's target in the 2nd half of the year. CPI y/y should fall to 3% with the potential for a downside surprise.
- Federal Reserve is in the late innings of rate hikes. We expect the final rate hikes to occur in Q1, then pause. **Market pricing in 1 more hike.**
- The 10-year Treasury Note yield to digest gains, with 2022 high of 4.2% likely capping yields. The yield curve should steepen as the market prices in the end of the tightening cycle. Credit and duration should rebound from a miserable 2022.
- Risks to the outlook include: Federal Reserve policy error, recession, earnings revision cycle/negative earnings growth, geopolitics (Russia/Ukraine, China/Taiwan, China COVID policy).



United States GDP Annualized Growth



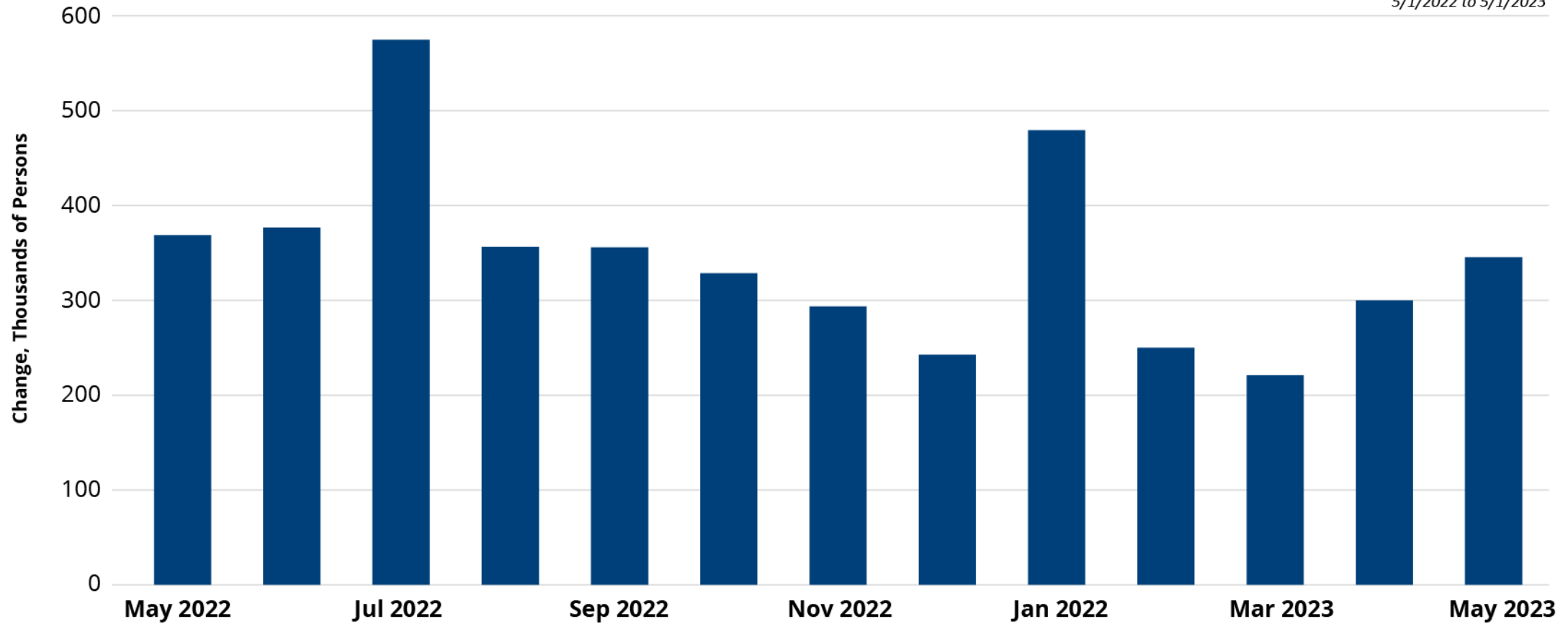
Source: Bloomberg

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



All Employees, Total Nonfarm

5/1/2022 to 5/1/2023



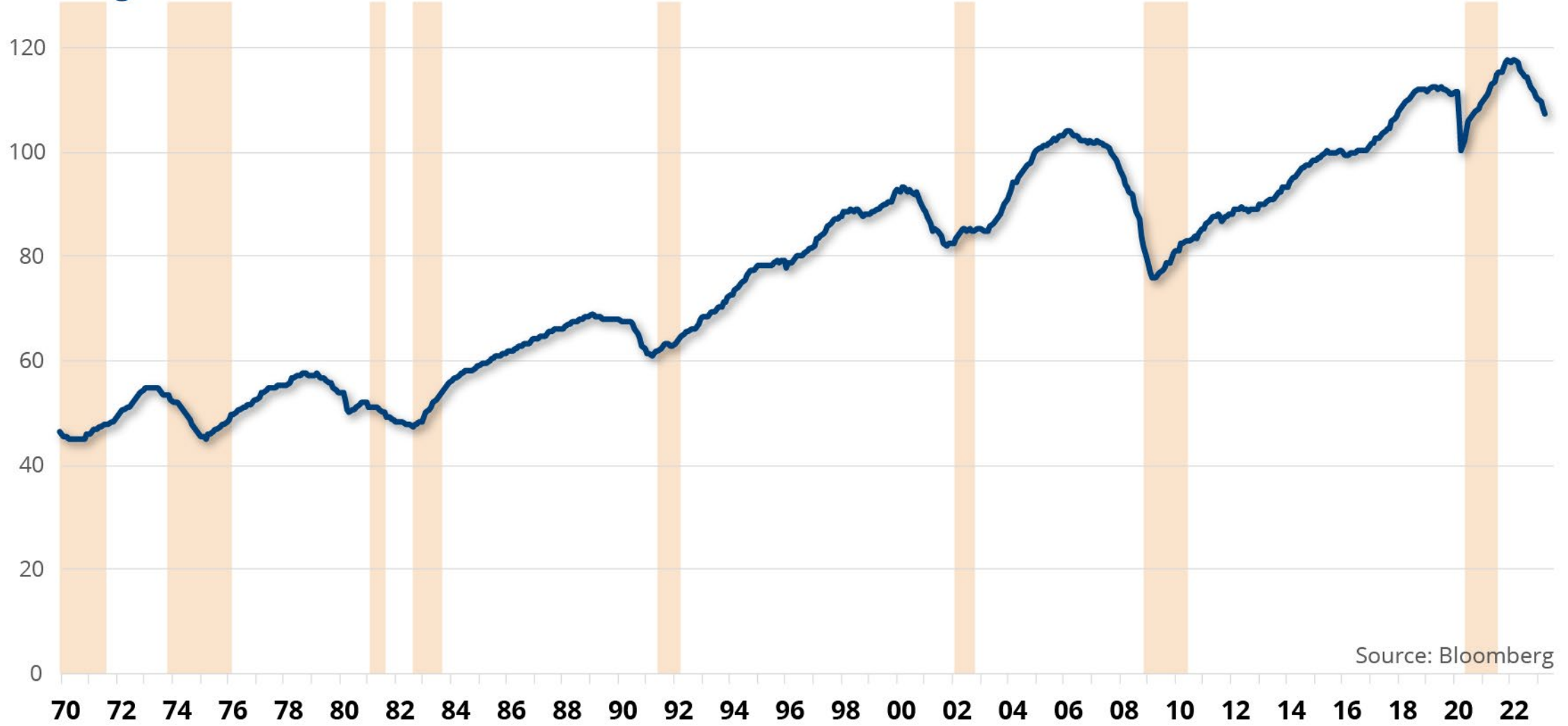
Source: FRED, U.S. Bureau of Labor Statistics

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



Leading Economic Indicators

1/1/1970 to 4/30/2023



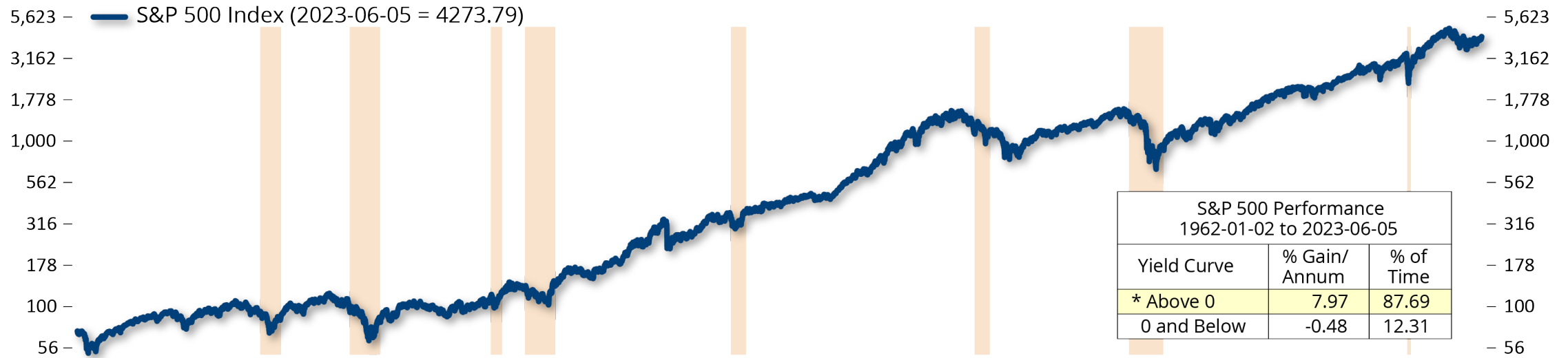
Source: Bloomberg

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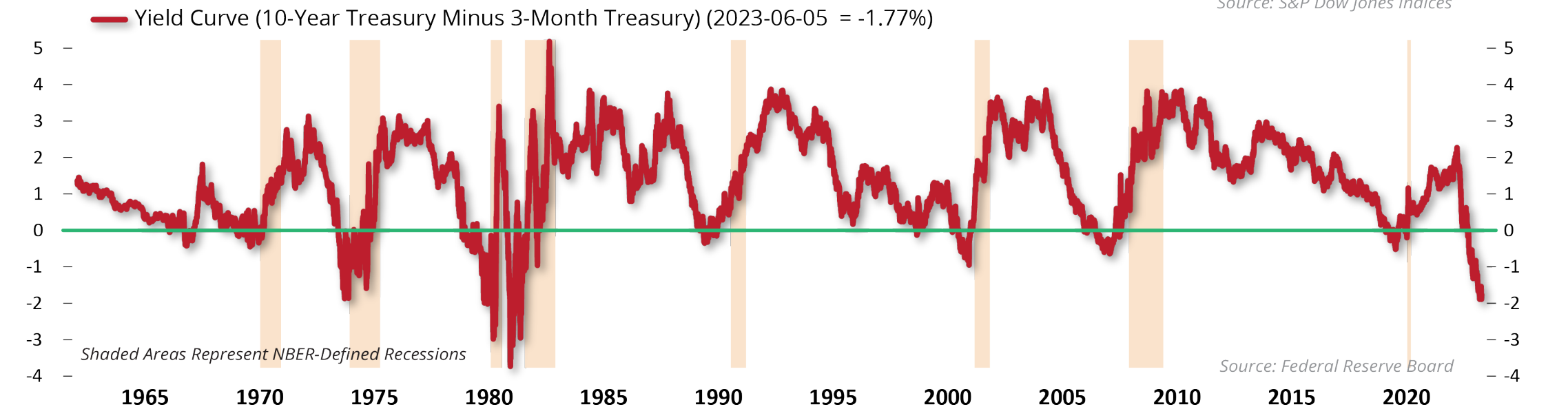


S&P 500 vs. Yield Curve (10-Year Minus Three-Month)

Daily Data 1962-01-02 to 2023-06-05 (Log Scale)



Source: S&P Dow Jones Indices



Source: Federal Reserve Board

Source: Ned Davis Research

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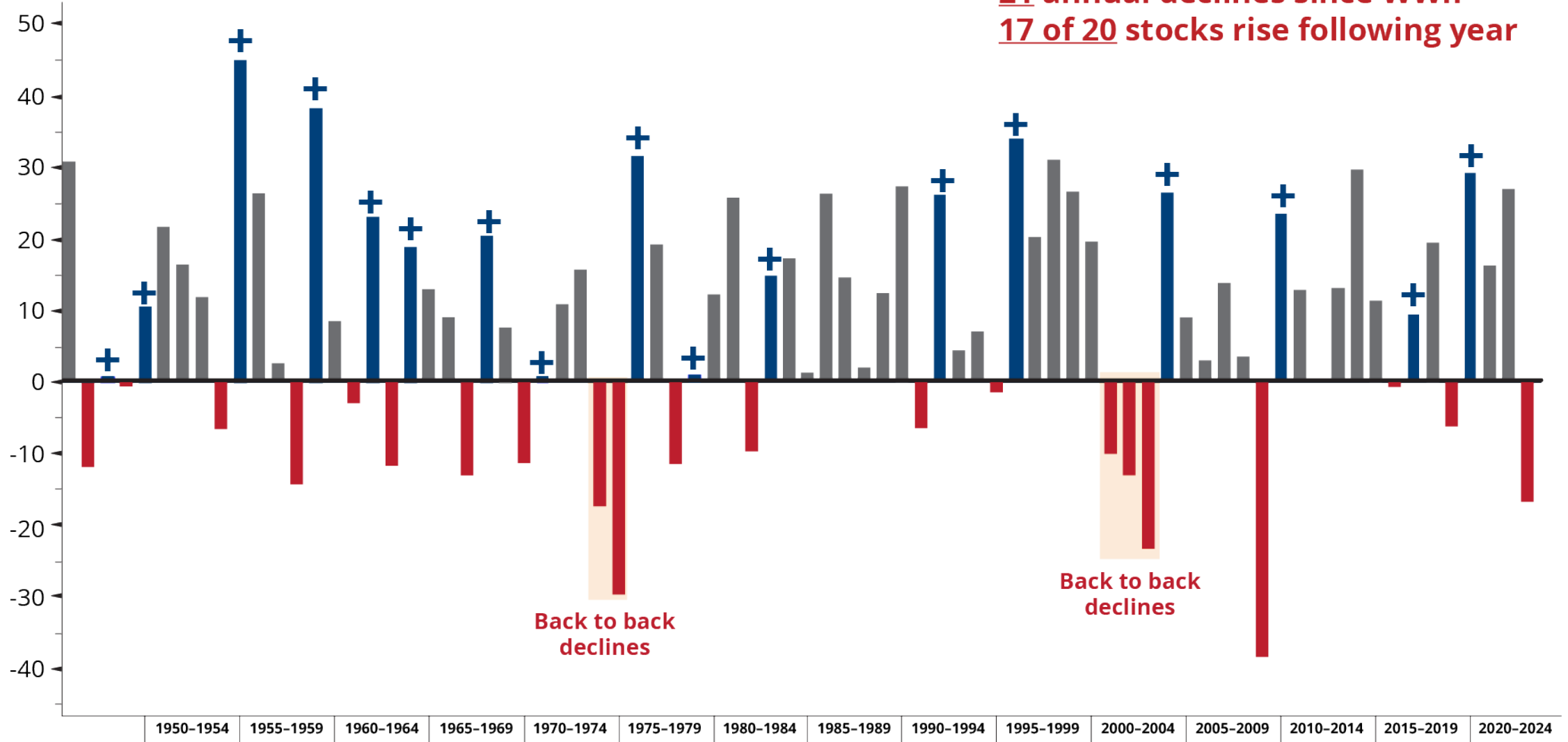


Annual S&P 500 Price Return

Rare to See Two Consecutive Annual Declines

Since WWII

21 annual declines since WWII
17 of 20 stocks rise following year

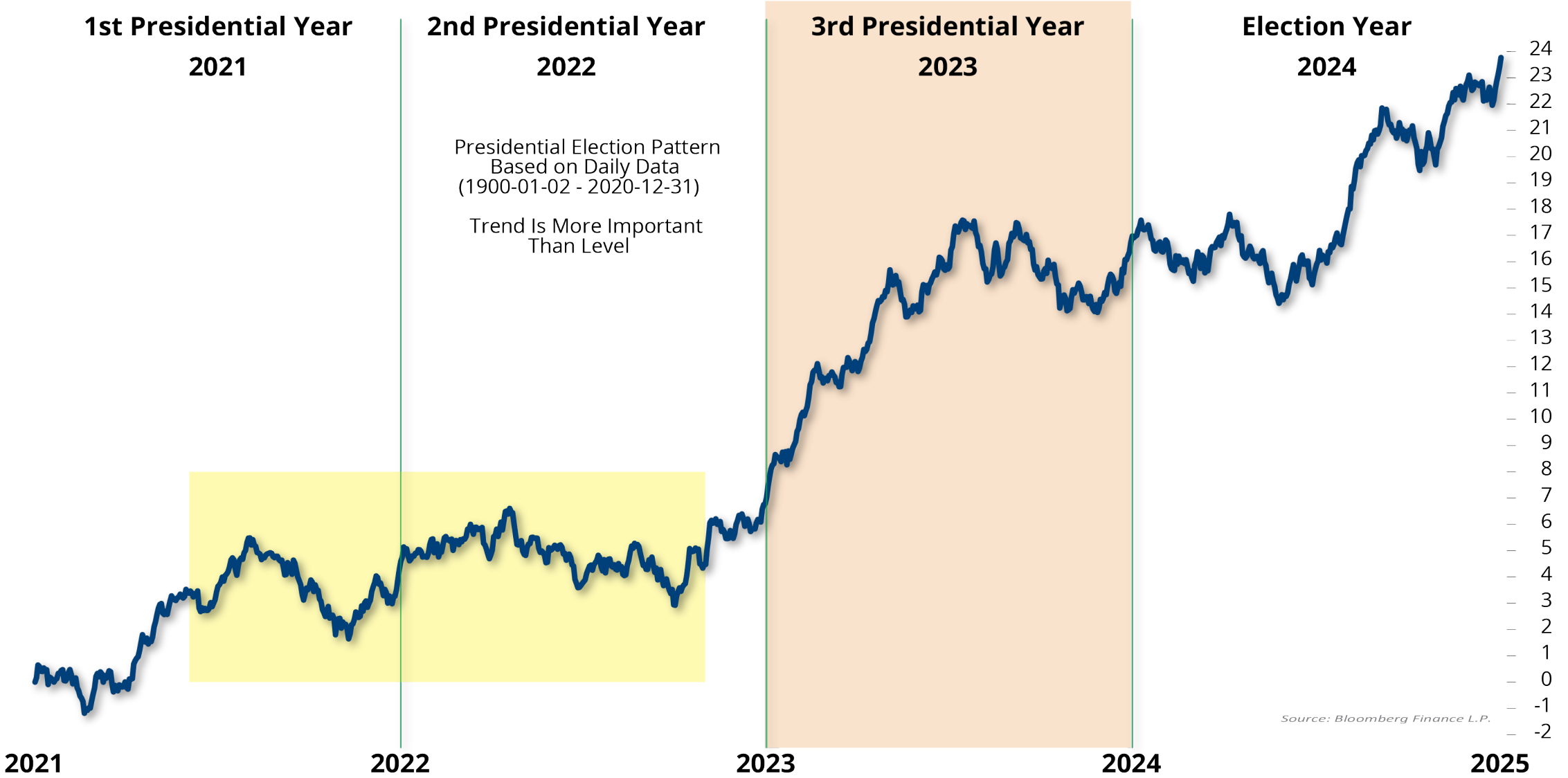


Source: Fundstrat, Bloomberg Finance L.P.

For illustrative purposes. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.



Dow Industrials Four-Year Presidential Cycle



Source: Bloomberg Finance L.P.

Source: Ned Davis Research

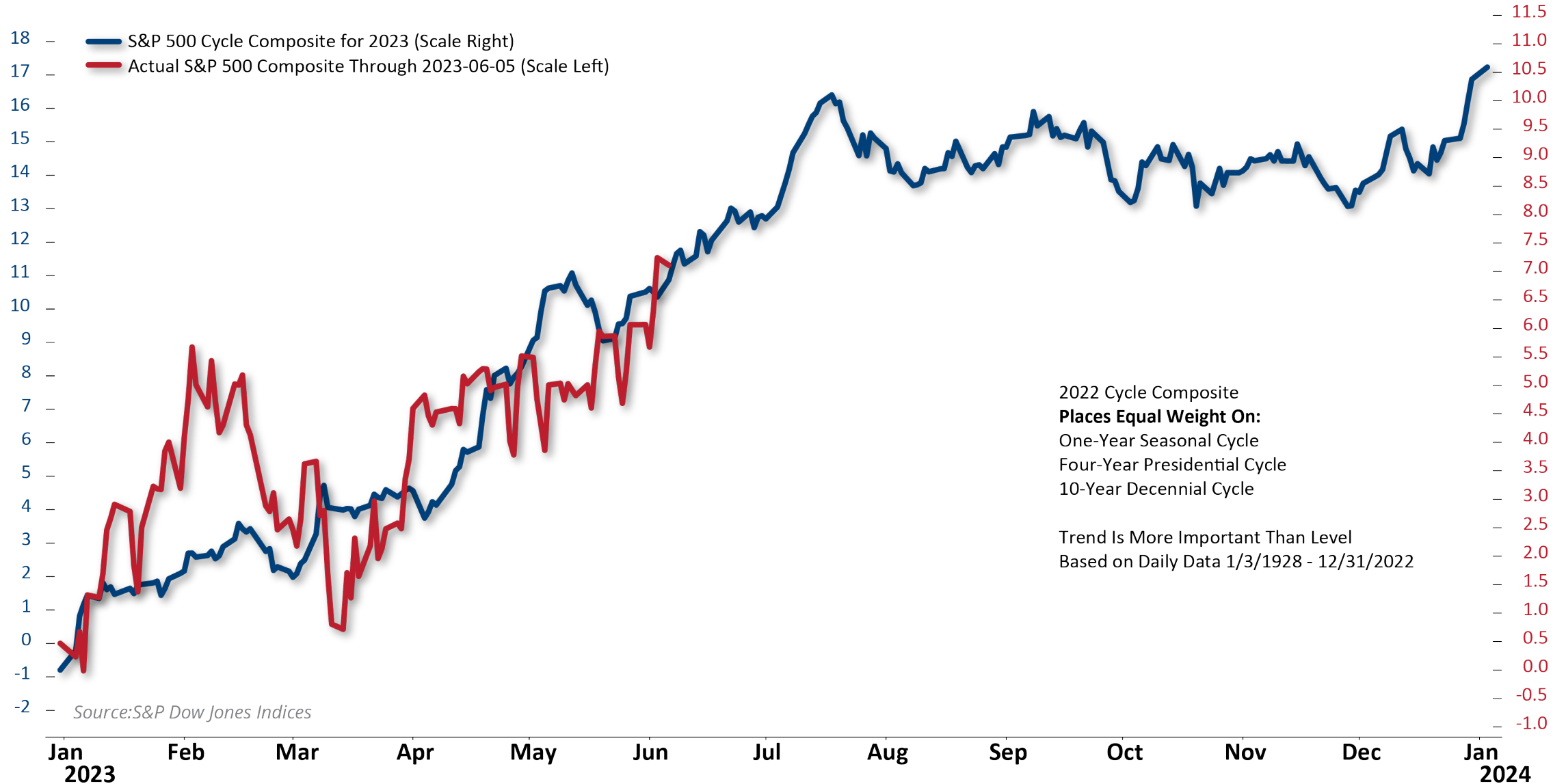
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S&P 500 Cycle Composite for 2023

Daily Data 2021-12-31 to 2024-01-02



Source: S&P Dow Jones Indices

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Source: Ned Davis Research

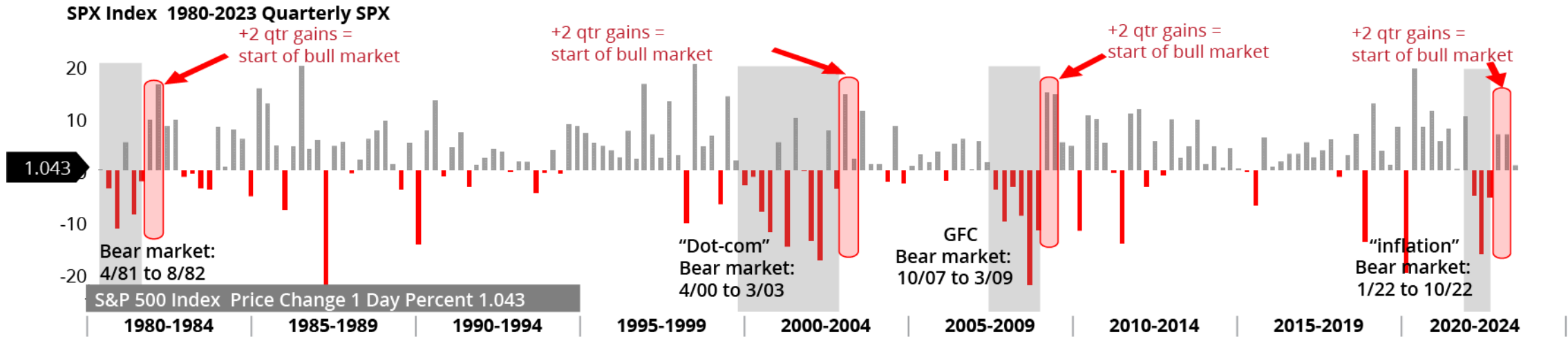
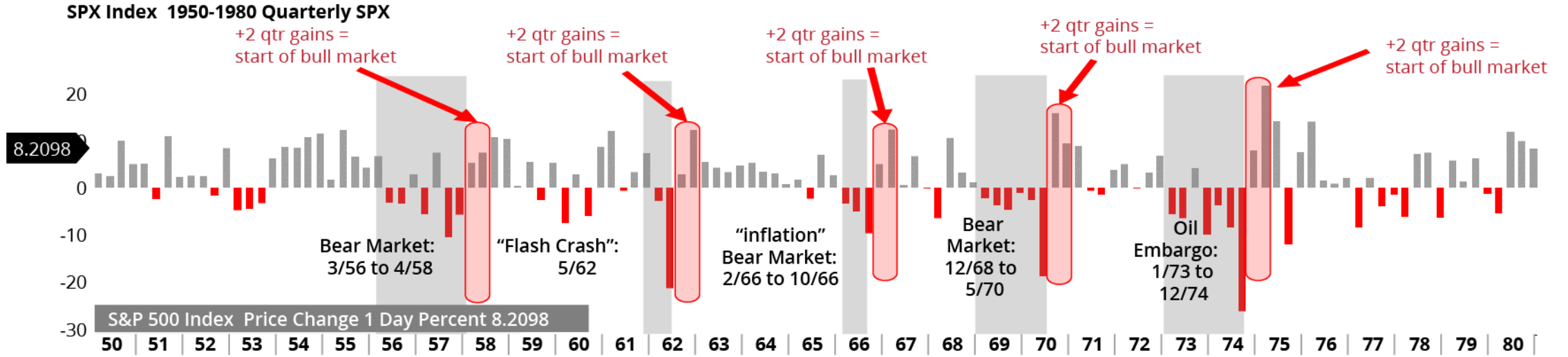
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Returns: 2 Quarters of Gains = "New" Bull Market - Since 1950

S&P 500 Quarterly Returns

1950 to 2023



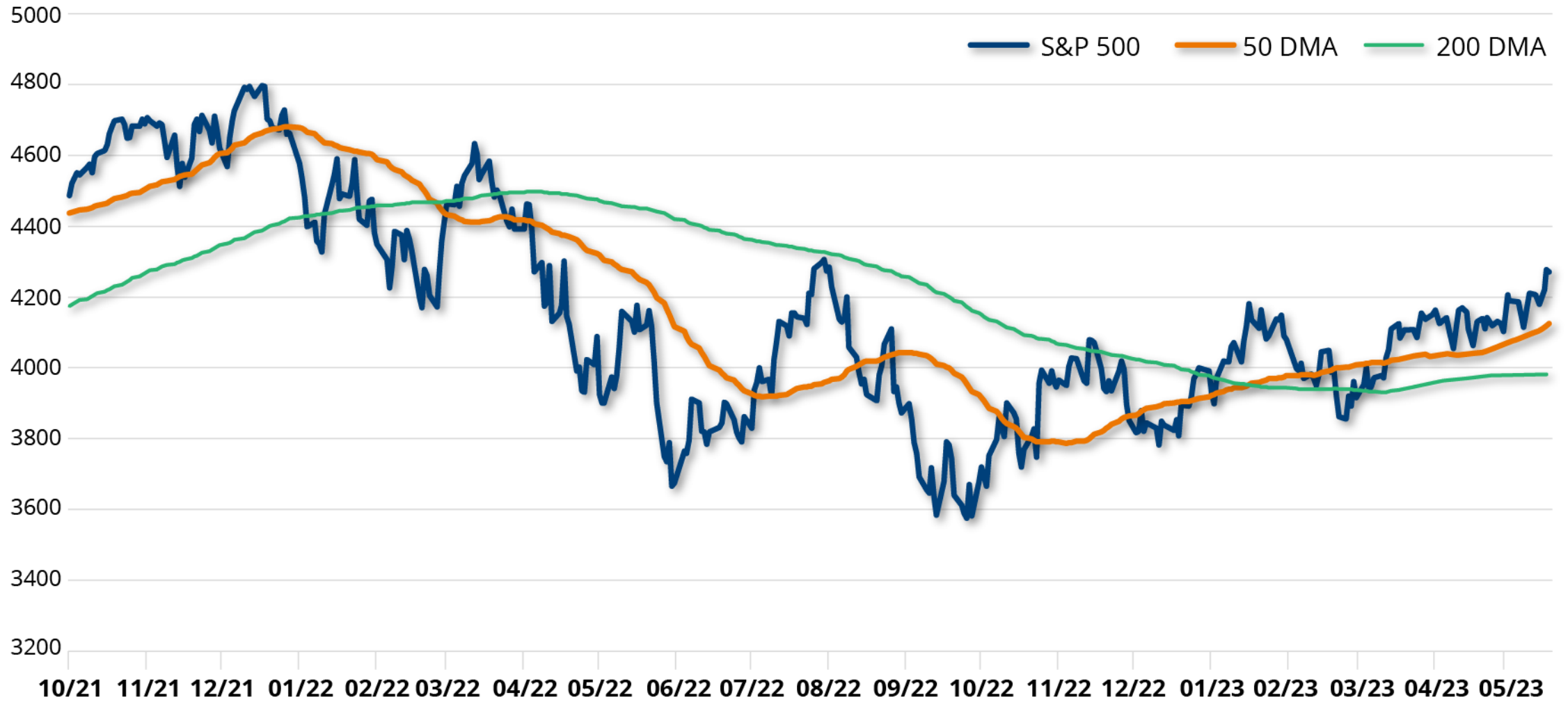
Source: Fundstrat, Bloomberg

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Golden Cross

10/18/2022 to 5/18/2023



Source: Bloomberg; Clark Capital

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Super Golden Cross

S&P 500 "Super" Golden Cross Signal

Triggered when the 50-DMA crosses above the 200-DMA and stays above it for at least 3 days, after trading below it for at least 9 months

# of Times It Has Happened since 1950	8
% of the Time Stocks Were Higher 1-Year Later	100%
Average 1-Year Forward Peak Return	24%

List of Occurrences

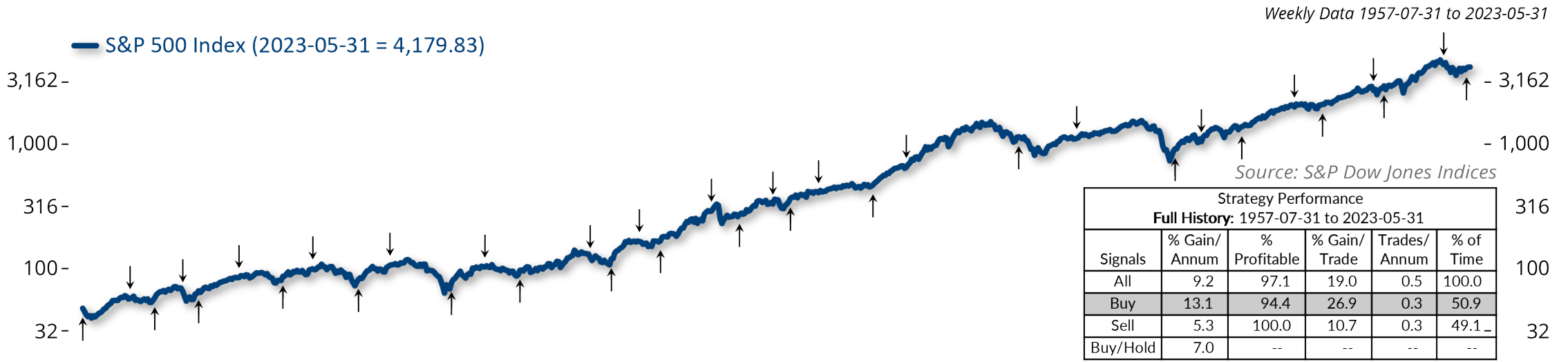
Peak 12-Month Return

6-Feb-23	???
25-Jun-09	32.3%
24-May-03	23.8%
30-Sep-82	41.6%
24-May-78	9.1%
11-Mar-75	20.9%
23-Oct-70	25.3%
7-Feb-67	11.3%
6-Jan-61	26.2%

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

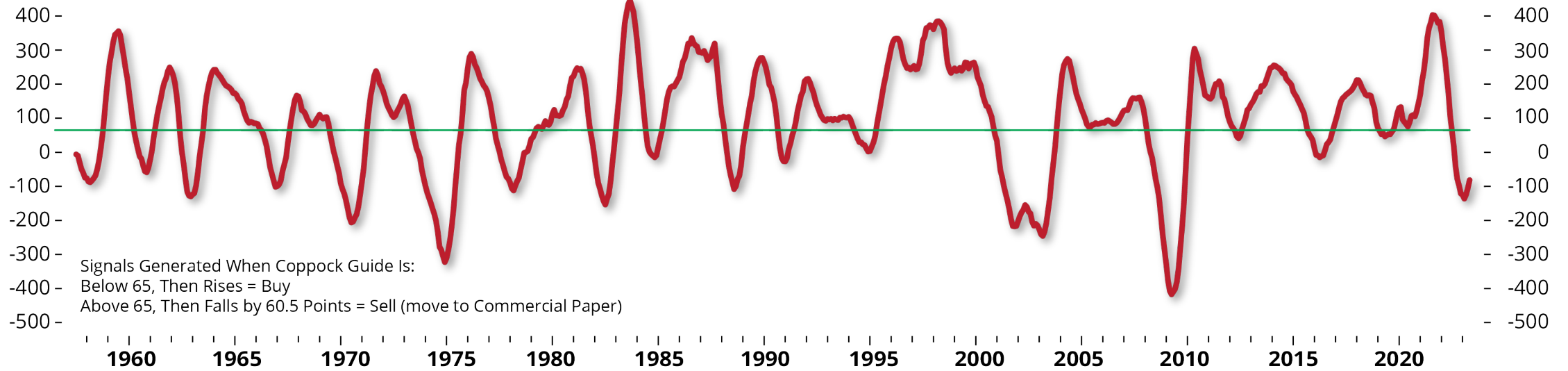


Coppock Guide — S&P 500

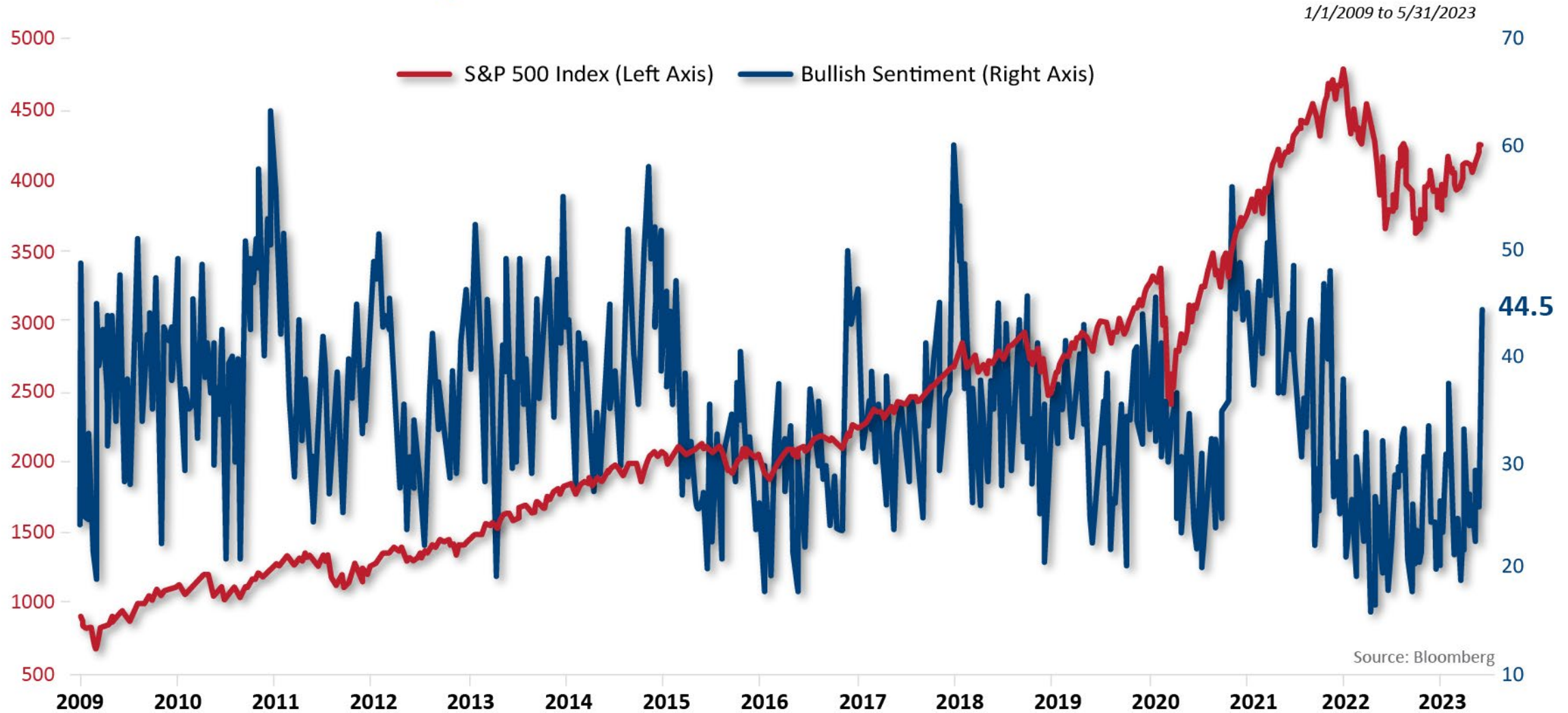


— Coppock Guide (Weighted Total of 11- & 14-Month Change in the S&P 500) (2023-05-31 = -81.50)

Last Signal: Buy (2023-03-31 = 4109.31)



AAll Bullish Sentiment: 2009 - Present

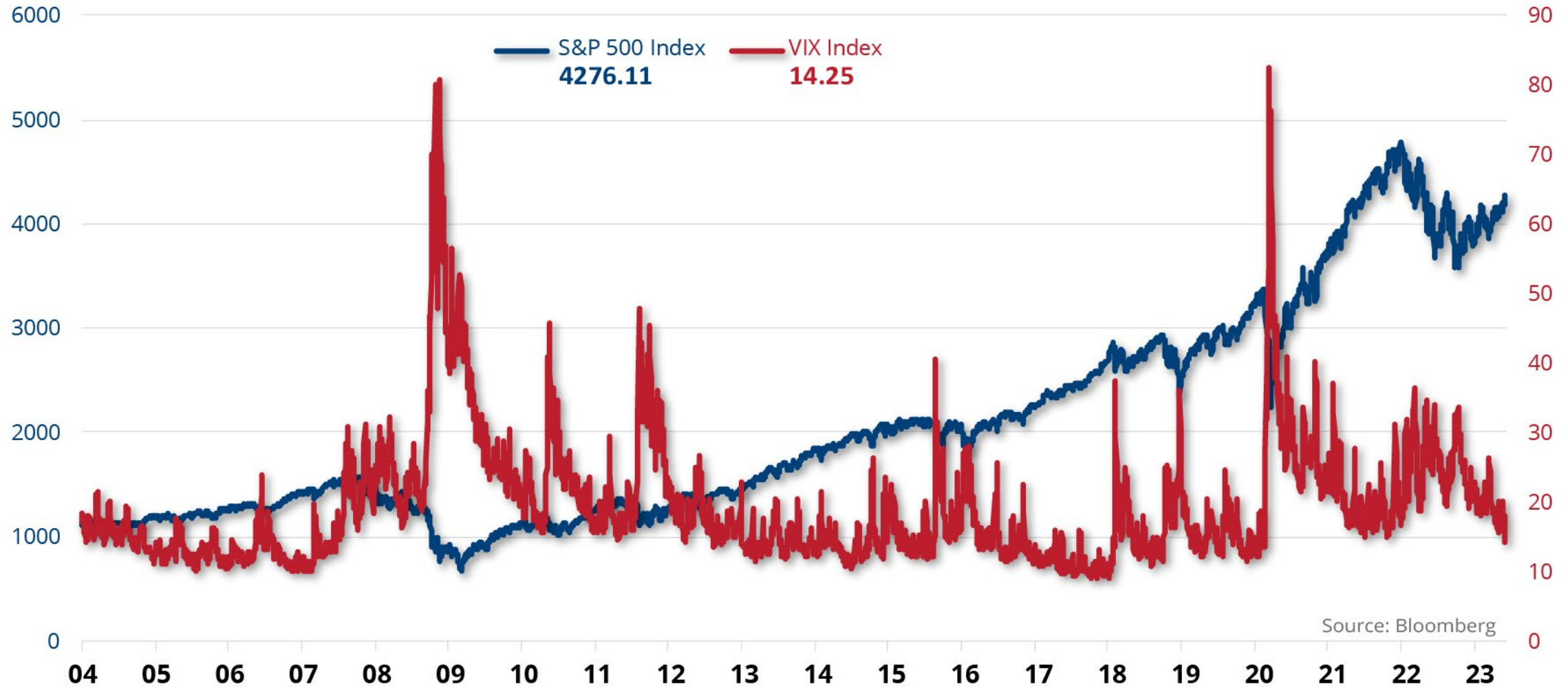


For illustrative purposes only. Past performance is not indicative of future results.



VIX vs S&P 500

1/1/2004 to 6/6/2023



Source: Bloomberg

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



Bears Capitulating?

June 12, 2023

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MARKETS | COVER

Forget the Naysayers. Why the Market Can Keep Climbing.

The case for optimism as a resilient market continues to disappoint the bears.



MAGAZINE

Is the Bear Market Over? It Depends.

The S&P 500 ended the day nearly 20 percent above its low last year, within a hair of a milestone for some market watchers. But assessing a bona fide bull market is not so simple.

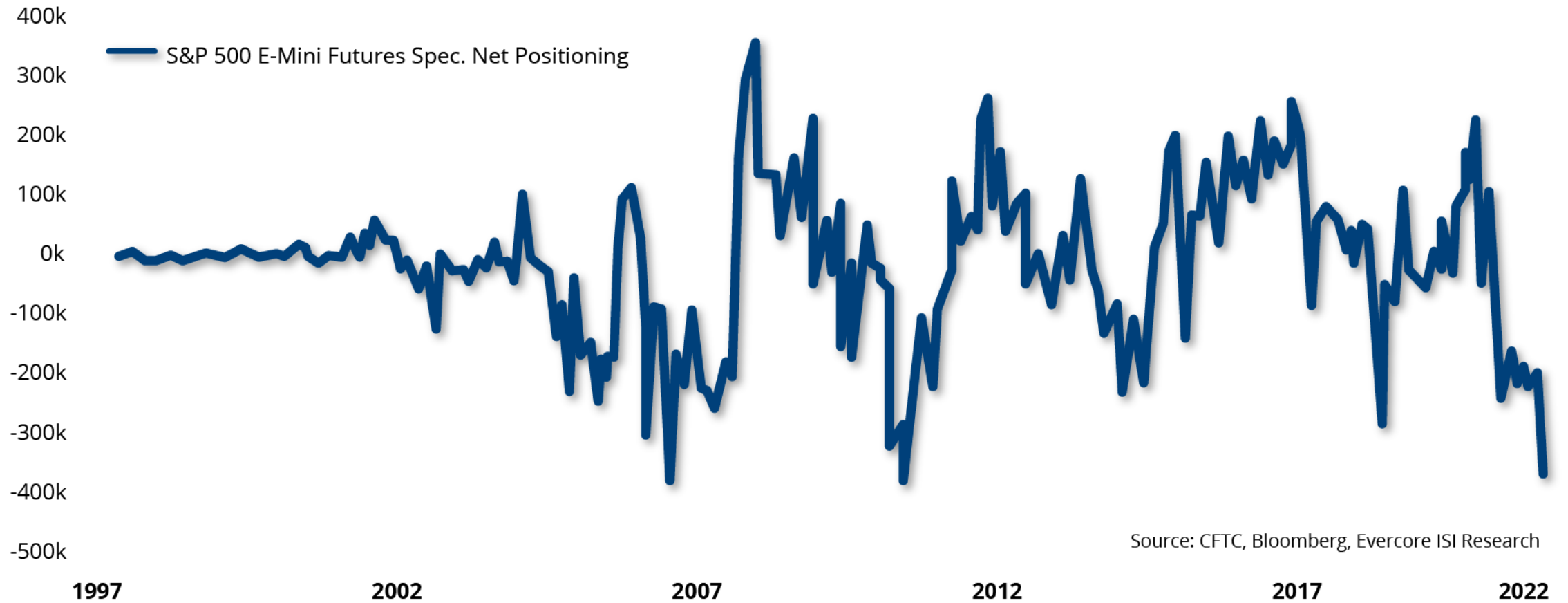
BREAKING

Bear Market Is Over—BofA Declares—But These Are The Warning Signs Others Are Watching



S&P 500 E-Mini Futures Net Speculative Shorts

A Fed on Pause Could Trigger Capitulation from the Shorts

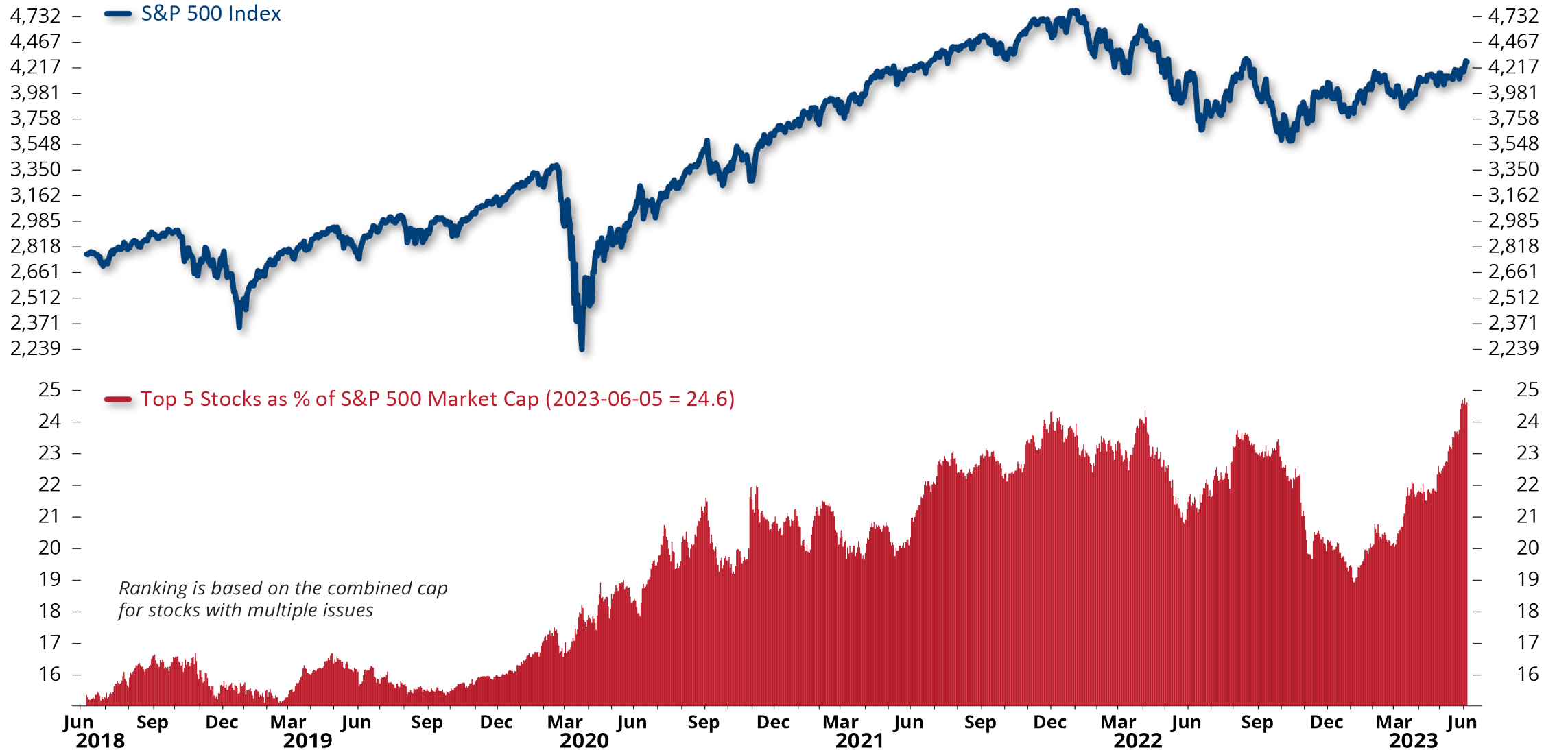


For illustrative purposes only. Past performance is not indicative of future results.



S&P 500 vs. Top 5 S&P 500 Stocks by Market Cap as a % of Total S&P 500 Market Cap

Daily Data 2018-06-06 to 2023-06-05 (Log Scale)



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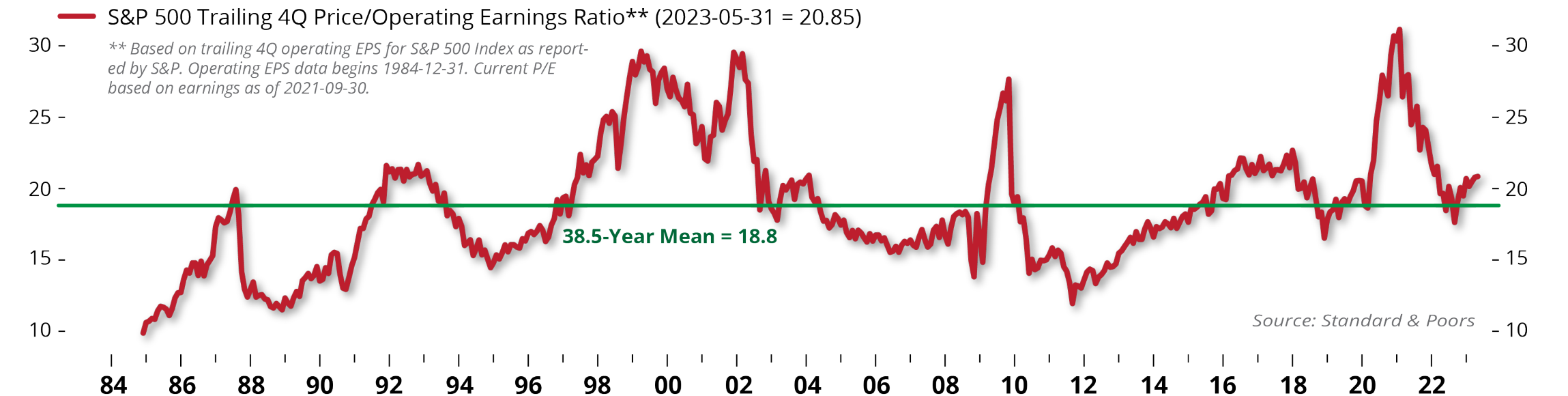
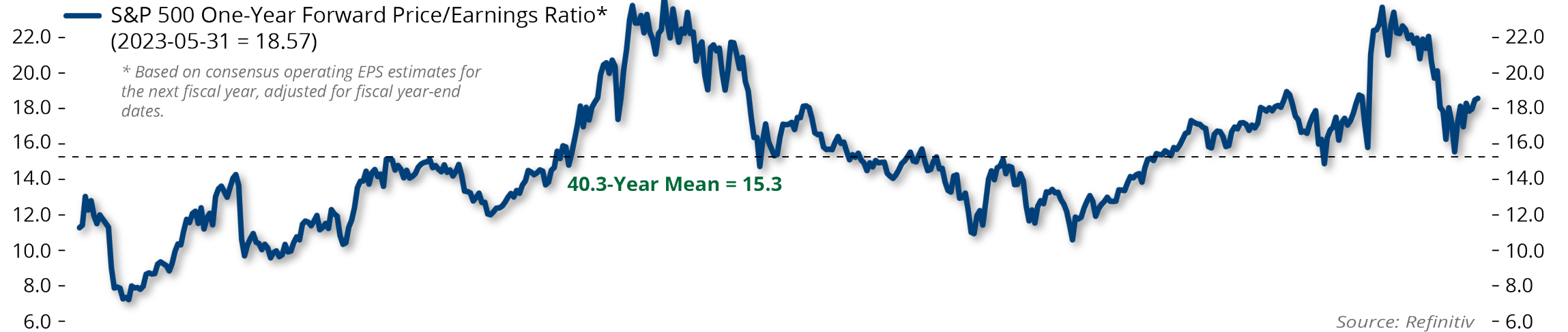
Source: Ned Davis Research

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



S&P 500 Forward vs. Trailing Price/Earnings Ratios

Monthly Data 1983-02-28 to 2023-05-31



S662

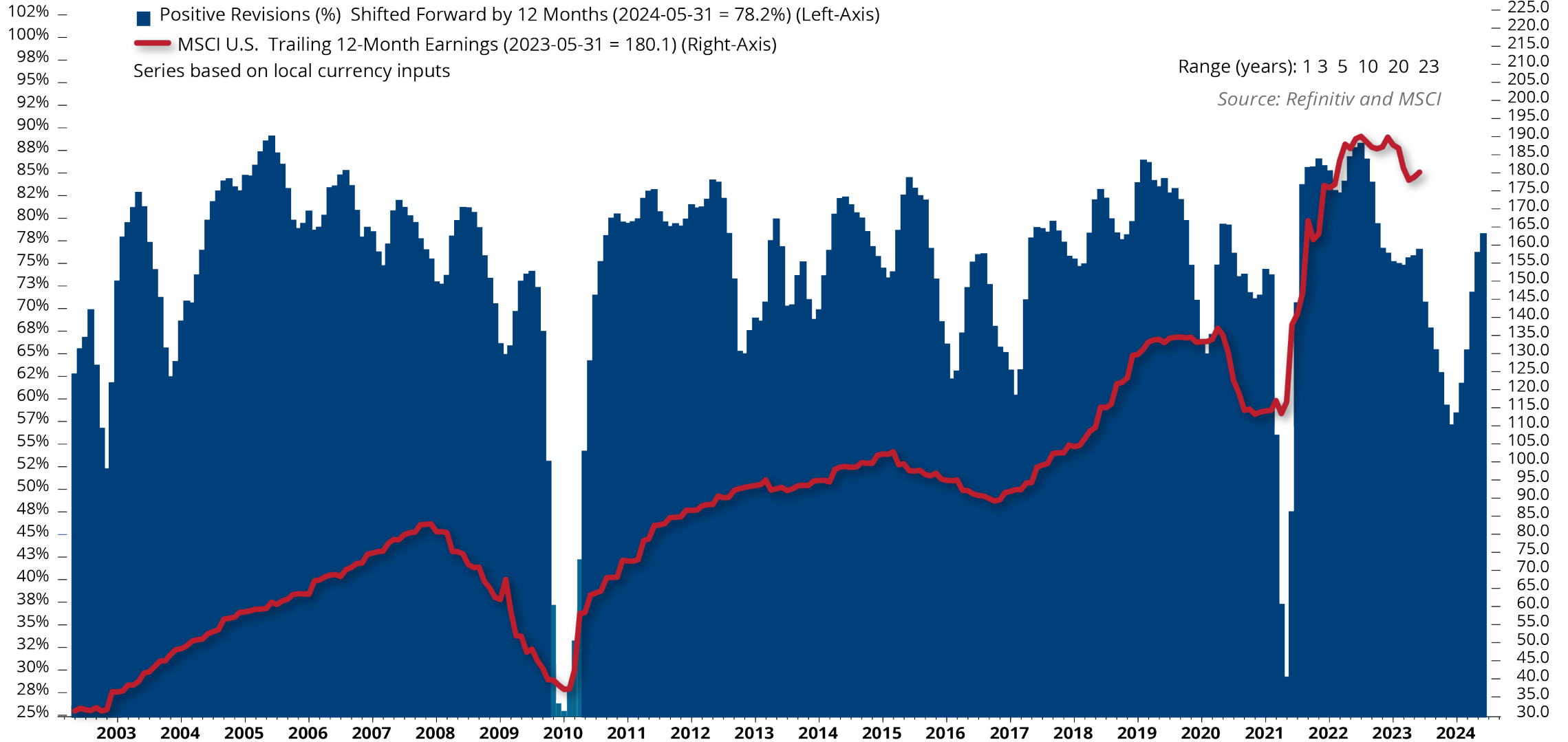
Source: Ned Davis Research

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MSCI U.S. Trailing Earnings and % of Companies with Positive Earnings Revisions

Monthly Data 2002-04-30 to 2024-05-31



ICS_27A.RPT

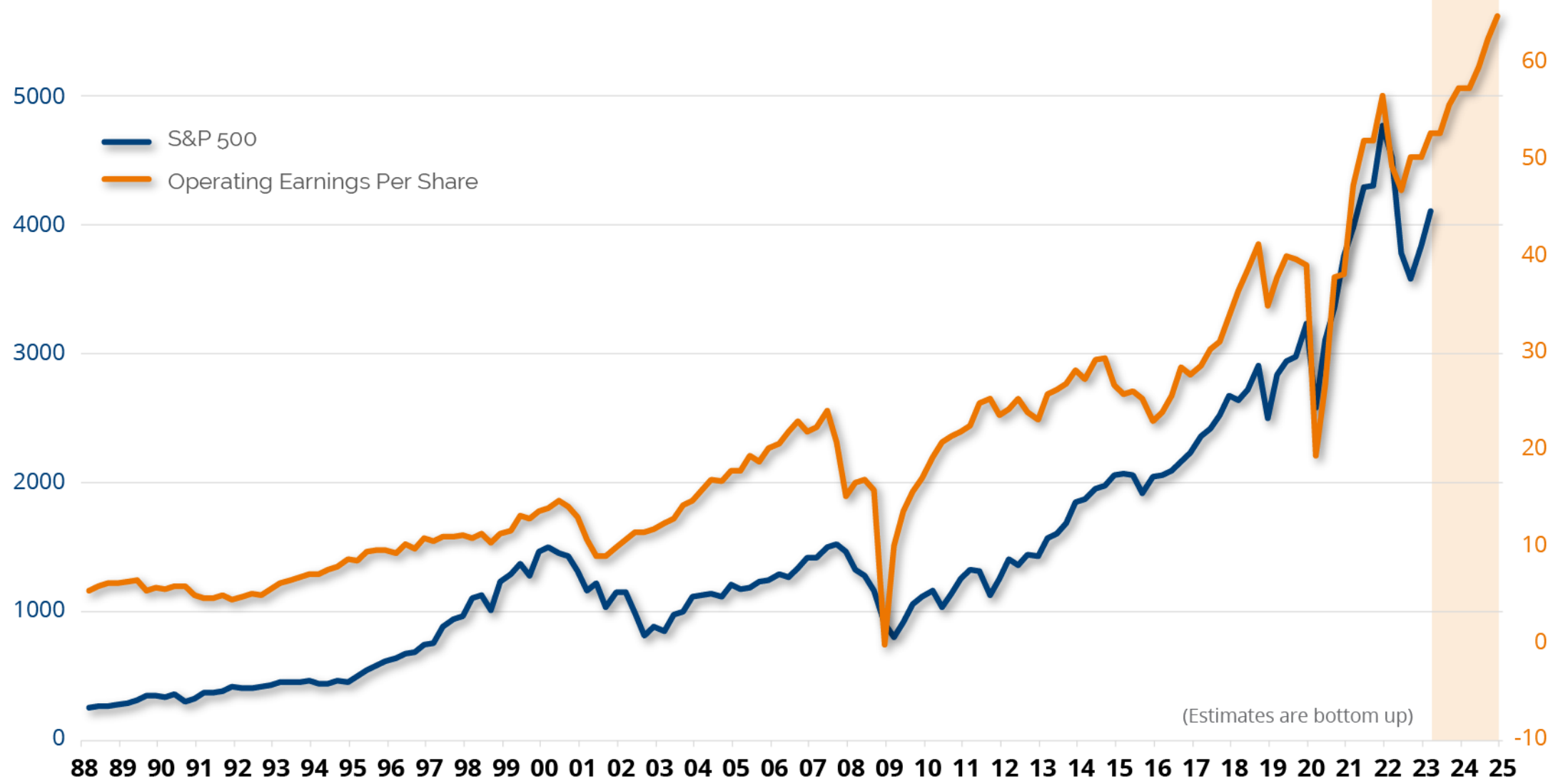
Source: Ned Davis Research

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S&P 500 & Operating Earnings

3/31/1988 to 12/31/2024 (estimated)



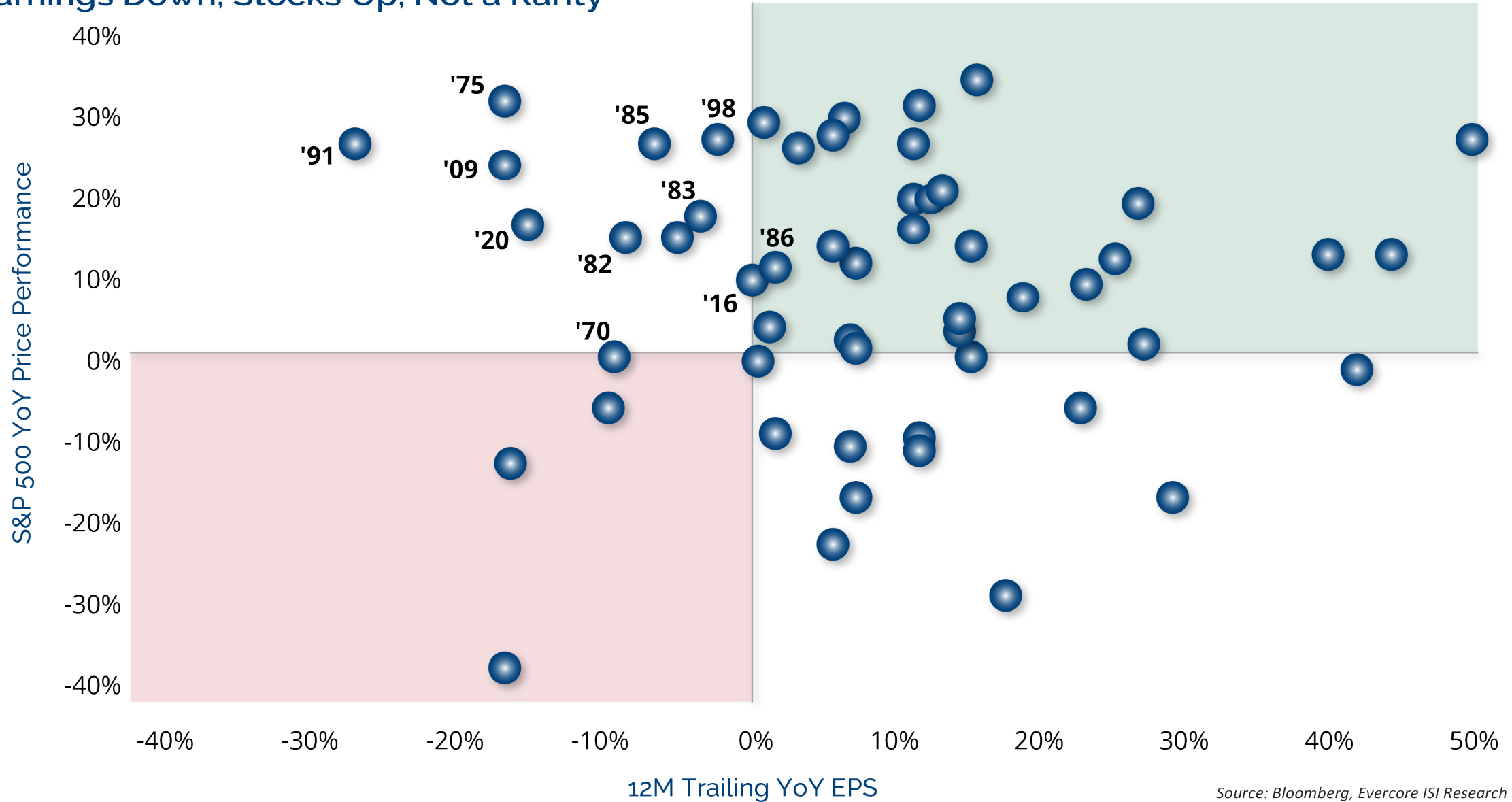
(Estimates are bottom up)

Source: S&P Dow Jones Indices.

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Earnings Down, Stocks Up, Not a Rarity



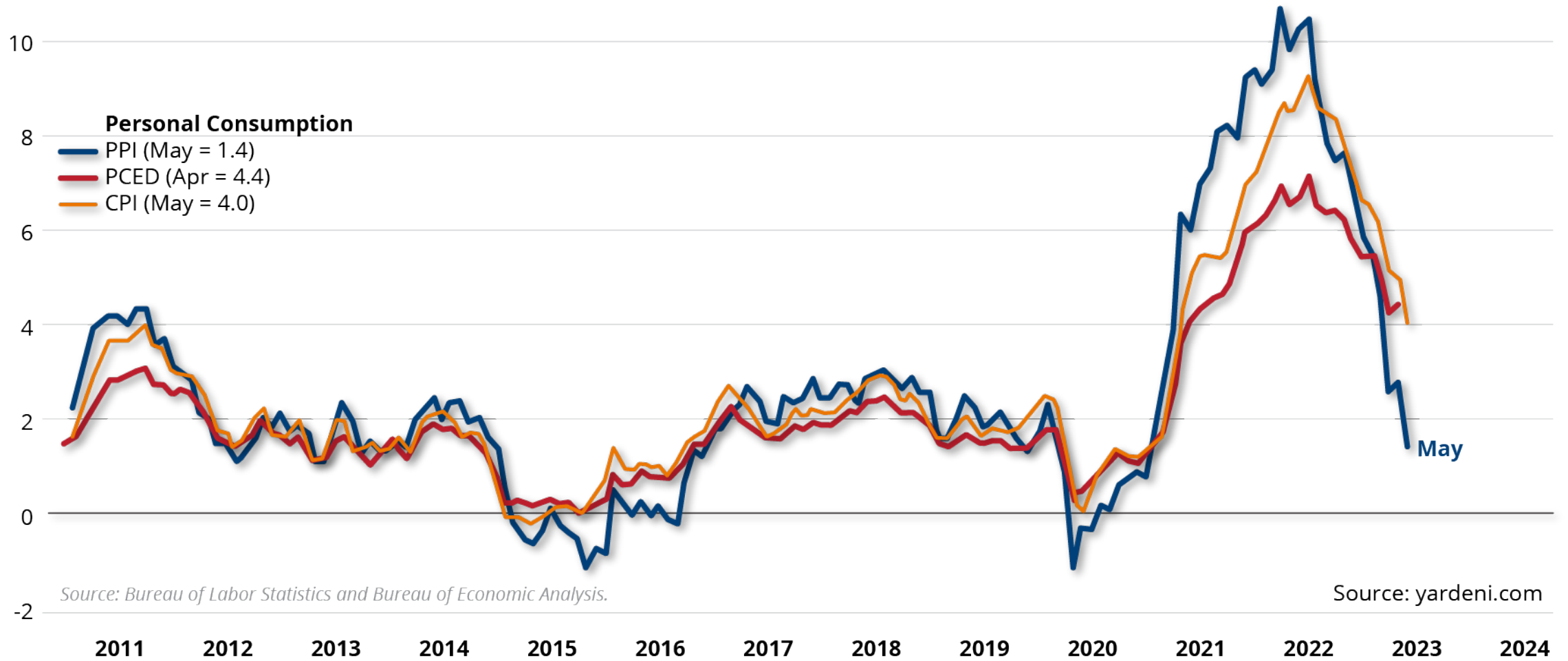
Source: Bloomberg, Evercore ISI Research

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Producer Price Index: Final Demand vs Personal Consumption Expenditures Deflator & CPI

(yearly percentage change)

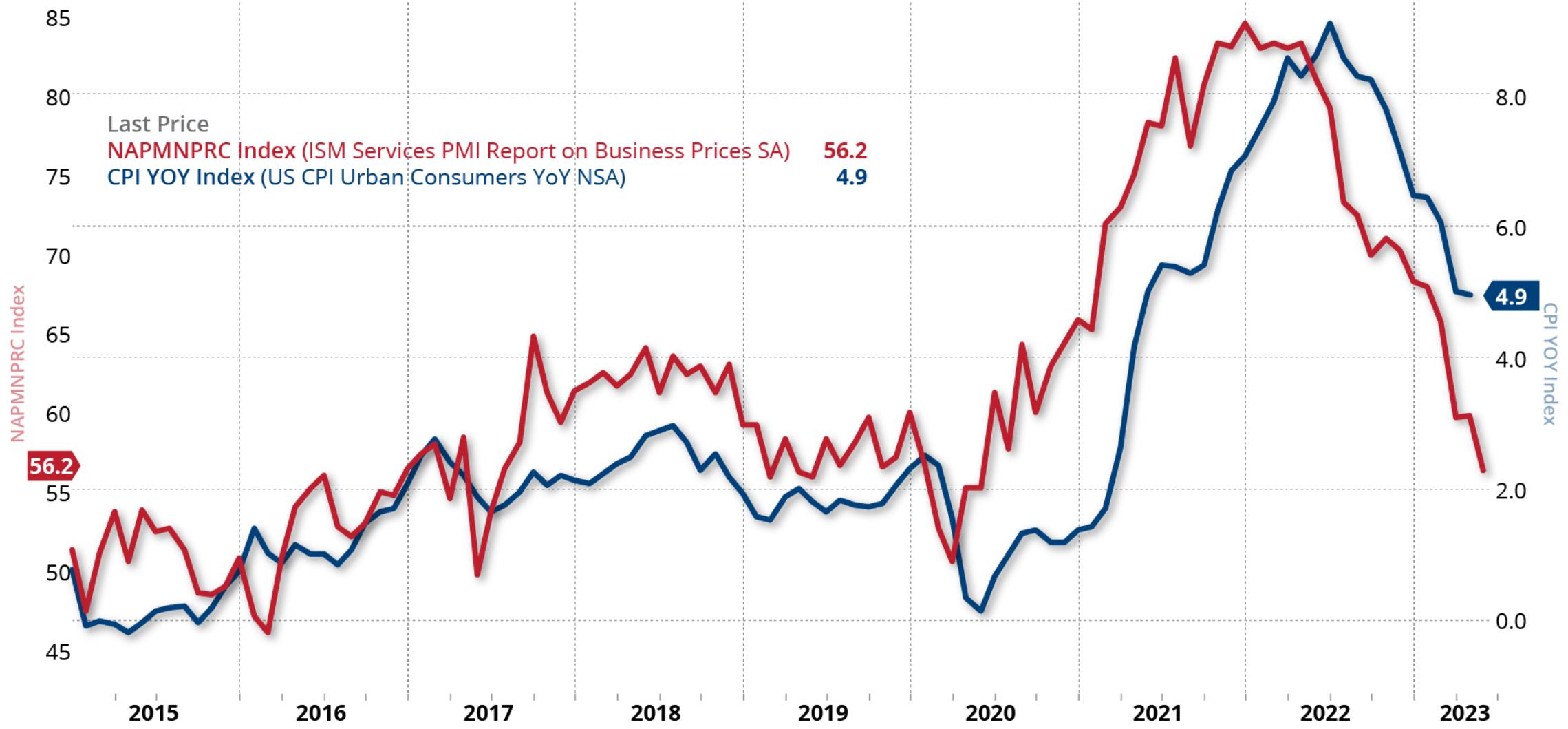


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ISM Services Prices Paid & CPI

1/1/2015 to 5/31/2023



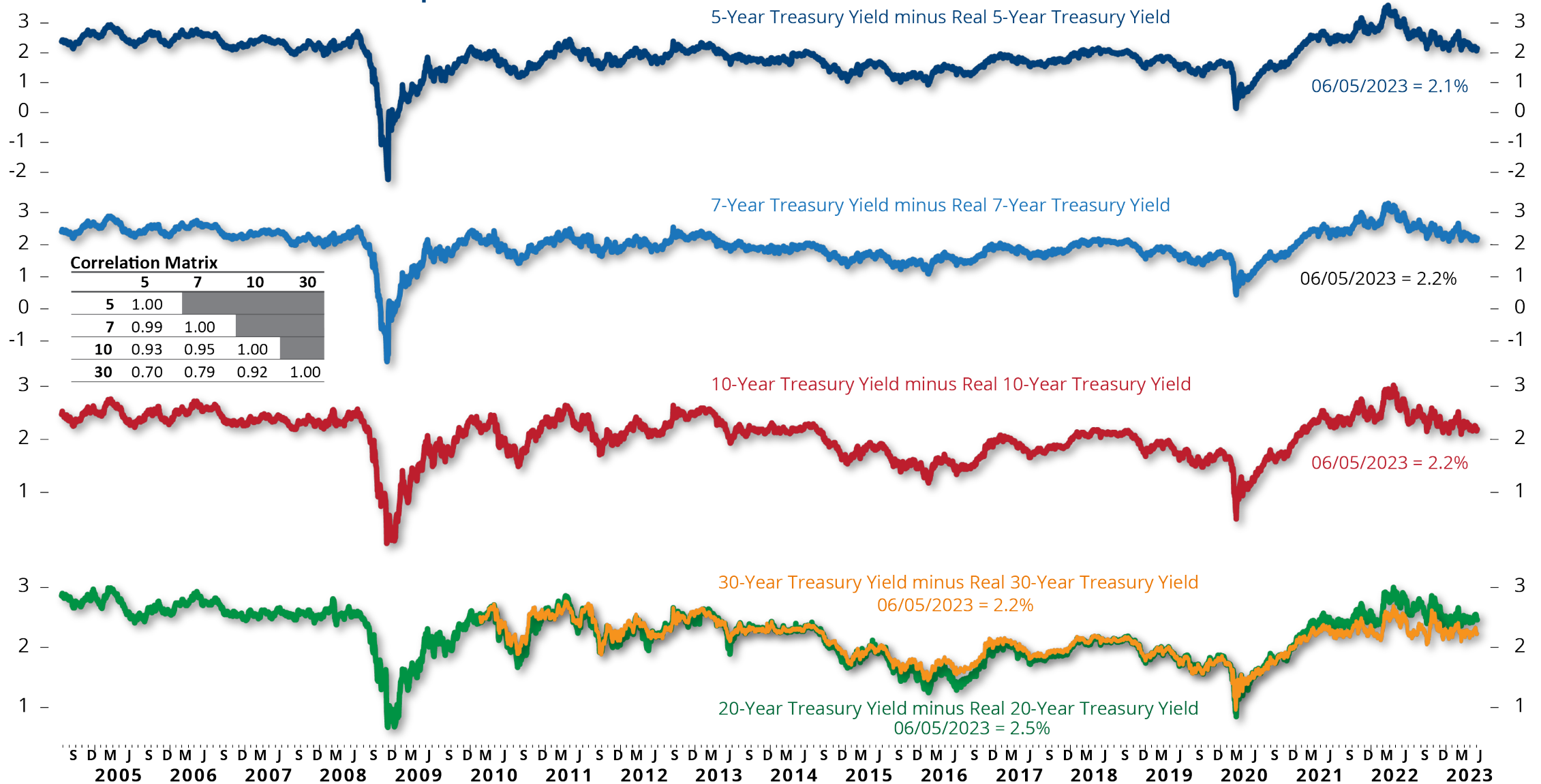
Source: Bloomberg

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



TIPS Breakeven Curve (Implied Inflation)

Daily 7/27/2004 - 06/05/2023



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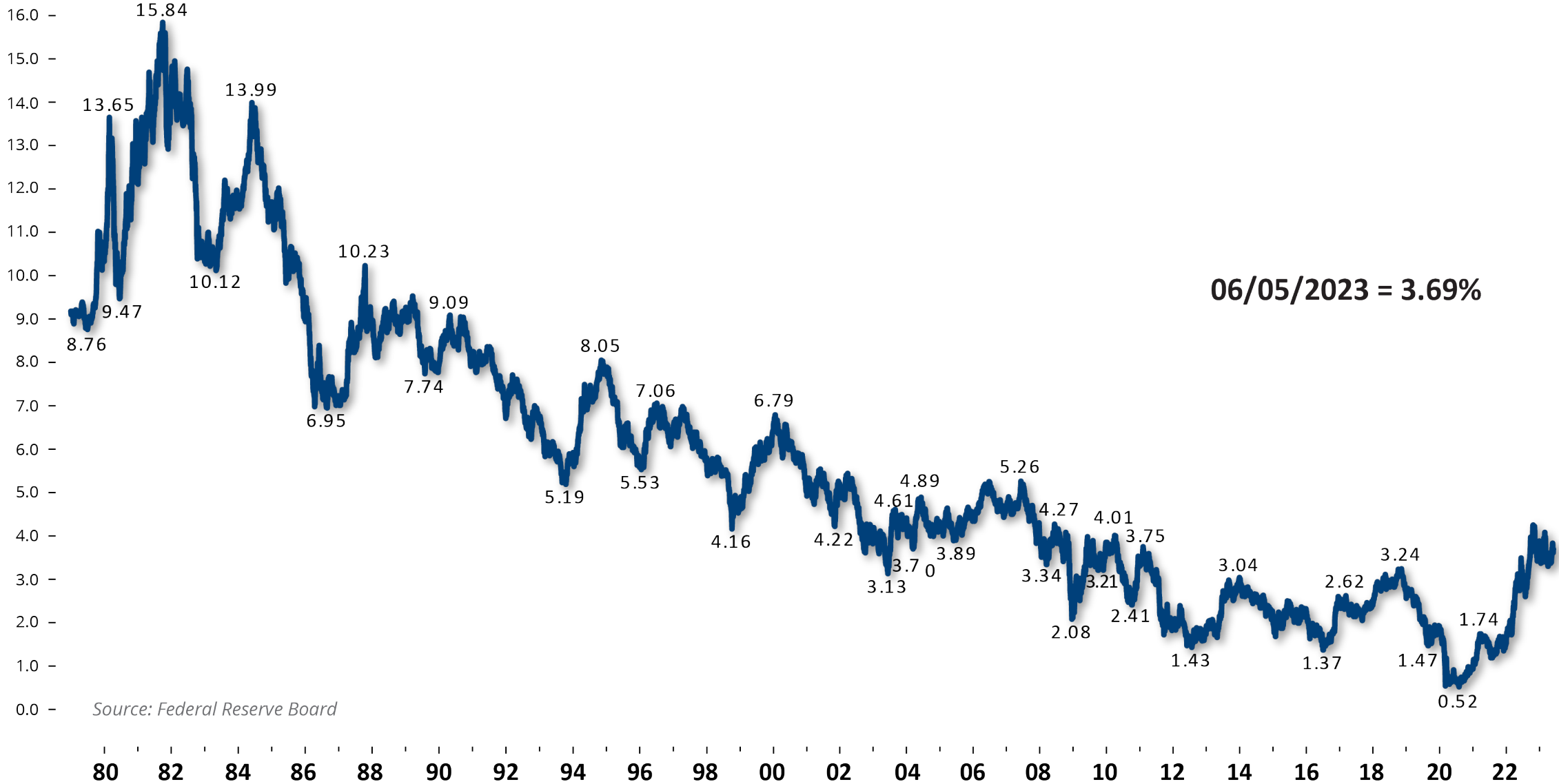
Source: Ned Davis Research

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



10-Year Constant Maturity Treasury Note Yields

Daily Data 1979-01-02 to 2023-06-05



Source: Federal Reserve Board

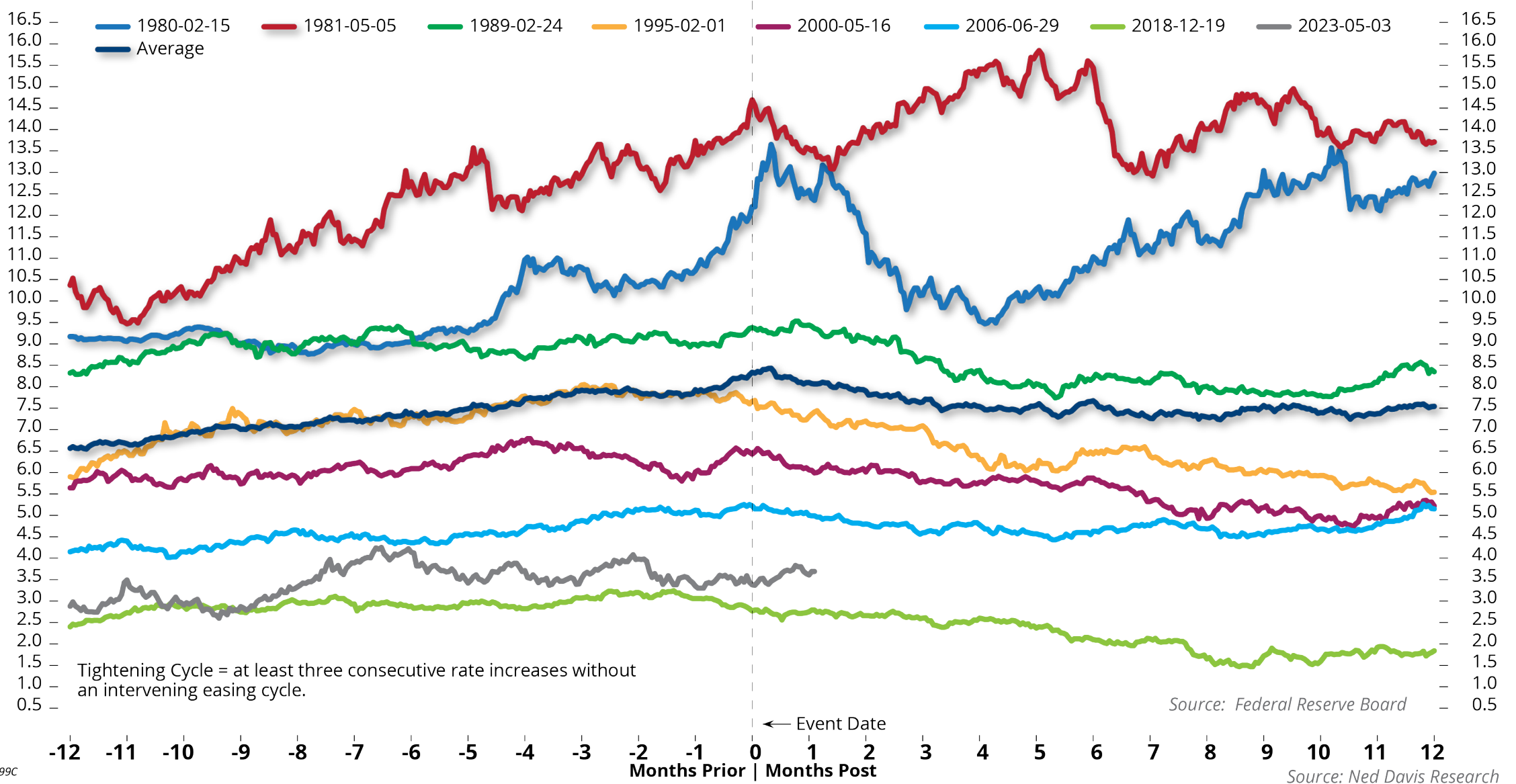
Source: Ned Davis Research

B151

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



10-Year Treasury Yield Around End of Fed Tightening Cycle



B599C

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



High Yield Corporate Spreads

Daily Data 2000-01-03 to 2023-06-05



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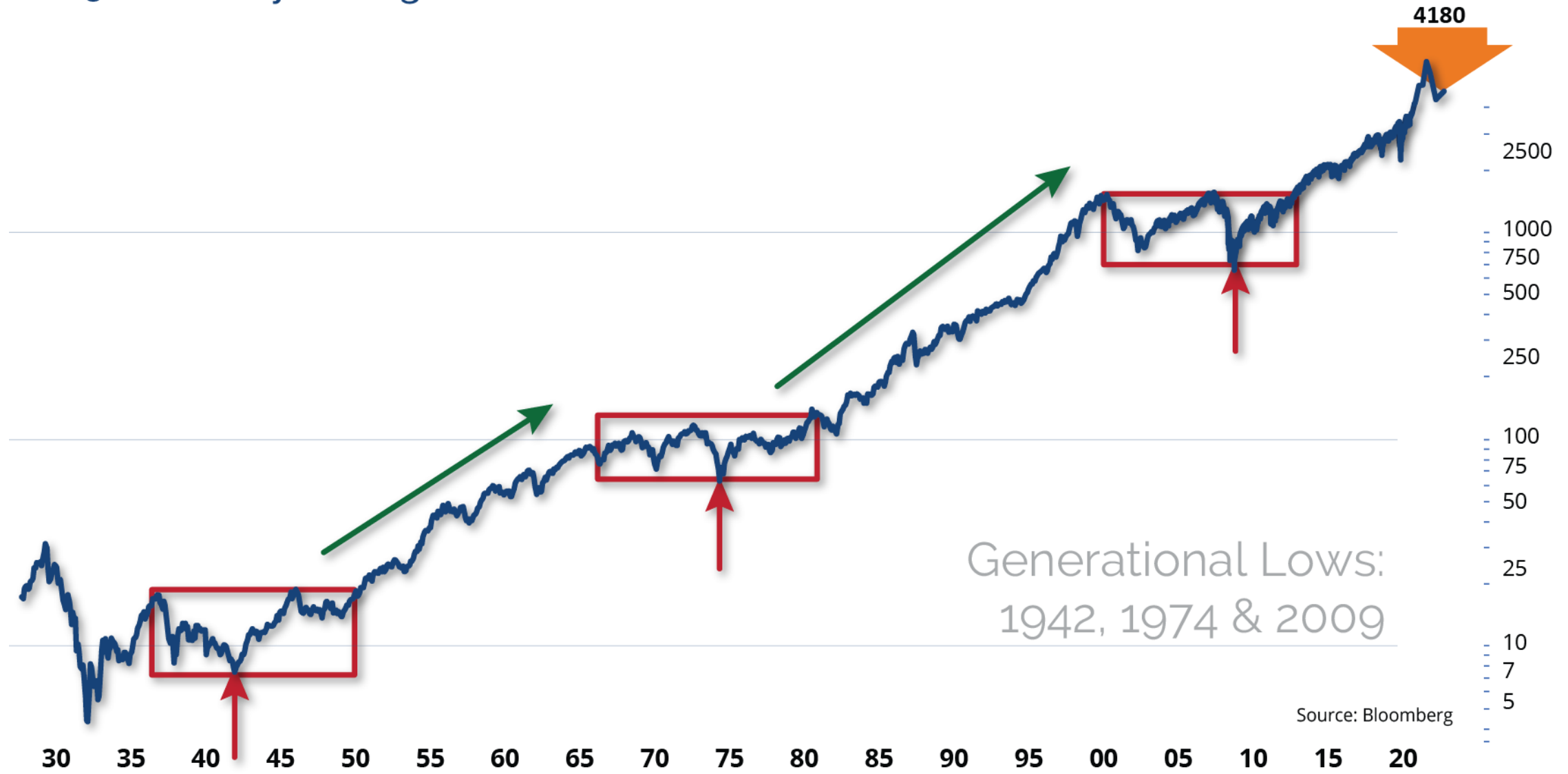
For illustrative purposes. Past performance is not indicative of future results.

Source: Ned Davis Research



S&P 500 Monthly Closing Price

1/1/1928 to 5/31/2023



Generational Lows:
1942, 1974 & 2009

Source: Bloomberg

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



Q&A



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training. More information about Clark Capital's advisory services can be found in its Form ADV which is available upon request.

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.

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 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



Benchmark Descriptions

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 Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

The Russell 2000 Index measures the performance of the 2000 smallest U.S. companies based on total market capitalization in the Russell 3000, which represents approximately 10% of Russell 3000 total market capitalization.

The Russell 3000 Index measures the performance of the 3000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The MSCI World ex US Index is a market capitalization-weighted index designed to measure equity performance in 22 global developed markets, excluding the United States. The benchmark for this composite is used because the MSCI World Ex US Net Index is generally representative of international equities.

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 BbgBarc US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting. The US Treasury Index is a component of the US Aggregate, US Universal, Global Aggregate and Global Treasury Indices.

The BbgBarc US 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. The US Corporate Index is a component of the US Credit and US Aggregate Indices, and provided the necessary inclusion rules are met, US Corporate Index securities also contribute to the multi-currency Global Aggregate Index.

The BbgBarc U.S. Corporate High-Yield Index covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

The BbgBarc U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Created by the Chicago Board Options Exchange (CBOE), the Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, it provides a measure of market risk and investors' sentiments.

The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

The Dow Jones Industrial Average is the most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of the Wall Street Journal (which is published by Dow Jones & Company), a practice that dates back to the beginning of the century. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system.

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.

GDP measures the monetary value of final goods and services—that is, those that are bought by the final user—produced in a country in a given period of time (say a quarter or a year). It counts all of the output generated within the borders of a country.

The nonfarm payroll measures the number of workers in the U.S. except those in farming, private households, proprietors, non-profit employees, and active military.

A leading indicator is economic data that may correspond with a future movement or change in the economy. Leading economic indicators can help to predict an occurrence or forecast the timing of events and trends in business, markets, and the economy. the U.S. stock market.



Benchmark Descriptions

A Treasury yield is the effective annual interest rate paid by the U.S. government to a bondholder.

The Daily Moving Average is a technical indicator used to analyze price trends over a security's average closing price over a period of time.

The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 638 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

Earnings per share (EPS) is a measure of a company's profitability, calculated by dividing quarterly or annual income (minus dividends) by the number of outstanding stock shares. The higher a company's EPS, the greater the profit and value perceived by investors.

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 PCED price index, released each month in the Personal Income and Outlays report, reflects changes in the prices of goods and services purchased by consumers in the United States. Quarterly and annual data are included in the GDP release.

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.

The ISM Services PMI (formerly the Non-Manufacturing NMI) is an index based on surveys of more than 400 non-manufacturing firms purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys, that monitors economic conditions of the nation.

TIPS pay a fixed rate of interest every six months until they mature. Because we pay interest on the adjusted principal, the amount of interest payment also varies. You can hold a TIPS until it matures or sell it before it matures.

E-mini S&P 500 futures are traded on the Chicago Mercantile Exchange (CME) and allow traders to gain exposure to the S&P 500 index, a widely recognized barometer of the U.S. stock market.

