



Portfolio Commentary

Navigator® International Equity/ADR

Portfolio Manager



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Co-Head of Equity

Top Contributors as of March 31, 2024

Company Name	Avg. Weight (%)	Contribution to Return (%)
Toyota Motor Corp. Sponsored ADR	3.18	1.07
CRH public limited company	3.48	0.85
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	2.91	0.84

Top Detractors as of March 31, 2024

Company Name	Avg. Weight (%)	Contribution to Return (%)
lululemon athletica inc.	1.91	-0.49
Vale S.A. Sponsored ADR	1.84	-0.47
ING Groep NV Sponsored ADR	1.01	-0.22

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 and the last 12 months, contact: PortfolioAnalytics@ccmg.com.

An Uneven Path

Market Review

Driven by the level and direction of both inflation and the unemployment rate, expectations for U.S. central bank easing have dramatically changed since the end of 2023. In December, the quick decline of Core PCE from 5.60% to 2.90% in 22 months had investors forecasting six Fed rate cuts by the end of 2024. Now just three months later, the previously anticipated 1.50% reduction in the Fed funds rate has been trimmed to just 0.60%.

Following up on his comments in March, Fed Chairman Jerome Powell characterized a solid growth economy in which a rebalancing labor market and inflation were moving toward 2% on a sometimes bumpy path. In late March, despite their public prognostications that the overall declining inflation story was still intact, the monetary policymaker surprisingly raised 2024's inflation projection. To this end, some measures of inflation, like goods prices, have rapidly declined due to the easing of COVID-driven supply chain constraints; however, other components such as housing costs and wages have proven to be sticky, or decelerating at a slower rate.

Despite less monetary support on the horizon, equity prices, led by the momentum style factor, have pushed higher this year, and extended their streak to five consecutive months. Since October, large-cap momentum has rallied 36.7%, outpacing the robust large-cap growth and Russell 2000 small-cap gains of 29%. At the end of March, most broad equity indices rested near all-time highs as expectations for the S&P 500's next 12-month earnings reached new highs on near-record profit margins. For the first quarter, U.S. large-cap indices provided healthy returns between 9.0-11.4% while U.S. small-caps and international equities rallied more than 5%.

First Quarter Portfolio Highlights

- Navigator® International Equity/ADR is positioned with 17.1% in emerging markets with a balance in developed economies and cash.
- Britain, Canada, China, Ireland, and Japan are the strategy's largest country weights, all ranging between 7% and 18%.
- ADR continues to find what we believe are undervalued, high-quality companies in both developed and emerging markets to add to the portfolio.
- ADR's exposure to China is now 7.5% or above its weighting in the All-Country World less US benchmark.
- Communication Services, Financials, Industrials, and Information Technology are our largest sector weights.
- From a country perspective, the portfolio benefited from our relative positioning in the United Kingdom and Ireland while performance was hurt by our positioning in the Netherlands.
- Our positioning in Healthcare and Industrials helped relative performance while our positioning in Consumer Discretionary and Utilities acted as a drag.
- The top three contributors to absolute portfolio return in the quarter were Toyota Motor Corp., CRH Plc, and Taiwan Semiconductor Manufacturing Co. Ltd. The top three detractors to absolute portfolio return in the quarter were Lululemon Athletica Inc., Vale SA, and ING Groep NV.

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



- During the quarter, to benefit from improving business fundamentals, the three most recent additions to the portfolio were Sun Life Financial Inc., Baidu Inc., and Petróleo Brasileiro SA. The three most recent exits were Lululemon Athletica Inc., HSBC Holdings Plc, and Imperial Oil Ltd.

Positioning and Outlook

Like prior periods, our portfolios seek to follow business momentum, and after long economic periods, tend to get slightly offside at turning points. To this end, our quality and antifragility focus helped the bottom-up equity portfolios during the recently extended period of rising interest rates and expanding credit spreads through October.

Our lower risk bias, however, provided a performance governor during the November and December period as the positive change in liquidity conditions served more fragile and higher beta companies. As such, we are adjusting our Small and SMID Cap portfolio risk to reflect this change – all within our process of selecting what we believe are undervalued, high-quality companies with improving business momentum. Additionally, we are increasing our exposure to these same companies in our All Cap Core portfolio to offset the overweight position of large-cap growth as they relatively outperformed.

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The securities of small and mid-cap companies may be subject to more abrupt or erratic market movements and may have lower trading volumes than larger, more established companies.

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.

Equity securities are subject to price fluctuation and possible loss of principal. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). Strategies that concentrate their investments in limited sectors are more vulnerable to adverse market, economic, regulatory, political, or other developments affecting those sectors. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe.

The Standard and Poor's 500 (S&P 500) is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

The Russell 2000 index is a market index comprised of 2,000 small-cap companies.

A Leading Economic Indicator is a measurable set of data that may help to forecast future economic activity.

The Core Personal Consumption Expenditure (PCE) Price Index measures the changes in the price of goods and services purchased by consumers for the purpose of consumption, excluding food and energy.

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