

Your Top Questions, Answered

FAQs

- Is the Federal Reserve done raising rates?
- Is the stock market rally over?
- Will there be a recession in 2024?
- Is the U.S. consumer healthy?
- Is the national debt a concern?
- What about the geopolitical unrest?
- How will the 2024 election impact the markets?

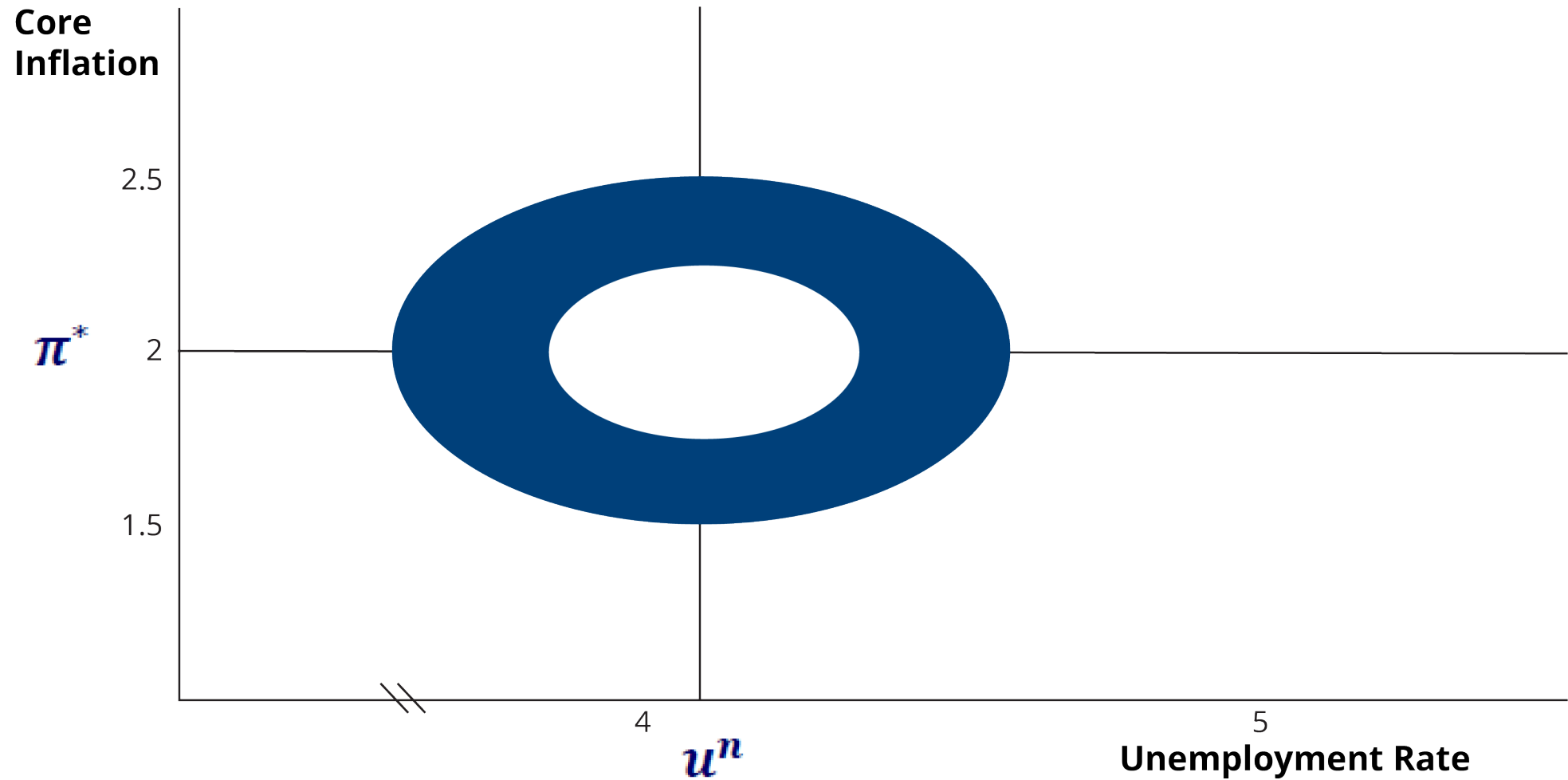


Is the Federal Reserve Done Raising Rates?

- The Fed has made progress in fighting inflation
- We believe the final rate hike was on 7/26/2023
- Fed Fund Futures pricing in 3 rate cuts for 2024
- On average eight months from last hike to first cut
- Stocks and bonds have historically done well one year after the last rate hike



The Dual Mandate Bullseye (percent)



Source: The Federal Reserve Bank of Chicago.

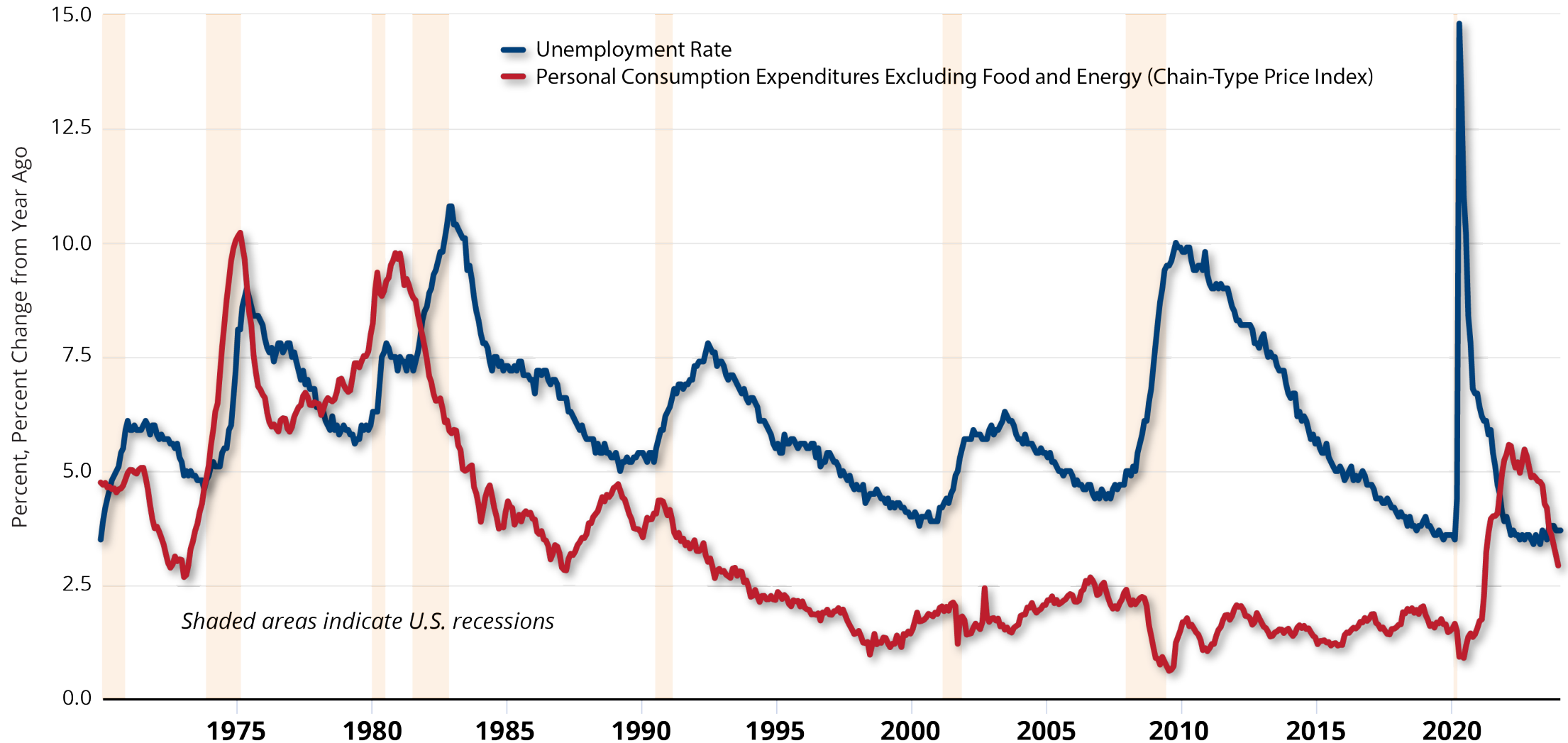


The Fed's Dual Mandate: Full Employment and Price Stability

Unemployment Rate

Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index)

1/1/1970 to 02/29/2024



Shaded areas indicate U.S. recessions

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

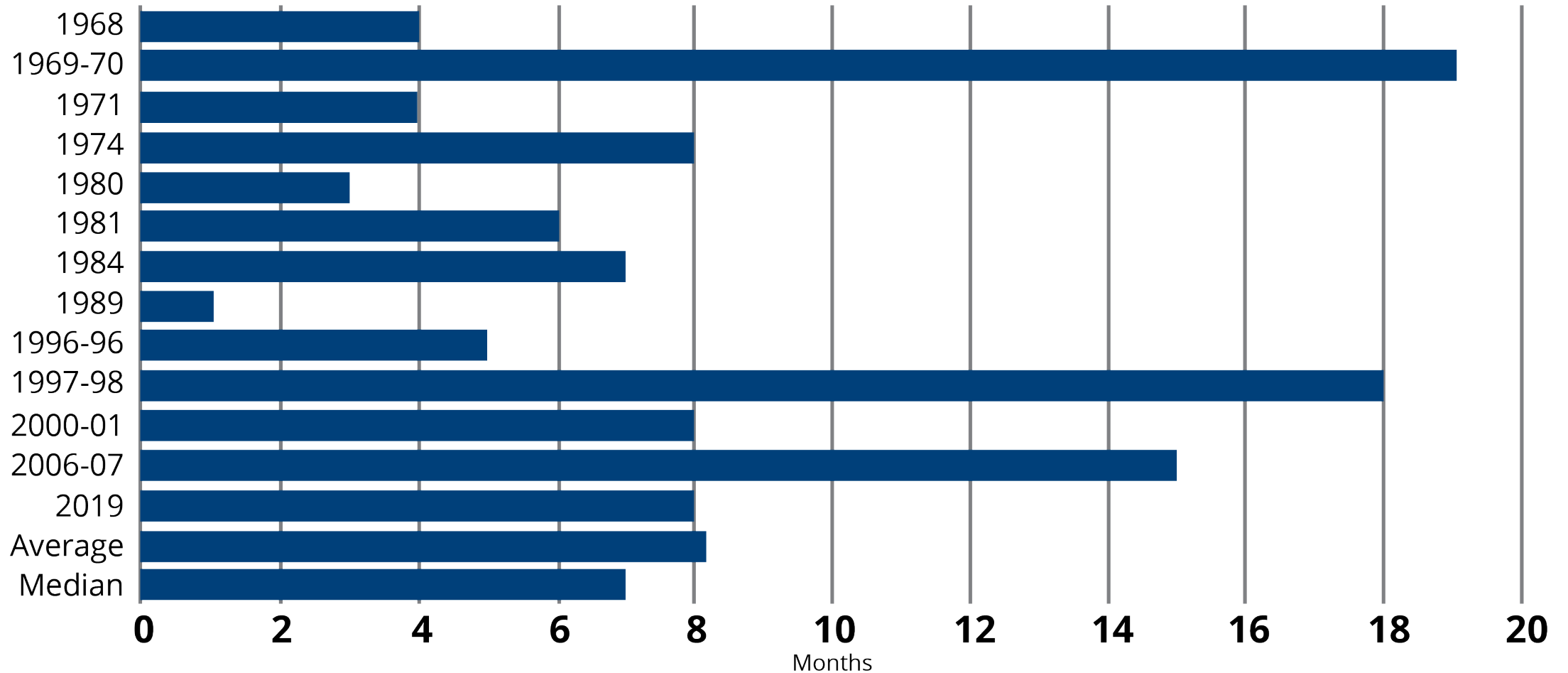
Source: FRED Board of Governors of the Federal Reserve System

Source: fred.stlouisfed.org



How Soon Until the Fed Cut Rates?

Fed: Length of Time from Last Hike to First Rate Cut



Sources: Board of Governors of the Fed (from FRED), Steven Anastasiou



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

Source: FRED Board of Governors of the Federal Reserve System, Steven Anastasiou

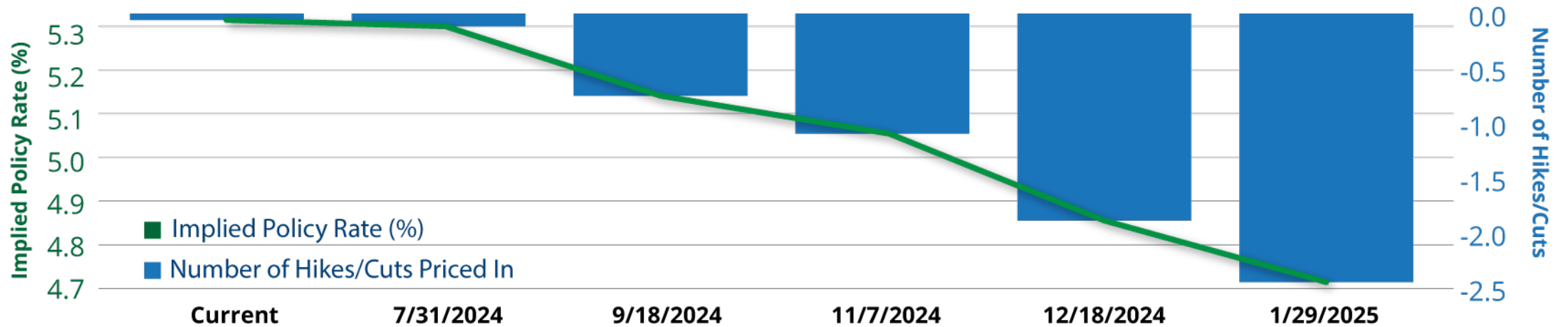
Fed Rate Cut Expectations

Target Rate 5.50
Effective Rate 5.33

Pricing Date 6/24/2024
Cur. Imp. O/N Rate 5.328

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate ^	Implied Rate	A.R.M.
7/31/2024	-0.100	-10.0%	-0.025	5.302	0.250
9/18/2024	-0.735	-63.5%	-0.184	5.144	0.250
11/7/2024	-1.085	-35.0%	-0.271	5.056	0.250
12/18/2024	-1.873	-78.8%	-0.468	4.859	0.250
1/29/2025	-2.450	-57.7%	-0.613	4.715	0.250

Implied Overnight Rate & Number of Hikes/Cuts



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.

Source: Bloomberg



Fed Tailwind

12-Month Real Returns from the Date of the First Cut

Date of First Cut	Cut to Rates in Each Cycle, %	U.S. Stock Market	Government Bonds	Corporate Bonds	Cash
30/09/1929	5.9	-33%	15%	16%	8%
31/12/1931	3.1	2%	30%	24%	13%
31/03/1933	1.0	82%	0%	10%	-5%
30/11/1953	1.6	46%	9%	7%	1%
31/10/1957	2.9	27%	0%	5%	0%
31/05/1960	2.7	22%	8%	7%	1%
30/11/1966	2.0	17%	-10%	-7%	2%
28/02/1970	5.3	7%	4%	8%	1%
30/09/1971	2.3	12%	2%	6%	1%
30/09/1973	1.8	-45%	-16%	-21%	-3%
31/07/1974	8.3	7%	3%	7%	-3%
30/04/1980	8.6	19%	-17%	-18%	1%
31/01/1981	4.4	-10%	-4%	-9%	6%
31/07/1981	6.7	-19%	14%	11%	6%
30/04/1982	6.4	43%	30%	39%	5%
31/08/1984	5.8	14%	25%	26%	5%
31/05/1989	6.9	12%	3%	3%	4%
30/06/1995	0.8	23%	0%	2%	3%
30/09/1998	0.9	25%	-11%	-8%	2%
31/12/2000	5.4	-13%	2%	9%	2%
31/07/2007	5.2	-16%	3%	-5%	-3%
Average		11%	5%	6%	2%
Average: No Recession		17%	2%	4%	3%
Average: Recession		8%	7%	7%	2%

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



Is The Stock Market Rally Over?

- Earnings are at an all-time high and are expected to continue growing
- S&P 500 still trading around fair value
- Mag 7 skewing valuations higher but have strong earnings growth
- We believe Large Value, SMID, and International look cheaper



Big Rally from October 2022 & 2023 Lows

5218

S&P 500: Strong Market — +28% in 21 weeks...

02/11/2021 to 03/25/2024



Source: fundstrat

For illustrative purposes only. Past performance is not indicative of future results. It is not possible to invest in these indices. 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.



Trend Continues to be Positive



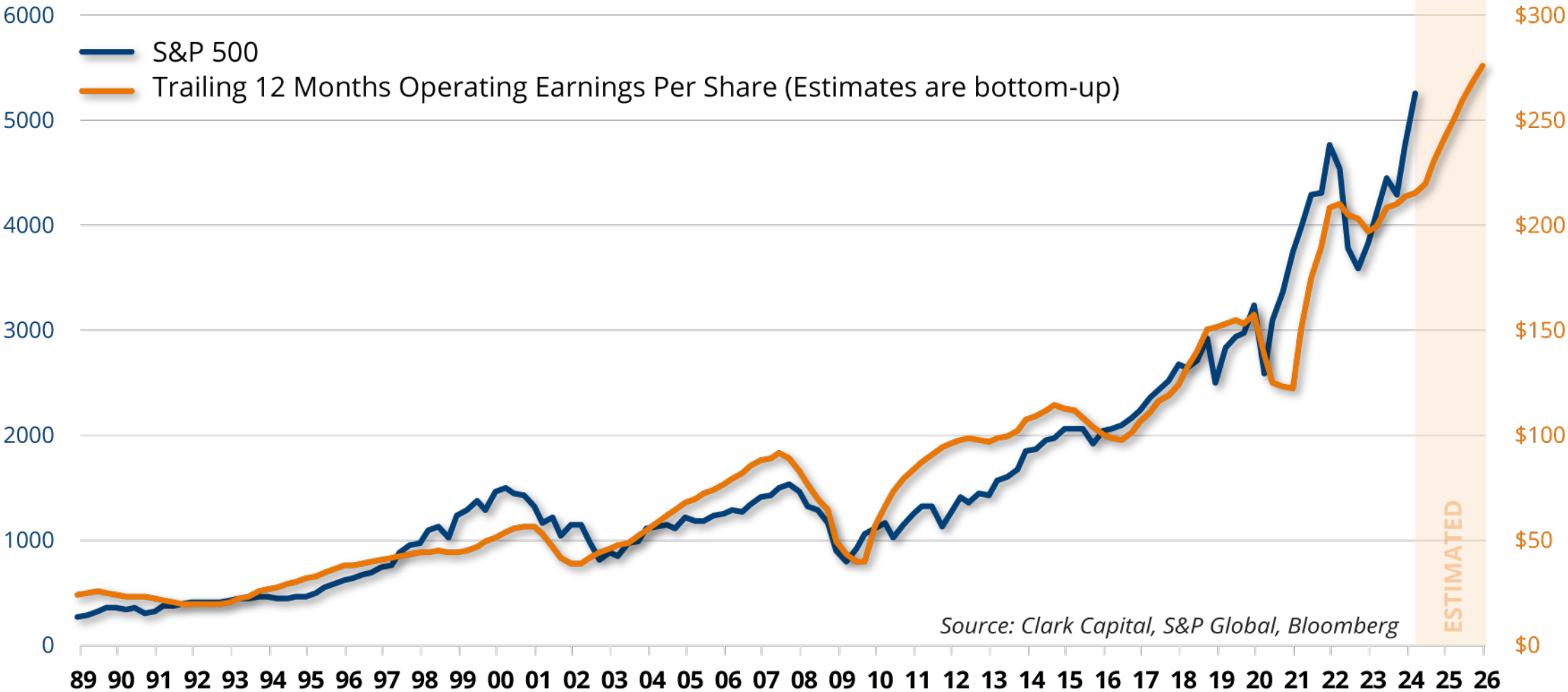
Source: YCharts

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S&P 500 vs. Operating Earnings

12/31/1988 to 12/31/2025 (est.)



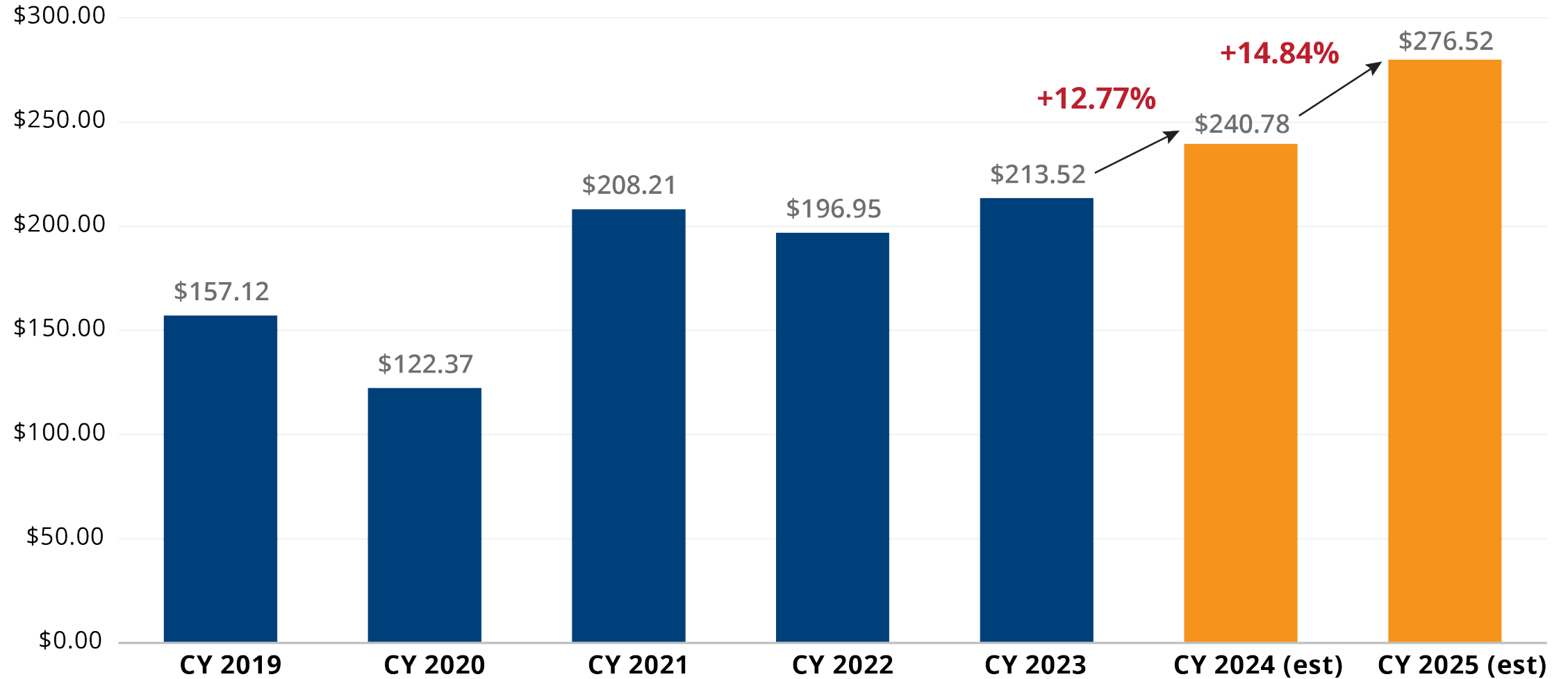
Source: Clark Capital, S&P Global, Bloomberg

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



S&P 500 Calendar Year Operating EPS Actuals & Estimates

01/01/2019 to 06/24/2024



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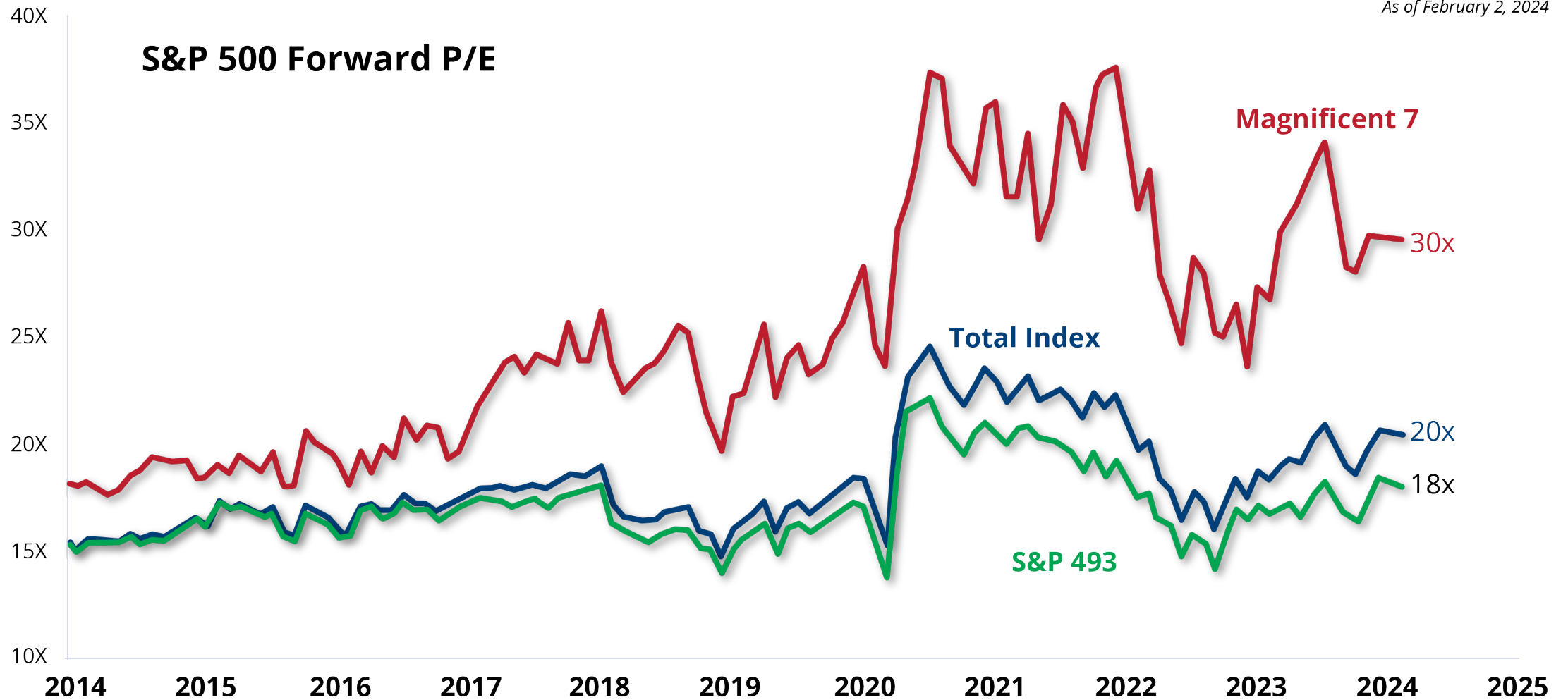
Source: S&P Global



“Magnificent Seven” Skewing Valuations Higher

The Magnificent 7 Trades at P/E of 30x vs. 18x for the S&P 493

As of February 2, 2024



Note: Magnificent 7 = Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.

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

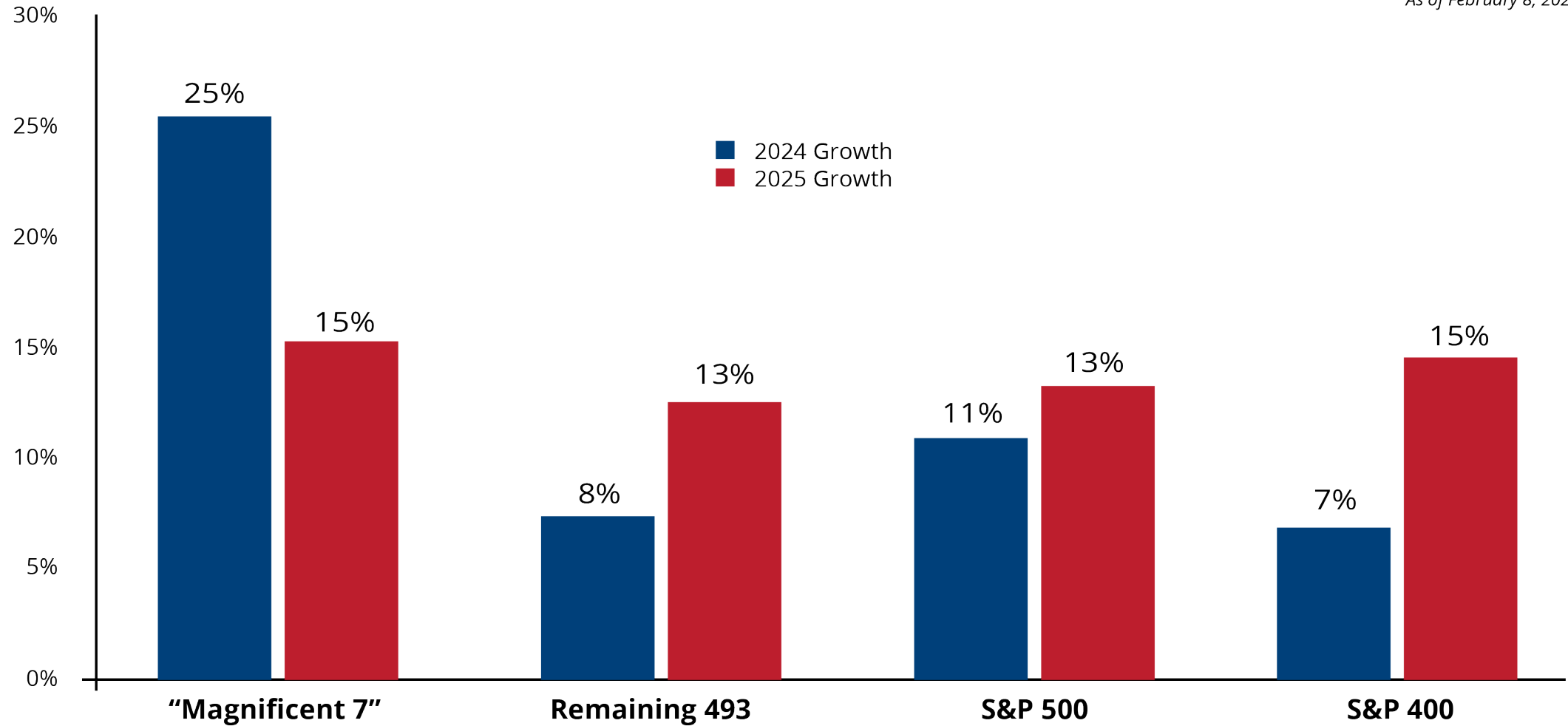
Source: Goldman Sachs Global Investment Research

Source: Goldman Sachs Global Investment Research

Mag 7 Earnings Growth Outpacing the Rest of S&P 500

Consensus Expectations for YoY Earnings Per Share Growth

As of February 8, 2024



Note: Magnificent 7 = Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.

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

Source: FactSet

Source: FactSet

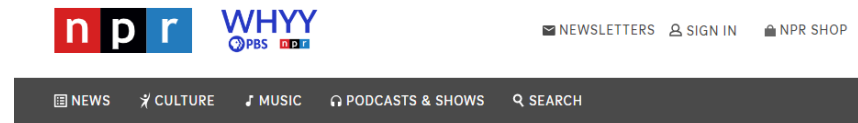


Will There Be a Recession in 2024?

- GDP growth better than expected in 2023
- Labor market strong and consumers are resilient
- Some storm clouds on the horizon
- We believe a slowdown is possible in 2024
- We believe the odds of avoiding a recession in 2024 are better than 50/50



2023: The Most Anticipated Recession That Never Happened

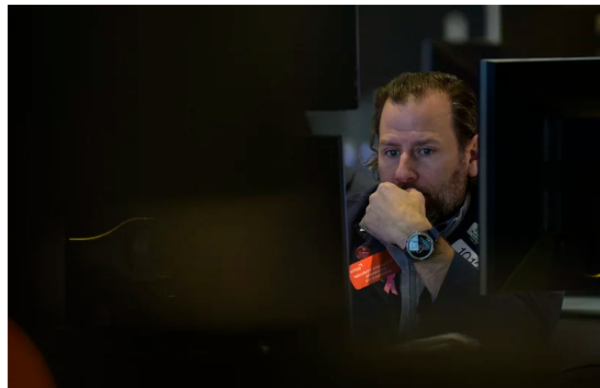


ECONOMY

A recession might be coming. Here's what it could look like

JANUARY 24, 2023 · 5:01 AM ET

By Rafael Nam, Greg Rosalsky



'The worst is yet to come': IMF says 2023 will 'feel like a recession'

More than a third of the global economy will contract in 2023, as the three largest economies - the US, the EU, and China—will continue to stall, the International Monetary Fund's analyses of global economic developments says.

By Sarah Taaffe-Maguire, business reporter

Tuesday 11 October 2022 16:31, UK

NEWS > STOCKS

Morgan Stanley's Mike Wilson says US stocks could crash another 20% as the risks of a recession rise

Harry Robertson Jun 21, 2022, 11:20 AM EDT



A trader works on the floor of the New York Stock Exchange Andrew Burton/Getty Images

FORBES > MONEY

Will There Be A Recession In 2023— And How Long Will It Last?

Q.ai - Powering a Personal Wealth Movement Former Contributor Making wealth creation easy, accessible and transparent.

Jan 20, 2023, 08:00am EST

Listen to article 7 minutes



AFP VIA GETTY IMAGES

Business · Analysis

If you thought 2022 was bad, wait until you see what 2023 has in store for the economy

Recession, persistent inflation and rising unemployment all forecast for the new year

Peter Armstrong · CBC News · Posted: Jan 02, 2023 4:00 AM EST | Last Updated: January 2



Traders work on the floor at the New York Stock Exchange in this June 2022 file photo. It's a hard time to look for good news in the 2023 economic outlook. (Seth Wenig/The Associated Press)

MARKETS Published February 6, 2023 11:38am EST

Bank of America 'still forecasting' 2023 recession: Fed action 'not enough,' exec warns

Bank of America Global Research maintains prediction of recession in 2023

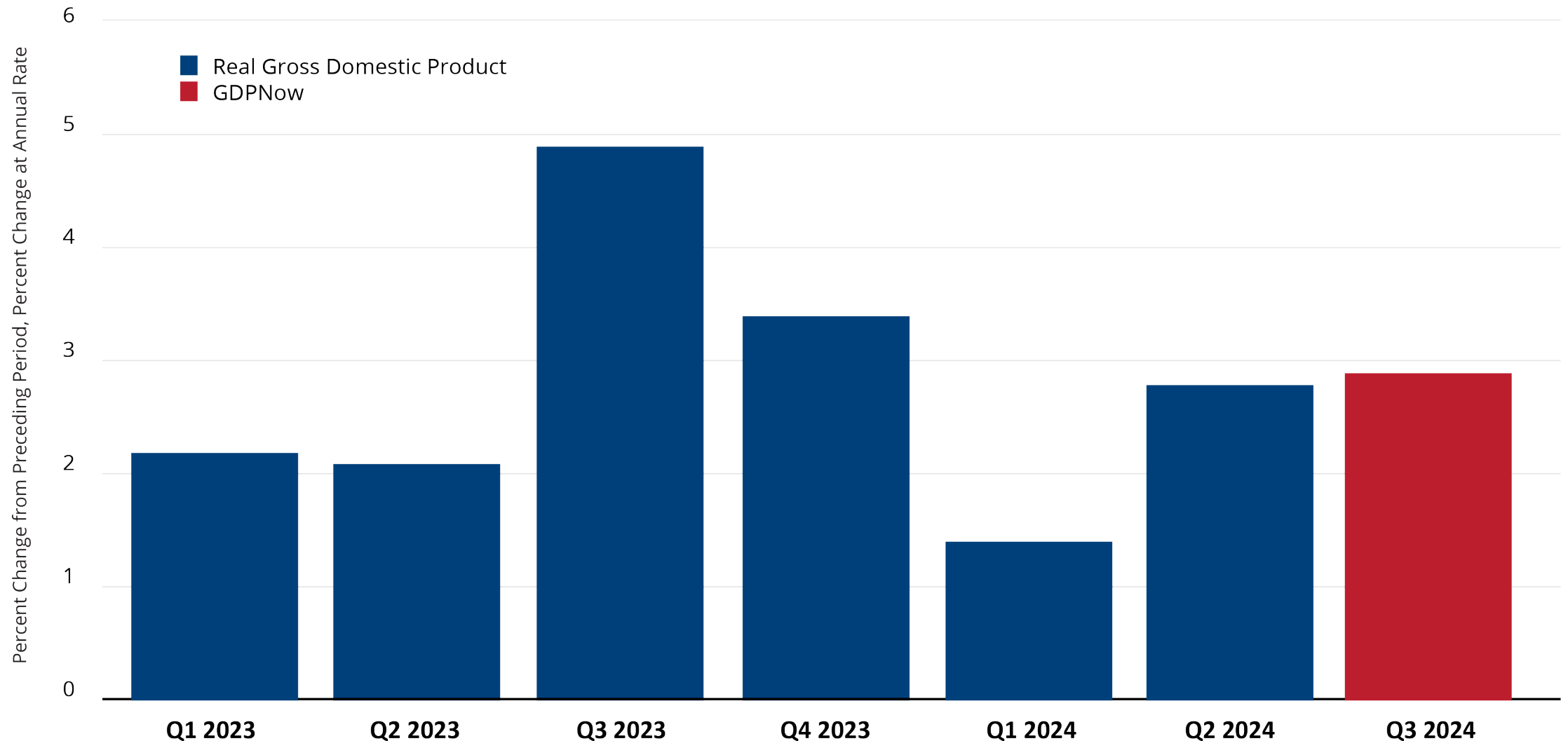


For illustrative purposes. Past performance is not indicative of future results.

Source: NPR, Business Insider, Forbes, CBC News, Sky News, FoxBusiness

Growth Has Been Better Than Expected in 2023

Real Gross Domestic Product vs. GDPNow



Sources: BEA; Atlanta Fed; fred.stlouisfed.org

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

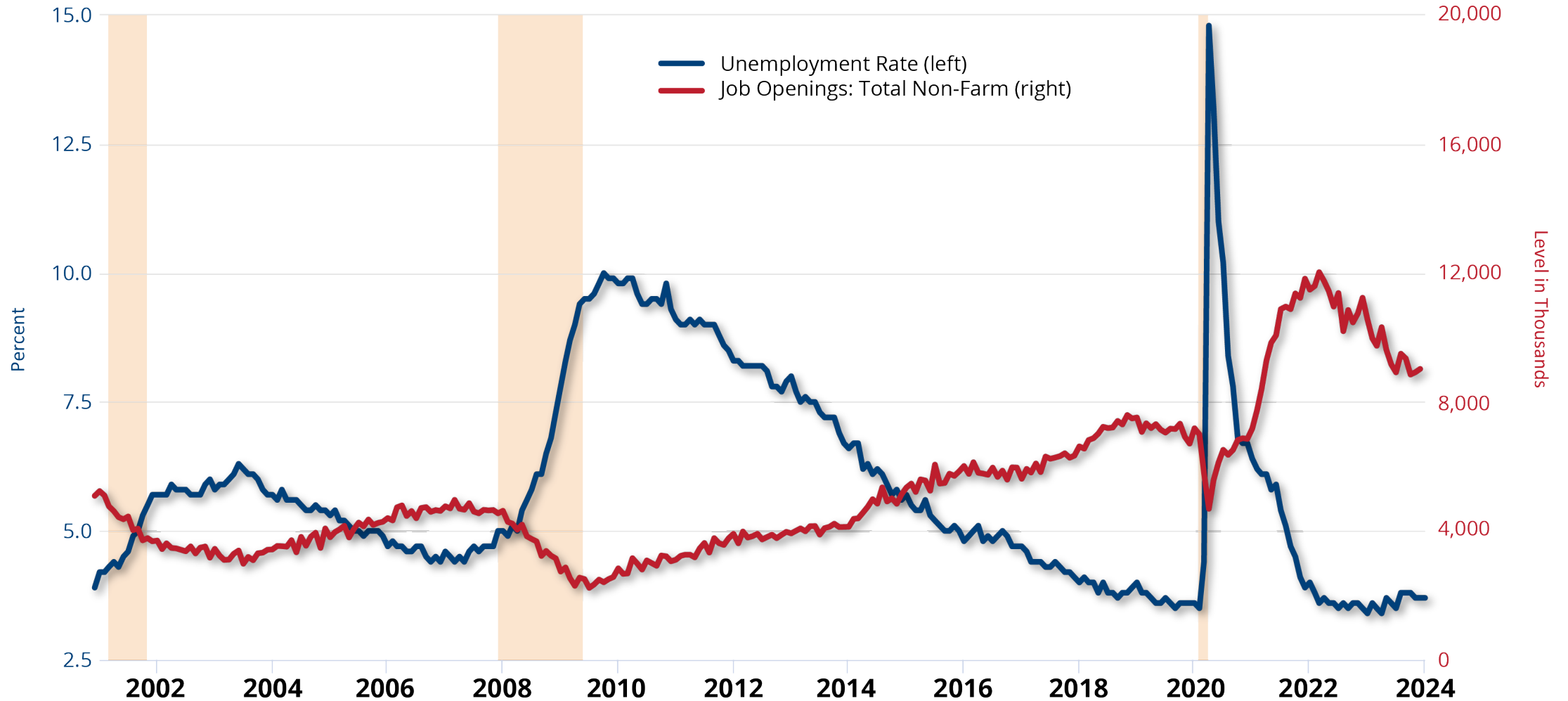
Source: FRED Board of Governors of the Federal Reserve System



Low Unemployment and Plenty of Job Openings

Job Openings vs Unemployment Rate

07/01/2018 to 01/31/2024



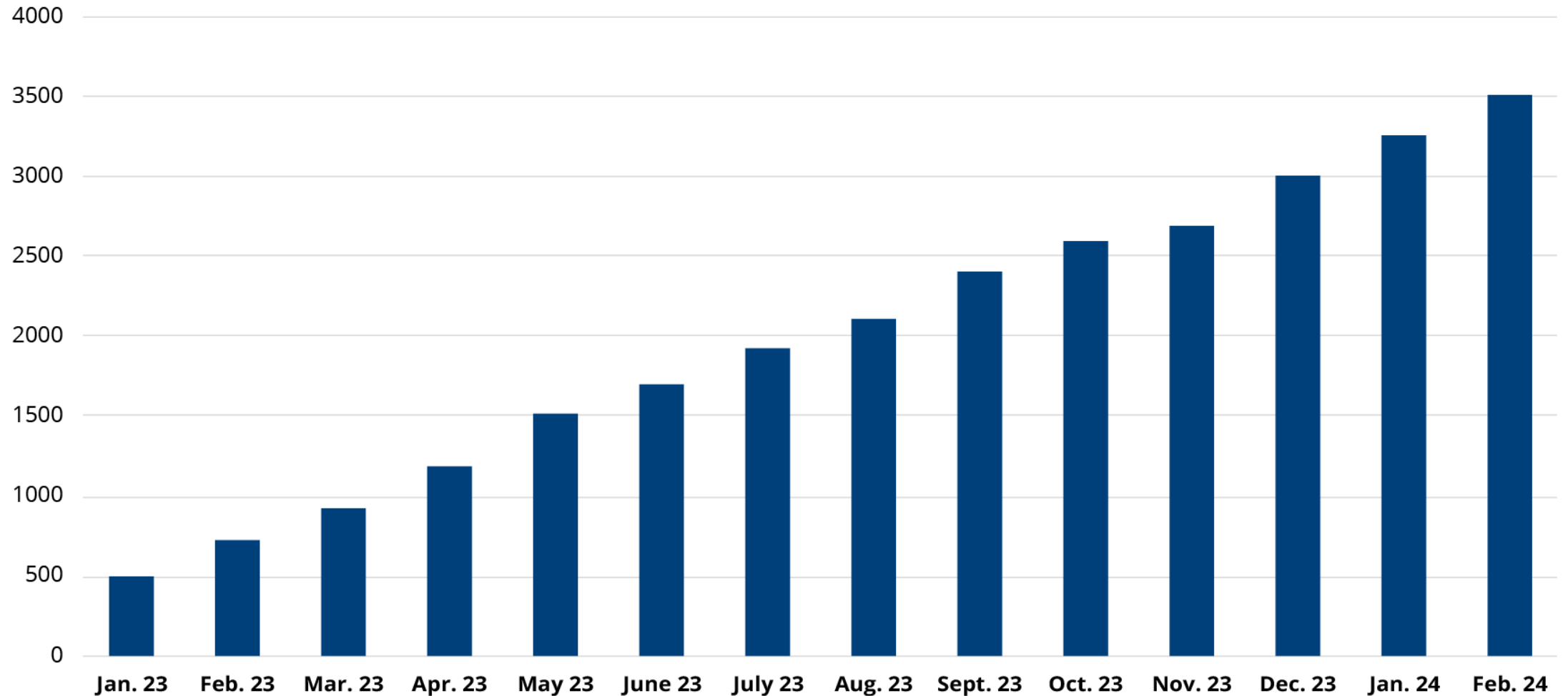
Source: fred.stlouisfed.org

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



US Economy is Driven by the Consumer

Cumulative New Jobs

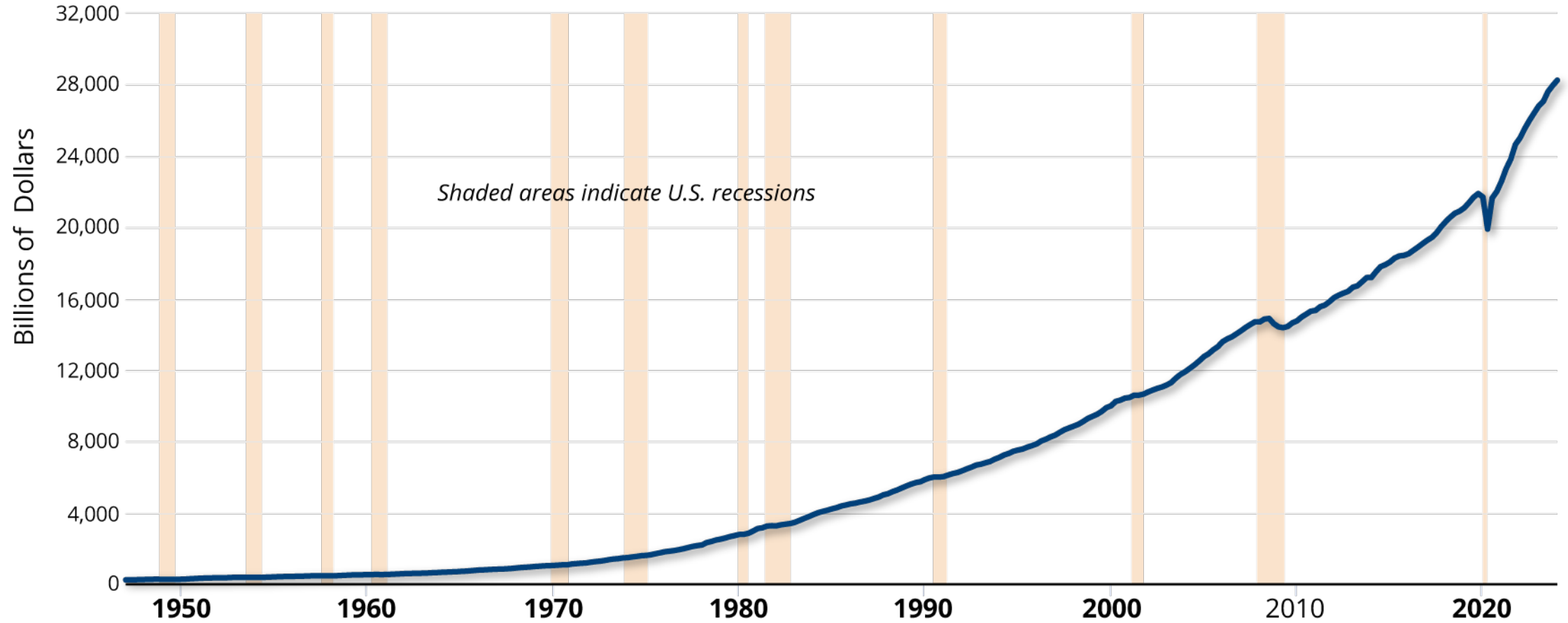


For illustrative purposes only.

Source: fred.stlouisfed.org

Gross Domestic Product

01/01/1947 to 3/31/2024



Source: U.S. Bureau of Economic Analysis, Board of Governors of the Federal Reserve System (US)

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



Consumer Driving the Economy

US Personal Consumption Expenditures (I:USPCE)

1/2014 to 1/2024



Source: YCharts



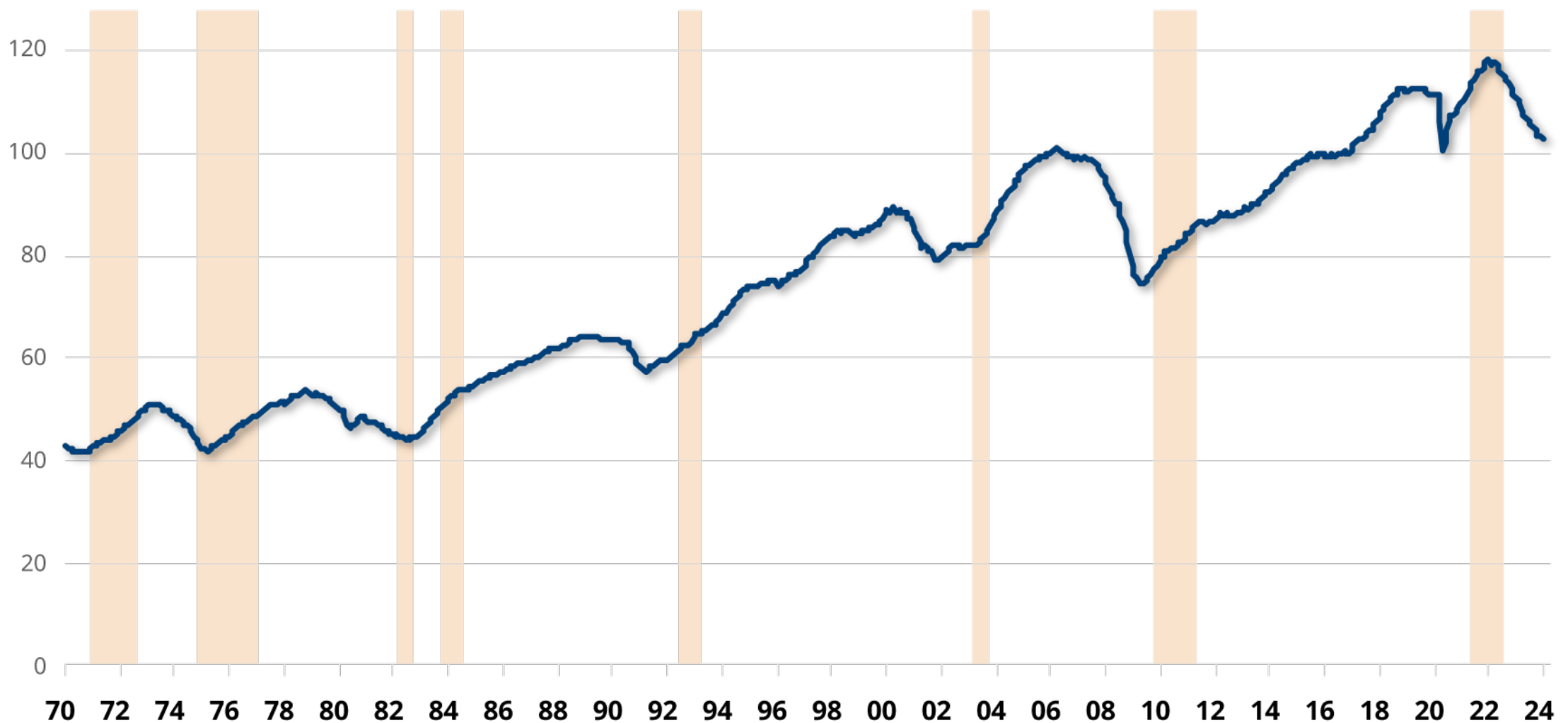
For illustrative purposes only.

Source: Y-Charts

Some Storm Clouds on the Horizon

Leading Economic Indicators

12/31/1969 to 1/31/2024



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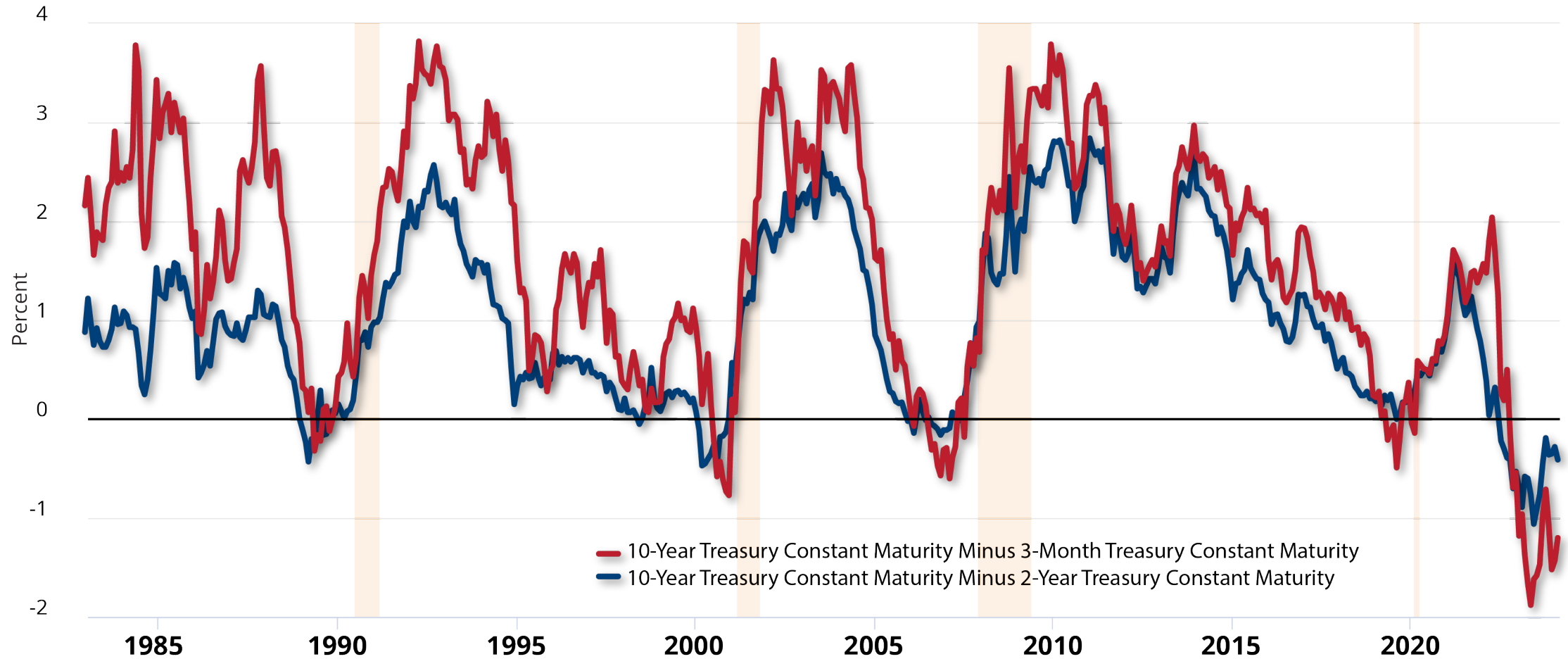
Source: Bloomberg



The Yield Curve Remains Inverted

10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity
10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity

01/01/1983 to 1/31/2024



Source: fred.stlouisfed.org

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



What Happens When the Yield Curve Normalizes?

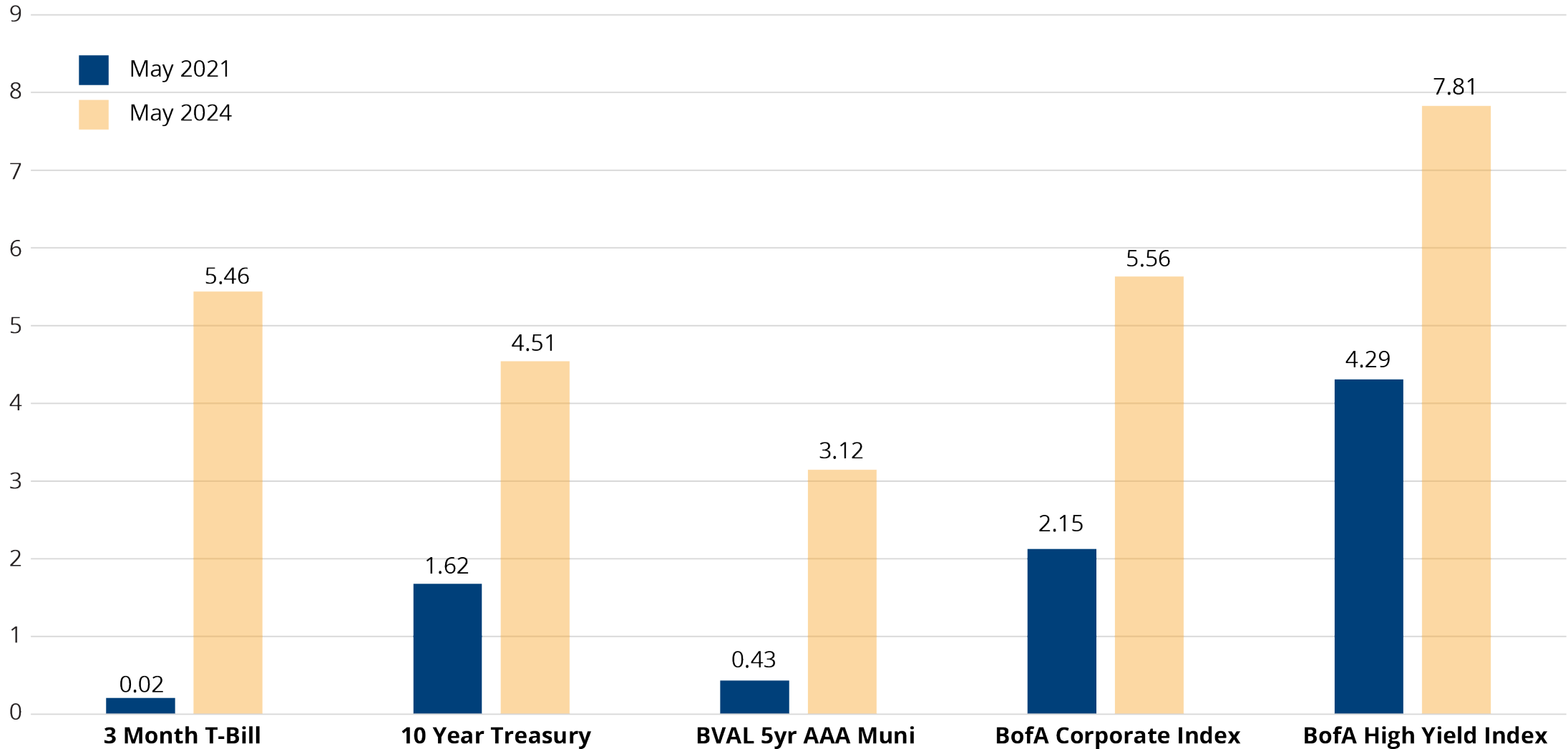
Inversion Period	Deepest Point of Inversion			Yield Curve Normalizes (Reaches 100bps or peak spread)			Change in Yield from Depth of Inversion to Normalization		
	Date	2 yr Treasury	10 yr Treasury	Date	2 yr Treasury	10 yr Treasury	2 yr Treasury	10 yr Treasury	Number of Days
8/18/1978 to 5/2/1980	3/20/1980	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
	Average	9.23	8.47	Average	6.11	7.08	-312bps	-139bps	324
Current									
7/6/2022	7/3/2023	4.94	3.86	NA	NA	NA	NA	NA	NA

For illustrative purposes. 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.



We Believe Short Rate Likely Headed Down, Think Longer Term

Change in Yields May 2021 to May 2024



Source: fred.stlouisfed.org

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



Timing NBER Recession Declarations

Recession Start Declared	S&P 500	Recession End Declared	S&P 500	Missed Return
06/08/2020	3232	07/19/2021	4258	31.74%
12/01/2008	816	09/20/2010	1143	40.00%
11/26/2001	1157	07/17/2003	982	-15.18%
04/25/1991	379	12/22/1992	440	16.10%
01/06/1982	119	07/08/1983	168	40.59%
06/03/1980	111	07/08/1981	128	16.12%
			Average	21.56%

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



Is the U.S. Consumer healthy?

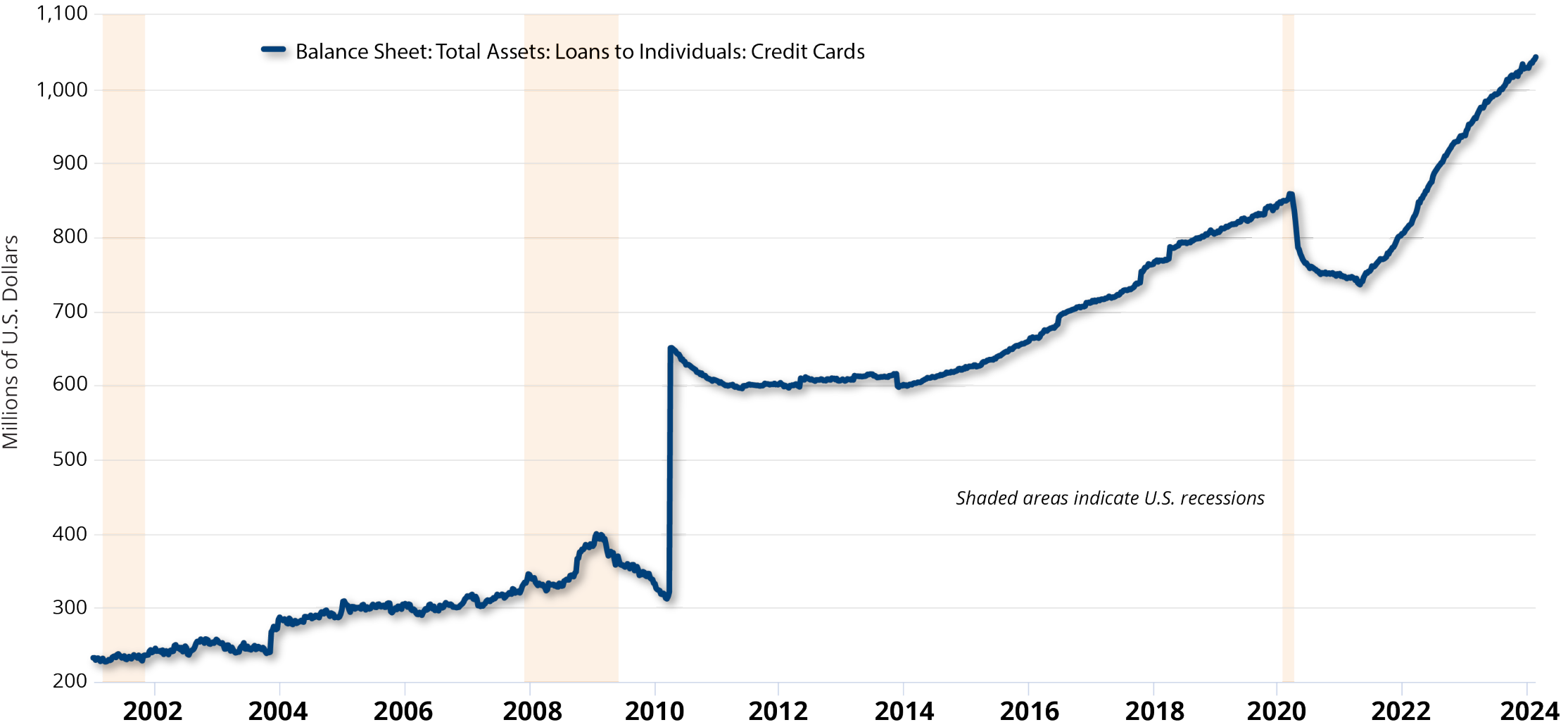
- Credit card debt exceeds one trillion
- Average credit card balance is ~\$6000
- Most people are paying off balances or making more than min payments
- Delinquency and charge-off rates are low
- Household wealth is rising again
- Consumers have equity in their homes



Credit Card Balances Exceed One Trillion...

Balance Sheet: Total Assets: Loans to Individuals: Credit Cards

01/01/2001 to 02/14/2024



Source: fred.stlouisfed.org



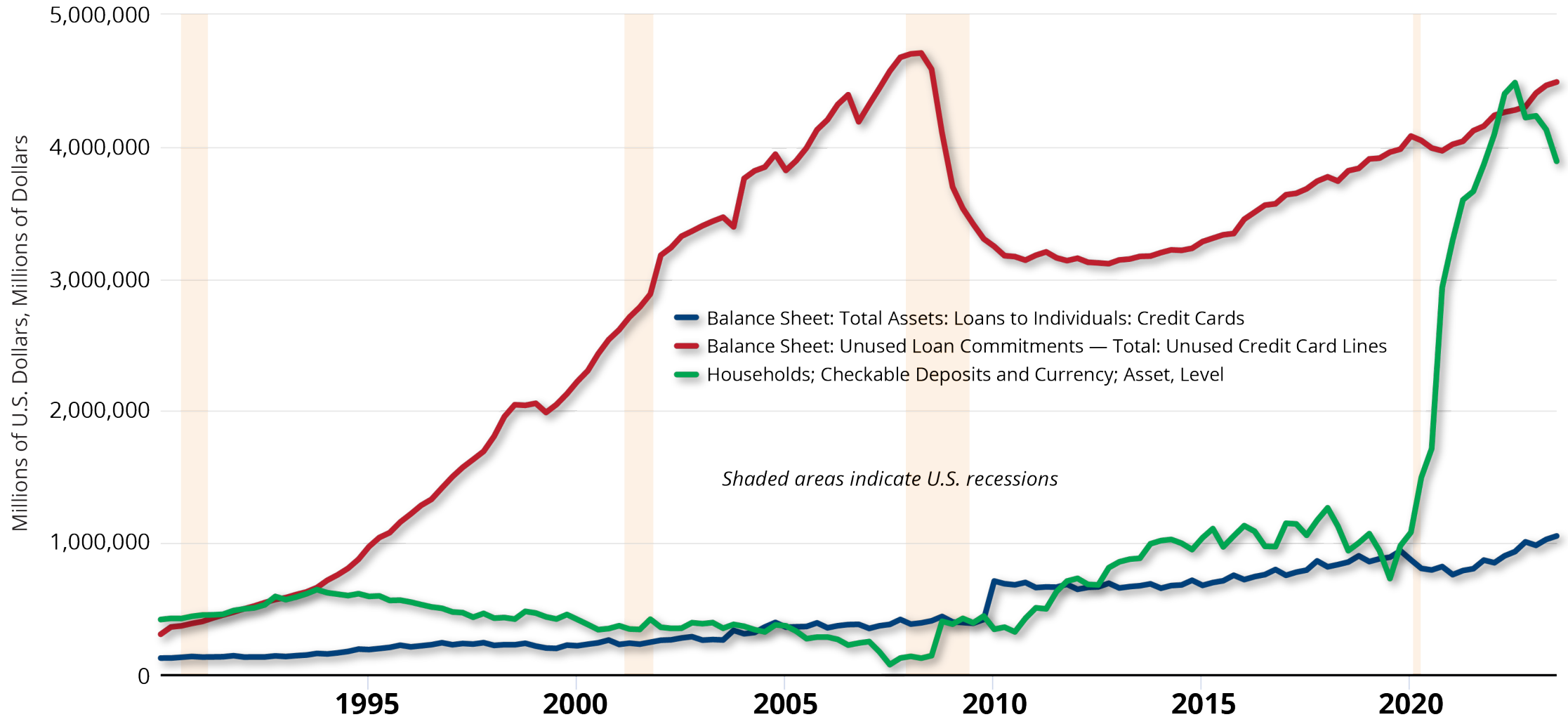
For illustrative purposes. Past performance is not indicative of future results.

Source: FRED Board of Governors of the Federal Reserve System

...but Consumers Are Not Maxing Out Their Cards and Have Savings

Credit Card Balance Sheets, Household Checkable Deposits

01/01/1990 to 09/30/2023



- Balance Sheet: Total Assets: Loans to Individuals: Credit Cards
- Balance Sheet: Unused Loan Commitments — Total: Unused Credit Card Lines
- Households; Checkable Deposits and Currency; Asset, Level

Shaded areas indicate U.S. recessions

Source: fred.stlouisfed.org

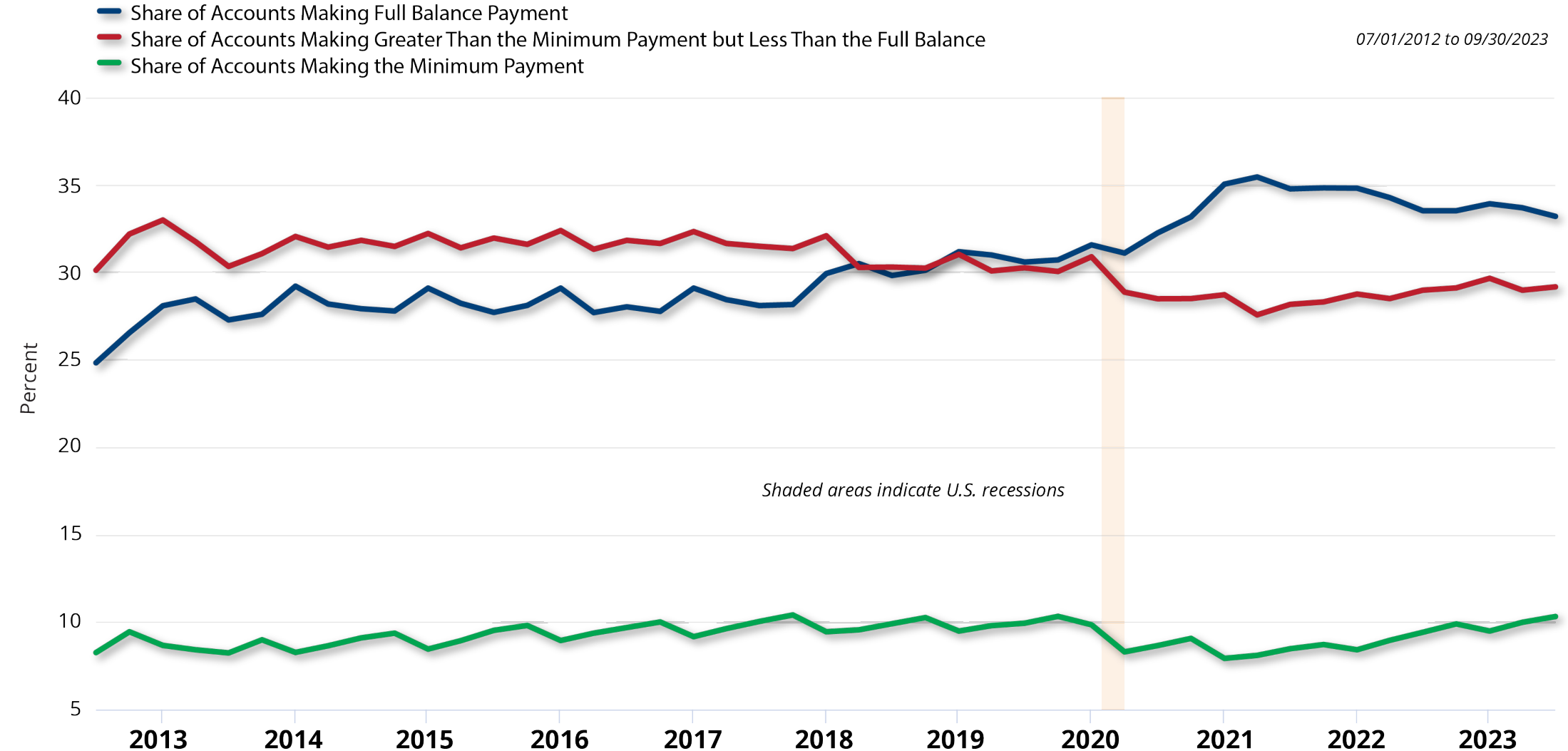
For illustrative purposes. Past performance is not indicative of future results.

Source: FRED Board of Governors of the Federal Reserve System



Two Thirds of Consumers Are Making More Than Min Payments or Paying the Full Balance on Their Credit Cards

Large Bank Consumer Credit Card Balances



Source: Federal Reserve Bank of Philadelphia, fred.stlouisfed.org

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

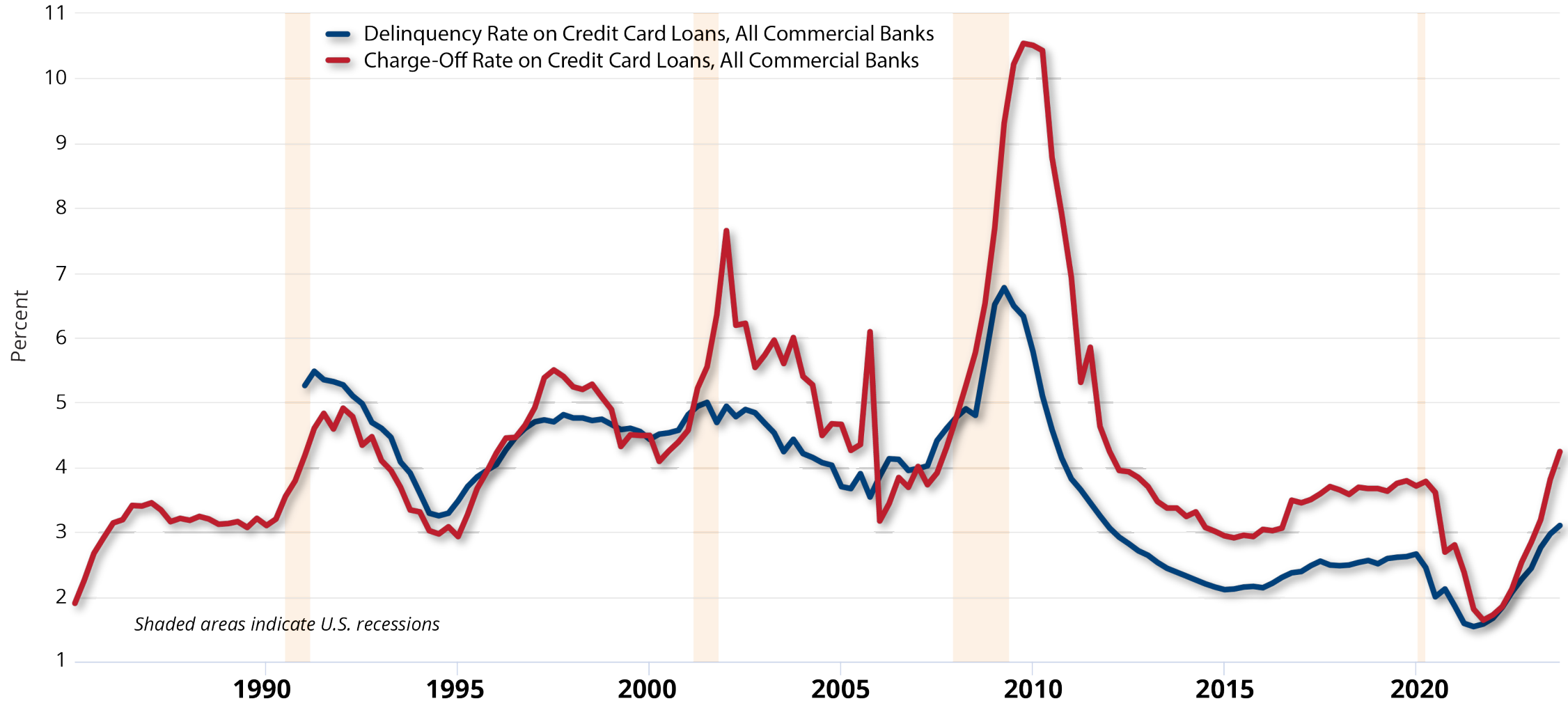
Source: FRED Board of Governors of the Federal Reserve System



Delinquency/Charge-Off Rates Returning to Pre-pandemic Levels

Delinquency Rate on Credit Card Loans, All Commercial Banks
Charge-Off Rate on Credit Card Loans, All Commercial Banks

01/01/1985 to 12/31/2023



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

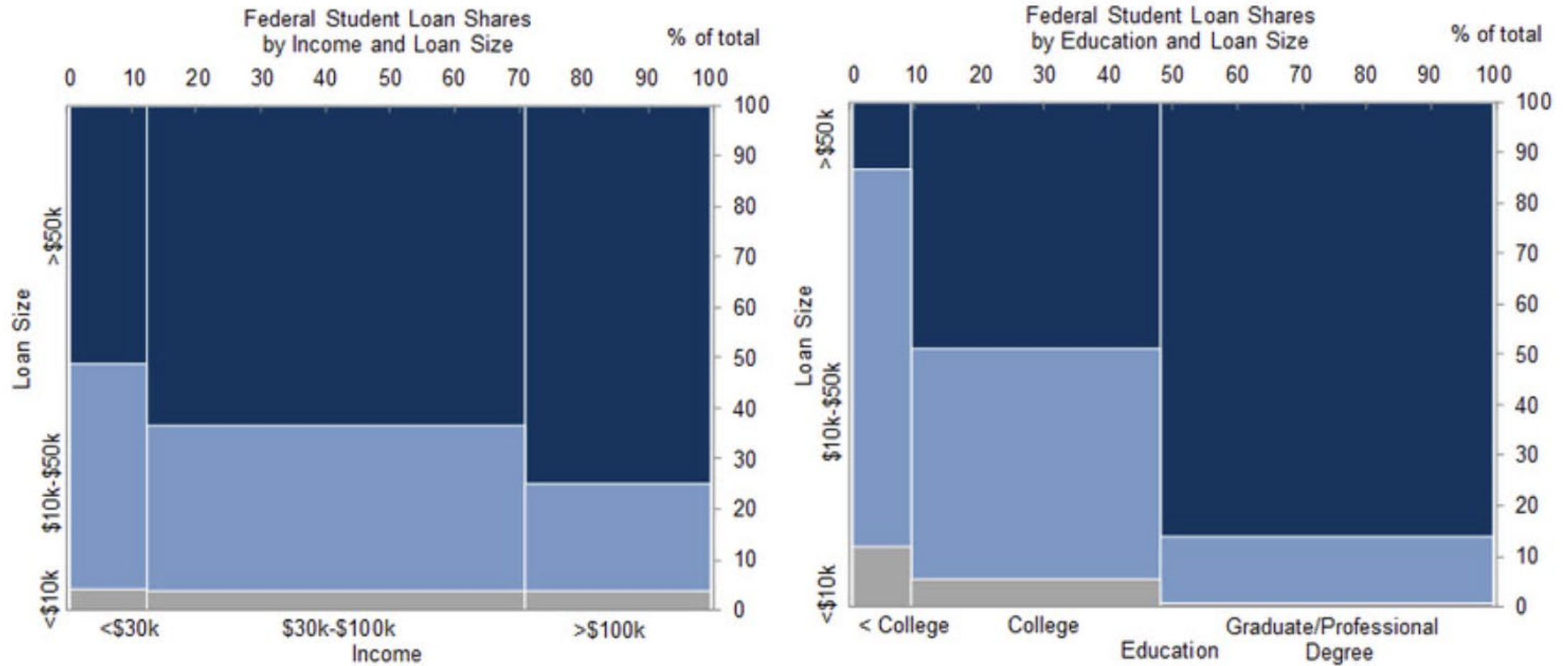
Source: FRED Board of Governors of the Federal Reserve System

Source: Fred.stlouisfed.org



Student Debt by Income and Degree

Exhibit 2: Most Student Debt is Held by Middle- and Upper-Income Households With a Graduate or Professional Degree



Source: Federal Reserve Board

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

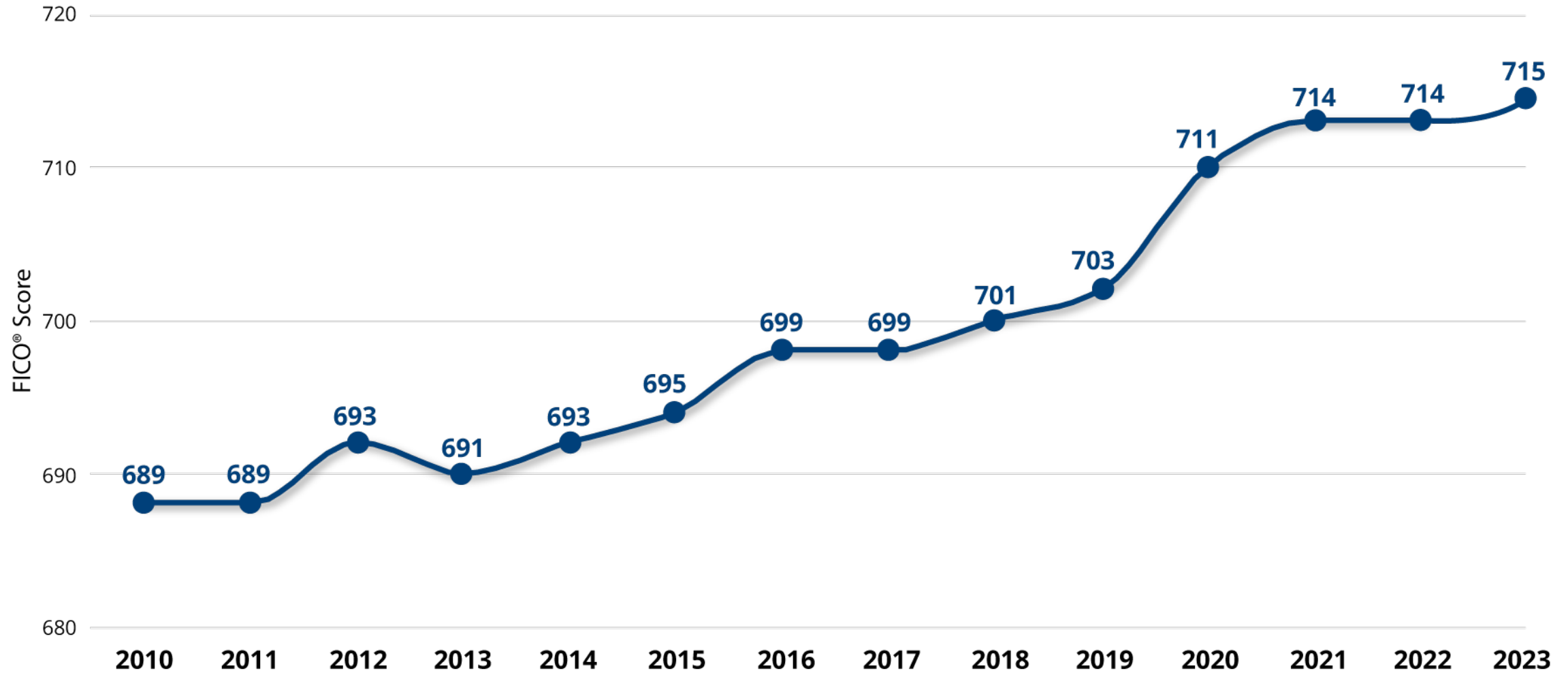
Source: Federal Reserve Board



Average Credit Scores in the US Have Been Increasing

Average FICO® Score in the U.S. is 715

As of 9/30/2023



Source: Experian.com

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

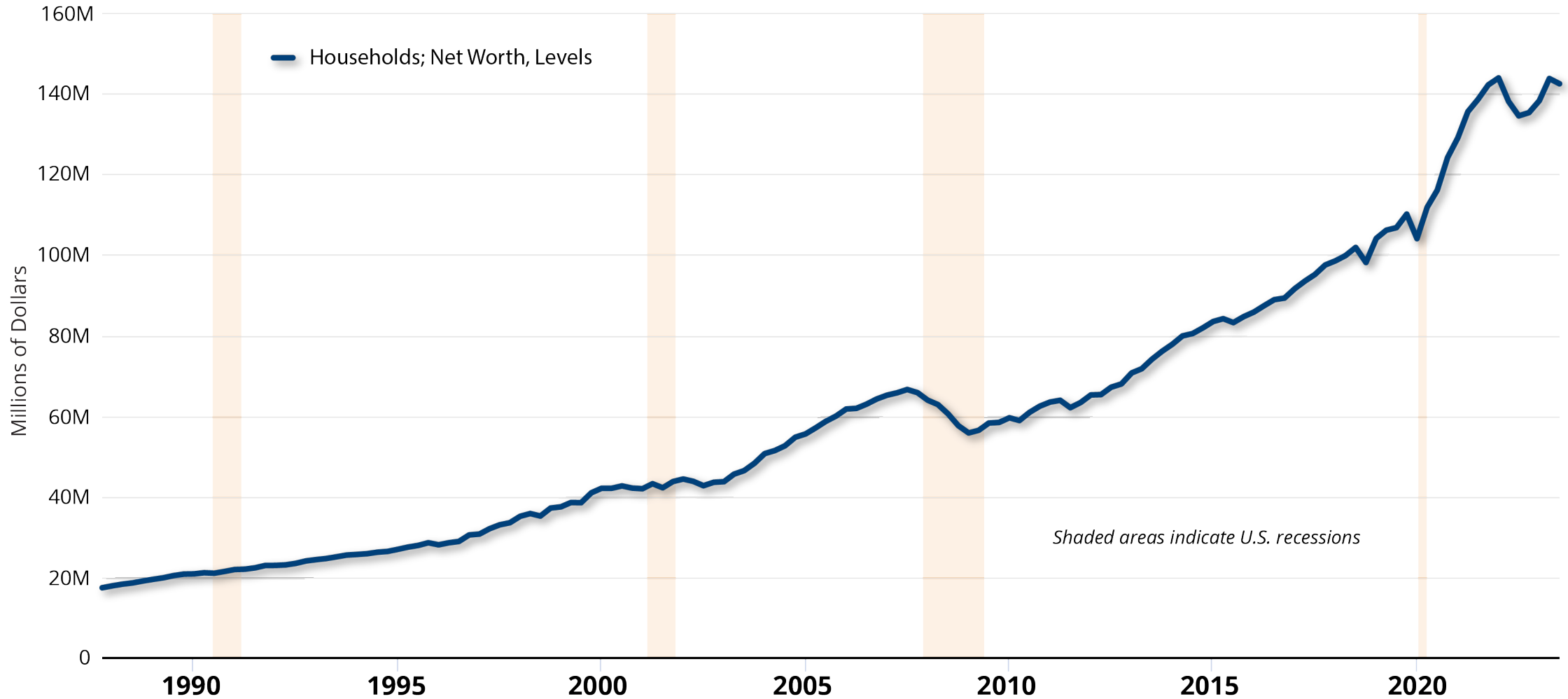
Source: Experian.com



Household Net Worth Is on the Rise Again

Households; Net Worth, Levels

10/01/1987 to 09/30/2023



Shaded areas indicate U.S. recessions

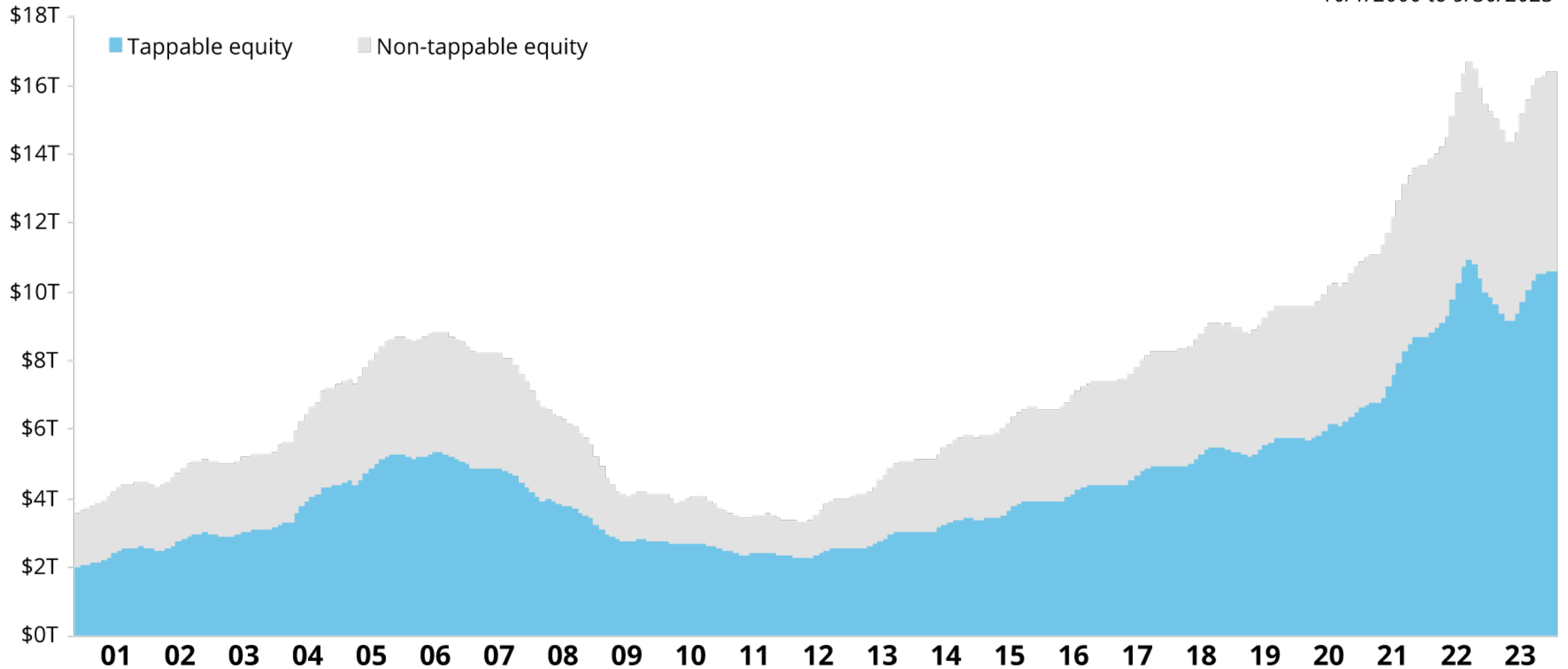
For illustrative purposes. Past performance is not indicative of future results.

Source: Fred.stlouisfed.org

Consumers Have Plenty of Equity in Their Homes

Homeowner equity on mortgaged residential properties

10/1/2000 to 9/30/2023



Source: ICE, McDash +Property

Tappable equity is equity that could be withdrawn while still maintaining an 80% or lower loan-to-value ratio

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



Is the National Debt a Concern?

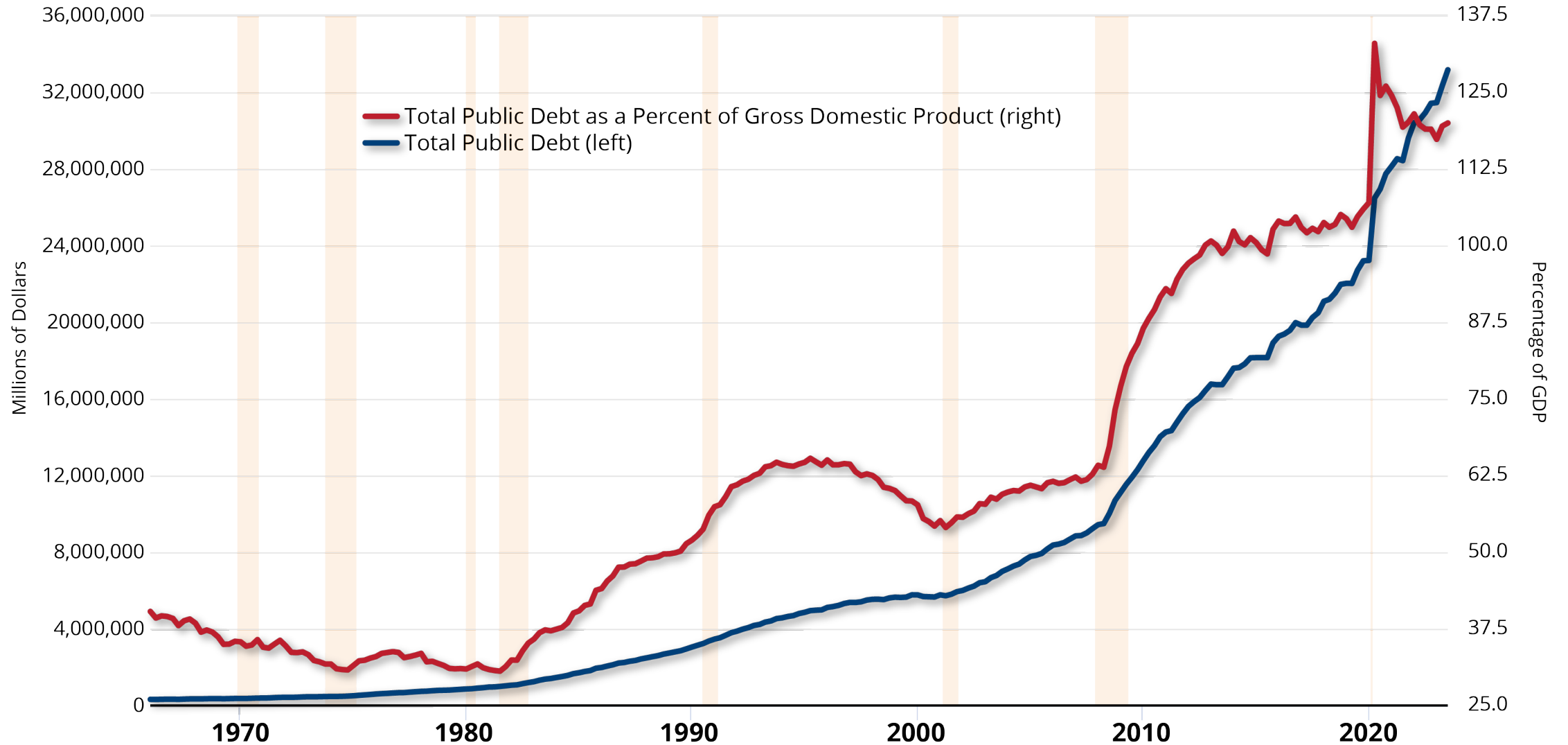
- National debt reached \$34 trillion
- Debt to GDP ratio down from pandemic peak
- Low debt to GDP doesn't always equal prosperity
- Interest on the debt is \$1 trillion a year
- Interest payments as a percent of GDP are lower than the 1980s and 1990s
- Federal deficit/GDP is improving post pandemic



Level of Debt and Debt to GDP

Federal Debt

01/01/1966 to 09/30/2023



Source: [FRED.stlouisfed.org](https://fred.stlouisfed.org)

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

Source: FRED Board of Governors of the Federal Reserve System



Debt to GDP Across the World

General Government Debt, % of GDP

Total stock of debt liabilities issued by the general government as a share of

Japan 261%	United Kingdom 101%	Finland 75%	Philippines 58%	Ethiopia 46%	Switzerland 39%	United Arab Emirates 30%
Greece 177%	Egypt 89%	Slovenia 70%	Australia 56%	Ireland 45%	Nigeria 38%	Denmark 30%
Venezuela 158%	Cyprus 87%	Iceland 69%	Panama 55%	Czech Republic 42%	Chile 38%	Bosnia and Herzegovina 30%
Italy 144%	Brazil 85%	Croatia 68%	Korea, Republic of 54%	Georgia 42%	Vietnam 37%	Taiwan Province of China 27%
United States 121%	India 83%	Germany 67%	Thailand 54%	Tanzania 42%	Cambodia 37%	Luxembourg 24%
Portugal 116%	Ukraine 82%	Malaysia 66%	Serbia 54%	Latvia 42%	Uzbekistan 34%	Kazakhstan 23%
Spain 112%	Austria 78%	Costa Rica 64%	Poland 50%	Indonesia 40%	Bulgaria 33%	Russian Federation 20%
France 112%	El Salvador 77%	Colombia 64%	Netherlands 49%	Belarus 40%	Sweden 32%	Estonia 17%
Canada 107%	China, People's Republic of 77%	Israel 61%	Romania 47%	Norway 40%	Peru 31%	Congo, Dem. Rep. 15%
Belgium 105%	Hungary 76%	Slovak Republic 59%	Honduras 47%	Lithuania 40%	Türkiye, Republic of 31%	Turkmenistan 5%

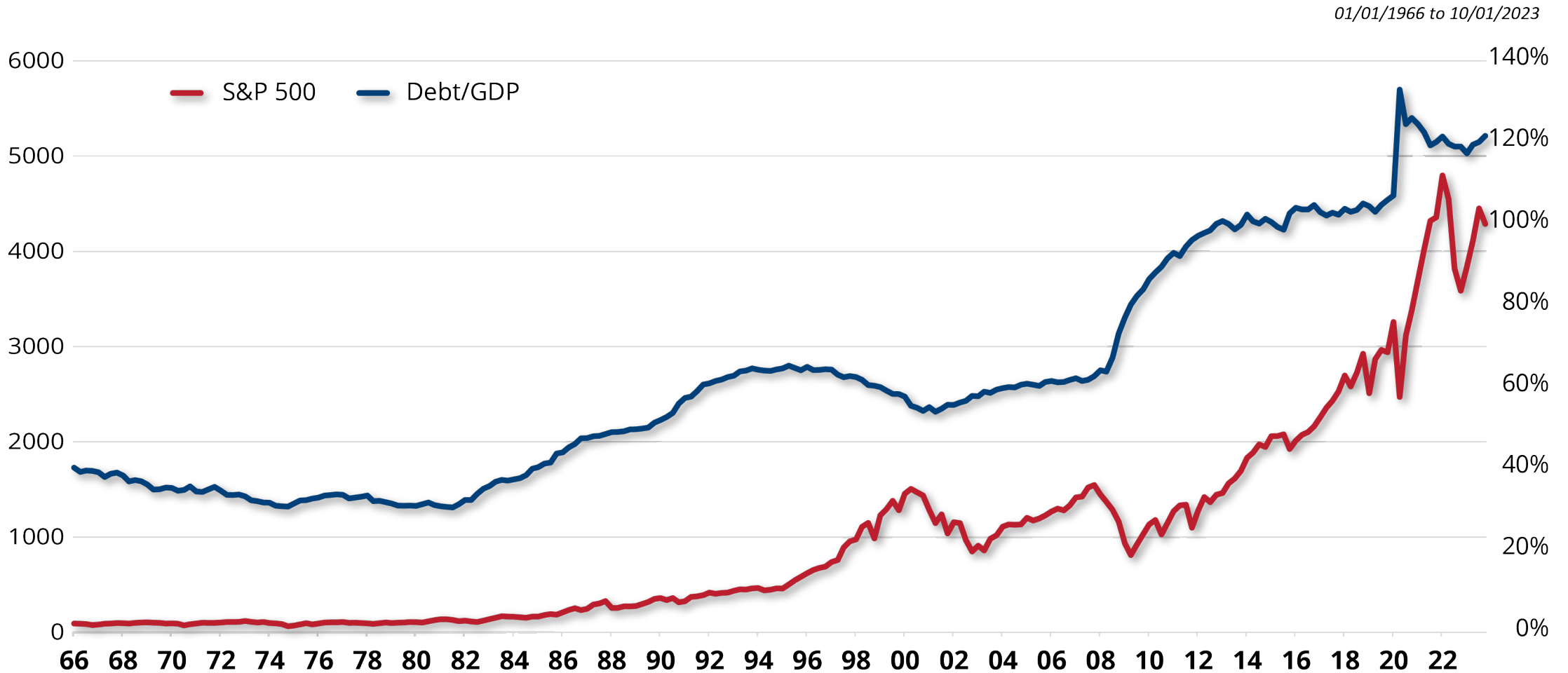
Source: IMF Global Debt Database (Sept 2023)



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

Govt Debt Matters.....

U.S. Government Debt & Stocks



Source: fred.stlouisfed.org, Factset, Clark Capital

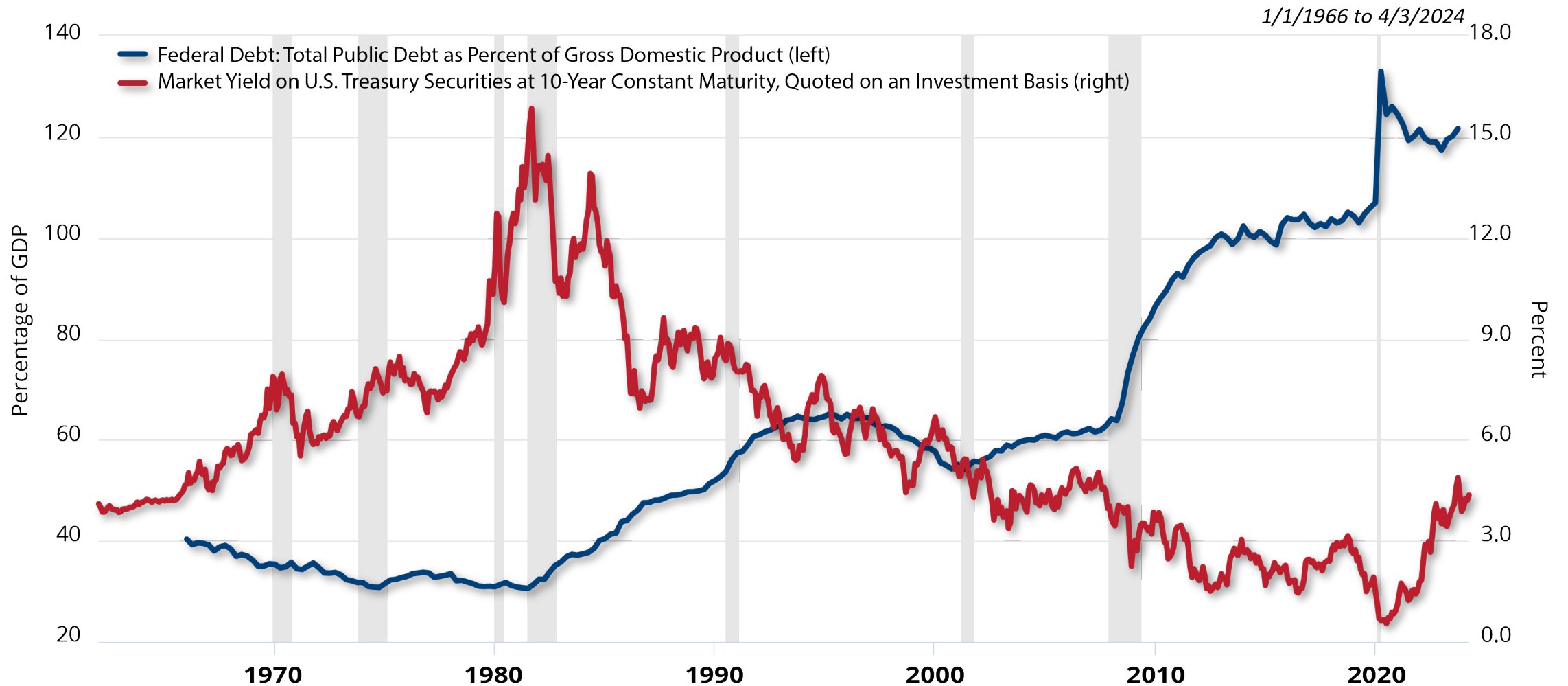
For illustrative purposes only. Past performance is not indicative of future results.

Source: fred.stlouisfed.org, Factset, Clark Capital



But Maybe Not the Way You Think

Federal Debt vs Market Yield



Source: fred.stlouisfed.org

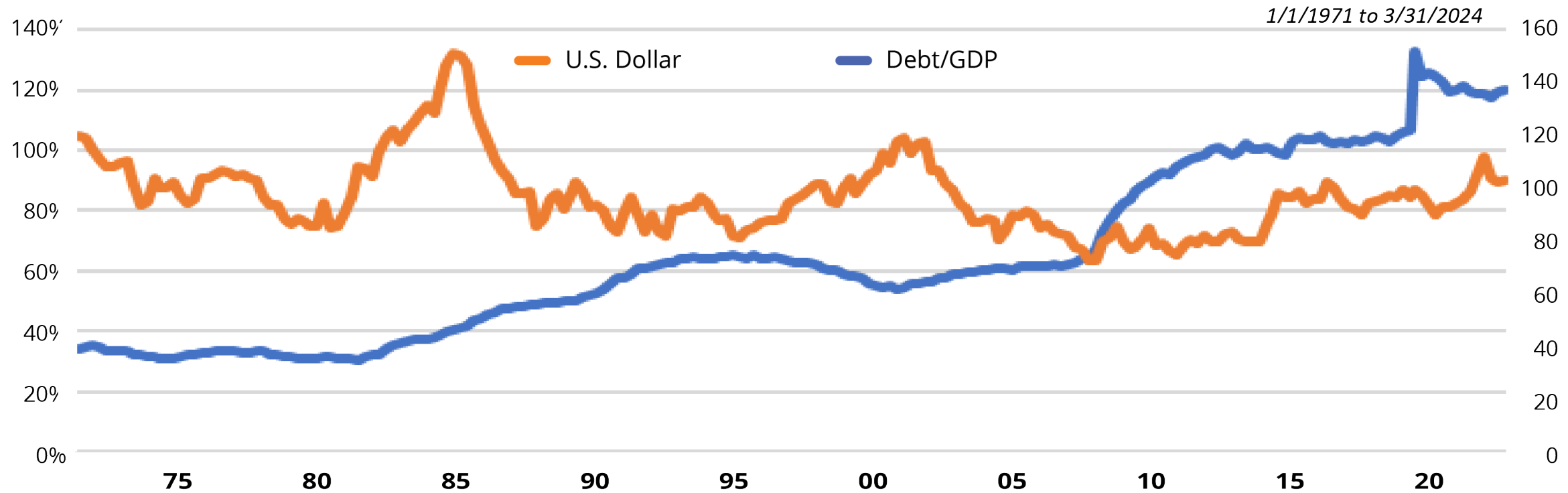
For illustrative purposes only. Past performance is not indicative of future results.

Source: fred.stlouisfed.org



Still the Cleanest Shirt in the Dirty Laundry Pile

U.S. Debt & U.S. Dollar



Source:fred.stloisfed.org, Y Charts, Clark Capital



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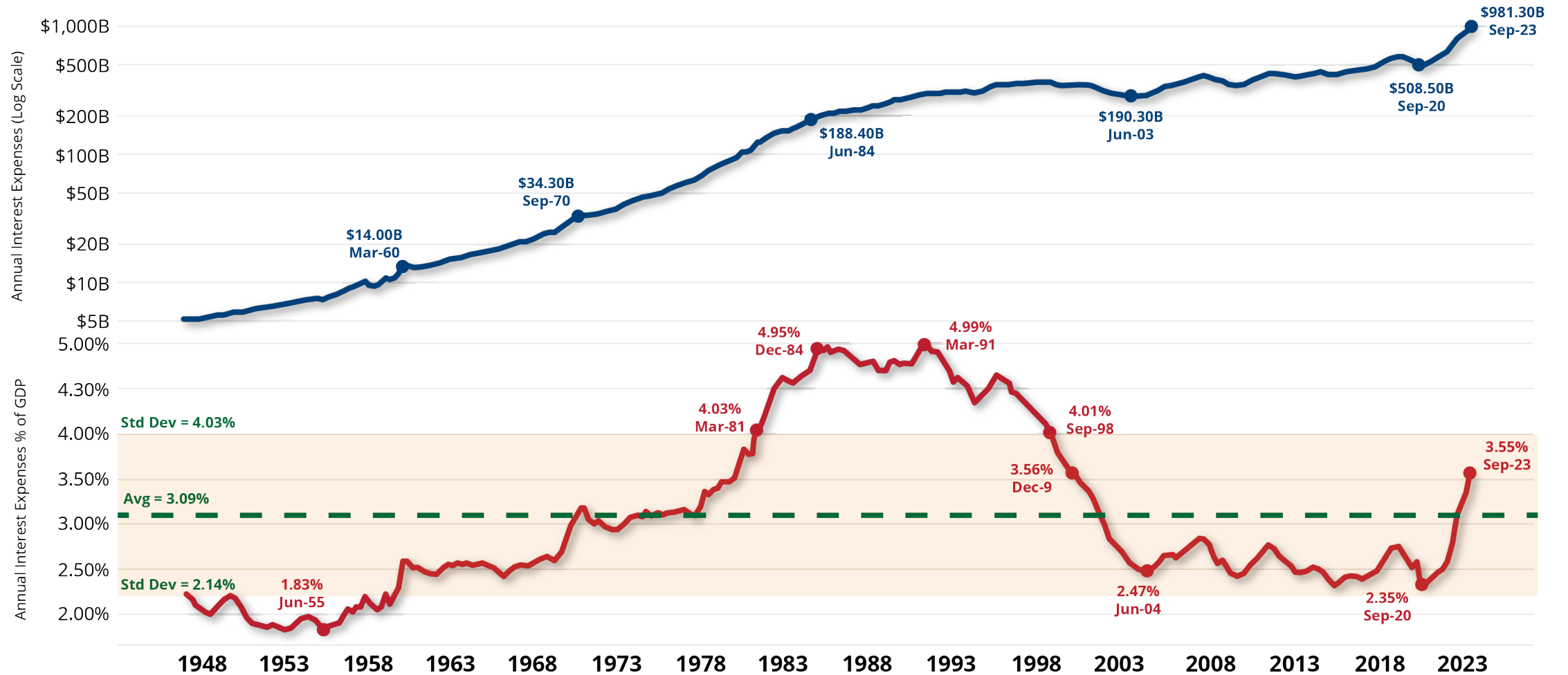
Source:fred.stloisfed.org, Y Charts, Clark Capital

Interest Payments/GDP Lower Now Than the 80s and 90s

How Much Interest Does the U.S. Treasury Pay on Its Debt in a Year?

Nominal Dollars and as Percentage GDP

01/01/1948 to 09/30/2023



Source: U.S. Treasury, BEA, Bianco Research

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

Source: U.S. Treasury, BEA, Bianco Research



Returns By Decade

	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%

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



What if there is a War?



Crisis Events and Stocks

Event	Reaction Dates	Reaction Date % Gain/Loss	DJIA Percentage Gain Days After Reaction Dates			
			22	63	126	253
Exchange Closed WWI	07/22/1914 – 12/24/1914	-10.2	10.0	6.6	21.2	90.2
Germany Invades France	05/09/1940 – 06/22/1940	-17.1	-0.5	8.4	7.0	-5.2
Pearl Harbor	12/06/1941 – 12/10/1941	-6.5	3.8	-2.9	-9.6	5.4
Korean War	06/23/1950 – 07/13/1950	-12.0	9.1	15.3	19.2	26.3
Cuban Missile Crisis	10/19/1962 – 10/27/1962	1.1	12.1	17.1	24.2	30.4
U.S. Bombs Cambodia	04/29/1970 – 05/14/1970	-7.1	0.4	3.8	13.5	36.7
Iranian Hostage Crisis	11/02/1979 – 11/07/1979	-2.7	4.7	11.1	2.3	17.0
U.S.S.R. Invades Afghanistan	12/24/1979 – 01/03/1980	-2.2	6.7	-4.0	6.8	21.0
Falkland Islands War	04/01/1982 – 05/07/1982	4.3	-8.5	-9.8	20.8	41.8
Beirut Bombing	10/21/1983 – 10/23/1983	0.0	2.1	-0.5	-6.9	-2.9
U.S. Invades Grenada	10/24/1983 – 11/07/1983	-2.7	3.9	-2.8	-3.2	2.4
Iraq Invades Kuwait	08/02/1990 – 08/23/1990	-13.3	0.1	2.3	16.3	22.4
Gulf War	01/16/1991 – 01/17/1991	4.6	11.8	14.3	15.0	24.5
WTC & Pentagon Terrorist Attacks	09/10/2001 – 09/21/2001	-14.3	13.4	21.2	24.8	-6.7
War in Afghanistan	10/05/2001 – 09/21/2001	-14.3	13.4	21.2	24.8	-6.7
Iraq War	03/19/2003 – 05/01/2003	2.3	5.5	9.2	15.6	22.0
Russia Invades Georgia	08/08/2008 – 08/16/2008	-2.2	-4.0	-26.0	-34.2	-19.2
Israel Invades Gaza	12/27/2008 – 01/21/2009	-3.0	-13.5	-4.2	7.9	23.6
Russia Invades Crimea	03/07/2014 – 03/14/2014	-2.4	1.2	4.4	5.7	11.1
U.K. Votes to Leave E.U.	06/23/2016 – 06/27/2016	-4.8	7.7	5.6	16.3	25.2
COVID-19 Crash	03/04/2020 – 03/23/2020	-31.4	26.5	40.0	46.0	74.4
Russia Invades Ukraine	02/09/2022 – 03/08/2022	-8.8	6.0	1.7	-3.2	-2.2

Averages

Reaction Date	-5.9%
1 Month	+4.7%
3 Months	+5.6%
6 Months	+9.9%
12 Months	+18.7%



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

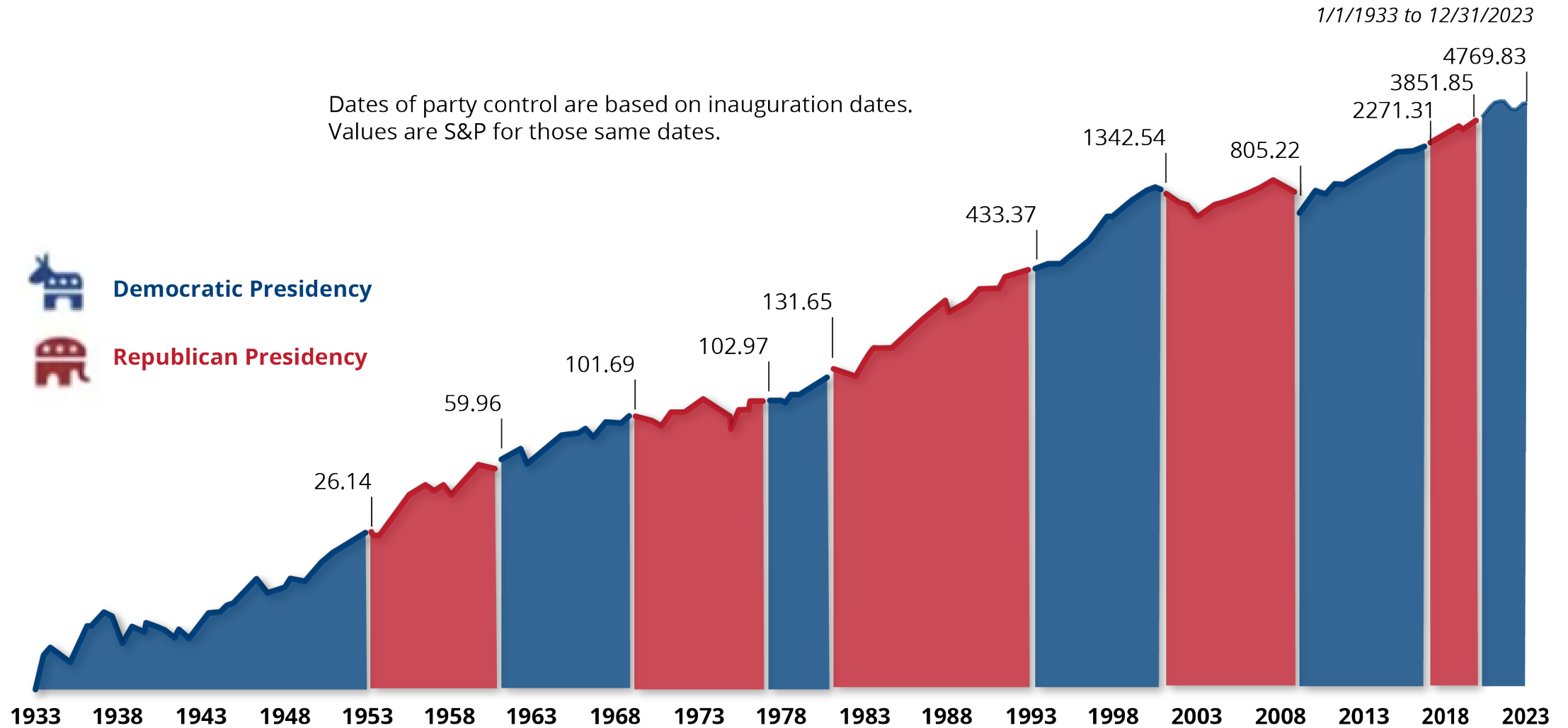
Source: Ned Davis T-900.rpt

How Will the 2024 Election Impact the Markets?



Over Time Stocks Have Gone Up...Despite Washington!

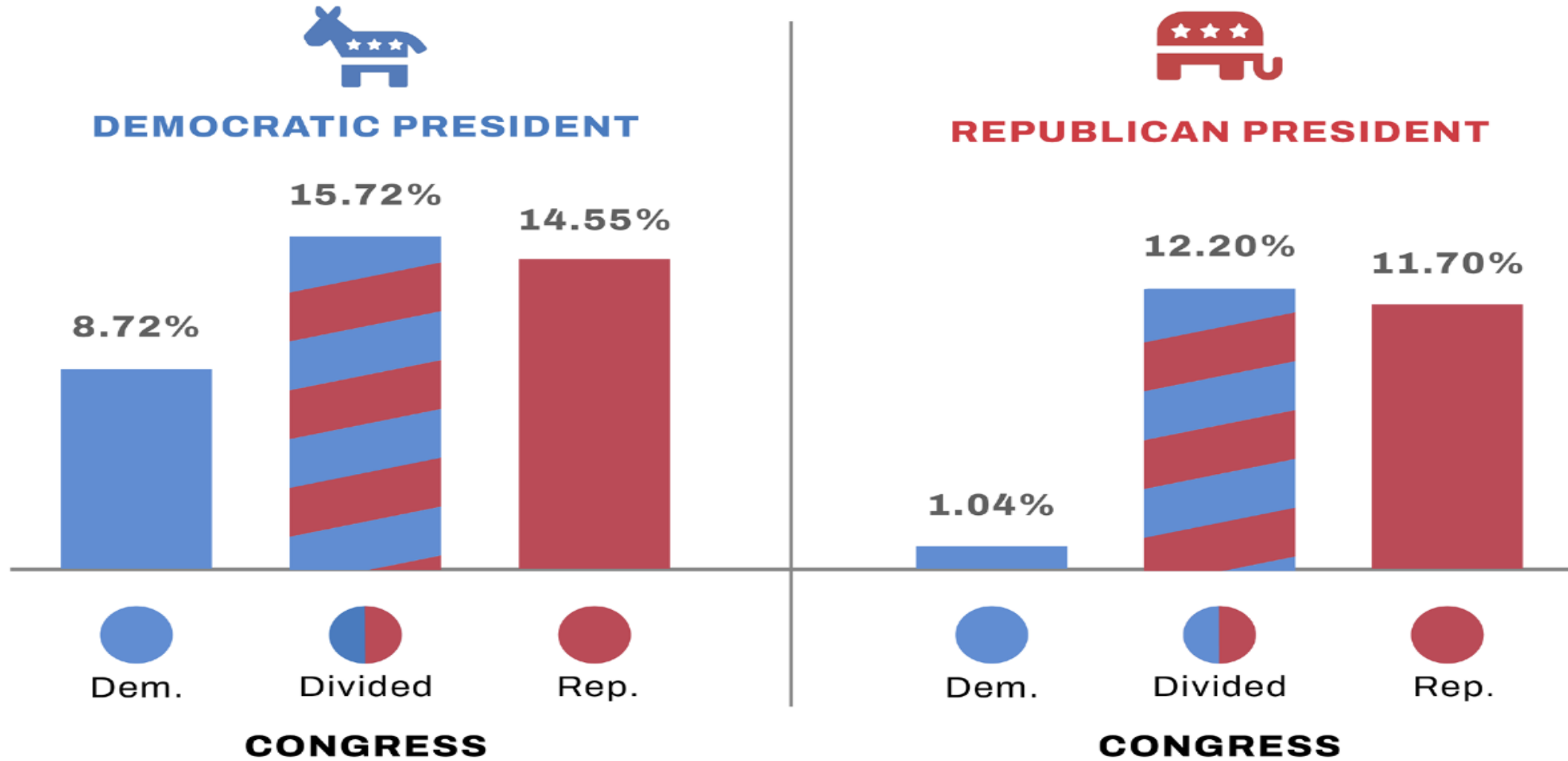
S&P 500 Index Performance



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.

Source: Morningstar, Standard & Poor's, Financialsamurai.com

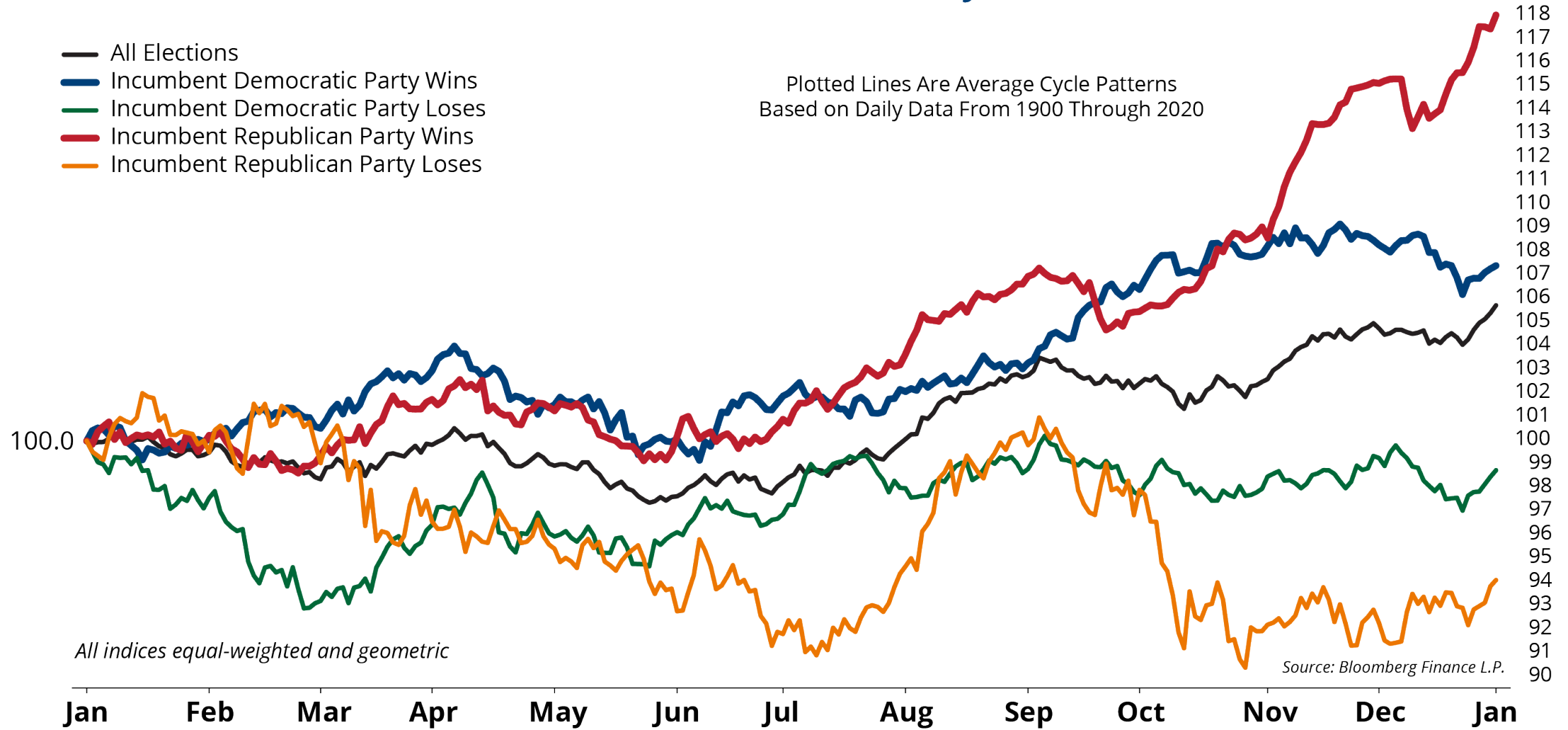
Average Annualized S&P 500 Performance 1950-2023



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



Dow Industrials — Presidential Election Year Cycle II



S01638

Source: Ned Davis Research

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



Recent Election Results

S&P Price Only Returns		
During Trump	60.60%	<i>Election to election under Trump, 11/2/2016-11/3/2020</i>
Since Biden Election	55.95%	<i>Election to election under Biden, 11/3/2020-3/28/2024</i>

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

Source: Bloomberg, Clark Capital Research



Q&A



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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.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards and political and economic risks. These risks are enhanced in emerging market countries.

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Benchmark Descriptions

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 2-Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of two 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 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.

A leading indicator is a measurable set of data that may help to forecast future economic activity. Leading economic indicators can be used to predict changes in the economy before the economy begins to shift in a particular direction. They have the potential to be useful for businesses, investors, and policy makers.

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.

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.

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.

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

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 S&P MidCap 400 provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an ongoing basis.

Separately Managed Accounts (SMAs) are investment strategies where you own the individual stocks or bonds directly and can customize the securities in your portfolio.

The MSCI ACWI stands for All Country World Index. A market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is maintained by Morgan Stanley Capital International and is comprised of stocks from both developed and emerging markets.

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.

