

Benchmark Review & Monthly Recap

Stocks Rallied to New Highs and Most Bond Sectors Advanced

Equity Markets

Stocks continued to rally in May following strong results in April but returns varied considerably by style. While the conflict with Iran is clearly not over, the market continued to respond positively to news that negotiations were taking place. See **Table 1** for May and YTD returns.

Table 1 | Equity Markets

Index	May 2026	YTD
S&P 500	5.26%	11.27%
S&P 500 Equal Weight	2.68%	9.53%
DJIA	2.94%	6.86%
Russell 3000	5.07%	11.20%
NASDAQ Comp.	8.43%	16.33%
Russell 2000	4.37%	18.15%
MSCI ACWI ex U.S.	5.03%	14.36%
MSCI Emerging Mkts Net	9.69%	25.61%

Source: Morningstar. For illustrative purposes only. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Past performance is not indicative of future results.

Large-cap growth stocks roared back in recent months after stumbling in the first quarter of 2026. As stocks were having a typical sell-off at the outset of the conflict with Iran, equity fundamentals were improving. Stock prices were falling but earnings expectations were generally rising, so valuations were improving. We saw valuations on several large-cap growth companies decline to levels that we had not seen in some time. Once we moved into April and the hostilities with Iran shifted to a ceasefire and peace negotiations, the market rallied. In particular, large-cap growth recovered as the AI trade resumed with the Nasdaq Composite up over 19% in the last three months through May.

Small caps and emerging markets are the leaders year to date. Small caps had a better start to the year, and some emerging markets (particularly in Asia) have close ties to technology and the AI trade. Shorter-term volatility could mount as the Iran conflict drags on. June has started with news that peace negotiations have stalled, but that news can change at a moment's notice. Furthermore, typical historical headwinds of midterm elections looming in the fall and a new Fed chair could escalate volatility in the months ahead. However, the market has clearly looked past the conflict and these other potential headwinds as improving earnings growth over-

Highlights

- **Stocks:** The equity rally continued in May with major stock indices closing the month at new all-time highs. Large-cap growth led the recent rally.
- **Bonds:** Rates rose in May with the 10-year U.S. Treasury yield hitting its highest level since early 2025. Despite rates moving higher, bonds still made gains for the month.
- **U.S. Economy:** While recent inflation data has risen with the sharp increase in oil prices, broader economic activity continues to show a growing economy.
- **Federal Reserve:** Despite all the drama surrounding the Fed in recent years, Kevin Warsh was confirmed as the new Fed chair in May. The market is not expecting any action on rates by the Fed for the balance of 2026.

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whelmed any negative news to this point. Earnings and earnings estimates are at all-time highs and stocks have followed suit.

The U.S. economy and capital markets have been incredibly resilient in recent years, and the beginning of 2026 has been no exception. With fundamentals still intact, driven largely by strong expected earnings growth, we still believe opportunities exist in stocks. At the same time, we recognize the rally from April 2025 lows has been strong, and some volatility could develop in the months ahead with a new Fed chair and midterm elections coming.

Fixed Income

Credit spreads tightened in May and neared multi-year lows during the month. At the same time, rates continued to drift higher, especially during the first few weeks of May. The 10-year U.S. Treasury closed May 19 at 4.67%, the highest level since early January 2025. The 30-year closed at 5.18% that same day, the highest level in almost 20 years. By month's end, rates had retreated from those elevated levels and the 10-year ended at 4.45% after finishing April at 4.40%. Bond indices were generally higher in May, and most are in positive territory for the year. See **Table 2** for bond index returns for May and YTD.

Table 2 | Fixed Income Markets

Index	May 2026	YTD
Bloomberg U.S. Agg	0.31%	0.38%
Bloomberg U.S. Credit	0.67%	0.65%
Bloomberg U.S. High Yld	0.49%	1.68%
Bloomberg Muni	0.37%	1.34%
Bloomberg 30-year U.S. TSY	0.55%	-0.43%
Bloomberg U.S. TSY	0.11%	-0.00%

Source: Morningstar. For illustrative purposes only. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Past performance is not indicative of future results.

During a month when equities rallied strongly, credit and high-yield bonds outpaced Treasuries. High yield is the strongest index year to date. Despite rates generally trending higher, Treasuries also turned in positive results. Munis have continued to show solid gains. Overall, we believe the 10-year U.S. Treasury will be range bound this year between 3.5% and 4.5%. We acknowledge that it traded above that level at times in May, but it settled the month below the 4.50% mark.

We maintain our longstanding position favoring credit versus pure rate exposure in this interest rate environment. The story has been much more about the general move higher in interest rates so far this year (not changes in credit spreads), particularly after the conflict with Iran began. We believe the role bonds play in a portfolio, to provide stable cash flow and to help offset the volatility of stocks in the long run, has not changed. With uncertainty ahead, we believe having an active bond management approach makes sense. Furthermore, rates remain elevated and provide attractive opportunities for bond investors.

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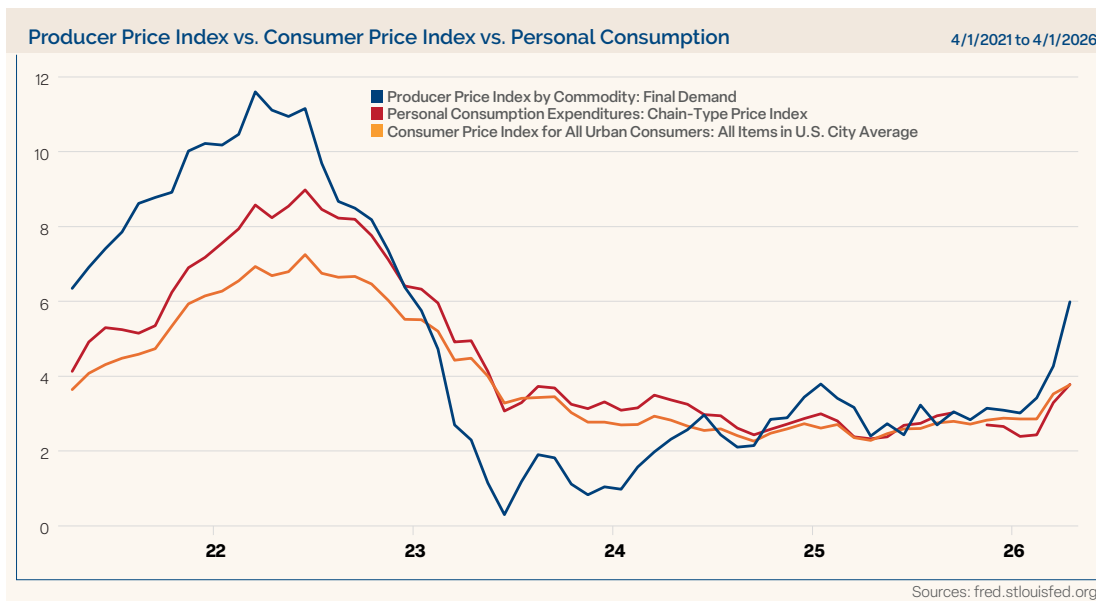
Economic Data Highlights and Outlook

Inflation has spiked recently following the sharp increase in oil prices due to the conflict with Iran. The key question will be whether this spike is temporary or whether price increases will linger even after the resolution of the conflict in Iran.

The Producer Price Index (PPI) for April rose 1.4%. The annual reading jumped to 6.0%, with both of those readings well above expectations. The core PPI was expected to rise 0.3%, but it rose 1.0%. The annual increase of core PPI was 5.2% versus 4.3% estimates, as input costs for producers increased sharply in April on both a headline and core basis. The Consumer Price Index (CPI) continued to move higher as energy prices (particularly gasoline) rose. April CPI rose as expected by 0.6% pushing the annual increase to 3.8%. Core CPI, which excludes food and energy, increased 0.4% for the month and 2.8% for the year with both readings 0.1% above their respective expectations.

The headline Personal Consumption Expenditures (PCE) price index rose 0.4% in April, which was better (lower) than expectations of 0.5%. The annual increase of 3.8% came in as expected but is 0.9% higher than where this reading stood just two months ago at 2.9%. The core PCE price index (the preferred measure of the Fed) was also 0.1% better (lower) than expected with a monthly increase of 0.2%. The 3.3% annual gain was as expected but it has moved higher in recent months, as well. There are worries that sustained higher oil prices could be problematic for prices, and we will monitor inflation closely moving forward. We acknowledge that higher energy prices might stall progress made on inflation and likely leave the Fed on hold longer than anticipated. **Chart 1** below shows the recent increase in headline inflation readings, which are impacted directly by higher energy prices.

Chart 1



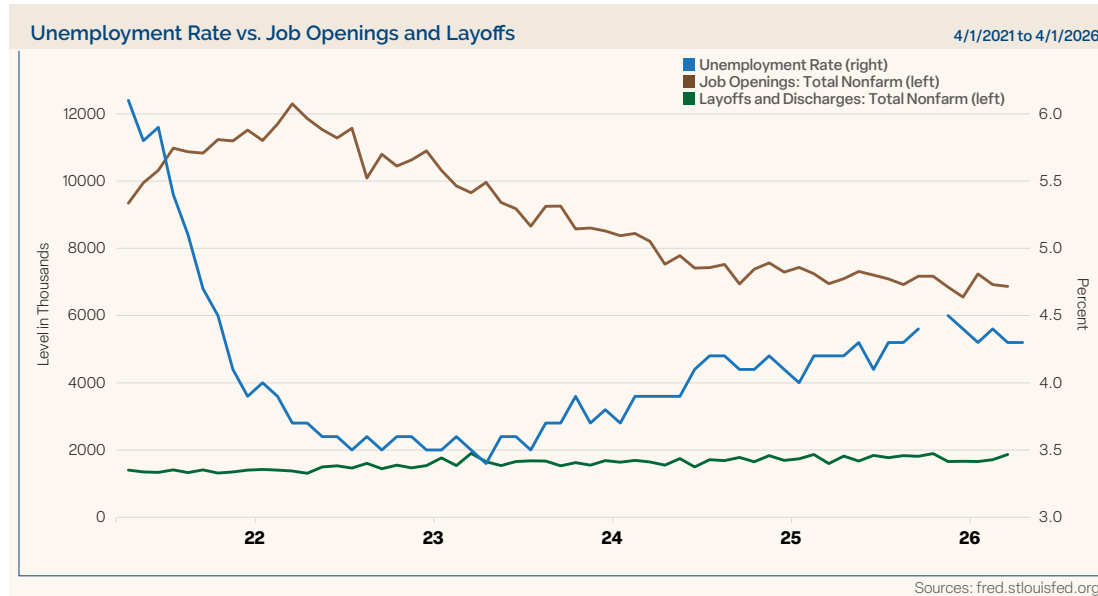
For illustrative purposes only. Past performance is not indicative of future results.

The labor market was solid again for April. Payrolls increased by 115,000, much stronger than the 65,000 estimate, and March payrolls were revised modestly higher. The unemployment rate remained at 4.3%, as expected. Average hourly earnings increased by 3.6% in April on an annual basis, but this is below headline consumer inflation readings and might become a topic of focus with “real” wages now declining. Layoff lev-

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els have not changed much in recent years, and job openings have been rather flat in recent months after declining steadily for the last few years. Although the “no hire/no fire” labor market is still an apt description for the current job market environment, job data has leaned a bit stronger in recent months, which will be worth monitoring. **Chart 2** below shows layoffs, the unemployment rate and job openings over the last five years with some recent moderation in movement in the unemployment rate and job openings.

Chart 2



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

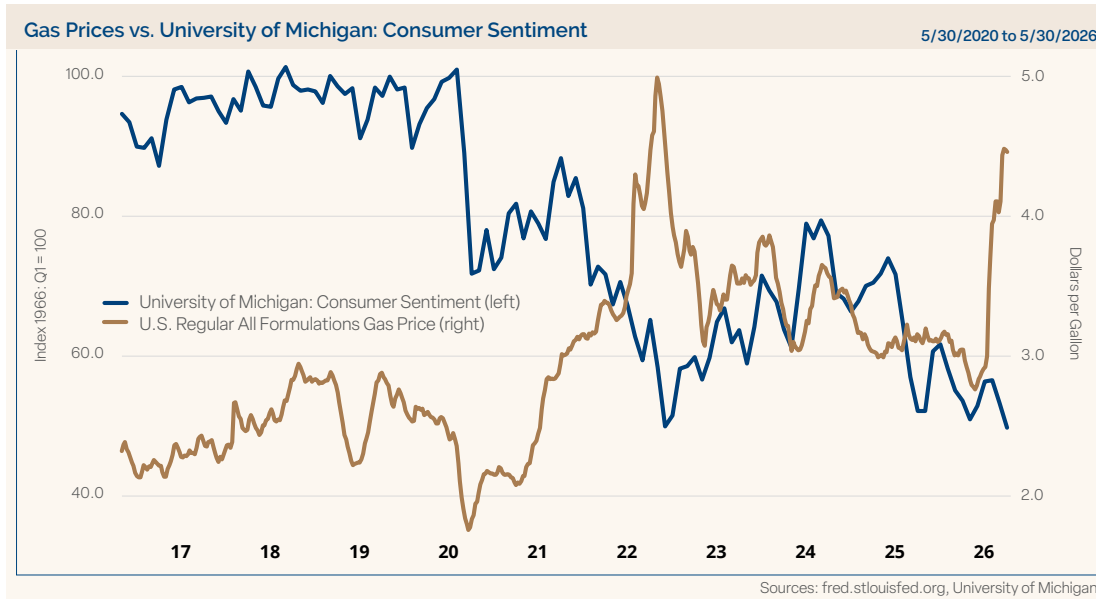
The Institute for Supply Management (ISM) Manufacturing Index remained positive in April for the fourth consecutive month. The ISM Manufacturing Index showed expansion with a reading of 52.7 compared to estimates of 53.2. The reading for May showed a solid increase to 54.0, the best reading of 2026, beating expectations of 53.0 and extending the streak to five consecutive months in expansion territory. The ISM Non-Manufacturing Index, which covers the much larger service industries in the U.S. economy, continued to reflect expansion. This reading came in at 53.6 for April, a modest miss of the expected 53.7 level and lower than the prior month. Non-Manufacturing has expanded 22 of the last 24 months. Recall for the ISM indices, readings above 50 represent expansion and below 50 reflect contraction.

Consumer spending held up in April as well. Retail sales (ex auto and gas) increased by 0.5%, beating estimates of 0.3%. March sales also were revised up by 0.1%. Consumer sentiment readings have been weak for some time, but we have not seen that translate into a meaningful drop in consumer spending. The preliminary University of Michigan Consumer Sentiment reading for May dropped to 48.2, but the story was the final reading later in May, which dropped to 44.8. This Michigan sentiment survey has been around since 1952, and the final May number was its lowest reading ever recorded. It is hard to fathom this level of consumer pessimism with the stock market at an all-time high and considering other events over the last 70+ years. However, elevated gasoline prices often impact sentiment readings directly, and they are clearly doing so right now. Consumers continue to spend, and we will watch whether the low sentiment levels lead to a change in spending behavior by U.S. consumers. **Chart 3** below shows the relationship between gasoline and sentiment. (The Michigan sentiment number is delayed through FRED, so it is a month behind in the chart below.)

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Chart 3



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

The second reading of Q1 GDP was revised lower to 1.6% annualized growth from the initial estimate and expectation of 2.0%. The personal consumption component dropped from the first to the second reading, which partly drove the decline in GDP. The GDPNow forecast from the Atlanta Fed for estimated Q2 2026 GDP growth shows an expected acceleration to a 3.8% annualized growth rate (as of May 28, 2026).

Kevin Warsh was confirmed as the new head of the Federal Reserve in May. His first FOMC meeting will take place in June. Former Fed Chair Jerome Powell has indicated that he will remain on the Fed board for the time being, which is unusual as typically the former chair resigns once his or her term as chair is completed. His term as Fed chair ended in mid-May, but his term as a Fed governor runs until January 2028. This could create some friction at the Fed as Warsh takes over the leadership position. The market has now priced out any Fed action through the end of the year with the next expected move a rate hike in the first half of 2027 (per the CME FedWatch tool as of May 29, 2026), but that is some time away and many things would have to transpire to see the Fed begin a rate tightening cycle in our opinion.

Clearly, there is still significant uncertainty with the Iran conflict and the impact it will have on the broader global economy and capital markets. Progress towards peace has been volatile to say the least, but hopefully a resolution can be found soon. After struggling early in the conflict, stocks have made a remarkable recovery to achieve new all-time highs. Markets seem to be looking past the conflict and are focused on earnings growth. Bargain hunters emerged capitalizing on stock price declines amid strong earnings growth. The economy remains resilient but faces challenges. Inflation has moved higher with oil prices elevated, but it is yet to be seen if increases will be temporary or more sustained. Undoubtedly, rising gas prices have hurt many Americans, and we will monitor the impact this might have on spending. The job market continues to look stable, which is often the key factor behind household consumption. The Fed is likely in a wait-and-see mode, even with Warsh taking over as chair, and the market is not expecting any moves by the Fed until 2027. As always, we encourage investors to stay focused on long-term goals and not let short-term market swings derail them.

Please Note: Most economic data has caught up from the government shutdown, however a few readings are still

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delayed and behind their typical schedule.

Economic Data

Event	Period	Estimate	Actual	Prior	Revised
ISM Manufacturing	Apr	53.2	52.7	52.7	—
ISM Services Index	Apr	53.7	53.6	54	—
Change in Nonfarm Payrolls	Apr	65k	115k	178k	185k
Unemployment Rate	Apr	4.30%	4.30%	4.30%	—
Average Hourly Earnings YoY	Apr	3.80%	3.60%	3.50%	3.40%
JOLTS Job Openings	Mar	6850k	6866k	6882k	6922k
PPI Final Demand MoM	Apr	0.50%	1.40%	0.50%	0.70%
PPI Final Demand YoY	Apr	4.80%	6.00%	4.00%	4.30%
PPI Ex Food and Energy MoM	Apr	0.30%	1.00%	0.10%	0.20%
PPI Ex Food and Energy YoY	Apr	4.30%	5.20%	3.80%	4.00%
CPI MoM	Apr	0.60%	0.60%	0.90%	—
CPI YoY	Apr	3.70%	3.80%	3.30%	—
CPI Ex Food and Energy MoM	Apr	0.30%	0.40%	0.20%	—
CPI Ex Food and Energy YoY	Apr	2.70%	2.80%	2.60%	—
Retail Sales Ex Auto and Gas	Apr	0.30%	0.50%	0.60%	0.70%
Industrial Production MoM	Apr	0.30%	0.70%	-0.50%	-0.30%
Building Permits	Apr P	1384k	1442k	1363k	—
Housing Starts	Apr	1410k	1465k	1502k	1507k
New Home Sales	Apr	660k	622k	682k	663k
Existing Home Sales	Apr	4.05m	4.02m	3.98m	4.01m
Leading Index	Apr	---	0.10%	-0.60%	—
Durable Goods Orders	Apr P	4.00%	7.90%	0.80%	1.30%
GDP Annualized QoQ	1Q S	2.00%	1.60%	2.00%	—
U. of Mich. Sentiment	May P	49.5	48.2	49.8	—
Personal Income	Apr	0.40%	0.00%	0.60%	0.50%
Personal Spending	Apr	0.50%	0.50%	0.90%	1.00%
S&P Cotality CS 20-City YoY NSA	Mar	0.90%	0.83%	0.90%	0.92%

Source: Bloomberg; P=Preliminary, T=Third Reading

For illustrative purposes only. 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 projections and actual events or results may differ materially.

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The manager utilizes a proprietary investment model to assist with the construction of the strategy and to assist the manager with making investment decisions. Investments selected using this process may perform differently than expected as a result of the factors used in the model, the weight placed on each factor, and changes from the factors' historical trends. There is no guarantee that Clark Capital's use of a model will result in effective investment decisions.

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.

The value of investments, and the income from them, can go down as well as up and you may get back less than the amount invested.

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.

JOLTS is a monthly report by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor counting job vacancies and separations, including the number of workers voluntarily quitting employment.

The Core Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The Core 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 PCE 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.

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 Dow Jones Industrial Average® (The Dow®), is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.

The Bloomberg Barclays 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.

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The Bloomberg 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.

The NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

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 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight or 0.2% of the index total at each quarterly rebalance.

The University of Michigan Consumer Sentiment Index rates the relative level of current and future economic conditions. There are two versions of this data released two weeks apart, preliminary and revised. The preliminary data tends to have a greater impact. The reading is compiled from a survey of around 500 consumers.

The Russell 1000 Index is a stock market index that tracks the highest-ranking 1,000 stocks in the Russell 3000 Index, which represent about 93% of the total market capitalization of that index.

The Russell 2000 Index is a small-cap stock market index that represents the bottom 2,000 stocks in the Russell 3000.

The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Russell 1000 Growth Index tracks companies with higher price-to-book ratios, higher sales per share growth, and higher I/B/E/S forecast growth.

Russell 1000 Value Index tracks companies with lower price-to-book ratios and lower expected and historical growth rates. Russell's value indexes focus more on dividend yield.

Nonfarm payrolls (NFPs) are the measure of the number of workers in the United States excluding farm workers and workers in a handful of other job classifications.

A municipal bond, commonly known as a muni, is a bond issued by state or local governments, or entities they create such as authorities and special districts.

The CBOE Volatility Index (VIX) is a real-time index that measures the expected volatility of the S&P 500 over the next 30 days.

The U.S. Treasury index is based on the recent auctions of U.S. Treasury bills. Occasionally it is based on the U.S. Treasury's daily yield curve.

The 30 Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of 30 years.

The Bloomberg Barclays 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 Bloomberg Barclays U.S. Credit Index measures the investment grade, U.S. dollar denominated, fixed-rate taxable corporate and government related bond markets.

The Bloomberg Aggregate Bond Index or "the Agg" is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

The Bloomberg US Trsy Bellwether 30Y is a U.S. Treasury debt obligation that has a maturity of 30 years.

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The ISM Non-Manufacturing Index 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.

ISM Manufacturing Index measures manufacturing activity based on a monthly survey, conducted by Institute for Supply Management (ISM), of purchasing managers at more than 300 manufacturing firms.

The MSCI Emerging Markets Index captures large and mid cap representation across 27 Emerging Markets (EM) countries.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 27 Emerging Markets (EM) countries*. With 2,359 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index seeks to measure the value of residential real estate in 20 major U.S. metropolitan areas. The U.S. Treasury index is based on the recent auctions of U.S. Treasury bills. Occasionally it is based on the U.S. Treasury's daily yield curve.

The Leading Economic Index provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term.

In the United States, the Core Personal Consumption Expenditure Price (CPE) Index provides a measure of the prices paid by people for domestic purchases of goods and services, excluding the prices of food and energy.

The Conference Board's Leading Indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.

Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period.