



Tony Soslow, CFA®
Senior Portfolio Manager

Tony serves as a portfolio manager in the Premier Portfolios group and is a member of the Clark Capital Investment Committee. He has over 25 years of portfolio management experience utilizing both a quantitative and fundamental process. From 1997 to 2013 Tony was the President and Chief Investment Officer of Global Capital Management which he founded. He was cited as a Top Guns Manager* in 2006 and 2007 and was named Manager of the Decade in 2011 by PSN. From 1986 through 1997, Tony was Director of Portfolio Management at RTE Asset Management where he was responsible for portfolio management across all asset classes. Tony is a graduate of the Wharton School of the University of Pennsylvania and holds the CFA designation.

*Top Guns Manager of the Decade is a recognition from Informa Investment Solutions PSN, an independent, national money manager database. This designation may not be representative of any one client's experience because the rating reflects an average of all, or a sample of all, the experiences of Mr. Soslow's GCM clients. This information does not reflect the experience of clients of Clark Capital Management Group, Inc. and is not indicative of future performance. For the periods when the designation was made, the recognition was for the GCM All Cap Core strategy managed by Mr. Soslow. Though the strategy was in the top ten, it was not ranked first in the top ten category for each period.

MISSION ACCOMPLISHED?

March 2017's employment statistics gave the Fed plenty to cheer about as the unemployment rate fell to the lowest level in over 10 years to 4.5% while the 12 month change in average hourly earnings was 2.7%. As other measures of inflation now approach the Fed's 2% objective, Yellen and Co. can safely claim "Mission Accomplished!" as both prongs of their dual mandate – full employment and contained 2% inflation – have been attained. Although naysayers would argue that the labor participation rate remains stubbornly low, it too has been gaining over the last few months as the now persistent +2.5% wage growth pulls in workers from the sidelines. Unfortunately, this magical economic state is static and provides our data-dependent Fed further justification for tinkering with rates, adjusting its balance sheet and utilizing other policy tools to "manage" the economy. To this end, the Fed further normalized interest rate policy in mid-March lifting the Fed Funds target to 1%. Anticipating continued economic strength, the Fed expects two additional rate hikes this year and potentially shrinking its bloated \$4.2 trillion balance sheet. As all good helicoptering parents know, just as you take your eye off your dependents, they get into trouble. With this in mind and a likely more cyclical economy moving forward, I am sure our Fed will monitor each data wiggle intensely.

Expectations vs. Reality on Economic Growth

Post-election and into 2017's first quarter, U.S. sentiment data soared as consumers, CEOs, small business owners and investors optimistically anticipated stronger economic growth on the shoulders of proposed tax reductions, less regulation and improved trade terms. In March, The Conference Board's CEO Confidence Index surged to 68, its highest level since 2004 and the Consumer Confidence Index rose to its highest level since December 2000. Historically, high and rising levels of this "soft-data" have been followed by outsized capital expenditures and purchases of consumer durables. Thus far, however, soft data gains have not directly translated and, as such, there is a building divergence of expected GDP gains based on the underlying algorithms of the modeling tools. For instance, the Atlanta Fed's GDPNow model currently shows real GDP rising by only 0.6% during the first quarter, while the New York Fed's NowCast model forecasts a 2.8% advance. While both the ISM Manufacturing and Non-Manufacturing indexes declined modestly from high levels in March, the sub-components of each show broad advances. Taken together, Yardeni Research estimates that the combined readings of the two ISM indexes correspond to a 2.6% annualized real GDP.

Invest Abroad!

Do it, for no other reason than it may be time to rebalance your portfolio. For the five years ending 2016, the Russell 3000 — a broad-based, capitalization-weighted index of U.S. equity prices — soared 14.67%/year, sharply outperforming the MSCI All Country World ex U.S.A. Index which only gained 5%/year. Investors who originally crafted a balanced equity portfolio of 80% U.S./20% International in 2011 are now meaningfully out-of-whack as the weightings, if untouched, would now be 86%/14%. As you expect, valuations abroad in both developed and emerging markets remain historically cheap compared to the U.S. and economic

Past performance is not indicative of future results.

This is not a recommendation to buy or sell a particular security. Please see attached disclosures.

First Quarter 2017 — Portfolio Commentary

acceleration is becoming a globally synchronized event. At the end of March, the MSCI EMU had a forward P/E of 14.6 — a discount of 19% — compared to the U.S. MSCI forward P/E of 18.0. Importantly, expansionary Purchasing Manager Indexes (PMIs) are not just a U.S. phenomenon as the Global Composite PMI at 53.8 approaches its 22-month high. I am guessing that relative international equity outperformance in the first quarter (ACWI +7.92% vs. Russell 3000 +5.52%) is the beginning of a longer trend.

ADR's Quality/Value Bias Remains Compelling

The Navigator International Equity/ADR strategy delivered annualized gains of 6.64% gross (3.50% net) vs. the gain of 0.56% for the MSCI All Country World ex USA Index over the last three years. For the first quarter of 2017, the strategy gained 9.12% gross (8.32% net) vs. the 7.86% gain in the MSCI All Country World ex USA Index. Since its inception, International Equity/ADR remains in the top 2% of its Morningstar manager peer group. Our holdings in Financials and Utilities, such as Grupo Financiero Galicia and Cia Paranaense de Energia, helped performance in the first quarter while our holdings in Materials and Technology, such as UPM-Kymmene OYJ and Orbotech Ltd, acted as a drag. In the quarter, strong performance in our positions in Argentina and Brazil was offset by weaker performance in Japan and Israel. The value characteristics of the ADR strategy remain more compelling than both its U.S. and international benchmarks as the current P/E of 15.2 is less than that of the S&P 500 (20.3) and EAFE (21.7) with similar quality and business growth characteristics.

First Quarter 2017 — Portfolio Commentary

The opinions expressed are those of the Clark Capital Management Group Investment Team. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. There is no guarantee of the future performance of any Clark Capital investment portfolio. Material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, other investments or to adopt any investment strategy or strategies. For educational use only. This information is not intended to serve as investment advice. This material is not intended to be relied upon as a forecast or research. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Past performance does not guarantee future results.

All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met.

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). 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.

Gross performance shown is presented gross of investment advisory fees and includes the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net performance includes the deduction of a 3.0% annual wrap fee, which is the highest anticipated wrap fee charged by any sponsor. Management and performance of individual accounts will vary due to differences such as the availability of securities, trading implementation or client objectives, and market conditions. For a fee schedule, please contact your advisor or refer to AssetMark's Form ADV Part 2A. If you enter into an agreement directly with Clark Capital, refer to Clark Capital's Form ADV Part 2A. The Firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

There is no assurance that any securities, sectors or industries discussed herein will be included in or excluded from an account's portfolio. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendation or decisions we make in the future will be profitable or equal to the investment performance of the securities discussed herein. All recommendations from the last 12 months are available upon request.

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 S&P SmallCap 600 measures the small cap segment of the U.S. equity market. The index is designed to be an investable portfolio of companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

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 11% of Russell 3000 total market capitalization.

The Dow Jones Industrial Average is a stock market index that shows how 30 large publicly owned companies based in the U.S. have traded during a standard trading session in the stock market.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performers of developed markets outside the U.S. and Canada.

The MSCI Emerging Markets Index is a free float adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The MSCI All Country World ex USA Total Return (MSCI ACWI) is 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 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.

The CBOE Volatility Index (VIX) is a forward looking index of market risk which shows expectation of volatility over the coming 30 days.

The MSCI EMU Index (European Economic and Monetary Union) captures large and mid cap representation across the 10 Developed Markets countries in the EMU. The index covers approximately 85% of the free float-adjusted market capitalization of the EMU.

The volatility (beta) of a client's portfolio may be greater or less than its respective benchmark. It is not possible to invest in these indices.

Barclays U.S. Government/Credit Bond Index measures the performance of U.S. dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year.

The Barclays 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 B of A Merrill Lynch U.S. High Yield Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Barclays 7-10 Year Treasury Index tracks the investment results of an index comprised of the U.S. Treasury bonds with remaining maturities between seven and ten years.

The Barclays 20+ Year Treasury Index tracks the investment results of an index comprised of the U.S. Treasury bonds with remaining maturities greater than twenty years.

The Barclays Long-Term Year Treasury Index tracks the performance of the long-term U.S. government bond market.

The 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 Barclays U.S. Treasury Bond Index is an issuances-weighted index measuring the performance of the U.S. Treasury bond market, one of the largest and most liquid government bond markets in the world.

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.

Morningstar is the largest independent research organization serving more than 5.2 million individual investors, 210,000 Financial Advisors, and 1,700 institutional clients around the world.

For each separate account with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a separate account's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of separate accounts in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a separate account is derived from a weighted average of the performance figures associated with its three-, five- and ten-year Morningstar Rating metrics.

©2017 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Clark Capital Management Group, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Clark Capital's advisory services and fees can be found in its Form ADV which is available upon request.

The ranking shown may not be representative of any one client's experience because the rating reflects an average of all, or a sample of all, the experiences of the adviser's clients and is not indicative of the adviser's future performance.