



Maira F. Thompson
Senior Portfolio Manager

Maira is responsible for management of High Dividend Equity and customized portfolios in the Premier Portfolios group and is a member of the Clark Capital Investment Team. Her more than thirty years of investment experience included the position of Vice President and head of the Philadelphia Investment Group for Meridian Asset Management. After Delaware Trust became part of Meridian, Maira managed their Trust Investment Group in Wilmington, Delaware. In the 1980s Maira managed assets for high net worth clients and co-managed a small cap fund for Fidelity Bank in Philadelphia. She began her career as a trader with Prudential Bache Securities and a licensed broker for Legg Mason Wood Walker. Maira is a graduate of Ohio Wesleyan University and undertook additional studies in economics at the London School of Economics. She joined Clark Capital in 1997.

SECOND WIND FOR DIVIDEND STOCKS

The market reversed course in the first quarter with the S&P 500 Index climbing 13.1% after a bruising fourth quarter decline which narrowly missed the 20.0% bear market territory. Historically, when the S&P 500 Index gains 10.0% or more in the first quarter, 9 out of 10 times the balance of the year is positive suggesting the bulls could remain in charge for the year.

The Federal Reserve's change in direction by promoting a more dovish tone created fuel injection to move the equity market higher. Dividend stocks also experienced renewed strength as the 10-year Treasury yield declined 28 basis points to a low of 2.4%. According to Ned Davis Research, the number of stocks with a dividend yield higher than the 10-year Treasury increased to 32.0% from a long-term average of 15.0%.

Ten long years after the market low during the financial crisis, the 10-year Treasury yield is trading in the same range as March 2009, while the S&P 500 Index is higher by over 400.0%. Our focus remains on the dividend growers for their strong earnings profile versus the highest yielding dividend stocks.

Portfolio Positioning

The healthcare sector went from the best-performing sector in 2018 to the worst-performing in 2019. As the 2020 election looms closer, political pressures mount against rising drug and insurance prices. In addition, disappointing drug trials and subpar earnings growth continue to plague the industry. Longer term, the sector is attractive for its defensive properties and above average dividend yields but we remain underweight until the earnings picture improves.

The top performing sectors included information technology (+19.8%), industrials (+17.2), and real estate (+17.0%) while the underperformers were health care +6.5%, financials (+8.5%) and basic materials (+10.3%). The portfolio ended the first quarter underweight the healthcare, financials and utilities and overweight industrials, information technology and staple sectors.

New positions in the portfolio included Automatic Data Processing, Inc., Bank of America Corp, BHP Group, Cinemark Holdings Inc., Eaton Corporation and Philip Morris International Inc. Over the quarter, the portfolio sold out of CVS Health Corporation, Medtronic Inc, Abbvie Inc, Nordstrom, Total S.A. and Occidental Petroleum Corp.

Source: Bloomberg, Ned Davis Research



Navigator® High Dividend Equity

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First Quarter 2019 — Portfolio Commentary

Ticker	Quarter Ending March 31, 2019	Average Weight (%)	Contribution To Return (%)
Top 5 Contributors			
LUKOY	Oil Company LUKOIL PJSC Sponsored ADR	3.14	0.77
CSCO	Cisco Systems, Inc.	2.70	0.63
BA	Boeing Company	2.18	0.50
OKE	ONEOK, Inc.	1.94	0.48
UNP	Union Pacific Corporation	2.11	0.44
Top 5 Detractors			
CVS	CVS Health Corporation	1.49	-0.18
BMJ	Bristol-Myers Squibb Company	1.41	-0.14
ABBV	AbbVie, Inc.	0.35	-0.14
ALK	Alaska Air Group, Inc.	0.45	-0.12
MDT	Medtronic plc	0.07	-0.07

Source: FactSet as of March 31, 2019

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 performance during the period, contact PortfolioAnalytics@ccmg.com.

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



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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 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 freefloat-adjusted market capitalization index that is designed to measure equity market performance in the global 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.

Bloomberg Barclays Capital 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 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.

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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.