ClarkCapital MANAGEMENT GROUP

Monthly Moves

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Clark Capital's Bottom-Up, Fundamental Strategies

The S&P 500 and Nasdaq Composite endured seven weekly declines along with the Dow Jones Industrial Average's eight straight weekly declines. The S&P 500 rallied the last week of the month, rising 4.0%, yet it is still down 14.9% for the year. During the last week of May, rhetoric shifted from bad to good with a moderation in the year over year rates for the price indexes, which supports a peak inflation narrative. The core PCE Price Index, the one the Fed watches closely, was up 4.9% year over year, versus 5.2% in March.

Dividend and dividend growth stocks have faired well this year, and Energy is our High Dividend portfolio's sole sector overweight relative to its benchmark weight. We continue to transition our equity portfolios with both an eye towards antifragility and diversification as the higher certainty of future Fed tightening and Quantitative Tightening, and its negative repercussions, seems greater than the likely transitory nature of improved trends here and there.

On the fixed income side, May was the first month this year that saw positive total returns. Overall, the rates market rallied as 10-year Treasuries fell to 2.84% and 2-year Treasuries dropped to 2.56% at month end.

Below are strategy updates from May:

All Cap Core U.S. Equity

- Navigator® All Cap is positioned with approximately 65.3% in large-cap stocks and the remainder in mid/small-cap companies and cash.
- During the month, we added an investment bank and financial services company, a computational software company, a financial technology company, a manufacturer and marketer of branded consumer foods, a pharmaceutical company, a manufacturer and marketer of high-end tools and equipment, an analytical laboratory instrument manufacturing company, and a home improvement, agriculture, lawn and garden maintenance company.
- We exited our positions in a machine industry company, a company that designs, manufactures, and markets professional, medical, industrial, and commercial products and services, a pharmaceutical company, a cloud data services and data management company, a multinational consumer goods corporation, and a multinational retail chain.
- Albeit underweight to the benchmark, Information Technology remains the largest sector weight in the strategy at 20.8%.

High Dividend Equity

- The portfolio is positioned with 89.5% large-cap exposure, 9.1% in mid-caps, and the remainder in cash.
- The largest portfolio weight is in Healthcare at 18.0%, followed by Financials and Technology with portfolio weights of 17.9% and 10.8%, respectively.
- We further diversified our Utility exposure with the addition of an electric and gas company with infrastructure and renewables exposure.

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- We believe the Energy sector remains attractively valued. As such, we realized a capital gain in a drilling company and purchased a natural gas liquids company, which projects rising earnings and revenue growth into 2023.
- We continue to diversify from our bank exposure into diversified Financials, which we believe may benefit in a rising rate environment.
- Top contributing sectors during the month were Industrials, Consumer Staples, and Energy. Detractors included Financials, Consumer Discretionary and Utilities.

International Equity ADR

- Navigator® International Equity/ADR is positioned with 14.1% in emerging markets with the balance in developed economies and cash.
- Britain, Canada, and Japan are the strategy's largest country weights, all ranging between 10% and 13%.
- During the month, we added a global provider of insurance products, a German telecommunications company, a Swiss multinational food and drink processing conglomerate corporation, a diversified natural resources company, and a German motor vehicle manufacturer to the portfolio.
- We exited our positions in a Japanese multinational food and biotechnology corporation, a consumer electronics company, an Indonesian multinational telecommunications company, and a Japanese automotive manufacturer.
- Although our exposure to Russian equities has been reduced to less than 0.10%, these portfolio positions harmed relative performance by approximately 2.00% this year.
- Financials, Healthcare, Industrials, and Information Technology remain our largest sector weights.

Taxable Fixed Income

- May 2022 was the first month this year that saw positive total returns.
- We continue to position the portfolio in shorter, higher yielding bonds that will mature off. We couple this with buying what we believe are high quality longer bonds, which we believe are are trading to cheap compared to intermediate bonds.
- We took advantage of the late-month rally to reduce exposure in home builders as we believe the higher interest rates and slowing economy could impact them negatively over the rest of the year.
- We offset this by buying higher quality Energy names and continued to add to some of the longer dated banks. We believe that this barbell approach will provide the best opportunity for total return moving forward.

Tax-Free Fixed Income

- At the end of the month, the market staged an impressive turnaround, rallying just over 2% to finish the month in the green.
- The wave of retail and professional buying, sparked by improved total returns and attractive relative value, was impressive in its breadth and depth.
- The yield curve, as measured by the Bloomberg BVAL AAA callable curve,

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steepened 14 basis points in the 3-year to 30-year tranche.

- May's new issue supply was lower than the same period last year ($19 billion versus $23 billion). This shortfall may partially be attributable to the volatile rate environment.
- Flows out of munis were overwhelming for the first 3 weeks of the month, with a 3-period average of $2.6 billion leaving funds. By month's end, things began to get more constructive, and outflows ebbed to $527 million.

Clark Capital's Top-Down, Quantitative Strategies

The selling pressure that had materialized over the past couple months continued for much of May, with the S&P 500 falling 5.6% through May 20th. The Index finished the month with a strong rally, recouping all the early loses and eking out a 0.18% gain in May. In fact, most major indices recovered into the end of the month and posted monthly gains including the Russell 2000 Index, the Bloomberg Barclays High Yield Index, and the Bloomberg Barclays 7-10 Year Treasury Index.

The strength near the end of the month had a positive influence on our credit-based risk management models, which resulted in many of our tactical strategies going risk-on as the month ended. Credit improvement is a welcome sign for a market as it tries to stabilize from the near 20% decline in the major indices.

Below are strategy updates from May:

Alternative

- Managed Futures, and their ability to be tactically short interest rates and long commodities, were some of the strong performers throughout the decline.
- As we believe that a bottoming process may be underway, we reduced our exposure to managed futures in mid-May and performed tax-loss selling across equities and fixed income where losses were large enough to capture.

Fixed Income Total Return

- A strong positive reversal in credit markets in late May caused us to turn bullish over two days near the end of May. As of June 1st, the portfolio is 100% invested in high yield.
- From the end of December until mid-May, high yield spreads rose by over 200 basis points.
- When we first moved to 50% cash in January, spreads were 3.4%, and we re-entered 100% High Yield with spreads at 4.1%.

Global Tactical

- The portfolio underwent considerable changes in May, as we first moved to a 100% cash position in mid-May. But soon afterwards, a strong rally in credit drove us into a 50% position in equities and then 100% bullish position in equities over two days at the end of May.

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- Going into June, the portfolio is 100% invested in equities, with 70% positioned in U.S. equities and 30% positioned in international equities.

Sector Opportunity

- As positions have faded in our ETF matrix, we have increased our position in the S&P 500 Index to 44%.
- Our holdings reflect a choppy bottoming process, with defense-oriented Utilities, insurance, and Healthcare combined with aggressive and inflation-oriented Energy, Materials, and agribusiness.

Style Opportunity

- Our style and factor matrix continues to favor high dividend and large-cap value ETFs.
- However, minimum volatility has fallen out of favor, and as the decline has developed and a potential bottoming has begun, the portfolio has increased its position in the S&P 500 Index to 52%.
- After large declines occur, we tend to increase our benchmark index positions so that we are not too defensive during the early stages of the recovery process.

U.S. Strategic Beta

- The portfolio performed some tax loss selling during May, and invested proceeds in relatively beaten down growth stocks, which have at least stabilized versus value stocks.
- Cycle and technical measures point to a potential bottom near the end of June, and at that time, the portfolio could turn more aggressive.

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The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

The Bloomberg Barclays 7-10 Year Index measures the performance of the U.S. Government bond market and includes public obligations of the U.S. Treasury with a maturity of between seven and up to (but not including) ten years.

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

The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower expected and historical growth values.

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe.

The 2 Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of 2 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 Rate is the yield received for investing in a US government issued treasury security that has a maturity of 10 year. The 10 year treasury yield is included on the longer end of the yield curve. Many analysts will use the 10 year yield as the "risk free" rate when valuing the markets or an individual security.

Bloomberg Barclays U.S. Aggregate Bond Index: The index is unmanaged and measures the performance of the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries and government-related and corporate securities that have a remaining maturity of at least one year.

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.

A municipal bond is a debt security issued by a state, municipality, or county to finance its capital expenditures, including the construction of highways, bridges, or schools. They can be thought of as loans that investors make to local governments.

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 securities of mid-cap companies may be subject to more abrupt or erratic market movements and may have lower trading volumes.

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.

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