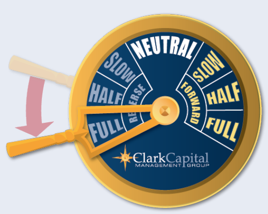
ClarkCapital MANAGEMENT GROUP

Monthly Moves

Charting Our Strategies

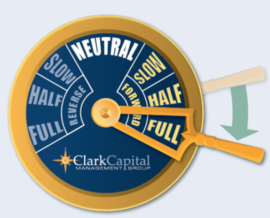
Economic Gauges

Economy



Monetary Policy

Valuations



Investor Sentiment

Interest Rates

Clark Capital's Bottom-Up, Fundamental Strategies

Despite growing risks of a 2023 recession from leading economic indicators, coincident indicators, and an inverted yield curve, small-cap and value U.S. equities indices posted +10% returns in October. So far, 263 S&P 500 Index companies have reported earnings and, in aggregate, companies are beating on the top - and bottom - line. However, as the U.S. economy continues to weaken, there are an increasing number of downward revisions.

Large-cap growth and international equities underperformed as the previous cycle's large-cap growth leaders posted weak earnings or provided uninspiring forward guidance. Across our bottom-up equity strategies, we continue to navigate portfolios towards antifragile business models and away from companies that we believe have deteriorating business momentum as we perceive the negative earnings revision cycle may be in its early innings.

Fixed income markets continue to be challenging with continued outflows, stressed liquidity, and uncertainty over the future pace of Fed rate hikes. The 10-year U.S. Treasury Note yield rose to 4.24% during the month, before settling in and closing the month at 4.05%. The Tax-Free Fixed Income portfolio has been aggressively managing duration and extension risk, taking advantage of illiquidity to purchase attractive names at wider than usual spreads and percentages of Treasuries. Within the Taxable Fixed Income portfolio, the continued emphasis on shorter duration, higher yielding names, coupled with higher quality 7-year names resulted in reducing credit risk while increasing the overall yield in the portfolio.

Below are strategy updates from October:

All Cap Core U.S. Equity

- The strategy is positioned with 67.3% in large-cap stocks and the remainder in mid/small-cap companies and cash.
- During the month, we added an investment banking company to the portfolio. We exited our positions in a computer software company, an oil and natural gas company, and a financial services company.
- Albeit underweight to the benchmark, Information Technology remains the largest sector weight in the strategy at 17.8%.

High Dividend Equity

- Financials represent the largest sector weight at 19.8% and slightly below the benchmark 20.0%.
- The next two largest portfolio weights are Healthcare and Information Technology at 19.0% and 10.6%, respectively.
- Two retail chains were purchased during the month after making progress with price increases and inventory controls while consumer spending remains strong into year end.

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- During the month, we sold a payment services provider for a tax loss. Positions in two banks were raised by 1.0% overall due to improved margins in the current rising rate environment.

International Equity ADR

- Britain, Canada, and Switzerland are the strategy's largest country weights, all ranging between 8% and 18%.
- During the month, we added an electronics manufacturing services company, a Mexican banking company, and a Swiss multinational food and drink processing conglomerate to the portfolio. We exited our positions in a British multinational universal bank and financial services holding company and a multinational insurance holding company headquartered in Tokyo.
- The portfolio has begun to reduce its underweight position in China as initial signs of improving business and lifting of regulatory burden appear.
- Consumer Discretionary, Consumer Staples, Financials, Healthcare, and Information Technology remain our largest sector weights.

Taxable Fixed Income

- October saw a continued march higher for interest rates and credit spreads as inflation remained elevated. The investment grade markets saw spreads tighten a basis point over the month, but they traded in line with rates during the month, hitting a cycle wide in option adjusted spread (OAS) of 165 basis points in mid-October before rallying to close out the month at 158 basis points.
- Within the portfolio, the continued emphasis on shorter duration, higher yielding names, coupled with higher quality 7-year names resulted in the portfolio reducing overall credit risk while increasing the overall yield in the portfolio. The yield to worst and current yield both climbed to 5.70% and 4.25%, respectively.
- We continued to add names in the Energy and Utility sectors during the month. The portfolio also added agency mortgages.
- We believe the market has already priced in a worst-case scenario for the mortgage market and we now view it as a way to help increase yield while maintaining high quality within the portfolio.

Tax-Free Fixed Income

- Investors withdrew $13.6 billion from the asset class during October (as of 10/19/2022) as the Fed's continued tightening factored into investor redemptions.
- Our strategy within the Tax Free Fixed Income portfolio has not deviated. We continue to consolidate positions to seek economies of scale, increase block size where possible for an enhanced liquidity profile, manage duration and extension risk, and take advantage of illiquidity to purchase what we believe are attractive names at wider than usual spreads and percentages of Treasuries.

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- Weakness also affords the opportunity to add corporate backed municipal bonds at wider than normal credit spreads, with yields that compare favorably to their taxable counterparts.
- The month's sell-off kept muni rates high, and stemmed a rally in relative value, keeping munis from becoming "rich" to their Treasury counterparts.
- Despite some steepening this month, the curve's overall flatness compels us to deploy more readily in the front end of the curve.

Clark Capital's Top-Down, Quantitative Strategies

The major market indices staged a strong recovery rally during the month of October, with most equity indices bottoming in late September to mid-October. From a technical perspective, the markets were set up to rebound with overly pessimistic investor sentiment, an extreme oversold condition, and seasonal tailwinds heading into October.

The S&P 500 gained 8.10%, the Russell 2000 Small Cap Index gained 11.01%, and the MSCI ACWI ex-US gained 2.99%. Fixed income benchmarks were mixed with the 7-10 Year Treasury Index -1.42%, the Aggregate Bond Index -1.30%, and the High Yield Index up 2.60%.

The Style Opportunity portfolio has moved out of defensive positions like minimum volatility and has shifted into mid-cap value, momentum, and large-cap value sectors such as Energy, Financials, Industrials. At the end of October, our credit-based risk management models that drive the allocation of Fixed Income Total Return and Global Tactical strategies shifted from favoring cash and capital preservation vehicles to risk-on positions in high yield and global equity.

Below are strategy updates from October:

Alternative

- Within the portfolio's core, managed futures, and their ability to short fixed income and short currencies, still lead the way.
- The portfolio increased its beta in October, selling short-term investment grade bonds and buying or adding to merger arbitrage, agribusiness, natural resources, biotechnology, listed private equity, and growth stocks. We continue to avoid duration and fixed income.

Fixed Income Total Return

- At the end of October, our models shifted from favoring cash and capital preservation vehicles to investing in risk-on credit and high yield.
- High yield began to outperform Treasuries and cash after the market's dramatic intraday reversal on October 13th (when markets

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reversed upwards after an initial shock CPI report).

- Our models turned positive later in October, and we moved into a 100% high yield position on October 28th.
- Our expectation is that markets should be positive through the end of the year, but 2023 may present challenges if we have a hard economic landing.

Global Tactical

- The portfolio favored cash vehicles and defensive positions during most of October, but our models turned positive late in October, and we moved to a 100% risk-on position.
- From August 30th through October 28th (when we favored cash equivalent vehicles), the S&P 500 declined 1.9% and broad international equities declined 6.2%. U.S. Treasuries did not offer a safe haven and fell 6.1%.

Sector Opportunity

- The portfolio has positioned itself in cyclical value areas of the market, including banks, broker dealers, Energy, and Industrials.
- Technology and Consumer Discretionary have persistently trailed in our rankings, and recently Utilities have faded as well.

Style Opportunity

- The portfolio has steadily shifted out of defensive positions like the S&P 500 minimum volatility and into mid-cap value, momentum, and large-cap value.
- Persistent solid performance from Energy, Financials, and Industrials drove us towards favoring value, and generally away from large-cap growth, which continues to struggle as mega-cap Technology stocks miss earnings and lag.

U.S. Strategic Beta

- In October, the portfolio pursued a second round of tax-loss selling activity, and new purchases increased our stance towards risk.
- We increased our positions in mid-cap value, mid-cap growth, small-cap value and small-cap growth. We reduced our positions in large-cap growth and sold minimum volatility.

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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 of an investment), credit, payment, 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).

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. Treasury yield is the return on investment, expressed as a percentage, on the U.S. government's debt obligations. Looked at another way, the Treasury yield is the effective interest rate that the U.S. government pays to borrow money for different lengths of time

The S&P 500 Index is a stock market index tracking the performance of 500 large companies listed on stock exchanges in the United States.

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.

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.

The Russell 2000 is a stock market index made up of 2,000 small-cap US companies. It is a widely used performance benchmark for funds that invest in small-cap equities.

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.

The US High-Yield Market Index is a US Dollar-denominated index which measures the performance of high-yield debt issued by corporations domiciled in the US or Canada.

The U.S. Treasury 7-10 Year Bond Index is a market value weighted index that includes publicly issued U.S. Treasury securities that have a remaining maturity of greater than seven years and less than or equal to ten years.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries*. With 2,274 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

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.

Proprietary Model means the probability and risk analysis model developed by the Company Subsidiaries in the form utilized by the Company Subsidiaries at the Effective Date, subject to material modifications as agreed by Trenwick and Option Writer.

The option-adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option.

International Securities means securities listed on a foreign stock exchange and includes, but is not limited to stocks, shares, bonds, debentures or other debt securities, notes, rights, units, options and any other instruments representing rights to receive, purchase or subscribe for same.

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