For Financial Advisor and Broker Dealer Use Only. Not for Distribution to the Public.

Market Outlook 2023

K. Sean Clark, CFA®
EVP, Chief Investment Officer

Tuesday, January 10th, 2023

Clark Capital Management Group

Perspective…

Domestic Equity		2019 - 2021	2022	2019 - 2022
	S&P 500	100.29%	-18.13%	63.98%
	Russell 1000	100.97%	-19.14%	62.50%
	Russell 2000	72.75%	-20.46%	37.40%
	Russell 3000	98.96%	-19.22%	60.71%
	Russell 1000 Value	62.71%	-7.56%	50.40%
	Russell 1000 Growth	141.00%	-29.14%	70.77%
International Equity				
	MSCI Emerging Market	36.54%	-20.09%	9.11%
	MSCI All Country World (ex US)	44.97%	-16.00%	21.77%
Fixed Income				
	BBgBarc U.S. Aggregate Bond	15.08%	-13.01%	0.10%
	BBgBarc U.S. Treasury	12.73%	-12.46%	-1.32%
	BBgBarc U.S. Corporate	24.55%	-15.76%	4.92%
	BBgBarc U.S. Corporate High Yield	28.91%	-11.19%	14.49%
	BBgBarc Municipal	14.86%	-8.53%	5.06%

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

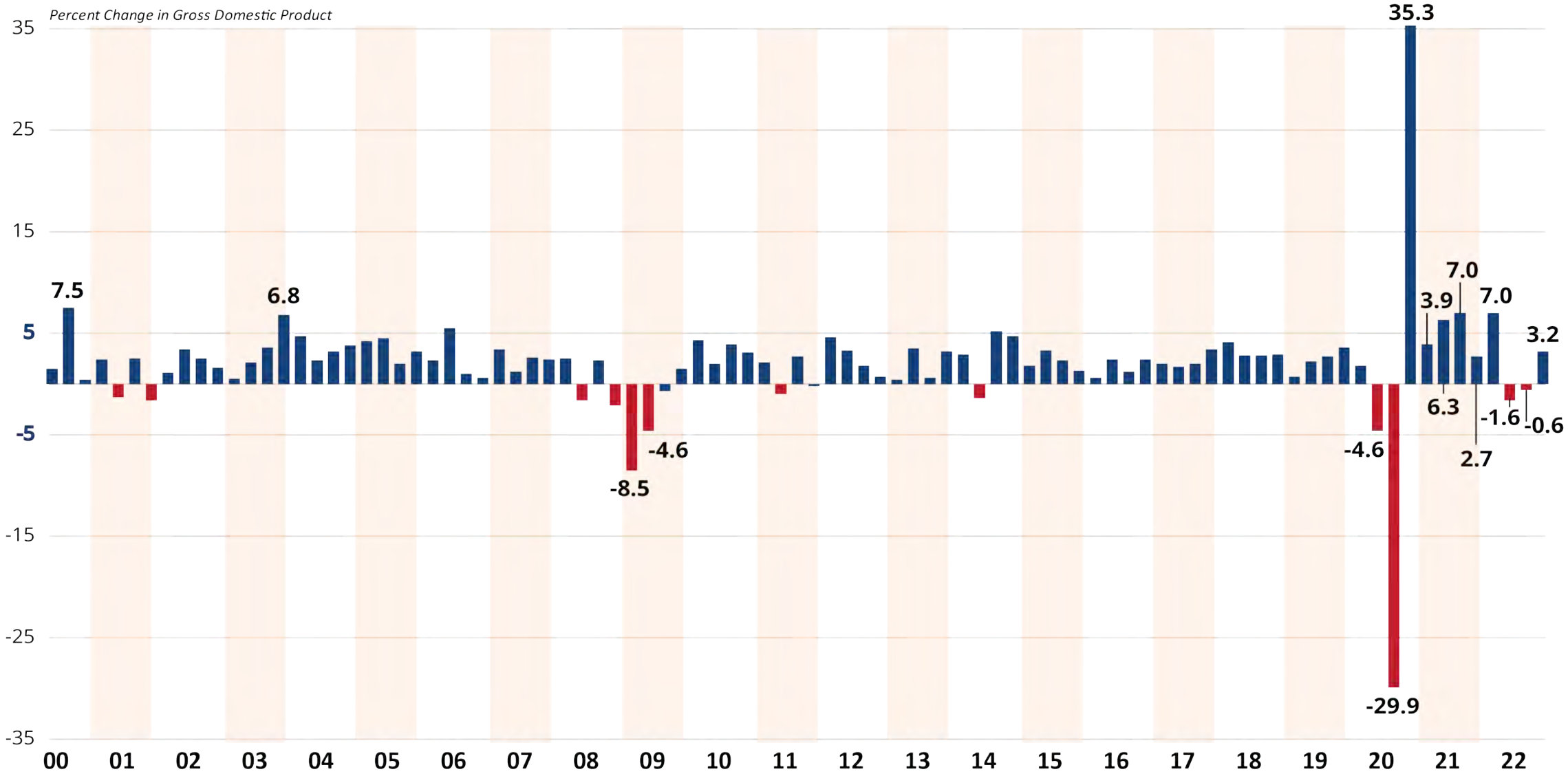
2023 Outlook – Executive Summary

We believe:

- The economy ended 2022 on a strong note, advancing in the second half of the year despite negative growth in the first half. Economic momentum is likely to carry into early 2023, but growth should weaken in Q2 and Q3.
- Economic indicators including Leading Indicators, the yield curve, manufacturing indices, housing, and the cumulative effect of monetary tightening suggest the odds of at least a mild recession are increasing for the 2nd half of the year. We expect the economy to grow only 0.5% in 2023.
- It is rare for the S&P 500 to post back-to-back years of negative returns. High yield bond losses in 2022 suggest a positive roadmap for stocks and high yield bonds in 2023. S&P 500 target of 4200.
- Inflation is set to continue moderating and could well be near the Fed's target in the 2nd half of the year. CPI y/y should fall to 3% with the potential for a downside surprise.
- Federal Reserve is in the late innings of rate hikes. We expect the final rate hikes to occur in Q1, then pause.
- The 10-year Treasury Note yield to digest gains, with 2022 high of 4.2% likely capping yields. The yield curve should steepen as the market prices in the end of the tightening cycle. Credit and duration should rebound from a miserable 2022.
- Risks to the outlook include: Federal Reserve policy error, recession, earnings revision cycle/negative earnings growth, geopolitics (Russia/Ukraine, China/Taiwan, China COVID policy).

United States GDP Annualized Growth

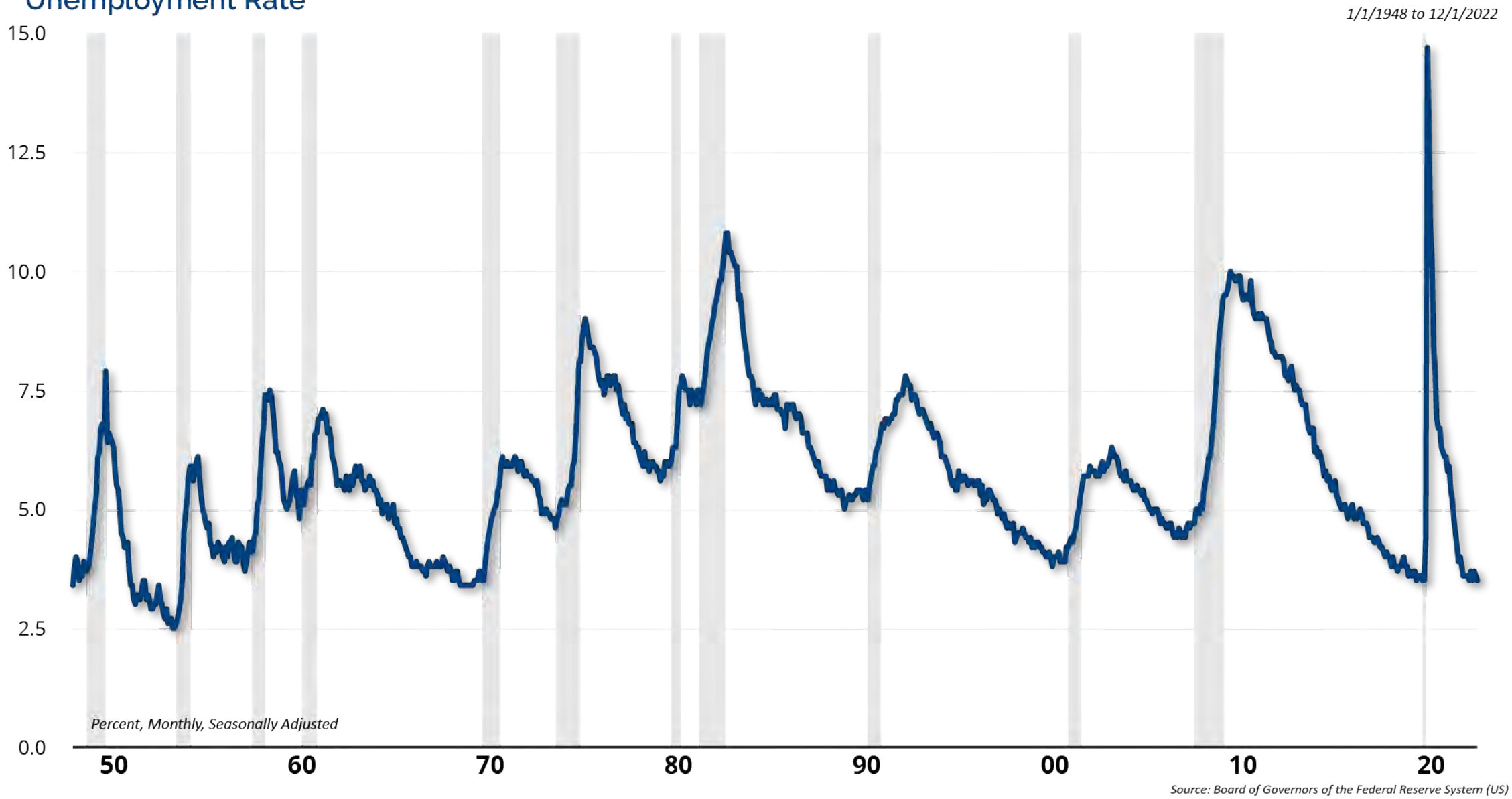
3/31/2000 to 9/30/2022



Source: Bloomberg

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

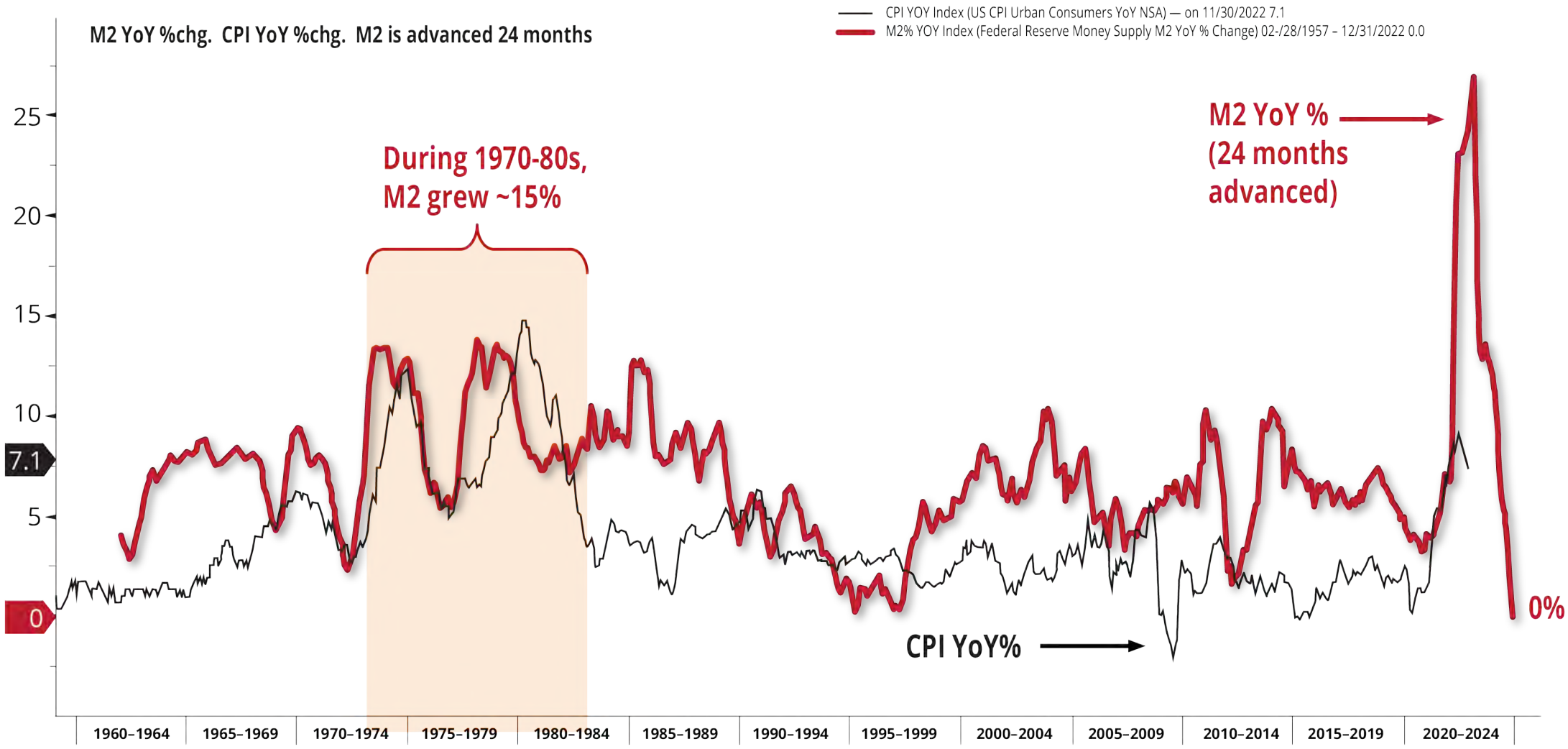
Unemployment Rate



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

M2 vs CPI

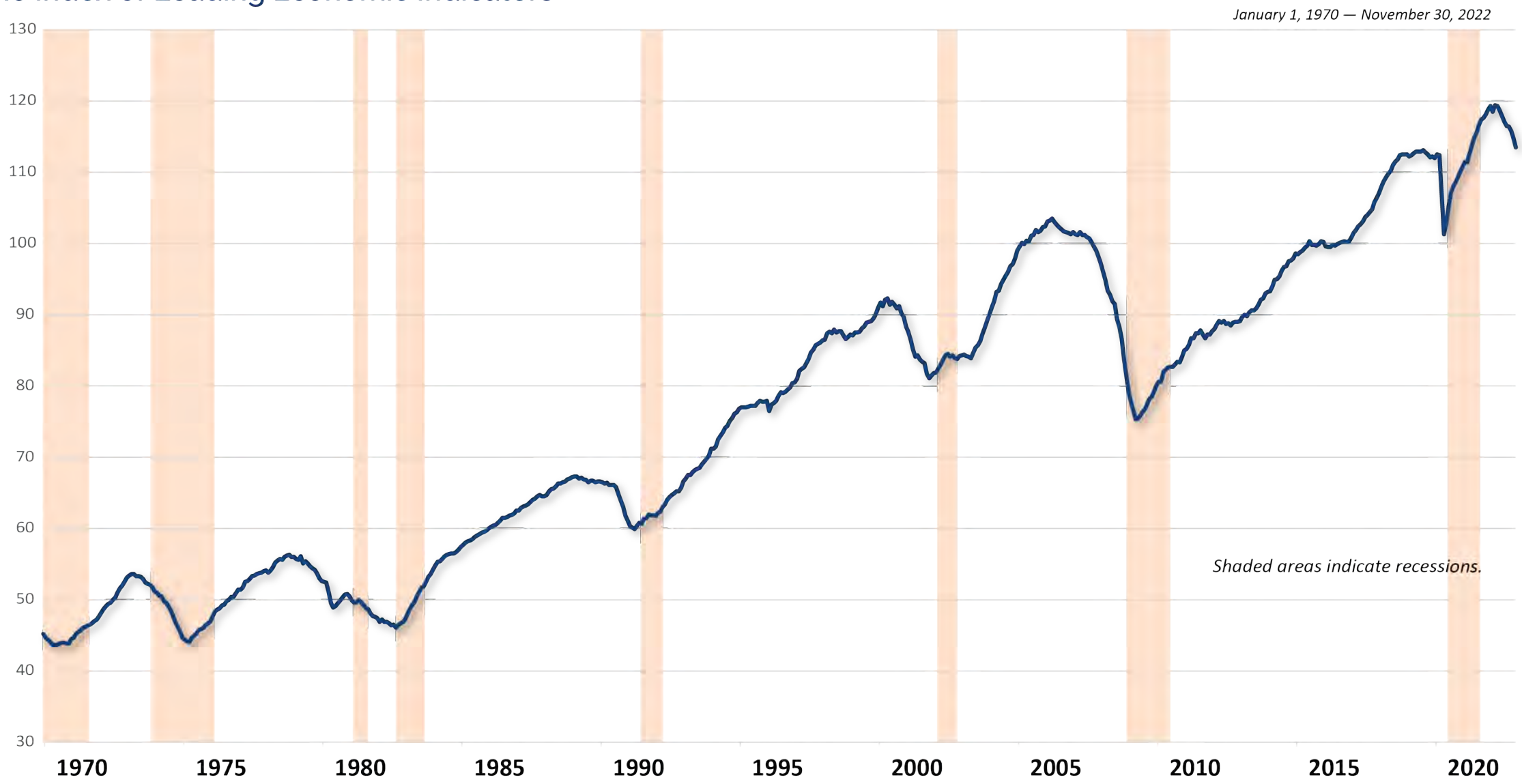
M2: Set to Turn Negative YoY in November = Falling Inflation



Source: Fundstrat, Federal Reserve, Bloomberg Finance L.P.

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

The Index of Leading Economic Indicators

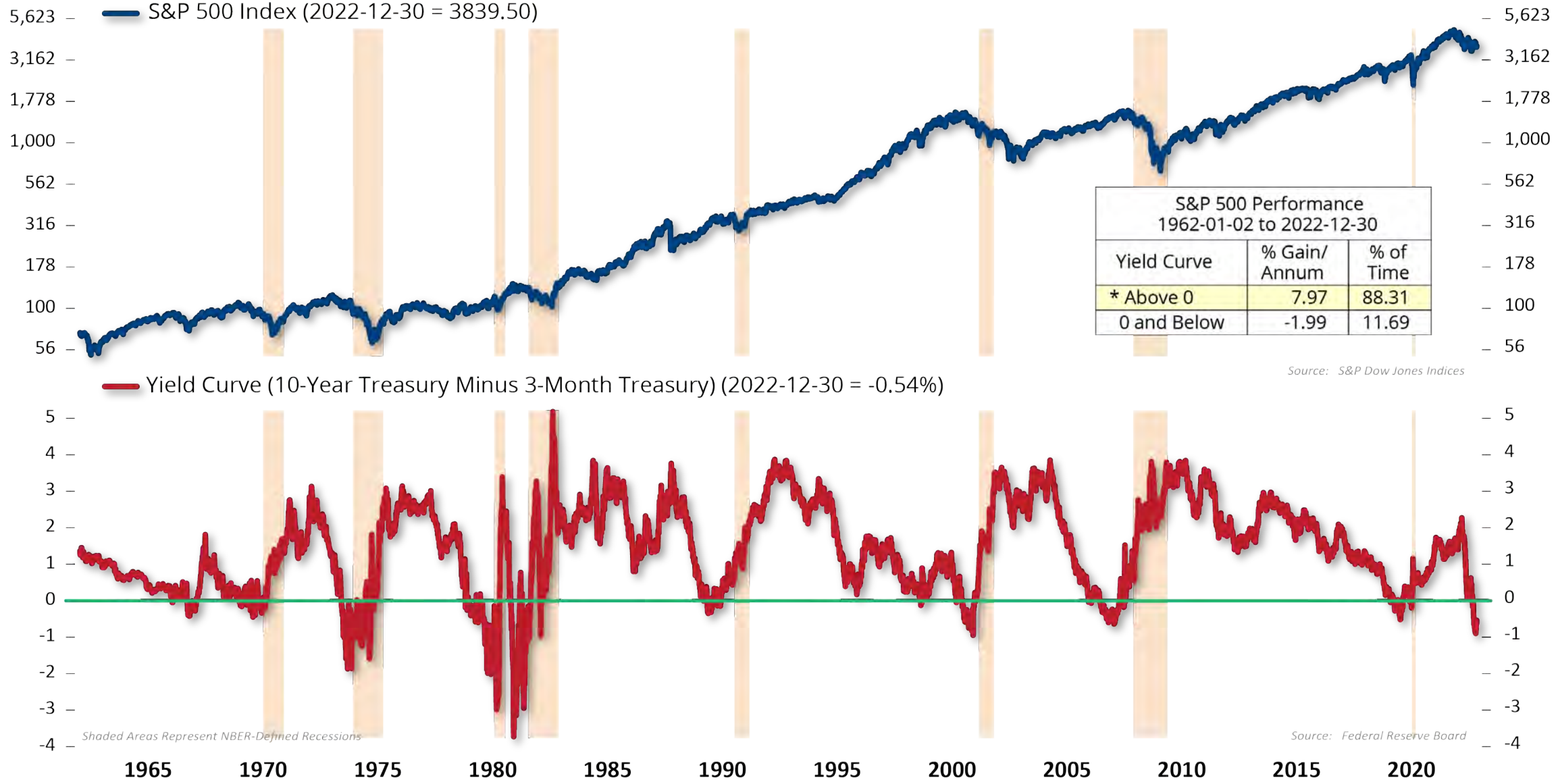


Source: Bloomberg, National Bureau of Economic Research

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

S&P 500 vs. Yield Curve (10-Year Minus Three-Month)

Daily Data 1962-01-02 to 2022-12-30 (Log Scale)



S&P 500 Performance 1962-01-02 to 2022-12-30		
Yield Curve	% Gain/ Annum	% of Time
* Above 0	7.97	88.31
0 and Below	-1.99	11.69

Source: S&P Dow Jones Indices

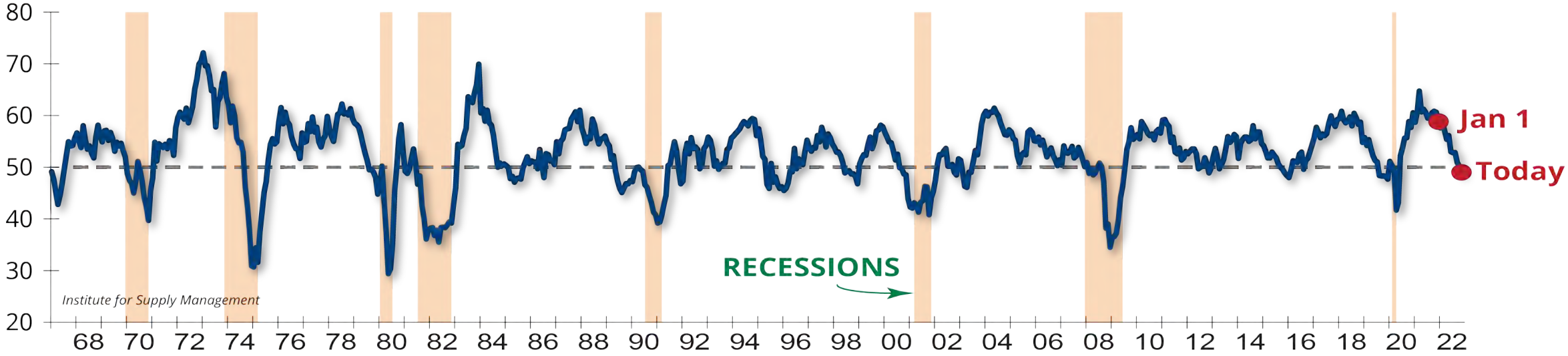
Source: Federal Reserve Board

S890B

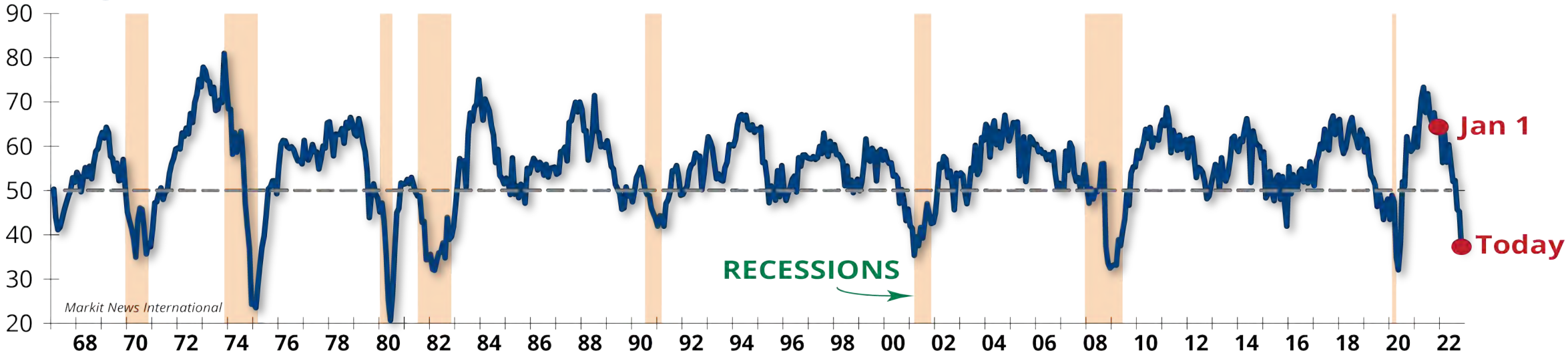
Source: Ned Davis Research

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

ISM Manufacturing Sector
(Purchasing Managers Index – PMI)



Chicago PMI



Source: InvesTech Research

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

Stocks Lead the Economy

Bear markets lead recessions

Post-War Recessionary Bears

Equity Bear Market (DJIA)			Recession		Lead time (months) to recession	
Start	End	% Drop	Start	End	Start	End
6/15/1948	6/13/1949	16.3	11/1948	10/1949	5	4
1/05/1953	9/14/1953	13.0	7/1953	5/1954	6	8
4/06/1956	10/22/1957	19.4	8/1957	4/1958	16	6
1/05/1960	10/25/1960	17.4	4/1960	2/1961	3	4
12/03/1968	5/26/1970	35.9	12/1969	11/1970	12	6
1/11/1973	12/06/1974	45.1	11/1973	3/1975	10	3
9/08/1978	4/21/1980	16.4	1/1980	7/1980	16	3
4/27/1981	8/12/1982	24.1	7/1981	11/1982	3	3
7/16/1990	10/11/1990	21.2	7/1990	3/1991	0	5
1/14/2000	9/21/2001	29.7	3/2001	11/2001	14	2
10/09/2007	3/09/2009	53.8	12/2007	6/2009	2	3
2/12/2020	3/23/2020	37.1	2/2020	4/2020	0	1
Median		22.7			5.5	3.5

Source: Ned Davis Research, National Bureau of Economic Research.

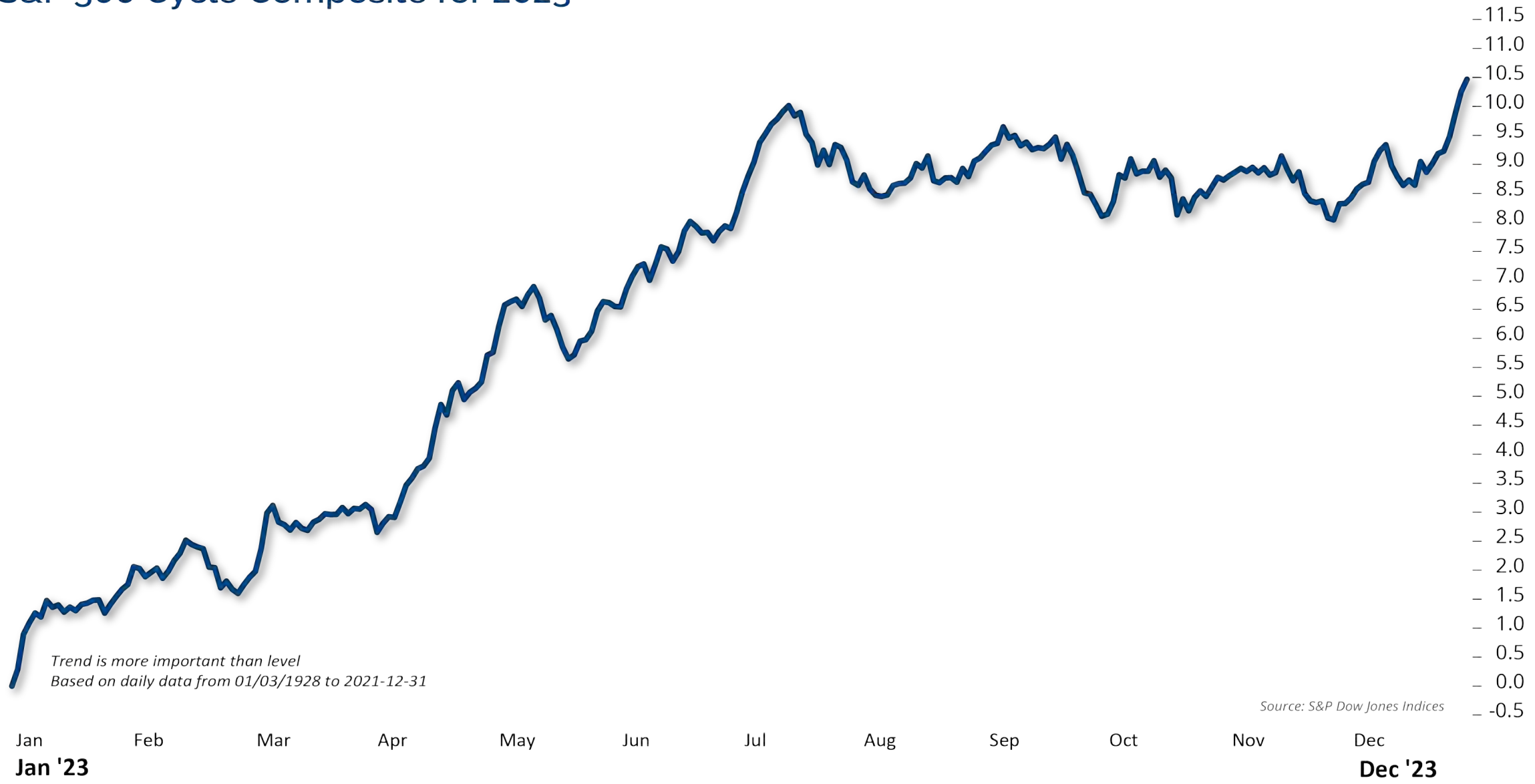
Ned Davis Research T_BMF22_59.1

For illustrative purposes only. Past performance is not indicative of future results. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses, or sales charges.

Source: Ned Davis Research

S&P 500 Cycle Composite for 2023

Daily Data 2022-12-31 to 2023-12-30

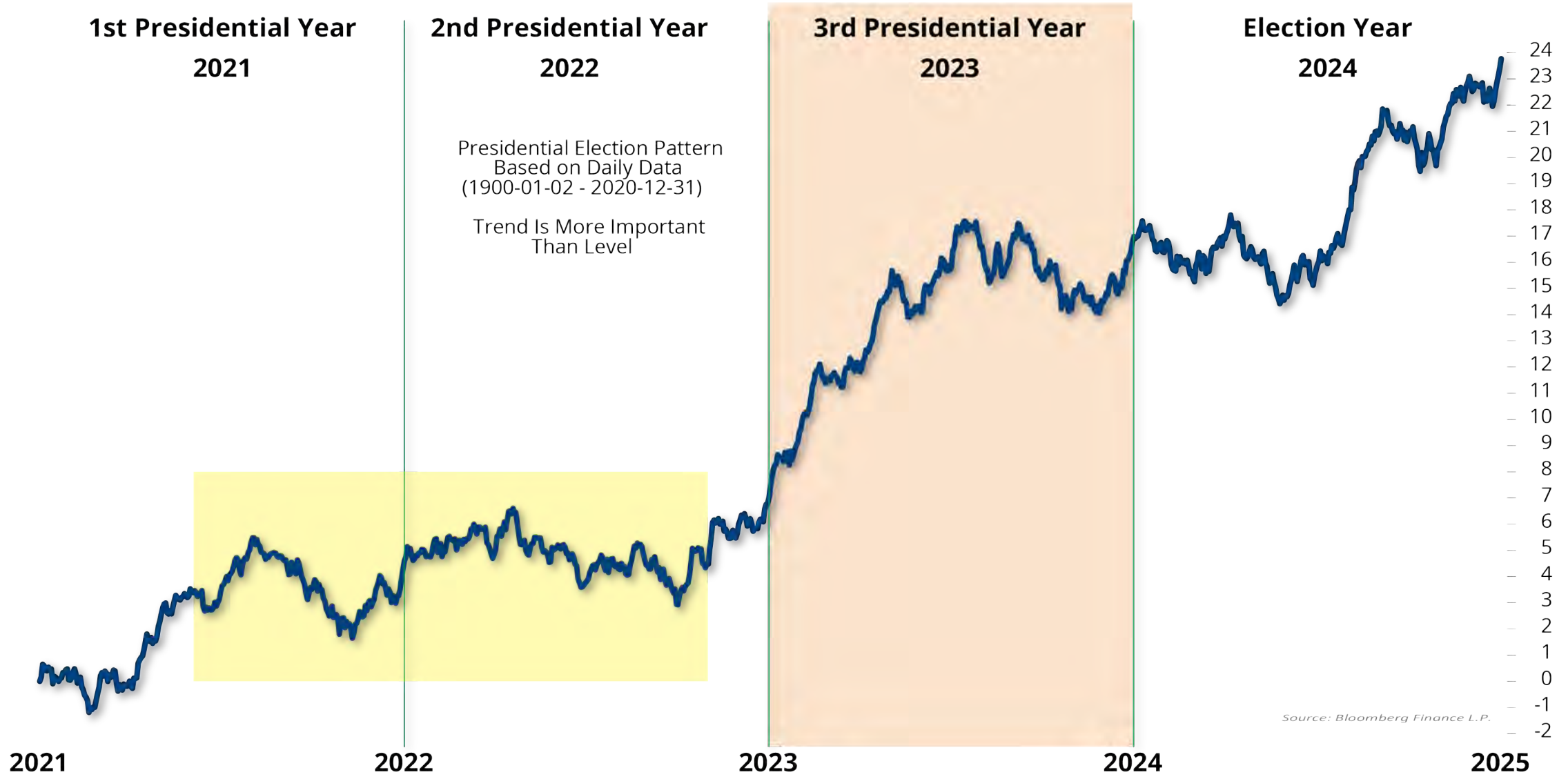


SMF_29.RPT

Source: Ned Davis Research

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

Dow Industrials Four-Year Presidential Cycle



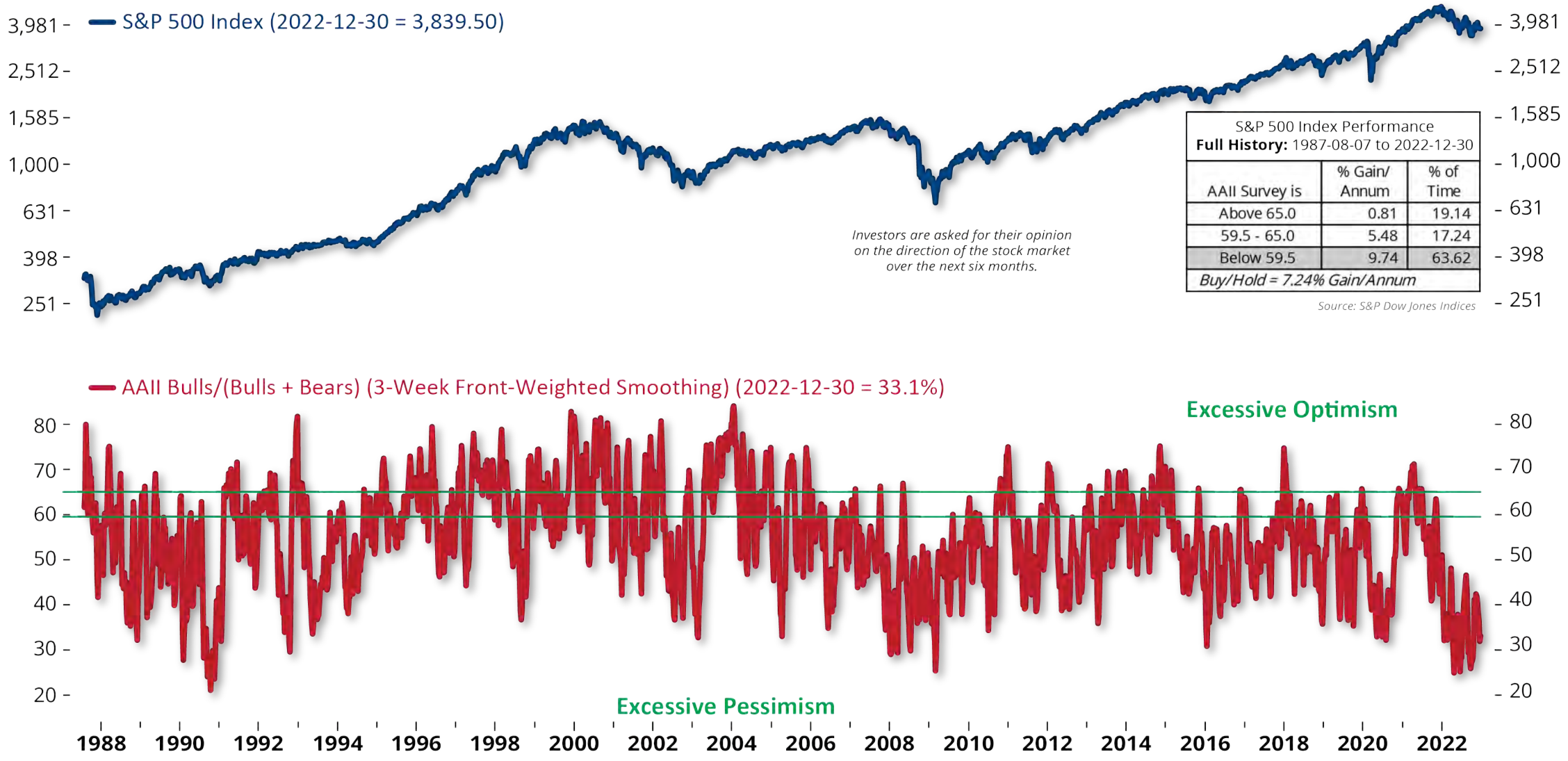
S01642

Source: Ned Davis Research

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

S&P 500 Index vs. American Association of Individual Investors (AAII) Bulls/(Bulls + Bears)

Weekly Data 1987-08-07 to 2022-12-30



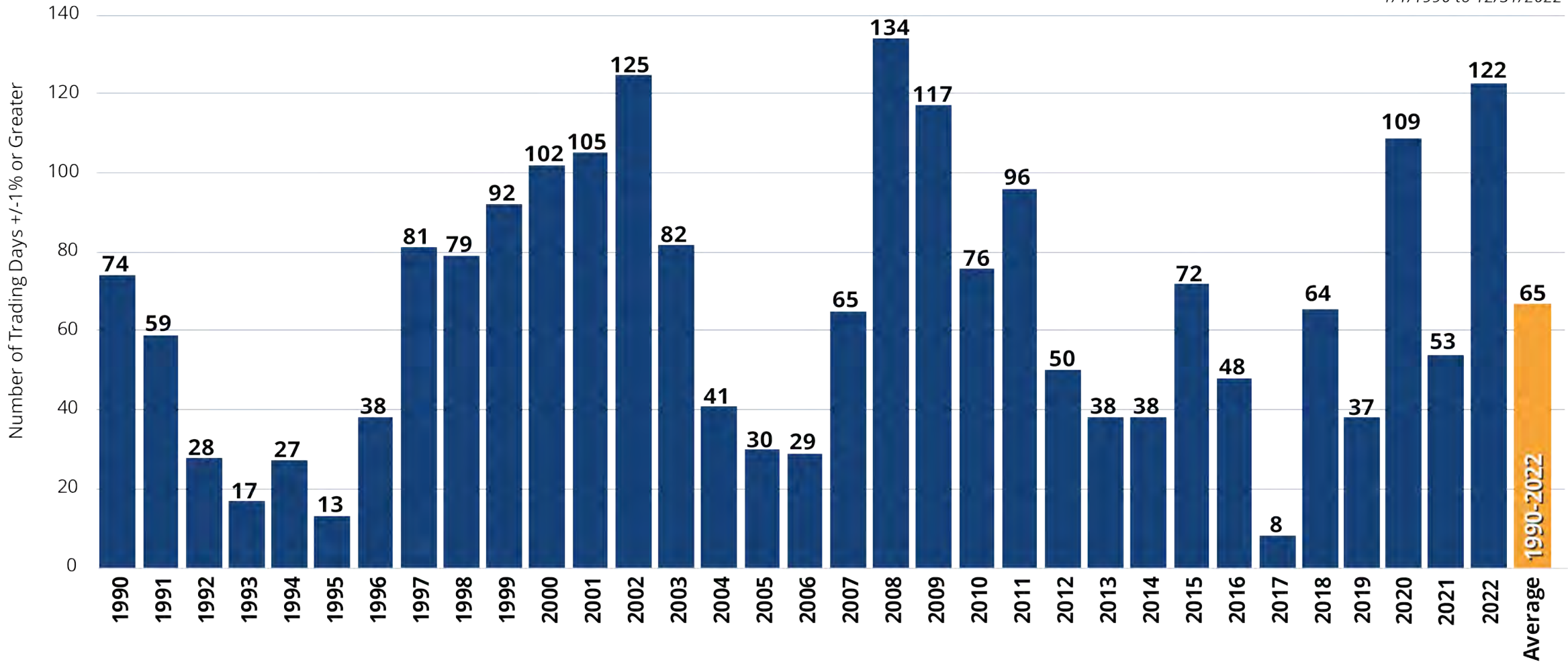
S508

Source: Ned Davis Research

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

Total Trading Days Greater than +/-1% Change

1/1/1990 to 12/31/2022

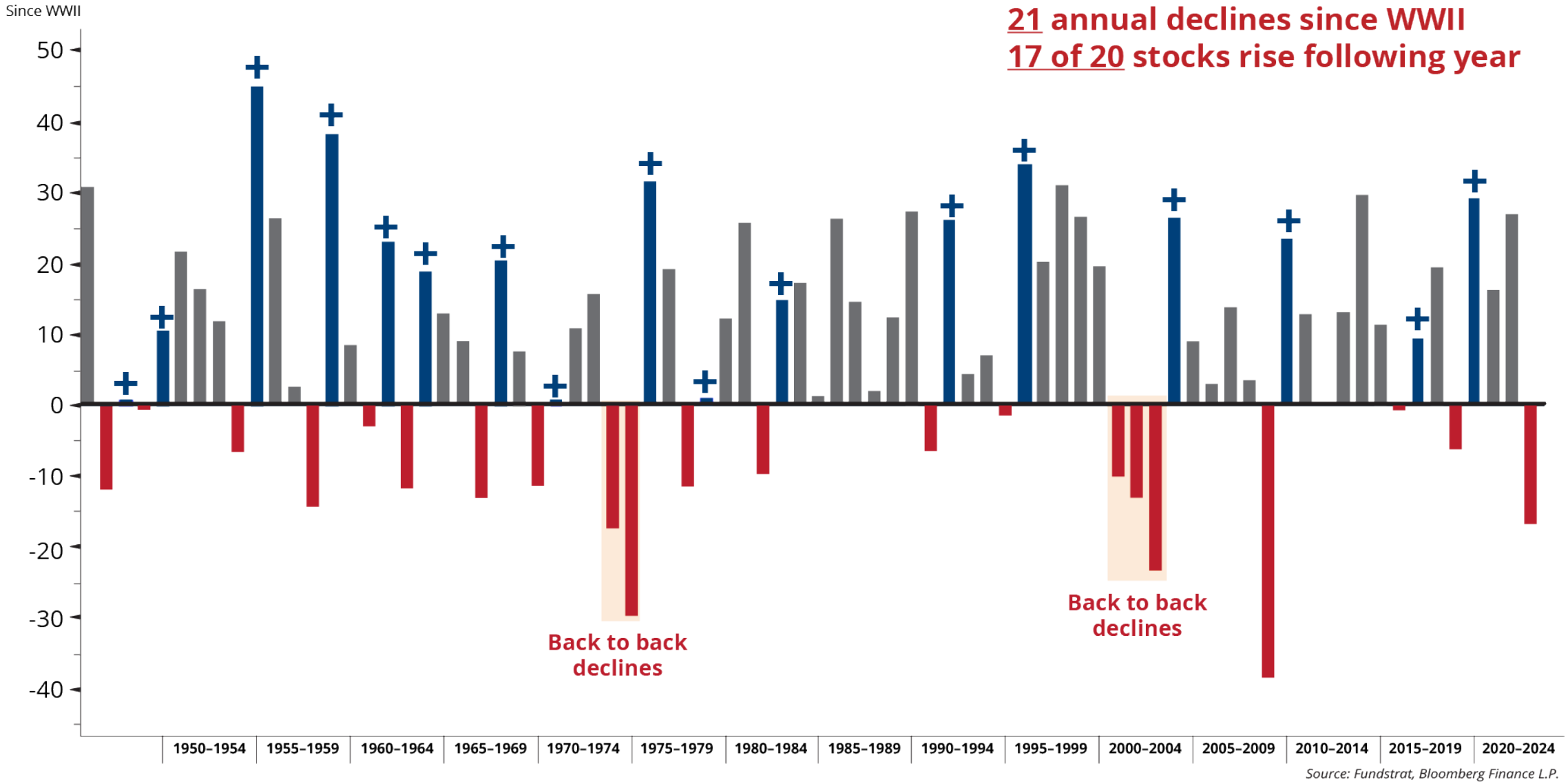


Source: Bloomberg

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

Annual S&P 500 Price Return

Rare to See Two Consecutive Annual Declines



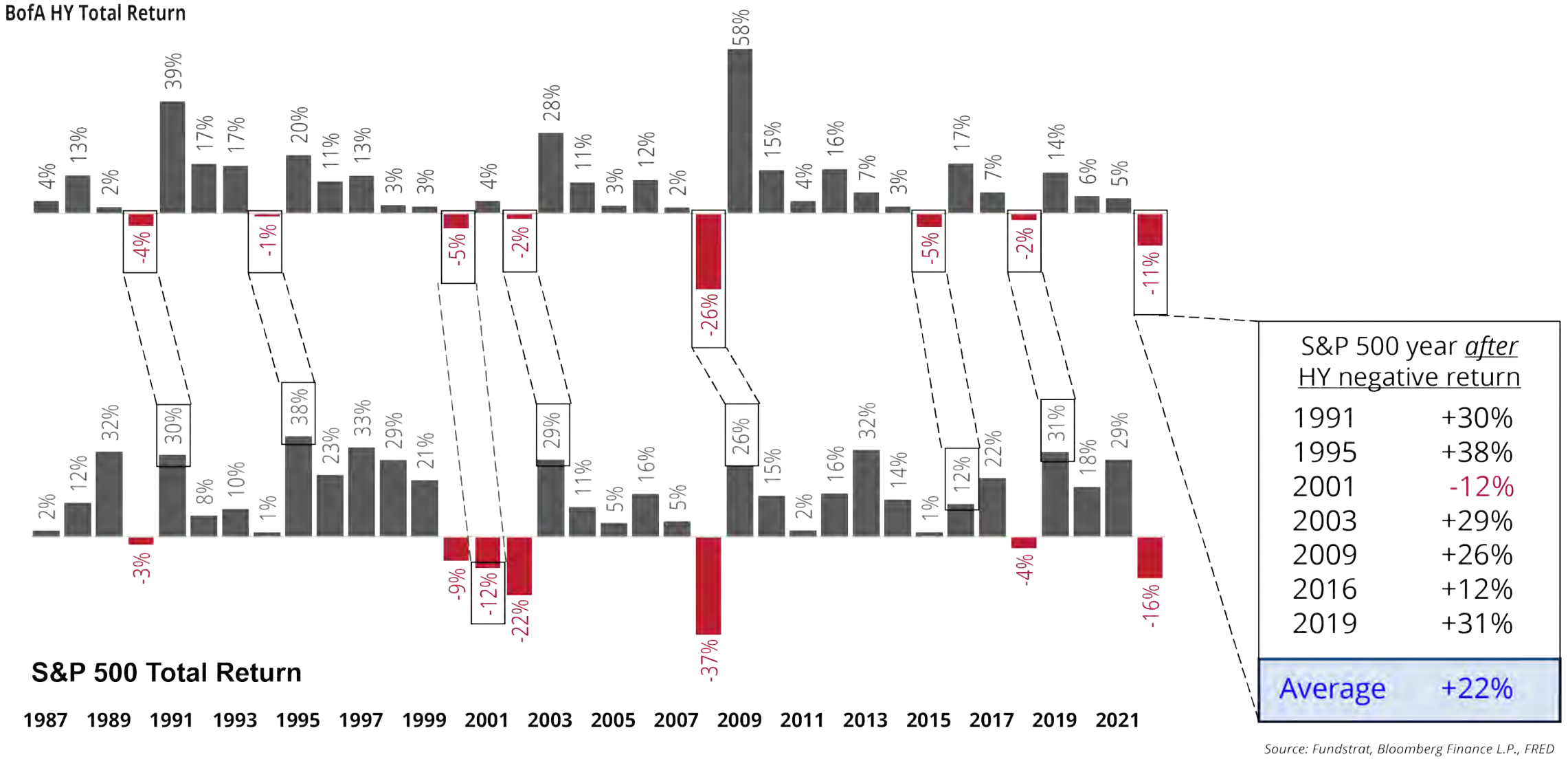
Source: Fundstrat, Bloomberg Finance L.P.

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

HY Signal: S&P 500 Returns Strong After Negative HY Year

High Yield and S&P Total Returns

Since 1987



S&P 500 year *after* HY negative return

1991	+30%
1995	+38%
2001	-12%
2003	+29%
2009	+26%
2016	+12%
2019	+31%
Average	+22%

Source: Fundstrat, Bloomberg Finance L.P., FRED

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

S&P 500 Forward vs. Trailing Price/Earnings Ratios

Monthly Data 1983-02-28 to 2022-12-31

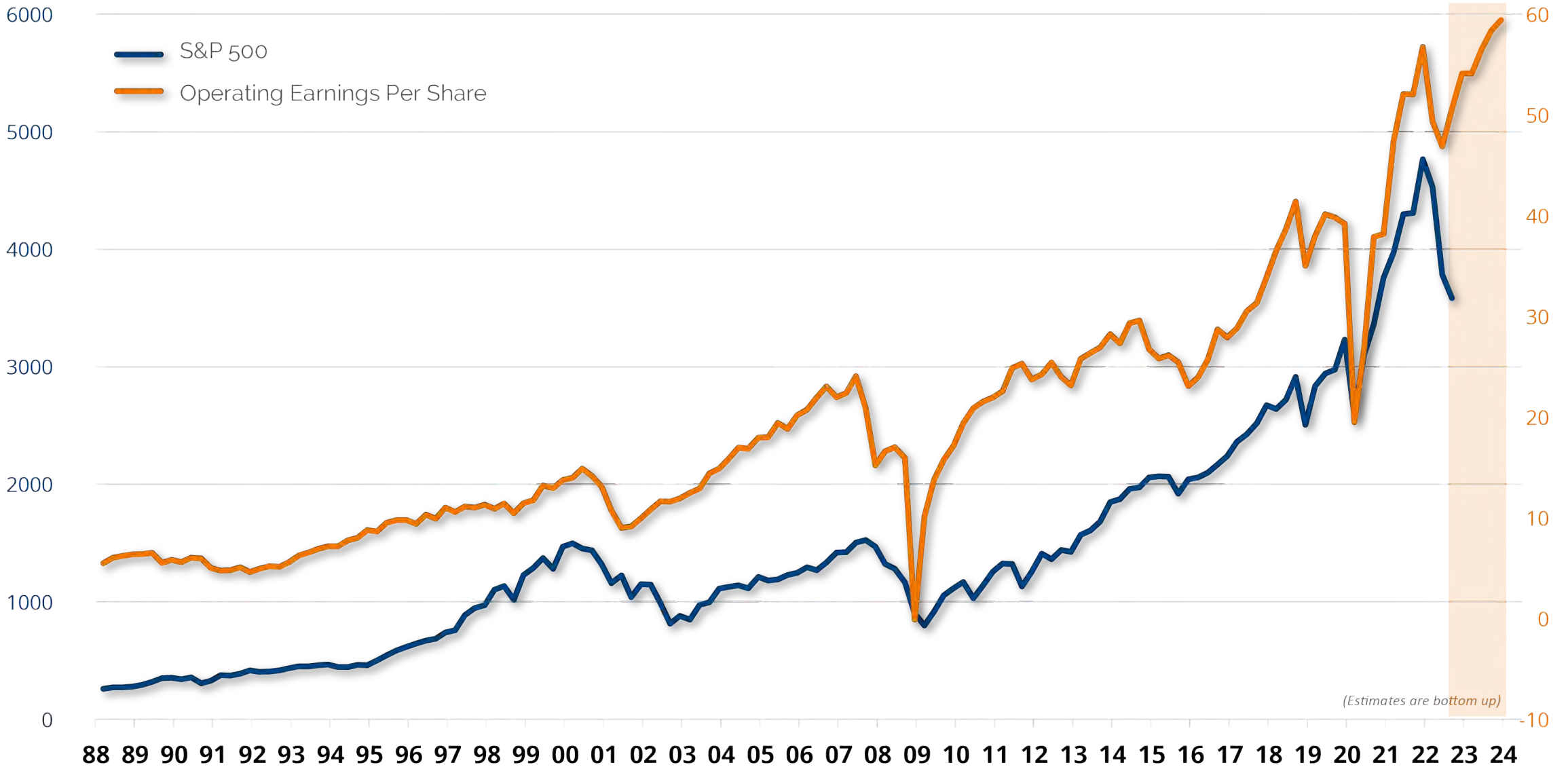
S662

Source: Ned Davis Research

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

S&P 500 & Operating Earnings

3/31/1988 to 12/31/2023 (estimated)



Source: S&P Dow Jones Indices.

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

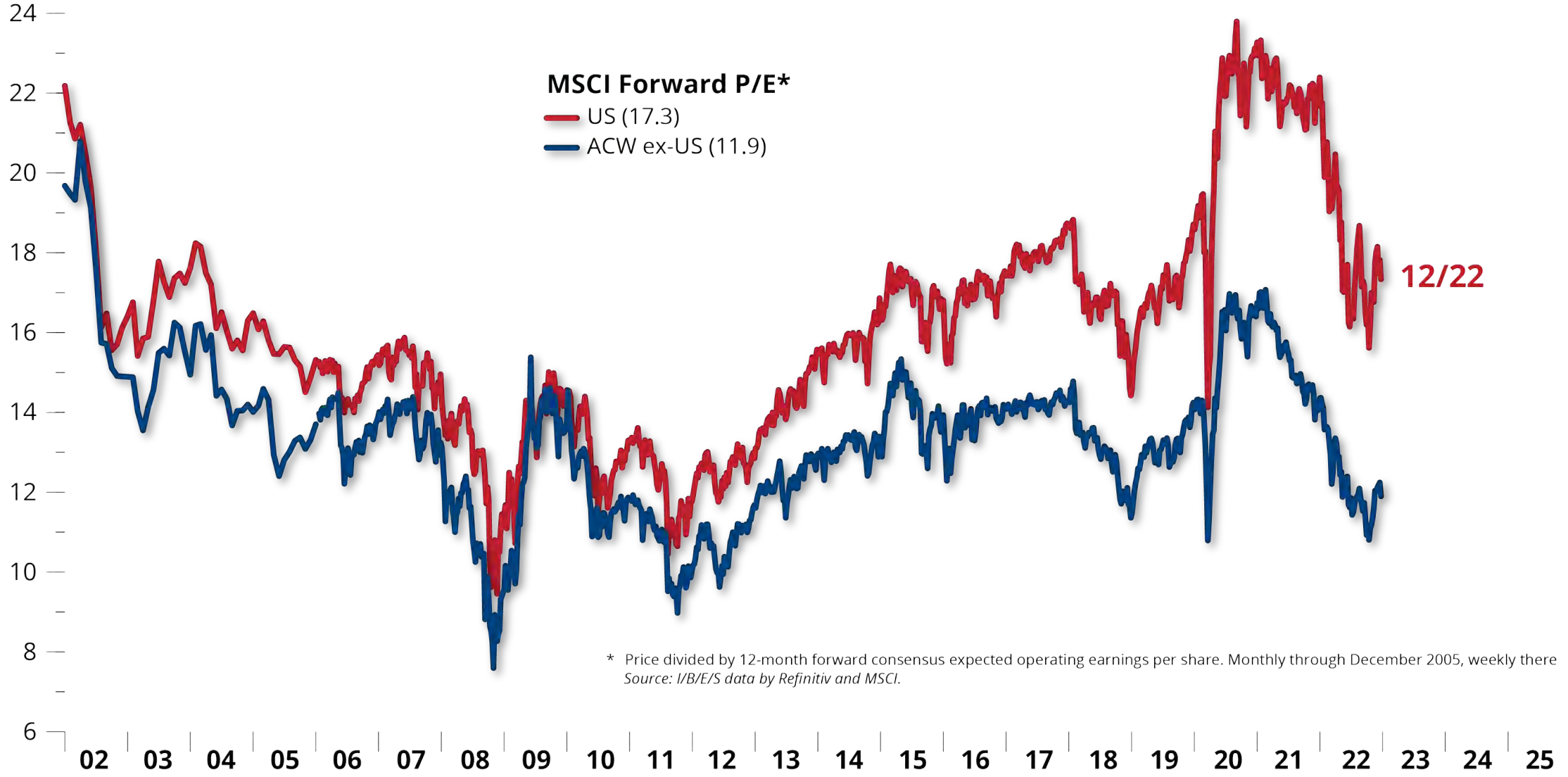
Earnings Down, Stocks Up, Not a Rarity

Source: Bloomberg, Evercore ISI Research

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

Forward P/E: US vs All Country World ex-US MSCI

(weekly)



* Price divided by 12-month forward consensus expected operating earnings per share. Monthly through December 2005, weekly there

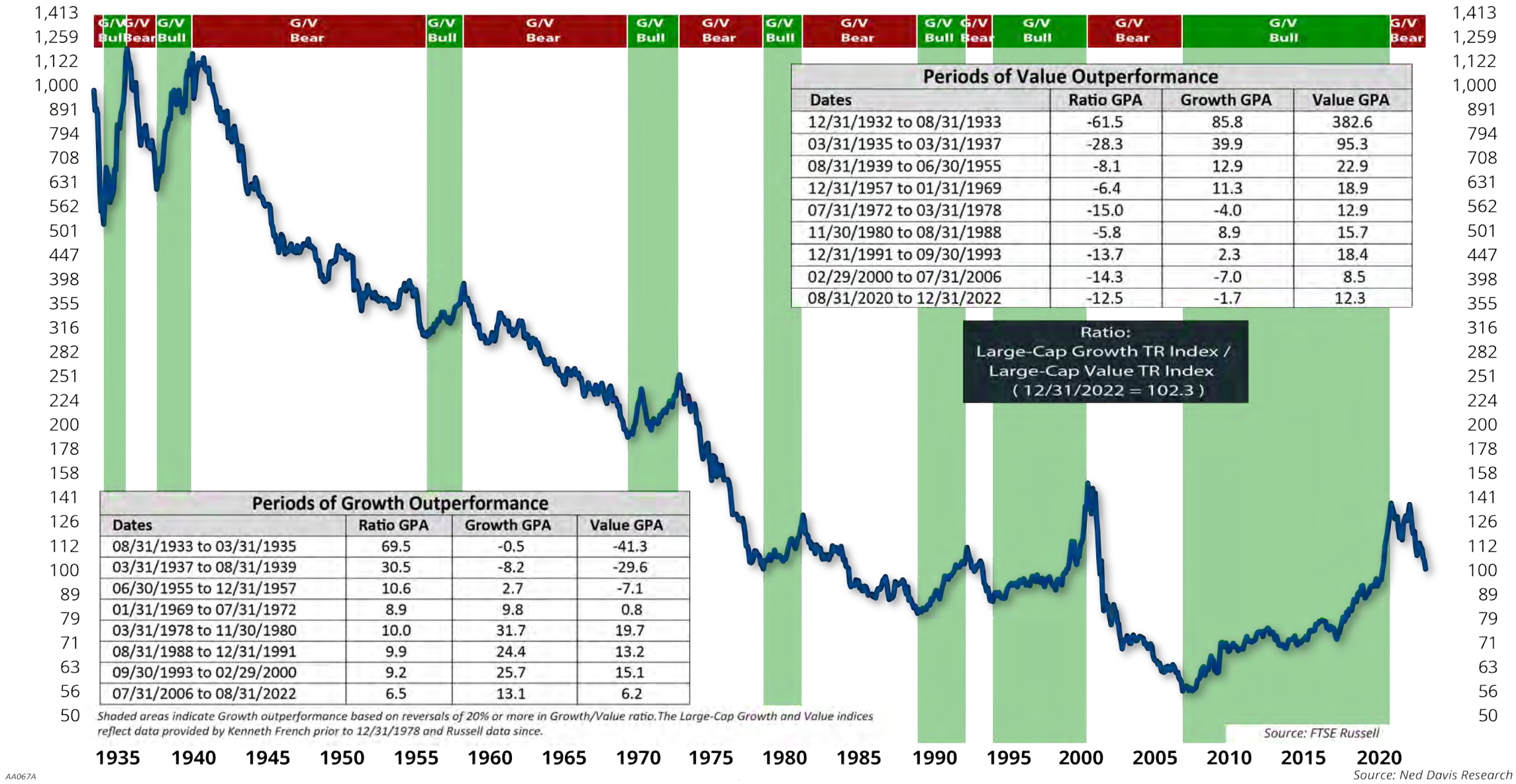
Source: I/B/E/S data by Refinitiv and MSCI.

Source: Yardeni Research, Inc.

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

Long-Term Trends in Large-Cap Growth/Value Relative Performance

Monthly Data 1932-12-31 to 2022-12-31 (Log Scale)



Periods of Value Outperformance

Dates	Ratio GPA	Growth GPA	Value GPA
12/31/1932 to 08/31/1933	-61.5	85.8	382.6
03/31/1935 to 03/31/1937	-28.3	39.9	95.3
08/31/1939 to 06/30/1955	-8.1	12.9	22.9
12/31/1957 to 01/31/1969	-6.4	11.3	18.9
07/31/1972 to 03/31/1978	-15.0	-4.0	12.9
11/30/1980 to 08/31/1988	-5.8	8.9	15.7
12/31/1991 to 09/30/1993	-13.7	2.3	18.4
02/29/2000 to 07/31/2006	-14.3	-7.0	8.5
08/31/2020 to 12/31/2022	-12.5	-1.7	12.3

Ratio:
Large-Cap Growth TR Index /
Large-Cap Value TR Index
(12/31/2022 = 102.3)

Periods of Growth Outperformance

Dates	Ratio GPA	Growth GPA	Value GPA
08/31/1933 to 03/31/1935	69.5	-0.5	-41.3
03/31/1937 to 08/31/1939	30.5	-8.2	-29.6
06/30/1955 to 12/31/1957	10.6	2.7	-7.1
01/31/1969 to 07/31/1972	8.9	9.8	0.8
03/31/1978 to 11/30/1980	10.0	31.7	19.7
08/31/1988 to 12/31/1991	9.9	24.4	13.2
09/30/1993 to 02/29/2000	9.2	25.7	15.1
07/31/2006 to 08/31/2022	6.5	13.1	6.2

Shaded areas indicate Growth outperformance based on reversals of 20% or more in Growth/Value ratio. The Large-Cap Growth and Value indices reflect data provided by Kenneth French prior to 12/31/1978 and Russell data since.

Source: FTSE Russell

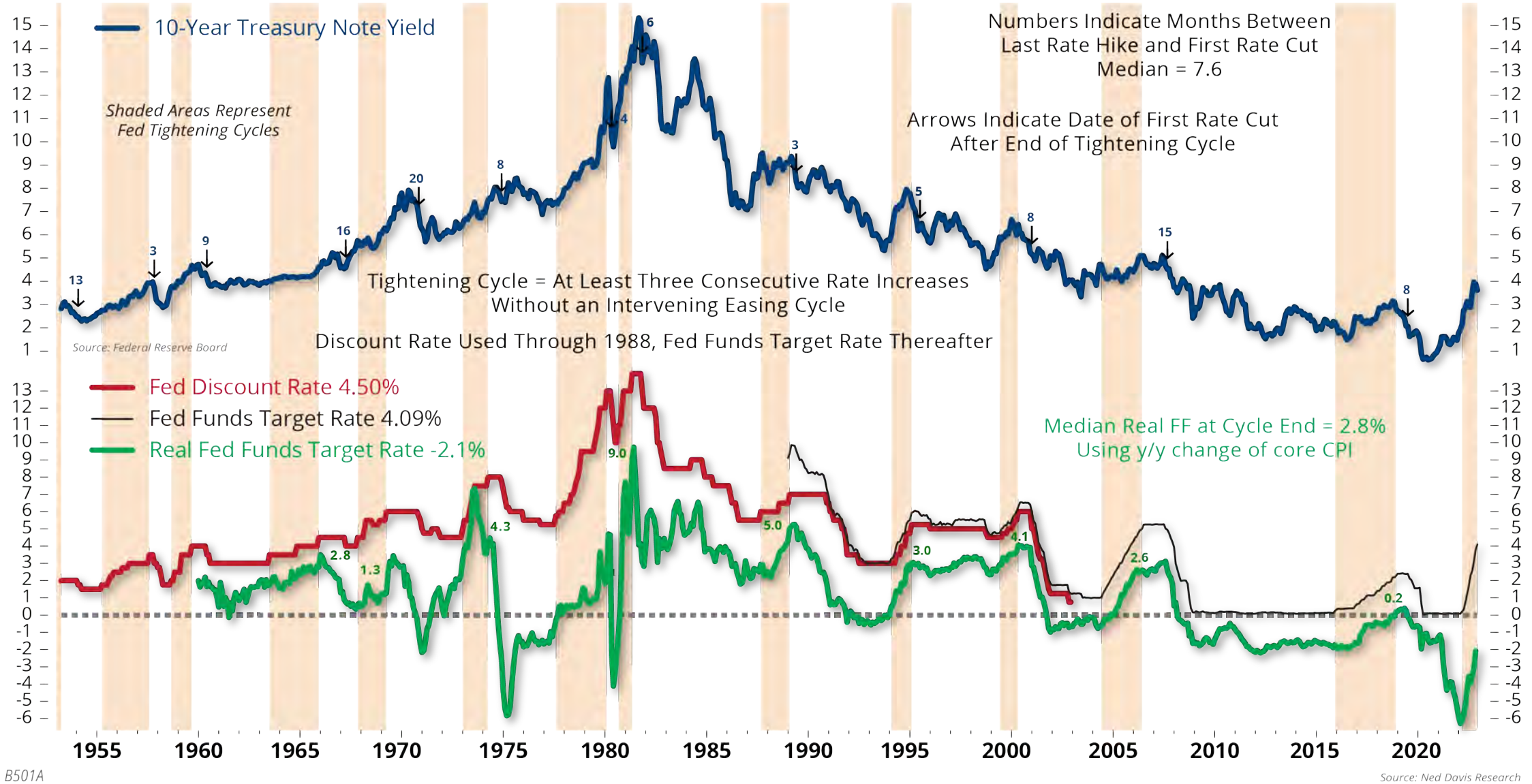
AA067A

Source: Ned Davis Research

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

10-Year Treasury Note Yield and Fed Tightening Cycles

Monthly Data 4/30/1953 to 12/31/2022



B501A

Source: Ned Davis Research

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

Fed Rate Hike Cycles

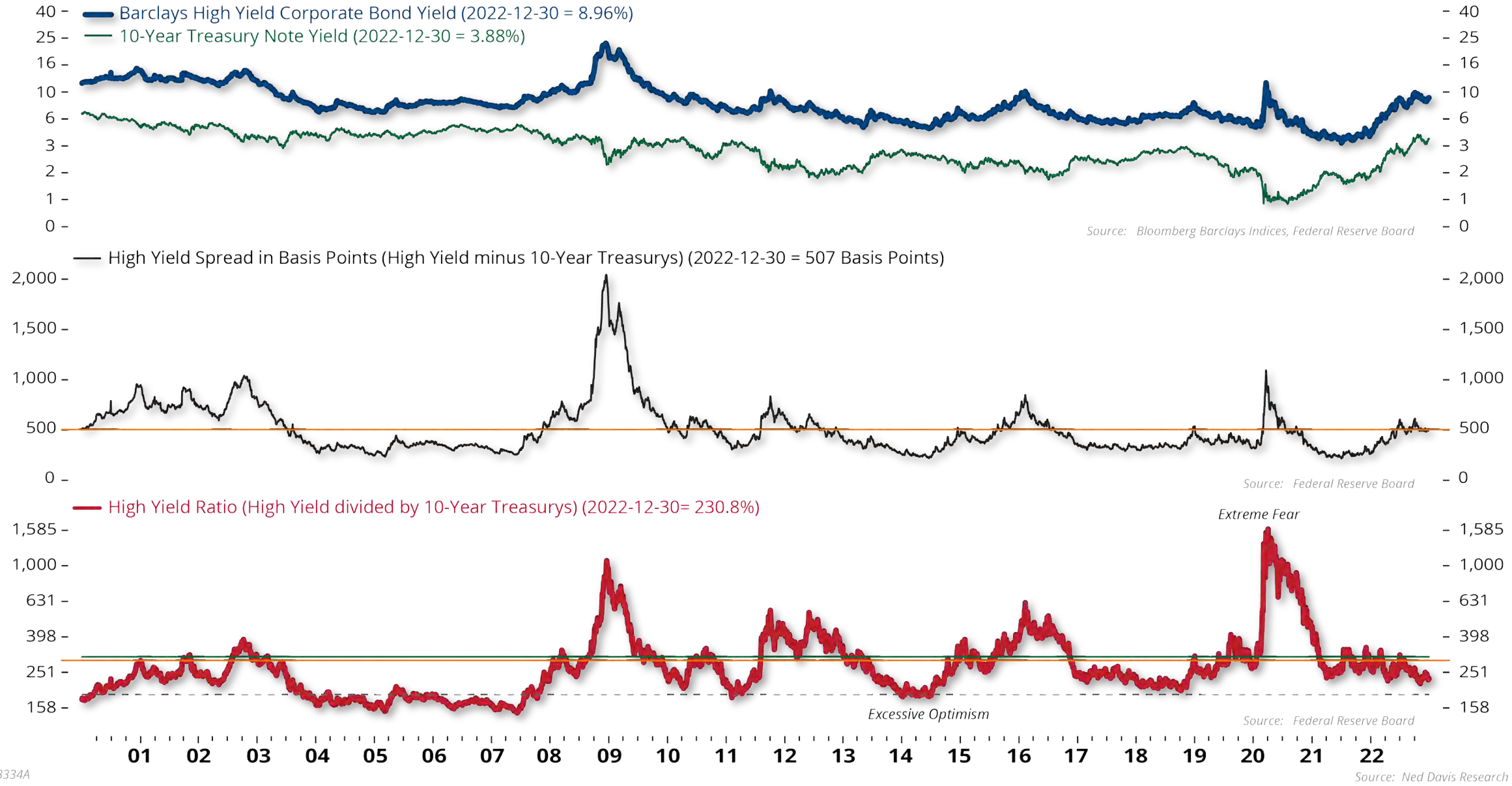
Date	#	Total Increase (bps)	Max Decline	Days Until Bottom	% Change from Low to Last Hike	Days Before Last Hike	Length of Cycle
2/4/1994 – 2/1/1995	7	300	-9%	59	+7.2%	303	362
6/30/1999 – 5/16/2000	6	175	-4%	107	+17.5%	214	321
6/30/2004 – 6/29/2006	17	425	-5%	43	+19.7%	686	792
12/16/2015 – 12/29/2018	9	225	-12%	56	+34.9%	1043	1099
3/16/2022 – ???? **(In Progress)**	**7**	**425**	**-17%**	**210**	**????**	**????**	**????**
Average	**9.75**	**281.25**	**-7%**	**66**	**+19.8%**	**562**	**628**

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

Source: Factset

High Yield Corporate Spreads

Daily Data 2000-01-03 to 2022-12-30



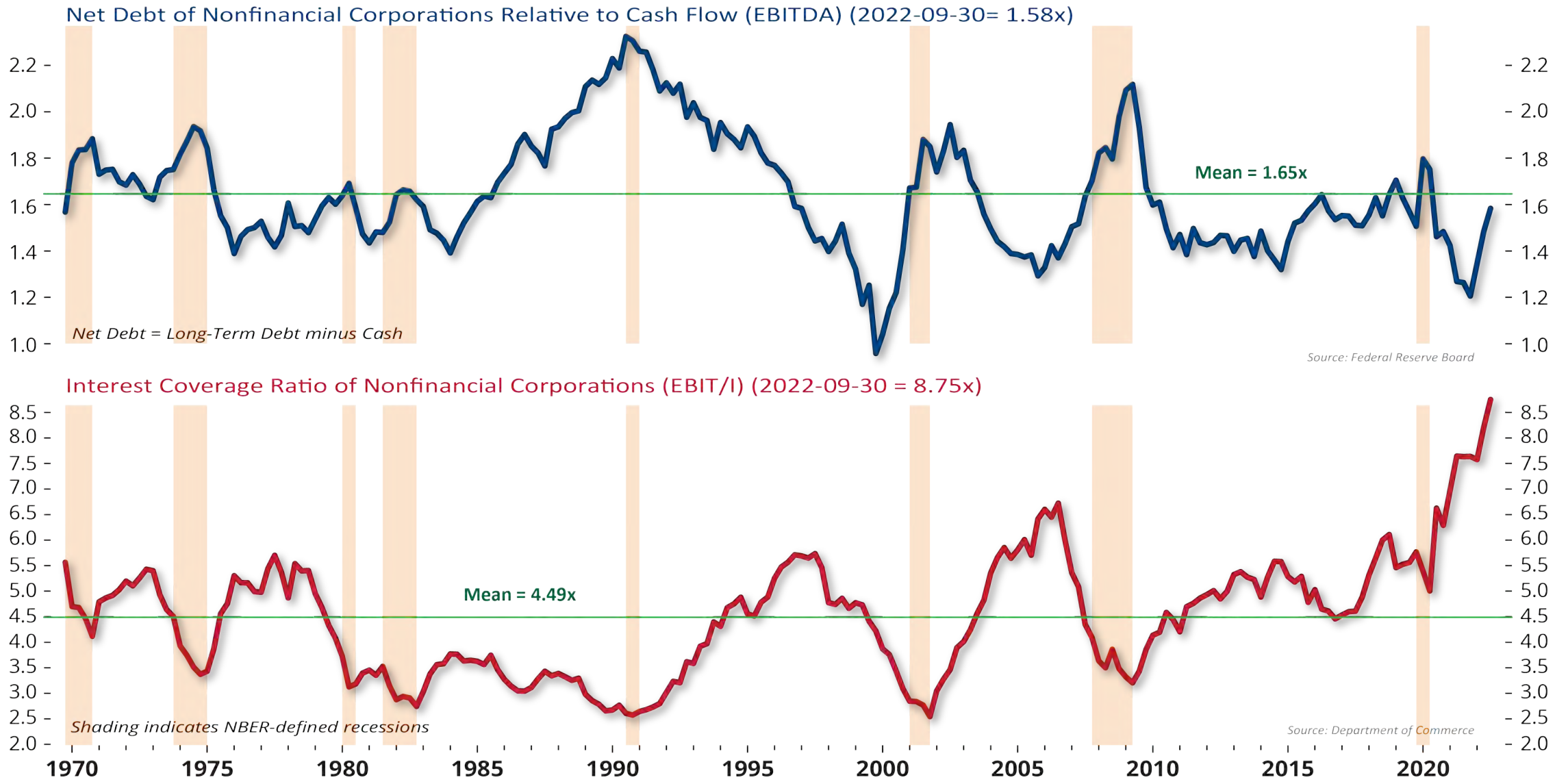
B334A

Source: Ned Davis Research

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

Corporate Leverage and Interest Coverage Ratio

Quarterly Data 1969-12-31 to 2022-09-30



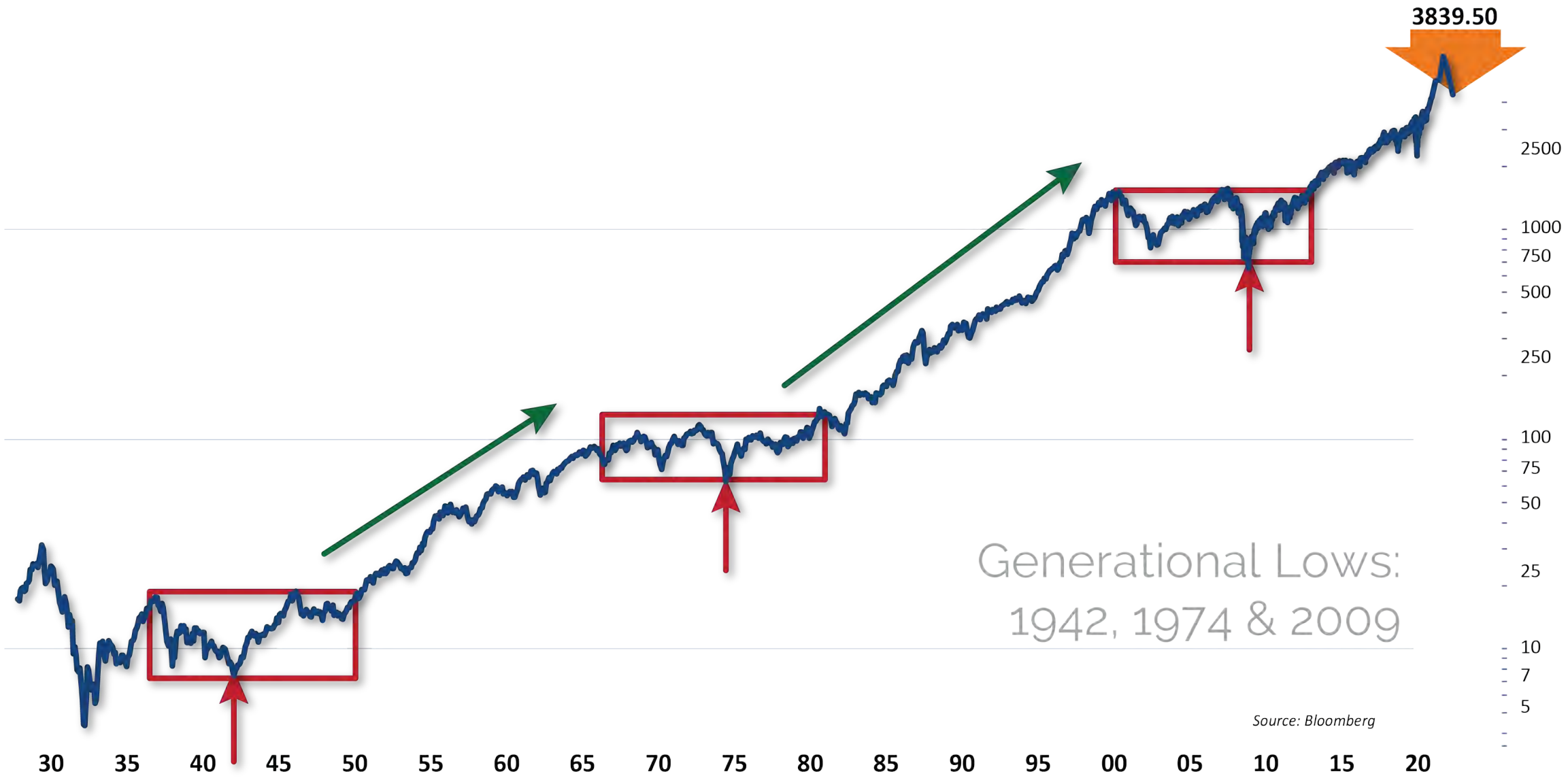
E0623B

Source: Ned Davis Research

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

S&P 500 Monthly Closing Price

1/1/1928 to 12/31/2022



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

Q&A

Disclosure

The opinions expressed are those of Clark Capital Management Group. 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.

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.

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 can be found in its Form ADV which is available upon request.

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.

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 VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500® Index (SPX℠) call and put options. On a global basis, it is one of the most recognized measures of volatility -- widely reported by financial media and closely followed by a variety of market participants as a daily market indicator.

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.

CCM-648

Benchmark Descriptions

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 Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

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 10% of Russell 3000 total market capitalization.

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

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The MSCI World ex US Index is a market capitalization-weighted index designed to measure equity performance in 22 global developed markets, excluding the United States. The benchmark for this composite is used because the MSCI World Ex US Net Index is generally representative of international equities.

BBgBarc 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 BBgBarc 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. STRIPS are excluded from the index because their inclusion would result in double-counting. The US Treasury Index is a component of the US Aggregate, US Universal, Global Aggregate and Global Treasury Indices.

The BBgBarc US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The US Corporate Index is a component of the US Credit and US Aggregate Indices, and provided the necessary inclusion rules are met, US Corporate Index securities also contribute to the multi-currency Global Aggregate Index.

The BBgBarc 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 BBgBarc 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.

The Global Manufacturing PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Manufacturing PMI™ indices are weighted according to national contributions to global manufacturing gross value added. Weights for the global indices are derived from the latest available World Bank data on the gross value added of manufacturing for each of the nations covered. World Bank data on value added are in constant 2010 US$, with all national currencies converted to 2010 US$ by the World Bank using DEC alternative conversion factors.

The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

The Dow Jones Industrial Average is the most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of the Wall Street Journal (which is published by Dow Jones & Company), a practice that dates back to the beginning of the century. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system.

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.

The volatility (beta) of an account may be greater or less than its respective benchmark.

Leading economic indicators are statistics that give insights into economic health, business cycle stages, and the status of consumers within an economy.

M2 is a measure of the money supply that includes cash, checking deposits, and other types of deposits that are readily convertible to cash such as CDs.

A consumer price index is a price index, the price of a weighted average market basket of consumer goods and services purchased by households.

Personal consumption expenditures (PCE) is a measure of the prices people in the United States pay for goods and services.

The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy.

The ICE BofA US High Yield Index is market capitalization weighted and is designed to measure the performance of U.S. dollar denominated below investment grade (commonly referred to as "junk") corporate debt publicly issued in the U.S. domestic market.