Logan Concentrated Value

LCV

A BOTTOM UP APPROACH

Q2 | 2020

LOGAN VALUE PORTFOLIOS: LOGAN CONCENTRATED VALUE (LCV) Q2 | 2020 REVIEW[1]

MARKET ENVIRONMENT

The more things change, the more they stay the same, except sometimes. The coronavirus first meaningfully made its way into the consciousness of most Americans during the first quarter of 2020, and equity markets clearly suffered as a result. As shutdowns and quarantines ebbed in the second quarter, equity markets were quite willing to set aside immediate economic concerns and look to the future. The stock market rebounded during most of the quarter, and included a fifty day stretch going back to March 23rd where the 39% gain in the S&P 500 was the strongest return over a period that length in over 75 years. For the quarter overall though, there were noticeable differences in performance in different parts of the market. For instance, growth stocks (as measured by the Russell 1000 Growth index) were up almost twice as much as value stocks (measured by the Russell 1000 Value index). And within the value world, higher dividend yielding stocks (like those that comprise the LCV portfolio) were not accorded the respect other areas of the value universe were.

A look back at some of the events of the second quarter helps provide some perspective. At or near the top of the list were government efforts, both in the U.S. and around the world, to provide all the fiscal and monetary assistance they could. In the U.S., fiscal stimulus payments provided support for many Americans facing difficult employment circumstances. But perhaps more importantly from a financial markets perspective was the Federal Reserve actively intervening with numerous programs aimed at keeping interest rates low and financial markets running smoothly. The impact amongst various segments of the equity markets was uneven at best. Growth stocks, especially large technology stocks that were well positioned for the "stay and work at home" evolving nature of society in the midst of a pandemic, fared especially well for a number of reasons. But among the more important of those reasons was that the lower interest rates go, the more highly valued these companies become as earnings are discounted at lower rates well into the future and result in higher stock prices.

Though we have no way of knowing when the fortunes of value and growth will trade places, we suspect the likeliest condition triggering it will be more certainty as to the economic recovery. The financials and energy sectors remain among the most modestly valued areas of the market, but they remain constrained by the low interest rate environment and still relatively low oil prices (even though Brent crude prices ended the quarter more than 20% higher than where they ended the first quarter). If and when an economic recovery becomes self-sustaining, we would expect to see interest rates begin to rise (at least longer term rates), and we would expect to see energy prices rise as well. In that type of environment, we would expect to see value stocks generally perform much better on a relative basis.

[1]LOGAN CONCENTRATED VALUE results discussed herein should be read in conjunction with the attached performance and disclosures

Though we would hasten to add, a rotation into value from growth could well occur before the evidence becomes clear. That is precisely the reason we always suggest investors invest with an allocation game plan, and stick with it even when the wind is not at their back.

The second quarter was unusual for LCV in the sense that two stocks within the portfolio announced a reduction or deferral of their dividends. LCV's investment process involves significant emphasis attempting to determine the sustainability of a company's dividend. Indeed, our history on that score over more than two decades is quite strong. However, the coronavirus' impact went almost beyond the imagination in some cases, and in some respects made revenue streams virtually disappear overnight. In those cases, managements decided the future was so unclear that the prudent course of action was to reduce or eliminate the dividend, despite the financial underlying strength of the company. Needless to say, LCV's relative performance was not helped by those stocks.

Overall, the sectors negatively affecting relative performance during the second quarter most were consumer staples, energy and financials. The sectors at other end of the relative performance spectrum were health care, information technology and communication services. Consumer staples were among the weakest sectors in the entire benchmark during the second quarter (trailed only by utilities), which is not surprising given it was a "risk-on" quarter and those stocks tend to be defensive. Performance of the energy stocks in the portfolio was mixed, as one of the companies referred to above surprisingly reduced its dividend, and that stock's performance was muted even though energy prices rose. Also as noted above, persistently low interest rates have kept a lid on many financial stocks, including those in the portfolio. While that was the case in the second quarter, we expect over time the prices of these stocks to better reflect their underlying value, even as they contend with regulatory issues and Fed stress tests.

Specifically with regard to the latter, in late June the Fed announced the results of their most recent tests which indicated that all the banks that are held in the LCV portfolio (which changed somewhat during the mid-year rebalance as we made trades to improve the quality of the holdings) met or exceeded their required capital levels. Nevertheless, the Fed mandated that for the upcoming third quarter, no bank could buy back stock or increase their dividend. Moreover, based on the earnings test the Fed laid out, the risk of any meaningful dividend cut among the banks in the portfolio is low. All of that was essentially in line with what we expected. What was somewhat unexpected was the Fed saying they will be revisiting these issues again later in the year, rather than on an annual basis as has been the policy in the past. While we remain confident that the banks in the portfolio will hold up well under these examinations, general investor sentiment may be somewhat queasy until the economic environment becomes clearer. Of course, that could be said of the stock market in general.

Health care stocks in the portfolio generally performed well reflecting good financial performance, and perhaps some sense of relief from political bashing as habitual critics of this sector realize that a potential vaccine for the virus won't magically appear by itself.

During the mid-year rebalance[1], three new stocks were added to the portfolio, one in the financial sector (which replaced an existing stock in that sector), one in the industrial sector and one in the consumer staples sector. In each case, we believe the stock added improved the overall quality of the portfolio.

Looking forward, we cannot help but first look back and see the tremendous volatility financial markets have exhibited this year. For instance, since 1952 there have only been 28 days when the S&P 500 has declined 5% or more. Five of those days have come since March of this year, with the latest one in the middle of June. While markets have shown both upside and downside volatility, most of that can be traced to investor sentiment regarding how well the pandemic is being dealt with. On days where reports of slowing cases and hospitalizations are seen or where economic reports indicate a healthy rebound is underway, equity markets respond favorably.

However, when reports of rising cases and hospitalizations surface, investors get jittery and stocks suffer.

Perhaps stating the obvious, until the virus is clearly under control (perhaps not until an effective vaccine is announced) or that the economy can learn to function within certain constraining parameters, enhanced volatility is likely to remain part of the landscape.

Indeed, uncertainty as to the economic outlook may be at the highest level in memory and that is without layering on a very impactful Presidential election in November, and recurring trade dispute murmurings with China. An interesting article recently published by a Wall Street analyst opined that based on normalized earnings and given the trading level of company debt in the credit markets, many beaten down value stocks would be trading 25%-50% higher if the coronavirus overhang was removed. While we cannot say when a more definitive resolution to the pandemic will happen to remove that overhang, we can say we strongly believe that day is coming.

Between now and then, we believe our investment approach emphasizing balance sheet strength, strong cash flows and attractive dividend yields provides a prudent way to invest in an uncertain world. As discussed above, we can only guess as to when value stocks will start to shine again, but when they do, we believe LCV will shine brightly. In the interim, we believe LCV's conservative valuations will underpin competitive investment returns. At the end of the second quarter, LCV's dividend yield was a very attractive 5.0% and the P/E on estimated earnings for next year was 16.0X, both conservative valuation levels.

Thank you for your continued confidence and investment in LCV. As always, please call or Email us if you have any questions.

Sincerely yours,

Richard E. Buchwald, CFA

William Fitzpatrick, CFA

[1]Rebalancing/Reallocating can entail transaction costs and tax consequences that should be considered when determining a rebalancing/reallocation strategy.

Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices do not account for any fees, commissions or other expenses that would be incurred. Returns do not include reinvested dividends.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

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 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment.

The Russell 1000 Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. Past performance does not guarantee future results.

FIVE LARGEST PORTFOLIO HOLDINGS^	% OF PORTFOLIO
AT&T Inc.	10.0%
Philip Morris International Inc.	9.7%
Chevron Corporation	9.5%
Cisco Systems, Inc.	7.8%
U.S. Bancorp	7.3%

The securities identified do not represent all of the securities purchased, sold, or recommend for advisory clients, and it should not be assumed that investments in these securities were or will be profitable.

LONG-TERM TRACK RECORD	TOTAL RETURN NET OF FEES	TOTAL RETURN GROSS OF FEES	RUSSELL 1000 VALUE
QTD	7.6%	7.8%	14.3%
YTD	-22.9%	-22.5%	-16.3%
1 Yr	-16.7%	-16.0%	-8.8%
3 Yrs	-1.8%	-1.0%	1.8%
5 Yrs	3.1%	4.0%	4.6%
10 Yrs	9.2%	10.1%	10.4%
20 Yrs	5.6%	6.5%	6.3%
Since Inception†	7.4%	8.2%	8.0%

Annualized Returns (as of 6/30/2020). Time period greater than YTD is annualized.
†Inception of (12/31/1995)
Reference performance disclosure

LOGAN AUM + AUA

Strategy AUM	$188M
Strategy AUA	$104M
Firm AUA	$1,055M
Firm AUM	$1,968M
Total Firm AUM+AUA	$3,023M

Numbers are subject to rounding differences

Past performance does not guarantee future results. The holding identified do not represent all of the securities purchased, sold or recommended for advisory clients. The views expressed are those of Logan Capital. Any securities, sectors or industries discussed should not be perceived as investment recommendations; any security discussed may no longer be held in an account's portfolio. It should not assumed that investment in any of the securities, sectors or industries listed were or will prove to be profitable. Sector or industry weights of any specific account can vary based on investment restrictions applicable to that account. The securities discussed do not represent an account's entire portfolio and in aggregate may only represent a small percentage of an account's portfolio holdings.

Performance Disclosure

LCV

Logan Capital Management, Inc.
Performance Results: Logan Concentrated Value Composite
December 31, 1995 through June 30, 2020

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Value Index	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	Russell 1000 Value Index 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
YTD 2020	-22.9%	-22.5%	-16.3%	42	N.M.	17.1%	17.8%	-0.2	$13	0.7%	$1,968
2019	19.3%	20.3%	26.5%	40	0.3%	11.7%	11.9%	0.6	$17	0.8%	$2,050
2018	-8.2%	-7.4%	-8.3%	37	0.2%	11.1%	10.8%	0.6	$13	0.9%	$1,431
2017	13.7%	14.7%	13.7%	40	0.1%	12.1%	10.2%	1.0	$15	0.9%	$1,590
2016	17.9%	19.0%	17.3%	52	0.3%	12.5%	10.8%	0.8	$18	1.3%	$1,401
2015	3.9%	4.7%	-3.8%	52	0.2%	11.9%	10.7%	0.9	$17	1.2%	$1,398
2014	4.9%	5.7%	13.5%	49	0.4%	9.3%	9.2%	1.4	$15	0.8%	$1,816
2013	22.3%	23.3%	32.5%	52	0.3%	9.8%	12.7%	1.8	$18	0.9%	$2,061
2012	8.4%	9.2%	17.5%	47	0.4%	12.6%	15.5%	1.1	$10	0.5%	$1,932
2011	18.7%	19.7%	0.4%	46	0.3%	18.2%	20.7%	0.8	$11	0.6%	$1,873

Annualized Returns (06/30/2020)

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Value Index
YTD	-22.9%	-22.5%	-16.3%
1 Yr	-16.7%	-16.0%	-8.8%
3 Yrs	-1.8%	-1.0%	1.8%
5 Yrs	3.1%	4.0%	4.6%
10 Yrs	9.2%	10.1%	10.4%
Since Inception†	7.4%	8.2%	8.0%

†Inception 12/31/95
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Performance Disclosure

LCV

Logan Concentrated Value (LCV) Composite contains fully discretionary large cap value equity accounts, measured against the Russell 1000 Value Index. You cannot invest directly in an index. The Russell 1000 Value Index is an unmanaged index that measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth rates. The benchmark selected includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing. This benchmark is used for comparative purposes only and generally reflects the risk and investment style of the composite. The sharpe ratio is included to help investors understand the return of an investment compared to its risk. The ratio is the average return earned in excess of the risk-free rate (90 Day U.S. TBill) per unit of volatility or total risk.

The strategy invests in 10-15 very large cap stocks with strong balance sheets, strong cash flows and relatively high dividend yields. ADR's may be included in the portfolio (generally less than 20%). Turnover is typically 30-50% annually. Only accounts paying commission fees are included. As of September 30, 2014 the minimum account size for the composite is $75,000. Prior to this date there was no minimum account size.

Logan Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Logan Capital Management, Inc. has been independently verified for the periods April 1, 1994 through December 31, 2019. A copy of the verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Logan Capital Management, Inc. is a privately owned Pennsylvania-based investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. The firm maintains a complete list and description of composites, which is available upon request.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross of fee returns, have, however, been reduced by all actual trading expenses. Net of fee returns are calculated net of actual investment management fees & actual trading expenses. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The investment management fee schedule for non-wrap accounts is as follows: 65 basis points on the first $25 million, 55 basis points on the next $25 million, 45 basis points on the next $25 million and 35 basis points on the next $25 million. Fees for accounts with over $100 million in assets are negotiable. Minimum fee is $32,500. Actual investment advisory fees incurred by clients may vary.

The Logan Concentrated Value (LCV) Commission Composite was created August 1, 2000. Performance presented prior to August 1, 2000 represents that of Berwind Investment Management, L.P. On 09/25/19, Logan Capital hired Managing Director Bill Fitzpatrick, CFA to assist in portfolio management of the Logan Concentrated Value strategy. On 12/31/19, Managing Director Marvin Kline, CFA retired as portfolio manager of the Logan Concentrated Value strategy.