Logan High Quality Balanced

HQ

CONSISTENT RETURNS WITH LESS RISK

Q4 | 2020

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q4 | 2020 REVIEW[1]

The world changed on November 9, 2020. The Covid-19 virus which had appeared uncontrollable since emerging early in the year, finally had a foreseeable end to its destructive path when Pfizer announced the vaccine it had been testing was more than 90% effective. Shortly thereafter, Moderna announced similarly impressive results for its vaccine. While much remains to be done before Covid-19 is in fact behind us, financial markets look forward and those markets liked what they saw and heard. Strength was widespread, as market leadership broadened out beyond growth equities to include value stocks.

The value strategy's fourth quarter surge was predicated upon a return to "normalcy", as investors are likely to see a world where people resume traditional spending patterns, employment trends continue to improve with less dependence on government spending, and travel and leisure spending increases. Among other things, those add up to potential loan losses declining at lending institutions as the business environment improves, higher interest rates as the bond market recognizes the increasing demand for money, and the potential for the Fed to slowly take its foot off the pedal over time. This should also lead to higher energy prices as people drive more and also return to flying. Not coincidentally, the energy and financial sectors within the value index (which had been hit the hardest last year by Covid-19) were the clear winners in the fourth quarter.

Within the growth component, innovation, adaptability and resilience continued to be winning characteristics during the fourth quarter of 2020. At times, it appears almost every aspect of life has been impacted by modern technology and the world's willingness to try something new. In healthcare, a massive deployment of funding and manpower led to vaccines being developed and perfected in months instead of years, totally resetting and accelerating hopes and expectations for a recovery across the globe. Businesses, large and small, are discovering just how well they have invested in themselves over the past years as omni-present computing and connectivity continues to determine those who can take part in a changing world and those who will struggle. So far, it seems that the world's willingness to evolve has accelerated and the question in our minds now becomes, "Have we entered an era of a virtuous circle of productivity, or will it become an endless race to unprofitable competition?"

Omni-present ambient computing was already changing how most industries functioned. Retail is the most obvious as e-commerce emerged as the mission critical capability. Early in the healthcare crisis, the obvious and well-known e-commerce players performed well. Leadership then broadened out to those companies that spent the past several years making critical investments in their customer experience interfaces (and, more importantly, supply chain systems) to meet rapidly changing customer demands.

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

Leadership also came from many established specialty brands as their customers switched from traditional purchasing habits to ordering from home. These behavioral shifts have been part of our long-term investment thesis for some time now and our team had been forecasting that these transitions would occur over the next several years; Covid-19 dramatically shortened that timeframe.

Overall, we enter 2021 in surprisingly good shape. The innovative nature of the global economy helped find a healthcare solution faster than many expected. Technology allowed many more individuals to work remotely, thereby staying engaged in their jobs while also protecting themselves and their families from Covid risks. We believe that the foundations and improvements put in place in 2020 will supply a foundation for growth and recovery over the next several years – especially for those who still are willing and able to adapt and innovate. Almost every industry spent 2020 doing things in a way that was not possible a just few years ago and customers are now accustomed to change, which we believe will shorten the time needed for new investments by business to be profitable which should, in turn, increase investment in the economy. That is not to say that challenges do not lay ahead. Now that the election is over, the uncertainty of a new administration's policies may be an overhang. In addition, there is still an economic bridge to cross until most people are vaccinated. Also, the effectiveness of the vaccines still remains to be determined, if for no other reason than there may be a reluctance by many people to take it. If that turns out to be the case, it may become problematic. We shall see. In the meantime, we believe the portfolio will continue to benefit from a balance between innovative growth companies and resurgent value stocks.

In terms of the portfolio's fixed income allocation, the combination of historically low bond yields over the spring and summer before gradually ascending during the final period of the year combined to produce returns hovering around zero. Within this environment, spread sectors outperformed government bonds on optimism over vaccines and the prospects for stronger economic growth in 2021. A majority of investors are looking ahead to more "normal" times, despite the current record surge in cases and hospitalizations due to COVID-19.

The 10-year U.S. Treasury rose 23 basis points during the quarter, from 0.684% to 0.913% (Bloomberg). The Federal Reserve's 0% interest rate policy should continue to hold short-term rates in check and lead to a further gradual steepening of the Treasury yield curve over the first half of 2021.

Credit spreads compressed further throughout the period, as they grind tighter toward pre-pandemic levels. Both technical as well as fundamental pressures have been observed as investors search for any security appearing "yieldy" aligns with the expected robust recovery in the year ahead.

We have gradually increased the corporate allocations from 2018 through most of 2020 where we could, to take advantage of spreads that had come off tight levels at the end of 2017. Technical pressures have caused spreads to compress this year to a current level we feel does not currently compensate investors adequately for the sector's risk and volatility. This key metric will be carefully assessed over the coming months, likely resulting in a lowering of the corporate bond allocation within client's portfolios.

The $3.9 trillion U.S. municipal bond market is on track to finish 2020 with strong returns marking the seventh straight year of gains and recording a tremendous rebound from a record selloff in March as fears about the pandemic's fiscal impact rattled investors.

The relative resilience of state & local government tax revenues during the pandemic means that the overall budget shortfalls facing those governments are likely to be smaller than many had feared. That reduces the downside risk of future state & local spending cuts weighing on the economy and supports our view that GDP growth will rebound markedly next year as coronavirus vaccines are rolled out.

We have observed that state & local governments were very quick to clamp down on spending and cut employment.

Coming out of the last recession, Muni/Treasury yield ratio had almost fully recovered by the time that state & local government austerity began. A similar path was observed this year. Also, state budgets were in good shape heading into the COVID downturn, with all-time high Rainy Day fund balances.
As for the outlook for fixed income, we would not be surprised if the Fed kept the funds rate at its current level for upwards of 3 years. Since the 2008 financial crisis, it kept its key rate at zero for approximately 7 years.

In 2020, the 10-yr yield averaged about 0.90%, and fluctuated between 1.88% (max) and 0.51% (min) (source: Bloomberg). We expect a small amount on upward pressure on rates due to progress on the vaccine, passage on additional fiscal stimulus, as well as potentially more QE from the Federal Reserve.

After record breaking issuance during 2020, we expect weaker gross issuance within the corporate sector. The technical impact will continue to contain spreads during the first half of 2021. Soon after, high debt levels, particularly among credits further down the quality spectrum, may pressure spreads wider towards long-term average levels. Demand for both tax-free as well as taxable municipal bonds should continue to be strong in the coming year as yields for this sector slightly exceed comparable quality corporates. Also, with tax rates not expected to decrease in the intermediate time horizon, tax free income will be prized by investors.

Thank you for your continued confidence and investment in the Logan High Quality Balanced portfolio. As always, please call or email if you have any questions.

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.

U.S. TREASURY YIELDS	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	YTD Change
2 YR	1.569%	0.246%	0.149%	0.127%	0.121%	-1.448%
3 YR	1.609%	0.293%	0.173%	0.157%	0.165%	-1.444%
5 YR	1.691%	0.380%	0.288%	0.277%	0.361%	-1.330%
7 YR	1.831%	0.541%	0.491%	0.470%	0.643%	-1.188%
10 YR	1.917%	0.669%	0.656%	0.684%	0.913%	-1.004%
20 YR	n/a	n/a	1.174%	1.224%	1.440%	n/a
30 YR	2.390%	1.321%	1.411%	1.455%	1.645%	-0.745%
10S MINUS 2S	34.8 bps	42.3 bps	50.7 bps	55.7 bps	79.2 bps	

Source: Bloomberg

LOGAN AUM+AUA

Strategy AUM	$86M
Firm AUA	$1,312M
Firm AUM	$2,240M
Total Firm AUM+AUA	$3,552M

Numbers are subject to rounding differences
AUA has a one month data lag

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.

LONG-TERM TRACK RECORD^	TOTAL ACCOUNT NET OF FEES	TOTAL ACCOUNT PURE GROSS OF FEES	50% SP500 / 50% BC MUNI	EQUITY ONLY	S&P 500	RUSSELL 1000	FIXED INCOME ONLY	BC MUNI
QTD	11.4%	11.8%	7.0%	17.8%	12.2%	13.7%	0.8%	1.8%
YTD	11.6%	13.7%	12.4%	18.1%	18.4%	21.0%	5.1%	5.2%
3 Year	8.6%	10.6%	9.8%	14.3%	14.2%	14.9%	4.6%	4.7%
5 Year	5.0%	6.7%	6.7%	15.6%	15.2%	15.6%	3.1%	3.9%
10 Year	7.2%	9.3%	9.4%	14.3%	13.9%	14.0%	2.7%	4.6%
Since Inception†	5.8%	7.8%	7.4%	11.1%	9.9%	10.1%	3.3%	4.4%

Annualized Returns (as of 12/31/2020). Time period greater than YTD is annualized.
†Inception of (09/30/2005)
Reference performance disclosure

TEN LARGEST PORTFOLIO HOLDINGS

TOP FIVE EQUITY HOLDINGS	% OF PORTFOLIO
Philip Morris International Inc.	2.9%
AT&T Inc.	2.8%
JPMorgan Chase & Co.	2.4%
U.S. Bancorp	2.3%
Raytheon Technologies Corporation	2.3%
TOP FIVE FIXED HOLDINGS	
Millersburg Pa Area Sch Dist 5.0% 01-oct-2022	3.9%
East Allegheny Pa Sch Dist 4.0% 01-jun-2028	3.7%
New Jersey Economic Dev Auth Mtr Veh Surchargesrev 5.0% 01-jul-2027	3.2%
Graham Cnty Ariz Jail Dist Rev 5.0% 01-jul-2021	3.2%
Meriwether Cnty Ga 4.0% 01-mar-2027	3.1%

Performance Disclosure

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Logan Capital Management, Inc.
Performance Results: High Quality Balanced Taxable Composite
September 30, 2005 through December 31, 2020

Year	Total Return Net of Fees	Total Return Pure Gross of Fees	50 % S&P 500/50% Barclay's Muni	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	50 % S&P 500/50% Barclay's Muni 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
2020	11.6%	13.7%	12.4%	9	3.3%	12.9%	9.8%	0.7	$39	1.7%	$2,240
2019	20.0%	22.3%	19.2%	9	3.6%	7.6%	5.9%	1.2	$35	1.7%	$2,050
2018	-4.5%	-2.6%	-1.3%	8	0.7%	6.7%	5.4%	0.8	$27	1.9%	$1,431
2017	11.8%	13.9%	13.4%	13	3.4%	6.0%	4.8%	1.2	$56	3.5%	$1,590
2016	4.0%	6.0%	6.1%	16	1.0%	6.5%	5.2%	0.8	$45	3.2%	$1,401
2015	1.0%	3.0%	2.6%	17	0.5%	6.3%	5.5%	1.4	$43	3.1%	$1,398
2014	5.0%	7.1%	11.4%	16	0.8%	5.7%	5.0%	1.8	$44	2.4%	$1,816
2013	14.8%	16.9%	13.8%	20	5.2%	6.5%	6.1%	1.6	$43	2.1%	$2,061
2012	6.0%	8.0%	11.5%	22	1.3%	8.2%	7.2%	1.2	$39	2.0%	$1,932
2011	4.5%	6.5%	6.7%	21	2.4%	9.6%	9.3%	1.4	$29	1.5%	$1,873

Annualized Returns (12/31/2020)

Year	Total Return Net of Fees	Total Return PureGross of Fees	50 % S&P 500/50% Barclay's Muni
YTD	11.6%	13.7%	12.4%
3 Year	8.6%	10.6%	9.8%
5 Year	5.0%	6.7%	6.7%
10 Year	7.2%	9.3%	9.4%
Since Inception†	5.8%	7.8%	7.4%

†Inception 09/30/2005
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios.

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Logan High Quality Balanced Taxable Composite contains fully discretionary taxable balanced accounts, measured against a blended index consisting of 50% Barclays Municipal and 50% S&P 500. You cannot invest directly in an index. The S&P 500 Index seeks to reflect the risk and return of all large cap companies and is also is used as a proxy for all of the total stock market. It tracks the 500 most widely held stocks on the NYSE or NASDAQ and is widely regarded as the best single gauge of large-cap U.S. equities. The Barclays Municipal Bond Index is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year. The benchmarks selected include the reinvestment of dividends and income, but do not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing. These benchmarks are used for comparative purposes only and generally reflect 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 composite contains accounts within +/- 20% of a 50% equity and 50% fixed income allocation. In addition, the equity portion contains accounts that are +/-20% of a 50% growth and 50% value allocation and the fixed portion contains tax-exempt positions (ie. municipal bonds). The blended benchmark is calculated daily. Accounts must have $300,000 at inclusion. For exclusion, the account has to drop below the 25% threshold of $225,000. In addition, accounts must have $100,000 of fixed income assets at inclusion. For exclusion, the fixed income assets have to drop below the 25% threshold of $75,000. Includes accounts paying both wrap and commission fees.

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.

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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 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. Some accounts in the composite pay a bundled wrap fee based on a percentage of assets under management. Other than portfolio management, this fee includes brokerage commissions, portfolio monitoring, consulting services, and in some cases, custodial services. As of December 31, 2020, 14.9 % of the composite assets were charged a wrap fee. Pure gross returns for accounts paying a wrap fee are shown as supplemental information as they do not reflect the deduction of any fees or transaction costs; net returns are derived by reducing the gross return by the highest wrap fee (0.48% quarterly fee). Gross returns for non-wrap accounts include investment management fees and have been reduced by transaction costs; net returns have been reduced by management fees and transaction costs. 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.

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. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

Performance Disclosure

Total annual fees charged by wrap sponsors are generally in the range of 2.0% to 3.0% annually.
The Logan High Quality Balanced Taxable Composite was created September 30, 2015.