LOGAN VALUE PORTFOLIOS: LOGAN VALUE (LV) Q1 | 2022 REVIEW[1]

MARKET ENVIRONMENT

Logan Value held up very well in a turbulent first quarter environment, with the LCV composite registering a gross positive return of +2.7%. In contrast, the S&P 500 hit its high water mark on the first trading day of the year and then spent virtually the entire rest of quarter in negative territory. Though it did claw its way upward in the closing days of March, the S&P 500 ended the quarter down -4.6%. Noticeably, however, value stocks (as measured by the Russell 1000 Value Index) outperformed growth stocks (as measured by the Russell 1000 Growth Index), with the former recording a loss of -.7% compared to the -9.0% loss of the growth index. That was among the larger quarterly discrepancies of the past two decades.

It was not hard to understand the volatility encountered in financial markets in the first quarter given the number of significant obstacles confronting investors. Among those were inflation readings that Bloomberg termed "the hottest in four decades", interest rates rising in response to those readings as well as from the Federal Reserve indicating it is planning a series of rate hikes over the next two years, oil prices crashing through the $100 per barrel range, and needless to say the invasion of Ukraine (which had an impact on many of the aforementioned items as well).

In addition, Barron's noted that the money supply as measured by "M2" rose 41% over 2020 and 2021, more than twice the rate following the 2008-2009 financial crises, and higher than during the inflationary 1970's period. Many economists, Milton Friedman most prominent among them, would associate that kind of monetary growth with inflation, though others in the "modern monetary theory" ("MMT") camp contend that outsized spending and money growth do not result in inflation. At the moment, it appears the MMT side is losing that argument.

Financial markets reacted to rising inflation by pushing up interest rates, with the ten year Treasury bill ending the quarter at 2.32%, up from 1.51% at the beginning of the quarter, according to Bloomberg. Bloomberg also noted that rising interest rates were a worldwide occurrence. They noted that trillions of dollars of government debt across the globe had negative yields coming into the quarter but saw those yields turn positive.

In addition, oil prices reacted to both the general imbalance between supply and demand that we have been noting in many of our past quarterly letters, and to market disruptions as a result of the sanctions on Russia. Brent crude prices gyrated wildly (including after the Biden administration announced at the end of March a large reserve release from the Strategic Petroleum Reserve), but ultimately rose to $105 per barrel at the end of the quarter, having peaked near $130 per barrel in early March. Notably, however, that was up from $78 per barrel at the beginning of the first quarter, as reported by Bloomberg. At what point higher oil prices start to meaningfully

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

impact the overall economy is debatable, but they do act like a tax increase and generally inhibit economic growth (though they certainly have helped the oil stocks in the portfolio).

As to where the economy and financial markets go from here, we view that as unknowable. Should the yield curve invert (i.e., short rates exceed long rates), that would not be a good omen as most recessions are preceded by such occurrences. While the two year versus ten year treasury yield inverted very briefly during the quarter, there is no question that the yield curve has flattened, so it is worth keeping an eye on. Having said that, a study by the IMF several years ago found that of forty-nine recessions around the world in 2009, none had been predicted a year in advance by a consensus of economists. Moreover, only two of the sixty recessions in the 1990's had been predicted a year in advance. Given that kind of inglorious track record, we re-emphasize that the future of the financial markets is unknowable.

What is knowable is what is shown in a study by Ned Davis Research which highlights that since 1930 the total return on the S&P 500 has been 10% annually, however, if dividends are excluded the return drops to 6% annually. Clearly, the dividend component of equity market returns is a central element to investor success over the long term in our view. Therefore, we believe the very attractive dividend yield of 3.0% on the Logan Value portfolio as of March 31st helps the odds of LCV performing well over time.

PORTFOLIO REVIEW

Logan Value's relative out-performance in the first quarter was most aided by holdings in the industrial, energy and consumer discretionary sectors. Least helpful sectors in which the portfolio was invested were materials, financials, and utilities.

The strength in the portfolio's industrial stocks were centered around the two holdings in the aerospace industry, one of which is completely military oriented and the other which is half military and half commercial airline oriented. Both stocks benefitted from the newly focused attention on defense spending as a result of the events in Ukraine and the resulting improved prospects that government budget pressures on defense spending will be lessened relative to what had been assumed earlier in the Biden administration. The latter stock's commercial segment also stands to benefit from the public's increased willingness to fly as a result of the seemingly receding Covid threat and the opening up of the country.

As mentioned before, energy prices increased dramatically during the quarter because of both market dynamics independent of the situation in Ukraine, as well as the impact of that conflict on energy flows. Specifically, Brent crude had risen from just under $60 per barrel at the end of March 2021 to about $90 per barrel prior to the Russian invasion (and as noted earlier, it finished the first quarter at $105 per barrel). Needless to say rising oil prices generally translate into well performing stock prices of oil companies, which was the case in the first quarter.

The portfolio's sole consumer discretionary holding is a discount retailer that has performed very well, and continues to do so. Moreover, management recently provided guidance, both short term and long term, which pleasantly surprised analysts as the Company moves beyond the positive impact the Covid lockdowns had.

The lone materials stock in the portfolio reported good results last quarter and said demand remains strong, however, raw material and logistics cost inflation is expected to continue to weigh on margins. Still, the Company announced a new stock buyback program and raised their dividend 10%. Management has proven itself over time to be very shareholder oriented, and we expect patience will be rewarded.

Financials in the portfolio were a mixed bag with about as many advancing as declining. Generally, rising interest rates provide a tailwind to financials as they tend to improve net interest margins. Nevertheless, the financials held in the portfolio are all financially very sound, all are selling at modest multiples of earnings, all are buying back stock, and most are raising their dividends which we expect to continue to be the case going forward. The portfolio's sole utility holding actually performed well, outpacing both the overall market and the sector. Nevertheless, the portfolio's modest underweighting of the utility sector, which was among the better performing sectors in the benchmark index last quarter, resulted in a modest reduction in overall relative performance.

PORTFOLIO OUTLOOK

Despite numerous crosscurrents that pressured equities in the first quarter, Logan value performed very well on a relative basis and an absolute basis. As we have noted before, equity investors are well served to remember the importance of dividends. The Ned Davis Research referred to earlier indicated that dividends have comprised about 40% of the stock market's total return historically. Moreover, much academic research points to dividend stocks typically (though not always) holding up better in more volatile markets.

Interest rates are meaningfully higher than they had been not long ago, the Federal Reserve has initiated a rate raising cadence, energy prices are climbing and geopolitical issues are becoming ever more concerning. While we do not predict market movements, we do expect volatility to result from those concerns, as was seen in the first quarter. Our best advice is to stay the course, and dedicate part of a portfolio strategy to quality stocks with strong cash flows that have relatively high dividend yields. Coincidentally, that describes the nature of the Logan Value portfolio.

Thank you for your continued confidence and investment in Logan Value. As always, please call or email us 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.***

Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices does 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 Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted 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 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.

TEN LARGEST PORTFOLIO HOLDINGS

	% OF PORTFOLIO
AbbVie, Inc.	3.7%
Shell PLC	3.5%
Amgen Inc.	3.2%
Chevron Corporation	3.1%
Philip Morris International Inc.	3.0%
MetLife, Inc.	3.0%
AT&T Inc.	3.0%
United Parcel Service, Inc. Class B	2.9%
Pfizer Inc.	2.8%
ConocoPhillips	2.8%

LONG-TERM TRACK RECORD

	TOTAL RETURN NET OF FEES	TOTAL RETURN GROSS OF FEES	RUSSELL 1000 VALUE
QTD	2.3%	2.6%	-0.7%
1 Year	16.4%	17.5%	11.7%
3 Year	12.8%	14.0%	13.0%
5 Year	10.3%	11.4%	10.3%
10 Year	10.8%	11.9%	11.7%
Since Inception†	5.7%	7.3%	7.6%

Annualized Returns (as of 3/31/2022). Time period greater than YTD is annualized.
†Inception of (9/30/2000)
Reference performance disclosure

LOGAN AUM+AUA

Strategy AUM	$30M
Firm AUA	$1,586M
Firm AUM	$2,383M
Total Firm AUM+AUA	$3,969M

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

Supplemental to a fully compliant GIPS Report.
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.

Logan Capital Management, Inc.
Performance Disclosure Results
Value Composite
September 30, 2000 through March 31, 2022

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 2022	2.3%	2.6%	-0.7%	7	N.M.	17.9%	19.1%	0.8	$13	0.6%	$2,383
2021	24.1%	25.3%	25.2%	7	0.4%	18.0%	19.3%	0.9	$13	0.5%	$2,635
2020	-0.8%	0.2%	2.8%	4	N.M.	18.3%	19.6%	0.2	$8	0.3%	$2,240
2019	24.0%	25.3%	26.5%	5	N.M.	11.3%	11.9%	0.8	$10	0.5%	$2,050
2018	-7.3%	-6.3%	-8.3%	5	N.M.	10.1%	10.8%	0.7	$4	0.3%	$1,431
2017	15.3%	16.4%	13.7%	6	N.M.	10.0%	10.2%	1.0	$8	0.5%	$1,590
2016	15.1%	16.3%	17.3%	6	N.M.	10.5%	10.8%	0.8	$6	0.5%	$1,401
2015	-2.1%	-1.2%	-3.8%	5	N.M.	10.7%	10.7%	1.2	$4	0.0%	$1,398
2014	11.2%	12.3%	13.5%	6	N.M.	8.4%	9.2%	2.1	$5	0.0%	$1,816
2013	27.6%	28.9%	32.5%	4	N.M.	9.8%	12.7%	1.8	$4	0.0%	$2,061
2012	12.1%	13.3%	17.5%	5	N.M.	12.3%	15.5%	1.1	$3	0.2%	$1,932

Annualized Returns (March 31, 2022)

YTD is not annualized

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Value Index
1 Year	16.4%	17.5%	11.7%
3 Year	12.8%	14.0%	13.0%
5 Year	10.3%	11.4%	10.3%
10 Year	10.8%	11.9%	11.7%
Since Inception†	5.7%	7.3%	7.6%

†Inception 09/30/2000

N.M. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Logan Value 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 35-45 large cap stocks with strong balance sheets and strong cash flows, and which typically have relatively high dividend yields. ADR’s may be included in the portfolio (generally less than 10%). Turnover is typically 25 - 50% annually. Only accounts paying commission fees are included. Prior to January 1, 2012, the composite included both wrap and commission accounts. No minimum account size for this composite.

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, 2021. 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. 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. Prior to 2020, the annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Equal-weighted dispersion is presented for 2021 and going forward. 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.

The Logan Value Composite was created October 1, 2000.