LOGAN VALUE PORTFOLIOS: LOGAN VALUE (LV) Q1 | 2021 REVIEW[1]

MARKET ENVIRONMENT

Two quarters does not a trend make, but for the second quarter in a row value stocks outperformed growth stocks, and decisively so. Specifically, data provided by Russell indicated the Russell 1000 Value Index advanced +11.3% during the first quarter versus a return of +0.9% for the Russell 1000 Growth Index. Over the last two quarters, the Russell 1000 Value Index has outperformed the Russell 1000 Growth Index by 16 percentage points (i.e., +29% versus +13%). Logan Value also had another solid quarter with the gross composite advancing +9.2%, after having advanced +14.9% in the fourth quarter of 2020 (see attached page). The +25.5% compound return for the prior two quarters was among the best quarterly back-to-back performances for Logan Value in its more than twenty year history.

We would note that small and mid-cap stocks in the value universe stood out even more than large cap value stocks. For example, the Russell Mid-Cap Value Index rose +13.1% during the first quarter. Since that index is included in the Russell 1000 Value Index, it explains why the Russell 1000 Value Index outperformed the Russell Top 200 Value Index by 100 basis points.

So why the sudden turnaround in the growth/value dynamic, and will it continue? The answer to the second question is straight forward: nobody knows for sure. Regarding the first question, there are a number of factors, many of which we talked about in our last quarterly letter. The introduction of effective Covid vaccines fundamentally changed the entire world's potential economic trajectory. With that change came a fundamental shift in investors' perceptions about key issues such as consumer spending habits, interest rates, demand for natural resources (e.g., oil), and inflation.

With the world mired in lockdowns for much of last year, investor perceptions about those issues favored growth stocks that flourished in that environment. For example, interest rates were suppressed for much of last year as the Federal Reserve kept short term rates near 0% and they expressed their intent to keep them there for the foreseeable future. With both short and longer term interest rates suppressed, the valuation of growth stocks continued to expand because more of their value is derived from growing and often distant cash flows than is typically the case with value stocks, and investors were discounting those future cash flows at very low rates thereby raising the present value. But as the path for widespread vaccine distributions became easier to envision, circumstances changed. Most notably, an expanding economy paired with a new $1.9 trillion government spending package that appeared to pour fuel on an already lit fire led longer term interest rates to climb dramatically. Indeed, Bloomberg termed the first quarter performance of Treasury bonds the worst since 1980. Not surprisingly, that negatively affected growth stocks' relative performance as just explained, and at the same time rising rates helped financial stocks (which make up more than 20% of the Value Indexes).

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

Financial stocks often benefit when rates rise as the steepening yield curve tends to improve their margins. Moreover, when interest rates rise at a measured pace (which is still an open question) it can be reflective of a generally improving economy which would likely inure to the benefit of most stocks in the LCV portfolio.

Similarly, oil prices rose with improving demand outlook, but they also got a boost after OPEC decided not to increase supply when they met in early March, contrary to general expectations. According to Bloomberg, Brent crude ended the quarter at just under $63 per barrel, up from just below $52 per barrel at December 31, 2020. It was not surprising that energy stocks performed well in such an environment.

As we ponder the question of if value will continue to perform better than growth on a relative basis, we again emphasize that trying to guess is a somewhat futile exercise, especially over short periods like months or quarters. Having said that, we do take some comfort in looking at the valuation disparity between the two groups in relation to historical norms. Using data from Factset, the Russell 1000 Growth Index was selling at a P/E on expected 2021 earnings of 30.1X, as compared to the 18.9X P/E for the Russell 1000 Value Index. Over the last ten years, those numbers have averaged approximately 18.6X and 14.0X, respectively. While disparities like that can last for some time, we do believe mean reversion is a force to be reckoned with. Moreover, Factset indicates the respective earnings growth rates for the Value and Growth indexes over the three years ending in 2023 are: 30.0%, 16.6% and 9.7% for Value and 19.8%, 13.6% and 12.2% for Growth. So at the moment, if an investor were to "pay up" for earnings growth over the near term horizon, he or she would have an eye more toward Value than Growth. Though again we emphasize that while there is ample evidence of a favorable environment for value stocks relative to growth stocks, it is far from certain as to the outcome. That is why we continue to encourage investors to methodically maintain their allocation strategies and not try to time the shifting winds.

PORTFOLIO REVIEW

As they did in the fourth quarter, the changing economic landscape, along with fiscal and monetary policy had a profound impact on various sectors of the market and on the Logan Value portfolio. For example, according to Bloomberg, the rate on 10-year Treasuries increased from .91% at December 31, 2020 to 1.74% at March 31, 2021 (and a low of .31% in March 2020). Similarly, oil prices increased almost 22% over the same time period.

Like the fourth quarter of 2020, the financial and energy sectors were among the strongest sectors both within the value index and within the LCV portfolio. Financials were further aided towards the end of the quarter when the Federal Reserve lifted its restrictions on most banks increasing their dividends and resuming stock buybacks (we expect to see the bank stocks in the portfolio act accordingly). For the portfolio, the best performing stocks were holdings within those two sectors. Somewhat surprisingly, the utility sector also aided relative performance as the portfolio's sole utility holding returned notably more than the average utility in the benchmark index.

The sectors which were least helpful to the portfolio's performance last quarter were industrials, consumer staples, and health care. Industrials as a group had a positive return though several of the stocks which had a strong fourth quarter took a breather in the first quarter. With regard to consumer staples, most of the stocks' operational performances were satisfactory, but in our estimation, it would appear that the stock market's rotation away from defensive oriented consumer staples in general during the quarter explained the stocks' performances more so than anything specific to the stocks themselves.

During the quarter no new names were added to the portfolio, though we did increase the position size of the stock of the spin-off company received as a fourth quarter 2020 distribution from an existing pharma company holding in the portfolio. We added to the very small position received after the stock price post distribution declined and the pro forma P/E on estimated 2021 earnings and dividend yield were about 4.2X and 3% , respectively. While the Company will have to work its way through some challenges over the next year or two, the valuation looks compelling and we expect the dividend to rise meaningfully over time. As they say, "everything has its price." Similarly, we took advantage of stock price declines in several other existing holdings to add to positions in the industrial, health care and consumer staples sectors.

We also trimmed several positions, including two financial holdings whose stock prices had run up meaningfully.

PORTFOLIO OUTLOOK

For the second consecutive quarter value stocks outperformed growth stocks. We would also note that according to research from Bank of America, February was the single best month for value stocks relative to growth stocks since March 2001. As value in general seems to have found its footing, Logan Value has also provided solid returns.

As we look ahead we are encouraged at the near term environment as it relates to value stocks. Specifically, with a very large spending bill being layered on top of an already recovering economy, it would appear any economic retrenchment is a good ways off. That may well translate into firming, if not rising interest rates, and higher energy prices. Nevertheless, some of the more defensive names in the portfolio may lag should investors look to more economically sensitive stocks to invest in. But in the grand scheme of things, we still view the portfolio as being conservatively valued with an attractive dividend yield of 3.2% and a P/E on estimated 2021 earnings of 16.5X.

What could change the dynamics currently in place? Most notably would be a new strain or strains of Covid that leads to renewed shutdowns. That appeared to be a possibility as the first quarter was drawing to a close, and should that become more pervasive, all bets are off. But as we have learned over the last year, and as we have always espoused, investing based on short term trends is a difficult endeavor, and usually unprofitable. So as the saying goes, "trust the process."

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

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 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.

The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book value ratios and lower forecasted growth values.

The Russell Top 200 Index measures the performance of the 200 largest companies (63% of total market capitalization) in the Russell 1000 Index, with a weighted average market capitalization of $186 billion. The median capitalization is $48 billion; the smallest company in the index has an approximate capitalization of $14 billion.

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.

TEN LARGEST PORTFOLIO HOLDINGS

TEN LARGEST PORTFOLIO HOLDINGS	% OF PORTFOLIO
Philip Morris International Inc.	3.9%
U.S. Bancorp	3.5%
PNC Financial Services Group, Inc.	3.4%
JPMorgan Chase & Co.	3.3%
Wells Fargo & Company	3.1%
Cisco Systems, Inc.	3.0%
Pfizer Inc.	3.0%
AbbVie, Inc.	2.9%
AT&T Inc.	2.9%
Amgen Inc.	2.8%

LONG-TERM TRACK RECORD

LONG-TERM TRACK RECORD	TOTAL RETURN NET OF FEES	TOTAL RETURN GROSS OF FEES	RUSSELL 1000 VALUE
QTD	9.1%	9.4%	11.3%
1 Year	44.5%	46.0%	56.1%
3 Year	8.9%	10.0%	11.0%
5 Year	9.7%	10.8%	11.7%
10 Year	10.4%	11.6%	11.0%
Since Inception†	5.2%	6.9%	7.4%

Annualized Returns (as of 3/31/2021). Time period greater than YTD is annualized.
†Inception of (9/30/2000)
Reference performance disclosure

LOGAN AUM+AUA

Strategy AUM	$19M
Firm AUA	$1,391M
Firm AUM	$2,298M
Total Firm AUM+AUA	$3,689M

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.

Performance Disclosure

LV

Logan Capital Management, Inc.
Performance Results: Logan Value Composite
September 30, 2000 through March 31, 2021

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 2021	9.1%	9.4%	11.3%	7	N.M.	18.1%	19.7%	0.5	$13	0.6%	$2,301
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 (03/31/2021)

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Value Index
1 Year	44.5%	46.0%	56.1%
3 Year	8.9%	10.0%	11.0%
5 Year	9.7%	10.8%	11.7%
10 Year	10.4%	11.6%	11.0%
Since Inception†	5.2%	6.9%	7.4%

†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.

Performance Disclosure

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, 2020. 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. 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.

The Logan Value Composite was created October 1, 2000.. Prior to 08/20/20, the Logan Value Strategy was known as Logan Dividend Value.