Logan High Quality Balanced

HQ

CONSISTENT RETURNS WITH LESS RISK

Q2 | 2021

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q2 | 2021 REVIEW[1]

The US economy continued to track a recovery that has been faster than many expected. On a formal basis, the economy continued to score upside surprises in most economic indicators until the last month when employment growth seemed to stall and concerns about inflation became more present. From our perspective, the challenges presented by a rapid shut down of the global economy and an equally unexpected rapid return in demand justify the idea that much of the inflation may be temporary in nature, though we continue to prepare the portfolio for the possibility of inflation. The good news is that when one looks at history, equities have been able to perform well when both inflation and economic growth are unusually high. An outcome we think is very possible.

With regard to the portfolio's value component, the wind that was at the back of value stocks for much of the time since Covid vaccines were introduced last November shifted direction several times in the second quarter of 2021. Specifically, data provided by Russell showed that the Russell 1000 Growth Index was as much as 450 basis points ahead of the Russell 1000 Value Index for t-he quarter through mid-April only to fall behind the Russell 1000 Value Index by over 300 basis points by late May/early June. By the end of June, however, the Growth Index was again ahead of the Value Index by over 670 basis points as growth beat value by the most in a single month since 2000 according to Bloomberg. In terms of business fundamentals, we remained pleased with the value portfolio holdings' underlying performance. With the exception of one pharmaceutical company, every other value stock held in the portfolio reported earnings that exceeded analysts' estimates last quarter. Moreover, 60% increased their dividends during the quarter. Logan Core's second quarter performance is another reminder that the strategy benefits from a balance between innovative growth companies and resurgent value stocks.

In what we consider a healthy sign, the portfolio's growth component performance this year has been driven by companies beyond the "big tech" companies which represented something of a growth safety trade early in the COVID crisis. For the year, the best performers in the portfolio have been those companies who are at the nexus of a strong consumer and are leaders in the use of technology. In the second quarter, we saw innovation rewarded in health care as patients began to return for more traditional health issues and investors once again rewarded innovation in the health sector. We would also note that the market's focus on users of technology, as opposed to first movers, bodes well for several value-oriented sectors, too.

In many ways the economy is a coiled spring of potential pent-up growth. Businesses reacted quickly to the realities of the economic situation in ways that will have long term positive impacts on productivity. Unlike other recessions, technology was ready to go and easy to implement.

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

Ubiquitous and inexpensive internet access, cloud computing, and user-friendly software came together to allow many consumers -- especially higher income workers -- to resume work much faster than expected. An incredibly resilient economy, backed by unprecedented fiscal and monetary stimulus, kept many businesses intact and allowed many to improve their balances sheets, borrow less, and enter the recovery with more savings than when the crisis started. Businesses cut inventories aggressively and, in some ways, pulled investments in technology forward. Assuming continued progress on addressing the COVID health challenges, we expect to see a continuous wave of consumers and worker re-engaging in the economy with the ability to spend and significant pent-up demand.

As for potential risks to the equity markets, we see several. While inflation and the Fed were front and center on investors' minds, that does not mean other factors were not weighing as well. For example, the Biden administration is proposing meaningful increases in tax rates, both capital gains and corporate rates as well as some marginal individual rates and estate taxes. Which, if any of these become enacted, and which of the administration's $6 trillion spending proposals are enacted is still to be determined (including a bipartisan infrastructure bill that was supposedly agreed to). The Covid-19 Delta variant is also something to keep a close eye on. There are a lot of balls in the air, so rather than trying to guess which balls will land where, we believe it best to simply stick to our strategy and carry on. It is our observation that many new practices have been implemented and will remain in place during the coming years. The failure to adapt could prove to be extremely detrimental as the economy recovers. Flexible e-commerce work arrangements will likely stay in place, allowing teams to be made up of the best and brightest, regardless of location. Additionally, timely 24/7 customer service, as well as many other new expectations will likely become commonplace. The global workforce and consumers have become much more adaptable over the past year and will expect more in the future. Those companies that can meet these new expectations will do well regardless of the rate of growth or inflation.

Fed officials have said they want to see "substantial further progress" toward their goals of maximum employment and average 2% inflation before reducing current asset purchases of $120 billion of U.S. Treasuries and agency mortgage-backed securities per month. None are suggesting that they're close to achieving that, though some have pressed for discussions to begin on a plan for tapering that buying in addition to the pace and composition of a reduction in purchases. As Fed Chair Powell has pointed out more than once, payrolls are still substantially below where they were pre-pandemic – some 7.6 million jobs short, according to the May employment report (Bloomberg). And while inflation recently has proven surprisingly rapid --consumer prices climbed 5% in May from a year earlier – Powell and other Fed officials have argued that the rise is mostly transitory, the result of temporary bottlenecks as the economy reopens and low readings a year ago when it shut down. The next question becomes, when can investors expect tapering discussions to start and tapering to be initiated and then, when might the first increase in rates occur. We believe there is no way the Fed will taper QE or raise rates for at least a couple of months after pandemic emergency benefits run out on Labor Day. The optics of tightening just as millions of people start looking for work is not something they want to take on. That said, the Jackson Hole Economic Summit in late August has been an event where Federal Reserve members have signaled changes to Fed policy.

With investors waiting to see if inflation is transitory or not, we anticipate Treasuries to be range bound over the coming months.

Treasuries-This sector experienced a small sell-off inside of the 5-year point on the curve and a rally outside of the 5-year point on the curve (bull flattening of the curve). Despite the anticipated faster increase in rates as revealed by the Fed's hawkish dot plot that surprised markets, the prior enthusiasm of inflation pricing of last quarter has moderated significantly. Our underweight in longer securities detracted from performance for the period.

Bottom line: Fed policy is in wait-and-see-mode. The new economic forecast shows significant divergence in economic expectations among the committee, but the majority of participants see no rate hikes through 2023 (as of this writing). Changes to growth, unemployment, and inflation forecasts suggest the Fed as a group expects inflation will run a little hot thanks to strong fiscal stimulus, but not enough to be a concern and require a monetary policy response. On March 4, Chairman Powell noted higher yields reflect economic recovery and not disorderly trading that might tarnish financial conditions.

The statement offered the observation that "indicators of economic activity and employment have turned up recently, although the sectors most adversely affected by the pandemic remain weak."

In the choreography of tightening, the first step will be tapering the $120 billion of monthly asset purchases which the FOMC has pegged to "substantial further progress" on employment and inflation. Chairman Powell said that will be a judgment, or in other words, a committee consensus that Powell himself is in charge of forming. "Until we give you a signal, you can assume we are not there yet," he said on March 17.

Powell has been closely focused on the uneven blow delivered by pandemic, and he wants to get the 9.5 million Americans who've lost jobs during the Covid-19 era back to work as quickly as possible.

In fixed income we had kept portfolio duration below index duration and reaped the benefits as this positioning was a contributor to performance as Treasury yields increased, especially outside the 3 year part of the curve. In addition, we noted the shrinking spreads in corporate bonds due to demand for high quality liquid assets with additional yield as compared to Treasuries, as well as optimism that the domestic economy will show increased strength over the coming quarters. The increase in the allocation of corporate bonds over 2018-2020 was also additive to performance.

Municipal bonds performed well during the quarter as expectations are for taxes to increase both for corporations as well as on the highest earning individuals. With this backdrop, the demand for tax-free income will increase. Another factor increasing the attractiveness of the sector is the billions of dollars of aid to state and local governments which increases the credit quality of the sector.

The simplest form of one critical question for 2022: Does rapid growth this year "burn out" as theory suggests it would or does it kick consumption into a higher gear that can propel the economy the next 2-3 years? The Fed doesn't have that answer – at least currently – and the pandemic governs current economic data, reducing the value of any data trend.

Rates have moved so quickly they appear to confirm the rosiest possible forecasts for the economy and a dangerous outlook for inflation. Yet, the events that drive markets right now offer few answers about the big question that looms as a result of those very events. Will market expectations "force" the FOMC to tighten rates quicker than anticipated.
The Treasury market has moved quickly to price-in expectations of a strong economic recovery, while the Fed has been more cautious about moving its own rate forecasts. We think that the market's expectations are well founded and that the Fed will eventually move its dot plot higher to better align with the market.

We anticipate continuing to extend maturities as rates increase in the near term. The allocation of maturities in most of the accounts will allow us to take advantage of the current interest rate environment.
The municipal sector is currently rich, but the increase in expected demand will allow the ratio to Treasuries to stay low and the spreads to continue to tighten. We do not see the sector cheapening over the coming quarters this year.

Lastly, we are also monitoring a rotation out of equities and into bonds as the increase in yields has two important implications. First, the equity market dislikes an increase in real rates especially when it occurs abruptly.

Corporates-Issuance slowed YTD compared to 2020 as companies have less need to issue bonds. High cash levels on corporate balance sheets in a strengthening economy is removing the risk of holding corporate bonds. The premium investors receive for the added risk of holding corporate rather than Treasury bonds is the lowest since 2007 (Federal Reserve Bank of St. Louis) due to low default risk and a greater number of expected upgrades versus downgrades over the coming quarters. We selectively added additional corporate exposure as we felt the small additional yield will be additive to performance. The improving economy, stable outlook for interest rates the remainder of the year is expected to be a tailwind for this sector.

Municipal-Good performance as demand remains high ahead of expected increases in tax rates. The sector will continue to be supported by demand for tax-free income by retail investors. The sector also has improving credit fundamentals as the economy reopens, fiscal stimulus is distributed and property taxes continue to increase (in step with housing costs).

We have observed that low absolute rates and spread compression have forced investors down the quality spectrum looking for tax-free income.

Future rising interest rates are a head wind to performance. Often retail investors lower their allocation to the sector, pressuring yields higher and this becomes a self-sustaining cycle. If this occurs, we view this as a buying opportunity (similar to March 2020), as fundamental metrics are strong across the sector.

Oil-OPEC+ expects to stick to its plan to hike oil output in July, but Saudi Arabia's energy minister kept the market guessing as to whether the group will add more supply later this year to keep pace with the accelerating global recovery.

OPEC and its allies have spent more than a year rescuing prices from historic lows and only cautiously adding supply. Now the story is shifting: the oil market is heading into deficit. Letting the market overheat risks undermining the recovery. But the cartel also has to manage the risk of Iranian supply coming back online.

Commodities -Copper climbed to a record last month as stimulus, low interest rates and a global economic recovery fueled a rally across commodities. Prices have since stumbled on concerns the Fed will pull back support, while China is looking to tap state reserves to accelerate its campaign to rein in surging raw materials cost which are currently slowing demand.

Student Loans-More than 40 million holders of federal loans are due to start making monthly instalments again on Oct. 1, when the freeze imposed as part of Covid-19 relief measures is due to run out. It covered payments worth about $7 billion a month, the Federal Reserve Bank of New York estimated. Their resumption will have a significant impact on household budgets, and a potential drag on the consumer recovery.

Americans now owe about $1.7 trillion of student debt, more than twice the size of their credit-card liabilities. Politicians recognize it's not sustainable. Yet for all the talk of loan forgiveness during last year's election campaign —including from President Joe Biden, who promised to write off at least $10,000 per borrower — there's been no progress toward shrinking the pile of debt.

Treasuries-We anticipate interest rates to be range bound over the coming months as additional data is needed before investors are confident in the strength of the economy and subsequently, the expected path of interest rates.

Corporates-As mentioned in past commentaries, narrow spreads leave very little upside to corporate performance over the medium term. When combined with the unwinding of monetary stimulus, we view the current holdings as defensive due to their shorter maturities, high credit quality and high liquidity due to large issue size.

We conclude our commentary with these two observation. First, while we always feel that fundamentals will come forward and establish itself as the guiding force for the Treasury market, this past quarter,

the pressure from reopening/reflation was met with the caution (unknown events) implied by the bull flattening (as shown in the table below) which overshadowed any single data point or headline.

Second, the Fed's faster integration of real-time economic data into its FOMC communication is done to help preserve its credibility for the tricky months ahead. In March, the Fed was planning to leave rates at the effective lower bound unless something changed. Now, the Fed plans to hike unless something changes.

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.

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 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 and lower forecasted growth values. Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage.

The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

U.S. TREASURY YIELDS	12/31/2020	3/31/2021	6/30/2021	YTD Change
2 YR	0.121%	0.160%	0.249%	-0.128%
3 YR	0.165%	0.346%	0.460%	-0.295%
5 YR	0.361%	0.939%	0.889%	-0.528%
7 YR	0.643%	1.419%	1.236%	-0.593%
10 YR	0.913%	1.740%	1.468%	-0.555%
20 YR	1.440%	2.311%	2.018%	-0.578%
30 YR	1.645%	2.411%	2.086%	-0.441%
10S MINUS 2S	79.2 bps	158.0 bps	121.9 bps	

Source: Bloomberg

LOGAN AUM+AUA

Strategy AUM	$35M
Firm AUA	$1,539M
Firm AUM	$2,461M
Total Firm AUM+AUA	$4,001M

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	4.1%	4.7%	5.0%	6.4%	8.5%	8.5%	1.1%	1.4%
YTD	6.6%	7.6%	8.0%	11.4%	15.0%	15.3%	0.4%	1.1%
1 Year	23.9%	26.2%	21.5%	40.4%	43.1%	40.8%	2.2%	4.2%
3 Year	10.3%	12.4%	12.2%	16.8%	19.2%	18.7%	4.7%	5.1%
5 Year	9.2%	11.2%	10.5%	17.0%	18.0%	17.6%	2.8%	3.2%
10 Year	7.3%	9.4%	9.7%	14.3%	14.9%	14.8%	2.5%	4.3%
Since Inception†	6.0%	8.0%	7.7%	11.4%	10.7%	10.5%	3.2%	4.3%

Annualized Returns (as of 06/30/2021). 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.	3.2%
JPMorgan Chase & Co.	2.6%
U.S. Bancorp	2.5%
AT&T Inc.	2.5%
Cisco Systems, Inc.	2.4%
TOP FIVE FIXED HOLDINGS	
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	3.3%
Graham Cnty Ariz Jail Dist Rev 5.0% 01-jul-2021	3.2%
Madera Calif Uni Sch Dist Calif 0.0% 01-aug-2027	3.2%
Meriwether Cnty Ga 4.0% 01-mar-2027	3.2%

Performance Disclosure

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Logan Capital Management, Inc.
Performance Results: High Quality Balanced Taxable Composite
September 30, 2005 through June 30, 2021

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)
YTD 2021	6.6%	7.6%	8.0%	6	N.M.	13.0%	9.7%	0.9	$36	1.5%	$2,461
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

Annualized Returns (06/30/2021)

Year	Total Return Net of Fees	Total Return PureGross of Fees	50 % S&P 500/50% Barclay's Muni
YTD	6.6%	7.6%	8.0%
1 Year	23.9%	26.2%	21.5%
3 Year	10.3%	12.4%	12.2%
5 Year	9.2%	11.2%	10.5%
10 Year	7.3%	9.4%	9.7%
Since Inception†	6.0%	8.0%	7.7%

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

Performance Disclosure

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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, 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. 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.