

### LOGAN DIVIDEND PERFORMERS BALANCED PORTFOLIOS Q3 | 2021 REVIEW<sup>1</sup>

#### MARKET ENVIRONMENT

The summer months have been anything but dull for investors, yet as the Shakespeare play put it so aptly, “All’s Well That End’s Well”. Despite a September slump that pulled stocks down from all-time highs, US markets (as measured by the S&P 500 Index) rose 0.58% for the quarter and notched a sixth consecutive quarter of gains. The more technology-heavy NASDAQ-100 Index rose 0.93% while small-caps (Russell 2000 Index) fell nearly 5%. A new COVID-19 variant brought case counts back to the forefront, depressing consumer sentiment, mobility and ultimately earnings expectations for affected areas of the economy. This resurgence temporarily derailed the “re-opening” trade and left investors weighing growth opportunities against cyclicals once again. Growth stocks continued to lead performance in the quarter and the year, but value stocks were relative outperformers in September as tapering news pushed interest rates higher. Notably, higher quality stocks (S&P Quality ratings B+ or better) tended to outperform lower quality during the quarter, but September surprisingly did not show much help from this factor. We would attribute some of this to be a result of the strong showing from lower-quality energy

stocks during the month.

Inflation, seemingly less transient every day, fueled by post-pandemic demand strength and supply chain bottlenecks, continues to be a key worry. Federal Reserve Chairman Jerome Powell has moved from “not even thinking about thinking about tapering” to talking about tapering the ongoing monetary stimulus. This led to a bounce in interest rates late in September. Bonds remain negative for the year (BBgBarc US Agg Bond Index) and were barely positive for the quarter.

International markets were mixed with developed markets (MSCI EAFE TR Index) falling 1% while emerging markets (MSCI EM TR Index) fell 6.6%, negatively impacted by policy changes in China that culminated in the Evergrande debt defaults. In terms of sectors, financials were strong over the past several months as interest rates rose while utilities and communication services were also strong contributors. However, more cyclical sectors such as industrials, materials and energy lagged. Commodities such as natural gas soared during the quarter as supply disruptions continued while demand remains strong.

We would be remiss in adding that politics have become market moving as the Biden administration’s policy challenges have taken the steam out of legislative momentum for further fiscal stimulus. These increased spending plans come with higher tax rates on income, capital gains and corporate earnings, a consequence investors will have to digest in the coming months.

Switching to fixed income markets, most bond classes were little changed in the third quarter. The majority of bond indices were solidly higher through mid-September as investors rotated to safety following the rise in COVID-19 cases in July and August. But in late September, the Federal Reserve confirmed tapering of Quantitative Easing could begin this year. That, combined with still-high inflation statistics, weighed on fixed income markets during the final few days of the third quarter which erased most of the quarter-to-date returns for many bond indices. The Federal Reserve made no changes to the federal funds rate during the quarter. The Fed continues to communicate a

<sup>1</sup>Dividend Performers Balanced results discussed herein should be read in conjunction with the attached performance and disclosures

commitment to utilize all its tools to support the U.S. economy in its efforts to achieve both maximum employment and inflation at or above 2% over the long term. Overall policy measures remain accommodative. The target range for the federal funds rates remains at 0.00% - 0.25%. During the quarter, the benchmark 10-year US Treasury yield increased moderately from 1.47% to 1.49%. The strategy's fixed income benchmark, the Bloomberg Barclay's Intermediate U.S. Government/Credit Index, was up 0.02% during the quarter, while the Bloomberg Barclays U.S. Aggregate index was up 0.05%. (yield and index information sourced from Bloomberg).

## PORTFOLIO REVIEW

The third quarter of the year saw the Logan Capital Dividend Performers Balanced strategy slightly underperform its blended benchmark. Related to the equity portion of balanced accounts, Federal Reserve stimulus and the COVID-19 Delta variant maintained investor interest in higher growth stocks that tend not to focus on dividend payouts. We began to see help from quality and dividend growth factors in the quarter as tapering talk heated up. Allocation and selection effects were slightly negative as well given the preference for growth or economically sensitive areas of the economy. The fixed income portion of balanced accounts performed in line with the fixed income benchmark.

The financials, materials and information technology sectors contributed to relative performance during the quarter.

Financial stocks were the best performers during the quarter, particularly interest-sensitive names such as

lenders. Our overweight in banks within financials was particularly helpful during the quarter. Higher inflation data and more talk of tapering monetary stimulus led to a relatively sharp upward move in interest rates as well as a steepening of the yield curve. This is positive for banks as they can charge more for their loan products in the future. In addition, benign credit metrics are keeping bank balance sheets quite strong allowing excess capital to be funneled into higher dividends and share repurchase programs. We added to our financial positions during the quarter.

The materials sector contributed to relative performance during the quarter. Relative performance was driven by stock selection which more than offset our overweight as the materials sector underperformed the S&P 500 Index return during the quarter. The strong selection result was driven by the performance of both a leading paint and coatings company and a leading industrial gas and engineering company as each holding outperformed both the sector and the S&P 500 Index return during the quarter.

The information technology sector contributed to performance during the quarter mainly due to positive stock selection. This was a result of strong performance from several information technology service-orientated companies, leverage to companies empowering their clients to digitize their core, as well as being underweight more cyclical semiconductor companies which were negatively impacted by slower GDP growth than expected.

In fixed income, the strategy's overweight allocation to corporate bonds and underweight allocation to U.S. Treasuries modestly contributed to performance

given corporate bonds as a category outperformed U.S. Treasuries within the benchmark. Selection within corporates and U.S. Treasuries was also a slightly positive influence on performance.

Conversely, the health care, consumer discretionary and industrials sectors detracted from relative performance during the quarter.

The health care sector detracted from performance during the quarter mainly due to adverse stock selection. This was a result of several factors including weak performance from one of our biotechnology holdings due to the cumulative effect of a slowdown in patient visits to doctors from COVID-19. This was exacerbated by strong performance from COVID-19-related vaccine drug companies in addition to the outperformance of non-dividend paying health care stocks neither of which are represented in the portfolio.

The consumer discretionary sector saw modest underperformance during the quarter as enduring stable growth stories outperformed, but were weighed down by news in apparel-exposed names due to COVID-19-related closures of certain southeast Asian manufacturing centers, exacerbating existing bottlenecks in the supply chain. These regions are due to re-open in mid-October and should begin to flow product within a number of weeks. By all accounts, demand has remained strong for apparel, particularly in athleticwear, as schools have reopened and consumers continue to favor outdoor activities, active lifestyles and continued casualization of wardrobes. Messaging from the companies is that the vast majority of the product has been positioned in time for the holidays and that any disruption will ultimately be

transitory. Concerns over freight and input costs and the impact of waning stimulus created attractive opportunities to add to the sector. In fact, we initiated a position in a domestic retailer this quarter, which hit on all three pillars of our investment process.

The industrials sector detracted from performance during the quarter due to both stock selection and allocation effects. The negative stock selection result was primarily driven by the underperformance of two of the portfolio's industrial holdings – a diversified multi-industry company with a focus on tools and accessories and a leading rail company. Both of these holdings confronted headwinds associated with the significant industrywide supply chain pressures prevalent during the quarter among other factors. The allocation effect also detracted as the portfolio was overweight industrials which was the worst performing sector within the S&P 500 Index during the quarter.

In fixed income, a few of the strategy's fixed income holdings modestly underperformed the overall benchmark return resulting in a slightly negative influence on performance.

The following is a summary of the new buy implemented in the portfolio during the quarter.

We initiated a position in the consumer discretionary sector, one of the largest discount retailers in the United States. The company trades in low-priced merchandise, typically \$10 or less. The company offers a wide selection of merchandise, including consumable items, seasonal items, home products and apparel. We see this name as both offensively and defensively positioned, hitting on all three of our investment pillars: business momentum, financial

strength and valuation. The company is growing its footprint, having optimized its store format to a new, higher square footage model that is outperforming the existing store base. The company maintains strong financial strength as well. The company has historically been an excellent steward of capital, with healthy levels of free cash flow and healthy dividends growing at an accelerating rate in both 2020 and 2021. As for valuation, this company is currently trading over 200 basis points below its average price-earnings multiple on a forward average 24-month basis, a period in which earnings are expected to accelerate. We believe volatility around freight costs and difficult comparisons from last year have provided an attractive entry point to what we see is a multi-year reliable growth story, as the company has raised guidance with every quarter in 2021 and continues to open stores at around a rate of 6% growth each year.

The strategy's fixed income asset allocation at the end of the quarter remained approximately 50% in U.S. Treasuries and 50% in corporate bonds. The strategy is overweight corporate bonds and underweight U.S. Treasuries/Government-related bonds. Within corporates, we are overweight banking, information technology, pharmaceuticals and communications. Finally, the duration is short of the benchmark.

### PORTFOLIO OUTLOOK

We think market volatility is here to stay given the shift from a pandemic policy and market construct to life as normal as it can be in these circumstances. However, a seventh straight quarter of stock market growth is a possibility in our view, but it may look quite different than past quarters. Economic recovery will continue

and be aided by continued stimulus and ample liquidity. However, the tone will be measured by inflation worries, high valuations among growth stocks, higher interest rates and tapering of fiscal stimulus.

Renormalization after the pandemic-led monetary stimulus programs is on its way, that is something we are pretty sure about. However, the pace of that change is tougher to predict, and we would lean on a long runway. "Fed speak" has gone from "thinking" to "talking" about tapering, a plan that makes sense to us as there are physical limits to the quantitative easing program. COVID-19 is going to continue to play a role in market dynamics and the sharp reversal we saw in the S&P 500 Index mid-quarter due to new case spikes is instructive. A hockey stick-like recovery may be off the table, but we consider this a pause and not a derailment of the economic recovery. The Fed will not, in our view, stand by and let markets head into a negative trend just when economic momentum from reopening is fading with employment still well short of its targets. Unfortunately for the Fed, there is little it can do other than back away from its recent hawkish rhetoric to lower interest rates.

Inflation remains of key concern as the destructive nature of too much in a slow growth economy is well known. We think much of the equation may be transient, but many factors will keep higher inflation humming for the time being. Supply chain friction will not be resolved soon, and higher wages are likely to be sticky. In addition, post-pandemic disfunctions may make for an unpredictable retail environment. Are you ready to buy your Christmas presents in October? Combine this potential frenzy with the recent build up

in savings to more than \$2T above trend and inflation will be sticky for now.

The political climate bears watching with the Biden administration having lost considerable capital here since election day. A trimmed down fiscal stimulus bill should be market-friendly as long as increased taxes are not an offset. We do not think the heavier burden has been discounted in equity valuations.

The end of quarter is a time to reassess where we think the puck has been and where it is going. We think investors are anticipating a world where liquidity is slowly drained, interest rates trend higher, inflation is a new source of friction and earnings growth momentum slows. Market volatility has picked up and given the landscape, we do not see that softening soon. Historically, this playbook would suggest a move towards quality, durable franchises with more predictable cash flows and consistent dividend growth. What makes this picture even more enticing is that this cohort of stocks (Dividend Achievers) is the cheapest they have been relative to the S&P 500 Index since 2006. It is notable that many of our holdings have dividend growth greater than that of the current inflation rate, and thus, we favor this group at this point in time.

*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 returns.*

*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 Nasdaq 100 is an index composed of the 100 largest, most actively traded U.S. companies listed on the Nasdaq stock exchange. This index includes companies from a broad range of industries with the exception of those that operate in the financial industry, such as banks and investment companies.*

*The Russell 2000 Index is an unmanaged index that measures the performance of the small-cap segment of the U.S. equity universe.*

*The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.*

*The MSCI Emerging Markets Index is a float-adjusted*

*market capitalization index that consists of indices in 21 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.*

*Investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. This may result in greater share price volatility. Shares, when sold, may be worth more or less than their original cost.*

*Investments in emerging markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.*

*Bloomberg Barclay's Intermediate U.S. Government/Credit Index includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, 1-3 Year Government index, and the 20+-Year treasury) indexes, including bonds with maturities up to ten years. The returns we publish for the index are total returns, which include reinvestment of dividends.*

*The Barclays U.S. Aggregate 1-3 Years Index is an unmanaged index of publicly issued investment grade corporate, US Treasury and government agency securities with remaining maturities of one to three*

*years. Unlike mutual funds, indices are not managed and do not incur fees or expenses. It is not possible to invest directly in an index*

**TEN LARGEST PORTFOLIO HOLDINGS****TOP FIVE EQUITY HOLDINGS**

	% OF PORTFOLIO
Microsoft Corporation	5.0%
Apple Inc.	3.8%
Visa Inc. Class A	2.8%
Abbott Laboratories	2.7%
Johnson & Johnson	2.4%

**TOP FIVE FIXED HOLDINGS**

Microsoft Corporation 2.4% 08-aug-2026	3.8%
Verizon Communications Inc. 1.45% 20-mar-2026	3.7%
Merck & Co., Inc. 2.75% 10-feb-2025	3.7%
Morgan Stanley 3.875% 29-apr-2024	3.6%
Government Of The United States Of America 2.75% 15-feb-2024	3.5%

**LONG-TERM TRACK RECORD**

	TOTAL RETURN NET OF FEES	TOTAL RETURN PURE GROSS OF FEES	60% SP500 / 40% BC INT GOVT CREDIT
QTD	-0.3%	0.2%	0.4%
YTD	5.3%	6.9%	9.0%
1 Year	11.0%	13.2%	17.2%
3 Year	8.7%	10.9%	11.8%
5 Year	8.2%	10.9%	11.3%
10 Year	6.9%	9.8%	11.0%
Since Inception <sup>†</sup>	4.4%	7.5%	8.3%

Annualized Returns (as of 9/30/2021). Time period greater than YTD is annualized.

<sup>†</sup>Inception of (12/31/2002)

Reference performance disclosure

**LOGAN AUM+AUA**

Strategy AUM	\$168M
Strategy AUA	\$260M
Firm AUA	\$1,651M
Firm AUM	\$2,451M
Total Firm AUM+AUA	\$4,102M

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**  
**Dividend Performers Balanced Wrap Composite**  
**December 31, 2002 through September 30, 2021**



Year	Total Return	Total Return	60 % S&P	Number of	Composite	Composite 3-	60 % S&P	Composite 3-	Assets in	% of Firm	Firm Assets
	Net of Fees	Pure Gross of Fees	500/40% Barclays Int. Gov't Credit		Dispersion Gross of Fees	Yr Gross Std Dev	500/40% Barclays Int. Gov't Credit 3-Yr Gross Std Dev	Yr Gross Sharpe Ratio			
YTD 2021	5.3%	6.9%	9.0%	366	N.M.	10.5%	11.4%	1.0	\$158	6.5%	\$2,451
2020	6.3%	8.4%	14.3%	375	0.5%	10.2%	11.2%	0.9	\$146	6.5%	\$2,240
2019*	19.7%	22.0%	21.3%	347	N/A	6.2%	7.1%	1.8	\$144	7.0%	\$2,050
2018	-0.3%	2.8%	-2.0%	893	N/A	5.8%	6.3%	1.2	\$250		
2017	10.5%	13.9%	13.6%	1112	1.3%	5.8%	5.8%	1.0	\$323		
2016	3.6%	6.8%	8.1%	1047	0.6%	6.1%	6.3%	0.6	\$279		
2015	-3.8%	-0.9%	1.5%	1051	0.3%	6.2%	6.3%	1.1	\$273		
2014	3.1%	6.3%	9.4%	1117	0.6%	5.5%	5.5%	0.2	\$324		
2013	13.2%	16.7%	18.1%	1270	0.2%	7.4%	7.2%	0.1	\$363		
2012	5.3%	8.6%	11.2%	968	0.5%	9.2%	8.8%	0.8	\$250		

**Annualized Returns (September 30, 2021)**

YTD is not annualized

Year	Total Return Net of Fees	Total Return Pure Gross of Fees	60 % S&P 500/40% Barclays Int. Gov't Credit
YTD	5.3%	6.9%	9.0%
1 Year	11.0%	13.2%	17.2%
3 Year	8.7%	10.9%	11.8%
5 Year	8.2%	10.9%	11.3%
10 Year	6.9%	9.8%	11.0%
Since Inception†	4.4%	7.5%	8.3%

†Inception 12/31/02

\*Logan Capital data starts 02/01/19

N/A – Data is not available for time period.

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



Logan Dividend Performers Balanced Wrap Composite contains fully discretionary dividend performers balanced accounts, measured against a blended index of 60% S&P 500 and 40% Barclays Intermediate Government/Credit. 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 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 Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity. The index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities. The blended benchmark selected is rebalanced monthly and 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.

60% of the strategy invests in US securities with a market capitalization over \$2 billion at time of purchase. A small portion of the strategy (<15%) can be invest in ADR's. Turnover is low, typically under 35% and holdings range between 35 to 50 equity positions and 6 to 14 fixed income positions. 40% of the strategy invests in investment grade notes and bonds with a short to intermediate-term duration. Only accounts paying wrap fees are included. There is no minimum account size for this composite currently, but prior to April 1, 2009 there was a \$100,000 asset minimum required to be included in the strategy.

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.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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.

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. 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. Wrap fee accounts make up 100% of the composite for all periods shown. Pure gross returns are shown as supplemental information, as gross returns are not reduced by transaction costs. Net of fee performance was calculated by reducing the gross return by the highest wrap fee (0.50% quarterly fee). 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. Total annual fees charged by wrap sponsors are generally in the range of 2.0% to 3.0% annually.

The Logan Dividend Performers Balanced Wrap Composite was created February 1, 2019. Performance presented prior to February 1, 2019 occurred while the original



members of the Portfolio Management Team were affiliated with a prior firm and those Portfolio Management Team members were the only individuals primarily responsible for selecting the securities to buy and sell.