

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q4 | 2021 REVIEW¹

MARKET ENVIRONMENT

The year just ended was full of contradictions. COVID seemingly came and went and came and went and came again. And despite COVID's persistence in evolving forms and the toll it took on people around the world, the stock market had a very good year, including the Logan High Quality Balanced portfolios. Stock market leadership broadened out in both the fourth quarter and full year, as both growth and value stocks generated strong returns in 2021.

In the bond market it is anticipated that the flattening curve will continue to be the dominant theme through the first half of 2022, the Fed may initiate the shrinking of the balance sheet (currently \$9 trillion) at the conclusion of its tapering cycle. The lowering of this demand for Treasuries further out the curve will have the effect of raising interest rates with longer maturities.

We observed a distinct change in inflation expectations during the period.

1. Higher inflation pushed implied tightening faster than previous Fed guidance.
2. Chairman Powell's pivot on November 30 during his comments before the Senate Banking Committee when he said it was time to stop talking about transitory inflation and start discussing a faster taper of the Fed's bond purchase program.

The Fed has a different perspective on the COVID variants. It tends to see the impact of the variants (Delta & Omicron) as a source of inflation which has the impact of disrupting supply lines and lowering the size of the labor market. The central banks in Europe view the pandemic as lowering demand and consumption thus slowing inflation in the short run.

The Fed sees slower global growth due to COVID primary as a source of potential new inflation rather than a restraint on the demand side, and therefore as reason to remove accommodation faster.

PORTFOLIO REVIEW

Regarding the value stocks in the Logan High Quality Balanced portfolio, we would note that U.S. equity markets finished the year very strongly even as the Federal Reserve laid out its likely path to less accommodative monetary policy. At its final meeting in December, the Fed indicated they would end their debt purchases sometime in the first half of 2022, and indicated raising the Federal Funds rate following that cessation would be likely, though the pace is not exactly clear. Rising rates is not necessarily a death knell for stocks, however. A study by Ned Davis indicated that the pace of rate increases will be a big determinant of how stocks perform. For example, in their study equity markets did fairly well when the Fed raised rates slowly (i.e., defined as at least one Fed meeting between rate hikes), but that was not the case when the Fed moved more aggressively. Bank stocks within the value sleeve of the Logan High Quality Balanced portfolio would certainly benefit from a series of slow and deliberate interest rate hikes.

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

Ultimately, however, stock prices require earnings to support them and it appears the economy is relatively healthy, though growth is likely to slow in 2022 as fiscal stimulus recedes and the fight against inflation proceeds (to mention nothing of what might become of COVID). Of course, stock prices already reflect much optimism, so where we go from here is unclear - though that is usually the case. The stock market to some extent seems to us to sense that COVID is something we will learn to live with, despite its ambitious tendency to try and evade vaccines mere mortals come up with. The more that we can cope with the virus, the better the economy will perform and the stronger the underpinnings of the stock market will be.

As for the growth component, adaptability and the ability to understand the impact of technology on customer behavior continues to drive success and was critical during the quarter. Many consumers retreated a bit at the end of the holiday season and the impact on many of the well-run retailers was felt in performance during the quarter. Success once again became about the ability for a company to meet their customers where they are - whether in a store or online. Uniqueness of the business continued to be critical as inflation accelerated during the quarter and many companies found themselves in a position of needing to increase prices - if they could. In many cases, we saw companies report lower, but more profitable sales.

In the fixed income allocation the major sectors had the following performance:

Treasuries - Yields increased in fits and starts throughout the period, with the front end increasing upward of 40 bps, while the 10-year Treasury increased approximately 6 bps. (source: Bloomberg). This reflects investors pricing in 3 hikes in 2022 and another 3 hikes in 2023, but not seeing long term inflation take hold of the economy. Treasuries underperformed other sectors during the period.

Corporates - Bond spread widening has accelerated across the board during the quarter (source: FactSet), as the most recent COVID variant has pushed investors toward a more risk-off stance to finish the year. Commodity-based sectors such as energy and basic materials led the widening, while technology was most insulated against the down month.

Municipals - Municipals demonstrated strength based on favorable supply technical after the passage of the infrastructure program and ongoing tax hike discussions in Congress. Yields stayed in a tight range throughout the period, even as volatility was observed elsewhere in the bond and equity markets.

Supply expectations faded versus initial expectations of the Build Back Better proposal. We look for a pick-up in supply in 2022.

PORTFOLIO OUTLOOK

The backdrop of the economy and the consumer remains solid at this point. Personal and corporate balance sheets are exceptionally strong. Unemployment rates remain low - but are not improving as quickly as they were previously. As we mentioned last quarter, the continued recovery will be a bit harder as the next stage will most likely need to happen with less government provided stimulus and a renewed sense of uncertainty on many fronts.

We do expect profitability to improve for many businesses as the changes implemented over the past few years have boosted productivity, but this improvement will not be spread evenly across all companies. Some will find themselves left behind in a changed world if they don't make the investments necessary to compete. Shortages of labor and materials drove up costs during the fourth quarter of 2021 and businesses without the ability to either pass these higher costs along, or be more productive, suffered in 2021 and may continue to suffer in 2022. We are constantly evaluating every company we invest in to make sure they are poised to keep up.

As we navigate an increasingly uncertain economic landscape, we believe the Logan High Quality Balanced portfolio's healthy balance of attractive value stocks and innovative growth companies is well positioned for a variety of market outcomes.

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

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. Past performance does not guarantee future results.

U.S. TREASURY YIELDS	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	YTD Change
2 YR	0.121%	0.160%	0.251%	0.289%	0.726%	-0.168%
3 YR	0.165%	0.343%	0.452%	0.524%	0.955%	-0.359%
5 YR	0.361%	0.936%	0.878%	0.991%	1.265%	-0.630%
7 YR	0.643%	1.411%	1.220%	1.323%	1.436%	-0.680%
10 YR	0.913%	1.738%	1.450%	1.528%	1.512%	-0.615%
20 YR	1.440%	2.422%	1.994%	2.034%	1.935%	-0.594%
30 YR	1.645%	2.324%	2.064%	2.091%	1.905%	-0.446%
10S MINUS 2S	79.2bps	157.8bps	119.9bps	123.9bps	78.6bps	

Source: FactSet

LOGAN AUM+AUA

Strategy AUM	\$66M
Firm AUA	\$1,659M
Firm AUM	\$2,635M
Total Firm AUM+AUA	\$4,294M

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 INT GOVT CREDIT	EQUITY ONLY	S&P 500	RUSSELL 1000	FIXED INCOME ONLY	BC INT GOVT CREDIT
QTD	5.7%	6.2%	5.1%	10.7%	11.0%	9.8%	-0.5%	-0.6%
YTD	12.3%	14.6%	12.9%	25.7%	28.7%	26.5%	-1.2%	-1.7%
3 Year	12.6%	14.7%	14.9%	25.6%	26.1%	26.2%	3.0%	3.0%
5 Year	9.6%	11.7%	10.8%	18.7%	18.5%	18.4%	2.3%	2.3%
10 Year	8.3%	10.3%	9.5%	15.9%	16.6%	16.5%	1.8%	1.7%
Since Inception [†]	6.6%	8.6%	7.5%	12.1%	10.9%	11.0%	3.0%	3.1%

Annualized Returns (as of 12/31/2021). 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
Apple Inc.	2.8%
Procter & Gamble Company	2.2%
Cisco Systems, Inc.	1.7%
Trade Desk, Inc. Class A	1.6%
EPAM Systems, Inc.	1.6%

TOP FIVE FIXED HOLDINGS

Verizon Communications Inc. 2.625% 15-aug-2026	3.8%
Westpac Banking Corporation 2.35% 19-feb-2025	3.0%
Government Of The United States Of America 2.0% 15-aug-2025	3.0%
Jpmorgan Chase & Co. 3.375% 01-may-2023	3.0%
Capital One Financial Corporation 3.5% 15-jun-2023	3.0%

Logan Capital Management, Inc.
Performance Disclosure Results
High Quality Balanced Non-Taxable Composite
September 30, 2005 through December 31, 2021

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Year	Total Return Net of Fees	Total Return	50% S&P 50%	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3- Yr Gross Std Dev	50% S&P 50%	Composite 3- Yr Gross Sharpe Ratio	Assets in Composite (\$millions)	% of Firm Assets	Firm Assets (\$millions)
		Pure Gross of Fees	BC Int Govt Credit				BC Int Govt Credit 3-Yr Gross Std Dev				
2021	12.3%	14.6%	12.9%	5	1.6%	9.3%	10.0%	1.5	\$9	0.3%	\$2,635
2020	10.2%	12.3%	13.1%	8	2.2%	9.6%	9.4%	0.9	\$24	1.1%	\$2,240
2019	15.3%	17.4%	18.8%	9	3.7%	6.1%	5.9%	1.5	\$28	1.3%	\$2,050
2018	-1.8%	0.1%	-1.5%	8	0.7%	6.5%	5.2%	0.9	\$22	1.5%	\$1,431
2017	12.8%	14.9%	11.6%	7	1.2%	6.9%	4.8%	1.1	\$12	0.8%	\$1,590
2016	4.9%	7.0%	7.1%	11	0.6%	7.5%	5.2%	0.8	\$18	1.3%	\$1,401
2015	1.4%	3.3%	1.5%	10	0.2%	7.1%	5.3%	1.4	\$15	1.1%	\$1,398
2014	5.4%	7.4%	8.4%	6	0.3%	6.6%	4.7%	1.8	\$10	0.6%	\$1,816
2013	17.3%	19.5%	14.7%	7	2.0%	7.7%	6.0%	1.5	\$11	0.5%	\$2,061
2012	6.4%	8.4%	9.9%	6	0.5%	9.6%	7.3%	1.1	\$9	0.5%	\$1,932

Annualized Returns (December 31, 2021)

YTD is not annualized

Year	Total Return Net of Fees	Total Return PureGross of Fees	50% S&P 50% BC Int Govt Credit
YTD	12.3%	14.6%	12.9%
3 Year	12.6%	14.7%	14.9%
5 Year	9.6%	11.7%	10.8%
10 Year	8.3%	10.3%	9.5%
Since Inception [†]	6.6%	8.6%	7.5%

[†]Inception 09/30/2005

N.M. - Information is not statistically meaningful due to an insufficient number of portfolios.

Logan High Quality Balanced Non Taxable Composite contains fully discretionary balanced accounts, measured against a blended index consisting of 50% Barclays Intermediate Government/Credit 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 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 Government/Credit index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years. 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 taxable positions (ie. corp and gov't 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. 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.

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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, 2021, 4.0% of 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 equal-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 High Quality Balanced Non Taxable Composite was created September 30, 2018.