

### LOGAN DIVIDEND PERFORMERS BALANCED PORTFOLIOS Q3 | 2022 REVIEW<sup>1</sup>

#### MARKET ENVIRONMENT

The third quarter began with hopes of an early Federal Reserve pivot away from interest rate hikes as new data pointed to a peak in rampant inflation. This burgeoning hope along with improved valuation led investors to drive the S&P 500 Index up nearly 14% through mid-August. However, Federal Reserve Chairman Powell threw cold water on the potential of an early pivot given the messaging that came out of his Jackson Hole, Wyoming meeting. Powell suggested that restoring normalcy to price growth would “require using our tools forcefully” and “require a sustained period of below-trend growth” which will likely “bring some pain to households and businesses”. Equity markets promptly returned to their lows seen earlier in the summer. The August CPI report showed further easing of price inflation, but the headline rate of 8.5% remains worrisome. Energy prices have been falling sharply but the price of many food items remain elevated. Labor statistics still point to robust hiring plans as managers continue to adjust to post-pandemic imbalances. Supply chain friction is easing but remains challenging while the war in Ukraine shows no signs of ending soon.

Another consequence of the hawkish Federal Reserve action is the record strength of the U.S. dollar. The U.S. Dollar Index (DXY) has been extremely strong over the past year reflecting more restrictive rate policies here as well as relative economic strength. This tends to be a headwind for profits for U.S. multinational corporations. Within the S&P 500 Index, consumer discretionary stocks fared well in this volatile quarter in addition to lingering strength from the energy sector. Conversely, the communication services sector and the interest rate-sensitive real estate sector significantly underperformed as did the economically sensitive materials sector to a lesser extent.

Switching to fixed income, the Federal Reserve increased the federal funds rate by an additional 150 basis points (a basis point is one-hundredth of a percentage point) during the quarter with rate increases now totaling 300 basis points for the year. The Federal Reserve was clear that controlling elevated inflation is the priority in the near term as it seeks to meet its dual mandate of maximum

employment and price stability over the long run. Given the significant tightening measures already implemented and more expected to come, the Federal Reserve’s economic projections following the September meeting indicated an expected higher unemployment rate compared to June projections. Additionally, GDP growth expectations moved lower. Yields climbed across the yield curve reacting to the more determined Federal Reserve’s actions and tone. Given this, most bond indices produced negative returns. Short-term yields moved higher to a greater degree than long-term yields resulting in an inverted yield curve. This is a concern as historically many yield curve inversion periods have preceded an economic recession. The target range for the federal funds rates is now 3.00% - 3.25%. During the quarter, the benchmark 10-year US Treasury yield increased significantly from 3.01% to 3.83%. The strategy’s fixed income benchmark, the Bloomberg Barclays Intermediate U.S. Government/Credit Index, was down -3.06% during the quarter, while the Bloomberg Barclays US Aggregate index was down -4.75% (yield and index information sourced from Bloomberg).

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

## PORTFOLIO REVIEW

The Logan Dividend Performers Balanced strategy modestly underperformed its blended benchmark during the third quarter driven by modest relative underperformance in both equity and fixed income.

Related to equity performance, the strategy underperformed its benchmark slightly in what was a very volatile third quarter. However, the strategy continues to be resilient in this challenging market environment, outperforming significantly year-to-date. Your portfolio's exposure to more durable, dividend growth stocks has helped preserve capital against the negative stress of a hawkish Federal Reserve. Evidence of this resilience is seen from many portfolio holdings which have continued to raise their dividends this year. In fact, eleven of our portfolio holdings raised their dividend in the third quarter by an average of +10%. In addition to this strong dividend growth, the majority of our holdings have an S&P Quality Rank of A- or better. This has helped lead to attractive portfolio downside capture over the past twelve months of approximately 55%, helping limit portfolio losses in a down market tape.

As mentioned, the third quarter started on an optimistic bent, driving riskier assets higher after a brutal second quarter. During this time, your portfolio tended to underperform as higher quality stocks lagged during the rebound. However, as stocks sold off after the Federal Reserve announcement late summer, Logan Dividend Performers outperformed in a classic flight to quality. This environment can be advantageous for active portfolio managers as qualitative attributes can be neglected by the market as macro news clouds the collective vision. Our team has been active with seven buy trades during the quarter with one of those a new

name to the portfolio.

Portfolio relative performance was led by strength from our information technology holdings which held up better than the Index. Higher interest rates are wreaking havoc on longer duration growth stocks where the hope of significant profits is being pushed out. The typically more defensive communication services sector was hurt during the quarter by weakness among the cable stocks and also one of the larger internet search companies. Our underweight in this sector helped portfolio performance during the quarter. On the negative side, our consumer discretionary names lagged the benchmark return over the past three months. Two of the largest well-known, non-dividend paying growth stocks in this sector rebounded after a tough second quarter, skewing relative performance. Health care was also a slight detractor during the quarter as we were overweight this underperforming sector during the quarter.

The fixed income portion of the portfolio modestly underperformed as selection within US Treasuries detracted from performance. Selection within corporates slightly contributed to fixed income performance as the strategy's corporate bonds outperformed during the quarter.

## PORTFOLIO OUTLOOK

Federal Reserve Chairman Powell's declaration that he will essentially do what it takes to bring inflation down is a significant headwind for U.S. equity markets. Judging by median projections, federal fund rates are anticipated to rise an additional 150 basis points by the end of the year, putting rates at levels seen in 2008. In addition to this challenge, the war in

the Ukraine is having a negative impact on European countries as they contend with much higher energy costs. Further risks include the global trend towards monetary tightening and China's stop-start COVID-19 policy and the strong US dollar, which collectively are raising the risk of a global recession. We will be hearing from company managements soon as they report on third quarter results and comment on prospects for the future.

Investors were hopeful in mid-summer but recently have been quick to discount the increased economic risk, driving U.S. markets down into bear market territory. We believe U.S. stocks are in the midst of a bottoming process that will entail plenty of volatility. Today valuations look more attractive versus recent history, inflation metrics are retreating albeit begrudgingly, and the underpinnings of the economy remain relatively strong. It would not surprise us if equities rallied in the short-term as investors once again see risks worth taking and begin to look beyond this tightening phase.

The landscape today appears full of dragons in the short-term, but we would also consider the next few years. The Federal Reserve will be reluctant to quickly pivot from the brakes to the gas pedal and the U.S. economy has limitations on future growth versus history. This includes key dynamics such as demographics which points to slower labor force growth. Considering this, investors are likely to continue to prefer quality companies with strong balance sheets that have durable cash flows supported by strong competitive advantages funding dividend growth. Today, management teams are likely to face bigger hurdles to fund and grow profits. Those with established franchises and proven track

records of earnings and dividend growth are likely to accrete more value and investors will favor the compounding impact of dividends in a lower return world. Logan Dividend Performers has had strong relative performance in this challenging environment so far, and we think this will continue.

*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.*

*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 Bloomberg Barclays US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.*

## TEN LARGEST PORTFOLIO HOLDINGS

## TOP FIVE EQUITY HOLDINGS

	% OF PORTFOLIO
Apple Inc.	4.3%
Microsoft Corporation	4.2%
Visa Inc. Class A	3.0%
Johnson & Johnson	2.7%
Elevance Health, Inc.	2.0%

## TOP FIVE FIXED HOLDINGS

Merck & Co., Inc. 2.75% 10-feb-2025	3.9%
Morgan Stanley 3.875% 29-apr-2024	3.9%
Microsoft Corporation 2.4% 08-aug-2026	3.9%
Government Of The United States Of America 2.75% 15-feb-2024	3.8%
Verizon Communications Inc. 1.45% 20-mar-2026	3.8%

LONG-TERM  
TRACK RECORD

	TOTAL RETURN NET OF FEES	TOTAL RETURN PURE GROSS OF FEES	60% SP500 / 40% BC INT GOVT CREDIT
QTD	-5.0%	-4.5%	-4.0%
YTD	-16.7%	-15.4%	-18.1%
1 Year	-10.3%	-8.4%	-12.9%
3 Year	1.6%	3.7%	4.6%
5 Year	4.5%	6.8%	6.0%
10 Year	4.3%	7.1%	7.6%
Since Inception <sup>†</sup>	3.6%	6.6%	7.1%

Annualized Returns (as of 9/30/2022). Time period greater than YTD is annualized.

<sup>†</sup>Inception of (12/31/2002)

Reference performance disclosure

## LOGAN AUM+AUA

Strategy AUM	\$162M
Strategy AUA	\$234M
Firm AUA	\$1,448M
Firm AUM	\$2,020M
Total Firm AUM+AUA	\$3,468M

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, 2022**



Year	Total Return Net of Fees	Total Return Pure Gross of Fees	60 % S&P 500/40%		Composite Dispersion Gross of Fees	Composite 3- Yr Gross Std Dev	60 % S&P 500/40%		Composite 3- Yr Gross Sharpe Ratio	Assets in Composite (\$millions)	% of Firm Assets	Firm Assets (\$millions)
			Barclays Int. Gov't Credit	Number of Accounts			Barclays Int. Gov't Credit	Barclays Int. Gov't Credit 3-Yr Gross Std Dev				
YTD 2022	-16.7%	-15.4%	-18.1%	390	N/A	12.1%	12.9%	0.3	\$152	7.5%	\$2,020	
2021	13.4%	15.7%	15.9%	374	2.0%	10.4%	10.6%	1.4	\$172	6.5%	\$2,635	
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	0.0%	6.2%	7.1%	1.8	\$144	7.0%	\$2,050	
2018	-0.3%	2.8%	-2.0%	893	0.0%	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, 2022)**

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	-16.7%	-15.4%	-18.1%
1 Year	-10.3%	-8.4%	-12.9%
3 Year	1.6%	3.7%	4.6%
5 Year	4.5%	6.8%	6.0%
10 Year	4.3%	7.1%	7.6%
Since Inception†	3.6%	6.6%	7.1%

†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% Bloomberg 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 Bloomberg 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, 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. 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). 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. 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.