LOGAN VALUE PORTFOLIOS: LOGAN VALUE (LV) Q3 | 2022 REVIEW[1]

MARKET ENVIRONMENT

What started out as a pleasant ride on the stock market's up escalator in the third quarter turned into an unpleasant round trip as the reality of higher interest rates and a slowing economy exerted persistent downward pressure on stock prices after they peaked in mid-August. For the quarter, the S&P 500 was down -4.9%, after having been up almost 14% at its peak. Growth stocks modestly outperformed value stocks for the quarter (-3.6% v. -5.6%), but the Russell 1000 Value Index still commanded a sizable advantage in its year-to-date return relative to the Russell 1000 Growth Index (-17.8% v. -30.7%). Similarly, Logan Value ("LV") lagged its benchmark Russell 1000 Value index for the quarter, but still substantially outperformed its benchmark for the first nine months of 2022.

To understand what has been troubling the stock market in 2022, one need not look much further than where interest rates were at the beginning of the year and where they have risen to since. Specifically, the Federal Funds target range as of January 1, 2022 was 0.0%-.25%. However, through an aggressive series of rate hikes by the Fed beginning in March 2022, the indicated range at the end of the third quarter was 3.0%-3.25% (the highest since 2008). Indeed, that is the fastest increase since the days of Paul Volcker back in 1980. Moreover, the Fed indicated that they could raise the Fed Funds rate by an additional 100 basis points by the end of 2022.

Longer term treasury rates have moved up, too, though not as quickly. The result has been yield curve inversions at many points along the yield curve. For instance, in late September the spread between the 2 year Treasury yield and the 10 year Treasury yield reached 52 basis points (i.e., the 10 year yield was below the 2 year yield by that amount). Bespoke Investment Group pointed out that since 1982, when that spread was 50 basis points or more the economy was already in recession 22% of the time, and was in recession within fifteen months 100% of the time (as of September 30th the spread was 44 basis points according to Bloomberg). On the other hand, The Bank Credit Analyst opines that the most predictive yield spread inversion with regard to anticipating recessions is the 3 month Treasury yield versus the 10 year Treasury yield, and that spread was still positive (i.e., 10 year yield above 3 month yield) as of the end of the quarter. None of this is determinative, but with many economic signs pointing to a slowing domestic and worldwide economy and softer earnings, the winds seem to be shifting In one direction.

Despite the slowing economy, the Fed seems determined to keep interest rates high and rising as it seeks to both reduce inflationary pressures and re-establish its credibility after having had it diminished over the last few years when it kept monetary policy loose claiming inflation was transitory. While raising interest rates, the Fed is also further unwinding its quantitative easing policy by doubling the amount of Treasuries and mortgage backed securities it owns and is letting mature without replacing (now stated

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

at $60 billion per month versus $30 billion up through August). With a large buyer out of the market, that has the effect of reducing liquidity in the system and keeping interest rates higher than they might otherwise be.

One derivative effect of all this has been a powerful rally in the U.S. dollar, which on a trade weighted basis was up about 17% for the nine months ended September 30, 2022, according to Bloomberg. While that may reduce prices U.S. consumers pay for foreign goods, it acts as a headwind to multinational companies when translating foreign earnings back into U.S. dollars. Moreover, it may create problems for certain countries holding large amounts of U.S. dollar denominated debt which will become harder to repay.

A stronger dollar also tends to reduce oil prices (since oil is traded in dollars). That, in combination with the backdrop of a slowing worldwide economy, led Brent crude oil prices as reported by Bloomberg to drop 18% during the quarter despite the ongoing conflict in Ukraine (though they were still up 16% for the year-to-date through the end of the third quarter). The third quarter price drop was somewhat reflected in the September CPI report, however, inflationary pressures elsewhere in the economy more than offset lower energy costs causing the overall CPI to come in above economists' expectations and setting the stage for a deteriorating bond market. Perhaps one of the places first to feel the impact of higher rates is the housing market where 30 year mortgage rates have climbed from near 3% at the beginning of 2022 to near 7% as of September 30th, the highest since 2007 according to Bloomberg.

The backdrop described above is a difficult one for equities to flourish, so the stock market's dismal performance in 2022 to date is not all that surprising. There have been several energizing rallies along the way, though as pointed out in Barron's both the bear markets of 2000 and 2008/2009 each had five rallies of close to 20% each before ultimately bottoming out.

Having said all this, we would point out that every market environment is unique, so following a road map from prior cycles can be helpful, but can also be misleading. What we can say with some degree of confidence is that as the economy readjusts to a less accommodative monetary policy, quality becomes increasingly important. The greater a company's ability to survive and even thrive in difficult environments like the one we find ourselves in now, the more likely that company will help shareholders preserve capital in the short term and compound it in the long term. That philosophy underpins the LV portfolio and we believe has helped it perform well over long periods of time, and most particularly in difficult stock market environments.

PORTFOLIO REVIEW

Unlike the first half of the year, LV lagged the benchmark Russell 1000 Value Index in the third quarter. Given the meaningful outperformance in the first half, some reversion to the mean was to be expected. We believe this, along with some company specific items, weighed on performance. Of the sectors in which we hold positions, those detracting most from LV's relative performance were consumer staples, industrials, and health care. Sectors aiding relative performance the most were energy, materials, and consumer discretionary.

Within consumer staples, our two tobacco holdings detracted most in the quarter. The London-headquartered company beat earnings in the first half, but disappointed investors in that management only maintained full-year guidance after the beat. While the stock rebounded on a relative basis in the weeks following the earnings announcement, substantial weakness in the pound versus the dollar offset the move. However, management expressed continued commitment to dividend growth and a 65% dividend pay-out ratio, and at the end of the quarter, the dividend yield was an attractive 8%. The U.S.-headquartered company also beat analysts' earnings estimates, but investors appear to be concerned that higher interest rates will generally have a noticeable impact on the stocks in this sector, and that the dramatic climb of the U.S. dollar will exert a meaningful drag on reported earnings given the Company's sales are essentially in foreign countries with currencies that must be translated back into the stronger U.S. dollar. We would point out, however, that if and when the strength of the U.S. dollar subsides or reverses, that headwind could become a meaningful tailwind. In the meantime, the dividend yield was recently raised, and at the end of the quarter provided a yield of 6.1%.

The largest detractor within the industrials sector was an aerospace and defense company that showed weaker than expected defense results in the quarter, and lowered defense business guidance. The defense margin miss was largely due to supply chain constraints and development program adjustments, though management maintained overall company guidance for the fiscal year as the commercial side of the business beat expectations. The second largest detractor within industrials posted strong operating results last quarter with improved margins despite lower volumes. Part of those volume declines were targeted by management as they were in less profitable parts to the business. Management's impressive operating performance contrasts with that of its largest rival who had a very surprising late quarter earnings warning in September that they claimed was macro driven. Whether that is in fact the case, and whether it translates into the same headwind for the portfolio's holding remains to be seen. We would point out that during the quarter the portfolio company's management increased the level of the stock buyback by 50%, and that not long before the competitor's downward earnings guidance, the portfolio company's management had affirmed its own guidance.

The biggest detractor within the health care sector was a multinational pharmaceutical company that beat analyst's earnings estimates, though raised fiscal year guidance by only $0.05 per share on the low end, which was perhaps underwhelming to investors. Further, investor concerns about the waning benefit of the Company's Covid medicines seemed to contribute a great deal to the stock's underperformance, though it appears to us as if the market is ascribing no value to that newly developed franchise. As such, we believe those concerns are not enough to offset the very attractive valuation offered by the company's stock.

With regard to energy stocks in the portfolio, declining oil prices (as discussed above) would generally lead one to assume oil stock prices would follow in lockstep. However, that was largely not the case, perhaps reflecting many of these companies had already declined somewhat in the prior quarter, and perhaps reflecting a view that a longer term supply/demand mismatch is looming, as we have discussed in previous commentaries. Whatever the reason, we still view the large integrated oil companies as having strong balance sheets, strong cash flows (even at lower oil price ranges), and attractive dividend yields.

The portfolio's underweight in the materials sector positively contributed to performance for the quarter. Inflationary input cost pressures as well as concerns over weak commodity demand with the specter of global recession have caused earnings estimates and valuations across the sector to decline, making materials one of the weakest performing sectors in the quarter.

Finally, our consumer discretionary holding contributed to outperformance as the broader sector outperformed on the bounce in the market from June lows. While the Company was below expectations in the quarter on sales comps and gross margins, the combination of the bulk of negative expectations being priced into the stock at second quarter lows and management's reiteration of fiscal year guidance helped the stock to outperform the sector in the third quarter.

PORTFOLIO OUTLOOK

In Benjamin Graham's seminal book on value investing, The Intelligent Investor, he described Mr. Market as a man of many moods who invested based on his emotions at the time. The lesson learned by all good value investors from the Mr. Market analogy is that investing is much more effective when it is based on a sound underlying philosophy that is systematically applied.

Given the economic and political headwinds that investors face today, it is hard to separate emotions and daily headlines from rational and well thought out investing. Our process tries to apply a disciplined approach to investing and eliminate emotional biases.

We believe that has served us and our investors well over time. Indeed, for the year to date our results have stood us in very good stead versus our benchmark.

We believe it will continue to do so going forward, especially as we look at the valuation of the portfolio. As of September 30th, the dividend yield on the portfolio was an attractive 3.7% and the P/E on estimated next twelve month earnings (per FactSet) was 10.3X. Those compare well to the benchmark levels of 2.5% and 12.4X, respectively.

One final note: during the quarter, Dan Gruemmer joined the Logan value team. Dan previously worked at American Century Investments where he was a portfolio manager on mutual funds totaling approximately $30 billion, much in the style that Logan manages our value portfolios. With his experience in both domestic and international equity markets, Dan fits in seamlessly with Logan's value strategies and is an excellent addition.

As of the end of 2022, Rich Buchwald will be stepping back from the day to day responsibilities he has carried on for the last twenty two years with Logan, but will remain with the firm in an advisory/consulting capacity. He will continue to work with Bill and Dan and provide his input to the investment process and portfolio management on all the Logan value and International ADR portfolios.

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

The Russell 1000 Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Consumer Price Index (CPI) is a measure of inflation compiled by the US Bureau of Labor Studies.

TEN LARGEST PORTFOLIO HOLDINGS

TEN LARGEST PORTFOLIO HOLDINGS	% OF PORTFOLIO
Shell Plc	3.7%
AbbVie, Inc.	3.3%
ConocoPhillips	3.3%
Chevron Corporation	3.2%
Amgen Inc.	3.2%
U S Dollar	3.2%
Philip Morris International Inc.	3.1%
MetLife, Inc.	3.0%
PepsiCo, Inc.	3.0%
CVS Health Corporation	2.9%

LONG-TERM TRACK RECORD

LONG-TERM TRACK RECORD	TOTAL RETURN NET OF FEES	TOTAL RETURN GROSS OF FEES	RUSSELL 1000 VALUE
QTD	-7.5%	-7.3%	-12.2%
YTD	-12.3%	-11.7%	-17.8%
1 Year	-5.1%	-4.3%	-11.4%
3 Year	5.4%	6.4%	4.4%
5 Year	5.7%	6.7%	5.3%
10 Year	8.5%	9.5%	9.2%
20 Year	6.1%	7.6%	8.7%
Since Inception†	4.8%	6.4%	6.5%

Annualized Returns (as of 9/30/2022). Time period greater than YTD is annualized.
†Inception of (9/30/2000)
Reference performance disclosure

LOGAN AUM+AUA

Strategy AUM	$25M
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.

LV

Logan Capital Management, Inc.
Performance Disclosure Results
Value Composite
September 30, 2000 through September 30, 2022

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Value Index	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	Russell 1000 Value Index 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
YTD 2022	-12.3%	-11.7%	-17.8%	7	N/A	18.5%	20.5%	0.3	$13	0.6%	$2,020
2021	24.1%	25.3%	25.2%	7	0.4%	18.0%	19.3%	0.9	$13	0.5%	$2,635
2020	-0.8%	0.2%	2.8%	4	N.M.	18.3%	19.6%	0.2	$8	0.3%	$2,240
2019	24.0%	25.3%	26.5%	5	0.4%	11.3%	11.9%	0.8	$10	0.5%	$2,050
2018	-7.3%	-6.3%	-8.3%	5	0.2%	10.1%	10.8%	0.7	$4	0.3%	$1,431
2017	15.3%	16.4%	13.7%	6	0.3%	10.0%	10.2%	1.0	$8	0.5%	$1,590
2016	15.1%	16.3%	17.3%	6	0.2%	10.5%	10.8%	0.8	$6	0.5%	$1,401
2015	-2.1%	-1.2%	-3.8%	5	0.2%	10.7%	10.7%	1.2	$4	0.0%	$1,398
2014	11.2%	12.3%	13.5%	6	N.M.	8.4%	9.2%	2.1	$5	0.0%	$1,816
2013	27.6%	28.9%	32.5%	4	N.M.	9.8%	12.7%	1.8	$4	0.0%	$2,061
2012	12.1%	13.3%	17.5%	5	N.M.	12.3%	15.5%	1.1	$3	0.2%	$1,932

Annualized Returns (September 30, 2022)

YTD is not annualized

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Value Index
YTD	-12.3%	-11.7%	-17.8%
1 Year	-5.1%	-4.3%	-11.4%
3 Year	5.4%	6.4%	4.4%
5 Year	5.7%	6.7%	5.3%
10 Year	8.5%	9.5%	9.2%
Since Inception†	4.8%	6.4%	6.5%

†Inception 09/30/2000

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

Logan Value Composite contains fully discretionary large cap value equity accounts, measured against the Russell 1000 Value Index. You cannot invest directly in an index. The Russell 1000 Value Index is an unmanaged index that measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth rates. The benchmark selected includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing. This benchmark is used for comparative purposes only and generally reflects the risk and investment style of the composite. The Sharpe Ratio is included to help investors understand the return of an investment compared to its risk. The ratio is the average return earned in excess of the risk-free rate (90 Day U.S. TBill) per unit of volatility or total risk.

The strategy invests in 35-45 large cap stocks with strong balance sheets and strong cash flows, and which typically have relatively high dividend yields. ADR's may be included in the portfolio (generally less than 10%). Turnover is typically 25 - 50% annually. Only accounts paying commission fees are included. Prior to January 1, 2012, the composite included both wrap and commission accounts. No minimum account size for this composite.

Logan Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Logan Capital Management, Inc. has been independently verified for the periods April 1, 1994 through December 31, 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. Gross of fee returns, have, however, been reduced by all actual trading expenses. Net of fee returns are calculated net of actual investment management fees & actual trading expenses. 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.

The Logan Value Composite was created October 1, 2000. On 09/16/22, Logan Capital hired Managing Director Dan Gruemmer, CFA to assist in portfolio management of the Logan Value strategy.