Logan High Quality Balanced

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CONSISTENT RETURNS WITH LESS RISK

Q4 | 2022

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q4 | 2022 REVIEW[1]

MARKET ENVIRONMENT

Equity

The stock market's performance for the year just ended was a play with several acts, many of them unpleasant for many investors. According to Ned Davis Research, 2022 witnessed eight S&P 500 pullbacks of at least 5% and three corrections of at least 10%, which are both about three times the yearly average going back almost one hundred years. The list of obstacles confronting equity investors during the year seemed endless. To name just a few, there was the war in Ukraine and the derivative consequences stemming from it including volatile oil prices, inflation pressures throughout the economy (with the CPI hitting a forty year high of 9.1%), the continued though lessening impact of Covid, surprising U.S. election results, the fastest Fed rate raising cycle since 1980, and increasing concerns that those rate hikes and higher interest rates generally (e.g., mortgage rates exceeded 7% for the first time in two decades, according to Bloomberg) will lead to a recession.

Value stocks fared well in both the fourth quarter and full year, and the Portfolio's focus on companies with relatively high dividend yields, solid balance sheets, and large market capitalization served investors well. At some point inflationary pressures may subside enough to have the Fed reverse course on interest rates. At that point we would expect equity markets to respond favorably for more than just a fleeting few weeks. However, we do not know when that will be, nor do we know if the economy is destined for a soft landing or a significant recession. Thus, our fallback position is simply to continue investing in large, financially stable, quality companies that can survive well in rough waters, and provide our investors with a handsome dividend yield as we await calmer seas. We believe that quality matters when it matters most.

As for the growth component of the Logan High Quality Balanced portfolio, The end of "free" money has been more of a challenge for businesses based solely on "ideas" than it has been for companies based on solid products, an innovative spirit, and the ability to understand their customer's needs. We believe that the end of "ideas" companies – which in some cases were creating pricing challenges for themselves – will help improve profitability for those companies that can execute in challenging times and have the resources to do so. While the markets have been challenging across many asset classes, our team sees significant opportunities for active investors as the economy and the business environment change. When we look at those companies that performed well during the quarter, they tend to be the ones that have been able to take advantage of technology, loyal customers who value what they do, strong balance sheets, and a solid long-term plan to gain market share and emerge from the current environment in a stronger position. One of the management teams put it best on their recent quarterly call when they said, "Our headwinds are transitory, and our tailwinds are structural."

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

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.

Fixed Income

As of this writing, the bond market is still not reflective the Federal Reserve's commitment to lowering inflation back to their 2.0% target and the need for clear evidence of easing price pressures.

At the last Fed meeting on December 14, Chair Powell declined to repeat the statement that it is better to do too much than too little. Still, he was quite clear that the Fed's intention is to maintain restrictive policy for quite some time, and the discussion of core service inflation, labor force dynamics, and missing workers was arguably hawkish. One reason the FOMC wants to slow its tightening pace is to avoid cutting rates too soon, because cutting rates too early is a big mistake when fighting inflation, and raising rates too far is a primary cause of cutting rates too early.

When asked about the rate cuts being priced into the market, Chair Powell said in a response to a question that officials at the Fed were not even pondering yet the idea of easing ahead.

"Our focus right now is really on moving our policy stance to one that is restrictive enough to ensure a return of inflation to our 2.0% goal over time," Powell said. "It's not on rate cuts. I wouldn't see us considering rate cuts until the committee is confident that inflation is moving down to 2.0%."

The biggest question is whether inflation will drop without further help from the Fed? Currently we are observing:

- Favorable seasonal adjustments
- Improved global supply chains
- Discounts at retailers to clear excess inventory
- A downturn in interest rate sensitive sectors (housing)
- Lower energy prices

PORTFOLIO REVIEW

Treasuries

Treasury yields peaked in late October, fell through early December before rebounding to end the period. The biggest source of movement was the October CPI release in November which was less than expected. The bond market started to price a quicker conclusion to the Fed's tightening program and possibly a quicker pivot to easing. We expect the front end of the yield curve to rally in the intermediate term before the Fed officially changes direction.

Corporates

We expect wider spread levels in the New Year, given weaker global growth expectations due to a reduction in corporate profits. After spreads widened significantly the first three quarters of 2022, we observed a reversal throughout the final period of the year which has led to the sector being additive to performance. The slowdown in Fed hiking and general decrease in uncertainty surrounding the economy helped reverse the direction of spreads. New issuance slowed to end the year due to market volatility, but we expect it to pick up considerably in January 2023.

Municipals

State and local government credit remains strong and is strengthened by high levels of reserves and strong tax collections. These strong fundamentals combine with the outflows we have seen in the mutual fund space to keep yields relatively high while the general credit of the sector remains strong. We expect the sector to perform well in the year ahead.

Oil

After been quite volatile in October and November, we have seen prices increase at the end of the period due to both a weaker dollar and declining stockpiles, while China is easing their Covid-19 restrictions. The weakening of the dollar makes most commodities more attractive for overseas buyers. Supply will continue to be constrained due to OPEC+ output cuts as well as Western sanctions against Russia. Investors anticipate a continued increase in the price of oil as Chinese demand increases and less Russian crude makes it to global buyers.

PORTFLIO OUTLOOK

How sensitive is our economy to the Fed's increases in rates? A higher level of household debt, higher servicing costs, as well as a larger proportion of variable rate mortgages to fixed rate mortgages tends to indicate an economy more sensitive to interest rate hikes. Borrowing costs are expected to remain elevated for an extended period until policymakers are more confident that price pressures are on a sustained downward trend.

Treasuries are expected to rebound in 2023 following the dismal performance in 2022. If a bull steepening occurs (a rally in the front end due to anticipated rate cuts), the curve will move towards an "uninverted" shape, something we have not seen since early July 2022. If the Fed recalibrates its terminal policy rate above 5.0%, the front end will remain at an elevated rate following the Feds "higher for longer" theme. The Fed has repeated its determination to do what it takes to bring inflation down. Investors are watching to see if the Fed has the resolve to maintain its goal in the face of rising unemployment this coming year.

We expect to learn a lot in the first half of 2023.

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

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, and other factors. REIT risks include changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.

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	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	YTD Change
2 YR	0.726%	2.286%	2.931%	4.200%	4.420%	-3.693%
3 YR	0.955%	2.464%	2.978%	4.210%	4.236%	-3.281%
5 YR	1.265%	2.422%	3.001%	4.040%	4.004%	-2.739%
7 YR	1.436%	2.404%	3.035%	3.940%	3.968%	-2.532%
10 YR	1.512%	2.324%	2.975%	3.800%	3.878%	-2.366%
20 YR	1.935%	2.598%	3.382%	4.070%	4.142%	-2.206%
30 YR	1.905%	2.453%	3.121%	3.770%	3.970%	-2.065%
10S MINUS 2S	78.6bps	3.7bps	4.4bps	-40bps	-54.2bps	

Source: FactSet

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Logan Capital Management, Inc.
Performance Disclosure Results
High Quality Balanced Taxable Composite
September 30, 2005 through December 31, 2022

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)
2022	-13.9%	-11.3%	-12.8%	5	N.M.	0.2%	14.6%	0.3	$10	0.4%	$2,261
2021	12.8%	16.1%	14.6%	5	3.3%	3.3%	12.5%	1.3	$12	0.4%	$2,635
2020	10.4%	13.7%	12.4%	9	3.3%	3.3%	12.9%	0.7	$39	1.7%	$2,240
2019	18.7%	22.3%	19.2%	9	3.6%	3.6%	7.6%	1.2	$35	1.7%	$2,050
2018	-5.5%	-2.6%	-1.3%	8	0.7%	0.7%	6.7%	0.8	$27	1.9%	$1,431
2017	10.6%	13.9%	13.4%	13	3.4%	3.4%	6.0%	1.2	$56	3.5%	$1,590
2016	2.9%	6.0%	6.1%	16	1.0%	1.0%	6.5%	0.8	$45	3.2%	$1,401
2015	0.0%	3.0%	2.6%	17	0.5%	0.5%	6.3%	1.4	$43	3.1%	$1,398
2014	3.9%	7.1%	11.4%	16	0.8%	0.8%	5.7%	1.8	$44	2.4%	$1,816
2013	13.6%	16.9%	13.8%	20	5.2%	5.2%	6.5%	1.6	$43	2.1%	$2,061
2012	4.9%	8.0%	11.5%	22	1.3%	1.3%	8.2%	1.2	$39	2.0%	$1,932

Annualized Returns (December 31, 2022)

YTD is not annualized

Year	Total Return Net of Fees	Total Return PureGross of Fees	50 % S&P 500/50% Barclay's Muni
YTD	-13.9%	-11.3%	-12.8%
3 Year	2.3%	5.4%	3.9%
5 Year	3.8%	6.9%	5.7%
10 Year	4.9%	8.1%	7.5%
Since Inception†	3.9%	7.0%	6.5%

†Inception 09/30/2005

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

Logan High Quality Balanced Taxable Composite contains fully discretionary taxable balanced accounts, measured against a blended index consisting of 50% Bloomberg 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 Bloomberg 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, 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. 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 for each year noted, the percentage of composite assets charged a wrap fee were (2012 75.2%, 2013 75.9%, 2014 76.9%, 2015 76.3%, 2016 76.4%, 2017 26.7%, 2018 24.4%, 2019 15.8%, 2020 14.9%, 2021 8.6%, 2022 0%). 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 (0.75% 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. 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 High Quality Balanced Taxable Composite was created September 30, 2015.