Logan High Quality Balanced

HQ

CONSISTENT RETURNS WITH LESS RISK

Q1 | 2023

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q1 | 2023 REVIEW[1]

MARKET ENVIRONMENT

Equity

It's been said that history doesn't repeat itself, but it often rhymes. 2023 started out by rhyming with last year in some ways. Our team entered the year expecting volatility as businesses and investors continue to adjust to the profound changes that the global response to COVID instilled in the global economy. Central banks and governments worldwide took aggressive actions based on the lessons learned in the 2008 financial crisis and applied them in 2021 and 2022 on a scale that dwarfed the actions of the 2008/2009 era. However, the levels of stimulus put in place were not sustainable and we believed investors and businesses would need to adjust to more typical levels of spending as the extra spending "bonus" of pent-up demand and rebuilding depleted inventories ended. We expect 2023 to have slower earning growth, and that expectation has been correct so far. In the end, Logan High Quality Balanced's barbell approach of high-yielding value stocks and innovative growth companies continues to serve investors well.

Over the past year, two important things have happened in the banking sector: 1) Rates have risen quickly and sharply, thereby driving down the value of the bonds the banks have invested in. 2) Depositors have been drawing down their cash balances more quickly than expected, thereby depleting the cash-on-hand at the banks. In order to raise more cash to meet withdrawal demands, the banks must sell their bonds, which are now at a loss. This created a classic "run on a bank" for some banks, notably Silicon Valley Bank, as well as a few others. The final impact of this situation is unknown, but as of this writing, the Treasury, the Fed and a consortium of large banks have banded together to bring the situation under control. However, it is reasonable to expect that this liquidity crisis will result in a reduction in lending by the regional banks and this, in turn, will have a slowing effect on the economy. Industries that are serviced primarily by regional banks include both commercial and residential real estate and smaller businesses.

Looking at another current theme, "The year of efficiency" is a term being used by the leadership team at Meta (formerly Facebook), and we think it is a good way to look at what businesses are doing well so far in 2023. Despite the turmoil we have seen, the well-prepared and dynamic companies continue to gain market share and thrive. The consumers have remained remarkably resilient as their spending shifted back to services (hotels, restaurants, etc.) and away from the unusually high spending on goods seen during the depths of COVID. Mobile ordering and e-commerce are boosting productivity in the service side of the economy, helping offset what is still a tight labor market. Office occupancy remains low in many cities as remote work continues for longer than many anticipated – shifting where consumers are and what services they are buying.

The leadership of growth names is consistent

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

with history – defensive value names tend to outperform into the first Fed rate hike, and leadership then often switches to more growth-oriented holdings. In another year of unusual events, is it nice to see some familiar rhymes repeat. We remain prepared for a higher cost of doing business, heightened uncertainty, and a focus on profitability, and the portfolio is invested in those companies that can do well in the current challenging environment. The Logan High Quality Balanced portfolio was and is prepared for a period of more challenging growth, a higher cost of capital (higher interest rates), changing customer behavior, and an environment which rewards financial strength and the ability to adapt to change quickly.

Fixed Income

We conclude the (tumultuous) period with fed funds at 4.75% to 5.00%, the highest since September 2007 (source: Bloomberg), when rates were at their peak on the eve of the financial crisis. We are on the lookout for additional cracks in our economy as the most aggressive monetary policy tightening cycle in 40 years leaves economist less certain of what is around the corner.

Fed Chair Powell emphasized in his March 22 press conference the U.S. banking system is sound and resilient. Investors will continue to be on the lookout for trouble in small and regional banks that are not under the same capital and liquidity requirements as larger banks and are thus seen as riskier.

Overall, there will be tighter credit restrictions as banks loan volume will decrease which will contribute to the slowing of the economy—the same impact as increasing the fed funds rate.

Powell continued to stress that Fed officials do not expect rate cuts this year. As of this writing, fed funds futures are priced for rate cuts by the 4th quarter of this year after a possible final increase in May (source: Bloomberg). Recent testimony about the FOMC seeing the need for more tightening is supported by the new FOMC forecast (the dot plot). The Fed sees a little more inflation this year and next and continues to see a need for a higher unemployment rate to slow the economy and thus inflation. We will have a better understanding of the direction of the Fed's mandates by the 3rd quarter of this year.

PORTFOLIO REVIEW

Treasuries

The yield curve has steepened the most this final month of the period since October 2008 (source: Bloomberg). Investors lowered the anticipation for further interest rate hikes this year and ramped up their expectations for rate cuts. Fed Chair Powell indicated last week that rate reductions are not his base case this year are not expected until 2024. The period ended with yields increasing slightly due to reduced jitters regarding contagion from the banking sector.

Corporates

We had seen issuance ramp up immediately in front of the March 22 Fed meeting. Firms are locking in rates before a perceived hike in rates. From an investors perspective, higher rates and falling profits will increase the importance of monitoring credit risk. Before Silicon Valley Bank hit the headlines, investors had not been attentive enough to the consequences of this higher rate environment.

Municipals

State revenue collections continue to increase as both sales and property tax collections remain strong. Relative value within the sector has held in all along the curve, ending the period at less than 68% of Treasury yields. As the calendar approaches April 15, we are observing outflows from municipal mutual funds. This is seasonal as investors liquidate these funds to pay income taxes. The flight-to-quality has benefited performance in the sector as volatility has negatively impacted every sector except municipals and U.S. Treasuries. Municipals continue to be seen as a haven asset class, with low default rates and high credit quality.

Oil

Oil hits a 15-month low as banking turmoil has shaking confidence that a recovery in China will be enough to reinvigorate global

demand. There are fears that near-term demand will be diminished due to rising recession concerns. This sentiment is in direct contradiction to the bullishness expressed by traders. Cheaper oil will benefit consumers in the near term and should reduce pressure on inflation and ease the Federal Reserve's job of getting broader price increases under control.

PORTFLIO OUTLOOK

Markets will remain focused on the banking crisis and threats to economic growth from the most aggressive pace of rate tightening in decades. Last quarter, we heard "pause & pivot" across headlines, while some have been hopeful of a soft landing. The plummeting of rates in the front-end of the Treasury curve signals that a severe economic slowdown is just around the corner. This is in direct contradiction to the Fed's Summary of Economic Projections which projects more rate hikes, as inflation has not decreased, and unemployment has not increased appreciably.

One area we are watching is the amount of lending by local and regional banks over the coming months. The transfer of deposits from small local banks to banks deemed too-big-to-fail will impact the scale and distribution of overall lending. This could become a big issue for local communities, regions and sectors that fear their access to loans will be cut because their traditional banking partners will have to shrink their balance sheets after losing deposits.

Ultimately, tighter lending standards could have as big an impact as any move by the Federal Reserve. Sentiments at the end of the period were slightly higher as fears of contagion within the banking sector eased amid renewed prospects of further U.S. support for the industry. As is usually the case, the next few months will shed additional light on the Fed's thoughts and any change in direction.

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.***

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	12/31/2022	3/31/2023	YTD Change
2 YR	4.420%	4.065%	0.355%
3 YR	4.236%	3.830%	0.406%
5 YR	4.004%	3.608%	0.396%
7 YR	3.968%	3.563%	0.405%
10 YR	3.878%	3.495%	0.383%
20 YR	4.142%	3.822%	0.320%
30 YR	3.970%	3.688%	0.282%
10S MINUS 2S	-54.2bps	-57.0bps	

Source: FactSet

Logan Capital Management, Inc.
Performance Disclosure Results
High Quality Balanced Non-Taxable Composite
September 30, 2005 through March 31, 2023

Year	Total Return Net of Fees	Total Return Pure Gross of Fees	50% S&P 50% BC Int Govt Credit	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	50% S&P 50% BC Int Govt Credit 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
YTD 2023	3.5%	4.3%	5.0%	4	N/A	11.3%	13.1%	0.8	$7	0.3%	$2,343
2022	-14.8%	-12.2%	-12.7%	5	N.M.	12.1%	13.2%	0.3	$7	0.3%	$2,261
2021	11.2%	14.6%	12.9%	5	1.6%	9.3%	10.0%	1.5	$9	0.3%	$2,635
2020	8.9%	12.1%	13.1%	8	2.2%	9.6%	9.4%	0.9	$24	1.1%	$2,240
2019	14.0%	17.4%	18.8%	9	3.7%	6.1%	5.9%	1.5	$28	1.3%	$2,050
2018	-2.8%	0.1%	-1.5%	8	0.7%	6.5%	5.2%	0.9	$22	1.5%	$1,431
2017	11.6%	14.9%	11.6%	7	1.2%	6.9%	4.8%	1.1	$12	0.8%	$1,590
2016	3.9%	7.0%	7.1%	11	0.6%	7.5%	5.2%	0.8	$18	1.3%	$1,401
2015	0.3%	3.3%	1.5%	10	0.2%	7.1%	5.3%	1.4	$15	1.1%	$1,398
2014	4.3%	7.4%	8.4%	6	0.3%	6.6%	4.7%	1.8	$10	0.6%	$1,816
2013	16.1%	19.5%	14.7%	7	2.0%	7.7%	6.0%	1.5	$11	0.5%	$2,061

Annualized Returns (March 31, 2023)

YTD is not annualized

Year	Total Return Net of Fees	Total Return PureGross of Fees	50% S&P 50% BC Int Govt Credit
1 Year	-4.4%	-1.5%	-4.1%
3 Year	6.3%	9.5%	8.7%
5 Year	3.6%	6.7%	6.7%
10 Year	4.8%	7.9%	7.0%
Since Inception†	4.3%	7.5%	6.4%

†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% Bloomberg 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 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 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, 2022. 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 49.9%, 2013 52.1%, 2014 38.7%, 2015 59.5%, 2016 51.2%, 2017 23.2%, 2018 7.2%, 2019 7.0%, 2020 10%, 2021 4.0%, 2022 4.0%). 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 calculated by geometrically linking monthly gross returns reduced by the highest wrap fee (3% annually). 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 Non Taxable Composite was created September 30, 2018.