Logan High Quality Balanced

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CONSISTENT RETURNS WITH LESS RISK

Q2 | 2023

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q2 | 2023 REVIEW[1]

MARKET ENVIRONMENT

Equity

Leadership in the equity markets this year consists of the established and more obvious names that provide the tools needed to harness information. As the second quarter of 2023 ended, we saw leadership expand to include those companies with a demonstrated ability to use technology to gain an advantage. Our team expects savvy users of technology to provide the next wave of opportunities for investors. Following the bank failures and fears about the broader banking sector during the first quarter, the second quarter has seen continued volatility within the sector, albeit on a much lesser scale. At the same time, U.S. equity markets have perhaps seen a return of some of the euphoria around technology stocks that was experienced after the pandemic through the end of 2021. This time the excitement has been largely centered around those companies having – or at least believed to have – adjacency to artificial intelligence.

Fixed Income

We do not expect a whole lot of movement in long-term Treasury yields in the second half of this year. The Fed has said it is likely to hike twice, which currently is more than the market is anticipating. But long-term yields are sensitive to inflation expectations, and since any tightening beyond what is currently expected will be aimed at keeping inflation on a downward track, the Fed's willingness to continue lifting rates will ultimately keep long-term yields from breaking higher.
Inflation has been falling on a year-on-year basis, but that will change in the next couple of months, as base effects, which have pulled core inflation lower since March, flip the other way this summer. Base effects are the things a year ago that affect year-on-year calculations. For example, we saw the first drop in the price of oil last July (source: Bloomberg), reflecting its first decrease since the Russian invasion of Ukraine (I clearly remember the peak in gas prices last June). As we advance to the end of the year, we will be closely monitoring the improvements in inflation expected by the Federal Reserve.

PORTFOLIO REVIEW

Treasuries

As mentioned above, we do not anticipate long-term yields increasing significantly from current levels. As of this writing, the 10-year U.S. Treasury yield is 3.82%, currently between a high of 4.06% reached on March 6 and a low of 3.31% reached on April 6 -- now that was an exciting month (source: Bloomberg).

The Fed is on high alert against increases in inflation expectations and will continue increasing the Fed Funds rate until PCE moves significantly closer to their target of 2.0%.

We increased the duration and maintained the approximate Treasuries allocation recently. With the curve inversion currently back to the "high" reached in early March, we are slowly increasing the bulleted term

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

structure in anticipation of the yield curve finally regaining a positive slope in 2024.

Corporates

Spreads had increased approximately 20 basis points during the quarter before settling back to their original level (source: FactSet). It feels like the level is being influenced by the rising equity markets as opposed to reflecting an impending recession.
In the corporate sector, we have been monitoring our global macro indicators, watching for clues regarding the timing and depth of a slowdown in economic activity. By keeping credit quality high, issue size large, and maturities shorter versus the index, we have felt comfortable increasing the sector allocation while maintaining a defensive profile.

Municipals

We anticipate supply will lag demand this summer which will benefit municipal investors. This technical force is the opposite of what happens ahead of the mid-April tax deadline when investors sell municipal bonds to fund their tax payments.

Fundamentally, we are tracking the impact on local governments of empty office buildings and office parks on property tax revenue. Early during COVID, skyrocketing residential property values led to an increase in property tax revenue for local governments. Recently, this has moderated. Cities with central business districts are feelings (and seeing) the impact of WFH.

From S&P, "We believe that cities that don't see RTO trends moving in the right direction are more susceptible to a downward spiral of a reduction in both tax revenue and attractiveness of downtowns and are at the greatest risk of experiencing pressures to credit stability," the report said.

We have not observed any weakening in the relative value within the sector as a percentage of Treasuries.

Oil

Year-to-date and quarter-to date WTI prices have declined slightly, allegedly due to China's slower than expected rebound from their zero-COVID policy. OPEC+ has pushed for supply cuts across the board—Iran, Libya, and Venezuela had been exempted from production cuts—to support prices. Recent discussions between the U.S and Iran have added to the challenge for OPEC, as Iranian production has increased. Iran has worked with countries like China to evade U.S. and Group of Seven sanctions (Russia does the same). Layer on allegations the U.S. has turned a blind eye due to concerns over spiking oil prices and the global soap opera continues. Will China's reopening boost demand? Will a recession in the U.S. and in other developed economies present downward risk for oil demand?

PORTFLIO OUTLOOK

Equity

Looking forward, we expect the pressures of inflation, geopolitical uncertainty, and a competitive economy to continue to impact the markets. Our team has held the view for several years that the impact of technology and a changing consumer would alter leadership in every sector of the global economy. The events of the past few years have served to accelerate those trends. Our focus remains on companies with nimble management, unique products with pricing power, and a target customer base that has both the ability and appetite to spend. 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

Beneath the surface, there are signs of a pullback in U.S. consumer spending. U.S. paper mills are trimming production of cardboard, used at nearly every step of a product's journey through the supply chain. That makes the paper industry a key indicator of consumer demand. Shipments of empty boxes tumbled 11% from a year ago in March, according to Fibre Box Association data compiled by Bloomberg.

One formidable sector of the economy that is on the rebound is new home construction. A year ago, it was detracting from GDP, more recently, it should boost economic growth. While reasonable thinking would conclude that higher mortgage rates would dampen the enthusiasm of new home builders, their strong sentiment, higher than expected new home starts and new home sales, mean new residential housing will contribute to GDP for the next few quarters.

The market has consistently underestimated the Fed's resolve to fight inflation since the tightening was initiated in March 2022. We anticipate the tightening discussion will continue within the Fed over the summer, further pushing back any hint of cutting rates until 2024. We continue to watch the PCE price index, as well as our global indicators, squinting through the haze, on alert for that elusive………2.0% inflation target.

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) Index is a free-float weighted index that tracks the 500 most widely held stocks on the NYSE or NASDAQ and is 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.

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.

The PCE price index (PCEPI), also referred to as the PCE deflator, PCE price deflator, or the Implicit Price Deflator for Personal Consumption Expenditures (IPD for PCE) by the BEA, and as the Chain-type Price Index for Personal Consumption Expenditures (CTPIPCE) by the Federal Open Market Committee (FOMC), is a United States-wide indicator of the average increase in prices for all domestic personal consumption. It is benchmarked to a base of 2012 = 100. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from the largest component of the GDP in the BEA's National Income and Product Accounts, personal consumption expenditures.

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.

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U.S. TREASURY YIELDS	12/31/2022	3/31/2023	9/30/2023	YTD Change
2 YR	4.420%	4.065%	4.870%	-0.806%
3 YR	4.236%	3.830%	4.490%	-0.660%
5 YR	4.004%	3.608%	4.129%	-0.522%
7 YR	3.968%	3.563%	3.972%	-0.409%
10 YR	3.878%	3.495%	3.810%	-0.315%
20 YR	4.142%	3.822%	4.064%	-0.242%
30 YR	3.970%	3.688%	3.854%	-0.166%
10S MINUS 2S	-54.2bps	-57.0bps	-106.0bps	

Source: FactSet

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

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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	6.3%	7.9%	9.1%	4	N/A	10.9%	12.8%	0.5	$8	0.3%	$2,373
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 (June 30, 2023)
YTD is not annualized

Year	Total Return Net of Fees	Total Return PureGross of Fees	50% S&P 50% BC Int Govt Credit
YTD	6.3%	7.9%	9.1%
1 Year	7.4%	10.6%	9.8%
3 Year	3.8%	6.9%	6.2%
5 Year	3.7%	6.8%	7.1%
10 Year	5.0%	8.1%	7.3%
Since Inception†	4.4%	7.5%	6.5%

†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% 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.