Logan Dividend Performers Balanced

DPB

CONSISTENT RETURNS WITH LESS RISK

Q2 | 2024

LOGAN DIVIDEND PERFORMERS BALANCED PORTFOLIOS Q2 | 2024 REVIEW[1]

MARKET ENVIRONMENT

The US stock market continued its upward momentum in the second quarter, rising just over 4% and contributing to a double-digit total return year-to-date. However, in what remains a bifurcated market, the top four performing stocks contributed essentially all the quarter's gains. Investors, fearful of a slowing economy, appear to be focused on a handful of large capitalization growth stocks with resilient earnings. It would be remiss to leave out that those same top performers are expected to benefit from Generative AI in some manner. To capture the full picture of the quarter, it is best to look beneath these headlines. The S&P 500 Equal Weight Index, a better look at the movement of the average stock, was down nearly three percent for the quarter and has achieved only about one-third of the return of the capitalization-weighted S&P 500 Index year-to-date. This is most likely a reflection of the slowing US economy and weakening consumer sentiment. In general, the market exhibited historically narrow breadth, a challenging environment for investment managers. Among the complacency for this setup, there was considerable volatility around specific stocks. In fact, there were far more stocks with 10% price fluctuations during the quarter than at almost any other time in history (WSJ).

Benchmark sector contribution to performance reflected the strong interest in Generative AI related stocks to the detriment to almost all other sectors with only three of the eleven sectors outperforming and six in negative territory. Information technology shares were the clear winners while the communication services sector, which includes Alphabet, Inc. and Meta Platforms, Inc., was also relatively strong. Lastly, utilities, a smaller sector, was slightly ahead of benchmark helped by the potential for increased power demand from data centers and rising expectations for falling interest rates. On the negative side, from a contribution perspective, the financial, industrial and health care sectors were laggards, each showing negative returns in the quarter. To some degree, performance in each of these sectors reflected a weakening economic outlook during the quarter and their perceived lack of direct exposure to the top investing themes of the day, such as Generative AI. Except for the dramatic moves in information technology-related names, it was an unexceptional quarter in many respects.

Switching to fixed income, the strategy's fixed income benchmark posted a modestly positive return for the quarter. Recent inflation data has shown progress toward reaching the Federal Reserve's 2% inflation objective, but the Committee remained on hold during the quarter. Following the June meeting, the Federal Reserve's Summary of Economic Projections (SEP) for the 2024 change in real GDP and the unemployment rate remained unchanged from the March projections at 2.1% and 4.0% respectively. The core PCE inflation projection was increased to 2.8% from the prior 2.6%. These projections support the Federal Reserve's recent message that economic activity is firm, unemployment remains low, and inflation has trended lower over the year but continues to be elevated. The yield curve remains inverted (2-year vs. 10-year) and a potential concern as historically many yield curve inversion periods have preceded an economic recession. The target range for the federal funds rates remains

[1]Dividend Performers Balanced results discussed herein should be read in conjunction with the attached performance and disclosures

at 5.25% - 5.50%. During the quarter, the benchmark 10-year US Treasury yield increased from 4.20% to 4.40%. The strategy's fixed income benchmark, the Bloomberg Intermediate U.S. Government/Credit Index, was up 0.64% during the quarter, while the Bloomberg US Aggregate index was up 0.07%. (yield and index information sourced from Bloomberg). (Summary of Economic Projections (SEP) data sourced from Board of Governors of the Federal Reserve System)

PORTFOLIO REVIEW

Logan Dividend Performers Balanced registered a slightly positive quarter (gross performance, slightly negative quarter including the regulatory disclosure 3% fee) in what continues to be a very narrow market with the average stock struggling to make any headway as seen by the S&P 500 Equal Weight Index registering negative returns for the quarter. Equity performance was beneath the S&P 500 Index (gross/net), with the Index being driven by a handful of information technology and communication services stocks that tend to have significant weight in the Index. This is challenging not just for dividend growth managers, but all active managers who need to remain diversified. It is noteworthy that six of the eleven sectors showed negative returns in the quarter with many quality, defensive stocks underperforming.

Generative AI exuberance has driven up valuations of anything that may be associated with it in some way. As investors seek outsized short-term returns in Generative AI stocks, the virtues of rewarding consistent growth in earnings, cash flows and dividends have been set aside. We are seeing some of the historically largest dispersions in valuations among higher quality, predictable earnings and dividend growth stocks today. This is a near term relative performance challenge for Logan Dividend Performers, which is firmly rooted in the proven, long-term benefits of investing in stocks with steadily growing dividends.

Delving into sector attribution, our energy sector showed positive attribution in a negative performing sector during the quarter. Oil prices have been volatile as investors weigh the geopolitical events of the day against the potential for weaker demand domestically. Our underweight was a help while our energy holding was positive during the quarter. Utilities were generally positive during the quarter helped by the potential for rising power demand from Generative AI and attractive valuation. Our utilities holdings outperformed the Index sector. Lastly, health care had a slightly positive effect during the quarter as our stocks outperformed while our overweight was a drag given the sector's negative return in the quarter.

On the negative side, given the recent focus on large capitalization information technology stocks, our underweight was a drag as was our specific stock selection. Logan Dividend Performers has meaningful exposure to the Generative AI theme, but the Index weight is prohibitively high in our view given the need for adequate diversification and the potential for increased volatility. Our consumer staples holdings were a drag from a selection standpoint during the quarter. This quarter we saw more than the usual amount of volatility around earnings and social media generated news. We believe this impacted consumer-related company shares in particular. Lastly, our underweight in the underperforming consumer discretionary sector was a help but stock selection was impacted by negative earnings-related news around one of our holdings in the casual restaurant space.

In general, defensive characteristics such as consistent earnings and dividend growth were not rewarded in the first quarter as investors flocked to the potential of stocks involved in Generative AI.

Related to fixed income performance, the fixed income portion of the portfolio posted a modestly positive return for the quarter (gross performance, slightly negative quarter including the regulatory disclosure 3% fee). Overall allocation and selection within corporates contributed to fixed income performance. Conversely, overall selection modestly detracted from fixed income performance.

PORTFLIO OUTLOOK

Investors, ourselves included, were surprised at the economic strength witnessed in the earlier part of this year, triggering backpedaling on the hopes of near-term interest rate cuts by the Federal Reserve. The fact that economic data is now showing a slowing trend makes more sense to us. To a large extent, we believe this is continued normalization after the pandemic-related stimulus, bringing many economic metrics back down to long-term trends. We continue to think that economic growth is moderating back to its baseline growth, still boosted by lingering fiscal stimulus yet crimped by higher short-term interest rates. Inflation is also likely to moderate back towards Federal Reserve goals this year in our view, leading to some interest rate relief before year end. There is always the potential for an economic shock, but we would take meaningful reacceleration or painful recession options off the table at this juncture. With that said, we are living in interesting times so geopolitical events are becoming somewhat normalized and we haven’t forgotten this is a presidential election year.

A question we often get regarding the stock market is “Can the good times continue”? To address this, one must first confront the divergences in the market today. The most obvious is the Generative AI driven rally in large capitalization growth stocks that is leading to one of the narrowest constructs of Index performance in history. Investors have noticed the potential risks to earnings from continued tight monetary policy and appear to be tossing all their eggs into a basket of large capitalization momentum stocks with relatively secure secular earnings growth. Valuations among this small cadre of stocks has become relatively high, at least versus the rest of the 493 or so other names in the Index. So, we have a rising stock market, albeit a narrow one, where valuation disparities are wide against a backdrop of slowing economic data and an active geopolitical scene.

The narrow market we see today is likely to persist until there is a meaningful change in the macro dynamics. While a reacceleration in growth is always possible, we think Federal Reserve policy is working, leading to a steady slowing trend in growth that will assist in the needed moderation of inflation. This will allow interest rate cuts, potentially as early as in the Fall. This dynamic would likely lead to a broadening out of stock performance as investors look for cyclical earnings acceleration in names where valuation has become more attractive versus the “Mag 7”. This should favor active managers as the earnings and valuation gap closes and more performance is potentially generated from the other 493 stocks in the S&P 500 Index.

In general, we remain optimistic about the stock market for the rest of the year, but the resolution of these disparities could lead to increased volatility. The later cycle dynamics should typically favor more consistent growth companies that pay and grow dividends. Relative valuation among this cohort looks very attractive to us and dividend growth should be highly valued, especially in times of persistent inflation.

In the coming months, should the Federal Reserve gain comfort that inflation is trending sustainably towards target levels, a pivot to federal funds rate decreases could develop. In a backdrop such as this, bonds could perform well and provide potential diversification benefits as investors seek to meet their investment objectives. The Logan Dividend Performers Balanced portfolio provides the potential for growth, income and stability by combining high quality dividend growth stocks with higher quality fixed income investments.

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 S&P 500 Equal Weight Index provides exposure to the largest 500 public U.S. companies in the S&P 500 Index (a market value weighted index). However, each company is weighted at 0.2%, to provide more diversification and less concentration.

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.*

Bloomberg Barclays Intermediate US 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 published 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.

Logan Capital Management, Inc.
Performance Disclosure Results
Dividend Performers Balanced Wrap Composite
December 31, 2002 through June 30, 2024

DPB

Year	Total Return Net of Fees	Total Return Pure Gross of Fees	60 % S&P 500/40% Barclays Int. Gov't Credit	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	60 % S&P 500/40% Barclays Int. Gov't Credit 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
YTD 2024	1.6%	3.1%	9.2%	340	N/A	11.2%	12.0%	0.1	$156	5.9%	$2,651
2023	8.2%	11.4%	17.7%	346	0.7%	11.3%	11.8%	0.3	$146	6.0%	$2,451
2022	-11.1%	-8.5%	-13.7%	368	0.3%	12.8%	13.5%	0.3	$142	6.3%	$2,261
2021	12.3%	15.7%	15.9%	374	2.0%	10.4%	10.6%	1.4	$172	6.5%	$2,635
2020	5.3%	8.4%	14.3%	375	0.5%	10.2%	11.2%	0.9	$146	6.5%	$2,240
2019*	18.8%	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		

Annualized Returns (June 30, 2024)
YTD is not annualized

Year	Total Return Net of Fees	Total Return PureGross of Fees	60 % S&P 500/40% Barclays Int. Gov't Credit
YTD	1.6%	3.1%	9.2%
1 Year	6.1%	9.3%	16.1%
3 Year	1.5%	4.5%	5.8%
5 Year	4.1%	7.2%	9.5%
10 Year	4.2%	7.4%	8.5%
Since Inception†	4.0%	7.1%	8.0%

†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 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 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, 2023. 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 returns are calculated by geometrically linking monthly gross returns reduced by the highest wrap fee (3% annually). 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.