Logan High Quality Balanced

HQ

CONSISTENT RETURNS WITH LESS RISK

Q2 | 2024

LOGAN HIGH QUALITY BALANCED PORTFOLIOS
Q2 | 2024 REVIEW[1]

MARKET ENVIRONMENT

Equity

The second quarter of 2024 saw the S&P 500 post new record highs, driven partly by a continued surge in dominant A.I-tied stocks. Similarly, the trend of disproportionate returns by mega-cap stocks in the S&P 500 pushed on: this quarter, nearly 80% of S&P 500 constituents underperformed the overall index, putting that statistic near multi-decade highs. We also witnessed another flash of conspicuous meme-stock trading, with many of them spiking and crashing once again. We continue to see the trend-chasing and momentum dominance in the markets of late as setting up ample opportunities in our investing realm and are excited by the prospects in our portfolio that continue to provide solid earnings growth and dividend increases on top of their attractive valuation metrics.

Fixed Income

We can all agree inflation is cooling no matter what metric is used. Where a difference of opinion comes into play is whether it's cooling enough for the Federal Reserve to begin cutting rates in the 4th quarter.

There wasn't much surprise that came out of the FOMC's June monetary policy meeting. The Committee left rates unchanged, and now expects higher inflation and less easing this year versus it's previous outlook. As of this writing, the expectations are for two rate cuts by year end.

There was significant upward movement in the dots not just this year but in the out years and the longer-run, suggesting the Fed is starting to lean toward fewer cuts in this cycle than previously suggested.

High Q1 inflation is not likely to repeat, but there's still uncertainty about the pace at which inflation will decline and how quickly the Fed will feel it can react. The labor market is strong enough that inflation risks continue to be the Fed's focus for the time being.

PORTFOLIO REVIEW

Equity

The growth component of Logan High Quality Balanced (HQB) continues to generate competitive performance, and our team saw solid returns this year in many companies that are beginning to use advanced technology to serve their customers better, gain market share and widen their competitive advantage. New and emerging brands were able to achieve success through more modern marketing and benefit from a consumer in the U.S. that has proven to be more resilient than many expected. Spending did shift from buying "things" to experiences, and many of the companies that sell the items needed in an experience-based economy include sporting goods, home goods for entertaining, and restaurants. In addition, the investments in critical technology

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

performed well. Left behind were some of the companies with established brands that performed well in recent years, but faced a headwind over concerns that the consumer will eventually slow spending. We do expect the companies we hold will gain market share in the event of a slower economy through both the uniqueness of their products and better tools to meet their customers where they are, and how their spending may change with the economy.

Despite the relatively challenging environment for more stable, capital-returning stocks, the value component of Logan HQB continues to generate competitive returns over longer time periods. Broadly speaking, value stocks performed well but failed to keep pace with the stellar performance of growth stocks. At a company level, fundamental performance has been steady, as each value stock held in the Logan HQB portfolio has maintained or raised its dividend in the last twelve months.

Fixed Income

Treasuries

Performance has been near zero in the first half of 2024 as we have observed an upward trend in yields through April 30 followed by a roller coaster path the last two months of the quarter. With expectations of at least one rate cut during the back half of the year, the sector may bull steepen and finish the year with positive performance.

Treasuries have been whipsawed this year, with policy-sensitive two-year yields surging above 5% in April as fears over higher-for-longer U.S. rates spurred investors to dump bonds. They have since dropped back to below 4.70% as inflation to retail sales data suggested the world's biggest economy may finally be cooling enough to warrant lower borrowing costs.

Corporates

We observed increased issuance to end the period as firms are taking advantage of the lowest borrowing costs of the last few months.

Company bond spreads have widened in June as the same signs of economic weakness that have boosted Treasuries keep credit risks alive — particularly among weaker borrowers. Currently, we do not see much room for spread compression--lower Treasury rates would coincide with softer economic trends, while higher rates would renew concerns of rate volatility and possibly stagflation.

Municipals

We have seen a surge in new issuance in the recent period that has been met by higher demand. Local governments have rushed into the market to get ahead of the anticipated increased volatility expected due to the election in November 2024. Investors are weighing the odds of higher tax rates in the near future and are enticed by the high-quality cash flows and higher yields available in the sector. The period ended with new funds moving into the sector, specifically into longer maturities.

A slowdown in the economy will lead to a slowdown in tax revenue collections which will be a negative for local government's balance sheets. On the technical side, the continued inflow of assets into the sector via SMAs or ETFs will drive demand for muni assets over the intermediate term.

Liquidity in the sector will be slightly more challenging as both Citigroup and UBS have exited.

Oil

We end the period with prices increasing due to increased demand for gasoline, as the summer driving season commences, and for jet fuel as seasonal demand approaches levels from 2019. This demand added pressure to refined product inventory which has decreased domestically. A key factor is refinery utilization which has dropped and pressured prices higher.

PORTFLIO OUTLOOK

Equity
The U.S. economy is standing at the junction of the consumer now seeing pandemic savings running out, inflation remaining stubbornly above the 2% target, and unemployment sitting near historically low levels. The level of the VIX index in the U.S. (a common measure of stock market volatility) is now hovering around the lowest levels seen since before the start of the pandemic. This would suggest that investors may be becoming a bit too complacent about the need for prudence and temperance. The value component of Logan HQB will continue to stay the course with a diverse portfolio of stable, free cash flow generative companies with strong balance sheets, sizable margins of safety, and discerning capital allocation policies. The growth component remains an excellent complement, as the team sees significant opportunity over the coming years to invest in those companies that understand technology, their products, and their customers to change leadership in almost every industry from retail, manufacturing, farming, to healthcare. We expect the rotation in market leadership to continue as newer, lesser talked about companies prove their ability to execute in a changing world.

Fixed Income
To fund the growing federal deficit, we expect an increase in Treasury Bills for the remainder of the year due to high liquidity and investor demand. With yields in excess of 5.0% still available and money market funds sitting on over $6 trillion in assets (source: Bloomberg), the matching of supply and demand feels balanced.

We anticipate the majority of the Fed rate cuts will occur in 2025, with the Fed Funds rate eventually moving to the low 3s. When the Federal Reserve initiates cuts, the yield curve will finally achieve a positive slope. The yield curve has been inverted since July 2022.

Consumer resilience has been a key factor of the surprising strength of the economy. Many expected a (light) recession once pandemic savings were drawn down and especially as higher interest rates took a larger bite out of paychecks. It feels like we are entering the next phase of the economic cycle, but as of this writing, household spending shows few signs of slowing.

FOMC participants are echoing Chair Powell's cautious optimism regarding inflation heading to their target in an environment of still solid employment data. If future PCE & CPI reports are satisfactory from a Fed perspective, we could see the Fed signal a September cut at the July 31 meeting.

The one obstacle that we see limiting the central bank's ability to cut rates is the growing view the economy's neutral rate is higher than projected. The growing budget deficit and increase in Treasury auction size are at the root of the higher neutral rate. This would lead to fewer rate cuts in the near term and higher rates in the longer term. We'll keep an eye on this fundamental force along with the multitude of headline items over the coming months.

Thank you for your continued confidence and investment in the Logan HQB portfolio. As always, please call or email if you have any questions.

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.

The VIX is a trademarked ticker symbol for the Chicago Board Options Exchange Market Volatility Index, a popular measure of the implied volatility of S&P 500 index options. Often referred to as the fear index or the fear gauge, it represents one measure of the market's expectation of stock market volatility over the next 30-day period.

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.

Exchange Traded Funds (ETF's) are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from the Fund Company or your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

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.

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

U.S. TREASURY YIELDS	12/31/2023	3/31/2024	6/30/2024	YTD Change
2 YR	4.25%	4.62%	4.72%	-0.47%
3 YR	4.01%	4.41%	4.52%	-0.51%
5 YR	3.85%	4.22%	4.34%	-0.49%
7 YR	3.88%	4.21%	4.34%	-0.46%
10 YR	3.88%	4.20%	4.37%	-0.49%
20 YR	4.19%	4.45%	4.54%	-0.35%
30 YR	4.70%	4.34%	4.64%	0.06%
10S MINUS 2S	-37.0bps	-42.0bps	-35.0bps	

Source: FactSet

Logan Capital Management, Inc.
Performance Disclosure Results
High Quality Balanced Non-Taxable Composite
September 30, 2005 through June 30, 2024

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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 2024	5.8%	7.4%	7.7%	4	N/A	11.1%	12.8%	0.2	$8	0.3%	$2,651
2023	10.2%	13.4%	15.6%	4	N.M.	11.0%	12.6%	0.2	$8	0.3%	$2,451
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

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

Year	Total Return Net of Fees	Total Return PureGross of Fees	50% S&P 50% BC Int Govt Credit
YTD	5.8%	7.4%	7.7%
1 Year	9.7%	12.9%	14.1%
3 Year	1.8%	4.8%	4.7%
5 Year	4.6%	7.8%	8.1%
10 Year	4.7%	7.8%	7.4%
Since Inception†	4.7%	7.8%	6.9%

†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, 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.

Logan Capital Management, Inc. is a privately owned Pennsylvania-based investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. The firm maintains a complete list and description of composites, which is available upon request.

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 (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%, 2023 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.