# Logan Dividend Performers

DP

CONSISTENT RETURNS WITH LESS RISK

Q3 | 2024

## LOGAN DIVIDEND PERFORMERS PORTFOLIOS Q3 | 2024 REVIEW[1]

### MARKET ENVIRONMENT

The bull market continued in the third quarter, with the S&P 500 Index rising more than 5%, leading to a greater than 20% return year-to-date. This performance is remarkable as US economic growth wavered in the quarter, the presidential race was upended, and geopolitical conflicts escalated. The year continues to reflect investor preference for large capitalization information technology shares, while the rest of the market has generated more modest returns. Lastly, the Federal Reserve's decision to go "large" with its first interest rate cut was impactful, while a dramatic slate of new stimulus policies from China was a late quarter factor. However, as we peak under the hood at the details of the quarter, the picture brightens as it was a different result compared to the first half of the year. Investors broadened their buying interests, allowing more stocks to participate in the positive momentum. Notably, the S&P 500 Equal Weight Index outperformed the capitalization-weighted S&P 500 Index and the "Magnificent Seven" for the quarter.

It may not seem like it to all participants in the US economy, but inflation data has improved considerably. This fact set the stage for an end to the Federal Reserves' monetary tightening polices. Weakening economic data, particularly in the case of labor markets pointing to growing unemployment, pushed Chairman Powell to act decisively, opening the door to a new easing cycle. The expectation and eventual reality of lower rates and economic concerns led to a resurgence in more defensive sectors and those able to benefit from lower rates. In particular, the utilities sector was the best performing during the quarter, rising nearly 20%. Another interest rate sensitive sector, real estate, was also favored. Lastly, industrials performed well as investors began to look towards beneficiaries of an eventual economic recovery. Conversely, falling oil prices hurt the energy sector while the high-flying information technology sector was only up slightly for the quarter. Lastly, the health care sector's move was similar to the market but lagged other sectors.

Lastly, we would be remiss in not mentioning the progress of gold recently. Gold tends to be a hedge against inflation and when doubts arise regarding the strength of the dollar. Government deficits have been rising, a trend that may not be changing soon, a headwind for dollar strength. The iShares Global Gold Index (XGD) is up nearly 20% this quarter and up over 30% for the year, outpacing the S&P 500 Index.

### PORTFOLIO REVIEW

Logan Dividend Performers registered a high single-digit percentage gain for the third quarter, adding to year-to-date gains in the low double-digits on a gross of fees basis. This was better than the S&P 500 Index's performance (gross of fees) as performance broadened out, a favorable setup for our strategy as both portfolio allocation and selection effect were positive contributors during the quarter. Our focus on higher quality, dividend growth stocks was rewarded, a result that has been lacking for the better part of this year. The backdrop of slower economic growth followed by a new easing monetary cycle as well as a very tight election setup ended up favoring the Logan Dividend Performers strategy. Sector performance as noted above was a tailwind for our strategy as well with some of the more durable areas of the market like utilities, real

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

estate, and consumer staples outperforming. Logan Dividend Performers was overweight utilities and consumer staples during the quarter.

Looking at sector attribution, the top contributing sector during the quarter was information technology as our stocks tended to hold up better in a tough quarter for the sector. Some of the larger names in the benchmark that have dominated performance this year tended to take a breather this quarter leading to positive stock selection. We were also helped by a new addition to the portfolio, a company benefiting from the growth of cloud infrastructure and the desire to expand the number of cloud vendors being utilized. Stock selection in the consumer discretionary sector was also notably positive as we saw a rebound in some of the quality names in the sector. Lastly, the portfolio also benefited from being underweight the communication services sector for much of the same reasons mentioned with the information technology sector.

On the negative side, stock selection was challenging within the financials sector as investors sought to focus on names more likely to benefit from the new easing cycle. Our stock selection within real estate was slightly positive, but our underweight was a drag in a sector that typically is helped when interest rates are declining. Energy was a slight negative contributor as oil prices retreated this quarter on soft demand and adequate supplies. Our position in an integrated oil company was a laggard given the difficulties with a potential merger. In summary, the quarter started out with meaningful tailwinds for higher quality, more defensive strategies like Logan Dividend Performers. While the quarter ended with investors returning to some of the information technology mega-caps, overall, the broadening of returns was a plus, helping the portfolio to a positive result in both allocation and selection.

## PORTFOLIO OUTLOOK

The new Federal Reserve policy easing cycle has begun and it started with a relative bang, or at least 50 bps of excitement. Investors tend to be shortsighted but looking back for a moment we should reflect on the fact that the pandemic was not all that long ago, and the now complete tightening cycle was one of the most aggressive on record. The Fed would like to put this cycle not just in the record books but in their trophy case as an economic battle won, inflation conquered and a soft landing accomplished. We will not know until sometime in the future as it is an incomplete story, with a few twists and turns left in the book in our view. While inflation data is trending in the right direction, labor markets have weakened, and it seems evident that both corporates and consumers are taking a cautious approach given the potential for more help from the Fed while a new administration could bring a fairly dramatic policy change. In fact, we think politics may steal the stage for some time given the election while the many notorious actors on the geopolitical stage are likely to attempt to take advantage of the leadership vacuum to press their cause as best they can. In general, our vote would be for a successful soft landing this year, but as we move into next year the forecast is less clear. We would not bet on a complete end to business cycles!

Corporate earnings have been resilient through the year, and this has underpinned valuations thus far. We have mentioned before that the dominance of information technology names is challenging to any professional money manager but is quite different than past occurrences. The “Magnificent Seven” are not pie in the sky companies with infinite P/E’s. Instead, they tend to have dominant market shares in some of the fastest growing parts of the economy such as cloud, Generative AI and electrification. This is leading to enormous earnings generation and balance sheets with more cash than some small countries. We are not betting on a near-term end to this state of affairs, but comps are getting tougher, competition is fierce, valuation in many cases is demanding while more government interference is likely coming their way. Instead, given all the factors we see today, we think that better relative, risk adjusted performance is likely to come from beyond the largest names.

An investment palette of slow economic growth, opaque political policy direction and the start of regime change towards lower interest rates favors a basket of higher quality, durable dividend growth companies. The universe of dividend growth companies remains undervalued relative to the S&P 500 Index versus history and embeds significant relative upside potential should their valuations normalize. In addition, we still see latent shareholder reward potential from our inventory of names given strong earnings, dividend growth and balance sheets. Dividend growth for our holdings over the last twelve months has been close to 10% on average. Overall, we remain optimistic towards the US market, but the rest of 2024 is unlikely to be dull!

*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.***

***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.***

*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.*

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

DP

| Year | Total Return Net of Fees | Total Return Pure Gross of Fees | S&P 500 | Number of Accounts | Composite Dispersion Gross of Fees | Composite 3-Yr Gross Std Dev | S&P 500 3-Yr Gross Std Dev | Composite 3-Yr Gross Sharpe Ratio | Assets in Composite ($millions) | % of Firm Assets | Firm Assets ($millions) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| YTD 2024 | 10.6% | 13.1% | 22.1% | 160 | N/A | 15.4% | 17.5% | 0.4 | $96 | 3.5% | $2,783 |
| 2023 | 11.7% | 15.0% | 26.3% | 151 | 0.4% | 15.9% | 17.5% | 0.5 | $71 | 2.9% | $2,451 |
| 2022 | -11.8% | -9.1% | -18.1% | 166 | 0.3% | 19.2% | 21.2% | 0.4 | $84 | 3.7% | $2,261 |
| 2021 | 21.4% | 25.0% | 28.7% | 171 | 0.5% | 16.2% | 17.4% | 1.3 | $113 | 4.3% | $2,635 |
| 2020 | 6.3% | 9.5% | 18.4% | 130 | 0.5% | 16.4% | 18.5% | 0.7 | $62 | 2.8% | $2,240 |
| 2019* | 28.4% | 32.0% | 31.5% | 155 | 0.0% | 10.3% | 11.9% | 1.5 | $82 | 4.0% | $2,050 |
| 2018 | -3.5% | -0.5% | -4.4% | 237 | 0.0% | 9.8% | 10.8% | 0.9 | $78 | | |
| 2017 | 18.1% | 21.7% | 21.8% | 341 | 0.2% | 9.4% | 9.9% | 1.0 | $130 | | |
| 2016 | 6.9% | 10.2% | 12.0% | 430 | 0.5% | 9.8% | 10.6% | 0.6 | $130 | | |
| 2015 | -5.1% | -2.1% | 1.4% | 922 | 0.2% | 9.8% | 10.5% | 1.1 | $248 | | |
| 2014 | 5.9% | 9.2% | 13.7% | 1124 | 0.2% | 8.3% | 9.0% | 1.9 | $400 | | |

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

| Year | Total Return Net of Fees | Total Return PureGross of Fees | S&P 500 |
|---|---|---|---|
| YTD | 10.6% | 13.1% | 22.1% |
| 1 Year | 23.1% | 26.7% | 36.4% |
| 3 Year | 6.9% | 10.1% | 11.9% |
| 5 Year | 8.5% | 11.7% | 16.0% |
| 10 Year | 7.9% | 11.2% | 13.4% |
| Since Inception† | 6.2% | 9.4% | 11.2% |

†Inception 12/31/02
*Logan Capital data starts 02/01/19
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
N/A – Data is not available for time period.

Logan Dividend Performers Wrap Composite contains fully discretionary dividend performers equity accounts, measured against the 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 benchmark selected 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.

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 and 50 positions. 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 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.