Logan High Quality Balanced

HQ

CONSISTENT RETURNS WITH LESS RISK

Q3 | 2024

LOGAN HIGH QUALITY BALANCED PORTFOLIOS
Q3 | 2024 REVIEW[1]

MARKET ENVIRONMENT

Equity

The third quarter of 2024 exhibited patterns reminiscent of the year's first quarter, marked by persistent volatility and a selective investment landscape in which investors looked beyond the investment in AI infrastructure and rewarded companies that delivered solid results despite a slowing economy. The third quarter brought both an increase in volatility in equity markets and new record highs for the S&P 500 and the Russell 1000 Value indices. Interest rate dynamics also played a significant role this quarter. The Federal Reserve implemented a 50-basis point cut in September, following the longest period in several decades of holding rates at relative highs in the interest rate cycle. The interest rate cut was supported by what has generally been a continued downward trend in average inflation levels, though the decline in inflation is certainly not a given.

Fixed Income

The decision to cut the Fed Funds rate by 50 bp was motivated by Fed participants' realization maybe they should have cut in July. It appears they went an extra quarter point in September to catch policy up to where it should be, and they can cut at a more measured pace going forward. In other words, it looks like the market is pricing an overly aggressive pace for the remaining two meetings this year.

Although investors assigned the chances of a 50 bp rate cut at approximately 50%, we have always assumed the FOMC needs to maintain credibility after claiming inflation was transitory in July 2021. If the unemployment aspect of the Fed's mandate stabilizes, we could see an increased focus on the inflation mandate. The Fed's never-ending fight to keep these two mandates in balance will continue.

The 50 bp move was a sign of policymakers' "commitment not to get behind" as the labor market weakens and inflation cools.

Over the last few weeks, we have been discussing the inflationary impact of labor strikes. Headlines have included groups and organizations such as the United Auto Workers, Boeing, American Airlines, and teachers' unions.

Dock workers are next, scheduled to strike October 1.

PORTFOLIO REVIEW

Equity

Investor's focus on quality and forward-thinking management drove a divergence in market performance, with those companies leveraging advanced technology to understand better and anticipate customer needs leading the charge. Our portfolio delivered solid returns during the quarter. It enhanced our returns for the year to date, underscoring our strategy of prioritizing

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

businesses with robust fundamentals, innovative capabilities, and adaptability in an unpredictable economic climate. During the quarter, leading companies in sectors such as industrials and technology proved their resilience, driving growth even as broader market conditions remained challenging.

Fixed Income

Treasuries

Treasuries have generated gains for five months, the longest run since 2010 (source: Bloomberg). The yield curve rallied across every tenor within the U.S. Treasury curve, with the largest moves occurring in the 1-to-3-year part of the curve, the most sensitive to moves by the FOMC.

Corporates

The rates paid by investment-grade corporate borrowers have tumbled to a 2-year low of around 4.8%, down from as much as 6.4% last October. Spreads remain quite low on both a quarter-to-date and year-to-date basis. The sector has been additive to performance and does not reflect an economy on the brink of a recession.

Municipals

Forward calendar monthly issuance stands at $16 billion, which is well above the $10 billion monthly average figure. September's supply increase and reinvestment decrease may further impact generic trading spreads. State and local governments are motivated to complete borrowing for infrastructure and other projects before a new president and Congress add the potential for market volatility.

Oil

Pump prices are one of the most visible measures of inflation for voters. Oil fell to the lowest level in more than a year as persistent concerns about weakening demand overshadowed the potential for OPEC+ to delay supply increases. OPEC+ has recently been pumping more than 600,000 barrels a day above their self-imposed limits. This oversupply will continue to cap oil prices over the medium term.

PORTFLIO OUTLOOK

Equity

As we close the third quarter of 2024, several key economic indicators point to a heightened risk of a slowdown in the U.S. economy. While the unemployment rate still sits near historically low levels, many were quick to note a recent triggering of the so-called "Sahm rule", occurring when the three-month moving average of the unemployment rate moves up at least half a percentage point from its recent low. The rule has had a strikingly high correlation with recessionary periods in the past. While trying to predict moves in the macro economy - much less the stock market - generally proves to be a fool's errand, we view the recent increase in volatility and uncertainty overlaid with recent record market highs as further evidence of why it pays to avoid the temptation to speculate and instead remain invested for the long run in a portfolio of stable, high-quality companies. We remain particularly optimistic about the transformative potential of artificial intelligence; once its infrastructure is fully realized, the implications for market leadership will be profound, much like the revolutions brought by the PC and the internet in previous decades.

Fixed Income

The range of end-2024 fed funds projections within the FOMC spans from no more cuts this year to 75bp of additional cuts over only two more meetings, there is a notable lack of consensus at the Fed about how the economy and rates will progress by mid-December.

We see fixed income returns moderating into year end as the bond market is reflecting terminal levels—barring the unexpected from geopolitics or our election.

Thank you for your continued confidence

and investment in the Logan HQB 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.

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 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.

U.S. TREASURY YIELDS	12/31/2023	3/31/2024	6/30/2024	9/30/2024	YTD Change
2 YR	4.25%	4.62%	4.72%	3.64%	0.61%
3 YR	4.01%	4.41%	4.52%	3.56%	0.45%
5 YR	3.85%	4.22%	4.34%	3.56%	0.29%
7 YR	3.88%	4.21%	4.34%	3.66%	0.22%
10 YR	3.88%	4.20%	4.37%	3.79%	0.09%
20 YR	4.19%	4.45%	4.54%	4.18%	0.01%
30 YR	4.70%	4.34%	4.64%	4.13%	0.57%
10S MINUS 2S	-37.0bps	-42.0bps	-35.0bps	14.5bps	

Source: FactSet

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

HQ

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	11.8%	14.2%	13.2%	4	N/A	11.0%	12.7%	0.3	$9	0.3%	$2,783
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 (September 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	11.8%	14.2%	13.2%
1 Year	18.8%	22.3%	22.4%
3 Year	3.4%	6.5%	6.3%
5 Year	5.7%	8.9%	8.8%
10 Year	5.3%	8.4%	7.9%
Since Inception†	4.9%	8.1%	7.1%

†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.

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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 (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.