Logan High Quality Balanced

CONSISTENT RETURNS WITH LESS RISK

Q4 | 2024

LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q4 | 2024 REVIEW[1]

MARKET ENVIRONMENT

Equity

The fourth quarter of 2024 saw a surge of exuberance following the U.S. presidential election, providing a nice tailwind for growth stocks. Over the past few years, economic performance and leadership have been driven predominantly by asset-rich nations like the United States and the asset-rich segments of the global population. Tech-savvy businesses and affluent consumers kept growing and expanding their lead v. the broader global economy. Affluence is not, in our mind, limited to just cash, and includes a broader definition of assets, including knowledge, skill, and natural resources. Technology has been a significant growth engine, with equities in well-funded, innovative businesses experiencing notable appreciation. Companies leveraging intellectual capital and possessing the financial means to execute groundbreaking ideas have flourished.

Fixed Income

A hawkish Federal Reserve is causing the U.S. Treasury curve to be recalibrated with a notion of higher for longer. A stronger than expected economy, led by a resilient consumer, has kept inflation above the Fed's target.

Investors now anticipate a pause as we enter 2025. Policy uncertainty will make for a more volatile bond market in 2025. Higher yields one year in the future wouldn't surprise us. A flight-to-quality event or a deterioration in employment data are the most likely causes of a rally in IG. There are a multitude of sources that may pressure Treasury rates higher: an increased deficit/increased Treasury issuance, mass deportation, lower income and corporate taxes, possible trade tariffs, and an increased inflation risk premium.

With the recent suspension of the debt ceiling, we anticipate a sizable increase in both Federal spending/tax cuts, and Treasury issuance. We also expect less demand from investors for maturities longer than intermediate maturities.

Economic growth remained solid this past year despite uncertainty around a presidential election, elevated interest rates, and a cooling labor market.

PORTFOLIO REVIEW

Equity

The U.S. consumer has remained resilient, and corporate spending has stayed strong, and these trends underscore the importance of economic freedom and the ability to innovate, as countries that can adapt quickly have consistently dominated global growth. Our Growth portfolios have benefited from being invested in innovative, well-resourced companies with financially strong customers. We have focused on companies that are good users of technology to enhance their customers' experience and profitability, have strong balance sheets, and can pass on higher

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

costs due to pricing power. This focus remains for 2025.

The value component of the Logan High Quality Balanced strategy continues to generate competitive performance. Financial stocks fared well in the quarter and continue to benefit from stable credit trends. In addition, we note that the 10-year Treasury yield rose by roughly one percentage point since September when the Federal Reserve started cutting short-term rates. While the rise in Treasury yields could suggest concern about growing deficits and inflationary pressures, banks should benefit from higher yields on their loan portfolios, all else being equal.

Fixed Income

Treasuries

Yields increased steadily during the 4th quarter, with the 10-year Treasury starting at 3.73% and as of this writing, is 4.53%. Recent economic releases in conjunction with a more hawkish Fed, have altered the previous path of interest rates. Weakness at the long of the curve is attributable to the Fed's hawkishness and technical impact of the anticipated increase in Treasury supply away from Treasury Bills.

Corporates

With less primary issuance and investors clamoring for supply, spreads will start 2025 at razor thin levels. Buyers in general care more about the all-in YTM as the Treasury market has sold off significantly over the previous months. We are also seeing compression between the different credit levels, so the pick-up at the BBB level is significantly less than A-rated level on a historical basis (source: Bloomberg).

Performance has been strong for the sector, but we do not see much more room for additional spread contraction. If/when an increase in volatility occurs, we will see a decrease in demand, spreads will increase, and the sector will underperform. Also, a slowdown in the U.S. economy would undermine borrowers' ability to repay their outstanding obligations.

Municipals

State and local governments rushed to raise very large sums of funding as pandemic relief dwindled and inflation remained sticky, forcing them to sell additional debt for more expensive infrastructure projects. Rising construction costs (raw material & labor) in addition to elevated interest rates mean the cost to service bonds will eat up more of state local governments budgets.

The municipal bond market has followed the Treasury market higher in rates over the quarter, while at the same time the muni curve has steepened. Most importantly, the muni/Tsy ratios have cheapened as supply increases. January issuance is expected also to be high. Muni funds have experienced outflows/redemptions to end the period, adding to supply.

Oil

The price of crude oil ends the year with bullish sentiment as the prospect of sanctions on Iran and Russian oil decrease supply, and fiscal stimulus measures in China escalate global demand. China is importing more oil from Iran, Russia, and Venezuela this year as it fell to the sixth largest buyer of U.S. crude from second last year (source: Bloomberg). Domestically, stockpiles decreased to end the year. West Texas Intermediate crude futures mostly traded between $66 and $72 over the quarter ($71.39 as of this writing). The reduced supply from OPEC+ will counter projections for a supply glut in 2025. This small concession on price should be another tailwind to the U.S. consumer's wallet.

Housing

The housing market continued to struggle under the weight of higher borrowing costs. Mortgage rates, which fell to a two-year low in September, have been approaching 7% again on expectations that the Fed will take longer to cut rates. Home builders continued to offer incentives to lure buyers, including mortgage buydowns and payments on their behalf, as well as occasional price cuts.

While sales have stabilized somewhat this year, they remain below pre-pandemic levels. In the resale market — which accounts for a majority of home purchases — the National Association of Realtors anticipates the 2024 sales pace came in even lower than last year, which was already the worst since 1995.

PORTFLIO OUTLOOK

Equity

As we move into a future shaped by persistent global conflicts, inflation, and deglobalization, asset-rich nations and populations are poised to consolidate their economic leadership further. The U.S., with its strategic advantages, appears well-positioned to maintain its leadership role. However, the growing disparities between asset-rich and asset-poor segments, both within and among nations, raise critical questions about the sustainability of this trajectory. Policymakers must navigate these challenges carefully, balancing deregulation and economic freedom with the need to foster inclusivity and mitigate the widening gaps in economic performance. As portfolio managers, we remain balanced between established leaders while adding companies that look to benefit from these challenges in new and innovative ways. We have managed risk by reducing our positions in some leading companies that have grown to be significant parts of the growth portfolio and redeploying those funds to investments in future leaders. We remain constructive on the U.S. economy and its current opportunities while understanding that the next year could bring significant change and volatility.

Fixed Income

Consumer spending should remain strong as we enter 2025. Low jobless claims, strong wage growth, high stock prices, and higher household wealth all help U.S. consumer spending and thus the economy.

Looking forward, the challenge confronting policymakers is how to slow growth in the service sector without completely extinguishing it and without keeping policy too restrictive for manufacturing, housing, and other rate-sensitive parts of the economy. We see a limited outlook for rate cuts by the Fed in the year ahead.

IF investors reallocate away from equities to lower the risk in their portfolios, we could see another source of demand into fixed income.

Final thought on global trade…East Coast dockworkers threaten (rethreaten?) to strike on January 15 if their labor contract doesn't include anti-automation language. Tariffs and potential strikes at the ports in addition to slowing global growth and geopolitical fragmentation are new headwinds to trade. Hope we have some viable solutions well before our next commentary.

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****.*

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.*

U.S. TREASURY YIELDS	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	YTD Change
2 YR	4.25%	4.62%	4.72%	3.64%	4.24%	0.01%
3 YR	4.01%	4.41%	4.52%	3.56%	4.28%	-0.27%
5 YR	3.85%	4.22%	4.34%	3.57%	4.38%	-0.53%
7 YR	3.88%	4.21%	4.34%	3.66%	4.48%	-0.60%
10 YR	3.88%	4.20%	4.37%	3.79%	4.57%	-0.69%
20 YR	4.19%	4.45%	4.54%	4.18%	4.86%	-0.67%
30 YR	4.70%	4.34%	4.64%	4.13%	4.78%	-0.08%
10S MINUS 2S	-37.0bps	-42.0bps	-35.0bps	14.5bps	32.9bps	

Source: FactSet

Logan Capital Management, Inc.
Performance Disclosure Results
High Quality Balanced Non-Taxable Composite
September 30, 2005 through December 31, 2024

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Year	Total Return Net of Model 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)
2024	13.6%	17.0%	13.7%	67	N.M.	11.1%	12.8%	0.1	$36	1.3%	$2,753
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

Annualized Returns (December 31, 2024)
YTD is not annualized

Year	Total Return Net of Model Fees*	Total Return PureGross of Fees	50% S&P 50% BC Int Govt Credit
YTD	13.6%	17.0%	13.7%
3 Year	2.2%	5.2%	4.7%
5 Year	5.3%	8.4%	7.9%
10 Year	5.2%	8.4%	7.6%
Since Inception†	5.0%	8.1%	7.0%

†Inception 09/30/2005
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios.

Net fee includes the maximum 3% fee required by the SEC for wrap programs.

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% large cap growth and 50% value allocation and the fixed portion contains taxable positions (ie. corp and gov't bonds or ETFs). Prior to October 1, 2024, the equity portion contained accounts that were +/-20% of a 50% growth allocation and the fixed income portion only included individual corp and gov't bonds. The blended benchmark is calculated daily. As of 10/1/24, composite has no minimum. Prior minimum rules follow: 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, 2024. 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 (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%, 2024 79.7%). 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.