

## LOGAN HIGH QUALITY BALANCED PORTFOLIOS Q3 | 2025 REVIEW<sup>1</sup>

### MARKET ENVIRONMENT

#### Equity

The third quarter began with continued uncertainty in Washington over tariffs and trade policy and ended with the prospect of a U.S. government shutdown. Our experience investing through multiple periods of political and economic volatility has reinforced the value of discipline: focus on the longer picture and ensure that every company we own fits within our core themes. We have found that companies with nimble management, distinctive competitive advantages, pricing power, and a clear plan to benefit from new technologies can thrive, even when the macro environment is unsettled.

Equity markets also began to broaden. Earlier in the year, performance was concentrated in a handful of AI leaders. In the third quarter, investors began to recognize success beyond those names, rewarding companies that executed well across technology, industrials, and

consumer markets. While parallels to the late 1990s internet boom are often drawn, we see important differences. Today's leaders are established and profitable, and the fact that second-wave beneficiaries of technology are now performing well is encouraging.

#### Fixed Income

Clear signposts during the third quarter. First, we saw the reaction to the July employment data on August 1st. The Treasury curve rallied between 15 to 27 basis points in reaction to this weak data point and the restatement of the prior two months.

Next, Chair Powell signaled the Fed could lower rates in a speech at the central bank's annual Jackson Hole conference on August 22. After detailing the conflicting developments on each side of the Fed's dual mandate, Powell said that "the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance."

Lastly, at the September 17 FOMC meeting, we saw two groups within the committee express differing opinions on the future of the Fed Funds target rate in the DOTS plot.

Many cross currents are impacting the bond market currently. Geopolitical headlines never cease, global trading relationships are ever evolving, and the many perspectives on maximizing employment versus lingering inflation discussion is not close to being settled.

We find ourselves questioning employment and claims data. Not only were Texas and Louisiana claims restated recently, but we observed claims increasing at the end of the summer, when typically, they fall as schools reopen after summer break. Some of the restatements might be due to seasonality, but investors are carefully monitoring Level 1 economic releases and revisions.

<sup>1</sup>LOGAN HQB results discussed herein should be read in conjunction with the attached performance and disclosures

## PORTFOLIO REVIEW

### Equity

Regarding the growth component of the Logan High Quality Balanced (HQB) strategy, leadership came from:

- Technology, where both long-established innovators and next-generation beneficiaries of AI investment demonstrated strong growth and customer demand.
- Industrials, where companies tied to automation, infrastructure, and logistics showed the benefits of nimble management in navigating tariffs and supply chain complexity.
- Consumer-related holdings, particularly those focused on affluent customers, where spending remained resilient despite falling confidence readings.

More muted results came from Financials and Health Care, where interest rate volatility and selective sector pressures created near-term challenges. In both cases, however, we see well-managed businesses with durable advantages and long-term growth opportunities.

As for value stocks, we feel the need to exercise a bit of caution. Massive spending by the world's largest tech companies only increased further during the quarter, from already eye-popping levels. In fact, the relative levels of capital expenditure to operating cash flow that this group of companies now spends

is not only multiples greater than that of typical technology companies, it is greater even than the averages of the most capital-intensive sectors in existence: the materials sector and the energy sector. We are skeptical of the ability of these companies to allocate hundreds of billions-with-a-"b" collectively, per year to this endeavor, and still end up earning any kind of respectable return as a whole.

### Fixed Income

#### U.S. Treasuries

Longer maturity U.S. Treasury bonds are reacting to fear of the impact of large sovereign governments debts and deficits, inflation, and excessive supply. We are already seeing this at the end of the quarter in the U.K. 30-year government debt sale.

In general, Treasuries rallied during the period through the first week of September (source: Bloomberg). The sell-off the last two weeks is a hawkish view by investors after observing consumer strength and worry about lingering inflation.

The curve steepened in the middle of the period, led by a rally in the front end of the curve. Increased anticipated rate cuts by the Fed at the last two meetings of the year are being priced into the Fed Funds futures market.

#### Corporates

The corporate sector continues to outperform with spreads hitting the tightest levels in nearly three decades (source: Bloomberg) through the third week of September (source: FactSet). We ended the period seeing a small widening in spreads due to concern of the federal shutdown, stronger than expected JOLTS data and quarter-end window dressing.

#### Municipals

The sector finished the quarter strong, outpacing both Treasuries and IG Corporates (source: Bloomberg). Both anticipation of FOMC rate cuts and rebalancing away from the equity sector assisted the municipal sector. Earlier underperformance in the quarter was driven by uncertainty regarding the status of tax-exempt bonds as well as the U.S. budget deficit.

## PORTFOLIO OUTLOOK

### Equity

Our strategy remains rooted in process and experience. We have seen cycles of concentration and volatility before. The parallels with the late 1990s underscore the importance of discipline: focus on profitability, take gains in positions that have become outsized, and look ahead to the next generation of leadership. As the Fed continues to ease policy and companies adapt to tariff-related challenges, we remain constructive on the economy. The broadening of performance

beyond a small set of stocks is a healthy sign. We continue to position the portfolio around companies that align with our four themes — those with pricing power, deep customer knowledge, willingness to invest in technology, and an ability to meet changing customer expectations. In past cycles, this discipline has helped us identify emerging leadership early and navigate volatility with conviction. We believe it will do so again.

#### Fixed Income

Federal Reserve officials are trying to balance inflation that is running persistently above their target with signs that the labor market is weakening. They are split between those that want to continue to cut rates and those who remain more concerned about the potential for inflation.

What is the near-term future of the jobs market if the economy continues to chug along? One possibility is that accelerating economic growth — if it is indeed sustained — signals accelerating job growth in the next few months, firming Fed hawks' cautious approach to policy easing. This is plausible since employment tends to lag overall economic activity.

But if faster growth precedes a stronger labor market, a cautious Fed will put upward pressure on the belly of the curve, while the risk-on tone puts upward

pressure on long-term yields.

At the time of this writing, the decision on the federal government shutdown is unknown. The most important detail of this shutdown, setting it apart from the past, is the lack of a debt-ceiling crisis. Congress already raised the debt ceiling, so there is no default risk. This is a double-edged sword. On one hand, the threat of default can cause short-term interest rates to rise. On the brighter side, the threat of default has forced compromise and ended shutdowns earlier than they would have ended otherwise. This time, there is no such pressure.

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

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*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 issue.*

## U.S. TREASURY YIELDS

	12/31/2024	3/31/2025	6/30/2025	9/30/2025	YTD Change
2 YR	4.24%	3.89%	3.71%	3.61%	0.63%
3 YR	4.27%	3.88%	3.68%	3.62%	0.66%
5 YR	4.38%	3.95%	3.79%	3.74%	0.65%
7 YR	4.48%	4.08%	3.99%	3.93%	0.55%
10 YR	4.57%	4.21%	4.23%	4.15%	0.43%
20 YR	4.86%	4.61%	4.78%	4.70%	0.16%
30 YR	4.78%	4.58%	4.79%	4.73%	0.06%
10S MINUS 2S	32.9bps	31.9bps	51.5bps	53.8bps	

Source: FactSet

Year	Total Return		50 % S&P	Number of	Composite	Composite 3-	50 % S&P	Composite 3-	Assets in	% of Firm	Firm Assets
	Net of	Total Return	500/50%		Dispersion	Yr Gross Std	500/50%	Yr Gross	Composite		
	Model Fees*	Gross of Fees	Barclay's Muni	Accounts	Gross of Fees	Dev	Barclay's Muni 3-	Sharpe Ratio	(\$millions)		(\$millions)
YTD 2025	10.2%	12.7%	10.6%	61	N/A	8.5%	7.8%	1.4	\$34	1.1%	\$2,989
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 (September 30, 2025)  
YTD is not annualized

Year	Total Return Net of Model Fees*	Total Return Gross of Fees	50% S&P 50% BC Int Govt Credit
YTD	10.3%	12.7%	10.3%
1 Year	8.0%	15.4%	10.8%
3 Year	11.8%	16.6%	15.1%
5 Year	6.3%	10.3%	8.6%
10 Year	6.2%	9.8%	8.7%
Since Inception <sup>†</sup>	5.1%	8.4%	7.0%

<sup>†</sup>Inception 09/30/2005

N.M. - Information is not statistically meaningful due to an insufficient number of portfolios.

N/A - Information is not available. The 3-year annualized ex-post standard deviations are not presented because 36 monthly returns are not available

**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 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.