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Q4 | 2025

Logan Fixed Income

LOGAN FIXED INCOME MARKET COMMENTARY
Q4 | 2025 REVIEW[1]

MARKET ENVIRONMENT

Yields in the Treasury market were exceptionally range-bound during the fourth quarter. We observed a small rally in the front of the curve, while yields outside the 5-yr ended nearly where they began (source: Bloomberg).

Even though inflation is higher than target, the FOMC is placing more emphasis on the employment side of its mandate. Not only did we see a "quiet dissent" at the December FOMC meeting, but a large group of regional Fed bank presidents also opposed the cut. We'll be watching upcoming meetings to see if the new Fed chair struggles to achieve a consensus among Fed voters.

The Federal Reserve Board of Governors unanimously voted to reappoint 11 of the 12 regional bank presidents to five-year terms, eliminating a key threat to Fed independence. For now, that should take some pressure off longer-term government borrowing costs.

Tariffs had a minor influence on consumer prices this past year, but we could see a little lag in its impact bleeding into the early months of 2026. Inflation not including tariffs, has been very low, so the total effect was significantly less than most people expected.

PORTFOLIO REVIEW

U.S. Treasuries

Yields of the 10-year Treasury note moved within a 25-bps range during the 4th quarter, ending at nearly the identical yield compared to the beginning of the period. The curve bull steepened from the end of October straight through to the end of December as shorter maturities (more sensitive to movements by the Federal Reserve) fell compared to longer maturities. Rate cuts by the Fed at the October and December meeting were mostly due to weaker-than-expected payroll data and lower inflation. We still see higher term premiums for longer maturities as geopolitics and a still elevated federal budget deficit allow investors to command additional compensation.

Corporates

Spreads moved in sync with the equity market during the period. The spread widening during October was due to the mega deals (mostly AI-related) and the Treasury rally. It was seen as orderly (vs. panic) and not due to credit issues. We anticipate the pace of new issuance will continue and initiate a widening in spread in the first half of 2026. Investors are showing the beginning of being more cautious and we question if demand will keep up with supply, especially if a lower overall yield environment persists.

Municipals

Technical factors had a strong impact on municipal bond performance with demand remaining strong, led by retail investors. Strong inflows into ETFs and mutual funds during the period vs slower issuance, were contributors to the sector's performance. From a fundamental perspective, local governments retained their strong revenue growth and fiscal health, as well as high reserve fund balances. This led to upgrades outnumbering downgrades 2 to 1.

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

Multiple cuts by the Federal Reserve were a tailwind for municipal bonds, in addition to the Big Beautiful Bill which preserved the tax exemption. The asset class kept its appeal for investors seeking tax-free income. We question if demand stays elevated as yields return to moderate levels compared to 2025.

PORTFOLIO REVIEW

The monetary policy for 2026 is highly uncertain due to the differing opinions within the FOMC, the rotation of policy makers, and the new Fed Chair (whose term starts in June 2026). The bar is high for a January cut (currently showing a 15% chance of occurring) as a few voters that supported the December cut indicated they could have supported keeping the target rate unchanged.

With economic fog due the Federal shutdown, persistent above target inflation, softening employment data, and dissents on both sides of the majority at the FOMC, what comes next is trickier than ever. Maybe the Federal Reserve is at neutral (or close to it)? Being in the “band of neutral” feels like the closest topic we can get to a majority.

If the next Fed chair is not “data dependent”, we could expect the risk premium to increase further out the curve. This, and the federal deficits impact on the bond market are markers we will be looking for throughout 2026. Greater dissenting from the Fed Chair’s position may also enhance the bank’s credibility.

Affordability for the average consumer will continue to be a headline, important for economic growth, but also the 2026 midterm election. Currently, gas prices have come down, but utility costs are still elevated. Consumer spending will be a highly visible indicator on the health of the economy.

We’ll be watching inflation (or more specifically Core CPI) over the coming year, if it moves towards the Fed target, that will allow the Fed to cut rates once or twice more than currently priced in.

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	12/31/2024	3/31/2025	6/30/2025	9/30/2025	12/31/2025	YTD Change
2 YR	3.48%	4.24%	3.89%	3.71%	3.61%	-0.13%
3 YR	3.54%	4.28%	3.88%	3.68%	3.62%	-0.08%
5 YR	3.73%	4.38%	3.95%	3.79%	3.74%	-0.01%
7 YR	3.94%	4.48%	4.08%	3.99%	3.93%	0.01%
10 YR	4.17%	4.57%	4.21%	4.23%	4.15%	0.02%
20 YR	4.79%	4.86%	4.61%	4.78%	4.70%	0.10%
30 YR	4.84%	4.78%	4.58%	4.79%	4.73%	0.12%
10S MINUS 2S	69.3bps	32.9bps	31.9bps	51.5bps	53.8bps	

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Logan Capital Management, Inc.
Performance Disclosure Results
International Dividend ADR Composite
December 31, 2006 through December 31, 2025

Year	Total Return Net of Model Fees*	Total Return Gross of Fees	FTSE Developed x US	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	FTSE Developed x US 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
2025	33.0%	34.0%	34.9%	8	N.M.	11.2%	12.3%	1.2	$17	0.5%	$3,100
2024	3.2%	4.0%	3.8%	12	0.2%	15.4%	17.0%	0.2	$4	0.2%	$2,753
2023	17.1%	17.9%	18.7%	13	0.3%	15.5%	17.0%	0.6	$5	0.2%	$2,451
2022	-1.7%	-0.9%	-14.6%	10	0.2%	19.8%	20.5%	0.2	$35	1.6%	$2,261
2021	16.9%	17.7%	11.8%	11	0.3%	17.0%	17.5%	0.6	$4	0.1%	$2,635
2020	-4.1%	-3.1%	10.3%	11	N.M.	17.6%	18.2%	0.0	$3	0.2%	$2,240
2019	20.5%	21.4%	22.6%	14	0.1%	10.8%	11.0%	0.6	$27	1.3%	$2,050
2018	-13.9%	-13.2%	-14.1%	10	0.4%	10.5%	11.3%	0.2	$22	1.5%	$1,431
2017	19.7%	20.6%	26.3%	15	0.4%	9.7%	11.7%	0.8	$6	0.4%	$1,590
2016	4.7%	5.5%	3.4%	15	0.3%	10.8%	12.3%	0.0	$22	1.6%	$1,401

†Inception 12/31/2006

Annualized Returns (December 31, 2025)
YTD is not annualized

Year	Total Return Net of Model Fees*	Total Return Gross of Fees	FTSE Developed x US
YTD	33.0%	34.0%	34.9%
3 Year	17.1%	18.0%	18.5%
5 Year	13.1%	13.9%	9.7%
10 Year	8.7%	9.5%	9.2%
Since Inception†	5.2%	6.0%	5.4%

†Inception 12/31/2006
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. 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 FTSE Developed All Cap ex US Index a market-capitalization weighted index representing the performance of large, mid and small cap companies in developed markets, excluding the USA. The index is derived from the FTSE Global Equity Index Series (GEIS), which captures 98% of the word's investable market capitalization.
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 of fees includes a .75% model fee

Logan Capital

Logan International Dividend ADR Composite contains fully discretionary large cap international equity accounts, measured against the FTSE Developed x US benchmark. You cannot invest directly in an index. The FTSE Developed ex US Index is part of a range of indexes designed to help US investors benchmark their international investments. The index comprises Large (85%) and Mid (15%) cap stocks providing coverage of Developed markets (24 countries) excluding the US. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalization. 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. T-Bill) per unit of volatility or total risk.

The strategy invests in 35-45 large and established international, dividend-paying companies that are primarily located in developed countries and have American Depository Receipts ("ADR's"). Portfolios are diversified across seven to eleven sectors and at least ten countries. Up to 15% of the portfolio may be invested in non-FTSE Developed x US countries. Turnover is typically under 35% annually. Only accounts paying commission fees are included. There is no minimum account size.

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, net of all withholding tax and includes the reinvestment of all income. Gross of fee returns, have, however, been reduced by all actual trading expenses. Net returns are calculated by geometrically linking monthly gross returns reduced by the highest investment management fee we charge (0.75% 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: 75 basis points on the first $10 million, 65 basis points on the next $15 million, 60 basis points on the next $25 million and 50 basis points on the next $50 million. Fees for accounts with over $100 million in assets are negotiable. Minimum fee is $37,500. Actual investment advisory fees incurred by clients may vary.

The Logan International Dividend ADR Composite was created November 30, 2013.