HQ

Q4 | 2025

Logan High Quality Balanced

CONSISTENT RETURNS WITH LESS RISK

LOGAN HIGH QUALITY BALANCED PORTFOLIOS
Q4 | 2025 REVIEW[1]

EQUITY

MARKET ENVIRONMENT

Oh What A Year! Despite continued geopolitical uncertainty, domestic political challenges, and periods of heightened volatility, including a U.S. government shutdown, the U.S. economy demonstrated notable resilience throughout the year. Economic activity remained intact, corporate earnings were broadly supportive, and financial conditions stayed sufficiently accommodative to allow growth to continue. One of the defining features of the year was the continued broadening of market leadership. While the largest technology companies remained central to earnings growth and productivity gains, leadership expanded meaningfully beyond the most concentrated group of mega cap names.

PORTFOLIO REVIEW

Regarding the growth component, technology leadership broadened beyond infrastructure and semiconductor-related beneficiaries to include companies applying technology to real world business problems. Healthcare-related technology performed well, supported by innovation, data utilization, and efficiency improvements that enhanced both growth and profitability. Most companies that lagged during the year exhibited a pattern we have seen before in prior market pullbacks. In many cases, sales trends remained steady, but earnings were pressured as management teams accelerated investment in improvement initiatives and technology. These investments were generally aimed at enhancing productivity, strengthening competitive position, and supporting long-term growth rather than reacting to near term demand weakness. Our experience over the past thirty years suggests that this pattern often creates opportunity rather than risk. Periods when earnings temporarily lag due to deliberate reinvestment have historically provided attractive entry points, particularly when underlying demand remains stable and the investments are consistent with why we own the position. This environment is not meaningfully different from past episodes. Where prudent, we added to selected positions during periods of market weakness. We believe this disciplined approach allows us to take advantage of short-term dislocations while reinforcing exposure to companies investing for durable long-term value creation.

The value component of the Logan High-Quality Balanced portfolio performed well in 2025. We are pleased to find that the current environment of increasing dislocation and heedless shunning of certain subsets within the markets is providing fertile ground for us to hunt for attractive investment opportunities.

OUTLOOK

From a policy point of view, much of the hard work has already been done. The coming year represents a transition from design to delivery.

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

Major policy initiatives are in place, incentives have been established, and the framework for change has largely been set. The focus now shifts to results. Current leadership is not without its critics. Valuation concerns, political noise, and skepticism around policy effectiveness remain common. History has repeatedly shown that building an investment strategy around macro predictions is a fool's errand, and the conflicting signals we currently see only reinforce that lesson. We believe the wiser course is to focus on what we can analyze with confidence: the fundamentals of individual companies. By grounding our decisions in company-level valuations, financial strength, and long-term business prospects, we aim to navigate whatever economic scenario unfolds. Companies with durable competitive advantages, low leverage, and healthy free cash flow can better weather economic soft patches and, importantly, offer a margin of safety at a time when the broader market's margin for error is quite thin.

FIXED

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. 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.

OUTLOOK

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.

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.

Logan Capital Management, Inc.
Performance Disclosure Results
High Quality Balanced Taxable Composite
September 30, 2005 through December 31, 2025

Year	Total Return Net of Model Fees*	Total Return Pure Gross of Fees	50 % S&P 500/50% Barclay's Muni	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	50 % S&P 500/50% Barclay's Muni 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
2025	11.0%	14.4%	11.5%	25	1.2%	8.4%	8.4%	1.1	$17	0.6%	$3,100
2024	11.9%	15.3%	12.6%	20	N.M.	11.7%	11.8%	0.1	$14	0.5%	$2,753
2023	9.1%	12.4%	16.2%	6	N.M.	11.8%	11.6%	0.2	$13	0.5%	$2,451
2022	-13.9%	-11.3%	-12.8%	5	N.M.	0.2%	14.6%	0.3	$10	0.4%	$2,261
2021	12.8%	16.1%	14.6%	5	3.3%	3.3%	12.5%	1.3	$12	0.4%	$2,635
2020	10.4%	13.7%	12.4%	9	3.3%	3.3%	12.9%	0.7	$39	1.7%	$2,240
2019	18.7%	22.3%	19.2%	9	3.6%	3.6%	7.6%	1.2	$35	1.7%	$2,050
2018	-5.5%	-2.6%	-1.3%	8	0.7%	0.7%	6.7%	0.8	$27	1.9%	$1,431
2017	10.6%	13.9%	13.4%	13	3.4%	3.4%	6.0%	1.2	$56	3.5%	$1,590
2016	2.9%	6.0%	6.1%	16	1.0%	1.0%	6.5%	0.8	$45	3.2%	$1,401

†Inception 09/30/2005

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

Year	Total Return Net of Model Fees*	Total Return PureGross of Fees	50 % S&P 500/50% Barclay's Muni
YTD	11.0%	14.4%	11.5%
3 Year	10.7%	14.0%	13.4%
5 Year	5.7%	8.8%	7.8%
10 Year	6.4%	9.6%	8.8%
Since Inception†	4.9%	8.0%	7.5%

†Inception 09/30/2005
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
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 Capital

Logan High Quality Balanced Taxable Composite contains fully discretionary taxable balanced accounts, measured against a blended index consisting of 50% Bloomberg Municipal 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 Municipal Bond Index is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year. 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 tax-exempt positions (ie. individual municipal 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 positions were only individual municipal 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.

Logan Capital Management, Inc. is a privately owned Pennsylvania-based investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. The firm maintains a complete list and description of composites, which is available upon request.

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 (2016 76.4%, 2017 26.7%, 2018 24.4%, 2019 15.8%, 2020 14.9%, 2021 8.6%, 2022 0%, 2023 0%, 2024 100%, 2025 100%). 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 Taxable Composite was created September 30, 2015.