Logan Value

LOGAN INTERNATIONAL DIVIDEND ADR PORTFOLIO
Q4 | 2025 REVIEW[1]

MARKET ENVIRONMENT

2025 was a very good year for investors in the Logan Value (LV) portfolio. The broader market environment during the year was defined by risk-seeking behavior, episodes of irrational exuberance, and even so-called "meme-stock" investing. This speculative frenzy largely continued through the fourth quarter, much as it had all year. Such an environment would typically pose a headwind for the higher-quality, high-free-cash-flow companies that the LV portfolio favors. Despite this headwind, LV delivered robust performance: the portfolio finished 2025 with a net return of nearly 19%, significantly outpacing its benchmark and even matching the tech- and growth-heavy S&P 500's return during this speculation-fueled year.

As with LV's strong performance in the presence of significant headwinds, the year of 2025 – and the fourth quarter specifically – was one of dualities. On one hand, the now-famous Shiller cyclically adjusted P/E (CAPE) ratio for the S&P 500 index recently breached 40, exceeding the level it reached at the height of the 2021 tech and meme-stock bubble and matching levels last seen during the peak of the dot-com bubble a quarter-century ago. Similarly, high-yield bond spreads have narrowed to near record-tight levels, suggesting potential investor complacency about default risks. On the other hand, nearly a third of the index's constituents are trading more than 20% below their recent highs. Digging deeper, the S&P 500's gains were largely driven by just three of the "Magnificent 7" stocks (Alphabet, Apple, and Tesla), while the rest of the "Magnificent 7" and many of the most speculative U.S. stocks began to show potential cracks in the last several weeks of the year. Oracle – a company whose excesses we mentioned in last quarter's letter – and similar data-center-adjacent companies have seen their share prices plummet and their barometers of credit risk spike sharply in the fourth quarter as fears grow of overbuilding and overextension. At the same time, however, analysts' 2026 estimates of Big Tech companies' capital expenditures (largely A.I. and data center spending) remain at all-time highs, projected to grow by 30% versus 2025 spending (which was already up 65% versus 2024).

Concern is rising about the risks the typical passive investor could face from being disproportionately exposed to the now very high concentration of technology companies in major indices, many of which trade at elevated valuations and carry capital expenditure levels exceeding those of even the most historically capital-intensive sectors. In this environment, we believe it is more important than ever to focus on fundamental quality, diversification, and rational valuation. We believe these qualities tend to provide a margin of safety and more predictable value creation, which is especially valuable when parts of the market are seemingly priced for perfection. 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.

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

PORTFOLIO REVIEW

Of the sectors in which we hold positions, those that detracted most from LV's relative performance were communication services, consumer staples, and energy. The sectors that contributed the most to relative performance were financials, materials, and industrials.

The largest detractor within the communication services sector was our Dallas-headquartered communications company. The company reported earnings and free cash flow in the quarter that both beat expectations. However, diminished sector-wide sentiment, combined with one of the company's key competitors capturing market share during the quarter, put pressure on the stock. We believe management's laser focus on 5G and fiber expansion, combined with the company's ongoing strong free cash flow generation, will act as stabilizers to performance going forward. In the meantime, the stock continues to pay an attractive 4.6% dividend yield (as of December 31, 2025), which is well covered by ample free cash flow.

Within the consumer staples sector, our Chicago-headquartered food and beverage company was another detractor. The company delivered solid top-line growth in the quarter, but higher input costs—notably record-priced cocoa—eroded margins and drove a year-over-year earnings decline. This also led management to slightly lower its full-year earnings outlook. We view these issues as transitory and believe the company's efforts to improve productivity will position it well for the long term. With a very strong brand portfolio and a dividend yield of 3.7% (as of December 31, 2025), the stock's valuation appears attractive relative to the high quality of the company's assets.

Our vertically integrated, Houston-headquartered oil and gas company was the largest detractor within the energy sector. The company reported quarterly earnings that were better than expectations, but this was more than offset by declining crude oil prices during the quarter. The company's operational momentum, including record production volumes and improved refining margins, highlights its resilience even amid a challenging underlying commodity environment. The stock's 4.6% dividend yield (as of December 31, 2025) and management's disciplined capital strategy, combined with what we view as a very undemanding valuation for a high-quality integrated oil producer, make the stock a compelling component of the LV portfolio.

The largest contributor within the financials sector was our Minneapolis-headquartered bank. The stock outperformed after the company delivered strong quarterly results, with earnings and revenue coming in ahead of expectations. Robust growth in fee income, helped by a resurgence in capital markets activity, as well as better-than-anticipated net interest income, drove an 18% jump in EPS. While investors had been concerned about deposit pressures earlier in the year, the company grew its deposits sequentially, easing those worries and highlighting its solid funding base. With a new CEO in place, investors had been awaiting the operating leverage traction that the bank is now beginning to show. Management maintained strict cost control, which improved its margins and bolstered its capital levels. In addition, the broader rally in large-bank stocks amid both the Fed's late-2025 rate cuts and a more benign regulatory backdrop provided a tailwind for the stock. Trading at 11x forward estimated earnings and offering a 3.8% dividend yield (as of December 31, 2025), the stock remains attractive given the company's solid profitability and resilient franchise.

The largest contributor within the materials sector was our multinational chemicals holding. The company reported quarterly sales and earnings that beat expectations, driven by strong performance across multiple segments. Investors reacted favorably not only to the earnings report but also to two other key developments. First, the company completed the spin-off of its electronics-related business, creating a more focused industrials company at the remaining parent. Second, management announced a significant share repurchase authorization representing more than 11% of the company's current market capitalization. Investors cheered all three developments, and the stock posted strong outperformance throughout the quarter. Given the stock's sizable rally—and the more demanding valuation that resulted—we sold our position and reallocated the proceeds to another company in the sector with a more attractive risk-adjusted return profile.

Logan Capital

Within the industrials sector, our multinational shipping holding was a notable contributor to performance during the quarter. Following the company's earnings report, investors grew more confident that management's cost-reset plan was starting to gain traction, even amid an uneven demand environment. The results helped showcase the company's profitability discipline, demonstrating it can defend margins through pricing, network rationalization, and workforce actions, even as it works through the de-risking of its business following prior exposure to an outsized customer. Importantly, management's outlook for the holiday peak season suggested a more constructive near-term backdrop than the market had likely been pricing in. The stock benefited from a low-expectations setup, and the stronger cash flow profile helped alleviate investor concerns. Even after the positive move, the stock continues to look attractive, with one of the largest dividend yields in the portfolio (6.5% as of December 31, 2025), as well as an improving operating structure.

OUTLOOK

As 2025 now appears in the rearview mirror, investors face a confounding and bifurcated landscape, matching the theme of "dualities" mentioned at the beginning of this letter. The S&P 500 has climbed to fresh all-time highs, propelled in large part by a small handful of mega-cap technology names whose gains have grown increasingly disconnected from broader economic reality. At the same time, markets appear potentially priced for perfection at a moment when the underlying macro picture looks increasingly fragile, as several economic signals flash more caution than optimism. The unemployment rate has continued its march higher (albeit from historically low levels), negative net job creation has surfaced in recent months, and corporate bankruptcy filings and default rates have risen to multi-year highs. Several key leading economic indicators—such as the Conference Board's Leading Economic Index—have extended their persistent downward trajectory, pointing to weakening momentum beneath the surface. Meanwhile, inflation has cooled from prior peaks but remains stubbornly above the Federal Reserve's 2% target, with core readings still hovering near 3%. The Federal Reserve—stuck between a rock and a hard place on monetary policy—has delivered three modest rate cuts in 2025. Yet despite the rate cuts, the multitude of weakening economic indicators, and a dramatic drop in energy prices (all things that would seem deflationary in nature), the 10-year yield has moved higher by approximately 50 basis points since the first rate cut.

This unusual environment of lofty market valuations on one hand and late-cycle economic stresses on the other has been confounding for many economists and macroeconomic forecasters. 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 (as implied by its 40x CAPE ratio). We believe that owning these kinds of higher-quality, diversified franchises at sensible valuations positions us to achieve robust risk-adjusted returns, even if broader market euphoria gives way to volatility.

Accordingly, the Logan Value portfolio remains positioned in what we view as a compelling mix of such companies. Even after the strong year the LV portfolio just achieved, its fundamental metrics display what we believe is a favorable setup for the portfolio's prospects in aggregate for the years ahead. As of December 31, 2025, the portfolio's dividend yield is 3.3% and its forward estimated P/E is 16.7x, levels that we view as especially attractive relative to the risks embedded in today's concentrated, momentum-heavy benchmarks, and also attractive relative to our own value-oriented benchmark's dividend yield of 1.8% and forward estimated P/E of 18.7x.

We thank you for your continued confidence and investment in Logan Value. As always, please call or email us 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.

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.

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Logan Capital Management, Inc.
Performance Disclosure Results
Value Composite
September 30, 2000 through December 31, 2025

Year	Total Return Net of Model Fees*	Total Return Gross of Fees	Russell 1000 Value Index	Number of Accounts	Composite Dispersion Gross of Fees	Composite 3-Yr Gross Std Dev	Russell 1000 Value Index 3-Yr Gross Std Dev	Composite 3-Yr Gross Sharpe Ratio	Assets in Composite ($millions)	% of Firm Assets	Firm Assets ($millions)
2025	15.9%	19.4%	15.9%	1	N.M.	11.5%	12.6%	0.6	$0	0.0%	$3,100
2024	10.4%	13.7%	14.4%	6	N.M.	15.0%	16.9%	0.1	$12	0.4%	$2,753
2023	-0.9%	2.1%	11.5%	4	N.M.	15.5%	16.7%	0.5	$9	0.4%	$2,451
2022	-0.5%	2.5%	-7.5%	6	N.M.	20.0%	21.6%	0.4	$12	0.5%	$2,261
2021	21.6%	25.3%	25.2%	7	0.4%	18.0%	19.3%	0.9	$13	0.5%	$2,635
2020	-2.8%	0.2%	2.8%	4	N.M.	18.3%	19.6%	0.2	$8	0.3%	$2,240
2019	21.7%	25.3%	26.5%	5	0.4%	11.3%	11.9%	0.8	$10	0.5%	$2,050
2018	-9.1%	-6.3%	-8.3%	5	0.2%	10.1%	10.8%	0.7	$4	0.3%	$1,431
2017	13.0%	16.4%	13.7%	6	0.3%	10.0%	10.2%	1.0	$8	0.5%	$1,590
2016	12.9%	16.3%	17.3%	6	0.2%	10.5%	10.8%	0.8	$6	0.5%	$1,401

†Inception 09/30/2000

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Since Inception†	4.4%	7.6%	7.8%

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

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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 (2016 0%, 2017 0%, 2018 0%, 2019 0%, 2020 0%, 2021 0%, 2022 0%, 2023 0%, 2024 10.9%, 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). Net returns shown prior to October 1, 2024 were calculated net of actual investment management fees & actual trading expenses. 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.

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