# LOGAN VALUE PORTFOLIOS: LOGAN VALUE (LV)
# Q2 | 2025 REVIEW[1]

## MARKET ENVIRONMENT

Despite the Russell 1000 Growth index outperforming the Russell 1000 Value index by 14% in the quarter - typically a headwind for the portfolio's relative performance - the portfolio managed to finish the quarter only marginally behind its benchmark on a net basis. As we noted in the first quarter, we wouldn’t have been surprised if the Logan Value (LV) portfolio gave some of that quarter’s strong relative performance back. We were pleased, however, with the portfolio’s ability to overcome what would typically be some stylistic headwinds in the quarter. Year-to-date, the portfolio remains ahead of its benchmark, the Russell 1000 Value index, on both a gross and net basis. The portfolio also remains ahead of the S&P 500 year-to-date, despite the recent strong performance of its constituent Magnificent Seven stocks.

The big financial event during the quarter was the tariff war, which began in earnest with "Liberation Day" on April 2nd. The S&P 500 saw its worst drawdown since 2020, as investors worried about the prospect of a spiraling trade war and its potential second-order effects. By mid-April, President Trump paused or rolled back some of the most punitive of the tariffs he had enacted after global allies retaliated and markets reacted negatively. This, and especially de-escalation of the initial U.S.-China trade hostilities, became major catalysts for a relief rally in risk assets.

As the S&P 500 came roaring back to near all-time highs, it felt a bit like "déjà vu all over again", with growth taking favor over valuation, the Magnificent Seven doing especially well in the aggressive rebound (after having collectively underperformed in the first quarter), and even a return of speculative SPAC IPOs and price surges in some so-called "meme stocks"; echoes of 2021 abound. Alongside all of this, we saw a handful of half-billion- to several-billion-dollar A.I. acquisitions at eye-popping valuations, and the Magnificent Seven's A.I.-chasing capital expenditures expected to grow 35% year-over-year.

We continue to be skeptical of the ability of all of the gigantic tech companies that dominate U.S. stock index performance to allocate $300-$400 billion-with-a-"b" of capital this year alone into investments that are competing against one another and still end up earning any kind of respectable return as a whole. There are, unfortunately, likely to be many losers at the end of this A.I. arms race game. Juxtaposed to this, we believe it is prudent to invest in a diversified portfolio of companies that can efficiently generate free cash flows, and perhaps more importantly, have a history of careful, sensible internal investment, as well as explicit policies of returning excess capital to shareholders via dividends and share repurchases.

[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 industrials, energy, and information technology. Sectors that contributed the most to relative performance were financials, consumer staples, and health care.

The largest detractor within the industrials sector was our multinational shipping holding. The stock's underperformance in the quarter was driven primarily by the market pricing in fears of an economic slowdown in the aftermath of the scale of the initial "Liberation Day" tariffs. Additionally, the company reported first-quarter earnings that beat expectations, but delivered forward guidance that was below what was expected by sell-side analysts. We see management's recent announcement of rationalizing the scale of operations to improve efficiency as a positive step, and we believe the company is under-earning relative to its potential. This, combined with the present valuation at 14x forward estimated earnings and a dividend yield of 6.5% (as of June 30, 2025) presents an attractive risk/reward for a company with dominant market share within its industry, and we continue to see the stock as an attractive long-term opportunity within the industrials sector.

The largest detractor within the energy sector was our Houston-headquartered, multinational energy holding. The stock underperformed in-line with the broader energy sector, as the market started pricing in the same fears of an economic slowdown mentioned above, in the aftermath of the initial "Liberation Day" tariffs. The concerns persisted throughout the quarter in addition to the belief that oil supply could outstrip demand in the nearer term, as the energy cartel OPEC+ was projected to contribute additional supply beyond initial expectations. As for the company specifics in the quarter, management reported earnings that beat consensus expectations on stronger operating income. We see the stock's 4.7% dividend yield combined with its 5.0% share repurchase yield (as of June 30, 2025) as a very compelling component of the portfolio.

While all of our holdings within the information technology sector contributed positively to the portfolio's performance in the quarter, we trailed the benchmark's performance within that sector. The company that saw the least-positive performance in the sector during the quarter was our multinational information technology hardware holding. The company issued cautious forward guidance and remained vulnerable to nearer-term macro and geopolitical headwinds, which dampened performance somewhat. While earnings slightly exceeded expectations, the outlook reflected soft smartphone demand and elevated China-related uncertainty. Additional concerns around a key customer's internal modem development added pressure, although this has been a known element of the company's business exposure for some time. Compared to peers that are more directly leveraged to enterprise infrastructure or AI-related capital spending, the company's exposure to the slower-recovering handset market limited investor enthusiasm. These factors contributed to the stock's relative underperformance versus technology peers. The company continues to return large amounts of excess capital to shareholders and trades at a forward estimated P/E multiple of just 13.6x as of June 30, 2025, which to us, presents an attractive investment in a high-return-on-capital company with a pristine balance sheet and secular end-market growth opportunities.

Our multinational investment bank and financial services holding outperformed during the quarter as investors responded favorably to better-than-expected earnings, robust trading revenues, and constructive commentary on its deal pipeline. Strong equity and fixed-income trading offset softer investment banking trends, while the company's wealth and asset management businesses continued to provide earnings stability. Management's relatively optimistic tone on capital markets activity was well received, and the stock rallied alongside signs of improving risk sentiment late in the quarter. With a dividend yield of 2.6% and a forward P/E of 16.5x, the stock offers an attractive risk-reward relative to the current norm within the financials sector.

Within the consumer staples sector, our multi-national tobacco holding was a notable contributor to performance during the quarter as the stock continued to advance on investor enthusiasm around its transformation to smoke-free products. Shares responded positively to continued momentum in its Reduced-Risk segment, where smoke-free volumes remained robust. Earnings came in ahead of expectations and management reaffirmed its confidence in achieving mid-teens EPS growth for the year, helped by pricing power and strong international demand. The company also benefited from favorable investor sentiment toward high-dividend, high-quality staples amid uncertain economic conditions. With continued mix-shift toward higher margin smoke-free categories and a long runway for global adoption of next-generation products, we believe the company remains well positioned for continued earnings growth.

Within the health care sector, our retail pharmacy chain holding was the strongest relative performer. The company reported revenues and earnings in the quarter that each beat consensus expectations, driven by strength in both its retail pharmacy and healthcare services segments. While macro headwinds and regulatory uncertainty – particularly around the pharmacy benefit manager business – weighed somewhat on sentiment, the company benefited from its diversified business model and defensive characteristics. Management reiterated full-year guidance and highlighted continued momentum in recently acquired assets. With a dividend yield of 3.9% and a forward P/E multiple of 11x (as of June 30, 2025), the stock remains well positioned relative to more narrowly focused drug manufacturers.

## PORTFOLIO OUTLOOK

The dramatic market swings during the second quarter highlight just how sensitive investors can be - and likely still are - to certain perceived risks, and why investing based on valuations and sound business fundamentals can be the best defense through periods of extreme market volatility.

Despite recent pauses and de-escalations, U.S. tariffs remain at historically high levels: now averaging roughly 16%, up from January's 2.5% level that had been the norm for the past thirty years. That elevated burden and uncertainty continues to affect business behavior. Companies in trade-sensitive industries are reporting rising costs and delaying capital expenditures, while second-quarter surveys showed a marked decline in investment intentions. Many management teams issued cautious guidance for the back half of 2025, citing tariff uncertainty and signs of a slowing economy.

The Federal Reserve paused rate hikes during the quarter, balancing political pressure from the White House with its concern over lingering inflation risk from tariffs. Meanwhile, the economic picture has grown more mixed. Consumer spending remains robust, but sentiment indicators have deteriorated, credit delinquencies are rising, and job creation has slowed. The Leading Economic Index continues to decline - a trend typically seen ahead of recessions - while the unemployment rate hovers around historically-low levels, though notably up from the multi-decade lows of 2023.

The market's reactions throughout the rapidly changing and unpredictable news headlines surrounding the tariff war, not to mention those of the ongoing geopolitical turbulence, serve as a reminder of our conviction that attempting to invest based on timing the market is a fool's errand. Furthermore, we believe this push-and-pull between inflation risk, easing financial conditions, and an uncertain economic direction will favor disciplined stock-picking and higher-quality businesses. Our portfolio remains invested for the long run in companies with strong free cash flows, durable competitive advantages, and low balance sheet leverage - traits we believe offer resilience across market conditions. As of June 30, 2025, the Portfolio offered a dividend yield of 3.5% and a price-to-earnings ratio on the next twelve months' estimated earnings of 14.2x (based on FactSet estimates). This compares favorably to the Russell 1000 Value Index, which had a dividend yield of 2.0% and a forward P/E of 18.0x at quarter-end. 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. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios and lower sales per share historical growth (5 years).*

*The Russell 1000 Value Index is constructed to provide a barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.*

*The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.*

*Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.*

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

LV

| 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) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| YTD 2025 | 7.1% | 8.7% | 6.0% | 10 | N/A | 14.7% | 15.9% | 0.4 | $16 | 0.6% | $2,523 |
| 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 |
| 2015 | -4.1% | -1.2% | -3.8% | 5 | 0.2% | 10.7% | 10.7% | 1.2 | $4 | 0.0% | $1,398 |

Annualized Returns (June 30, 2025)
YTD is not annualized

| Year | Total Return Net of Model Fees* | Total Return Gross of Fees | Russell 1000 Value Index |
|---|---|---|---|
| YTD | 7.1% | 8.7% | 6.0% |
| 1 Year | 12.5% | 15.9% | 13.7% |
| 3 Year | 7.6% | 10.8% | 12.8% |
| 5 Year | 10.7% | 14.1% | 13.9% |
| 10 Year | 6.6% | 9.9% | 9.2% |
| Since Inception† | 4.2% | 7.3% | 7.6% |

†Inception 09/30/2000
N.M. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

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

Logan Value Composite contains fully discretionary large cap value equity accounts, measured against the Russell 1000 Value Index. You cannot invest directly in an index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios and lower sales per share historical growth (5 years). The Russell 1000 Value Index is constructed to provide a barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The benchmark selected includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, withholding taxes, or other expenses of investing. 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. TBill) per unit of volatility or total risk.

The strategy invests in 35-45 large cap stocks with strong balance sheets and strong cash flows, and which typically have relatively high dividend yields. ADR's may be included in the portfolio (generally less than 10%). Turnover is typically 25 - 50% annually. Includes accounts paying both wrap and commission fees. Prior to October 1, 2024, the composite only included commission accounts. No minimum account size for this composite.

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 0%, 2016 0%, 2017 0%, 2018 0%, 2019 0%, 2020 0%, 2021 0%, 2022 0%, 2023 0%, 2024 10.9%). 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.

The Logan Value Composite was created October 1, 2000.