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Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940 is a very important document between our clients and Logan Capital Management. We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information you use to evaluate us (and other advisers), and factor in to your decision either to hire us or uphold the maintenance of a mutually beneficial relationship.

*This brochure provides information about the qualifications and business practices of Logan Capital Management, Inc. If you have any questions about the contents of this brochure, please contact Stephen S. Lee, CCO at 215-569-1100, or sslee@logancapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.*

*Additional information about Logan Capital Management, Inc. is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.*

## Item 2: Material Changes

This is our initial filing of what we regard as "The New Part 2" of our Form ADV. Thus, this Brochure, dated March 30, 2011 is brand new. This Brochure was developed in response to new requirements adopted and imposed by the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. As a result, this Brochure is substantially different from our previous version, which was last updated in July 2010.

As a result, this Brochure should be considered materially new, although you will recognize most of the information as similar or identical to what you have read in the past.

In future filings, this section of the Brochure will address only those material changes that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may, at any time, update this Brochure and either send you a copy or offer to do so (through electronic means (i.e., email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Stephen S. Lee, CCO, at 215-569-1100, or sslee@logancapital.com.

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## Item 4: Advisory Business

Logan Capital's three principals/owners (listed below) came together because of a shared philosophy of growth investing. Formed in 1993, Logan Capital's original investment products were Growth and Large Cap Growth strategies. Within several years, we recognized the potential benefit of having a broader array of investment offerings for our clients to choose from. To that end, we began to carefully add strategies to round out the business while growing a healthy and diversified investment management firm.

As part of this diversification strategy, we acquired Berwind Investment Management, their portfolio managers, and the composite track record for their Large Cap Value investment product in August 2000. The same managers are managing the portfolios, now called Logan Concentrated Value (LCV), in the same manner they were managed at Berwind.

In April 2009, we added McHugh Associates' GARP strategy, now called Logan GARP, with continuity in investment management as well.

Our principals' complementary strengths power both the investment decisions and the evolution of the firm. Both our client base and our Client Service Team have grown steadily and purposefully over the years.

Logan Capital Management is a 100% employee-owned corporation with total assets under management of \$1.769 billion as of December 31, 2010. We offer a mix of growth, value, international and fixed income strategies that serve our clients without sacrificing the high-quality personal service to which our clients have grown accustomed. Of this \$1.769 billion in assets under management, \$1.319 billion is managed on a discretionary basis, and \$0.450 billion is managed on a non-discretionary basis.

The firm's ownership distribution, as of December 31, 2010 was as follows:

Al Besse	Principal	28% Founding Owner
Stephen S. Lee	Principal	28% Founding Owner
Dana H. Stewardson	Principal	28% Founding Owner
*Estate of David P. Harrison		16%

\*David Harrison, a founding partner, passed away in July 2009 due to terminal illness. Once the Logan Capital cross purchasing agreement is executed, each of the principals will have a 1/3 ownership of the firm.

Logan Capital provides investment supervisory services either on a discretionary or non-discretionary basis, depending upon your individual needs. We assess your individual needs before you enter into an investment advisory contract with us, and we determine the investment objectives of your portfolio(s) based on such needs. In establishing your investment objectives, we allow you to impose restrictions on investing in certain securities or industries and other investing restrictions or limitations.

In addition to offering direct accounts, we also offer investment supervisory services on a discretionary basis to the clients of introducing broker-dealers or financial consultants in “sponsored advisory programs” or “wrap fee programs.” These broker-dealers and financial consultants act as sponsors to their wrap fee programs, and offer a program of services, including comprehensive brokerage, custodial, and advisory services. These programs typically offer these bundled services for an all-inclusive wrapped fee. The fees for these programs are typically based on a percentage of assets under management. Under some program arrangements, the fees are not bundled. In such a case, the introducing broker and Logan Capital each charge a separate fee for our services. Please read Item 5 for more information on fees.

When we are hired to manage assets for a sponsored advisory program, we are contractually required to direct all account brokerage transactions to the introducing broker, or other designated broker. The sponsor’s goals for directed brokerage are to streamline trade execution, and prevent additional transaction charges outside of the wrapped fee. Although we seek to achieve the best securities-trade execution prices for all of our accounts, in the case of directed brokerage accounts, we have less control, and there is no guarantee that we can achieve optimal execution. Also, we may not be able to obtain the ideal pricing for these types of accounts, as we are unable to aggregate the trades from these accounts with those of our other clients.

We offer sponsored advisory services to individuals, trusts, estates, corporations, pension and profit sharing plans, and others. We are chosen by the client to act as a sub-adviser through a pre-selection process administered by the introducing broker-dealer or financial consultant. Although we do not normally have direct client contact, the pre-selection process is sufficiently detailed that we are able to provide individualized investment services. In most of these accounts, we are hired for specific investment models or strategies. Although investment restrictions are allowed in these accounts, we are usually given full investment discretion, and we exercise our discretionary authority for the securities to be bought and sold, and the timing of the transactions. Our ongoing

contact with the introducing broker-dealer or financial consultant ensures our ability to maintain individualized investment services.

We make ourselves available for direct telephone conversations with clients at the request of the introducing broker or financial consultant. We also make ourselves available for in-person, one-on-one meetings.

For some sponsored advisory programs, it is our sole responsibility to provide a model portfolio to the introducing broker or "overlay" manager, who in turn uses our investment model to manage the portfolios of their clients. The overlay manager uses our model, applies the client's investment restrictions, makes the ultimate investment decisions, and controls the timing of the transactions. In this case we do not have investment discretion. Although it may be the goal of the overlay manager to apply our strategy fully and completely, we cannot guarantee that they will make the same investment decisions and have the same timing as we do, so the performance of accounts in such a program may vary widely from the performance of other accounts that we manage.

Logan Capital provides investment supervisory services to private investment vehicles based on investment management agreements. Investors in these vehicles receive an offering memorandum or similar documents that describe in detail the terms of the instrument and the qualifications needed to invest. These private investment vehicles may not be available to, or appropriate for, all investors. The presentation of the information herein does not constitute an offer or solicitation. Participation in the vehicles' strategies may involve certain risks and the investments may not be suitable for all investors.

## Item 5: Fees and Compensation

As described above, our investment management services can be accessed through a variety of vehicles and distribution channels, e.g. direct accounts, sponsored advisory accounts, and commingled funds, depending on the product. We typically offer our investment advisory services for a percentage of assets under management. Below, we have outlined our standard investment management fees for each type of distribution channel. Unless otherwise noted, the standard fees described below do not include such items as brokerage commissions, transaction charges, transfer taxes, exchange fees, electronic fund and wire transfer fees, or charges, taxes, or fees mandated by any federal, state, or other applicable law or regulation.

Our standard fee schedule for direct separately managed investment advisory services is determined as a percentage of assets under management and is calculated as follows:

On the first \$25,000,000	0.80%
On the next \$25,000,000	0.70%
On the next \$25,000,000	0.50%
On the next \$25,000,000	0.45%
Over \$100,000,000	Negotiable

Accounts under \$10 million will be charged a flat fee of 1.00% per annum.

While it is our general policy to charge the stated fees above, your fees may be subject to negotiation or modification depending upon the nature of the services offered, or your particular circumstances.

Two of our employees are registered representatives (brokers) with vFinance Investments, and offer brokerage services to some clients, through vFinance. In exchange for a higher level of service, these clients have negotiated a compensation structure for investment advisory fees that includes a combination of fees based on a percentage of assets, and commission charges per transaction. For more information on these employees' relationship with vFinance, please read Items 10 and 11 below.

Typically, your investment advisory fees are payable quarterly in advance based upon the prior quarter end market value of assets under management. Some clients pay fees in arrears as negotiated by contract. There are two options you may select to pay for our services:

1. Direct debiting (preferred): at the inception of the relationship and each quarter thereafter, we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its corresponding calculation, or the assets on which the fee is based unless you have hired them to do so. With

your pre-approval, they will “deduct” the fee from your Account or, if you have more than one account, from the account you have designated to pay our advisory fees.

Each month, you will receive a statement directly from your custodian showing all transactions, positions and credits/debits into or from your account; the statements after the quarter end will reflect all transactions, including the advisory fee paid by you to us.

2. Pay-by-check: At the inception of the Account and each quarter thereafter, we will issue you an invoice for our services and you will pay us by check or wire transfer within 15 days of the date of the invoice, or as negotiated and documented in your contract.

Our standard investment advisory contract contains a termination clause which states that your account may be terminated upon 30 days prior written notice by either party, and any prepaid fees for the quarter in which the investment advisory contract is terminated are refundable on a pro rata basis. Any prorated balance under \$100 is not refundable.

Our fees for providing investment advisory services to sponsored advisory accounts range from 0.25% to 1.00% of assets under management. This range is determined by an agreement between us and the introducing broker dealer, program sponsor, or financial consultant. Total annual fees charged by the broker-dealer or financial consultants with whom we are familiar are generally in the range of 2.0% to 3.0% annually. The introducing program sponsors typically collect the total wrap fee on a quarterly basis, in arrears, and remit only a portion to us. However, under some contractual agreements, the introducing broker and Logan Capital each charge and collect a separate fee for their services. Fees are due on a pro rata basis upon termination of the agreement by the client. Generally, the client may terminate the contract at will, and there may be a requirement to file thirty days written notice. Termination clauses provided by the program master agreements may vary. Lower fees for services comparable to those offered by us may be available from other firms.

**Logan Capital Large Cap Growth Fund** Limited partners of the Logan Capital Large Cap Growth Fund, L.P., pay a management fee of 0.80% annually on all assets. In addition, the value of the limited partnership interests reflects the payment of the fund's operating expenses, subject to a cap of 0.20%. The fund, on occasion, may allocate investment management assets of its client accounts among various mutual fund, and Exchange Traded Funds (ETFs) classes in accordance with the investment objectives of the fund. In addition to the investment management fee charged by the fund, brokerage commissions and/or transaction fees, the client will also incur, relative to

all mutual fund purchases, charges imposed at the mutual fund level (e.g. fund management fees and other fund expenses). The fund is offered only to qualified investors and no advisory clients are currently invested in the fund.

Advisory fees payable to us do not include all of the fees you will pay when we purchase or sell securities for your account(s). In addition to our investment management fees, brokerage commissions, and/or transaction fees, you may also incur some of the following fees or expenses, paid directly to third parties, whether a security is being purchased, sold or held in your account(s) under our management. Charges imposed at the mutual fund level, the subadvisory level, and fees charged by the broker dealer and/or custodian include:

- Advisory fees and administrative fees charged by Mutual Funds (MFs), and Exchange Traded Funds (ETFs);
- Advisory fees charged by sub-advisers (if any are used for your account);
- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Custodial Fees;
- Deferred sales charges (on MFs or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by Mutual Funds);
- Transfer taxes;
- Wire transfer and electronic fund processing fees; and
- Commissions or mark-ups/mark-downs on security transactions.

The proper valuation of your portfolio is necessary for the accurate calculation of the corresponding fee bill, and performance results, among others. Logan Capital employs Telemet for intraday equity prices and FT Interactive Data Corporation (FT IDC) for end-of-day prices. Both sources automatically populate the price files of the portfolio accounting system we employ (Advent AXYS). FT IDC prices for equity and fixed income securities are updated daily. In the event that a price is missing, or if a price is not available from FT IDC, then we use Bloomberg as our secondary source, and the next alternative source used is the custodian. When we find that the valuation prices from IDC, Bloomberg, and the custodian are missing, stale, or do not sufficiently reflect a fair valuation (for example in the case of thinly traded bonds), then we may seek prices from a sell side firm to gather valuations which better reflect a fair valuation. These pricing exceptions are rare, and as such require the approval of our Chief Operating Officer before the system price file can be updated.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

We do not currently employ performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), however we would be willing to employ performance-based fee agreements in the future.

## **Item 7: Types of Clients**

We provide our services to a number of Clients:

- Institutions
- Individuals, including High Net Worth Individuals
- Corporations or other business entities
- Endowments, Foundations, and Trusts
- Private Pensions and Profit Sharing Plans (ERISA)
- Insurance Companies
- Public Funds
- Taft-Hartley Plans
- Sponsored Advisory Programs
- Subadvisory Relationships to RIAs
- Among others

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

We use macroeconomic, fundamental and technical methods of analysis in selecting securities for your account. Our sources of information generally include, among other things, investment publications and database, research from securities firms and brokerage houses, company representatives, and contacts with other investment professionals. We currently offer the following seven equity investment strategies and three fixed income strategies:

## **Large Cap Growth**

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strategy invests primarily in large cap growth stocks with \$5 billion minimum market capitalization at purchase that are traded on US exchanges. The strategy's goal is to provide long-term average returns that meet or exceed the Russell 1000 Growth index over a full market cycle. This methodology seeks to identify stocks of companies that have the potential to grow earnings at a faster rate than the average stock. This Large Cap Growth strategy has a long-term investment horizon, relatively low turnover and is almost always fully invested in a moderately diversified list of 40 to 45 stocks.

This Large Cap Growth portfolio is created from a combination of three types of analytical methodologies.

1. **Macroeconomic analysis** provides a top-down overview of the general condition and direction of the US economy and its position relative to other world economies. This helps determine whether market conditions are generally favorable or unfavorable for the various sectors and industries within the universe Large Cap Growth stocks traded on US exchanges.
2. **Fundamental analysis** measures and examines the qualitative and quantitative various important characteristics of stocks in the Large Cap Growth universe in order to identify those stocks that are potentially most appropriate for this portfolio.
3. **Technical analysis** is used to determine important aspects of stocks under consideration such as bullish/bearish trend lines, support/resistance levels and relative strength.

It has been our experience over the years that this process of combining three types of analysis has the best probability of yielding the most beneficial investment decisions for this.

Our experience has shown us that longer-term price trends of growth stocks are ultimately determined by the economy, interest rates and corporate profits. We consider such macroeconomic factors as trends in GDP growth, short and long term interest rates and the yield curve, inflation, fed actions, productivity gains, capacity utilization and corporate cash flow. Based on this experience we utilize an investment process, which incorporates top down macroeconomic analysis, quantitative and traditional fundamental research and technical analysis. For a company to be eligible for the portfolio, it must pass all three independent components of our process. It is this three-tier requirement which we believe has allowed our team to produce consistent results with a favorable balance between capturing market opportunity and reducing market risk.

## ***Macroeconomic analysis***

The objective of our top-down macroeconomic analysis is to determine those economic trends, which will aid certain types of companies in growing earnings. An example of this type of analysis would be our team's decision to avoid capital goods companies in a period of excess capacity. It is important to note that the macroeconomic work is used to aid stock selection, and not necessarily to determine target sector weights.

## ***Fundamental analysis***

Our fundamental process has two components. Quantitative work is performed using our proprietary ranking and screening tools. The goal of the quantitative work is to provide a consistent and objective insight as to what companies are truly leading in earnings growth.

The resulting universe is scored by Logan Capital's proprietary ranking system, which focuses on earnings growth, trends in Wall Street analysts' earnings estimates and price momentum. This process was developed jointly by the management team and is maintained by our research analysts.

Our team maintains a proprietary screening and ranking tool, which assigns a score based on a number of factors to a broad universe of stocks. This broad based scoring process gives our investment team an advantage when evaluating new opportunities. The companies we consider for purchase are outperforming a Large Cap Growth universe but also the market as a whole. The defining parameters of the universe, which is ranked by Logan's quantitative tools, are the following:

- Market Cap greater than \$5 billion
- Coverage by at least two analysts
- 5 years of reported operating history

The result of this process is a proprietary stock ranking that is updated weekly. It allows members of our investment team to focus on emerging opportunities that may represent compelling investment opportunities. The tool allows the universe to be further screened on the following:

- ROE exceeding benchmark's ( $\geq 15\%$ )
- PEG Ratio ( $\leq 2X$ )
- Earnings growth rate ( $\geq 12\%$ )
- Market capitalization ( $\geq \$5$  billion)

We review those companies that show up favorably on our rankings with thorough fundamental research to determine the sustainability of the earnings and the financial strength of the company. In general, we seek to invest in companies that are growing through innovation and uniqueness of product. We strongly favor companies that are able to command premium pricing.

Factors we consider in the fundamental analysis include:

- Market expansion opportunities (especially organic)
- Market dominance and/or pricing power
- Significant barriers to entry
- Strong balance sheet and quality business model

### ***Technical analysis***

We use technical analysis as a cross-check for our fundamental assessment of individual stocks. Technical analysis is a stock evaluation process which utilizes different data than our fundamental methodology. Technical analysis examines a stock's pricing behavior and chart patterns to help determine whether it is in an uptrend or a downtrend, how strong that trend is and how long it might last. Technical analysis often provides the earlier indications of trend changes than fundamental analysis does. Technical analysis is useful in a variety of ways:

- Determine a stock's overall price trend and its appreciation potential relative to peers and to the market as a whole.
- Identify sustainable, powerful and potentially profitable price trends
- Reveal momentum-driven price extremes to avoid buying on momentum spikes and to prevent premature selling
- Differentiate between healthy consolidations vs. dangerous downturns

Specific technical factors used include:

- Relative performance vs. peer group and market
- Historically significant price patterns
- Support and resistance levels
- Overbought and oversold levels

Once a stock has successfully passed all steps of our investment discipline, it is eligible to be included in the portfolio, which generally has the following characteristics:

- Holdings generally range from 40-45 stocks
- U.S. traded firms with market capitalization of over \$5 billion at time of purchase.
- Maximum sector exposure is the greater of approximately 2 times the Russell 1000 Growth weighting or 20% of portfolio value.
- Maximum holding size is 6%
- Average annual turnover is approximately 35%.
- Dividends are not a consideration in the selection process.
- A stock becomes a sale candidate when it no longer passes at least two out of the three analytical processes described above.

## **Growth**

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strategy invests primarily in mid- to large cap growth stocks with a \$1 billion minimum market capitalization at purchase that are traded on US exchanges. The strategy's goal is to provide long-term average returns that meet or exceed the Russell 1000 Growth index over a full market cycle. This methodology seeks to identify stocks of companies that have the potential to growth earnings at a faster rate than the average stock. This Growth strategy has a long-term investment horizon, relatively low turnover and is almost always fully invested in a moderately diversified list of 30 to 40 stocks.

Please refer to the description of Large Cap Growth. For Logan Growth, the minimum market capitalization is \$1 billion.

Please refer to the description of Large Cap Growth.

## **Concentrated Value**

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(“LCV”) is based on our research which shows that a concentrated portfolio of financially sound, large-cap value stocks with relatively high dividend yields can provide higher-than-market returns over time with lower-than-market risk. The strategy invests in 10-12 large cap domestic equities with a focus on financially stable, high dividend yielding companies (up to 20% of the portfolio may be invested in large cap ADRs). The strategy is fully invested at all time and has a total return approach seeking both income and capital appreciation. The portfolio managers attempt to achieve this by constructing portfolios with holdings that have dividend yields meaningfully higher than the broader stock market indexes and also exhibit less downside risk than the overall market. The strategy has a total return approach seeking both income and capital appreciation.

The process begins with a database of all stocks traded on U.S. exchanges. All sectors are considered except real estate investment trusts (REITS). Next, a capitalization screen is employed to reduce the universe to only large-cap stocks. The minimum market cap is designed to rise and fall with the market. Typically, this screen reduces the universe to approximately 100 large-cap stocks.

Key to LCV's investment process is the proprietary multi-factor screens used to eliminate financially weak companies and control investment risk. These screens test for strong cash flow, conservative financial leverage, modest valuations and relatively low stock price volatility. The screens reduce the purchase candidate list to 30 to 40 companies.

This list is further refined after we conduct fundamental analysis on those stocks which have the highest dividend yields. In analyzing these companies, we take into account such factors as patent expirations, litigation, pending mergers and acquisitions, changes in the regulatory environment, unfunded pension liabilities and other changes in the company's outlook which could have a material impact on the company's cash flow and balance sheet. If, after our analysis, we believe that there is not a margin of safety to protect the dividend, then we remove the stock from the purchase candidate list.

These stocks are then ranked by dividend yield, which we view as the final valuation screen. The 10-12 highest dividend-yielding stocks, subject to sector constraints, are selected for the portfolio. This process results in a portfolio of stocks that are financially sound, undervalued and out-of-favor. We run the screens daily so new money coming in is invested based on the rankings on that specific day. Once selected, each individual portfolio is rebalanced semi-annually at mid-year and year-end.

The quantitative process described above is for both the buy and sell disciplines. On the rebalance dates, stocks that have appreciated in price and have yields lower than the top ten are sold. These positions are replaced with stocks with higher dividend yields. Typically, one or two stocks are replaced at each rebalancing date. In addition, all stocks are rebalanced to their target weightings. Logan's research has shown that historically, semi-annual rebalancing produces higher returns and lower standard deviations than monthly, quarterly or annual rebalancing.

## Value

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strategy typically invests in 30-40 large cap domestic equities with a focus on financially stable, primarily high dividend paying stocks across a number of economic sectors (and may include some ADRs). The strategy has a total return approach seeking both income and

capital appreciation. The portfolio managers attempt to achieve this by constructing portfolios that generally have dividend yields meaningfully higher than the broader stock market indexes and also exhibit less downside risk than the overall market. Logan's Value Strategy seeks to exploit emotional decisions of other investors.

Logan's value philosophy includes buying companies with a margin of safety, defined as stocks with above average dividend yield or selling at discount from intrinsic value, can provide substantial upside market capture while limiting the downside exposure. The approach results in no style drift, low turnover and lower than market risk.

combines two distinct strategies to form one portfolio:

- Dividend Yield Strategy – 10-12 stocks
- Intrinsic Value Strategy – 20 to 30 stocks

The "Dividend Yield Strategy" is Logan's Concentrated Value strategy described in Item 8, C. The "Intrinsic Value Strategy" begins with Zacks Database and includes the approximately 300 largest companies traded on U.S. exchanges. The minimum market capitalization is generally about \$10 billion. These stocks are screened on P/E, P/B, and dividend yield. This reduces the universe to approximately 200 companies.

In order to qualify for investment, a stock must be selling at a minimum of a 20% discount from its intrinsic value determined by one or more of the following:

- Historical value ratios: P/E, P/B and dividend yield, for both the company and its industry;
- Discounted cash flow; and when appropriate, breakup value, asset value or acquisition value.

Sector and cash limitations: Greater of 20% or 2x the index weight up to 35% in any sector.

Cash Limitations: Once invested, maximum cash position is 10%

Stock will be considered for sale if:

- It is no longer attractive relative to our estimate of its intrinsic value
- Another stock with stronger upside potential is identified
- Fundamentals are deteriorating
- Concerns over the quality of earnings & the balance sheet arise
- The position exceeds its target weight by 50%.

All stocks in the portfolio offer exceptional liquidity and are relatively easy and cost-effective to buy and sell positions.

## **Enhanced Dividend**

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The **Logan Enhanced Dividend** strategy applies a covered call option overlay strategy to the Logan Concentrated Value (“LCV”) portfolio. The strategy provides two sources of income: dividends and the premium received from selling calls. Selling calls against stocks in a portfolio is a conservative strategy that limits the potential gain for a stock, but the premium received somewhat reduces the downside risk. The Logan Enhanced dividend strategy generally invests in the same stocks as the Logan Concentrated Value strategy; however, if there is no liquid market for options for a particular stock, the portfolio managers may substitute another stock from the same sector.

Please refer to the Method of Security Analysis description for Logan Concentrated Value.

Please refer to the Investment Strategy description for Logan Concentrated Value.

## **International ADR**

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The **Logan International ADR** strategy employs a disciplined investment process that focuses on stocks with high dividend yields and a longer-term investment horizon. The strategy is bottom-up, using dividend yield as the most important stock selection criterion. Research by Logan Capital and others shows that large-cap, high dividend yield strategies implemented internationally can outperform their international benchmarks. The portfolio consists of 35-45 American Depository Receipts (ADRs) and non-U.S. companies traded on the U.S. markets in the form of common stocks (e.g., Canadian stocks). The securities are focused on financially stable, high dividend yielding companies across a number of economic sectors and countries (mostly developed countries). Historically, the portfolio has had securities in 9-10 economic sectors and in at least 10 countries. The portfolio is benchmarked against the MSCI EAFE Net unhedged index, but there is no requirement that the portfolio's weightings with regards to sector or country weighting match the benchmark. The strategy has a total return approach seeking both income and capital appreciation.

Logan's selection process begins with a universe of approximately 1,000 ADRs and U.S. listed shares of foreign corporations. The number of stocks in this universe is then reduced to companies primarily from developed countries (but also includes some companies from emerging market countries as well) which meet the minimum market cap requirement (current minimum is approximately \$10 billion).

This screen leaves approximately 200 companies for further consideration.

### ***Financial criteria***

In order to be considered for purchase, a company has to pay a dividend and meet the following financial criteria:

- Normalized free cash flow coverage of the dividend of at least 1.25x. We define free cash flow as net income + depreciation – capital expenditures. We normalize earnings by adjusting for the cyclical ups and downs of the business, and for material non-recurring revenues or expenses. In addition, we may also normalize capital expenditures to adjust for any significant variation from what the company would typically invest on an ongoing basis.
- Maximum normalized payout ratio of 65%, but this can be higher for countries where companies customarily have a higher payout ratio (e.g., Australia) or if the free cash flow coverage test above is met.
- In terms of leverage, for industrial companies the net debt/total capital ratio has to be less than 60% with exceptions for some industries that traditionally have higher levels (e.g., electric and gas utilities).
- For financial institutions such as banks, the core equity tier 1 ratio has to be high enough for the company to be considered “well capitalized” under the prevailing regulatory standards. Currently, regulatory definitions of core capital and standards to be categorized as “well capitalized” are in a state of flux. However, we follow research which projects what the likely definitions and standards will be and which provides comparative analysis for many banks’ current capital ratios. We currently target a minimum core equity tier 1 ratio of 8%.

The ultimate objective of the above criteria is to reduce the universe to those companies which have the financial strength to sustain the dividend through tough times and raise the dividend in good times. Therefore, even though a company might have a higher debt/cap ratio than our maximum, its stock could still be considered for purchase if the company's profitability and cash flow is so high and consistent that there is a large margin of safety in terms of dividend coverage. This step of the evaluation process yields approximately 130 stocks for further consideration.

### ***Relative dividend yield criteria***

Those companies which meet the above criteria are then ranked by dividend yield from high to low in each of the following categories:

- Within the entire universe.
- Within each country where the company is domiciled.
- Within each economic sector.

To be considered for purchase (i.e., a “qualifying stock”) a company’s dividend yield must meet at least one of the following yield requirements:

- The dividend yield must be greater than the dividend yield for the MSCI EAFE index.
- The dividend yield must be greater than the dividend yield for the country’s equity index.
- The dividend yield must be above the average yield within its economic sector.

This step of the evaluation process yields approximately 75 stocks which have passed all screening requirements to be eligible as candidates for the portfolio.

Portfolios are constructed by first ranking the qualifying stocks by dividend yield. For those stocks which are under consideration for purchase as described above, portfolio managers review the companies’ publications, financial reports and presentations, as well as published research to confirm that the financial condition of those companies are accurately reflected in the financials (e.g., are there meaningful litigation issues outstanding not reflected on the balance sheet, are sales likely to decline materially because of a competitor’s new product or patent expiration, etc?).

### ***Economic Sector Weighting***

As a general philosophy, our goal is to get broad economic sector representation in the portfolio. The maximum sector weight is the greater of 20% of the portfolio or two times the sector weight in EAFE sector weight exceed 35%. We target representation in at least seven out of the ten EAFE sectors, however, the number of sectors represented will ultimately depend upon whether a sector has companies which meet our investment criteria. Historically, Logan has had 9 to 10 sectors represented in the portfolio.

Over-weightings and under-weightings of sectors relative to EAFE is a residual effect of relative valuations of qualifying stocks under consideration

Dividend yield is the primary valuation tool, but other valuation parameters may also be examined. These parameters include P/E and P/BV ratios both on a historical basis and on an industry relative basis, as well as the expected relative future earnings and dividend growth of the stocks under consideration.

### ***Country Weighting***

Similar to industry under/over-weight determination, country weighting is also in part the residual effect of relative valuations of qualifying stocks under consideration. As a general philosophy, our goal is to get broad geographical representation into the portfolio. The maximum country weight is the MSCI EAFE weighting plus ten percentage points. We target representation from at least 10 countries; however, a country's representation will ultimately depend upon whether that country has companies which meet our investment criteria. Beyond that, the determination of country weightings is analogous to the determination of sector weightings described above. In other words, overweighting in one country will generally only become meaningful if the valuations of stocks in that country are sufficiently attractive relative to alternatives in other countries to warrant it. Again, valuation refers primarily to dividend yield, but also extends to other valuation parameters mentioned above.

### ***Portfolio size and position limits***

Portfolios typically contain 35-45 stocks with initial positions ranging from 2-4% of the portfolio. To manage concentrations in the portfolio, trims are initiated when a position appreciates to a weight of more than 6% in the portfolio. We also may trim positions in order to reduce concentration in a sector or country.

### ***Sell Discipline***

Our sell discipline mirrors our buy process. Stocks become potential sale candidates if the dividend yield is lower than the MSCI EAFE dividend yield, or lower than the dividend yield for the Company's home country equity index, or if the dividend yield is low relative to other stocks in its sector. In addition, we will sell a stock if there is another company which has a more attractive risk/return profile than a current holding.

In the case of deteriorating financial fundamentals, we review the results in the context of the industry and the economic cycle. Therefore, if a company's fundamentals are declining because of an economic downturn, we will normalize the company's earnings stream and future dividend based on conservative financial assumptions. As a result, in some cases we will retain a stock even if the company reduces a dividend. As an example, in 2008 and 2009 some of the portfolio's financial stocks were retained even though they cut their dividends. However, if a company eliminates its dividend completely, its stock will be sold (although we often will not sell on the date of the announcement if we believe based on our experience that it is better to wait for a short period of time).

## **Growth At A Reasonable Price (GARP)**

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The Logan GARP strategy gives the investor the opportunity to invest in a broad and diversified portfolio of equities. The investments are in domestic company equities that have at least a \$2 billion dollar market capitalization at the time of purchase. Examples of the investments could include equities in companies in the Technology, Health Care, Financial, Energy, Retail or Industrial industries.

Investments are screened for their fundamental attractiveness. Potential investments are analyzed for their financial condition, quality of management, position in industry and global presence.

The primary objective from an investment in the GARP strategy is long term growth and preservation of the client's assets. Some return is achieved through dividend yield but it is not the primary focus of the strategy. Companies are selected for the portfolio based on long term consistency of earnings growth and a reasonable valuation. Over a three to five year period or market cycle the GARP strategy seeks to out perform growth related market indices. All accounts are managed on an individual basis and tailored to specific investment objectives.

## **Energy**

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The energy strategy gives the investor the opportunity to invest in a broad and diversified portfolio of energy related stocks. Investments are global in scope with size or capitalization not a restriction. All related aspects of the energy sector are included. Examples of the investment focus could include equities in companies in: oil and gas exploration, refining and marketing, coal, nuclear, alternative energy and the various components encompassing the oil service industry.

Investments are screened for their fundamental attractiveness. Oil and gas companies are analyzed for their financial condition, oil and gas reserves, finding costs, estimated asset value and their future exploration potential.

Investment ideas are developed through the analysis of company reports, the attendance at energy conferences and seminars, the use of brokers and experts in the energy field and discussions with company managements. Visits are also made to company facilities. An enormous amount of data is available as a statistical reference from a myriad of government and industry sources.

The primary objective of the Energy strategy is to achieve long term growth. Dividend yield is not a factor in the stock selection process. Investments in the energy area are cyclical and volatile, reflecting their commodity base. An investor in a portfolio solely consisting of energy related equities should expect a 3-5 year holding period to hope to capture the benefits of a portfolio comprised of energy investments. The investment focus is to search for investments in the less-followed and under-owned sectors of the energy industry where there may be investment opportunities to be exploited that are not widely recognized.

## **Equity Risks**

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All investing entails risk. There is no guarantee that the investment methodologies described here will work under all markets conditions. Investing with Logan Capital is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. Our individual products should not be relied upon as a complete investment program. There can be no assurance that your portfolio will achieve its investment objectives. In fact, you should understand that there will definitely be time periods in which these investment methods will not produce the desired returns. Risk comes in many forms and investors should be sure that they understand the possible downside to equity investing. Some types of risk are summarized here:

***Stock Risk*** - Stock prices have historically risen and fallen in periodic cycles. U.S. and foreign stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

**Market Risk** - The value of the instruments in which we invest may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions.

**Investment Style Risk** - Different investment styles (e.g., “growth” or “value”) tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Your portfolio may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

**Large Cap, Mid Cap and Small Cap Risk** - Investments in mid-capitalization and small-capitalization companies involve greater risks than investments in larger, more established companies. Mid and Small-Cap securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

**Non-Diversification Risk** - Non-diversified or “Concentrated” means that your portfolio may invest a larger percentage of its assets in fewer issuers than a “diversified” portfolio. We have Concentrated Value strategies that invest in 10-12 securities. For these portfolios, there is a greater risk that a material event, which negatively impacts one or more of the securities, could have a meaningful negative impact on the performance of the entire portfolio. In addition, because of the limited number of holdings in the portfolio, there is the risk over shorter periods of time that the portfolio’s performance may differ noticeably from its benchmark indexes.

**Option Writing Risk** - Writing (selling) call options limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash (the premium) at the time of selling the call option. In a rising market, the Fund could significantly underperform the market. Furthermore, the Fund’s call option writing strategies may not fully protect it against market declines because the Fund will continue to bear the risk of a decline in the value of its portfolio securities. In a sharply-falling equity market, the Fund wilaitigaincou

**Management Risk** - A strategy used by the Portfolio Manager/s may fail to produce the intended results. The Portfolio Managers attempt to execute a complex strategy for your portfolio using proprietary investment models. Investments selected using these models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). There is no guarantee that the Portfolio Managers' use of these quantitative models will result in effective investment decisions for your portfolio. Additionally, commonality of holdings across money managers with similar strategies may amplify losses.

**Portfolio Turnover Rate Risk** - A high rate of portfolio turnover (100% or more) involves correspondingly greater expenses which must be borne by all portfolios in the strategy, and is also likely to result in short-term capital gains.

## **Fixed Income**

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Logan Capital Management has multiple fixed income mandates designed to meet specific client investment objectives. These products span the yield curve and are tailored to reflect their particular investment needs with respect to liquidity, interest rate exposure, sector allocation and credit risk.

We apply a controlled duration, active sector rotation style to all fixed income products. Our disciplined investment process seeks to add value through:

- active duration management
- relative value sector/sub-sector rotation
- volatility management via quantitative analysis of each security as well as portfolio as a whole
- thorough credit analysis
- the collaboration of experienced portfolio managers.

Portfolio managers work as a team to implement investment themes within the parameters of each client portfolio.

### ***Sector Rotation***

The Absolute Return Strategy is managed with a "sector rotation" style. Our managers look at the market in terms of individual sectors, such as governments, municipals, corporates, asset-backed securities, and mortgage securities. Relative valuation between sectors is an important consideration. We invest in those sectors that offer superior absolute and relative value with

consideration given to the sector's performance outlook and its historical normal spread to Treasuries. Sectors which Logan Capital believes are undervalued will generally be overweighted in the portfolio and subsequently sold as they become fully valued.

### ***Active Duration Management***

Duration management is based on forecasts of probable trends in interest rates and is performed on a continual basis. These forecasts are supported by detailed analysis of important economic factors and lead to adjustments in the average maturity of our bond portfolios. At the same time, the changing shape of the yield curve is evaluated to determine the spacing of our maturities.

### ***Volatility Management***

*Volatility management allows us to assess both portfolio and individual security risk given current and potential market movement. Volatility is a comprehensive measure of portfolio risk that captures sector, security, duration, yield curve and other non-traditional sources of risk. This analysis is accomplished through the use of interest rate simulation, sector and security sensitivity analysis, and portfolio modeling which allow us to analyze the effect of interest rate changes on our portfolio.*

### ***Yield Inefficiencies***

Individual security selection is bottom-up and based upon analysis of each individual investment. As value investors, we seek to identify securities that are inefficiently priced and/or misunderstood. Our focus is on the spread between a specific security and a comparable duration Treasury or peer group issues. Our internal research team is responsible for specific security recommendations.

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This short duration strategy has an objective of outperforming short-term interest rates while preserving capital. When compare to cash, money markets and CDs, the mandate offers higher returns with low risk levels and is ideal for clients who believe there may be a future call on a significant portion of their assets.

The strategy is characterized by a maximum average portfolio maturity of up to three years. Minimum security quality is BBB, with all money markets A-1, P-1 or F1. Minimum average portfolio quality is A. We invest in the full range of fixed income sectors appropriate for this risk level. A typical benchmark is a 1-3 year government/ credit index (either Citigroup or Barclays).

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Our intermediate duration strategy, managed to durations of three to seven years, offers exposure to broad bond market returns with reduced risk. Intermediate duration accounts are positioned far enough along the yield curve to deliver much of the market's yield, and over a market cycle a

large majority of the return of the bond market. Intermediate accounts can fully participate in the broadest array of sector and security opportunities while receiving superior principal protection from a moderate duration. Thus, this strategy is ideal for clients who seek to participate in broad bond market movements but have a lower risk tolerance.

The strategy is characterized by a typical average portfolio maturity of five years. Minimum security quality is A. Minimum average portfolio quality is "AA-". A typical benchmark is a 3-7 year government/ credit index (either Citigroup or Barclays).

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This investment strategy seeks total return derived primarily from coupon interest and capital appreciation. The strategy seeks to maximize returns against the Lehman Brothers/ Barclays Aggregate Bond Index by investing in corporate and government bonds, mortgage bank securities and other fixed-income asset classes.

This strategy uses its top down approach and internal research to formulate its economic and interest rate forecast. These forecasts function as a foundation to create the maturity, sector allocation and duration targets.

The strategy is characterized by a typical average portfolio maturity of five years. Minimum security quality is BBB. Minimum average portfolio quality is "A+". A typical benchmark is the Barclays Capital Aggregate Bond Index

## **Fixed Income Risks**

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Loss of money is a risk of investing in our Fixed Income Strategies. An investment in these strategies is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any government agency. An investment in one of our Fixed Income strategies should not be relied upon as a complete investment program. There can be no assurance that the strategy chosen will achieve its investment objective.

**Interest Rate Risk** - Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.

**Management Risk** - Our judgments about the attractiveness, value, and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, and our strategy may fail to produce the intended results.

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**Credit/Default Risk** - There is a risk that issuers and counterparties will default on their obligation, and not make interest or principal payments on the securities they issue. In addition, the credit quality of securities may deteriorate rapidly if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity, and our ability to sell the security, and cause decreases in market value and performance of your portfolio.

**Mortgage-Backed and Other Asset-Backed Risk** - Mortgage related and other asset-backed securities are subject to certain additional risks, including "extension risk" (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing the reinvestment of proceeds at lower prevailing interest rates). Mortgage-Backed Securities offered by non-governmental issuers are subject to other risks as well, including failures of private insurers to meet their obligations and unexpectedly high rates of default on the mortgages backing the securities. Other Asset-Backed securities, such as those derived from home equity, auto, and credit card loan pools, are subject to risks similar to those associated with Mortgage-Backed Securities, as well as risks associated with the nature and servicing of the assets backing the securities.

**U.S. Government Securities Risk** - The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to

do so by law. U.S. Government Securities issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal

Home Loan Banks chartered or sponsored by Acts of Congress are not backed by the full faith and credit of the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

## Item 9: Disciplinary Information

We do not have any legal, financial or other "disciplinary" item to report. If applicable, we would report in this section any disciplinary event that would be material to you when evaluating us to initiate a Client/Advisor relationship, or to continue a Client/Advisor relationship with us. This statement applies to our firm, and every employee.

## Item 10: Other Financial Industry Activities and Affiliations

Our sole business involves providing investment advice. However, we do permit our employees to serve as registered representatives of broker-dealers. Currently, Dana H. Stewardson and Stephen S. Lee, directors and officers of Logan Capital, are registered representatives of vFinance Investments, Inc. ("vFinance"), a non-affiliated broker-dealer clearing through National Financial Services, LLC. Dana and Stephen each spend approximately 10% of their time as Registered Representatives of vFinance. For more information, please read Item 11.

We may recommend that certain of our qualified clients purchase limited partnership interests in the Logan Capital Large Cap Growth Fund, to which we serve as investment manager. Logan Capital Management, Inc. is the General Partner to this fund. Interests in this fund are privately placed to qualified investors only. Currently, there are no investors in the fund. Accordingly, our service as investment manager to the fund does not create any conflict of interest with our clients.

## Item 11: Code of Ethics

As required by regulation (and simply as a measure of good business), we have adopted a Code of Ethics that governs a number of potential conflicts of interest, which may arise when providing our advisory services to you. This Code of Ethics is designed to ensure that we meet our fiduciary obligation to you, our client (or prospective client) and to drive home a culture of compliance within our firm. An additional benefit of our Code is to detect and prevent violations of securities laws, including the obligations we owe to you.

Our Code is comprehensive, is distributed to each employee at the time of hire, and annually thereafter. We also supplement the Code with annual training and continuous monitoring of employee activity.

Our Code includes the following:

- Requirements related to the confidentiality of your account information;
- Prohibitions on:
  - Insider trading (if we are in possession of material, non-public information);
  - Rumor mongering;
  - The acceptance of gifts and entertainment that exceed our policy standards;

- Reporting of gifts and business entertainment;
- Pre-clearance of employee's personal securities transactions;
- Reporting, on an on-going and quarterly basis, of personal securities transactions; and,
- On an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account(s) to which they have a beneficial ownership (where they "own" the account or have "authority" over the account), identify all securities held in certificate form, and identify all securities they own at that time.

As an overriding policy, we require that each director, officer and employee of the firm place the interests of our clients ahead of our own, and avoid any conduct that could create any realized or potential conflict of interest. Our Code does not prohibit personal trading by employees. As perhaps you imagine, as a professional investment adviser, we like to follow our own advice. Accordingly, our employees may purchase or sell the same or similar securities at the same time that we place transactions for your account and the accounts of our other clients. Such transactions by our employees may create a potential conflict of interest. For example, an employee may have incentive to take advantage of the market effect of a client trade. Similarly, the market effect of a trade by an employee may negatively affect the price in a subsequent trade for a client. Accordingly, our Code of Ethics and Statement of Insider Trading address these potential conflicts by containing provisions restricting personal trading as follows:

- prohibition against investing in private offerings;
- restrictions on investing in private placements;
- prior written clearance of all non-exempt trades<sup>1</sup>;
- prohibition against purchasing or selling a non-exempt security within seven days before or after the date on which a transaction in the same security is effected for a client;
- prohibition against short-term trading in securities held or being considered for clients accounts;
- regular reporting of personal trades; and
- prohibition against trading while in the possession of material non-public information.

Portfolio Managers may invest in commingled vehicles. In certain circumstances the internal investments made in these vehicles may constitute a substantial portion of an entire fund.

Our Code of Ethics also includes strict policies and procedures with respect to employees giving, receiving, or soliciting gifts or entertainment from any person or entity that does business with Logan Capital.

You may request a complete copy of our Code of Ethics by contacting us at the address, telephone number, or email on the cover page of this Part 2; attn.: Stephen Lee, Chief Compliance Officer.

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<sup>1</sup> Our Code of Ethics exempts certain classes of securities and small quantities of securities from our pre-clearance requirement and other personal trading prohibitions. We allow our employees to effect transactions in these non-exempt securities based on our determination that such transactions do not present a material conflict with our clients' interests. This determination was made based on industry standards and best practices.

As explained above, Dana H. Stewardson and Stephen S. Lee are registered representatives of vFinance Investments, Inc., a non-affiliated registered broker-dealer. Subject to Logan Capital's brokerage policies, Dana and Stephen may effect securities transactions on behalf of their clients through vFinance, and they may receive brokerage and research services from vFinance. In the case of certain clients, Dana and Stephen may be separately compensated as registered representatives of vFinance for securities transactions effected through vFinance on behalf of those clients. Execution of transactions through vFinance presents a potential conflict of interest, particularly when our employees separately receive compensation for such transactions, in addition to the asset-based compensation we receive at Logan Capital for our services. Before we allow any employee to receive compensation from vFinance, we will obtain consent to such an arrangement in your investment advisory agreements with Logan Capital. All transactions effected through vFinance are effected at arms-length, meaning that the trades are placed into the market by the vFinance trading desk, and not the Logan Capital trading desk. We also monitor this potential conflict of interest by periodically reviewing the commissions paid to vFinance to ensure that they are competitive with those we pay to other brokers, in compliance with our brokerage policies. All such transactions are effected on an agency basis.

## Item 12: Brokerage Practices

The investment advisory agreement between you and Logan Capital sets forth the extent to which we have discretion to place securities transactions on your behalf. Except as noted below, it is our policy to seek the best combination of security price and commission rate available for each transaction.

We have a fiduciary obligation to seek best execution for securities transactions on behalf of our clients. Best execution requires more than obtaining the lowest commission rates. It entails seeking the best overall result for our clients. Accordingly, when selecting brokers, we also consider the brokerage firm's reliability, the quality and consistency of their execution services, and their financial condition. When more than one firm meets our standards in these criteria, we may give preference to firms who also provide research or brokerage services to us. Therefore, we may pay a broker who provides brokerage and research services a higher commission than another broker might have charged for effecting the same securities transaction. This higher commission may be paid if we determine in good faith that the amount paid is reasonable in relation to the additional services we receive.

Where eligible under Section 28(e) of the Securities Exchange Act of 1934, we may obtain these services with “soft dollars.” When we receive brokerage and research services as soft-dollar benefits, part of the commission paid by the client is apportioned to pay for these services. These services may be produced or provided by the broker that executes the transaction or by a third-party. When we use client brokerage commissions to obtain such services, we receive a benefit because we do not have to pay for the services. Accordingly, an adviser may have an incentive to select or recommend a broker based on the services that they provide rather than the client’s best interest. To ensure that we continue to receive best execution for trades where we also receive soft dollar benefits, we review all trades on a regular basis. We also monitor trading costs by, among other things, using analytics obtained by a leading third-party best execution service provider. Our Investment Committee reviews the results in these reports on a quarterly basis, looking specifically at different measures of trading performance for all of the brokers we use.

The services that we currently receive as soft dollar benefits include research reports; services and educational seminars; statistical services; data on trading conditions and markets; quotation equipment and services; computer software and certain related hardware used for arraying and processing research data; and portfolio evaluation services. Some of the services may benefit our clients as a whole, while others may benefit a specific segment of our clients. We do not attempt to match a particular client’s trade executions with the broker/dealers who have provided research services of direct benefit to that client’s portfolio.

Under Section 28(e), such services must provide lawful and appropriate assistance to us in the performance of our investment decision making responsibilities. In some instances, only a portion of a service that we receive will be used for investment decision making purposes. In other words, only part of the service we receive will be eligible as a soft dollar benefit. The other non-eligible portion, which may be used for marketing or administrative purposes, will be paid for by the firm. When we acquire such a mixed-use service, we survey our employees to determine the level of research or brokerage assistance versus the level of marketing or administrative assistance that the service provides. With this information, we are able to make a reasonable determination of the percentage of the service that will be paid with client commissions and the percentage that will be paid for by the firm.

We accept directed brokerage arrangements that are consistent with our best execution policy. Some of our clients may direct their transactions to designated brokers. These arrangements will limit or eliminate our ability to negotiate commissions and otherwise obtain the best execution, by aggregating, using market makers or otherwise.

A few of our larger institutional clients participate in commission recapture programs offered by some brokerage firms. These are broker-sponsored programs where a broker invites institutional investors to recapture some of their brokerage commissions, mostly on large volume trades placed with them, while the client agrees to direct all or a large portion of their trades to that designated broker.

We may consolidate or aggregate brokerage orders of different clients for a number of reasons. In a block trade, we purchase or sell a security for multiple clients in a single transaction. This allows us to gain administrative efficiency, negotiate volume discounts, and minimize the disparities in trade execution price, which cause investment performance differences between similar accounts. We have adopted policies and procedures designed to ensure that we allocate blocked trades among portfolios on a reasonable and equitable basis. These policies and procedures require, among other things, that each client that participates in a block trade receives a price that represents the average of the prices at which all of the transactions in a given trade were executed. We also require that all transaction costs from a block trade be shared equally across all participating clients.

From time to time, we may suggest that new clients use certain brokers, including vFinance, when we believe that such suggestions are in the best interest of the client and will provide for more efficient and effective management of a client's account. The exchange of brokerage services for client referrals is prohibited by policy.

All trades for our clients are managed through a centralized trading system and trading desk. We use Advent's MOXY trading system for all trading activities. The system facilitates the "separation of duties" required for adequate accounting controls. It allows portfolio managers, traders, and operations staff to utilize the system for their respective duties. All of the trade data is centralized, so each department's use of the system also serves as a check, or protection for the firm, since authorized users can easily oversee each other's work.

The Investment Committee initiates trades for accounts that follow Logan's strategies, and the investing portfolio manager initiates trades for custom accounts. Once initiated, our traders place the trades with multiple brokers. We have some accounts that have client-directed brokers, and accounts where we have discretion to choose the broker.

When we organize and configure the trades for communication to the brokers, there are many brokers on the list to whom we will direct orders for the same security. At this point, we employ what is referred to as a “broker rotation system.” This is a system of managing the queue of brokers who are given trades for our client’s accounts, so that all clients are treated fairly.

Our broker rotation works alphabetically by broker name. The first trade is placed with broker A and continues to broker Z; the next trade starts from broker B and continues to broker Z, and then back around to broker A. Each day, the traders start off with the broker that was next in line from the previous trade.

When we give trade orders to a broker, it is our policy to aggregate the transactions of multiple accounts going to the same broker whenever possible and when advantageous to clients. We aggregate client transactions in order to execute transactions in a more timely, equitable, and efficient manner, and to reduce overall transaction costs.

Clients participating in these block transactions will receive an average share price, and transaction costs will be shared equally among the participating accounts. For block trades that are not completely filled by the end of the day, we use a pro-rata or random allocation methodology to allocate the portion of the block trade that has been filled across participating client accounts. We use the MOXY trading system to automate this allocation process.

Our head trader is responsible for the execution of our rotational procedures, and maintains a written log to document all broker and trade allocations. Our Chief Compliance Officer conducts periodic reviews of the trade allocation log to ensure that the policy is being upheld correctly.

Generally, we do not engage in principal transactions.

Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. As a fiduciary and under the anti-fraud section of the Advisers Act, principal transactions by advisers are prohibited unless the adviser 1. Discloses its principal capacity in writing to the client in the transaction and 2. Obtains the client’s consent to each principal transaction before the settlement of the transaction.

Our Chief Compliance Officer (CCO) has the responsibility for the implementation and monitoring of our principal trading policy. Periodically the CCO monitors the firm’s advisory services and trading practices to help insure no principal trades occur for advisory clients. Any principal transactions would only be allowed after appropriate reviews, approvals, and disclosures, meeting strict regulatory requirements, and maintaining proper records.

Generally, we do not engage in agency cross transactions.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction (SEC Rule 206(3)-2(b)).

Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Agency cross transactions are permitted for advisers only if certain conditions are met under Advisers Act rules including prior written consent, client disclosures regarding trade information and annual disclosures, among other things.

Our Chief Compliance Officer (CCO) has the overall responsibility for implementing and monitoring our policy of not engaging in any agency cross transactions. The CCO periodically monitors the firm's advisory services and trading practices to help insure that no agency cross transactions occur for advisory clients. The policy has been communicated to relevant individuals including portfolio managers, traders and others. Any agency cross transactions would only be allowed after appropriate authorizations, reviews, approvals, disclosures, reports, and adherence to appropriate regulatory requirements and maintaining proper records.

## **Item 13: Review of Accounts**

Our Investment Committee at Logan Capital consists of the following employees, each of whom is a portfolio manager: Al Besse, President and Principal; Dana H. Stewardson, Secretary and Principal; Stephen S. Lee, Chief Compliance Officer, Treasurer and Principal; Marvin I. Kline, CFA, Managing Director; Richard E. Buchwald, CFA, Managing Director; Peter F. Cooke, Managing Director; T. J. McHugh, Managing Director; and Jonathan M. Heckscher, Managing Director. Each of these employees is responsible for managing accounts and, because of his membership on the Investment Committee, can on a regular basis evaluate the implementation of our investment strategies to create and maintain an investment program for each such account.

The Investment Committee undertakes a formal review of your account(s) on a monthly basis to monitor compliance with the established investment objectives and guidelines for the account(s). On occasion, the Investment Committee or any of the above-named employees may review your account on an impromptu basis due to major events, such as events affecting an issuer or industry or changes that you have requested to your investment objectives. We also maintain contact with

you through telephone calls and client meetings to keep you informed about the investment strategy being used to implement your investment objectives.

The nature and frequency of our reports to you are determined primarily by your specific needs. At a minimum, you will regularly receive statements of transactions and holdings from your custodian. In addition, we will send written reports to you on a quarterly basis, discussing account performance and setting forth securities holdings and transactions including the cost and market value of each holding. We urge you to compare the account statement you receive from your qualified custodian with the statements we provide to you.

## **Item 14: Client Referrals and Other Compensation**

We may compensate employees and unrelated third parties for client referrals in accordance with the rule detailed in the Investment Advisors Act of 1940 (Rule 206(4)-3). The compensation paid to any employee or third party would typically consist of a cash payment stated as a percentage of our advisory fee. All clients whose accounts would be subject to referral fees would be fully informed in writing of the terms and conditions of the referral fees to be paid and would acknowledge such terms and conditions in writing. In no case would a referral fee payment result in any increase in the fee paid by the client.

## **Item 15: Custody**

Logan Capital does not actually take custody of client assets. Your designated custodian holds all of your assets in custody for you. However, as set forth in Item 5, certain clients have the option of authorizing Logan Capital to debit advisory fees from their custodial account. Although the custodian will still hold all assets, we are considered to have limited custody of such assets due to this ability to deduct fees. Generally, your custodian will not validate our fees unless you have hired them to do so. Accordingly, we have established policies and procedures for reviewing the accuracy of our fee deductions. Specifically, with the cooperation of your custodian, we receive daily electronic files containing the holdings and transactions for your custody account, and reconcile these records against our accounting records. In this way we ensure the accuracy of accounting records, and promptly correct errors and resolve discrepancies. If your custodian is

not able to send us an electronic file, we will reconcile your account monthly using the hard copy report we receive from them

As described in Item 13, you should receive statements at least quarterly, both from your custodian and from us. We urge you to compare the account statement you receive from your qualified custodian and the statements we provide to you. There are common discrepancies that may occur between the statements you receive from us and those from your custodian. For example, your custodian might show settlement date positions, whereas we report trade date positions. Different pricing sources can cause differences in market values. We use the most common pricing source, FT Interactive Data. Your custodian may use the same source, or another acceptable source that quotes different prices. Please contact us if you have any questions about the reports we send you.

## Item 16: Investment Discretion

The investment advisory agreement between us sets forth the limits, if any, on our permission to purchase or sell securities on your behalf. For discretionary accounts, we generally have full permission, or discretion, as to which securities to buy and sell for your account and the amount of such securities. You may limit our discretionary authority by specifying, for example, individual securities or industries that are not to be purchased on your behalf, or by limiting portfolio weights in a specific security or industry.

Alternatively, you may enter into a non-discretionary arrangement with us, under which we have limited permissions. In addition to the limitations that you may place on the account described above, non-discretionary client accounts may choose to accept only our investment recommendations and maintain control over the investment decisions, or you could require that we receive approval from you prior to executing a recommended investment transaction.

## Item 17: Voting *Client Securities* (i.e., Proxy Voting)

We have authority and responsibility to vote proxies, related to the corporate issuers of securities in which client's assets are invested, for all accounts governed by the Employee Retirement Income Security Act (ERISA), unless the Plan Sponsor has specifically assigned, in writing, another authority to take on those duties. For all other clients, we do not have authority and responsibility to vote proxies with respect to issuers of securities in which the client's assets may be invested, unless the client has specifically authorized and instructed us in writing to do so.

For each client for whom we have authority and responsibility to vote proxies, we have engaged the firms of Glass Lewis and Broadridge to make voting recommendations and manage the voting process. Our general policy is to follow the voting recommendations of Glass Lewis. A summary of Glass Lewis' proxy voting policy can be found at:

<http://www.glasslewis.com/solutions/proxypaper.php>.

On rare occasions, a particular proxy vote may pose a conflict of interest between the interests of Logan Capital and our clients. Our policy of generally following Glass Lewis' recommendations minimizes any potential conflict. Nonetheless, should we become aware of such a conflict, our Investment Committee will review our relationship to the issuer of the security. If we determine that an actual conflict exists, we will determine whether it is still appropriate to vote in accordance with Glass Lewis' recommendation or disclose the conflict to clients to give them the opportunity to vote the proxies themselves. Our client's may obtain information on our procedures and how their proxies were voted by contacting us directly.

If we do not have proxy voting authority for your account, your custodian will ensure that you are set up to receive proxy ballots and other solicitations at your designated address.

## Item 18: Financial Information

We do not have a financial condition that would impair our ability to meet contractual commitments to our clients and have never been the subject of a bankruptcy proceeding.



## LOGAN CAPITAL MANAGEMENT, INC.

### PRIVACY POLICIES

To protect your privacy and provide our clients with a broad range of financial products and services as efficiently as possible, we use technology to manage and maintain client information. We want you to understand what information we collect and how we use it.

#### Information We Collect

We may collect personally identifiable information about you from the following sources:

- \* Information we receive from you on applications or other account forms;
- \* Information about your transactions with us, our affiliates or others;
- \* Information we receive from outside sources such as your financial consultant;
- \* Information obtained electronically, such as from our Website.

#### Information We Disclose

We do not disclose any confidential information about our clients or former clients to anyone, unless:

- \* such disclosure is required or permitted by law, statute or regulation;
- \* such disclosure to service or information providers is required in order to deliver our products and services to our clients. (e.g., custodians, transacting brokers, etc.)

For example, we use information to administer your accounts with us through such activities as sending you transaction confirmation, quarterly reports and tax forms.

#### Our Security Procedures

We take steps to safeguard customer information. We restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. We also maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information. Special measures, such as data encryption and authentication, are in effect to protect your communications with us on our Website at [www.logancapital.com](http://www.logancapital.com).

Should you need any further information please feel free to contact Stephen Lee at 800.215.1100 or via email at [sslee@loancapital.com](mailto:sslee@loancapital.com).

Privacy policy [034asslee@logancapital.com](mailto:034asslee@logancapital.com)