



SIX
COULTER
AVENUE

•
SUITE
2000

•
SUBURBAN
SQUARE

•
ARDMORE, PA
19003

•
800.215.1100

•
610.642.7100
(FAX)

LOGAN CAPITAL GARP: 4TH QUARTER 2009 REVIEW & A LOOK AHEAD^(A)

To remember how unpredictable the stock market was last year, just take a look back at the month of January 2009. On the first day of trading last year, the Dow Jones Industrial Average rose 258 points (2.9%) to 9034. Four short weeks later, the Dow had fallen almost 9% for the month – and the low point for the year was still some five weeks away.

In an effort to revive the economy and calm the markets, the Obama administration and congress passed a stimulus package. This package – coupled with the TARP program, Cash-for-Clunkers and other government programs – was part of a concerted effort by the U.S. and other governments around the world to prevent further damage to the global economy. As the winter progressed, economic data continued to deteriorate from 2008 levels as housing starts for the month of January fell 17 percent to their lowest level in fifty years. Credit markets continued to be very tight, limiting the potential for the economy to begin mending itself. Psychology on Wall Street and on Main Street was abysmal as investors, who had just suffered brutal losses in the fall of 2008, were now faced with additional losses that would exceed 20% before the market low point on March 9, 2009. In the early weeks of March, Bernie Madoff was sentenced to jail for running the largest Ponzi scheme in history. With the benefit of hindsight, it seems that market bottoms occur when the government has to come to the rescue and somebody goes to jail.

Just as things seemed bleakest, there were hints of an upturn. Companies started to buy one another – Merck bought Schering-Plough and Dow Chemical, after some false starts, completed

the purchase of Rohm&Haas. The IPO market started to improve with some successful new offerings and commodity prices began to rise, indicating that world economies were beginning to revive.

Despite widely voiced fears, the government stress tests on the banking system did not hurt the banks as much as some investors had feared. In fact, it's now apparent that this government intervention did much to stabilize the financial industry. In addition, the mark-to-market accounting rules were revised to give the banks more discretion on how they valued difficult-to-market assets. It is debatable whether this presents a true value of what some assets are worth with valid arguments made for both points of view. However, the government's actions provided enough confidence to get the markets moving again and the major stock market averages began their remarkable ascent which would continue through the end of the year.

In July, the Dow Jones Industrial average moved into positive territory and new home prices in major U.S. cities had their first monthly rise in three years. We also saw in the summer a rise in auto sales as the cash-for-clunkers program jump started sales. These developments, along with other good economic news, led to very strong market returns off of the lows in March.

With daily reminders from the media that September and October are historically bad for equities, investors were nervous with the coming of fall. This was understandable considering the equity market debacle in the fall of 2008. Logan's GARP portfolio and the S&P 500 both started

^(A) GARP results discussed herein should be read in conjunction with the attached performance and disclosures.

off 4Q09 with weak performance in October, but as the quarter progressed, the market rallied in the face of improving economic data and company earnings reports.

As we had forecast, the economy registered a positive GDP number for the third quarter – much earlier than most people predicted earlier in the year. Despite the positive events, the economy still has to deal with the fallout from the financial problems encountered in 2008. As a consequence of the government programs to stabilize the economy, the U.S. is looking at a large budget deficit which could result in higher taxes in the future.

All things considered, the year turned out very well for equity investors. Logan's GARP portfolio not only outperformed the S&P 500, it also had its best calendar year performance since the mid-1990s.

That being said, what does 2010 have in store? The reality is that nobody really knows for sure. If you had projected last January that the S&P 500 would be up 26% in 2009, people would have wondered if you had been out in the sun too long. At this point, all one can do is look at economic data, market trends and historical relationships to attempt to predict what will happen in the short run.

Currently, the data supports our notion that the U.S. economy continues to be in recovery mode as

evidenced by strengthening GDP and falling new claims for unemployment compensation. We expect Total Unemployment numbers to peak in the first half of the year, leading to increasing confidence by consumers. The bond market is also anticipating a stronger economy as the spread between short and long-term rates is very wide on a historic basis. The economy has begun to recover, but we still have not yet seen the consumer participate to the extent that they have in the past, due to credit constraints and doubts over the sustainability of the recovery. As unemployment trends improve, we should see the impact of pent-up demand as people begin to purchase items that they deferred buying earlier due to economic uncertainty. This should continue to move the economy forward.

We have just witnessed one of the toughest 10-year periods in history for the equity markets. If history is an accurate guide, the coming decade should be a rewarding one for investors. In order to capitalize on this, we believe it is essential to focus on high quality companies with excellent management teams which will outperform their competitors. We also strive to purchase stocks in those companies that are at attractive valuation levels. There is no doubt that the U.S. faces challenges in the coming decade, but it is apparent – as the last year has shown – that when problems occur, we rise to the challenge and find solutions.

Logan Capital Management, Inc.

Performance Results: Logan GARP (Nontaxable) Composite
December 31, 1997 through December 31, 2009

Year	Total Return Net of Fees (%)	Total Return Gross of Fees (%)	Russell 1000 Growth (%)	S&P 500 (%)	Number of Accounts	Composite Dispersion Gross of Fees (%)	Assets in Composite (\$millions)	% of Firm Assets*	Logan Firm Assets (\$millions)*	McHugh Firm Assets (\$millions)
2009	32.34%	32.79%	37.20%	26.47%	6	0.64%	\$32.01	2.1%	\$1,539	\$0
2008	-40.78%	-40.50%	-38.44%	-36.99%	7	0.36%	\$27.00	27.6%	\$1,240	\$98
2007	7.43%	7.96%	11.82%	5.50%	24	0.40%	\$221.00	48.5%	\$1,658	\$456
2006	1.61%	2.12%	9.09%	15.80%	34	0.47%	\$358.00	46.6%	\$1,333	\$768
2005	1.09%	1.61%	5.26%	4.91%	72	0.64%	\$563.00	43.2%	\$1,123	\$1,303
2004	6.02%	6.58%	6.30%	10.87%	85	0.70%	\$630.00	41.5%	\$1,066	\$1,517
2003	21.44%	22.08%	29.75%	28.69%	78	1.98%	\$536.00	41.0%	\$1,006	\$1,307
2002	-21.35%	-20.96%	-27.89%	-22.11%	64	1.60%	\$331.00	35.7%	\$861	\$926
2001	-8.48%	-8.10%	-20.42%	-11.89%	53	1.35%	\$356.00	38.0%	\$912	\$936
2000	8.69%	9.20%	-22.43%	-9.11%	42	3.39%	\$309.00	34.8%	\$1,027	\$887
1999	13.44%	13.91%	33.16%	21.05%	43	2.41%	\$322.00	39.8%	\$873	\$810
1998	24.27%	24.67%	38.71%	28.58%	39	4.90%	\$272.00	26.2%	\$648	\$1,037

* Percent of firm assets based on McHugh assets up until 12/31/08; starting 3/31/09 percent of firm assets based on Logan assets
Please reference the performance disclosure below.

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 1000 Growth	S&P 500
Annualized Returns (as of 12/31/09)				
1 Year	32.34%	32.79%	37.20%	26.47%
3 Years	-5.58%	-5.16%	-1.89%	-5.62%
5 Years	-2.86%	-2.41%	1.63%	0.42%
10 Years	-1.37%	-0.90%	-3.99%	-0.95%
Since Inception†	1.73%	2.19%	1.74%	2.93%

† Inception 12/31/1997

Please reference the performance disclosure below.

Logan GARP (Nontaxable) Composite contains fully discretionary large cap growth equity accounts. For comparison purposes the composite is measured against the Russell 1000 Growth index. The minimum account size for this composite is \$1 million.

Logan Capital Management, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Logan Capital Management, Inc. is a privately owned registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule is as follows: 80 basis points on the first \$25 million, 70 basis points on the next \$25 million, 50 basis points on the next \$25 million and 45 basis points on the \$25 million thereafter. The investment advisory fees charged for accounts whose market value exceeds \$100 million are negotiable. Accounts under \$10 million will be charged a flat 1.00% per annum. Actual investment advisory fees incurred by clients may vary.

The Logan GARP (Nontaxable) Composite was created December 31, 1997. *Effective August 1, 2000, Logan Capital Management, Inc. acquired the investment advisory accounts of Berwind Investment Management, L.P., and no material change in personnel responsible for the investment management process occurred.

Logan Capital Management, Inc.'s compliance with the GIPS standards has been verified for the period April 1, 1994 through December 31, 2007 by Ashland Partners & Company LLP. A copy of the verification report is available upon request.