



LOGAN CONCENTRATED VALUE (“LCV”): 4TH QUARTER REVIEW^(a)

LCV had an excellent year in 2011 in absolute terms and had its best year ever in terms of relative performance versus its benchmarks. Specifically, the LCV composite registered a return of 19.7% for 2011, approximately 19% ahead of the benchmark Russell Large Cap 200 Value and Russell 1000 Value indexes, which were up just 1.1% and 0.4%, respectively. The fourth quarter concluded a year in which LCV outperformed its benchmarks in every quarter. For the final quarter, the LCV composite was up 14.7% versus 13.0% and 13.1%, respectively, for the benchmarks. As shown in the table below, LCV has outperformed both in the short and long term, including the 16 year period since inception beginning December 31, 1995.

However, our discipline is to take a bottom-up approach to investing and not react to unexpected external events or on predictions about the economy (looking back to predictions made last January from some prominent market forecasters, the commonality is that most were well off the mark). Had we deviated from our disciplined approach in 2011, we can almost guarantee our results would have been materially worse. Indeed, in a world where information is now a commodity on the internet, an investor’s real competitive advantage is being able to ignore short term market swings and the daily news and focus on the long term. We believe that is one of the reasons LCV has performed so well over time.

	Annualized Returns (through 12/31/11)				
	1 Year	3 Years	5 Years	10 Years	Since Inception*
LCV (Gross)	19.7%	14.2%	3.0%	5.9%	9.0%
Russell 200 Value	1.1%	9.0%	-3.7%	2.3%	6.2%
Russell 1000 Value	0.4%	11.6%	-2.6%	3.9%	7.2%
S&P 500	2.1%	14.1%	-0.2%	2.9%	6.5%

*LCV inception 12/31/95

People often ask us what we expect the market will do over the next quarter, six months, year, etc. Our response is always the same - “we don’t know.” Results like those of 2011 illustrate why we say that and why our investors are best served by that acknowledgement. Specifically, we had no idea in January 2011 what the continuing saga of the sovereign debt crisis in Europe would hold, or that there would be a downgrade of U.S. debt, or that there would be an “Arab Spring” whose outcomes would increase uncertainty about the future of the Middle-East, or that the economy would continue to limp along. Had we known ahead of time that all those events would occur, we likely would have forecasted that markets would have dismal results and that LCV’s results would likely be better than the market’s, but still less than exciting.

Portfolio Review

LCV had an excellent fourth quarter with half the stocks in the portfolio registering gains of 15% or more. The three biggest gainers were Philip Morris (+27.0%), Royal Dutch (+23.9%) and Pfizer (+23.5%). Philip Morris reported another excellent quarter, handily exceeding analysts’ earnings estimates. Moreover, management continues to accommodate shareholders through increasing dividend payments and share repurchases. Since Philip Morris and Altria separated in 2008, Philip Morris has increased its dividend rate 67% and has repurchased almost 20% of its stock – both dramatic figures which have driven the stock up about 60% in that time frame compared to a 5% decline in the S&P 500.

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

SIX
COULTER
AVENUE

SUITE
2000

SUBURBAN
SQUARE

ARDMORE, PA
19003

800.215.1100

610.642.7100
(FAX)

Royal Dutch also reported solid results that were above expectations. Looking forward, several of the Company's major projects are just beginning to take hold and should enable consistent production growth over the next several years – a key metric for energy companies. With a very conservative balance sheet (net debt-to-capital is about 10%) and growing cash flow, we would expect the dividend to grow over time as well. As of year-end, the stock had an attractive dividend yield of 4.4%.

Like Philip Morris and Royal Dutch, Pfizer reported a strong third quarter with sales and earnings meaningfully ahead of expectations. The Company also raised the dividend 10% (at year-end the dividend yield was 4.1%) and authorized an additional \$10 billion of share repurchases (representing almost 6% of the Company's outstanding shares) after already having repurchased \$5.8 billion of stock in the nine months through September 30, 2011. Over the past several years, investors have wondered what would happen when Pfizer's patent on Lipitor (the world's best selling drug) expired in 2011. Now that the Company is past that point, it appears earnings will be able to grow off the 2011 base while cash flow generation will be enormous. Given that new management has shown its willingness to return a substantial portion of cash flow to investors, the stock's valuation is beginning to benefit.

Year-End Rebalancing

During the year-end rebalancing, Verizon and Kraft were sold out of the model portfolio and replaced with AT&T and DuPont. Verizon has been in the model portfolio since 2004 and has modestly outpaced the value benchmarks over that time. Verizon's very strong relative performance versus AT&T over the last two years (Verizon was up almost 30% over that time period compared to AT&T which was up 6%) was the catalyst for the sale. Stated differently, AT&T's valuation became substantially more compelling relative to Verizon. For example, AT&T's dividend yield was 80 basis points higher than Verizon's at year-end and it sold at a 22% discount to Verizon's expected PE based on 2012 earnings. While Verizon is arguably in a better competitive position currently than AT&T, we believe the difference in valuation more than compensates for that. In addition, AT&T's failed attempt to acquire T-Mobile was obviously a disappointment, but we believe the drag it exerted on the stock resulted in

AT&T being priced attractively, even without the benefit of T-Mobile. We would note that the several billion dollar payout AT&T was required to pay Deutsche Telecom (T-Mobile's parent) as a result of the failed merger works out to less than \$1 per AT&T share. At year-end, AT&T sold a 13X PE based on 2012 earnings and had a dividend yield of 5.8%. Moreover, the Company notes it has increased its dividend annually for 28 years. Given this profile, we believe the stock will prove a rewarding investment over time.

Since Kraft was purchased in the June 2009 rebalance, it has performed very well – returning almost 50% compared to the S&P 500 and value benchmarks which were up approximately 37% over that time. One consequence of Kraft's stock price appreciation has been a decline in its dividend yield from 4.5% to 3.0%. As a result, it was sold and replaced with DuPont which had a dividend yield of 3.6% at year-end.

DuPont is one of the world's largest chemical companies with foreign sales comprising over 60% of total revenues. The company is organized into six segments: (1) Agriculture & Nutrition (27% of sales, 30% pre-tax operating income) includes Pioneer Hi-Bred (the world's largest seed company including corn and soybeans), crop protection chemicals, and food ingredients (which was bolstered by DuPont's recent \$6.3 billion acquisition of Danisco); (2) Performance Chemicals (23%, 35%) is the world's largest maker of titanium dioxide pigments used in coatings and paper and a leading producer of fluorochemicals (e.g., refrigerants, aerosols) and specialty chemicals (3) Electronics and Communications (8%, 6%) includes electronic, advanced display and photovoltaic materials and products; (4) Performance Coatings (13%, 4%) is one of the world's largest global auto paints suppliers, and provides liquid and powder coatings for industrial applications; (5) Performance Materials (18%, 16%) produces engineering polymers and elastomers for auto, electrical, consumer and industrial uses, and packaging and industrial polymers and films; (6) Safety and Protection (11%, 9%) consists of Kevlar and Nomex aramid fibers and Tyvek nonwovens for industrial, construction, packaging, auto, military and personal safety uses, and the manufacture of solid surfaces like Corian products.

In 2009, Ellen Kullman became CEO and she has sought

to steer the company towards less cyclical end markets like Agriculture and Nutrition and to the development of new products. For example, 40% of DuPont's sales in 2011 came from products introduced since 2008 and 75% of capital expenditures are targeted to growth areas. In addition, management aims to have 40% of total sales derived from faster growing emerging markets by 2015, up from 33% currently. DuPont's diverse product base presents both positives and negatives. On the positive side, it shields the Company from any single sector impacting overall results in an outsized way. On the negative side, it leaves the Company sensitive to the general economic trends of the world economy. In that regard, management recently lowered its fourth quarter earnings guidance as a result of softness in several markets. Obviously, this is a risk going forward, but the Company's dividend payout ratio is relatively conservative, and management never altered the dividend during the very difficult economic period in 2008 and 2009. The dividend yield on the stock at year-end was 3.6% and the PE on expected 2012 earnings was a modest 10.9X. Though earnings could be affected by an economic slowdown, we believe the Company has the capacity to generate noticeably higher earnings in a better environment. Paying a conservative price for the stock now for that opportunity seems reasonable to us.

Outlook and Conclusion

Investors today are frustrated with and worried about the increased volatility in financial markets. In a recent report, Bloomberg noted that since April 2011, the S&P 500 moved 1.9% per day on average, more than three times the 50-year average of .6% before the collapse of Lehman Brothers in 2008. Moreover, in 2011 U.S. investors were faced with a market that started out the year by advancing 8.4% through April (as measured by the S&P 500), only to fall 19% through early October, and then rise again 14.5% to finish out the year with a modest total return of 2.1%. Indeed, the S&P 500 index had its smallest annual change since 1947. All this has made many investors weary. While some traders may have been able to navigate that obstacle course profitably last year, we suspect many people who did not adhere to a consistent philosophy likely found themselves adding to their equities in the Spring as stocks were going up and selling stocks in the Fall as equities were bottoming out. Buying high and selling low is not typically a successful investment strategy, yet that behavior is completely understandable on an emotional level. However, that

emotion is perhaps the single biggest enemy investors confront in their quest to compound their capital.

As we look forward to 2012, uncertainty is perhaps the only thing we are certain of. For example, in a presidential election year, it is hard to expect meaningful progress being made on the U.S. budget deficit or meaningful changes being made to tax policy that would benefit the economy. While the U.S. economy has shown some improvement in terms of GDP growth and employment, those improvements have not been at levels that would signify much more than a middling economy. In Europe, it appears the world's central banks have made a decision to try and prevent that region's problems from turning into a liquidity crisis, but at the end of the day, the European Union's problems relate to solvency and it remains to be seen if individual governments will be able to stay on paths that lead to consistent fiscal improvement. And of course, the Middle East is completely unpredictable. Clearly, in Iran and other countries the potential exists for flare-ups that could lead to higher energy prices. Having said all of the above, the lesson of the past year is that prudent investors should adhere to an intelligent strategy and stay the course.

We believe LCV provides a prudent roadmap for a world full of uncertainty and risk. The dividend yield on the portfolio at December 31st was 4.0%, and we expect most of the stocks we invest in to raise their dividends periodically (five companies in the portfolio raised their dividends in the fourth quarter). With a high and growing income stream, and a modest PE (the portfolio's PE at year-end was 11.1X estimated 2012 EPS), we believe LCV remains a very attractive investment alternative.

As always, please call or e-mail us if you have any questions.

Sincerely yours,



Richard E. Buchwald

rebuchwald@logancapital.com



Marvin I. Kline

mikline@logancapital.com

Logan Capital Management, Inc.
Performance Results: LCV Composite
October 1, 2009 through December 31, 2011

Year	Total Return Net of Fees (%)	Total Return Gross of Fees (%)	Russell 200 Value (%)	Russell 1000 Value (%)	Number of Accounts	Composite Dispersion Gross of Fees (%)	Composite 3-Yr Std Dev (%)	Russell 200 Value 3-Yr Std Dev (%)	Composite 3- Yr Sharpe Ratio (%)	Assets in Composite (\$millions)	% of Firm Assets	Firm Assets (\$millions)
YTD 2011	18.7%	19.7%	1.1%	0.4%	46	0.3%	18.2%	20.1%	0.8%	\$11.0	0.6%	\$1,873
2010	12.5%	13.5%	11.7%	15.5%	30	0.4%	19.8%	22.0%	-0.1%	\$5.8	0.3%	\$1,769
2009	8.5%	9.5%	14.6%	19.7%	23	0.3%	17.9%	20.1%	-0.4%	\$6.0	0.4%	\$1,539
2008	-22.9%	-22.3%	-36.1%	-36.8%	24	0.6%	11.7%	14.5%	-0.4%	\$6.3	0.5%	\$1,240
2007	-0.6%	0.3%	0.2%	-0.2%	34	0.3%	7.3%	8.1%	0.5%	\$10.8	0.7%	\$1,658
2006	23.9%	24.8%	23.0%	22.2%	34	0.4%	6.8%	6.4%	1.3%	\$10.6	0.8%	\$1,333
2005	-0.4%	0.4%	4.6%	7.1%	41	0.3%	10.2%	9.3%	0.8%	\$20.1	1.8%	\$1,123
2004	11.4%	12.1%	13.3%	16.5%	61	0.3%	15.0%	15.4%	0.4%	\$32.7	3.1%	\$1,066
2003	19.2%	20.0%	26.8%	30.0%	83	0.5%	15.4%	16.6%	0.1%	\$45.2	4.5%	\$1,006
2002	-10.0%	-9.4%	-18.0%	-15.5%	70	0.3%	18.3%	17.6%	-0.2%	\$34.0	4.0%	\$861
2001	-0.8%	-0.2%	-8.8%	-5.6%	71	0.4%	17.0%	15.1%	-0.2%	\$35.8	3.9%	\$912
2000	8.9%	9.6%	2.3%	7.0%	58	1.1%	18.7%	17.9%	0.3%	\$28.2	2.7%	\$1,027
1999	-4.5%	-3.8%	10.9%	7.3%	95	0.8%	14.9%	16.6%	1.0%	\$32.0	3.4%	\$873
1998	28.0%	29.0%	21.2%	15.6%	34	0.7%	11.9%	15.6%	2.0%	\$13.0	1.8%	\$648
1997	37.6%	38.8%	35.5%	35.2%	19	0.6%				\$4.4	0.8%	\$512
1996	17.4%	18.6%	22.3%	21.6%	3	N.M.				\$0.5	0.2%	\$276

n/m - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

N/A - Not Applicable as available data is less than a year.

Please reference the performance disclosure below.

Year	Total Return Net of Fees	Total Return Gross of Fees	Russell 200 Value	Russell 1000 Value
Annualized Returns (as of 12/31/11)				
1 Year	18.7%	19.7%	1.1%	0.4%
3 Years	13.2%	14.2%	9.0%	11.5%
5 Years	2.1%	3.0%	-3.7%	-2.6%
10 Years	5.1%	5.9%	2.3%	3.9%
Since Inception†	8.1%	9.0%	6.2%	7.2%

† Inception 12/31/1995

Please reference the performance disclosure below.

Logan Concentrated Value (LCV) Composite contains fully discretionary large cap value equity accounts, measured against the Russell 1000 Value and Russell 200 Value benchmarks. The strategy invests in 10-12 very large cap stocks with strong balance sheets, strong cash flows and relatively high dividend yields. ADR's may be included in the portfolio (generally less than 20%). Turnover is typically 30-50% annually. Only accounts paying commission fees are included. No minimum account size for this composite.

Logan Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Logan Capital Management, Inc. has been independently verified for the periods April 1, 1994 through June 30, 2011 by Ashland Partners & Company LLP. A copy of the verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite disclosure presentation.

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 valuing portfolios, calculating performance, and preparing compliant presentations are 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 Concentrated Value (LCV) Commission Composite was created August 1, 2000. Performance presented prior to August 1, 2000 represents that of Berwind Investment Management, L.P.