

# SMid Core Opportunity Strategy<sup>1</sup>

**STRATEGY:** Our investment premise is that market inefficiencies exist between fixed income and equity valuation techniques. We seek to uncover these inefficiencies, and identify equity investment opportunities in publicly traded stocks of U.S. small and mid capitalization companies in order to pursue long term capital appreciation.

**APPROACH:** We employ a combination of formal quantitative screening followed by bottom up fundamental analysis, unconstrained by style, that results in a high conviction, go anywhere strategy.

**BENEFIT:** The strategy is opportunistic and unconstrained by style, providing management flexibility to focus on securities and industries that are often under researched and believed poised to experience earnings growth.

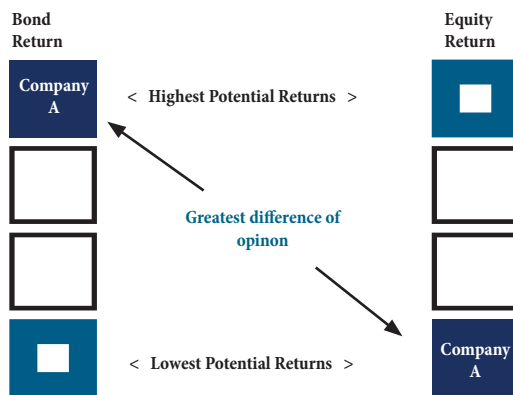
## Company Snapshot as of 3/31/2021

Company Assets	\$17.2 b
Founded	1985

Investment Committee	Company Tenure
John Beaver, CFA Committee Chair	2002
Matt Lagan, CFA	2003
John Fitzgerald, CFA	2002
Brian Guild	2000

## Screening for Outliers

Identifying market inefficiencies between fixed income and equity valuations.



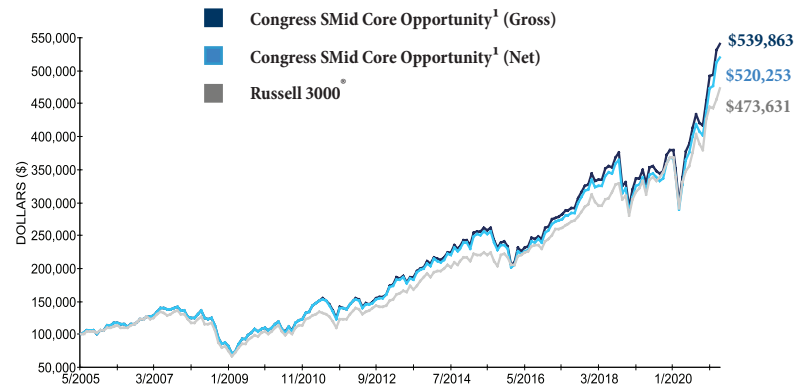
## Average Annualized Performance % as of 3/31/2021

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 5/31/2005
SMid Core Opportunity <sup>1</sup> - Gross	9.9	9.9	80.7	17.3	18.5	13.8	11.2
SMid Core Opportunity <sup>1</sup> - Net	9.8	9.8	80.2	16.9	18.1	13.4	11.0
Russell 3000 <sup>2</sup>	6.4	6.4	62.5	17.1	16.6	13.8	10.3

<sup>2</sup> Characteristics as of 3/31/2021	SMid Core Opportunity <sup>1</sup>	Russell 3000 Index <sup>2</sup>
Total Assets	\$207 mm	-
Number of Equity Holdings	24	3,079
Wtd. Average Market Cap	\$30.0 b	\$388.6 b
YTD Turnover %	--	-
Active Share %	98.5	-
P/E - Trailing 12 Months	38.3x	25.5x
Price/Book	6.3x	4.1x
Yield %	0.38	1.34

Risk Return since inception	SMid Core Opportunity <sup>1</sup>	Russell 3000 Index <sup>2</sup>
Standard Deviation %	17.26	15.34
Beta	1.05	1.00
Sharpe Ratio	0.58	0.60
Alpha	0.66	-
Upside Capture	107.0	100.0
Downside Capture	103.2	100.0

## Growth of \$100,000 5/31/2005 through 3/31/2021



## This information is supplemental to the GIPS Composite Report

<sup>1</sup>Prior to March 31, 2018, the Portfolio was known as the Congress All Cap Opportunity Strategy.

Performance is preliminary and subject to change

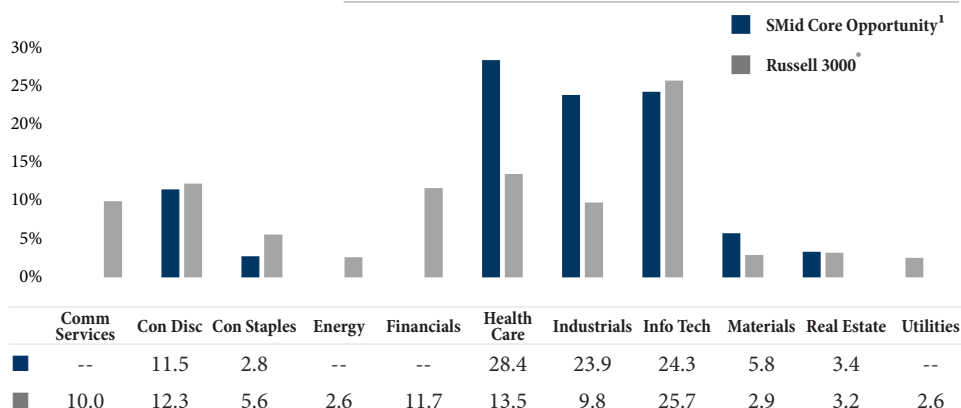
Information is as of 3/31/2021. Sources: Congress Asset Management, FactSet, Russell Investments and Informa Investment Solutions. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings throughout this presentation are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. Past performance does not guarantee future results. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. Performance returns of less than one year are not annualized. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. <sup>2</sup>The information shown is for a representative account as of 3/31/2021. Actual client account holdings and sector allocations may vary.

Top Ten Holdings<sup>2</sup> % as of 3/31/2021

R1 RCM Inc	5.8
Summit Materials, Inc. Class A	5.7
United Rentals, Inc.	5.7
Broadcom Inc.	5.3
Autodesk, Inc.	5.2
SPS Commerce, Inc.	5.0
Churchill Downs Incorporated	4.9
Fortinet, Inc.	4.8
Canadian Pacific Railway Limited	4.7
Penumbra, Inc.	4.6

**Total:** 51.8

GICS Sector Allocation<sup>2</sup> % ex Cash as of 3/31/2021



**Definitions** Russell 3000 Index<sup>\*</sup> is composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio of Securities represents approximately 98% of the investable U.S. equity market. Standard Deviation measures historical volatility Beta measures the volatility of a portfolio in comparison to an index Sharpe Ratio uses standard deviation and excess return to determine reward per unit of risk Alpha compares the risk-adjusted performance of a portfolio to an index Upside Capture Ratio measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark Downside Capture Ratio is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark.

<sup>2</sup>The information shown is for a representative account as of 3/31/2021. Actual client account holdings and sector allocations may vary.

Congress Asset Management Co. SMid Core Opportunity 1/1/2010 - 12/31/2019

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Russell 3000 Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell 3000 3-Yr annualized ex-post St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period (\$ millions)	Total Firm Discretionary Assets End of Period (\$ millions)	Total Firm Assets End of Period # (\$ millions)
2019	29.3	28.9	31.0	15.0	12.2	199	1.19	104	8,445	12,528
2018	-10.2	-10.5	-5.2	16.3	11.2	224	0.80	85	7,102	10,234
2017	24.0	23.6	21.1	13.9	10.1	254	1.50	135	7,272	10,546
2016	12.9	12.5	12.7	14.4	10.9	256	1.67	123	5,693	8,139
2015	-3.5	-3.8	0.5	12.0	10.6	76	1.40	70	5,941	7,094
2014	15.1	14.7	12.6	10.7	9.3	71	0.96	82	6,328	7,449
2013	30.9	30.4	33.6	14.8	12.5	69	0.73	75	6,489	7,467
2012	16.2	15.8	16.4	17.5	15.7	52	0.46	46	6,755	7,498
2011	4.8	4.5	1.0	21.4	19.3	36	n/a	30	6,329	7,014
2010	19.9	19.5	16.9			≤5	n/a	3	6,416	6,678

#The "Total Firm Assets" column is provided as supplemental information and also includes unified managed account (UMA) assets

Congress Asset Management claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Congress Asset Management has been independently verified for the periods 1/1/96 – 12/31/19. 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. The SMid Core Opportunity Composite has been examined for the periods 4/1/13 – 12/31/18. The verification and performance examination reports are available upon request.

**Firm Information:** Congress Asset Management Co. (CAM) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Registration does not imply a certain level of skill or training. CAM manages a variety of public equity, private equity, fixed income and ETF managed portfolios for private and institutional clients. CAM acquired Prelude Asset Management, LLC on March 15, 2010. CAM merged with Congress Capital Partners, LLP on June 30, 2015. CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017.

**Composite Characteristics:** The SMid Core Opportunity Composite was created on December 31, 2005 and has an inception date of May 31, 2005. This inception date reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. As of March 1, 2018 the All Cap Opportunity Composite was renamed the SMid Core Opportunity composite. The composite

includes all fully discretionary accounts with a value over \$100 thousand (US dollars) managed in the SMid core opportunity style for a minimum of one full month. The SMid core opportunity strategy's investment premise is that market efficiencies exist between fixed income and equity valuation techniques. We seek to uncover these efficiencies, and identify equity investment opportunities in order to pursue long term capital appreciation. We employ a combination of formal quantitative screening followed by bottom up fundamental analysis. We focus on stocks with market capitalizations between \$300 million and \$40 billion (at the time of purchase). The strategy is opportunistic, providing management flexibility to focus on securities and industries that are often under researched and we believe poised to experience earning growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was \$500 thousand (US dollars). The composite benchmark is the Russell 3000 Index. Effective January 1, 2009 the SMid Core Opportunity benchmark was changed retroactively from the S&P 500 Index to the Russell 3000 Index due to closer correlation of returns and market cap allocation. The benchmark returns are not covered by the report of independent verifiers. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The % of the composite represented by non-fee paying accounts at annual period end was 100% 2005-2008. A complete list and description of all firm composites is available upon request.

**Calculation Methodology:** Valuations and returns are computed and stated in U.S. dollars. Monthly composite performance is calculated as an asset-weighted return using the aggregate method. This method aggregates market values and cash flows for all accounts and treats the composite as if it were one account. Monthly composite returns are geometrically linked to produce a time-weighted annual return. Beginning June 1, 2015 the composite is valued daily. Prior to that date, the composite was re-valued on each date that a cash flow exceeded 10% of the total market value of the composite. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated using actual management fees. From inception until mid-2009 the SMid Core Opportunity Composite included one non-fee paying account (which was the only account in the composite). The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for fixed income and equity securities are included in calculations. Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not presented for 2010 as it is not required for periods prior to 2011.

**Fee Schedule:** The firms' individual account fee schedule is as follows: 1.00% for first \$1 million, 0.80% for next \$4 million, 0.60% for next \$5 million. Management fees for individual accounts with assets under management exceeding \$10 million, and for institutional accounts are negotiated. The individual account fee schedule may be subject to negotiation where circumstances warrant. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross account performance. For example, an account earning a 10% annual gross return with a 1% annual fee deducted quarterly would earn an 8.9% annual net return due to compounding.

**Other Disclosures:** Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.