CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

1Q 2022

Balanced Strategy

Market Environment

We are entering a new economic era just two years after Covid began. Trends and practices espoused for decades such as globalization and lean manufacturing have lost their luster. Vestiges of the 1970's have returned to awaken dormant fears about energy prices and nuclear threats. Our digital economy is now facing analog threats - inflation, shortages, and war. The short-term effects are unnerving, but our economy retains momentum.

Investors are grappling with repercussions of an unjust war in Ukraine and an economy experiencing a rash of recent "high-water mark" readings in metrics long dismissed as fleeting, such as inflation and energy prices. This is not the 1970's, however. Our economy is more efficient and stronger. By and large, companies are better at adapting to new challenges. Entrepreneurship blossomed over the past two years. Still, the economic outlook is murkier than it was last year.

The uncertainty was reflected during the first quarter's price action for both stocks and bonds. The S&P 500 gyrated throughout the quarter, rallying in late March to close down over 4% for the period. Interest rates as measured by the U.S. Treasury 10–year note rose to 2.4%, driving bond prices down.

Performance Summary

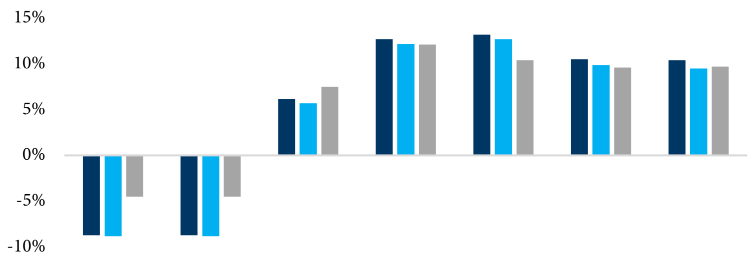
The Congress Balanced Portfolio ("The Portfolio") returned -8.7% (gross of fees) during the quarter, while the Portfolio's blended index, 60% S&P 500 / 40% Bloomberg Barclays Intermediate Government/Credit Index ("The Index") returned -4.5%.

Portfolio Discussion

Financial markets are largely dependent on an extremely complex growth/inflation paradigm. While the domestic economy can likely withstand the Federal Reserve's attempts to tame inflation, detrimental effects of inflation compound over time and can damage an economy's foundation. Economic data will dictate the Federal Reserve's course of action to support its dual mandate of managing growth and employment, resulting in a period of heightened volatility. By increasing bond exposure, volatility should be tempered on the margin. Our 60% equity weighting reflects the view that corporate earnings should remain positive in 2022, but are likely to face more uncertainty as corporations grapple with cost increases and supply chain issues.

Given the dual goal of balanced accounts: growth and stability, we decreased equity exposure to 60%, and increased fixed income exposure to 40%.

Average Annualized Performance % as of 3/31/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Balanced (Gross)	-8.7	-8.7	6.2	12.7	13.2	10.5	10.4
Balanced (Net)	-8.8	-8.8	5.7	12.2	12.7	9.9	9.5
Benchmark[1]	-4.5	-4.5	7.5	12.1	10.4	9.6	9.7

[1]Blended Benchmark: 60% S&P500/40% Bloomberg Barclays US Intermediate Govt/Credit Index

Performance is preliminary and subject to change at any time.

Equity Sleeve

Pioneer Natural Resources Co., an independent oil and gas exploration and production company, was the top contributor during the quarter. The company reported better than expected results due to solid production rates. In addition, the board of directors increased the quarterly dividend by 25% and plans to pay a variable dividend in the first quarter, thereby returning 75% of the fourth quarter's free cash flow to shareholders. **Freeport-McMoRan, Inc.** is one of the world's largest producers of copper and a major producer of gold and molybdenum. The company is benefitting from strong demand, limited supply, and the broader inflationary environment. It also announced a variable dividend that would double the annual payout in 2022, along with a $3B stock repurchase plan. **S&P Global, Inc.** is a collection of four businesses that include one of the two key rating agencies, a top index platform, a small but growing desktop provider to financial markets, and Platts, a leading provider of information and benchmark prices for the commodities market. Following the completion of the merger with IHS Market, SPGI provided a better-than-expected outlook that included EBITA margin expansion, meaningful share repurchases, and high single-digit organic growth. **Caterpillar Inc.** is the world's leading manufacturer of construction and mining equipment. The company's quarterly results were mixed as strong sales were met with disappointing margins. The stock's outperformance coincided with the onset of the Russia/Ukraine war and the rise in commodity prices later in the quarter. The rise in oil prices will benefit CAT's energy customer base, while its agriculture and mining customers will need to invest to increase production outside of the war-torn region. **ServiceNow, Inc.** provides automated workflows for repeatable tasks to help customers save time and money and improve the client experience. The company reported excellent subscription revenue growth. In addition, new deals with transaction sizes over $1 million in net new annual contract revenue rose over 50%.

Intuit, Inc., the market leader in consumer and professional tax software, detracted the most during the quarter. The stock was negatively impacted by the shift in tax season revenues to later in the year and the lack of flow through to the company's full-year guidance after it issued strong guidance for its upcoming quarter. **Zoetis, Inc.** sells anti-infectives, vaccines, diagnostics, and other health care products for animals. ZTS generates most of its revenue from production animals (cattle, pigs, poultry, etc.) but also sells companion animal products (i.e., dogs, horses, cats). The stock, along with other high multiple names, underperformed in the quarter. However, as the largest producer of pet medicine, ZTS is well-positioned to benefit from the increasing number of household pets worldwide. **Sherwin-Williams Company** manufactures paint and coatings. Supply chain disruptions, rising cost inflation, and continued COVID-19 challenges will pressure margins in the near term. However, the company continues to benefit from positive overall housing trends. **Home Depot, Inc.** is the world's largest home improvement specialty retailer. While housing demand remains strong, the stock reflected concerns regarding the impact of inflation and rising interest rates on consumers. Consumer Discretionary was also the worst-performing sector, with many housing-related stocks significantly underperforming**. PayPal Holdings, Inc.** is an online payment platform that enables digital and mobile payments on behalf of consumers and merchants worldwide. Disappointing earnings guidance, increased headwinds, and a shift in strategy negatively impacted the stock's performance.

Top Equity Contributors[2]

Stock	Avg. Weight%	Contribution%
Pioneer Natural Resources Co.	3.33	0.98
Freeport-McMoRan, Inc.	2.83	0.47
S&P Global, Inc.	1.04	0.25
Caterpillar, Inc.	2.51	0.19
ServiceNow, Inc.	2.29	0.15

Top Equity Detractors/Contributors[2]

Stock	Avg. Weight%	Detraction%
Intuit, Inc.	3.11	-0.89
Zoetis, Inc. Class A	3.33	-0.83
Sherwin-Williams Company	2.34	-0.82
Home Depot, Inc.	2.61	-0.81
PayPal Holdings, Inc.	1.44	-0.73

Fixed Income Sleeve

A duration mismatch with the benchmark strengthened relative performance due to the upward shift in the yield curve. Security selection within U.S. Treasuries also aided relative performance as longer dated issues underperformed. However, security selection in Industrial sector corporate issues weakened relative performance as higher quality issues outperformed. Security selection in Financial sector corporate issues also weakened relative performance as higher quality issues outperformed.

Top Fixed Income Contributors[2]

Issue	Avg. Duration	Contribution%
U.S Treasury Jun-2022	0.37	0.00
U.S. Treasury Jan-2023	0.91	-0.03
U.S. Treasury Mar-2023	1.11	-0.03
U.S. Treasury Aug-2023	1.46	-0.05
U.S. Treasury Oct-2023	1.67	-0.06

Top Fixed Income Detractors/Contributors[2]

Issue	Avg. Duration	Detraction%
U.S. Treasury Nov-2025	3.57	-0.23
Comcast Corporation	5.63	-0.27
Unitedhealth Group Incorporated	8.12	-0.27
Bank Of America Corporation	5.24	-0.29
Intel Corporation	6.87	-0.31

Transactions

1Q 2022 Transaction Summary - Equity Sleeve

Sector Allocation Changes	Purchased	Sold
• Increase in Consumer Staples • Decrease in Communication Services	• ServiceNow, Inc. (NOW) - Information Technology • PepsiCo, Inc. (PEP) - Consumer Staples • O'Reilly Automotive, Inc. (ORLY) - Consumer Discretionary • Eli Lilly and Co. (LLY) - Health Care	• Dollar General Corp. (DG) - Consumer Discretionary • Meta Platforms, Inc. Class A (FB) - Communication Services • Thermo Fisher Scientific, Inc. (TMO) - Health Care • ANSYS, Inc. (ANSS) - Information Technology

1Q 2022 Transaction Summary - Fixed Income Sleeve

Purchased	Sold
• None	• None

Information is as of 3/31/2022. Sources: Congress Asset Management, Bloomberg Finance L.P., Barclays Investments, and FactSet Research Systems. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sector weightings and securities identified as top contributors and detractors 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. The securities identified do not represent all the securities purchased, sold or recommended to clients. For information regarding the methodology used to select these holdings or to obtain a list showing the contributions of every holding in the strategy's representative account, which we believe reflects the Congress Balanced's Composite to both a current and/or prospective client, please contact us at 1-800-234-4516. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. Past performance does not guarantee future results. Actual client account holdings and sector allocations may vary.

Manager Outlook

Equity Sleeve

Since 1998 and the Long-Term Capital Management hedge fund crisis, investors have become reliant on the Federal Reserve (Fed) to act aggressively to stabilize the markets. Then, the Fed obliged markets and employed quantitative easing for the first time in response to the Great Financial Crisis of 2008-2009. In that case, the Fed was successful in righting the ship, avoiding what could have been an outright depression.

The Fed's response to the onset of the pandemic in 2020 has largely been seen as successful. That recession, while very sharp, lasted less than two quarters. In hindsight, the Fed may have been too aggressive, or at a minimum did not react quickly enough when it was clear the economy was booming. Policy reversal is never an easy feat, as such timing and magnitude will be key components for the Fed going forward.

Inflationary pressures continue to rise on many fronts. Pandemic-induced supply constraints are not easing as much as hoped and have been further complicated by the war. Relief may be further delayed by China's staggered shut down of Shanghai, a city of 25 million people and a vital cog in global commerce. Employment costs continue to rise as a dearth of workers pressures employers of every stripe. Mortgage rates have risen to over 4.6%, making home ownership more expensive. Commodity prices have popped, led by oil and gas. Inflation now acts like a tax, forcing consumers to choose essentials over desires. Longer-term, inflation expectations can have a negative impact on psyche and sentiment.

Aside from inflation, Russia's attack on Ukraine is causing the world to reassess its priorities, with European nations threatened by proximity and trading ties. Europe had become reliant on Russia for much of its energy, importing vast amounts of natural gas out of expediency and to satisfy environmental goals. Regardless of the duration or outcome of Russia's war in Ukraine, Europe will need to shift its spending priorities. Spending on energy production and defense will increase. Europe's trading patterns will favor European and western allies that do not pose an existential threat to their existence.

The domestic impact of the Russian attack is far less stark. Russia's share of the global economy is about 3% and direct trade with the U.S. is inconsequential. Many U.S. companies ceased Russian activities early on. Instead, our most immediate financial challenges are domestic and revolve around inflation, interest rates, and consumer spending.

Inflation remains elevated, alarmingly so. Investors' confidence that the Fed can engineer a soft landing (a period of slower growth without a recession) while also lowering inflation, is being tested. The Fed has gradually become more "hawkish," forecasting more and larger hikes in the overnight lending rate. Yet, the Fed continued to purchase government bonds into March, expanding its balance sheet further and pumping even more cash into a strong economy. The Fed's current goal of damping inflation without causing a recession may be more difficult than the challenges offered by the pandemic or the Great Financial Crisis.

The Fed's forthcoming rate increases are unlikely to materially hinder domestic growth, at least in the intermediate term. The Omicron variant has passed for now and the shock of Russia's initial attacks on Ukraine has waned, restoring consumer confidence. Importantly, there are over 11 million job openings. As people return to the work force, they will find ample opportunities with good wages. Filling those jobs should help solidify growth, increase spending, and, perhaps, soften inflationary impacts.

The pandemic and related supply issues have laid bare the need for a renaissance in U.S. productive capacity. Supply chains need to shorten and inventory levels need to rise. While subtle, satisfying these needs will increase capital expenditures over the next few years. The housing market remains strong and the desire for hybrid work environments is forcing employers to upgrade technology systems and software.

Fortunately, funding for capital projects is ample and supportive of continued growth. Domestic commercial banks have $18 trillion in deposits, a record high, much of it available to loan. The corporate bond market is also vibrant, indicating companies' willingness to invest and investors' willingness to lend.

The economy can withstand the Fed's proposed rate hikes. How successful the Fed will be in containing inflation remains unknown. The deleterious effects of inflation compound over time and can weaken an economy's foundation to its core. By adopting a more aggressive tone, the Fed is implicitly acknowledging this risk.

In spite of the challenges, corporate earnings should increase about 10% in 2022. While not advancing at the heady pace of 2021, it should be enough to support stocks as the year progresses.

Fixed Income Sleeve

Performance for the year-to-date period has been negative. Rising yields have pushed down prices (yields move inversely to prices), dragging down returns for most instruments, save for the very short end of the curve. The negative impact of higher rates fell most heavily on longer dated issues across the bond spectrum.

Corporate bonds suffered more than U.S. Government guaranteed debt over the past three months on a total return basis. They were impacted by the increase in rates as well as the tepid increase in credit spreads. Lower quality paper underperformed higher quality as low-rated issues saw their credit spreads increase more than high-rated issues. In general, shorter maturity issues outperformed longer dated issues.

As we look ahead, we see no reason for the Fed to deviate from its pledge to raise interest rates. Within that strategic thrust, we expect tactical maneuvers to arise as they navigate the road ahead. The most likely scenario would be a hike of 50 basis points, instead of the now "normal" 25 basis points, if the Fed seeks to expedite the process. A least likely event would be a pause in hikes due a change in the global economy emanating from geopolitical causes or another sweeping wave of COVID-19 infections. Inflation must be addressed via monetary policy by the Fed if it is to be halted.

In the long run, the Fed's actions will mean higher yields in the future. The route to these higher yields may mean some near-term discomfort, but ultimately will lead to greater income for our clients. If credit spreads increase as we expect, Corporate bonds will look more attractive and would very likely be given a larger allocation in our clients' portfolios. That would supplement the yields on Government guaranteed issues and further boost the income stream provided by the portfolios.

For our clients' portfolios, we will maintain our high-quality bias within intermediate maturity bonds. Liquidity to date has not been an issue but we still are vigilant on that front. Current levels of credit spreads are not enticing, which means our weightings between Corporate bonds and U.S. Government guaranteed issues are highly unlikely to change. Most importantly the duration neutral positioning within the portfolios we manage will remain unchanged. The recent volatility and variability of interest rates has underscored the difficulty in accurately and repeatedly forecasting the path of future rates.

Congress Asset Management Co. Balanced Composite 1/1/2011 - 12/31/2020

Year	Total Return Gross of Fees%	Total Return Net of Fees%	60% S&P 500 40% BBUIGCI Blend Return % (dividends reinvested)	CAM Recomm. Allocation %	Composite Gross 3-Yr St Dev (%)	60% S&P 500 40% BBUIGCI Blend Return 3-Yr St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Advisory-Only Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2020	20.3	19.8	14.3	65/35	11.4	11.2	27	1.44	47	10,746	5,523	16,269
2019	24.5	23.9	21.3	65/35	7.6	7.1	26	1.66	44	8,445	4,083	12,528
2018	2.5	2.0	-2.0	65/35	7.0	6.3	21	0.67	32	7,102	3,132	10,234
2017	19.2	18.5	13.6	70/30	6.7	5.8	10	n/a	15	7,272	3,274	10,546
2016	4.7	4.0	8.1	70/30	7.3	6.3	6	n/a	7	5,693	2,445	8,139
2015	2.4	1.7	1.5	65/35	7.6	6.3	11	0.61	13	5,941	1,153	7,094
2014	8.0	7.3	9.4	65/35	7.1	5.5	15	0.77	20	6,328	1,121	7,449
2013	19.7	19.0	18.1	65/35	8.6	7.2	13	2.33	14	6,489	978	7,467
2012	9.2	8.6	11.1	65/35	9.9	8.8	18	0.42	23	6,755	743	7,498
2011	4.3	3.7	3.9	65/35	11.0	11.3	14	0.51	15	6,329	685	7,014

#The "Total Firm Assets" column includes unified managed account (UMA) assets

Congress Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) 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 – 12/31/20. The verification reports(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm Information: Congress Asset Management Co. (CAM) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers 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 Balanced Composite was created on January 1, 1993 and the inception date of the composite is January 1, 1985, which reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over $500 thousand (US dollars) managed with the recommended asset allocation between large cap equities and fixed income set by the Investment Policy Committee for a minimum of one full month. The current recommendation is a 65/35 allocation and accounts with allocations falling within 15% of the recommendation are eligible for composite inclusion. Accounts with wrap commissions are excluded from the composite. Prior to September 1, 2005 the composite did not include taxable accounts, private client accounts, or accounts with less than $1 million. For the Balanced Composite we present a custom benchmark, which is a 60/40 blend of the S&P 500 Index and Bloomberg Barclays US Intermediate Government / Credit Index. The benchmark is calculated in Advent Portfolio Exchange by weighting the respective index returns on a daily basis. 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. A list of composite descriptions and a list of broad distribution pooled funds are available upon request. Prior to January 1, 1993 the composite is not in compliance with GIPS.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Prior to 2007 net of fees returns were calculated by reducing gross returns by the highest management fee in the Balanced composite, which was 1.00%. Effective January 1, 2007 net of fees returns are calculated using actual management fees. 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.

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

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