CONGRESS ASSET
MANAGEMENT COMPANY

1Q 2022

Portfolio Commentary

Dividend Growth Portfolio

Market Review

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.

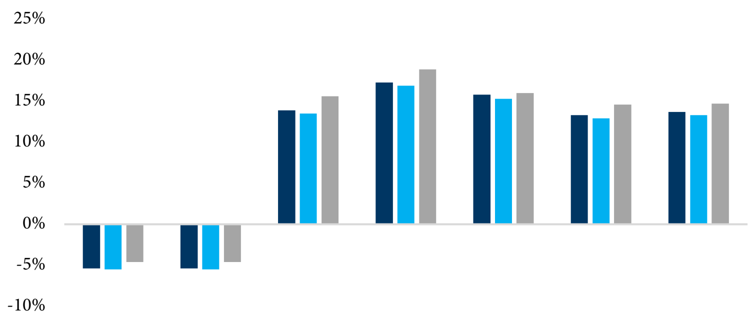
The uncertainty was reflected during the first quarter's price action for both stocks and bonds. The S&P 500 gyrated throughout the quarter, rallying in late March to close down over 4% for the period. Interest rates as measured by the U.S. Treasury 10–year note rose to 2.4%, driving bond prices down.

Performance Overview

The Congress Dividend Growth Portfolio ("the Portfolio") returned -5.4% gross of fees during the quarter, while the S&P 500 returned -4.6%.

The holdings that contributed most to quarterly returns were EOG Resources, Inc., Chevron Corporation, AbbVie, Inc., Amgen, Inc., and Caterpillar, Inc. The holdings that detracted most were Home Depot, Inc., NIKE, Inc., RPM International, Inc., Estee Lauder Companies, Inc., and T. Rowe Price Group.

Average Annualized Performance % - as of 3/31/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/31/2010
Dividend Growth (Gross)	-5.4	-5.4	13.9	17.3	15.8	13.3	13.7
Dividend Growth (Net)	-5.5	-5.5	13.5	16.9	15.3	12.9	13.3
S&P 500	-4.6	-4.6	15.6	18.9	16.0	14.6	14.7

Performance is Preliminary and subject to change at any time.

First Quarter 2022 Highlights

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
EOG Resources, Inc.	3.00	0.84
Chevron Corporation	2.44	0.82
AbbVie, Inc.	2.35	0.48
Amgen, Inc.	2.02	0.17
Caterpillar, Inc.	1.66	0.13

Detractors

Stock	Avg. Weight%	Detraction%
Home Depot, Inc.	2.64	-0.84
NIKE, Inc.	2.63	-0.59
RPM International, Inc.	2.72	-0.59
Estee Lauder Companies, Inc.	1.83	-0.58
T. Rowe Price Group	2.07	-0.57

EOG Resources, Inc. (EOG) explores, develops, produces, and markets crude oil and natural gas primarily in major basins in the U.S., Trinidad and Tobago, China, and Canada. After closing out a strong 2021 in which it paid out two special dividends and doubled its regular dividend rate, 2022 began with a solid start. Aided by the swift rise in the price of oil after the Russian invasion of Ukraine, energy-producing stocks rallied alongside the commodity.

Chevron Corporation (CVX) engages in the business of integrated energy and chemical operations. CVX is dedicated to maintaining capital discipline while prioritizing investments that grow long-term value and deliver higher returns while lowering carbon impact. Despite reporting disappointing quarterly results, the stock rallied along with other energy names.

AbbVie, Inc. (ABBV) is a research-based biopharmaceutical company engaged in the discovery, development, manufacture, and sale of pharmaceutical products used in immunology, oncology, neuroscience, and virology. ABBV provided better than expected FY'22 guidance on its quarterly call. Updates on its immunology franchise and mid-stage pipeline were also encouraging, giving investors more confidence in the long-term outlook.

Amgen, Inc. (AMGN) is one of the world's leading independent biotechnology companies. It focuses on six therapeutic areas: cardiovascular disease, oncology, bone health, neuroscience, nephrology, and inflammation. In the quarter, AMGN held an investor meeting where it delivered long-term guidance through 2030. Behind strength in its core franchises and a doubling of biosimilar revenues, management guided to mid-single-digit revenue growth and high-single to low-double-digit EPS growth, both were better than expected.

Caterpillar, Inc. (CAT) is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines, and diesel-electric locomotives. 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.

Home Depot, Inc. (HD) 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.

NIKE, Inc. (NKE) is the world's leading designer, marketer, and distributor of authentic athletic footwear, apparel, equipment, and accessories for a wide variety of sports and fitness activities. Strong quarterly results late in the quarter were not enough to overcome the stock's earlier weakness. China is an important market for NKE, and new government pandemic-related lockdowns in the region raised investor concerns, thus pressuring the stock.

RPM International, Inc. (RPM) manufactures and sells coatings, sealants, and building materials for both industrial and consumer use. RPM could not meet underlying demand for its products in the quarter as raw material availability hampered production. Additionally, price increases were not enough to offset raw material price inflation, which hurt profitability.

Estee Lauder Companies, Inc. (EL) is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance, and hair care products that are sold under various brand names including Estee Lauder, Clinique, Le Mer, Aveda, and MAC. Weaker than expected quarterly results in the Asia Pacific region pressured shares early in the quarter. Subsequent new pandemic-related lockdowns in China increased the concern regarding future results.

T. Rowe Price Group, Inc. (TROW) is a global investment management organization with over $1 trillion in assets under management. TROW's Q4 report and guide for net flows in FY'22 is below its long-term target of 1-3%, which disappointed investors. Expense guidance for the current year was also higher than expected, adding to the difficult performance.

Information is as of 3/31/2022. Sources: Congress Asset Management 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 Dividend Growth'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. [1]The information shown is for a representative account.

1Q 2022 Transaction Summary

Purchased

- None

Sold

- None

Purchased

None

Sold

None

Outlook

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. Bonds offer more favorable yields than a year ago and provide a level of safety during these more uncertain times.

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

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P 500 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 Advisory-Only Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2020	13.9	13.5	18.4	16.8	18.5	495	0.97	326	10,746	5,523	16,269
2019	33.7	33.2	31.5	11.1	11.9	394	0.86	205	8,445	4,083	12,528
2018	-0.9	-1.2	-4.4	10.3	10.8	359	0.36	161	7,102	3,132	10,234
2017	19.7	19.3	21.8	9.7	9.9	321	0.64	157	7,272	3,274	10,546
2016	13.6	13.2	12.0	10.1	10.6	254	0.46	119	5,693	2,445	8,139
2015	-2.8	-3.2	1.4	10.3	10.5	174	0.38	81	5,941	1,153	7,094
2014	11.6	11.2	13.7	8.6	9.0	111	0.29	65	6,328	1,121	7,449
2013	29.3	28.8	32.4	10.7	11.9	60	0.39	44	6,489	978	7,467
2012	8.9	8.6	16.0	n/a	n/a	24	0.80	12	6,755	743	7,498
2011	8.3	7.9	2.1	n/a	n/a	6	n/a	2	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 creation and inception date of the Dividend Growth Composite is November 1, 2010, 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 $100 thousand (US dollars) managed in the dividend growth style for a minimum of one full month. The dividend growth strategy invests in the equity of high quality companies with market capitalizations greater than $1 billion exhibiting consistent dividend growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $50 thousand (US dollars). The primary composite benchmark is the S&P 500 Index. 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.

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. 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 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 2011 and 2012 because 36-month returns were not available.

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 investments, calculating performance, and preparing GIPS Reports 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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, not does it warrant the accuracy or quality of the content contained herein.