CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

1Q 2022

MID CAP GROWTH

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.

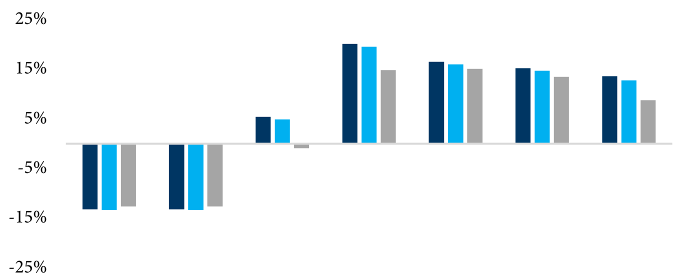
The uncertainty was reflected during the first quarter's price action for both stocks and bonds. The S&P 500 gyrated throughout the quarter, rallying in late March to close down over 4% for the period. Interest rates as measured by the U.S. Treasury 10–year note rose to 2.4%, driving bond prices down.

Performance Overview

The Congress Mid Cap Growth Portfolio ("the Portfolio") returned -13.2% (gross of fees) during the first quarter while the Russell Midcap Growth Index ("the Index") returned -12.6%.

The Portfolio benefited from security selection in the Health Care and Consumer Staples sectors, and a relative underweight allocation to Communication Services. However, security selection in Consumer Discretionary and Industrials detracted from performance, as did a lack of exposure to the Energy sector.

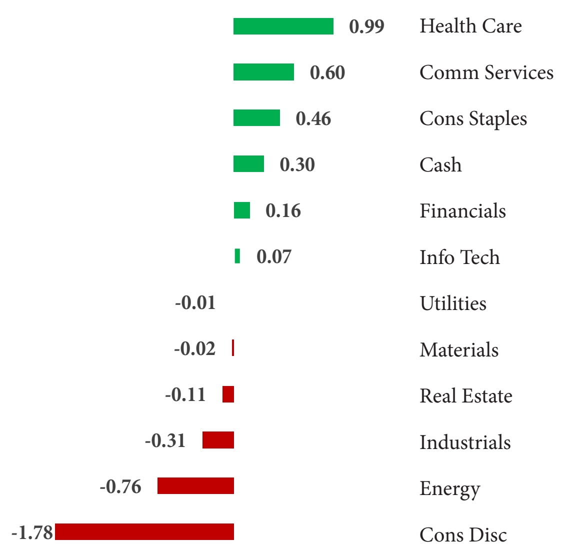
Average Annualized Performance % as of 3/31/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/1/1999
Mid Cap Growth (Gross)	-13.2	-13.2	5.4	20.1	16.5	15.2	13.6
Mid Cap Growth (Net)	-13.3	-13.3	4.9	19.5	16.0	14.7	12.8
Russell Midcap Growth®	-12.6	-12.6	-0.9	14.8	15.1	13.5	8.8

Performance is preliminary and subject to change at any time

% Total Effect Portfolio vs. Index[1] (12/31/2021 - 3/31/2022)



1Q 2022 Attribution Highlights

Overall Contributors

- Security selection in Health Care & Consumer Staples
- Underweight allocation to Communication Services

Overall Detractors

- Security selection in Consumer Discretionary & Industrials
- Lack of exposure to Energy

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Raymond James Financial, Inc.	2.97	0.27
Neurocrine Biosciences, Inc.	1.82	0.22
Teledyne Technologies, Inc.	2.42	0.20
Huntington Ingalls Industries, Inc.	2.39	0.13
Qualys, Inc.	1.96	0.11

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Etsy, Inc.	2.23	-1.20
Floor & Decor Holdings, Inc.	2.53	-1.10
Burlington Stores, Inc.	1.97	-0.88
Zebra Technologies Corporation	2.36	-0.82
Masco Corporation	2.47	-0.75

Raymond James Financial, Inc. (RJF) is a diversified financial services company providing wealth management, asset management, banking, and capital markets solutions to individuals and institutions. Raymond James reported solid quarterly results driven by investment banking, asset management, and bank operations. RJF, like many other financial stocks, has also benefited from the prospect of rising interest rates.

Neurocrine Biosciences, Inc. (NBIX) develops and commercializes drugs that treat neurological and endocrine-related diseases and disorders. Neurocrine's fourth-quarter results reflected Ingrezza sales that were in line with expectations and management guided to 20% sales growth for the drug in 2022. Despite announcing significant investments in research and development last year, management did not indicate incremental expenses. Finally, the company is hopeful that its product pipeline will demonstrate developmental progress in the next 12-24 months.

Teledyne Technologies, Inc. (TDY) provides electronic and communication products for wireless and satellite systems. Teledyne is broadly diversified both in terms of end markets and geographies. The company's latest quarterly results were strong despite supply chain challenges and guidance was raised for the year. Management also spoke positively about its recent acquisition of Flir, which has been a point of uncertainty for investors. Finally, the month of March was positive for defense-oriented stocks due to the escalation of conflict between Russia and Ukraine.

Huntington Ingalls Industries, Inc. (HII) is the largest military shipbuilding company in the U.S. While recent results have been lackluster, the stock rallied late in the quarter along with its defense-related peers.

Qualys, Inc. (QLYS) is a leader in the fragmented cyber vulnerability management market. It offers a cloud-oriented platform of integrated solutions that automate the lifecycle of asset discovery, security assessments, and compliance management for an organization's IT infrastructure. Although management signaled significant margin compression from growth investments, cybersecurity stocks were beneficiaries of concerns over increased cyber-warfare.

Etsy, Inc. (ETSY) operates an online global marketplace for unique and creative goods such as shoes, clothing, bags, and accessories. ETSY reported fourth-quarter results that demonstrated consistency in its model, but noted slowing business trends in February. Also, ETSY issued below expectations guidance for revenue and EBITDA.

Floor & Décor Holdings, Inc. (FND) is a high-growth, multi-channel specialty retailer of hard surface flooring and related accessories. The company reported good quarterly results highlighted by 14% same-store sales growth, but gross margins were pressured by increased ocean freight costs. The stock has also been weighed down by concerns of rising interest rates.

Burlington Stores, Inc. (BURL) is a national off-price retailer of high-quality branded merchandise at everyday low prices. Burlington reported relatively weak quarterly results due to a slowdown in customer traffic driven by factors including Omicron, poor weather, and inflation. Inventory management and inflationary wage growth also put pressure on margins. Burlington's initial 2022 commentary is for continued customer traffic challenges and cost pressure.

Zebra Technologies Corp. (ZBRA) is a global leader in the Automatic Identification and Data Capture and Enterprise Asset Intelligence markets. Its products include mobile computing, data capture, radio frequency ID devices, barcode printing, and other automation products and services that help improve operational efficiency. Despite positive results, the stock has been pressured in 2022 due to lingering supply chain challenges.

Masco Corporation (MAS) is a global leader in the design, manufacture, and distribution of branded home improvement and building products in two segments: Plumbing Products and Decorative Architectural Products. The stock had difficulty in the first quarter as investors expect declining renovation and remodel spending due to rising interest rates. In addition, the company has recently seen increased competitive threats at Home Depot.

1Q 2022 Transaction Summary

Sector Allocation Changes

- Increase in Information Technology
- Decrease in Industrials

Purchased

- Saia, Inc. (SAIA) - Industrials
- Trimble, Inc. (TRMB) - Information Technology

Sold

- Cintas Corp. (CTAS) - Industrials
- Huntington Ingalls Industries, Inc. (HII) - Industrials

Purchased

Saia, Inc. (SAIA) is a freight transportation company with a top ten position in the fragmented market of less-than-truckload (LTL) shipping. LTL is viewed as a higher quality area of trucking that should continue to benefit from tight market conditions. SAIA has also achieved scale, better pricing, and enhanced operating efficiency to improve its position against its peers.

Trimble, Inc. (TRMB) offers a cloud-based construction management technology platform that drives productivity, efficiency, and accuracy at each phase of the construction project lifecycle. The company is well-positioned to benefit from the recently passed $1 trillion infrastructure bill due to its strong position within the commercial construction market. In addition, the transition to "software as a service" and maintenance service creates a more attractive business model and a more consistent revenue stream.

Sold

Cintas Corp. (CTAS) engages in the provision of corporate identity uniforms through rental and sales programs. The stock was sold after it exceeded the Portfolio's market cap guidelines.

Huntington Ingalls Industries, Inc. (HII) is the largest military shipbuilding company in the U.S. Margins have been weak over the last several quarters due to a combination of industry dynamics and execution issues. Supply chain, labor, and logistical challenges could continue to pressure margins. These combined factors resulted in the stock being sold from the Portfolio.

Positioning

Investments are predicated on a company's future prospects rather than economic or market cycles. We seek companies with strong fundamentals, emphasizing earnings growth consistency, free cash flow, and solid balance sheet metrics. There were two purchases and two sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Information Technology weighting while reducing its Industrials weighting.

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

Information is as of 3/31/2022

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.
Mid Cap Growth Composite
1/1/2011 - 12/31/2020

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Russell Mid Cap Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell Mid Cap Growth 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	32.0	31.4	35.6	19.8	21.5	629	1.14	2,729	10,746	5,523	16,269
2019	35.8	35.2	35.5	12.9	13.9	558	0.49	954	8,445	4,083	12,528
2018	-3.5	-3.9	-4.8	12.2	12.8	506	0.45	850	7,102	3,132	10,234
2017	17.7	17.2	25.3	10.8	10.9	447	0.65	763	7,272	3,274	10,546
2016	13.9	13.3	7.3	12.0	12.2	105	0.54	431	5,693	2,445	8,139
2015	1.9	1.4	-0.2	11.4	11.3	50	0.42	221	5,941	1,153	7,094
2014	13.0	12.4	11.9	10.8	10.9	41	0.51	145	6,328	1,121	7,449
2013	37.9	37.3	35.7	13.2	14.6	35	0.38	84	6,489	978	7,467
2012	10.4	9.8	15.8	17.0	17.9	26	0.46	43	6,755	743	7,498
2011	12.7	12.1	-1.7	19.1	20.8	22	0.67	30	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. 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. The Mid Cap Growth Composite has had a performance examination for the periods 10/1/99 – 12/31/20. 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 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 Mid Cap Growth Composite is October 1, 1999, which reflects the first full month in which 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 mid cap growth style for a minimum of one full month. The mid cap growth strategy invests in the equity of high quality companies with market capitalizations between $800 million and $15 billion (at the time of purchase) exhibiting consistent earnings growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $500 thousand (US dollars). Prior to September 1, 2005 the composite did not include private client accounts or accounts with less than $1 million. The primary composite benchmark is the Russell Midcap Growth 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. The % of the composite represented by non-fee paying accounts at annual period end was 100% 1999-2001, 36% in 2002, 20% in 2003, 15% in 2004, 13% in 2005, 22% in 2006 and 18% in 2007. 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. Prior to 2007 net of fees returns were calculated by reducing gross returns by 1/4th of the highest management fee in the Mid Cap Growth Composite, which was 1.00%, applied quarterly. 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 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. The management fee schedule and expense ratio for the Mid Cap Growth Fund Institutional Shares is 0.60% and 0.78%, respectively. The management fee schedule and expense ratio for the Mid Cap Growth Fund Retail Shares is 0.60% and 1.03%, respectively.

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.