CONGRESS ASSET
MANAGEMENT COMPANY

1Q 2022

Portfolio Commentary

SMid Core Opportunity[1]

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.

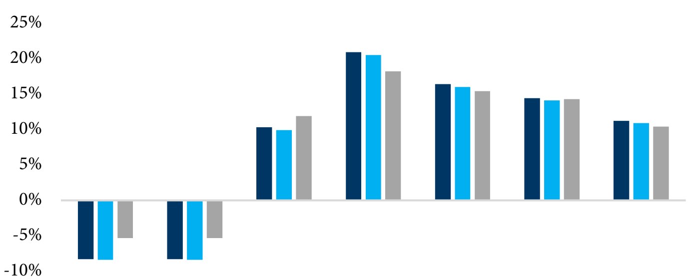
The uncertainty was reflected during the first quarter's price action for both stocks and bonds. The S&P 500 gyrated throughout the quarter, rallying in late March to close down over 4% for the period. Interest rates as measured by the U.S. Treasury 10–year note rose to 2.4%, driving bond prices down.

Performance Overview

For the quarter ending March 31, 2022, the SMid Core Opportunity Portfolio ("the Portfolio") underperformed its benchmark, the Russell 3000 Index ("the Index"). The Portfolio returned -8.3% (gross of fees) during the quarter, while the Index returned -5.3%.

Relative performance for the Portfolio was aided by security selection in the Industrial sector and sector allocation in the Communication Services and Information Technology sectors. However, relative performance was negatively impacted by security selection in the Materials and Consumer Discretionary sectors as well as by sector allocation in the Energy sector.

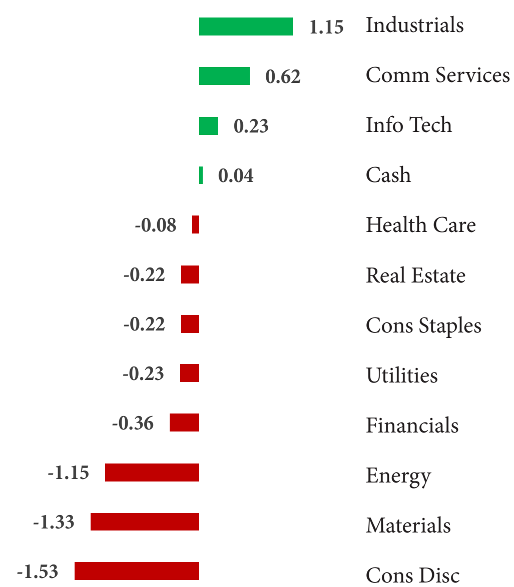
Average Annualized Performance % as of 3/31/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 6/1/2005
SMid Core Opp[1] (Gross)	-8.3	-8.3	10.3	20.9	16.4	14.4	11.2
SMid Core Opp[1] (Net)	-8.4	-8.4	9.9	20.5	16.0	14.1	10.9
Russell 3000®	-5.3	-5.3	11.9	18.2	15.4	14.3	10.4

Performance is preliminary and subject to change at any time.

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



[1]Prior to March 31, 2018, the Portfolio was known as the Congress All Cap Opportunity Strategy.

[2]On March 31, 2018, the Portfolio's stated investment strategy was updated to reflect its focus of investing in publicly traded stocks of U.S. small and mid capitalization companies with either growth or value characteristics.

Information is as of 3/31/2022. Sources: Congress Asset Management, FactSet, Russell Investments and Morningstar Direct. 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. **This information is supplemental to the GIPS Report.** Performance returns of less than one year are 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. [3]The information shown is for a representative account as of 3/31/2022. Actual client holdings and sector allocations may vary.

1Q 2022 Attribution Highlights

Overall Contributors

- Security selection in Industrials
- Underweight allocations to Communication Services & Information Technology
- Overweight allocation to Materials

Overall Detractors

- Security selection in Materials & Consumer Discretionary
- Underweight allocations to Energy & Financials

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Canadian Pacific Railway Ltd.	4.40	0.57
United Rentals, Inc.	5.24	0.42
R1 RCM, Inc.	5.43	0.42
Envista Holdings Corp.	4.35	0.34
Teleflex, Inc.	3.22	0.26

Canadian Pacific Railway Limited (CP) operates transcontinental railways, provides logistics and supply chain expertise, and transports bulk commodities, merchandise freight, and intermodal traffic. Shares rose during the quarter despite a very difficult operating environment due to flooding in British Columbia and a labor dispute. The regulatory review process of its pending acquisition of Kansas City Southern Railway continues and investors appear to happy to wait for that process to conclude.

United Rentals, Inc. (URI) is the largest equipment rental company in the world. URI's shares improved over the last quarter as the company continues to benefit from a strong wave of non-residential construction and infrastructure build-out. URI benefits from favorable tailwinds and an optimistic customer base, translating to good growth across its lines of business with a diversity of demand.

R1 RCM, Inc. (RCM) offers technology-enabled revenue cycle management services to healthcare providers, including health systems and hospitals, physicians groups, and municipal and private emergency medical service providers. Shares of RCM increased during the quarter where the company saw recovering patient volumes contribute to its results and was able to pair this with gains in automation and digitization, resulting in higher margins. The announced Cloudmed acquisition should expand its offerings and deepen RCM's capabilities in predictive analytics.

Envista Holdings, Inc. (NVST) is a global dental products company that produces implants, orthodontics, and digital imaging technologies. Envista shares have climbed since the new year after the company reported a solid operating quarter with good earnings growth and margin expansion. NVST's guidance was also positive with management hinting at additional acquisition activity to boost its backet and wire and clear aligner businesses.

Teleflex Incorporated (TFX) designs, develops, manufactures, and supplies single-use medical devices used by hospitals and healthcare providers. TFX shares grew over the quarter despite continued COVID-related slowdowns of elective procedures. Its Urolift product was the most impacted by the slowdowns, suggesting that there will be pent up demand for its use in the future.

Bottom 5 Detractors/Contributors

Stock	Avg. Weight%	Detraction%
Installed Building Products, Inc.	3.58	-1.75
Summit Materials, Inc. Class A	6.49	-1.72
Autodesk, Inc.	4.05	-1.15
Penumbra, Inc.	3.58	-1.02
Zoetis, Inc. Class A	3.95	-1.01

Installed Building Products, Inc. (IBP) primarily installs insulation, waterproofing, fire-stopping, fireproofing, garage doors, rain gutters, window blinds, shower doors, closet shelving and mirrors and other products for residential and commercial builders. IBP shares declined as investors shunned the stock in the face of rising interest rates and supply chain weakness in building materials. This retreat in share price came despite IBP reporting strong year-over-year revenue growth of over 20% in the quarter.

Summit Materials, Inc. (SUM) is a materials company that mainly supplies aggregates, cement, ready-mix concrete, and asphalt paving mix. The company saw its shares fall in a quarter where aggregate volumes were largely down and input costs rose, particularly in energy and fuel. A softer quarter pushed the shares lower in the first quarter, but the stronger summer construction season awaits and provides optimism for improved volumes.

Autodesk, Inc. (ADSK) is a maker of design software that addresses multiple end markets and is best known for its AutoCAD program. Company shares slid during the quarter after the company reported improved results sequentially but then provided weaker guidance. The company cited headwinds in supply chain disruptions, labor shortages, and pandemic variability as justification for the disappointing guidance figures.

Penumbra, Inc. (PEN) manufactures and markets medical devices that are designed to address ischemic stroke, hemorrhagic stroke, and various peripheral vascular conditions that can be treated through thrombectomy and embolization procedures. Shares of PEN dropped on investors' fears of higher interest rates negatively impacting future cash flows generated by the company. Despite reporting reasonably good results, the stock fell on valuation concerns rather than its good operating results.

Zoetis, Inc. (ZTS) develops and manufactures animal health medicines and vaccines for both livestock and companion animals. ZTS's stock dropped over the period as investors retreated from higher multiple stocks. The company's earnings report showed good growth and better than expected guidance, but this was not enough to overcome investors' fears.

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.

Information is as of 3/31/2022

Congress Asset Management Co. SMid Core Opportunity Composite 1/1/2011 - 12/31/2020

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 Advisory-Only Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2020	29.1	28.7	20.9	21.7	19.4	185	1.39	109	10,746	5,523	16,269
2019	29.3	28.9	31.0	15.0	12.2	199	1.19	104	8,445	4,083	12,528
2018	-10.2	-10.5	-5.2	16.3	11.2	224	0.80	85	7,102	3,132	10,234
2017	24.0	23.6	21.1	13.9	10.1	254	1.50	135	7,272	3,274	10,546
2016	12.9	12.5	12.7	14.4	10.9	256	1.67	123	5,693	2,445	8,139
2015	-3.5	-3.8	0.5	12.0	10.6	76	1.40	70	5,941	1,153	7,094
2014	15.1	14.7	12.6	10.7	9.3	71	0.96	82	6,328	1,121	7,449
2013	30.9	30.4	33.6	14.8	12.5	69	0.73	75	6,489	978	7,467
2012	16.2	15.8	16.4	17.5	15.7	52	0.46	46	6,755	743	7,498
2011	4.8	4.5	1.0	21.4	19.3	36	n/a	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. 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 SMid Core Opportunity Composite was created on December 31, 2005 and the inception date is May 31, 2005, 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 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. 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 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. 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 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.

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.