Market Review

The U.S. is shaking off the COVID restraints. The domestic economy is roaring driven by pent up consumer demand, continued low interest rates, and government stimulus. Demand is outpacing supply stretching the economy at the seams and raising concerns that a supply shock could bring inflation. We are in the early stages of what is likely to be an extended economic expansion, one that is more robust and broader than recent expansions.

Financial and commodity markets largely reflected the heightened growth outlook. The S&P 500 returned approximately 8.5% in the second quarter and has increased more than 15% this year, driven more by industrial, financial, and materials companies than by technology companies. Many commodities prices continued this year's run, although they have come off the boil lately. Bonds rallied, relieving inflation concerns for now. The U.S. Treasury 10-year Note yield fell from 1.75% to near 1.50% at quarter end.

The end of pandemic induced restrictions is unleashing economic forces not seen since the end of World War II. Exuberance is palpable. People enjoy socializing without masks! Sporting events draw spectators and flights draw passengers. Rush hour and vacation traffic again snarl roadways.

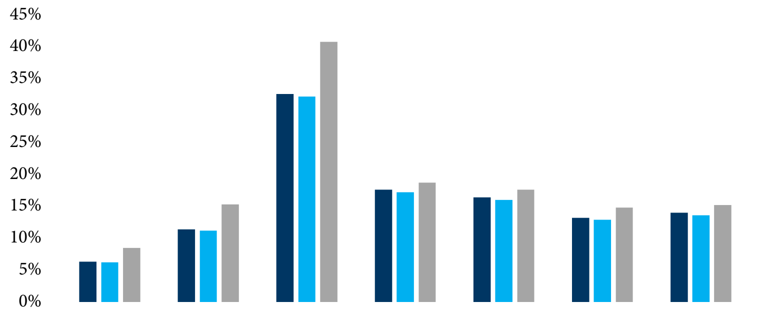
There are at least three strong pillars supporting this expansion: a strong consumer, a long-delayed capex cycle, and government spending. The fiscal stimulus should not be discounted as it topped 15% of GDP in 2020 and should total over 10% in 2021. A further $1.2 trillion is expected to be approved this summer. Fiscal programs enacted during the pandemic largely worked to stabilize American workers and families. New programs will further enhance spending but seem to be motivated, at least in part, to meet political objectives.

Performance Overview

The Congress Dividend Growth Portfolio ("the Portfolio") returned 6.31% gross of fees during the quarter, while the S&P 500 Index ("the Index") returned 8.55%.

Portfolio holdings Microsoft Corp., United Parcel Service, Inc., T. Rowe Price Group, Inc., S&P Global, Inc., and NIKE, Inc. all contributed to performance during the quarter. However, Walt Disney Company, Caterpillar, Inc., RPM International, Inc., NextEra Energy, Inc., and Verizon Communications, Inc. detracted from performance.

Average Annualized Performance % - as of 6/30/2021



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/31/2010
Dividend Growth (Gross)	6.3	11.4	32.6	17.6	16.4	13.2	14.0
Dividend Growth (Net)	6.2	11.2	32.2	17.2	16.0	12.9	13.6
S&P 500	8.5	15.3	40.8	18.7	17.6	14.8	15.2

Performance is preliminary and subject to change at any time

This information is supplemental to the GIPS Report

Second Quarter 2021 Highlights

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
Microsoft Corporation	3.18	0.47
United Parcel Service, Inc. Class B	2.18	0.44
T. Rowe Price Group, Inc.	2.60	0.43
S&P Global, Inc.	2.65	0.42
NIKE, Inc. Class B	2.62	0.42

Detractors

Stock	Avg. Weight%	Detraction%
Walt Disney Company	2.74	-0.13
Caterpillar, Inc.	1.92	-0.11
RPM International, Inc.	3.07	-0.09
NextEra Energy, Inc.	3.04	-0.07
Verizon Communications, Inc.	1.74	-0.05

Microsoft Corp. (MSFT) is the world's largest software company with products ranging from PC operating systems and enterprise applications to cloud based offerings. MSFT reported solid quarterly results, highlighted by an acceleration in its Commercial business as companies continue to choose Microsoft as their strategic partner for hybrid cloud needs. MSFT further pointed to companies increasing digital adoption coming out of the pandemic.

United Parcel Service, Inc. (UPS) provides letter and package delivery, specialized transportation, logistics, and financial services. The majority of UPS's outperformance came after it reported one of its best quarters in years. Productivity and cost efficiency initiatives have started to show results and came along with improved momentum in both domestic consumer and business segments and better than expected results in international operations.

T. Rowe Price Group, Inc. (TROW) is a global investment management organization with over $1 trillion in assets under management. Elevated market levels, good monthly net flows, and a positive view of its annual investor day all contributed to the stock's recent outperformance. TROW reiterated its long-term growth outlook and highlighted some expense offsets to recently announced fee reductions. The company also announced a special dividend of $3.00 per share during the quarter.

S&P Global, Inc. (SPGI) is comprised of four businesses; it operates one of the two key rating agencies; a top index platform; a small but growing desktop/data provider to financial markets; and Platts, a leading provider of information and benchmark prices for the commodities/energy market. A strong M&A and refinancing market drove SPGI's rating business during the quarter and resulted in revenue, margins, and earnings per share all coming in ahead of expectations.

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. The preponderance of NKE's outperformance came after it reported a blowout quarter with revenues, margins, and earnings per share well ahead of expectations. Strength was seen across all aspects of its business, including China where there were some concerns leading up to the report. NKE also raised its long-term growth outlook.

Walt Disney Company (DIS) is a diversified international family entertainment and media enterprise operating through four business segments: Media Networks, Parks & Resorts, Studio Entertainment, and Consumer & Interactive Media. Concerns regarding the slowdown of Disney+ subscription growth caused the stock's underperformance. However, revenue from the Parks and Experience segment exceeded expectations, fueled by the pandemic recovery.

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 stock's underperformance can be attributed to the overall weakness within the machinery industry. The company continues to generate solid results and recently raised its quarterly dividend by 8%.

RPM International, Inc. (RPM) manufactures and sells coatings, sealants, and building materials for both industrial and consumer uses. RPM reported very strong revenue and earnings for the quarter along with positive updates on its restructuring program. However, guidance was somewhat disappointing as the impact from spiking raw material costs will hit the business to a greater degree than expected.

NextEra Energy, Inc. (NEE) operates principally through subsidiaries such as the Florida Power & Light Company, one of the largest rate-regulated electric utilities in the United States, and NextEra Energy Resources, LLC, which is the world's largest generator of renewable energy. Utilities, in general, underperformed during the quarter. NEE also has a pending rate case for its regulated utility business, and uncertainty around the outcome has been a slight overhang on the stock.

Verizon Communications, Inc. (VZ) operates America's most reliable wireless network and the nation's premier all-fiber network and delivers integrated solutions to businesses worldwide. While VZ reported revenue and earnings per share that bested expectations, EBITDA fell short in both its Consumer and Business segments. An increasingly competitive environment and the need for higher capital spend on the deployment of the C-band spectrum it recently acquired were additional items of concern.

2Q 2021 Transaction Summary

Purchased
- None

Sold
- Organon & Co. (OGN) - Health Care

Purchased
None

Sold
Organon & Co. (OGN) - is a global pharmaceutical company that develops and delivers innovative health solutions through a portfolio of prescription therapies within women's health, biosimilars, and generic brands. OGN was spun out of Merck & Co. (MRK) effective on June 2, 2021, becoming an independent, publicly traded company. The newly formed company does not have the same financial characteristics or growth outlook as the parent company (MRK) and was subsequently sold.

Outlook
Consumers remain the primary economic force spending about 19% more in May than a year ago. Consumers' willingness to spend is matched by ability and confidence. Compensation was up close to 10% from last year and consumer net worth is at a record high.

Sales are likely held back by supply constraints. Manufacturers are struggling to produce enough product to satiate demand. The entire supply chain is challenged, exhibited by the well-publicized semi-conductor shortage. Goldman Sachs estimates that the semi-conductor shortage affects 169 industries ranging from automobiles to kitchen appliances and electronic devices, but the problem is far larger than one component. The U.S. does not have enough willing workers. From truck drivers to waitstaff, capacity is limited by worker availability.

In this regard, some readings of the work force are misleading. The unemployment rate remains elevated and employment stands about 7 million below pre-pandemic levels. However, the Bureau of Economic Activity's April report was full of positive readings including a record 9 million jobs available. Close to 4 million people voluntarily quit their jobs in April, a record high that reflects a bullish outlook for wages and job advancement. Similarly, involuntary separations were 1%, a record low. The reluctance of some to work should wane as pandemic inspired payments expire and child-care capacity returns.

Corporate America is responding to the dearth of workers. After a year of retrenchment, companies are investing to meet demand. Enticed by ultra-low interest rates, companies have re-capitalized their balance sheets, are awash in cash, and have reduced interest obligations. The Institute of Supply Management's and the Philadelphia Federal Reserve Bank's May surveys indicate that much of these funds will be spent on capital equipment and supply chain infrastructure to alleviate current backlogs and meet future demand. This "capex" cycle appears to have legs and should help realign productive resources for today's economy. A similar story is likely to play out in Europe and Japan.

There is little chance, in our view, that the economy falters here. Corporate earnings should grow double digits and even state and local governments are flush with cash. The major economic risk is inflation. Long dormant, measures of inflation are rising. The Federal Reserve Board's (Fed) preferred measure of inflation, the core PCE deflator, measured 3.4% in May. The Fed targets an "average" inflation rate of 2%. While the latest reading is significantly higher than the 2% target, the Fed suggests that conditions driving the elevated rate are transitory and will dissipate as supply constraints recede. Investors should hope that the Fed's words speak louder than their actions.

In the past, notably the late 1970's-1980's, the Fed raised short term interest rates to break inflation's back. Now the Fed is trying to manage inflation by professing their vigilance while maintaining policies intended to push inflation higher – targeting a federal funds interest rate of 0% to 0.25% and purchasing $120 billion of treasuries and mortgage securities per month. Recently, the Fed's purchasing of Treasuries has equaled issuance, helping keep long interest rates depressed. Interest rates will likely rise before the Fed begins tapering its asset purchases, perhaps early next year.

As we move past the pandemic and the associated lockdowns, important social and economic questions remain. We used our strong economic position to finance the myriad of programs to support our country. In doing so, we increased our debt to levels not seen since World War II. The upward trajectory is unsustainable and pushes pandemic costs to future generations. How we assess these costs is becoming increasingly important to the markets. Debt remediation is likely to include higher taxes. The structure and form of any tax increases will affect economic growth and inflation. There is no simple fix and so far Congress has largely avoided the issue.

The immediate risk is that our economy is growing faster than its potential which may cause systemic inflationary pressures. Stocks will likely outperform bonds in this environment, however volatility is likely to increase for most asset classes as investors digest the growth/inflation paradigm.

Congress Asset Management Co. Dividend Growth Composite 11/1/2011 - 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 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 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.