CONGRESS ASSET MANAGEMENT COMPANY

2Q 2022

Portfolio Commentary

Balanced Strategy

Market Environment

The United States approaches Independence Day caught in a whirlwind of emotions as investors grapple with conflicting economic readings like soaring inflation and softening demand for economically sensitive commodities. The Federal Reserve Governors have turned to restrictive monetary policies while the federal government offers fiscal plans unlikely to blunt rising prices or boost sentiment. Financial markets reflect this uncertainty as both stock and bond volatility remains elevated. Stocks experienced a bear market decline in the first half of the year while the bond market experienced its worst six-month period since the early 1970's. The economic outlook is nebulous, but likely not as dire as sentiment or headlines suggest.

Contrasting economic reports have their genesis in the strong labor market that followed the Great Financial Crisis in 2008 and the overwhelming federal government response through both fiscal and monetary policy to the pandemic. The decade prior to COVID-19 bore the best labor market since World War II. There was little slack, but wages and benefits rose along with productivity helping to keep inflation in check. After the pandemic, the labor force shrank, partly from lifestyle choices and partly from government incentives intended to offset lost wages. With fewer people returning to the labor force, compensation is now rising greater than productivity, stoking price spikes. Fiscal stimulus half worked. It enabled consumers to spend and maintain their lifestyles yet failed to help producers increase supply resulting in shortages in goods of all types.

The Federal Reserve (Fed) repeatedly acknowledged the threat sustained inflation presents and has reiterated its commitment to achieving price stability. The Fed accelerated its inflation fight by raising interest rates two times during the quarter and by allowing its balance sheet to shrink, thereby decreasing the supply of money embedded in the banking system. The federal funds interest rate has been hiked by 1.5% this year, making borrowing more expensive. Higher rates have and will continue to effect capital allocation decisions for companies and consumers, but a recession is not a foregone conclusion despite the Fed's newfound hawkishness.

Performance Summary

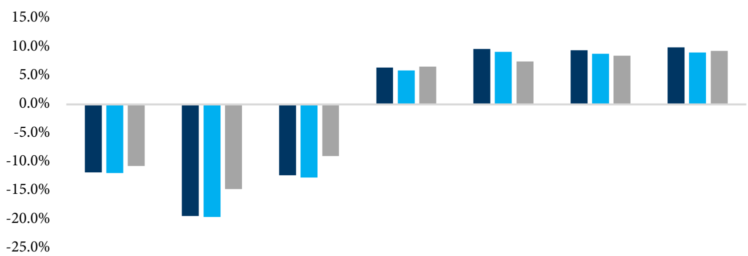
The Congress Balanced Portfolio ("The Portfolio") returned -11.83% (gross of fees) and -11.92% (net of fees) during the quarter, while the Portfolio's blended index, 60% S&P 500 / 40% Bloomberg Barclays Intermediate Government/Credit Index ("The Index") returned -10.74%.

Portfolio Discussion

While the domestic economy may withstand the Federal Reserve's attempts to tame inflation, the deleterious effects of inflation are likely to impact consumer and corporate income statements. Investors will continue to monitor financial releases for clues as to the strength of the domestic economy and the impact of inflation, resulting in a period of heightened volatility. The challenges are multifaceted, but the U.S. economic system and its components have historically been highly adaptable.

Given the dual goal of balanced accounts, growth and stability, our recommended allocation remains 60% equity and 40% fixed income.

Average Annualized Performance % as of 6/30/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Balanced (Gross)	-11.8	-19.4	-12.3	6.4	9.7	9.4	9.9
Balanced (Net)	-11.9	-19.6	-12.7	5.9	9.1	8.8	9.1
Benchmark[1]	-10.7	-14.8	-9.0	6.6	7.5	8.5	9.3

[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

Top 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%	Contribution%
Eli Lilly and Company	2.59	0.35
UnitedHealth Group Incorporated	3.00	0.05
PepsiCo, Inc.	2.91	0.00
Quanta Services, Inc.	2.05	-0.12
Synopsys, Inc.	2.81	-0.16

Eli Lilly and Company (LLY) is the world's 8th largest drugmaker (by revenue). FDA approval of two new drugs, Olumiant, which treats severe alopecia, and Tirzepatide, which treats type 2 diabetes, boosted the stock's performance. **UnitedHealth Group, Inc. (UNH)** provides health care coverage, software, and data consultancy services. The company reported better-than-expected quarterly results, fueled mainly by continued strength in its Optum business. In addition, premium levels remained healthy and COVID hospitalizations demonstrated a steady decline. **PepsiCo, Inc. (PEP)** manufactures, markets, distributes, and sells beverages, food, and snacks. The company is well-positioned to manage current inflationary headwinds, as several years of infrastructure investment allow it to drive productivity and leverage revenue. **Quanta Services, Inc. (PWR)** provides specialty contracting services including engineering, procurement, construction, and repair and maintenance. The company reported robust quarterly revenue growth, driven by positive results in its Electrical Power and Underground Utility segments. Despite potential regulatory disruption on utility-scale and solar development in the near to medium term, management believes demand will remain strong and continues to invest in the company's labor force. **Synopsys, Inc. (SNPS)** is an electronic design automation company. The company operates through the following segments: Semiconductor and System Design and Software Integrity. SNPS is poised to outperform its updated long-term model with full year guidance of 20% revenue growth, 250 basis points of operating margin expansion, and 25% EPS growth. Its robust portfolio of electronic design automation products and semiconductor intellectual property is enabling the company to take market share.

Bottom 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%	Detraction%
Amazon.com, Inc.	2.22	-0.87
Lululemon Athletica Inc	2.77	-0.78
Freeport-McMoRan, Inc.	1.49	-0.73
Stryker Corporation	2.61	-0.71
Apple Inc.	2.62	-0.60

Amazon.com, Inc. (AMZN) is the world's leading online retailer. Results were negatively impacted by the significant investments AMZN made during the pandemic, which resulted in excess capacity and a hit to margins. **Lululemon Athletica, Inc. (LULU)** manufactures and sells athletic apparel. Supply chain headwinds have negatively impacted operating margins. However, LULU's operating model remains compelling for consumers, well-executed, and diverse across product category channels as evidenced by strong revenue trends. **Freeport-McMoRan, Inc. (FCX)** is one of the largest producers of copper and a major producer of gold and molybdenum. Despite reporting better than expected quarterly results, the stock has been pressured as copper prices have fallen on fears of a dramatic global economic slowdown. **Stryker Corporation (SYK)** is a multinational medical technology corporation. Ongoing nursing staffing shortages, supply chain issues, and inflationary pressures continue to negatively impact SYK's quarterly results. Management noted that raw material shortages had the biggest impact on the company's medical business, specifically its Acute Care and Emergency Care businesses. On a positive note, elective procedures began to recover after being impacted by the Omicron variant as the company reported double digit procedure growth in the U.S., Europe, and Latin America. **Apple, Inc. (AAPL)** is the world's largest information technology company. The COVID lockdown in China, along with the current chip shortage, negatively impacted AAPL's product production in the short term.

Fixed Income Sleeve

A slightly shorter duration positioning for the Portfolio relative to the benchmark strengthened performance due to the upward shift in the yield curve. In addition, security selection within U.S. Treasuries aided relative performance as longer dated issues underperformed. However, the Portfolio's allocation to Industrial sector and Financial Sector corporate issues weakened relative performance as these sectors underperformed.

Top 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration	Contribution%
U.S. Treasury Aug. 2024	2.08	-0.01
U.S. Treasury Jan. 2023	0.58	-0.01
U.S. Treasury Mar. 2023	0.78	-0.01
U.S. Treasury May 2029	6.29	-0.02
U.S. Treasury Oct. 2024	2.29	-0.02

Bottom 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration	Detraction%
Target Corporation	5.91	-0.08
Intel Corporation	6.58	-0.09
Comcast Corporation	5.39	-0.09
Unitedhealth Group Incorporated	7.81	-0.09
Bank Of America Corporation	4.87	-0.10

Information is as of 6/30/2022. 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. [2]The information shown is for a representative account as of 6/30/2022. Actual client account holdings and sector allocations may vary.

Transactions

2Q 2022 Transaction Summary - Equity Sleeve

Sector Allocation Changes

- Increase in Industrials & Energy
- Decrease in Health Care & Financials

Purchased

- Quanta Services, Inc. (PWR) - Industrials
- Chevron Corporation (CVX) - Energy
- NVIDIA Corporation (NVDA) - Information Technology

Sold

- Repligen Corporation (RGEN) - Health Care
- PayPal Holdings, Inc. (PYPL) - Information Technology
- S&P Global, Inc. (SPGI) - Financials

2Q 2022 Transaction Summary - Fixed Income Sleeve

Purchased

- We purchased U.S. Treasury bonds with a coupon of 2.25% and maturity of 01/31/24 to extend duration and add yield.

Sold

- We sold U.S. Treasury bonds with a coupon of 2.125% as they neared maturity.

Manager Outlook

Equity Sleeve

Our view is that in the current environment the most important determinant for continued economic expansion is the state of the consumer and their willingness to spend. After two years of cash accumulation with constrained spending opportunities households now have $116 trillion in cash, up 33% from two years ago. In addition, thanks to a decade of low interest rates, debt service is low. Inflation is biting, but not yet crushing the consumer.

Unlike 2008, we do not have a systemic leverage problem for either individuals or corporations. Debt accumulated over the past few years is at low rates and the related interest obligations are not draconian. As such a "credit contagion" similar to 2008 is unlikely. Proper use of leverage would help temper any downturn.

Many business leaders have issued cautionary economic commentary. This is prudent given the unusual economic state of affairs. However, even with higher inflation, profit margins have held up. Given the difficulty in identifying, hiring, and training workers, employers may be reluctant to cut payroll for what may be a cyclical inflationary period. More acute margin pressures later in the year may indeed push businesses into cost cutting mode. Corporate earnings would be challenged in 2023 should that transpire.

Commodity prices have come off the boil due to lower anticipated growth, some demand destruction, and China's shutdown of Shanghai and Beijing. In the U.S., active oil and gas rigs are up 50% over last year, though still significantly below records achieved last decade in a more supportive scenario for carbon-based product. Delivering supplies of oil and natural gas to needed geographies in time for winter may prove challenging and limit better prices for consumers.

Outside the U. S., most if not all, of the developed economies are battling both inflation and higher interest rates. Many economies are teetering on the edge of recession and are facing even higher energy prices than the United States. Russia's war on Ukraine is also likely to create more challenges for Europe as the year progresses.

China's economic engine has stalled as its "zero covid" policy resulted in the lockdown of its most important regions for trade and commerce. It is slowly re-opening but combined with a bourgeoning real estate crisis, China is unlikely to grow substantially until next year.

The current macro-economic environment is without precedent. Investors will continue to monitor the Federal Reserve as it walks a tightrope trying to control inflation while maintaining a strong employment market and a growing economy. As important is the adaptability of the U.S. economic system and its constituents. The challenges are real but domestic businesses and organizations have proven time and again that they can respond to new stimuli and new scenarios. That is often lost in the cacophony of daily headlines.

The financial markets have, and will likely continue to, react viscerally to unanticipated economic readings. In our view, long term investors will be rewarded by staying the course – investing in the stocks and bonds of high-quality U.S. companies. Extreme market volatility is often unsettling but should not alter longer term investment programs.

Fixed Income Sleeve

Bond market performance in the second quarter of 2022 fully reflected the rise in interest rates. The size and the speed of the increase pushed most corners of the market into negative territory for the quarter. Shorter maturity issues outperformed longer maturity issues as these issues have less sensitivity to changes in yields. This led U.S. Government guaranteed debt, which collectively were slightly shorter in maturity, to outperform Corporate bonds, which were slightly longer in maturity. Corporate bonds also lost value as credit spreads increased over the quarter.

Looking forward, we expect the Fed to forcefully continue to raise interest rates as they have so pledged. The pace at which they do so remains clearly in debate, yet we can easily envision the ending point being around the 3.50% bogey suggested by market measures. There would be no surprise here if the Fed paused later this year to assess the impacts of their actions. History has shown that it can take six months for the effects of a rate hike to be fully integrated into the economy, so a timeout to review the process would make a lot of sense.

Even though we are undecided as to whether the Fed's actions will precipitate a recession, the pace and magnitude of the recent hikes will significantly increase that likelihood. Specifically, the quick pace of hikes could mean businesses and consumers may fail to adjust quickly with the rapid changes to monetary policy, leading to economic imbalances with negative outcomes. Some prognosticators suggest the odds of a recession could be as high as 50%, but these premonitions seem premature given the complexity of the current global economic environment.

At the very least, we know that short term yields are headed higher. This would mean an even flatter U.S. Treasury curve across its maturity spectrum. Where the curve goes from there will depend on how well the economy adjusts to higher rates and how well inflation can be tamped down. If there is a poor adjustment period that leads to a recession the curve might invert, pushing down long-term rates below short-term rates. Alternatively, if the inflation fight goes well, the curve could steepen and return to its more normal upward sloping shape.

Investors have been clamoring for higher yields from their bond portfolios for some time. We recognize that the time has now arrived, and we expect renewed interest in fixed income portfolios. This might be as standalone vehicles or as products that are paired with riskier assets such as equities. In this light we do urge caution for investors to choose their products carefully and maintain an eye towards high quality and good liquidity, especially as the economy continues to adjust to the new higher interest rate environment.

In these uncertain and volatile times, we continue to appreciate the value of purchasing high quality, liquid bonds for our client's portfolios. Our duration neutral posture for our clients' portfolios focuses our investment process on individual security selection and asset allocation among Corporate and U.S. Government guaranteed issues. Now is not the time to ramp up risk unnecessarily to chase higher returns. Instead, we suggest pursuing an investment portfolio that will provide returns that balance risk and return within a long-term perspective.

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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