CONGRESS ASSET
MANAGEMENT COMPANY

2Q 2022

Portfolio Commentary

Dividend Growth Portfolio

Market Review

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.

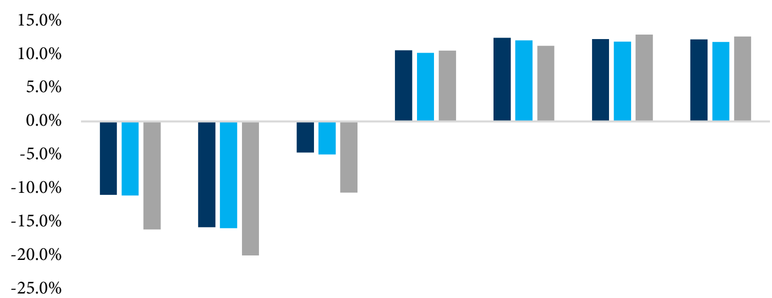
The Federal Reserve (Fed) repeatedly acknowledged the threat sustained inflation presents and has reiterated its commitment to achieving price stability. The Fed accelerated its inflation fight by raising interest rates two times during the quarter and by allowing its balance sheet to shrink, thereby 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 Overview

The Congress Dividend Growth Portfolio ("the Portfolio") returned -10.95% (gross of fees) and -11.02% (net of fees) during the quarter, while the S&P 500 returned -16.10%.

The holdings that contributed most to quarterly returns were Dollar General Corporation, Merck & Co., Inc., Colgate-Palmolive Company, UnitedHealth Group, Inc., and Amgen, Inc. The holdings that detracted most were Apple, Inc., Martin Marietta Materials, Inc., Stryker Corporation, Nike, Inc. Class B, and Norfolk Southern Corporation.

Average Annualized Performance % - as of 6/30/2022



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/31/2010
Dividend Growth (Gross)	■	-11.0	-15.8	-4.6	10.6	12.5	12.3	12.2
Dividend Growth (Net)	■	-11.0	-15.9	-4.9	10.2	12.1	11.9	11.9
S&P 500	■	-16.1	-20.0	-10.6	10.6	11.3	13.0	12.7

Performance is Preliminary and subject to change at any time.

Second Quarter 2022 Highlights

Top 5 Contributors/Detractors

Stock	Avg. Weight%	Contribution%
Dollar General Corporation	3.51	0.30
Merck & Co., Inc.	1.91	0.21
Colgate-Palmolive Company	2.06	0.12
UnitedHealth Group, Inc.	2.58	0.04
Amgen, Inc.	2.26	0.04

Dollar General Corp. (DG) is a discount retailer with over 16,000 locations nationwide. DG reported quarterly results that exceeded expectations in stark contrast to many of its peers that struggled with inventory levels and margin pressures. DG should continue to benefit from having more stores in closer proximity to consumers as gas prices remain elevated.

Merck & Co. (MRK) produces prescription medicines, vaccines, biologic therapies, animal health, and consumer care products. Earnings were almost 10% above estimates, driven by strong sales from its top cancer drug, Keytruda, and better-than-expected international revenues from its HPV vaccine Gardasil. Management also raised earnings guidance on continued demand for these drugs.

Colgate-Palmolive Company (CL) specializes in the production of oral care, personal care, home care, and pet nutrition products. CL's quarterly results were in line with expectations, but management lowered fiscal year EPS guidance by nearly 10% due to increased costs. Despite this, CL benefitted from its defensive nature as a consumer staple with a strong dividend yield.

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.

Amgen, Inc. (AMGN) is one of the world's leading independent biotechnology companies. AMGN's strong financial results in the quarter were initially overshadowed by an ongoing dispute with the IRS that pressured its share price. However, subsequent encouraging pipeline updates and its more defensive nature helped drive relative outperformance.

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Apple, Inc.	2.83	-0.66
Martin Marietta Materials, Inc.	2.72	-0.65
Stryker Corporation	2.24	-0.62
Nike, Inc. Class B	2.32	-0.61
Norfolk Southern Corporation	2.74	-0.59

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.

Martin Marietta Materials, Inc. (MLM) is a leading supplier of building materials including aggregates, cement, ready mixed concrete, and asphalt. Higher energy costs squeezed margins and earnings during the quarter. However, management remains confident in its fiscal year EBITDA guidance as increased prices already in place and further planned increases in the second half of the year are expected to make up for the shortfall.

Stryker Co. (SYK) manufactures medical devices and equipment used in reconstructive hip and knee surgery, trauma, emergency medicine, and patient care. Ongoing nursing staffing shortages, supply chain issues, and inflationary pressures negatively impacted SYK's quarterly results. Raw material shortages were also noted for their negative impact on the company's Acute Care and Emergency Care businesses.

Nike, Inc. Class B (NKE) is the world's leading designer, marketer, and distributor of athletic footwear, apparel, equipment, and accessories. NKE reported better-than-expected quarterly results but gave a conservative outlook for the rest of the year as COVID lockdowns are impacting manufacturing and consumers in China, an important market for NKE. However, management expects China will continue to reopen as COVID subsides.

Norfolk Southern Corporation (NSC) is primarily engaged in rail transportation. NSC quarterly results were in-line with expectations and better than most peers, but its operating ratio was hampered by service issues stemming from resource and labor shortages. NSC will continue to invest to resolve these issues which could impact the operating ratio in the coming quarters.

Information is as of 6/30/2022. 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.

2Q 2022 Transaction Summary

Purchased	Sold
• McDonald's Corporation (MCD) - Consumer Discretionary	• Walt Disney Company (DIS) - Communication Services
• The Allstate Corporation (ALL) - Financials	• S&P Global, Inc. (SPGI) - Financials

Purchased

McDonald's Corporation (MCD) is the world's leading global foodservice retailer with more than 39,000 locations in over 100 countries. MCD generates most of its earnings through franchise restaurants, with the remaining amount coming from company-operated stores. MCD sales trends have been resilient and should continue to perform well given its more value-oriented offerings. Investments made into improving the customer experience, store operations, and menu have resulted in solid share gains.

The Allstate Corporation (ALL) is one of the largest multiline insurance carriers with a business that is tilted heavily towards auto and homeowners' policies. ALL substantially increased its automotive presence in the more attractive direct and independent agent channels with its acquisition of National General in 2021. Although the insurance industry is going through a period of increased claims, it should be entering an extended period of strong pricing. Combined with an above-market yield, the stock should hold up better than the overall market in a more uncertain macro environment.

Sold

Walt Disney Company (DIS) is a diversified international family entertainment and media enterprise operator. Disney+ subscriber growth rates have continued to disappoint and lackluster reports from streaming peers like Netflix, higher content costs, and increased pressure on the consumer have added to concerns about the health of the industry.

S&P Global, Inc. (SPGI) is comprised of four businesses; 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. Deteriorating macroeconomic conditions have severely impacted debt issuances in the market. With the resulting newfound uncertainty in its sizable rating business, SPGI was forced to suspend its guidance for the year.

Outlook

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.

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.