CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

2Q 2022

SMid 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.

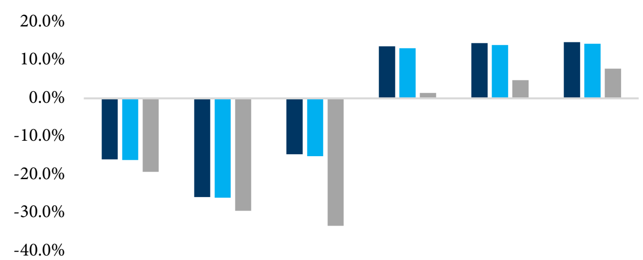
The Federal Reserve (Fed) repeatedly acknowledged the threat sustained inflation presents and has reiterated its commitment to achieving price stability. The Fed accelerated its inflation fight by raising interest rates two times during the quarter and by allowing its balance sheet to shrink, thereby 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 SMid Growth Portfolio ("the Portfolio") returned -15.57% (gross of fees) and -15.65% (net of fees) during the quarter, while the Russell 2500 Growth Index returned -19.55%.

The Portfolio benefited from security selection in Information Technology, Health Care, Consumer Staples, and Financials. However, security selection in Energy, Consumer Discretionary, and Real Estate detracted from performance, as did a lack of exposure to Utilities.

% Average Annual Returns as of 6/30/2022

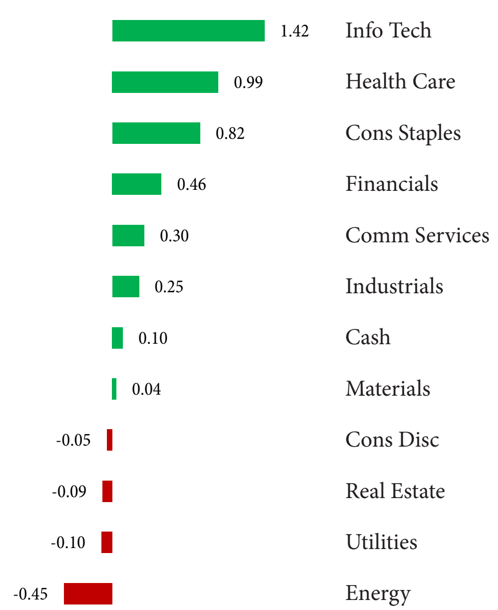


	QTD	YTD	1 Yr	3 Yrs	5Yrs	Inception 4/1/2017)
SMid Growth (Gross)	-15.6	-27.3	-18.5	14.4	14.8	14.8
SMid Growth (Net)	-15.6	-27.4	-18.8	14.0	14.3	14.4
Russell 2500 Growth*	-19.6	-29.4	-31.8	3.7	7.5	8.0

Performance is preliminary and subject to change at any time.

% Total Effect Portfolio vs. Index[1]

3/31/2022 - 6/30/2022



Information is as of 6/30/2022. 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. 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 not 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. [1]The information shown is for a representative account as of 6/30/2022. Actual client account holdings and sector allocations may vary.

2Q 2022 Attribution Highlights

Overall Contributors

- Security selection in Information Technology, Health Care, Consumer Staples, and Financials

Overall Detractors

- Security selection in Energy, Consumer Discretionary, and Real Estate
- Underweight to Utilities

Top 5 Contributors/Detractors

Stock	Avg. Weight%	Contribution%
e.l.f. Beauty, Inc.	2.21	0.48
Prestige Consumer Healthcare, Inc.	2.45	0.26
LPL Financial Holdings, Inc.	3.06	0.02
PTC, Inc.	2.34	0.00
Bruker Corporation	2.01	-0.02

e.l.f Beauty, Inc. (ELF) is a leading beauty products company offering high-quality cosmetics at value prices.Quarterly results were better than expected, fueled by a rebound in the cosmetics category and margin expansion despite incremental supply chain and freight headwinds. Management also sees good traction with national and international retailers.

Prestige Consumer Healthcare, Inc. (PBH) markets and distributes over-the-counter healthcare and household cleaning products. The company's better-than-expected quarterly results were largely due to strong performance from many of its key brands as well as new product innovation.

LPL Financial Holdings, Inc. (LPLA) is the nation's largest independent broker-dealer. Quarterly results beat expectations, aided by LPLA's focus on expense control. LPLA also saw organic growth momentum and increasing cash balances, an important driver of earnings in the current rising interest rate environment.

PTC, Inc. (PTC) is a computer software and services company that offers a portfolio of computer-aided design modeling, product lifestyle management, and service lifecycle management solutions. Quarterly bookings growth and better-than-expected performance in Europe drove the stock's outperformance. In addition, the company's annual recurring revenue growth continues to be resilient with double-digit growth from digital transformation initiatives.

Bruker Corporation (BRKR) manufactures scientific instruments for molecular and materials research. Despite various macro challenges (supply chain issues, etc.), the company continues to benefit from underlying demand trends that drove bookings growth above organic revenue growth. The company also generated double-digit growth across various businesses.

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Cactus, Inc. Class A	3.57	-1.16
Entegris, Inc.	3.22	-1.06
Horizon Therapeutics plc	3.52	-0.88
Monolithic Power Systems, Inc.	3.88	-0.82
Generac Holdings, Inc.	2.34	-0.80

Cactus, Inc. (WHD) manufactures wellhead and pressure control equipment for onshore and offshore oil and gas drilling. The stock's valuation has fallen sharply recently in lockstep with crude oil prices as markets are beginning to price in the likelihood of a recession. However, WHD has continued to execute well in the face of a challenging operating environment, and increased U.S. drilling activity and price increases have pushed its EPS revisions higher.

Entegris, Inc. (ENTG) is a leading developer, manufacturer, and supplier of micro-contamination control products, specialty chemicals, and advanced materials handling solutions used in semiconductor and other high-tech manufacturing processes. ENTG reported better than expected quarterly results, but the stock underperformed along with the rest of the semiconductor industry.

Horizon Therapeutics (HZNP) develops therapies for orphan diseases, specifically uncontrolled gout and thyroid eye disease. Horizon's first quarter saw a modestly disappointing result for Tepezza, a drug used to treat thyroid eye disease, and management spoke to a modest acceleration in the second quarter, casting some doubt on the more optimistic Tepezza sales guidance for the full year. However, management remains confident in Tepezza's long-term growth target of $3.5 billion.

Monolithic Power Systems, Inc. (MPWR) is a semiconductor company that designs, develops, and markets high-performance power solutions. Despite reporting very good quarterly results, the stock has been pressured on concerns that the semiconductor industry is going to may experience slower growth in the near term. However, MPWR is well-positioned to benefit from the upcoming server upgrades.

Generac Holdings, Inc. (GNRC) is an energy technology solutions company that provides backup and prime power generation systems for residential and commercial & industrial applications. GNRC has benefitted from two-plus years of substantial home standby generator growth stemming from increased power outages and a shift to at-home work. However, there is increasing concern that growth will decelerate going forward, exacerbated by rising inflation and interest rates that could threaten consumers' spending capacity.

2Q 2022 Transaction Summary

Sector Allocation Changes

- Increase in Consumer Staples & Health Care
- Decrease in Consumer Discretionary & Industrials

Purchased

- Simply Good Foods Co. (SMPL) - Consumer Staples
- Envista Holdings Corp. (NVST) - Health Care

Sold

- Etsy, Inc. (ETSY) - Consumer Discretionary
- GXO Logistics, Inc. (GXO) - Industrials

Purchased

Simply Good Foods Co. (SMPL) develops and markets nutritional snack bars, ready-to-drink shakes, and confections primarily under the Atkins and Quest brands. In a slowing US packaged food industry, SMPL's low carb, high protein products have shown consistent growth in the faster-growing healthy snack segment. Product and marketing initiatives have resonated with a broadening customer base driving double-digit growth, while SMPL's asset-light business model results in healthy margins and cash flow. SMPL's snack bars have historically been correlated to consumer mobility, and it should benefit as the economy continues to reopen.

Envista Holdings Corp. (NVST) is a global dental products company that produces implants, orthodontics, and digital imaging technologies. Management's strategic priorities are accelerating organic growth, expanding operating margins, and building a stronger portfolio. In addition, NVST is expected to increase market share in the clear aligner market based on its leading presence in the conventional bracket and wire marketplace.

Sold

Etsy, Inc. (ETSY) operates an online global marketplace for unique and creative goods such as shoes, clothing, bags, and accessories. E-commerce trends have slowed as consumers become more mobile and are choosing to spend more of their wallet share on services and experiences. Inflationary pressure and the ongoing Russia-Ukraine conflicts' impact on its European customers are also acting as a drag on results. Despite a slowing environment, ETSY has indicated that it will continue to invest in its infrastructure at a high level which will pressure margins over the next few quarters. This adds to the uncertainty as to when ETSY could get back to its previous long-term earnings growth trajectory.

GXO Logistics, Inc. (GXO) provides contract logistics solutions including value-add warehousing, supply chain optimization, inventory management, order fulfillment, and reverse logistics. GXO has shown recent success in winning significant new business. However, adverse market conditions impacting the European consumer, GXO's largest exposure, stands to threaten this trend over the next couple of years. Further, a material slowdown in consumer spending on goods would reduce warehouse volumes and negatively impact revenue and earnings.

Positioning

Portfolio 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 in the Portfolio during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Consumer Staples and Health Care weightings, while reducing its Consumer Discretionary and Industrials weightings.

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. SMid Growth Composite 4/1/2017 - 12/31/2020

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Russell 2500 Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell 2500 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	50.3	49.7	40.5	20.7	23.9	47	0.62	55	10,746	5,523	16,269
2019	28.7	28.2	32.7	n/a	n/a	14	n/a	37	8,445	4,083	12,528
2018	1.3	0.9	-7.5	n/a	n/a	≤5	n/a	27	7,102	3,132	10,234
3/31/17–12/31/17	12.8	12.5	17.1	n/a	n/a	≤5	n/a	35	7,272	3,274	10,546

#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 SMid Growth Composite is April 1, 2017, 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 growth style for a minimum of one full month. The SMid growth strategy invests in the equity of high quality companies with market capitalizations between $300 million and $20 billion (at the time of purchase) exhibiting consistent earnings growth. Accounts with wrap commissions are excluded from the composite. The primary composite benchmark is the Russell 2500 Growth. The benchmark returns are not covered by the report of the independent verifiers. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. A complete list and description of all firm composites is available upon request. 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 periods prior to 2020 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

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