CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

3Q 2022

BALANCED STRATEGY

Market Environment

Turbulence has been the prevailing theme of 2022. Investors are grappling with inflation and a drawn-out conflict between Russia and Ukraine, forces that have damaged asset valuations and stunted economic growth. While the summer months offered some respite, negative sentiment intensified in September. The downward trend of stocks accelerated and bond yields increased as the Federal Reserve (Fed) reinforced its commitment to taming inflation, even at the cost of a potential recession. Energy prices, driven up by international sanctions on Russia, have receded from their highs. However, the coming winter is unlikely to bring more relief, particularly as Europe faces energy prices that have been as high as 10x typical levels. Despite these headwinds, the US economy continues to show strength and the consumer remains fundamentally strong, in our view.

On the inflation front, continued price increases have caused concern, particularly as inflation has broadened out to "stickier" categories like shelter. In response, the Fed is aggressively raising short term interest rates and shrinking its bond holdings. Bond yields reflect the Fed's vigor and the markets are anticipating a 2023 recession.

Market sentiment is undoubtedly negative, to the point that even "good news" is viewed in a negative light. For instance, August's unemployment rate of 3.7% is seen as inflationary. However, the US labor market is moving back into balance, with employment at pre-COVID levels and labor force participation creeping higher. An expanding labor pool is deflationary and may indicate the beginning of the end of the "great resignation." Help wanted signs hang from auto repair shops, restaurants, and health care facilities. With recent reports suggesting over eleven million unfilled positions, ample opportunity awaits those seeking employment.

Improving supply chains and falling commodity costs indicate we are past peak inflation. Though shelter inflation remains at concerning levels, housing prices and apartment rent growth show signs of turning over. While markets believe the Fed will ultimately keep inflation in check, caution is warranted. Consumers are spending more money on food, fuel, and shelter than in the recent past.

While the domestic economy finds its footing, Europe faces a difficult winter. An over-reliance on Russian natural gas and a premature focus on green energy policies have left the Continent with exorbitant energy and utility costs. Government policies will lessen the out-of-pocket pain for their citizens, but the fundamental energy shortfall is not easily fixed. Elevated fuel costs are likely to dampen consumer discretionary spending and are already curtailing industrial production. U.S. companies with European exposure will feel the chill.

Performance Summary

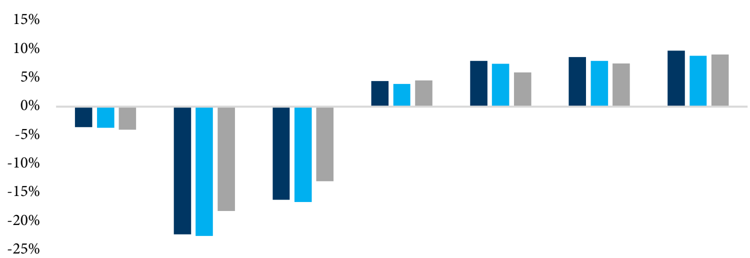
The Congress Balanced Portfolio ("The Portfolio") returned -3.6% (gross of fees) and -3.7% (net of fees) during the quarter, while the Portfolio's blended index, 60% S&P 500 / 40% Bloomberg US Intermediate Government/Credit Index ("The Index") returned -4.0%.

Portfolio Discussion

Despite improving supply chains and falling commodity costs, continued price increases in other categories indicate that the fight against inflation will likely continue for the foreseeable future. While we believe the Fed will be successful in dampening inflation to a more reasonable level in 2023, the immediate economic and geopolitical outlook is highly uncertain, a phenomenon reflected in stock market volatility and heightened interest rates.

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 9/30/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Balanced (Gross) ■	-3.6	-22.3	-16.2	4.5	8.0	8.6	9.8
Balanced (Net) ■	-3.7	-22.6	-16.6	4.0	7.5	8.0	8.9
Benchmark[1] ■	-4.0	-18.2	-13.0	4.6	6.0	7.6	9.1

[1]Blended Benchmark: 60% S&P500/40% Bloomberg 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%
Paycom Software, Inc.	1.63	0.21
O'Reilly Automotive, Inc.	1.99	0.20
Darden Restaurants, Inc.	1.51	0.16
Entegris, Inc.	0.48	0.13
Eaton Corp. PLC	1.58	0.08

Paycom Software, Inc. (PAYC) is a leader in payroll and human capital management applications. PAYC is seeing solid returns on its marketing spend and the company is closing deals faster. PAYC also continues to benefit from the strong employment environment.

O'Reilly Automotive, Inc. (ORLY) is one of the largest sellers of aftermarket automotive parts, tools, and accessories in the US. Pricing initiatives in its Pro business appear to be taking hold as the company reported double-digit comparable sales growth. Long term, ORLY is well-positioned to benefit from the aging fleet of vehicles, particularly as the shortage of new vehicles and high prices incentivize consumers to hold on to their current vehicles or purchase more affordable older vehicles.

Darden Restaurants, Inc. (DRI) owns and operates full-service dining restaurants. The company's investments in service and value resulted in strong customer satisfaction metrics and share gains. Year to date, same-store sales growth is trending above the high-end of management's fiscal full-year guidance.

Entegris, Inc. (ENTG) is a leading developer, manufacturer, and supplier of micro-contamination control products used in the manufacturing processes of semiconductors and other high-tech industries. The company continues to benefit from the migration to advanced nodes and architectures as its products become increasingly important to customers' success.

Eaton Corp (ETN) is a power management company. Despite a challenging macro environment, ETN is executing well as order trends across the Electrical end markets continue to be robust. Management noted that even in a mild recession, they believe the company's Electrical business can grow.

Bottom 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%	Detraction%
Adobe, Inc.	1.39	-0.32
ServiceNow, Inc.	1.17	-0.25
NVIDIA Corporation	1.16	-0.20
Zoetis, Inc. Class A	1.50	-0.19
Veeva Systems, Inc. Class A	0.31	-0.19

Adobe, Inc. (ADBE) offers software and services that enable its customers to create and deliver compelling content. ADBE's announcement to acquire Figma, a web-first design software focused on collaboration, weighed on the stock's performance. ADBE is paying 50x trailing twelve months on an annualized recurring revenue and the deal will be dilutive to earnings. Long term, the acquisition expands ADBE's reach into organizations and assists in winning over the next generation of creative professionals.

ServiceNow, Inc. (NOW) provides automated workflows for repeatable tasks. Macro headwinds and disappointing earnings guidance weighed on the stock's performance. Despite the negative news, NOW reported impressive results in terms of large deal metrics. In addition, the company has an excellent history of expanding relationships over time.

NVIDIA Corporation (NVDA) designs and develops graphic processing units. Despite gaming revenue being down double digits for the past few quarters, underlying demand and long-term opportunity remain strong. In the near term, upcoming new product launches in its data centers and gaming segments should reaccelerate revenue growth.

Zoetis, Inc. (ZTS) is the world's largest producer of medicine and vaccinations for pets and livestock. ZTS earns most of its revenue from livestock but also sells companion animal products. Upcoming competition for its Simparica Trio drug as well as continued competition in livestock weighed on the stock's performance. However, the companion animal business remains strong as Millennials and Gen Z are prioritizing pet health.

Veeva Systems, Inc. (VEEV) provides industry-specific, cloud-based software solutions for the life sciences industry. Currency headwinds, and to a lesser extent, lowered spending from small/medium sized businesses forced VEEV to lower its full-year guidance. Despite these near term headwinds, the company continue to gain customers and its research and development products remain strong.

Fixed Income Sleeve

A slightly shorter duration positioning relative to the benchmark strengthened relative performance due to the upward shift in the yield curve. Allocation to US Treasury issues assisted relative performance as this sector outperformed. However, security selection in 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%
Pfizer Inc. Dec. 2026	4.08	0.07
US Treasury Mar. 2023	0.61	0.01
US Treasury Jan. 2023	0.52	0.00
US Treasury Aug. 2023	0.97	-0.01
US Treasury Oct. 2023	1.18	-0.02

Bottom 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration	Detraction%
US Treasury Feb. 2028	5.03	-0.18
Intel Corporation Nov. 2029	6.41	-0.23
Unitedhealth Group, Inc. May 2031	7.65	-0.25
US Treasury May 2032	8.36	-0.26
Amazon.com, Inc. May 2031	7.65	-0.32

Information is as of 9/30/2022. 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 9/30/2022. Actual client account holdings and sector allocations may vary.

Transactions

3Q 2022 Transaction Summary - Equity Sleeve

Sector Allocation Changes

- Increase in Health Care
- Decrease in Information Technology

Purchased

- Veeva Systems, Inc. (VEEV) - Health Care

Sold

- Entegris, Inc. (ENTG) - Information Technology

3Q 2022 Transaction Summary - Fixed Income Sleeve

Purchased

- We purchased May 2032 US Treasury bonds to extend duration and add yield
- We purchased May 2031 Amazon.com, Inc. bonds to maintain credit exposure, extend duration, and add yield

Sold

- We sold January 2023 US Treasury bonds to extend duration
- We sold December 2026 Pfizer, Inc. bonds due to tight spread

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Manager Outlook

Equity Sleeve

As economic challenges abound, attention has turned to corporate earnings. Doubts are mounting about companies' abilities to maintain margins either through price increases or operational efficiencies. Employment costs are rising and supply chain issues are forcing many companies to rely on higher cost options such as increasing inventory and/or moving operations closer to home. The prospect of higher costs and higher interest rates has increased market volatility and weighed on returns. So far this year the S&P 500 has lost 1% or more in a week 21 times, a grim milestone that has been exceeded only three times in the last 30 calendar years.

The immediate economic outlook is uncertain and stock market valuations and interest rate trends reflect this reality. The U.S. ten-year Treasury note now yields about 3.8%, up from 1.5% at year end. We believe the increased yield will be enough to dampen inflation to a more reasonable level in 2023. While the US consumer won't escape inflation unscathed, consumers, in general, are well-positioned to absorb price increases, and the strong labor market is contributing to rising compensation.

How hard or soft the coming landing will be is unclear, and the stock market is likely to react to a combination of corporate earnings and the U.S. ten-year yield. As such, market swings are expected to continue. Ultimately, intermediate- and longer-term economic prospects will be heavily influenced by the consumer and his or her spending priorities. Looking through the noise, we continue to believe that a portfolio of established growth companies offers the best prospects for long-term capital appreciation.

Fixed Income Sleeve

Performance in the fixed income markets has been dismal from a total return standpoint. The third quarter marks the fourth straight quarter of negative returns for bonds, a highly unusual occurrence. In fact, this string of four consecutive quarters of losses was the first seen since our benchmark's inception in 1973. For investors also invested in stocks in a traditional Balanced strategy, these returns on top of losses in equities may seem punitive. The last time both stocks (as measured by the S&P 500 Index) and bonds (measured by the Bloomberg Intermediate Gov't Credit Index) had negative returns over a calendar year was 1994, further showing the rarity of this current market situation.

We expect that the end of the present series of Fed interest rate hikes will mark the resumption of more normal market performance. This transition away from very low yields points to an ultimate market reset and an end to this very uncommon situation. Bonds, due to their structure, have mean reverting return properties. So, over the long run we expect bonds to have returns that roughly equate to their yield to maturity, pushing results back into positive territory.

For the quarter, both U.S. Government guaranteed debt and Corporate bonds performed equally poorly. Both market segments posted returns near -3.0% for the quarter, driven down by rising interest rates. On a year-to-date basis, Corporate issues have suffered more than government guaranteed issues. We should note that higher-quality Corporate bonds have outperformed their lower-quality counterparts over this time frame as well. Our disdain for lower-quality issues has been buttressed by this weaker performance.

Looking forward, we expect the Fed to continue to raise interest rates until macroeconomic data signals lower inflation. So far, we have seen slowing growth rates of inflation (i.e., smaller increases) but nothing that would qualify as contractionary. At the same time, given the multiple 75 basis point hikes instituted by the Fed, we would not be surprised if the Fed took a timeout to allow their policies to become fully integrated into the economy. Yet in the aggregate, we see little reason for the Fed to deviate from its well documented and broadcast mission to tamp down inflation.

Yields today are over 350 basis points higher than they were one year ago, presenting a much more enticing picture for investors. The desire to chase yield can be strong, so we do advise choosing your investment vehicle wisely. Above market yields are not given away freely, there are tradeoffs that come in the form of credit risk and liquidity risk. Fixed income investments should be made in places of stability, not volatility.

In times where uncertainty seems to be the watchword, we especially appreciate the value of purchasing high-quality, liquid bonds. Moderate yields from a moderate risk profile seems a better alternative than a "shoot out the lights" approach. Our long-term strategy of thoughtful portfolio construction and measured security selection is centered on safety, liquidity, and quality. We believe our strategy will best serve our clients over time, especially when markets are not always heading up.

Congress Asset Management Co. Balanced Composite 1/1/2012 - 12/31/2021

Year	Total Return Gross of Fees%	Total Return Net of Fees%	60% S&P 500 40% BUIGCI Blend Return % (dividends reinvested)	CAM Recomm. Allocation %	Composite Gross 3-Yr St Dev (%)	60% S&P 500 40% BUIGCI 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)
2021	17.5	17.0	15.9	65/35	11.0	10.4	34	1.10	50	12,778	8,018	20,796
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

#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 – 12/31/21. The verification report(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 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 US Intermediate Government / Credit Index. The custom benchmark is calculated 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, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions 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 1/4th of the highest management fee in the Balanced Composite, which was 1.00%, applied quarterly. 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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