CONGRESS ASSET
MANAGEMENT COMPANY

3Q 2022

Portfolio Commentary

DIVIDEND GROWTH PORTFOLIO

Market Review

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.

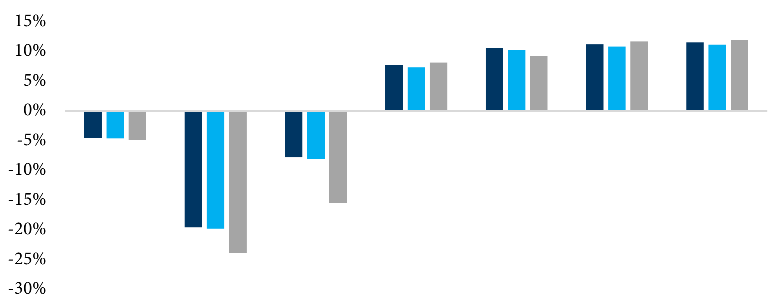
While the domestic economy finds its footing, Europe faces a difficult winter. An over-reliance on Russian natural gas and a premature focus on green energy policies have left the Continent with exorbitant energy and utility costs. Government policies will lessen the out-of-pocket pain for their citizens, 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 Overview

The Congress Dividend Growth Portfolio (“the Portfolio”) returned -4.5% (gross of fees) and -4.6% (net of fees) during the quarter, while the S&P 500 returned -4.9%.

The holdings that contributed the most to quarterly returns were Martin Marietta Materials, Inc., RPM International, Inc., Cintas Corporation, Home Depot, Inc., and Stryker Corporation. The holdings that detracted the most were Nike, Inc., Verizon Communications, Inc., Abbvie, Inc., Crown Castle, Inc., and CME Group, Inc.

Average Annualized Performance % - as of 9/30/2022



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/31/2010
Dividend Growth (Gross)	-4.5	-19.6	-7.8	7.7	10.6	11.2	11.5
Dividend Growth (Net)	-4.6	-19.8	-8.1	7.3	10.2	10.8	11.2
S&P 500	-4.9	-23.9	-15.5	8.2	9.2	11.7	11.9

Performance is Preliminary and subject to change at any time.

Third Quarter 2022 Highlights

Top 5 Contributors/Detractors

Stock	Avg. Weight%	Contribution%
Martin Marietta Materials, Inc.	2.75	0.18
RPM International, Inc.	3.00	0.13
Cintas Corporation	3.06	0.11
Home Depot, Inc.	2.40	0.05
Stryker Corporation	2.05	0.03

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Nike, Inc. Class B	2.16	-0.39
Verizon Communications, Inc.	1.39	-0.36
AbbVie, Inc.	2.50	-0.29
Crown Castle, Inc.	2.13	-0.27
CME Group, Inc. Class A	2.06	-0.27

Martin Marietta Materials, Inc. (MLM) is a leading supplier of building materials, including aggregates, cement, ready mixed concrete, and asphalt. The outlook for MLM appears positive with benefits from the infrastructure spending bill on the horizon. Additional price increases for both aggregates and cement are still likely which should further improve results.

RPM International, Inc. (RPM) manufactures and sells coatings, sealants, and building materials for both industrial and consumer use. Reported results improved as price increases started to catch up with inflationary pressure. The company is also positioned to benefit from the expected increase in government infrastructure spending.

Cintas Corp. (CTAS) provides highly specialized products and services to over one million customers that range from independent auto repair shops to large hotel chains. The company reported better than expected revenues and margins in the quarter while increasing its outlook for the year. New business wins and execution against its cross-selling strategy drove the upside in the results.

Home Depot, Inc. (HD) is the world's largest home improvement specialty retailer with over 2,200 retail stores in North America. HD continues to execute in a challenging backdrop. Strong traction with its Pro initiatives, a resilient customer base, and positive commentary around HD Supply and its supply chain strategy were all highlights in the quarter.

Stryker Co. (SYK) manufactures medical devices and equipment used in reconstructive hip and knee surgery, trauma, emergency medicine, and patient care. Despite some challenges, procedure volume steadily improved during the quarter. Demand for the company's capital products remained robust and the order book for its Mako robotic-arm assisted surgery product continued to be strong.

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. While demand for NKE's goods remained solid, inventory levels across the industry have become a headwind. NKE will take decisive action to clear inventory through promotions, but this will result in significant short-term margin pressure.

Verizon Communications, Inc. (VZ) is a multinational telecommunications conglomerate. Disappointing new wireless customer additions in the quarter led to questions about VZ's market position. Competition in the industry has become more intense with T-Mobile's promotional efforts and as new cable players have entered the market.

AbbVie, Inc. (ABBV) is a research-based biopharmaceutical company engaged in the discovery, development, manufacture, and sale of pharmaceutical products used in immunology, oncology, neuroscience, and virology. While updates on key future growth drugs, Skyrizi and Rinvoq were positive, sales of Imbruvica were disappointing as it was impacted by a slow market recovery and increased competition. Investors were also looking for a more positive update on the company's core franchise, Humira.

Crown Castle International Corp. (CCI) is a real estate investment trust and provider of shared communications infrastructure in the U.S. (cell towers and fiber/small cells) via long-term contracts. Results in the quarter were in-line with expectations and CCI maintained its outlook for the year. However, rising interest rates are presenting a headwind by increasing CCI's interest expenses and giving investors who are looking for yield more alternatives.

CME Group, Inc. Class A (CME) provides electronic trading, offering the broadest range of global benchmark products across all major asset classes including futures and options. The company also provides hedging and risk management capabilities to its customers. While the uncertain macro environment has been beneficial to volumes on CME's exchange, its revenue earned per contract has been somewhat of a disappointment.

Information is as of 9/30/2022. 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.

3Q 2022 Transaction Summary

Purchased	Sold
• None	• None

Purchased

None

Sold

None

Outlook

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.

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

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)
2021	26.2	25.7	28.7	16.2	17.2	493	0.56	300	12,778	8,018	20,796
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

#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 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, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions 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.