Portfolio Commentary

Dividend Growth Portfolio

Market Review

We ended 2021 seemingly how it began, mired in another COVID wave. This one driven by the new Omicron variant. Pandemic fatigue is spreading as fast as the new variant itself. Is it different this time? Probably. Omicron appears to spread faster but with less severity. Still, after almost two years, it remains tempting to apply fantastic headlines designed to lure readers to an unfavorable economic view. This would be a mistake as economic momentum remains strong. Omicron tempered economic activity post-Thanksgiving, but this is likely a stumble, not a fall.

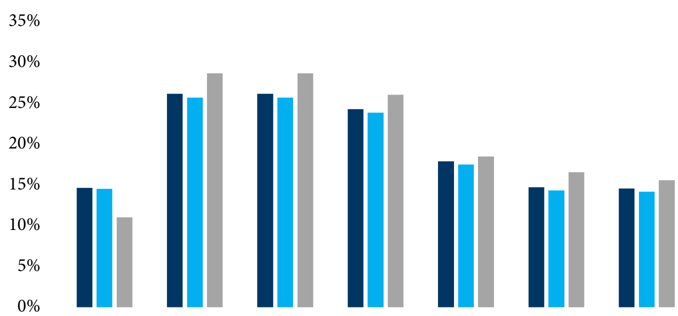
Financial asset returns for 2021 reflected both the strong recovery from the initial pandemic lockdowns and increased inflation. The S&P 500 returned over 28%, driven in large part by big technology companies. While not reflected in broader market returns, many other companies reported strong operating results bolstered by pricing power. In contrast to stocks, the bond market displayed more volatility. Yields on the bellwether 10-year U.S. Treasury Note rose as inflation expectations increased, then fell with the onset of Omicron and the Federal Reserve Bank's (Fed) plan to end bond purchases in March rather than June. The 10-year U.S. Treasury Note ended the year with a 1.5% yield.

Performance Overview

The Congress Dividend Growth Portfolio ("the Portfolio") returned 14.64% gross of fees during the quarter, while the S&P 500 Index ("the Index") returned 11.03%.

The holdings that contributed most to the Portfolio's quarterly returns were Martin Marietta Materials, Inc., Home Depot, Inc., RPM International, Inc., Costco Wholesale Corp., and Accenture Plc. The holdings that detracted most were Walt Disney Company, Visa, Inc., JPMorgan Chase & Co., Verizon Communications, Inc., and Honeywell International, Inc.

Average Annualized Performance % - as of 12/31/2021



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/31/2010
Dividend Growth (Gross)	14.6	26.2	26.2	24.3	17.9	14.7	14.6
Dividend Growth (Net)	14.5	25.7	25.7	23.9	17.5	14.3	14.2
S&P 500	11.0	28.7	28.7	26.1	18.5	16.6	15.6

Performance is preliminary and subject to change at any time

This information is supplemental to the GIPS Report

Information is as of 12/31/2021. Sources: Congress Asset Management, FactSet, and Morningstar Direct. This information is for illustrative purposes and are subject to change at any time. Holdings and performance information throughout this presentation is subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings and performance may vary by client. 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. Performance returns of less than one year are not annualized.

Fourth Quarter 2021 Highlights

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
Martin Marietta Materials, Inc.	3.32	0.93
Home Depot, Inc.	3.02	0.79
RPM International, Inc.	2.77	0.78
Costco Wholesale Corporation	3.09	0.75
Accenture Plc	2.60	0.73

Detractors

Stock	Avg. Weight%	Detraction%
Walt Disney Company	2.29	-0.20
Visa, Inc.	2.59	-0.06
JPMorgan Chase & Co.	2.42	-0.05
Verizon Communications, Inc.	1.47	-0.05
Honeywell International, Inc.	2.25	-0.02

Martin Marietta Materials, Inc. (MLM) is a leading supplier of building materials, including aggregates, cement, ready mixed concrete, and asphalt. MLM operations span 27 states across the Southeast, West, and Mid-American regions. With high utilization rates across the industry, MLM and peers are benefiting from increased prices, with more scheduled to come in 2022. With the passage of the $1 Trillion Infrastructure Bill, the strong outlook for the industry should continue for multiple years.

Home Depot, Inc. (HD) is the world's largest home improvement specialty retailer with over 2,200 retail stores in North America. Industry trends remain favorable for HD and it continues to execute at a high level to take advantage of these current dynamics. A solid supply chain and its ability to increase pricing enabled the company to deliver excellent quarterly results.

RPM International, Inc. (RPM) manufactures and sells coatings, sealants, and building materials for both industrial and consumer use. While supply chain headwinds continue to impact recent results, the worst could now be behind it. With pricing and improvements from its recently completed cost savings programs, its margin outlook has brightened. The company's industrial business should also benefit from the upcoming government infrastructure spending.

Costco Wholesale Corp. (COST) operates membership warehouses that offer branded and private-label products in a range of merchandise categories. COST is unique among retailers in its ability to combine customer loyalty, value, and growth. The company continues to effectively manage the current logistical and inflationary challenges. The company is also showing improved membership levels, including the important executive membership tier.

Accenture Plc (ACN) operates as an investment holding company with an interest in providing management consulting, technology, and outsourcing services. ACN is the largest stand-alone IT services business in the world by sales. ACN posted another strong bookings quarter and management expects these trends to continue. Digital transformation is the core driver as its clients' investments into cloud and digital infrastructure remain a top priority. ACN has also managed the labor and inflationary environment well.

Walt Disney Company (DIS) is a diversified international family entertainment and media enterprise operating through four business segments: Media Networks, Parks & Resorts, Studio Entertainment, and Consumer & Interactive Media. Disney+ subscriber growth decelerated and was below expectations in the recent quarter. This combined with management raising their expected content costs pressured the stock after the company reported results.

Visa, Inc. (V) manages payment in an "open loop" global payment network, which allows it to provide authorization, clearing, and settlement of electronic payment transactions. The company reported solid numbers in the quarter but gave forward guidance that was below expectations. A more conservative outlook by management for travel spending seems to be the disconnect with expectations. News of AMZN no longer accepting Visa credit cards in the UK also raised concerns about its relationship with the retailer. AMZN will however still accept Visa debit cards.

JPMorgan Chase & Co. (JPM) is a leading global financial services firm serving millions of consumers, small businesses, and many of the world's most prominent corporate, institutional, and government clients. JPM posted good results in the quarter, but Financials overall lagged the market. Banks in general also underperformed within Financials given the backdrop of Treasury rates in the quarter.

Verizon Communications, Inc. (VZ) operates America's most reliable wireless network and the nation's premier all-fiber network and delivers integrated solutions to businesses worldwide. VZ's quarterly results were viewed favorably given its slight earnings beat and a raise to its outlook. However, the telecom industry underperformed overall, with increased competitive pressures being a noted concern.

Honeywell International, Inc. (HON) invents and manufactures technologies to support connected systems that improve buildings, factories, utilities, and aircrafts, and enable a safer and more productive world. HON's strong execution in the quarter led to better-than-expected margins and EPS. However, this wasn't enough to offset the supply chain headwinds that reduced organic growth in the quarter and management's outlook for the year. These headwinds are expected to continue through the first half of 2022.

Information is as of 12/31/2021. 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.

4Q 2021 Transaction Summary

Purchased

- none

Sold

- none

Purchased

none

Sold

none

Outlook

We expect the economy to maintain its current pace or strengthen as 2022 progresses. The outlook for the financial markets is more nuanced. Much depends on whether and how much inflation recedes from an elevated 7% November CPI report. Much also depends on growth outside the U.S. The growth/inflation paradigm is arguably more complex than at any time since the end of World War II.

The economic resurgence that started in the spring of 2020 has been remarkable. Domestic GDP registered $23.2 trillion at an annual rate in the third quarter, $1.7 trillion above the 2019 level, the pre-COVID high. Economic activity has slowed with the spread of Omicron, but this likely represents a blip, nothing more. The domestic economy has a solid foundation, led by the consumer but bolstered by both businesses spending to satiate demand and also augmented by government stimulus plans.

Borrowing from Newton's Three Laws of Motion, the economy will not change its expansionary trajectory without a force acting against it. The economy's velocity is supported by almost two years of embedded fiscal and monetary stimuli. Inflation and higher interest rates are forces that could hinder the trajectory but currently do not have enough mass to do so. Further, curtailment of some government transfer programs is unlikely to alter the expansionary trajectory.

The most important force supporting the economy is the combination of jobs, wages, and personal income. The U.S. has a scarcity of labor. Employment surveys indicate 11 million open jobs with far fewer available workers. The shortage will only be partially solved by workers returning post-COVID. Scarcity is forcing employers to pay more, pushing up wages. Personal income was up 7.4% on a year-over-year basis in November 2021. Consumer Net Worth, a broader indicator of financial health, was up 18% over last year.

Other forces continue to indicate continued growth into the New Year. Corporate profits were up 8.4% in the third quarter. Importantly, credit via the bond market and bank loans remains accessible, supporting investment in longer term, productive assets.

Rising wages may be reversing a decades-long secular decline in the labor share of economic output. Up to now, pricing power has mitigated increased labor costs, forestalling the deleterious effects on margins. The reversal of this trend may pose a challenge to profit margins in 2022 and beyond.

Finally, government stimulus should continue to support growth. The November passage of a $1 trillion infrastructure package should impact 2022/2023 with increased federal spending. Regardless as to whether President Biden's Build Back Better plan is passed or not, government and municipal spending will continue to increase.

The sanguine domestic economic outlook cannot be directly applied to the financial markets. As forward-looking instruments, both the stock and bond markets try to anticipate what is around the bend. Entering 2022, two risks appear more prominent now than at any time in the recent past: inflation and China's worrisome economic path.

On the domestic front, the Fed has acknowledged that the level of inflation experienced in 2021, if sustained, would be a detriment to the U.S. economy. Accordingly, it accelerated its plan to curb bond purchases and intimated it may raise short term interest rates as early as the spring. Whether that is enough to limit inflation to the Fed's preferred level of 2% or so remains to be seen. Sustained inflation above 2% would eventually crimp profit margins and would likely result in higher long term interest rates and would weigh on stock prices.

As the world's second largest economy, China has large coattails. China's third quarter GDP grew by only 4.9%, well below its historical average. A slew of Chinese real-estate developers declared bankruptcy. Real estate represents about 30% of China's economy, a far greater level than seen in the U.S. As such, it has outsized importance. With real-estate demand waning, China could be dragged into a recession while facing international sanctions on human rights abuses. China's lack of transparency is especially troubling when its economy is in flux, as it is now.

The New Year holds much promise, including the potential for COVID to be downgraded to endemic status. The U.S. economy and by extension the consumer should continue to do well. Stock investors are likely to experience more volatility with a focus on profit margins and a heightened interest in price-earnings multiples. Investment grade bonds should continue to be a modest source of current income and offer stability relative to other assets should interest rates rise.

Congress Asset Management Co. Dividend Growth Composite 11/1/2011 - 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 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 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.