CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

4Q 2021

Mid Cap Growth

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.

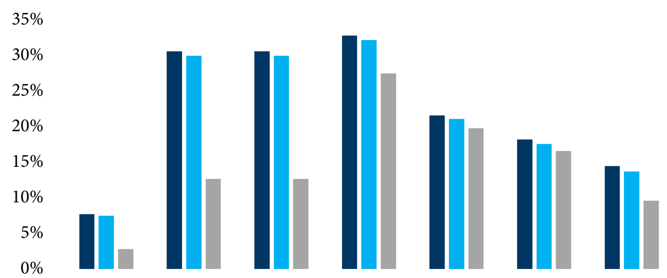
Financial asset returns for 2021 reflected both the strong recovery from the initial pandemic lockdowns and increased inflation. The S&P 500 returned over 28%, driven in large part by big technology companies. While not reflected in broader market returns, many other companies reported strong operating 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 Mid Cap Growth Portfolio ("the Portfolio") returned 7.65% (gross of fees) during the 4th Quarter, outperforming the Russell Midcap Growth Index ("the Index"), which returned 2.85%.

The Portfolio benefited from security selection in Health Care, Communication Services, Information Technology, Consumer Staples, and Consumer Discretionary. An underweight allocation to Communication Services also aided performance during the quarter. However, an underweight allocation to Materials and an overweight allocation to Health Care both slightly detracted from performance, as did security selection in Real Estate.

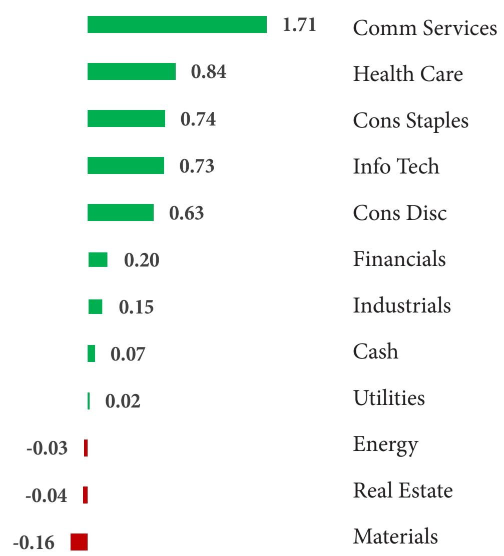
Average Annualized Performance % as of 12/31/2021



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/1/1999
Mid Cap Growth (Gross)	7.7	30.6	30.6	32.8	21.6	18.2	14.5
Mid Cap Growth (Net)	7.5	30.0	30.0	32.2	21.1	17.6	13.7
Russell Midcap Growth*	2.8	12.7	12.7	27.5	19.8	16.6	9.6

Performance is preliminary and subject to change at any time

% Total Effect Portfolio vs. Index[1] (9/30/2021 - 12/31/2021)



Information is as of 12/31/2021. Sources: Congress Asset Management, FactSet, Russell Investments and Informa Investment Solutions. 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. Actual holdings 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. **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 12/31/2021. Actual client account holdings and sector allocations may vary.

4Q 2021 Attribution Highlights

Overall Contributors

- Security selection in Health Care, Communication Services, Information Technology, Consumer Staples & Consumer Discretionary
- Underweight allocation to Communication Services

Overall Detractors

- Underweight allocation to Materials
- Overweight allocation to Health Care
- Security selection in Real Estate

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Ciena Corporation	2.26	0.97
Pool Corporation	2.70	0.71
Keysight Technologies, Inc.	2.91	0.66
Mettler-Toledo International, Inc.	2.79	0.58
Masco Corporation	2.36	0.56

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Paycom Software, Inc.	2.80	-0.42
Generac Holdings, Inc.	2.45	-0.29
SPS Commerce, Inc.	2.37	-0.27
Asbury Automotive Group, Inc.	2.65	-0.25
Charles River Laboratories Intl., Inc.	2.52	-0.21

Ciena Corp. (CIEN) is a global supplier of telecommunications networking equipment, software, and services. The stock benefited from an improving CapEx spending environment along with announcing solid fiscal 4th quarter results and encouraging guidance driven by monetization of previously delayed new wins and updated long-term guidance for growth and margins.

Pool Corporation (POOL) is the largest distributor of outdoor swimming pool supplies and services in addition to products and services for backyard landscaping. POOL reported good 3rd quarter results highlighted by 18% organic growth and over 300 basis points of operating margin expansion. The company also raised its full-year guidance because of favorable home improvement and new pool construction trends.

Keysight Technologies, Inc. (KEYS) is a global leader in the electronic and communication test and measurement space, operating in diverse markets such as commercial communications, aerospace, defense and government, and electronic industrial. The company continues to benefit from increased spending on newer technologies, the acceleration to advanced nodes, and capacity expansion.

Mettler-Toledo International, Inc. (MTD) is a multinational manufacturer of scales and precision analytical instruments used in laboratory, life science, industrial, and food retailing applications. MTD reported excellent fiscal 3rd quarter results with broad-based strength across its laboratory and industrial product lines with market share gains through improved sales practices and supply chain management. The company also provided initial guidance for 2022 of 6% organic growth and approximately 100 bps of operating margin expansion.

Masco Corporation (MAS) is a global leader in the design, manufacture, and distribution of branded home improvement and building products in two segments: Plumbing Products and Decorative Architectural Products. Throughout the quarter, its peers in the coatings business gave dire updates and cut earnings guidance multiple times. However, MAS stock rallied when its results exceeded market expectations, highlighted by strong demand, price increases, and effective supply chain management.

Paycom Software, Inc. (PAYC) provides cloud-based human capital and payroll management solutions. The company reported good quarterly results highlighted by new product adoption, higher initial contract values, continued elevated bookings, and strong customer retention rates. The stock sold off however due to weakness in software stocks overall and continued sales and marketing spending that will impact company margins in the near term.

Generac Holdings, Inc. (GNRC) is a leading global designer and manufacturer of a wide range of power generation equipment. Demand for home standby generators has continued to accelerate, driving backlog above $1B. While this should create greater visibility into future earnings, the stock's relative underperformance in the quarter is a function of increasingly negative sentiment for high valuation stocks and supply chain challenges.

SPS Commerce, Inc. (SPSC) provides supply chain management solutions through an online software suite to retailers, suppliers, and logistics customers. While 3rd quarter 2021 results were strong, the first look at fiscal year 2022 EBITDA guidance came in below the long-term target as the company looks to invest more in the business to take advantage of current secular tailwinds playing out in supply chain management.

Asbury Automotive Group, Inc. (ABG) is one of the largest automotive retailers in the U.S. The company reported positive quarterly results with pricing more than offsetting the limited auto supply. However, the stock continues to be challenged with industry-wide concerns around the long-term impact of more automobile sales moving to electric vehicles. Asbury also closed on the $3.2 billion acquisition of Larry H. Miller dealerships and Total Care during the quarter.

Charles River Laboratories International, Inc. (CRL) researches and develops new drugs, serving biotechnology and pharmaceutical companies as well as hospitals and universities throughout the world. Charles River reported another strong quarter but did not beat market expectations and raise its fiscal year forecast as it had in previous quarters. The company also indicated a higher level of future required capital expenditures and was a bit more cautious regarding its 2022 margin outlook.

4Q 2021 Transaction Summary

Sector Allocation Changes

- none

Purchased

- none

Sold

- none

Purchased

none

Sold

none

Positioning

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.

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.

Information is as of 12/31/2021

Congress Asset Management Co.
Mid Cap Growth Composite
1/1/2011 - 12/31/2020

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Russell Mid Cap Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell Mid Cap 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	32.0	31.4	35.6	19.8	21.5	629	1.14	2,729	10,746	5,523	16,269
2019	35.8	35.2	35.5	12.9	13.9	558	0.49	954	8,445	4,083	12,528
2018	-3.5	-3.9	-4.8	12.2	12.8	506	0.45	850	7,102	3,132	10,234
2017	17.7	17.2	25.3	10.8	10.9	447	0.65	763	7,272	3,274	10,546
2016	13.9	13.3	7.3	12.0	12.2	105	0.54	431	5,693	2,445	8,139
2015	1.9	1.4	-0.2	11.4	11.3	50	0.42	221	5,941	1,153	7,094
2014	13.0	12.4	11.9	10.8	10.9	41	0.51	145	6,328	1,121	7,449
2013	37.9	37.3	35.7	13.2	14.6	35	0.38	84	6,489	978	7,467
2012	10.4	9.8	15.8	17.0	17.9	26	0.46	43	6,755	743	7,498
2011	12.7	12.1	-1.7	19.1	20.8	22	0.67	30	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. 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. The Mid Cap Growth Composite has had a performance examination for the periods 10/1/99 – 12/31/20. The verification and performance examination reports are available upon request.

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 Mid Cap Growth Composite is October 1, 1999, which reflects the first full month in which 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 mid cap growth style for a minimum of one full month. The mid cap growth strategy invests in the equity of high quality companies with market capitalizations between $800 million and $15 billion (at the time of purchase) exhibiting consistent earnings growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $500 thousand (US dollars). Prior to September 1, 2005 the composite did not include private client accounts or accounts with less than $1 million. The primary composite benchmark is the Russell Midcap Growth 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. The % of the composite represented by non-fee paying accounts at annual period end was 100% 1999-2001, 36% in 2002, 20% in 2003, 15% in 2004, 13% in 2005, 22% in 2006 and 18% in 2007. 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. Prior to 2007 net of fees returns were calculated by reducing gross returns by 1/4th of the highest management fee in the Mid Cap Growth 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 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. The management fee schedule and expense ratio for the Mid Cap Growth Fund Institutional Shares is 0.60% and 0.78%, respectively. The management fee schedule and expense ratio for the Mid Cap Growth Fund Retail Shares is 0.60% and 1.03%, respectively.

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.