CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

4Q 2021

Multi-Cap 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.

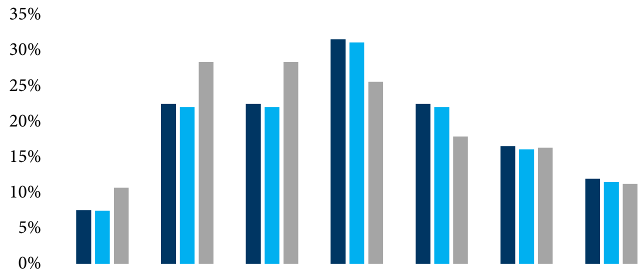
Financial asset returns for 2021 reflected both the strong recovery from the initial pandemic lockdowns and increased inflation. The S&P 500 returned over 28%, driven in large part by big technology companies. While not reflected in broader market returns, many other companies reported strong operating 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 Multi-Cap Growth Portfolio (the Portfolio) returned 7.59% (gross of fees) during the quarter, while the S&P 1500 Index ("the Index") returned 10.71%.

The holdings that contributed most to the Portfolio's quarterly returns were Onto Innovation, Inc., Martin Marietta Materials, Inc., Pool Corporation, UnitedHealth Group, Inc., and Costco Wholesale Corporation. The holdings that detracted most were PayPal Holdings, Inc., Penn National Gaming, Inc., InMode Ltd., Varonis Systems, Inc., and Activision Blizzard, Inc.

Annualized Returns % as of 12/31/2021



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 7/1/2003
Multi-Cap Growth (Gross)	7.6	22.6	22.6	31.7	22.5	16.6	12.0
Multi-Cap Growth (Net)	7.5	22.1	22.1	31.2	22.1	16.2	11.5
S&P 1500	10.7	28.4	28.4	25.6	17.9	16.3	11.3

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. 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. Performance returns of less than one year are not annualized. [1]The information shown is for a representative account as of 12/31/2021. Actual client account holdings and sector allocations may vary.

Fourth Quarter 2021 Highlights

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
Onto Innovation, Inc.	1.92	0.65
Martin Marietta Materials, Inc.	2.51	0.63
Pool Corporation	2.47	0.63
UnitedHealth Group, Inc.	2.34	0.61
Costco Wholesale Corporation	2.43	0.56

Detractors

Stock	Avg. Weight%	Detraction%
PayPal Holdings, Inc.	1.39	-0.44
Penn National Gaming, Inc.	1.16	-0.37
InMode Ltd.	3.28	-0.36
Varonis Systems, Inc.	1.56	-0.31
Activision Blizzard, Inc.	0.63	-0.22

Onto Innovation, Inc. (ONTO) provides semiconductor fabrication equipment, including process control, metrology, and lithography systems and software used by semiconductor wafer and advanced packaging device manufacturers. Revenue accelerated sequentially despite supply chain headwinds as the company is benefiting from increased new production adoption by its customers in specialty devices and advanced packaging business. The guidance calls for these trends to continue, driven by market expansion opportunities and secular growth trends in the semiconductor market.

Martin Marietta Materials, Inc. (MLM) is a leading supplier of building materials, including aggregates, cement, ready mixed concrete, and asphalt. With high utilization rates across the industry, MLM and its peers have raised prices and have more increases scheduled for 2022. With the passage of the $1T Infrastructure Bill, the strong outlook for the industry should continue for multiple years.

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 very strong quarterly results once again with 18% organic growth and over 300 basis points of operating margin expansion. POOL raised its full-year guidance as favorable industry trends and its dominant market position continue to fuel results.

UnitedHealth Group, Inc. (UNH) provides health care coverage, software, and data consultancy services through the following business segments: UnitedHealthcare, OptumHealth, OptumInsight (software and information services), and OptumRX (pharmacy benefits manager). The stock's outperformance was the result of better than expected quarterly results as well as a positive outlook for 2022.

Costco Wholesale Corporation (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 its effective management of the current logistical and inflationary challenges, resulting in share gains for the company. It is also seeing improving membership levels, including the important executive membership tier.

PayPal Holdings, Inc. (PYPL) is an online payment platform that enables digital and mobile payments on behalf of consumers and merchants worldwide. The stock's underperformance was attributed to the eBay transition and supply chain headwinds at the merchant level and lower consumer confidence.

Penn National Gaming, Inc. (PENN) is an American operator of casinos and racetracks. The company also controls a 36% stake in Barstool Sports. Mixed quarterly results coupled with an article regarding accusations against Barstool founder Dave Portnoy pressured the stock's performance.

InMode Ltd. (INMD) is a leading global medical aesthetics company; its devices enable minimally invasive procedures using radio frequency technology. Despite reporting very good quarterly results highlighted by a solid product cycle and robust demand from patients, the stock pulled back along with the broader market.

Varonis Systems, Inc. (VRNS) provides data security and analytics through various product offerings. The company is one of the top players focused on internal network defense, the most frequently stolen content from enterprises and governments. The stock's underperformance was mainly due to weakness in the technology sector. VRNS continues to see strong demand for its products as ransomware attacks remain elevated.

Activision Blizzard, Inc. (ATVI) is a leading global developer and publisher of interactive entertainment, namely videogames and services. The company is split into three divisions – Activision, Inc., Blizzard Entertainment, and King Digital Entertainment – and boasts key titles like Call of Duty, World of Warcraft, Candy Crush, Diablo, and Overwatch. ATVI has been plagued with various workplace discrimination controversies which have resulted in an investigation by the SEC. Separately, ATVI delayed the launch of Overwatch 2 and Diablo IV due to a leadership change. The stock was sold from the Portfolio during the quarter.

4Q 2021 Transaction Summary

Sector Allocation Changes	Purchased	Sold
• Increase in Information Technology & Real Estate • Decrease in Communication Services & Consumer Staples	• NVIDIA Corporation (NVDA) - Information Technology • Simon Property Group, Inc. (SPG) - Real Estate	• Activision Blizzard, Inc. (ATVI) - Communication Services • Lamb Weston Holdings, Inc. (LW) - Consumer Staples

Purchased

NVIDIA Corporation (NVDA) is a global leader in advanced graphics processing technology for mainstream platforms. Its products are designed to generate graphics on workstations, personal computers, game consoles, and mobile devices. NVDA has transformed itself from a company providing graphic processors for PCs to a well-diversified and major player in parallel computing. In addition, over the last few years, the company has established itself as a dominant player in the gaming and data center markets driven by advancements in GPUs (graphic processing units). With the recent acquisition of Mellanox, NVDA is planning to target an increasing portion of overall datacenter compute cycles, especially in the AI (artificial intelligence) and HPC (high-performance computing) areas.

Simon Property Group (SPG) operates as a self-administered and self-managed real estate investment trust. The company owns, develops, and manages premier shopping, dining, entertainment, and mixed-use destinations consisting primarily of malls and premium outlets. Despite the ongoing pandemic, SPG's fundamentals are starting to rebound as foot traffic in malls has returned to pre-pandemic levels. The company's portfolio of Class A malls should continue to be the dominant brick and mortar retail option for current and future tenants.

Sold

Activision Blizzard, Inc. (ATVI) is a leading global developer and publisher of interactive entertainment, namely videogames and services. The company is split into three divisions; Activision, Inc., Blizzard Entertainment, and King Digital Entertainment and boasts key titles like Call of Duty, World of Warcraft, Candy Crush, Diablo, and Overwatch. ATVI's corporate culture has been plagued by controversies including harassment, discrimination, and intimidation, resulting in an investigation by the SEC. Separately, ATVI delayed the launch of Overwatch 2 and Diablo IV due to a leadership change.

Lamb Weston Holdings, Inc. (LW) is a leading global producer, distributor, and marketer of value-added frozen potato products, primarily french fries. Potato supply issues and inflation pressures have negatively impacted the company's profitability. Management has implemented price increases which should drive margin improvement in the near term. However, the road to pre-COVID profit margins may take longer as LW will incur higher input costs (i.e., fertilizers).

Positioning

Investments are predicated on a company's future prospects rather than economic or market cycles. We seek companies with strong fundamentals and emphasize earnings growth consistency, free cash flow, and solid balance sheet metrics. There were two purchases and two sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Information Technology and Real Estate weightings, while reducing the Communication Services and Consumer Staples weightings.

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,

Information is as of 12/31/2021

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. Multi-Cap Growth Composite 1/1/2011 - 12/31/2020

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P Composite 1500 Return % (dividends reinvested)	S&P 500 Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P Composite 1500 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	39.6	39.1	17.9	18.4	20.7	18.9	18.5	30	0.81	324	10,746	5,523	16,269
2019	33.4	32.9	30.9	31.5	13.4	12.1	11.9	27	0.80	242	8,445	4,083	12,528
2018	-3.4	-3.8	-5.0	-4.4	12.4	11.0	10.8	23	0.32	187	7,102	3,132	10,234
2017	25.4	24.9	21.1	21.8	10.3	9.9	9.9	23	0.51	215	7,272	3,274	10,546
2016	0.5	0.1	13.0	12.0	11.4	10.7	10.6	6	n/a	131	5,693	2,445	8,139
2015	2.7	2.3	1.0	1.4	10.8	10.5	10.5	≤5	n/a	135	5,941	1,153	7,094
2014	7.0	6.6	13.1	13.7	10.4	9.1	9.0	≤5	n/a	134	6,328	1,121	7,449
2013	31.2	30.7	32.8	32.4	12.6	12.2	11.9	≤5	n/a	127	6,489	978	7,467
2012	15.9	15.5	16.2	16.0	16.7	15.4	15.1	≤5	n/a	100	6,755	743	7,498
2011	1.8	1.5	1.8	2.1	18.2	19.1	18.7	≤5	n/a	87	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 Multi-Cap Growth Composite is July 1, 2003, 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 multi cap growth style for a minimum of one full month. The multi-cap growth strategy invests in the equity of high quality companies with market capitalizations over $500 million 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). The primary composite benchmark is the S&P Composite 1500 Index and the S&P 500 Index is a supplemental index. Effective April 1, 2021 the Multi-Cap Growth Composite benchmark was changed retroactively from the Russell 3000 Growth Index to the S&P Composite 1500 Index in order to better represent the investable universe. 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 1% in 2008. 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 Multi-Cap Growth Composite, which was 0.63%, 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.

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.