CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

4Q 2022

MULTI-CAP GROWTH PORTFOLIO

Market Review

The financial markets were relatively calm as 2022 ended, belying the most turbulent year since the 2008 Great Financial Crisis. 2022 will be remembered as the year the pandemic-induced economic haze began to lift. The clearer view accentuated some troubling trends: the stubborn persistence of inflation, Russia's continuing aggression in Ukraine and antagonism towards the West, and the ratcheting up of tension in trade rhetoric and restrictions between the U.S. and China. Rising rates punished markets with little solace found in stocks, bonds, or alternative investments. The S&P 500 was down 19% for the year and the Bloomberg US Aggregate Index fell 13%, the first time in at least 50 years that both stocks and bonds had negative returns.

Inflation has been a major driver of market volatility and we believe it will continue to have an outsized effect on the markets and economy in 2023. The Federal Reserve (Fed) raised the federal funds rate seven times over the course of the year, a cumulative increase of 4.25%, to slow economic growth and fight rampant inflation. While the full impact of these rate hikes has yet to be felt, recent indicators suggest we are past peak inflation, a sign that the Fed's efforts may be paying off. Core Personal Consumption Expenditures (PCE), the Fed's preferred measure of inflation, has fallen in each of the last 4 months. The 3-month annualized rate in November was 3.6%, the lowest since February of 2021.

Consumer demand for goods and housing should continue to weaken, alleviating some cost pressures. However, the labor market remains out of sync with a shortage of workers even though wages and compensation continue to grow at an accelerated rate. The Fed would like to see the unemployment rate increase from 3.7% to over 4% to bring this back in balance, in theory easing compensation costs. Fine tuning the unemployment rate however is an inexact art, and the Fed risks damaging the American worker should they be too aggressive.

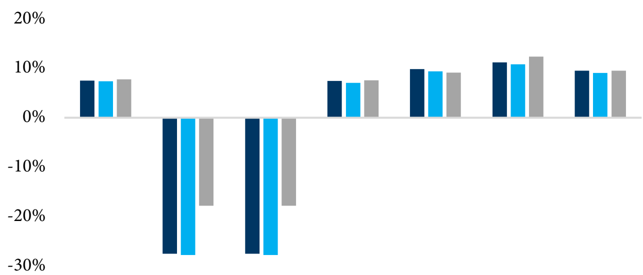
Though trending down, inflation remains high, and the Fed expects to continue raising rates in 2023. This Fed tightening cycle, like all the prior ones, is a delicate experiment – too much tightening could cause a recession, too little and inflation could resurge, wreaking its own havoc. As it stands now, the Fed Funds rate target at 4.25% is above the 3.85% 10-year US Treasury yield, a point at which tightening cycles have ended in the past. We expect this cycle will wind down early in 2023, allowing the economy to find its natural footing with less Fed intervention.

Performance Overview

The Congress Multi-Cap Growth Portfolio (the Portfolio) returned 7.5% (gross of fees) and 7.4% (net of fees) during the quarter, while the S&P 1500 Index ("the Index") returned 7.8%.

The holdings that contributed the most to quarterly returns were Fair Isaac Corporation, Air Products and Chemicals, Inc., Nike, Inc., ChampionX Corporation, and Deere & Company. The holdings that detracted the most were Amazon.com, Inc., DoubleVerify Holdings, Inc., Simulation Plus, Inc., PayPal Holdings, Inc., and Edwards Lifesciences Corporation.

Average Annualized Performance % - as of 12/31/2022



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 7/1/2003
Multi-Cap Growth Composite (Gross)	■	7.5	-27.5	-27.5	7.4	9.8	11.2	9.5
Multi-Cap Growth Composite (Net)	■	7.4	-27.7	-27.7	7.1	9.4	10.8	9.1
S&P 1500	■	7.8	-17.8	-17.8	7.6	9.2	12.4	9.6

Performance is preliminary and subject to change at any time.

Fourth Quarter 2022 Highlights

Top 5 Contributors/Detractors

Stock	Avg. Weight%	Contribution%
Fair Isaac Corporation	2.50	0.86
Air Products and Chemicals, Inc.	2.71	0.74
Nike, Inc. Class B	1.97	0.66
ChampionX Corporation	1.74	0.63
Deere & Company	2.61	0.63

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Amazon.com, Inc.	1.42	-0.40
DoubleVerify Holdings, Inc.	1.84	-0.37
Simulations Plus, Inc.	1.12	-0.32
PayPal Holdings, Inc.	1.31	-0.24
Edwards Lifesciences Corp.	2.21	-0.22

Fair Isaac Corporation (FICO) provides products, solutions, and services that enable businesses to automate, improve, and connect decisions to enhance business performance. While the company reported quarterly results in line with expectations, management raised full-year earnings guidance due to continued strong results in its Software segment. This stands in contrast to the weakness experienced in the broader software industry.

Air Products and Chemicals, Inc. (APD) is the world's largest supplier of hydrogen and has built positions in growth markets such as helium and natural gas liquefaction. Despite an uncertain macro environment, APD continues to experience robust demand as the company announced various new projects.

Nike, Inc. (NKE) is the world's leading designer, marketer, and distributor of authentic athletic footwear, apparel, equipment, and accessories. NKE was a standout in the apparel space as it significantly outperformed on all metrics in the quarter. Despite challenges in China and elsewhere, it was able to manage its inventory effectively, which is a major concern across the consumer discretionary space.

ChampionX Corporation (CHX) is a global leader in chemistry solutions and highly engineered equipment and technologies that help companies drill for and produce oil and gas safely, efficiently, and sustainably around the world. CHX continues to benefit from the increasing demand for energy, which has enabled the company to drive strong free cash flow generation and margin expansion.

Deere & Company (DE) is the world's largest maker of farm tractors and combines and is a leading producer of construction equipment. Consistent demand for agriculture equipment, an aging fleet, and stable income levels for farmers have helped drive DE's volume growth and profitability over the near term.

Amazon.com, Inc. (AMZN) is the world's leading online retailer. Macro factors have pressured the company's businesses. In particular, Amazon Web Services (AWS) revenue was negatively impacted by an increased number of customers controlling costs. As a result, full-year guidance was lowered.

DoubleVerify Holdings, Inc. (DV) is a leading software platform for digital media measurement and analytics. Through its software platform and the metrics it provides, the company creates stronger, safer, and more secure digital transactions that drive optimal outcomes for global advertisers. Despite reporting better-than-expected results highlighted by substantial activation revenue, the stock underperformed. This is due in part to the uncertainty surrounding the advertising environment.

Simulation Plus, Inc. (SLP) develops software that provides modeling and simulation for the pharmaceutical and biotechnology, industrial chemicals, cosmetics, food ingredients, and herbicide industries. Fears that delays in license renewals, predominantly in software, could have a negative effect on the company's retention rate weighed on the stock's performance.

PayPal Holdings, Inc. (PYPL) is a leading online global payment platform. Despite reporting better-than-expected quarterly results, the stock underperformed due to increasing concerns that consumer spending on discretionary items will weaken because of recession fears.

Edwards Lifesciences Corporation (EW) is a global leader in patient-focused medical innovations used to treat structural heart disease and enable critical care monitoring. The company continues to operate in a challenging environment (i.e., hospital staffing shortages and currency headwinds) as procedure growth has not returned to pre-COVID levels.

Information is as of 12/31/2022. 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, sectorweightings 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 Multi-Cap 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.

4Q 2022 Transaction Summary

Sector Allocation Changes

- Increase in Health Care
- Decrease in Communication Services

Purchased

- ASML Holding N.V. (ASML) - Information Technology
- Thermo Fisher Scientific, Inc. (TMO) - Health Care

Sold

- Salesforce, Inc. (CRM) - Information Technology
- Walt Disney Company (DIS) - Communication Services

Purchased

ASML Holding N.V. (ASML) develops, produces, sells, and services advanced semiconductor equipment consisting of lithography-related systems. The company primarily serves memory and logic chip makers. Given its near monopoly position in the lithography market, ASML plays a critical role in the reduction of the size of chips. It is the only provider of EUV (extreme ultraviolet) systems that will drive most of the reduction of chip size in the coming years. The shift to EUV is still in the early stages and should drive top-line growth for the company due to the higher average selling price of the technology.

Thermo Fisher Scientific, Inc. (TMO) provides analytical instruments, equipment, reagents and consumables, software, and services for research and diagnostics. The company possesses solid financials with excellent cash flow and capital return. TMO is somewhat insulated from the noise surrounding drug pricing and still benefits from the favorable trends of the industry. Through its scale, the company continues to take market share with operating leverage.

Sold

Salesforce, Inc. (CRM) provides cloud-based customer relationship management solutions. Macro headwinds (specifically, uncertainty in the IT spending environment) have forced the company to dramatically lower its backlog growth. With the company experiencing slowing sales growth, CRM announced the sudden departure of its co-CEO.

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. Despite reporting strong new additions across all its streaming services (Disney+, Hulu, ESPN+), DIS continues to report operating losses in the segment. The road to profitability could prove to be challenging as the company is facing increasing streaming competition. Elsewhere, DIS will be going through a transition period with the unexpected departure of CEO Bob Chapek and the return of Bob Iger. Iger previously served as CEO for 2 years and will focus on creating new growth initiatives and developing a successor.

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 Health Care weighting while reducing its Communication Services weighting.

Outlook

Last year's broad sell-off reflects the lingering economic uncertainties around growth and inflation. We do not anticipate a similar experience in 2023. It was a painful year for most investors, but these watershed years can be cathartic. The zero-interest rate era is over, and the readjustment phase is well underway. Not coincidently, speculative investments that blossomed in the zero-rate era have cracked. Those, like FTX – built on manipulation, greed, and fraud – have collapsed. Fortunately, ancillary damage has been contained and the crypto correction will not be a contagion.

The bond market of 2023 should offer more stability. Last year's unprecedented interest rate rise was driven by the highest inflation levels in over 40 years. This seems unlikely to be repeated as inflation appears to be easing. Further, while bond yields have fallen recently, they remain near their highest levels in over a decade and offer investors better income prospects.

The outlook for stocks is more tenuous. Company profit margins will likely shrink as elevated costs have yet to be fully realized, but stock valuations are attractive especially if interest rates stabilize as expected. Technology stocks led the market in a low interest environment over the past few years. However, we anticipate market breadth to widen as shifting economic sands improve the prospects for other sectors, potentially altering stock market leadership in the coming year.

Overall, the risk of recession has cooled but continues to be elevated amidst tightening monetary and fiscal policy. Yet the underlying US economy has held up relatively well, especially against the backdrop of a looming global recession. While additional fiscal stimulus is unlikely with the return of a divided government, there is still a large amount of spending to be disbursed, which could provide a further tailwind. Though the broader economic outlook is uncertain, we remain confident opportunities for outsized and resilient earnings growth can be identified through bottom-up fundamental analysis. We believe a diversified portfolio of quality growth companies provides investors the best opportunity to participate in up markets and protect capital in down markets.

Information is as of 12/31/2022

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

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)
2021	22.6	22.1	28.5	28.7	19.2	17.5	17.2	34	0.64	403	12,778	8,018	20,796
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

#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 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, 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. 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.