Portfolio Commentary

Balanced Portfolio

Market Environment

It is easy to forget that just a few months ago the U. S. economy was stronger than it had been in a lifetime. Finding qualified employees was a challenge for most businesses. Restaurants were full and air travel had never been stronger. Most people commuted to work complaining about traffic and public transportation. Our actions to curtail the spread of COVID-19 have turned the economy on its head. Now, market strategists eagerly search for snippets that indicate the economy is recovering from the constraints while hesitantly reading about new cases. Optimism abounds in the stock market while caution prevails in the bond market. As is often the case, the truth probably lies in the middle.

Since the pandemic first arrived on our shores, most everything related to our economy has reacted at hyper-speed. Restrictive economic measures squelched a robust jobs market resulting in a jump in unemployment from a generations-low 3.5% in December to 13.3% in May. Consistent gross domestic product (GDP) readings of 2-3% evaporated as the shut-down intensified. First quarter GDP measured -5.0%, with far worse readings expected for the second quarter.

The scale of the contraction is alarming and points to the aggressive response by the Federal Reserve (Fed). It also demonstrates the importance of the federal government stimulus. The Fed's actions continue and are meant to provide financial market liquidity and support, and to bolster companies until we can fully re-open. But the Fed can't force people to spend or increase aggregate demand. The federal stimulus packages, on the other hand, were set up to get money into consumers' hands directly. Precision was sacrificed for speed, resulting in quick and substantial pay outs with little regard for effectiveness or oversight.

The maelstrom has upended the typical economic indicators which are backward looking and distorted by the shut down and related policy reactions. Hence, the collapse in GDP. Consumers, on the other hand, were forced to re-trench and dramatically reduced spending. At the same time, the stimulus payments bolstered April income levels. Savings soared, an unusual occurrence during a recession. The massive stimulus did much to protect the consumer in April and May. Whether job growth can recover and support the consumer in the summer months remains to be seen.

Performance Summary

The Congress Balanced Portfolio ("The Portfolio") returned 16.2% (gross of fees) during the second quarter, while the Portfolio's blended index, 60% S&P 500 / 40% Bloomberg Barclays Intermediate Government/ Credit Index ("The Index") returned 13.3%.

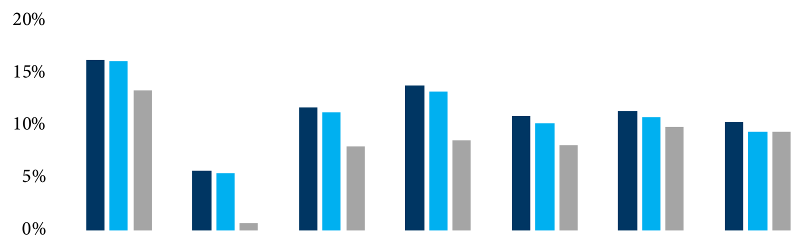
Portfolio Discussion

Our allocation between equity and fixed income securities remains at 65% equites and 35% fixed income. There are a number of factors we consider, some economic such as the level of interest rates, inflation, and expected economic growth. We also consider stock market fundamentals including earnings expectations, valuations, and revenue generating opportunities.

While it is unknown how deep the decline in second quarter earnings will be, It is widely believed that the unprecedented levels of stimulus measures put forth by central banks will allow for a resumption of earnings growth at some point in the intermediate term. Despite uncertainty regarding depth and duration of the current earnings decline, valuations now largely reflect the resumption of earnings growth.

Given the goal of balanced accounts: Growth and stability, we remain 65% equity.

Average Annualized Performance % - as of 6/30/2020



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Balanced (Gross)	■	16.2	5.7	11.7	13.7	10.9	11.4	10.3
Balanced (Net)	■	16.1	5.4	11.2	13.2	10.2	10.7	9.4
Benchmark[1]	■	13.3	0.7	7.9	8.6	8.1	9.8	9.4

[1]Blended Benchmark: 60% S&P500/40% Bloomberg Barclays US Intermediate Govt/Credit Index

Performance is preliminary and subject to change

Equity Sleeve

The Portfolio's equity sleeve outperformed during the quarter. The top contributor was **PayPal Holdings**, a leading global payment platform. PayPal benefited from the global pandemic, which led to a one to three year acceleration in secular e-commerce/digital payment trends. **Amazon's** performance was driven by solid quarterly results as revenue growth benefited from one-day shipping orders and the overall e-commerce trend. **Apple** was another contributor despite significant disruptions to its supply chain and point of sale demand, The company reported positive quarterly results fueled by its Services business. **Cintas** provides corporate identity uniforms through rental and sales programs. In its mid-May update, the company reported stabilization in the decline rates of its business following a COVID-19 related slowdown. The update also noted that strength in its health care verticals, continued positive free cash flow generation, and reduced variable expenses helped to offset the decline in uniform rental revenues. **Adobe** offers a line of software and services used to create compelling content and web applications. The company reported good quarterly results due to work from home/shelter in place mandates that increased demand for its software.

In contrast, **CME Group,** which provides electronic trading, detracted. The Federal Reserve has indicated that that interest rates will remain at lower levels for the foreseeable future, which diminishes the need to hedge against rate movements. CME's interest rate franchise is an important revenue source for the company. **L3Harris Technologies** is a global aerospace and defense company. Despite reporting positive quarterly results, management lowered full year organic revenue guidance to reflect the impact of COVID-19 on the company's Aviation and Public Safety businesses. **UnitedHealth Group** provides health care coverage, software, and data consultancy services. The rise in unemployment paused new business opportunities within its United Healthcare and Optum businesses. **TJX Companies** is the leading off-price apparel and home fashion retailer. The impact of COVID-19 is being felt across the retail landscape as stores are forced to close. **Honeywell International** develops and manufactures technologies used to support connected systems that improve buildings, factories, utilities, and aircraft. Over the near term, the company's core businesses (Aerospace & Defense and Performance Materials and Technologies) will face difficult cyclical declines. The $1.2 billion in cost savings it has enacted may not be enough to offset the decremental margins and unprecedented weakness in demand.

Top Equity Contributors[2]

Stock	Avg. Weight%	Contribution%
PayPal Holdings Inc	3.32	2.13
Amazon.com, Inc.	3.63	1.34
Apple Inc.	3.44	1.34
Cintas Corporation	2.44	1.12
Adobe Inc.	3.10	1.00

Top Equity Detractors/Contributors[2]

Stock	Avg. Weight%	Contribution%
CME Group Inc. Class A	2.26	-0.07
L3Harris Technologies Inc.	1.78	-0.07
UnitedHealth Group Incorporated*	1.89	0.06
TJX Companies Inc.	1.89	0.09
Honeywell International Inc.**	0.24	0.09

**Purchased during the quarter. **Sold during the quarter.*

Fixed Income Sleeve

An overweight to high-quality, Industrial sector corporate issues boosted relative performance. An underweight to US Treasury issues aided relative performance. Finally, a small duration mismatch with the benchmark helped relative performance. Security selection within Industrial sector and Financial sector corporates detracted from relative performance as lower quality issues outperformed.

Top Fixed Income Contributors[2]

Issue	Avg. duration%	Contribution%
Lowe's Companies, Inc.	1.64	0.31
Toyota Motor Credit Corporation	5.95	0.27
Target Corporation	7.59	0.23
United Parcel Service, Inc.	4.08	0.22
Comcast Corporation	2.09	0.21

Top Fixed income Detractors/Contributors[2]

Issue	Avg. duration%	Contribution%
FNMA Dec 2036	2.58	0.00
U.S. Treasury May 2020	0.06	0.00
GNMA Feb 2026	2.05	0.00
GNMA May 2027	2.31	0.00
U.S. Treasury Feb 2021	0.75	0.00

Transactions

2Q 2020 Transaction Summary - Equity Sleeve

Sector Allocation Changes	Purchased	Sold
• Increased allocation to Health Care & Consumer Discretionary • Decreased allocation to Industrials & Communication Services	• UnitedHealth Group (UNH) - Health Care • Ciena Corporation (CIEN) - Information Technology • Lululemon Athletica (LULU) - Consumer Discretionary	• Honeywell International, Inc. (HON) - Industrials • The Walt Disney Company (DIS) - Communication Services • Motorola Solutions, Inc. (MSI) - Information Technology

2Q 2020 Sector Allocation Changes - Fixed Income Sleeve

Purchased	Sold
• U.S. Treasury of 03/31/2023 to add yield to the Portfolio and adjust duration. • Oracle Corporation of 9/15/2021 to increase overall credit exposure. • Exxon-Mobil of 03/06/2025 to replace the Anheuser Busch Inbev NV issue and maintain overall credit exposure.	• U.S. Treasury of 10/31/20 as the yield on the security had fallen to a very low level. • U.S. Treasury of 02/15/21 as the yield on the security had fallen to a very low level. • Anheuser Busch Inbev NV of 02/01/23 as the security was downgraded to BBB by all rating agencies.

Manager Outlook

Equity Sleeve

To better measure the current economic environment analysts have turned to non-traditional, high frequency indicators that offer an accelerated snapshot, albeit with less rigor than traditional measures. Consumer engagement with restaurants and traditional shopping venues is increasing. Pent up demand, better weather, and restlessness are driving people outdoors. Activities deemed "safe" are drawing attention while activities deemed "risker," such as air travel, remain lackluster.

Companies are wading deeper into re-opening. Corporate spending focused on improving communication tools such as networks and collaborative software continued throughout the lock down period. Spending on safety equipment and measures to allow re-opening are now accelerating. Bolstered by the Fed and government support and strong credit markets, companies are flush. The strong cash position should support the necessary corporate investment that allows firms to stay relevant in our competition driven system. Undoubtedly, some entertainment and travel activities will take longer to return preventing a full recovery until safety is more assured.

While difficult to see at this moment, some habits and practices developed in response to the pandemic may be laying the groundwork for future technologies and growth. Telemedicine, for example, may be a cost effective alternative to traditional doctor's visits. Video conferencing and remote work arrangements may be cost efficient and environmentally friendly.

Even as consumer and business spending begins to improve, challenges remain for state and municipal governments where shrunken tax receipts are beginning to bite. We anticipate another fiscal stimulus program to help localities weather the storm. In this charged political environment, however, the size and timing remain uncertain.

The scope and severity of the economic collapse continues to demand Fed attention. The Fed initiated or expanded nine programs over the past few months. One result: the Federal Reserve balance sheet will likely reach $9 trillion by year end, more than double its size during the Financial Crisis. The expanded balance sheet supports financial assets by directly buying bond issues and improving stocks comparative risk adjusted return. The Fed actions have also enlarged the money supply by close to 25% over the past year. These assets are parked in bank accounts and money market funds that the Fed hopes will either be spent or invested as consumers and businesses feel more comfortable.

Combined, the effects of the federal government stimulus plans and the Federal Reserve actions will have long-term consequences for taxes, spending, inflation, and other government policies. The current low level of interest rates, however, mitigates the immediate concerns. Inflation, a key driver of interest rates, remains subdued and is unlikely to rise materially as energy prices and wage pressures have subsided.

The stock market's recovery from its March lows was exceptionally fast. Similar to the post 2008 financial crisis, the recovery was spurred by the Fed when it backstopped the markets by claiming new financial powers, forcing investors to re-interpret risk and re-engage with stocks. Today is similar, except the Fed has expanded its powers and become a larger force. Investors, recognizing the uniqueness of the situation, are looking past 2020 earnings and looking for consistent progress in the re-opening process. Regional spikes of infections or a second wave could alter the market's path.

The pandemic and our comprehensive response have tested our country's mettle. But COVID-19 is a global experience, sparing no country or market. The U.S. response was not perfect, and in many cases we failed to protect our most vulnerable. We are great at self-criticism, however, and in the long run our abilities to adopt and change will be to our collective benefit. To be sure, our domestic financial markets are the most liquid, fair, and safe in the world. COVID-19 will pass in time and the U.S. economy will recover. Maintaining a three to five year time horizon is more important now than ever.

Fixed Income Sleeve

Optimism was evident in the performance data for the second quarter of 2020 as Corporate bonds came out on top. Lower quality issues came back strongly after being the "last place finisher" in the first quarter. Investors shrugged off default fears and sought higher yields born from wide credit spreads. U.S. Treasuries showed positive returns but were heavy underdogs compared to the strength seen in Corporate issues. U.S. Government-backed and Corporate bonds had positive returns for the quarter as yields were relatively stationary.

We are not forgetful of the volatility seen in the first quarter of the year. Year-to-date performance metrics still show U.S. Treasury issues as unambiguous winners due to the flight to quality that began as the pandemic spread to North America. Corporate bonds have gained back some of their ground in the current quarter but have not fully bridged the gap to Treasury issues. As such, we have left our portfolio allocation between U.S. Treasuries and Corporate bonds unchanged with our clients' portfolios at roughly a 50%/50% mix.

We are pleased as we look backwards at performance and we look forward with regard to portfolio positioning. Investors who know us well appreciate our commitment to our long-term fixed income strategies. We continue to favor a well-diversified, liquid, and high-quality portfolio of bonds for our clients.

Information is as of 6/30/2020

Congress Asset Management Co. Balanced Composite 11/1/2010 - 12/31/2019

Year	Total Return Gross of Fees%	Total Return Net of Fees%	60% S&P 500 40% BBUIGCI Blend Return % (dividends reinvested)	CAM Recomm. Allocation %	Composite Gross 3-Yr St Dev (%)	60% S&P 500 40% BBUIGCI Blend Return 3-Yr St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2019	24.5	23.9	21.3	65/35	7.6	7.1	26	1.66	44	8,445	12,528
2018	2.5	2.0	-2.0	65/35	7.0	6.3	21	0.67	32	7,102	10,234
2017	19.2	18.5	13.6	70/30	6.7	5.8	10	n/a	15	7,272	10,546
2016	4.7	4.0	8.1	70/30	7.3	6.3	6	n/a	7	5,693	8,139
2015	2.4	1.7	1.5	65/35	7.6	6.3	11	0.61	13	5,941	7,094
2014	8.0	7.3	9.4	65/35	7.1	5.5	15	0.77	20	6,328	7,449
2013	19.7	19.0	18.1	65/35	8.6	7.2	13	2.33	14	6,489	7,467
2012	9.2	8.6	11.1	65/35	9.9	8.8	18	0.42	23	6,755	7,498
2011	4.3	3.7	3.9	65/35	11.0	11.3	14	0.51	15	6,329	7,014
2010	9.7	9.1	11.8	65/35			16	0.32	24	6,416	6,678

#The "Total Firm Assets" column is provided as supplemental information and also 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 – 12/31/19. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

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 Balanced Composite was created on January 1, 1993 and the inception date of the composite is January 1, 1985 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 accounts with a value over $500 thousand (US dollars) managed with the recommended asset allocation between large cap equities and fixed income set by the Investment Policy Committee for a minimum of one full month. The current recommendation is a 65/35 allocation and accounts with allocations falling within 15% of the recommendation are eligible for composite inclusion. Accounts with wrap commissions are excluded from the composite. Prior to September 1, 2005 the composite did not include taxable accounts, private client accounts, or accounts with less than $1 million. For the Balanced Composite we present a custom benchmark, which is a 60/40 blend of the S&P 500 Index and Bloomberg Barclays US Intermediate Government/ Credit Index. The benchmark is calculated in Advent Portfolio Exchange. 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 complete list and description of all firm composites is available upon request. Prior to January 1, 1993 the composite is not in compliance with GIPS.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Monthly composite performance is calculated as an asset-weighted return using the aggregate method. This method aggregates market values and cash flows for all accounts and treats the composite as if it were one account. Monthly composite returns are geometrically linked to produce a time-weighted annual return. Beginning June 1, 2015 the composite is valued daily. Prior to that date, the composite was re-valued on each date that a cash flow exceeded 10% of the total market value of the composite. 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 the highest management fee in the Balanced composite, which was 1.00%. 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 fixed income and 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 2010 as it is not required for periods prior to 2011. In January of 2006, the calculation methodology for the benchmark blended index was changed; prior to this time the benchmark returns were calculated using CAM's end of period recommended asset allocation. The calculation was changed to reflect a benchmark allocation of 60% equity/40% fixed to better contrast CAM's strategic and tactical allocation.

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 portfolios, calculating performance, and preparing compliant presentations 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.