

# Congress Balanced Portfolio

Our Balanced Portfolio strives to provide both income and capital growth by investing in high quality bonds and securities. Consistency of approach and adherence to sound fundamental analysis is the basis of our conservative investment process.

## Company Snapshot

<b>Company Assets</b>	\$13.2 b
<b>Founded</b>	1985

## Portfolio Construction

Investment Oversight Committee current allocation: 65% equities, 35% bonds

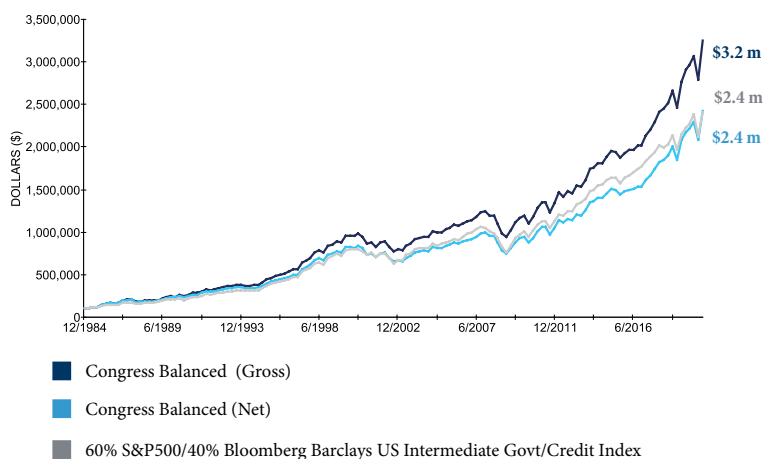
35 to 45 equity securities per portfolio

Equity industry exposure not to exceed 15% and no more than 5% to any one stock

Bonds are investment grade at time of purchase

Fully invested with a cash allocation not in excess of 5%

## Growth of \$100,000 1/1/1985 through 6/30/2020



## <sup>2</sup>Equity Portfolio Characteristics as of 6/30/2020

	Large Cap Growth	S&P500
Number of Equity Holdings	40	505
Median Market Cap (b)	\$72.5	\$53.4
YTD Turnover %	17.1	--
P/E - Trailing 12 Months	31.7x	21.5x
Price/Book	7.3x	3.5x
Yield %	0.83	1.87

## <sup>2</sup>Fixed Income Portfolio Characteristics as of 6/30/2020

	Intermediate Fixed	BBUIGCI
Average Bond Rating	Aa3	AA2/AA3
Average Maturity (yrs.)	4.27	4.46
Average Duration	3.95	4.09
Average Coupon %	3.00	2.49
Average Yield to Maturity	0.61	0.77

## Risk/Return Analysis as of 6/30/2020

	Balanced	Benchmark <sup>1</sup>
Standard Deviation %	10.63	9.80
Beta	1.03	1.00
Sharpe Ratio	0.66	0.62
Alpha	0.79	--

<sup>1</sup>Blended Benchmark: 60% S&P500/40% Bloomberg Barclays US Intermediate Govt/Credit Index

## Annualized Returns % as of 6/30/2020

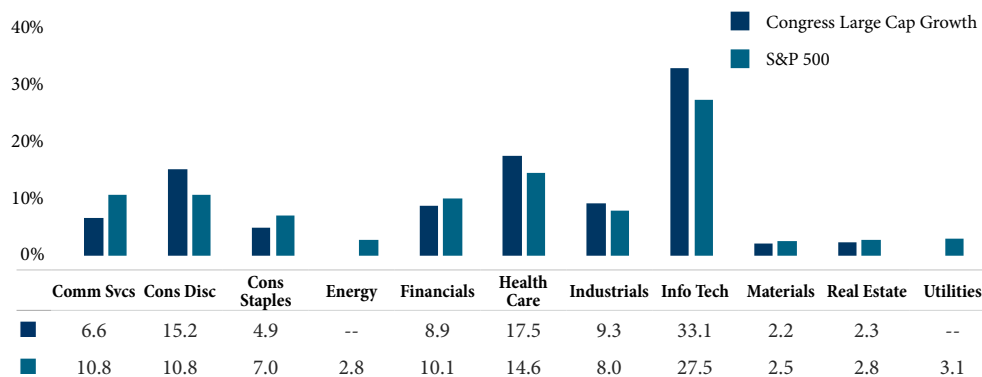
	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 1/1/1985
Congress Balanced (Gross of fees)	16.2	5.7	11.7	13.7	10.9	11.4	10.3
Congress Balanced (Net of Fees)	16.1	5.4	11.2	13.2	10.2	10.7	9.4
Benchmark <sup>1</sup>	13.3	0.7	7.9	8.6	8.1	9.8	9.4

<sup>1</sup>Blended Benchmark: 60% S&P500/40% Bloomberg Barclays US Intermediate Govt/Credit Index

<sup>2</sup>Top 10 Equity Holdings % as of 6/30/2020

PayPal Holdings Inc	4.8
Amazon.com, Inc.	4.7
Adobe Inc.	4.6
Apple Inc.	3.7
Dollar General Corporation	3.2
Visa Inc. Class A	3.2
Thermo Fisher Scientific Inc.	3.1
Microsoft Corporation	3.1
Progressive Corporation	2.9
Lululemon Athletica Inc	2.8
<b>Total:</b>	<b>36.2</b>

<sup>2</sup>GICS Sector Allocation % ex Cash as of 6/30/2020



**Definitions:** S&P500 is a market-capitalization weighted index, which measures price movements of the common stock of 500 large U.S. companies within leading industries. Barclays Intermediate Government Credit Index is a [The Barclays US Intermediate Govt/Credit Index](#) tracks the performance of intermediate term U.S. government and corporate bonds. You cannot invest directly in an index. [Standard Deviation](#) measures historical volatility [Beta](#) measures the volatility of a portfolio in comparison to an index [Sharpe Ratio](#) uses standard deviation and excess return to determine reward per unit of risk [Alpha](#) compares the risk-adjusted performance of a portfolio to an index

<sup>2</sup>The information shown is for a representative account as of 6/30/2020. Actual client account holdings and sector allocations may vary.

Congress Asset Management Co. Balanced Composite 1/1/2010 - 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

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.

#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<sup>®</sup>) 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