



## **Part 2A of Form ADV: *Firm Brochure***

### **Congress Asset Management Company, LLP**

2 Seaport Lane  
5th Floor  
Boston, MA 02210

Telephone: 617-737-1566  
Email: [info@congressasset.com](mailto:info@congressasset.com)  
Web Address: [www.congressasset.com](http://www.congressasset.com)

March 21, 2017

This Firm Brochure (or "Brochure") provides information about the qualifications and business practices of Congress Asset Management Company, LLP. If you have any questions about the contents of this Brochure, please contact us at 617-737-1566 or [info@congressasset.com](mailto:info@congressasset.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Congress Asset Management Company, LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105161.

## Item 2 Summary of Material Changes

### Background Information

The Securities and Exchange Commission (the “SEC”) adopted regulations requiring Amendments to Form ADV in July 2010. These rules required Registered Investment Advisors (Advisors) to develop and distribute to its Clients in narrative format, a “Plain English” Brochure as its official disclosure document. The rules also require an Advisor to provide a Summary of Material Changes document to its Clients along with an offer to provide a copy of the complete Brochure at least annually or if there is a material change. Under the rules, if a Client wishes to receive a copy of the Brochure, fulfillment of the request will be at the expense of the Advisor.

### Summary of Material Changes

This Brochure dated March 21, 2017 provides information about the qualifications and business practices of Congress Asset Management Company, LLP (“Congress Asset”) The business practices of Congress Asset are substantially the same, with no material changes since represented in this Firm’s previous annual updated Brochure, dated March 9, 2016.

### Annual Offer to Clients

At any time, you may view the current Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

You may also request a copy of this Brochure upon written request to:

Congress Asset Management Company, LLP  
2 Seaport Lane  
5<sup>th</sup> Floor,  
Boston, MA 02210-2001

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## Item 4 Advisory Business

### Firm Description and Ownership:

Congress Asset Management Company, LLP (“Congress Asset” or, the “Firm”) is a SEC registered investment adviser with its principal place of business located in Boston, Massachusetts. Congress Asset began conducting business in 1985. The Firm is owned by Lagan Holding Company Trust and Lagan-Congress, Inc., who serve as general partners. Lagan Holding Company, Trust owns 100% of Lagan-Congress, Inc.

### Types of Advisory Services:

#### *Overview*

Congress Asset provides discretionary and model portfolio investment management services to individual and institutional clients (“Clients”). Clients include charitable organizations, pension and profit sharing plans, including plans subject to the Taft-Hartley Act and the Employee Retirement and Income Security Act (“ERISA”), state and municipal government entities, corporations, taxable and tax-exempt institutions, high net worth individuals and commingled investment vehicles such as mutual funds. Congress Asset also provides these services in the capacity of a sub-adviser to mutual fund advisors and to wrap account programs sponsored by other investment advisers and broker-dealers (“Wrap Sponsors”).

Congress Asset is primarily a growth style equity investment manager and also provides investment management and advisory services for fixed income and balanced portfolios. The Firm also provides customized private equity services, for institutional investors only. In addition, Congress Asset also offers access to portfolio strategy, asset allocation, and construction advice to current and prospective institutional Clients. Such breadth enables Congress Asset to construct portfolios consistent with each Client’s objectives and risk tolerances.

Congress Asset’s investment strategies available to Clients include:

- Large Cap Growth Equity
- Mid-Cap Growth Equity
- Small Cap Growth Equity
- Dividend Growth Equity
- Multi-Cap Growth Equity
- All Cap Opportunity
- SMid Cap Growth
- Balanced
- Fixed Income
- Private Equity
- Risk Managed Assets

#### *Separately Managed Accounts (“SMA”)*

Our firm provides continuous investment advice to individual and institutional Client SMAs. Each Client SMA is managed based on the Client’s immediate and longer-term needs and goals. We also work with each Client to identify his or her time horizon, risk tolerance and liquidity needs. As appropriate, we also review and discuss a Client’s prior investment experience, as well as other background information to help us construct the most appropriate investment portfolio.

Account supervision is guided by the Client’s stated objectives (e.g., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Such reasons may be for personal, religious and statutory purposes.

Client portfolios will generally include advice regarding the following securities: exchange-listed securities, securities traded over-the-counter, exchange-traded funds (“ETFs”), corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States Government securities, warrants, option contracts on securities and private equity limited partnership interests (for institutions only).

#### *Advisory Services to Wrap Sponsors*

Discretionary portfolio management is also made available to Wrap Sponsors pursuant to a sub-advisory agreement with the Firm, where the Firm will manage all or a portion of certain Wrap Sponsor’s Clients’ investment portfolios. In these arrangements the Wrap Sponsor, not the individual investor, is the Firm’s advisory Client. Wrap Sponsors typically charge their Clients an all-inclusive “wrap fee” from which the investment advisor is paid a portion of such fee. In addition, most Wrap Sponsors will require Congress Asset to direct brokerage on trades made by the Firm on behalf of their wrap clients to their designated broker-dealer.

Typically, the Wrap Sponsor will present Congress Asset as one candidate of several for the provision of investment management services to its clients pursuant to the sponsor’s wrap fee program. Congress Asset, along with the names of one or more other investment advisers, will be supplied to those clients for whom the stated investment philosophy and policies of the advisor and providing its services appear suitable.

Each Wrap Sponsor is required to deliver to the wrap fee clients a wrap fee program Brochure and a copy of Congress Asset’s most recent Form ADV Part 2A, pursuant to the requirements of the Investment Advisers Act of 1940, as amended. A list of each Wrap Sponsor and their corresponding Wrap Program may be found in Congress Asset’s ADV, Part 1, Schedule D, Section 5.I.(2).

Congress Asset may terminate its services to one or more of its Clients under the agreement for any reason, or for no reason, upon at least 30 days of prior notice.

### *Mutual Fund Portfolio Management*

Congress Asset provides discretionary investment management and related services to mutual funds (i.e., open-end investment companies registered under the Investment Company Act of 1940, as amended). These funds are: The Congress Large Cap Growth Fund, the Congress Mid Cap Growth Fund, and the Congress All Cap Opportunity Fund (the "Congress Funds").

Interested investors should refer to the Mutual Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at: <http://www.congressasset.com/funds/>. Prior to making any investment in the Mutual Funds, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Mutual Funds. Each Congress Fund's prospectus is available through the Firm's website: <http://www.congressasset.com/funds/>

### *Sub Advisory to SEC Registered Investment Companies*

Congress Asset provides investment sub-advisory services to the Liberty All-Star Growth Fund, a closed-end fund registered under the Investment Company Act of 1940, and traded on the New York Stock Exchange (Ticker: ASG). Congress Asset is the investment manager to the mid-cap growth portion of the fund.

### *Sub-Advisory Arrangements with Affiliates*

Congress Asset also serves as sub-adviser to its registered adviser affiliate, Congress Wealth Management, LLC ("Congress Wealth"). In its capacity as sub-adviser to Congress Wealth, the Firm provides portfolio management, trading, and operational support. Please refer to "Other Financial Industry Activities and Affiliations", Item 10 of this Brochure for more information regarding the Firm's relationship Congress Wealth.

### *Model Portfolio Management:*

Congress Asset provides model portfolio management services to institutional Clients, primarily Wrap Sponsors of Unified Managed Account ("UMA") structures. Congress Asset will communicate model changes to the Wrap Sponsors. In turn, each Wrap Sponsor is responsible for effecting such changes in their Client accounts.

### *Private Equity*

Congress Asset provides discretionary and non-discretionary investment management services to pension and profit sharing plans that invest in limited partnerships. Investment in these types of securities may involve certain additional degrees of risk and will only be recommended to institutional Clients and only when consistent with the Client's stated investment objectives, tolerance for risk, liquidity and suitability.

### *Risk Managed Assets*

Congress Asset delivers investment advisory services through its Risk Managed Series™ portfolios, consisting of the Risk Managed Assets and the Risk Managed Satellites portfolio strategies. The Risk Managed Series uses a core-satellite approach to portfolio construction which is implemented using low-cost, exchange-traded funds ("ETFs"). The strategies are designed to provide exposure to global markets with downside protection. The Risk Managed Series model portfolios are built using a forward looking view of globally diversified asset classes and apply a tactical overlay that adjusts the weights based on quantitative-driven momentum signals on both a relative and absolute basis.

### *Other Advisory Services*

Congress Asset also offers access to portfolio strategy, asset allocation, and construction advice ("Portfolio Construction Services") to its current and prospective institutional Clients. Such service may be included as part of the investment management agreement or as part of a distribution/referral or custody agreement. The Firm may also provide this service as a standalone arrangement. Fees for such services are generally based on a percentage of the institutional Client's assets under management. The Advisor at its discretion may also waive fees altogether.

### **Amount of Assets Managed**

As of 12/31/2016, Congress Asset was actively managing \$ 5,693,376,280 of Clients' assets on a discretionary basis and \$ 2,445,144,579 of Clients' assets on a non-discretionary basis. The total assets under management were \$ 8,138,520,859. All assets managed on a non-discretionary basis represent assets of UMA programs invested through the Firm's Model Portfolio Management service.

## Item 5 Fees and Compensation

### Investment Advisory Fees

#### *Overview*

Congress Asset typically charges an investment advisory fee based on a percentage of the assets under its management. Fees are calculated on either a monthly or quarterly basis, and may be payable either in advance based on the value of the account as of the beginning of each billing period, or in arrears based on the value of the account at the end of each billing period. The account management fee is prorated for periods less than a full billing cycle.

Congress Asset may, but generally does not, enter into performance based fee arrangements. All fee arrangements, terms and conditions of the fee structure will be mutually agreed upon prior to entering into an Investment Management Agreement. See Item 6 for more information on performance based fees.

Congress Asset retains the discretion to negotiate alternative fees on a Client-by-Client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include but are not limited to: complexity of the Client, amount of assets to be placed under management, anticipated future additional assets, assets under management in related accounts, complexity of Client specific guidelines and restrictions and special reporting/client service requirements. Each Client's fee is agreed to in writing within the investment management contract.

The Firm may group certain related Client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts may be offered to family members and friends or associated persons of our firm.

#### *Discretionary Portfolio Management*

Congress Asset's annual fees for Discretionary Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.10% to 1.00%. The investment advisory fees are negotiable and differ from one Client to another based on certain criteria such as: amount of assets, Client type, style, customization, and other factors discussed above.

#### *Mutual Fund Portfolio Management*

The annualized fee for Mutual Fund Portfolio Management services is charged as a percentage of assets under management. Management fees are accrued daily and paid monthly, in arrears. The Firm may also waive or defer all or a portion its advisory fee based upon an agreement with the mutual fund to limit a fund's overall expense ratio. Below is the fee schedule to the Congress Funds.

Fund Name	Management Fee
Congress Large Cap Growth Fund	0.50% per annum
Congress Mid Cap Growth Fund	0.60% per annum
Congress All Cap Opportunity Fund	0.60% per annum

#### *Sub Advisory to Mutual Funds*

Congress Asset is a provider of sub advisory services to mutual fund advisors. Fees for this service are negotiable.

#### *Sub Advisory to Affiliates*

Congress Asset also serves as sub-adviser to its registered adviser affiliate, Congress Wealth. The sub-advisory agreement provides for investment management and related trading and operational support.

In its capacity as sub-adviser to Congress Wealth, the Firm acts as investment manager to certain Congress Wealth clients who wish to solely contract with Congress Wealth, rather than contracting directly with Congress Asset. Congress Wealth pays the Firm a percentage of the advisory fee it collects.

#### *Model Portfolio Management*

Congress Asset's annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.20% to 0.50%. The annualized fee for Model Portfolio Management Services is charged as a percentage of assets under management as negotiated with each Client, typically a Wrap Sponsor to a UMA program.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Congress Asset may group certain related Client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

#### *Private Equity*

Congress Asset assesses an annualized fee of up to 0.50% on a Client investment in private equity limited partnership. For the first two years of each investment, the fee is applied to total commitments made by the Client. Thereafter, the fee is applied to the amount of the Client's invested capital in each partnership. In certain cases, the Firm may enter into a flat fee arrangement, if appropriate to both the Client and Congress Asset.

## Termination of the Advisory Relationship

A Client agreement may be canceled by either party at any time and for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid and/or unearned fees will be promptly refunded. In calculating a Client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

## Other Fees

### *Additional Fees and Expenses:*

Clients are also subject to fees and expenses charged by custodians and broker dealers for services such as safekeeping, brokerage and administration of their account. In addition, Clients who were referred to Congress by another investment adviser may be subject to advisory fees separate and apart from those of Congress Asset.

### *Mutual Fund and ETF Fees*

With respect to the Risk Managed Series™ strategies, and under certain other circumstances, Congress Asset may invest all or a portion of a Client's assets in mutual funds and/or ETFs. Fees paid to Congress Asset for investment advisory services are separate and distinct from the fees and expenses charged by such funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, a distribution fee and charges for fund operating expenses. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge.

In cases where a Client of Congress Asset is invested in a Congress Fund, the Congress Asset advisory fee will be waived relating to the amount of assets invested in the Congress Fund.

### *ERISA Accounts*

Congress Asset is deemed to be a fiduciary to advisory Clients that are employee benefit plans or individual retirement accounts ("IRAs") pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code. As such, Congress Asset is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. Congress Asset may only charge fees for investment advice about products for which it and/or its related persons do not receive any commissions or 12b-1 fees, or conversely, when such fees are used to offset Congress Asset's advisory fees.

## Item 6 Performance-Based Fees and Side-By-Side Management

### Performance Based Fees

Congress Asset may, but generally does not, enter into performance based fee arrangements with its Clients. In such cases, fee arrangements will be based on a percentage of assets under management plus a percentage of the difference between the performance of the Client's account and that of a mutually agreed upon index.

### Side by-side Management

The Firm recognizes that managing Client accounts with a performance based fee arrangement may create conflicts where an account with a performance based fee may receive allocations of certain investment opportunities over another Client accounts. The Firm believes that opportunities for such conflict are mitigated by the high level of liquidity for comparable securities among all its Clients, the Firm's policies and procedures with regard to trading, its code of ethics and account review process.

## Item 7 Types of Clients

As discussed above in Item 4, Congress Asset provides discretionary and model portfolio investment management services to individual and institutional Clients. Clients include charitable organizations, pension and profit sharing plans (including plans subject to the Taft-Hartley Act), state and municipal government entities, taxable and tax-exempt institutions, high net worth individuals and commingled investment vehicles such as mutual funds. Congress Asset also provides these services in the capacity of a sub-adviser and through wrap accounts sponsored by other investment advisers or broker-dealers.

Generally, a minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Congress Asset may group certain related Client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

#### Overview - Equities

Congress Asset employs a view that superior long-term performance of a company's stock price is a result of consistently rising earnings growth and cash flow. Stock selection is primarily based on a research-driven bottom up approach, balanced by a congressional approach, where each investment strategy is governed by an investment product committee ("IPC"). The IPC is where research and recommendations are reviewed, debated and decided upon. Each Congress Asset's IPC contains at least one member who also is a member of the Firm's Investment Oversight Committee ("IOC"). The IOC is responsible for oversight of all investment activity and for the Firm's general investment policies.

Congress Asset uses many research techniques which may be summarized as follows:

**Idea Generation:** Congress Asset exercises continuous and proactive idea generation. Portfolio managers and research analysts identify possible investment opportunities using numerous tools, such as quantitative screening, third-party research reports, periodicals, news articles, direct company meetings, press releases, industry conferences and any other useful and reliable information sources. The best ideas move forward to the Analysis stage.

**Fundamental Analysis:** The Firm's portfolio managers and research team performs its own analysis of the companies identified as having the most compelling investment opportunity. The teams validate key quantitative metrics such as earnings growth, cash flows and balance sheet strength and other key factors such as competitive advantages, market leadership, product development and pricing power. The teams also assesses the relevant external conditions of the economic and industry sectors related to each company. In addition, the teams also assess the management of each company. Lastly, for companies which are still compelling to invest in, the decision to invest is debated within each's own IPC and compared to the companies already within the relevant investment strategy.

#### Overview – Fixed Income

Congress Asset's investment philosophy is to maximize potential return per unit of risk using fundamental and relative valuations that employ a combination of top down and bottom up techniques to deliver a consistent pattern of relative returns with minimal periods of underperformance. The Fixed Income Investment Policy Committee is the decision maker for all fixed income activity. The committee is also the central coordinating body that sets, implements, and supervises our screening process and investment policy. The Fixed Income IPC sets the sector allocation weights, duration targets, and reviews credit analysis performed by analysts and portfolio managers. The Fixed income IPC contains at least one member from the IOC.

**Top Down analysis:** This can include identifying global and domestic trends (*i.e.*, fiscal policy, monetary policy, fund flows, etc.), anticipating future yield curve shape and position, determining which sectors to overweight and underweight via spread analysis, and identifying undervalued or overvalued securities.

**Bottom Up analysis:** A multistep process that can include identifying attractive issuers through proprietary screening tools, identifying mispriced securities through daily evaluation of broker runs, selecting individual securities for possible investment and processing potential through a break-even analysis, and comparative analysis of security versus security purchase and sale.

Additional research techniques may be utilized (depending on the asset class being evaluated) and can be summarized as follows:

**Quantitative Screening:** Each fixed income product has its own universe of securities in which it may invest. The universe is screened and reduced based primarily on security indicative features which can include, but are not limited to, maturity date, issuance size, credit ratings, market of issue, and other bond-specific features.

**Fundamental Analysis:** The Firm's portfolio managers and research team performs its own analysis of existing and potential issuers using our proprietary fundamental model. We seek to ensure proper payment of interest and principal by assessing the overall financial health of issuers using a variety of metrics as well as peer-based analyses.

#### Overview – Risk Managed Series

Congress Asset delivers investment advisory services through its Risk Managed Series™ portfolios, the Risk Managed Assets and the Risk Managed Satellites. The Risk Managed Series uses a core-satellite approach to portfolio construction which is implemented using low-cost, exchange-traded funds ("ETFs"). The strategies are designed to provide exposure to global markets with downside protection. The Risk Managed Series model portfolios are built using a forward looking view of globally diversified asset classes and apply a tactical overlay that adjusts the weights based on quantitative-driven momentum signals on both a relative and absolute basis. Clients may also select a Risk Managed Series™ without a tactical overlay.

### Investment Strategies

Congress Asset considers themselves investors and not traders. The Firm typically acquires a security with the intent holding it as a long-term investment. However, circumstances may arise where it is in the best interest of the Firm's Clients to sell sooner than expected. For example, a run-up in a securities price to a level higher than our analysis supports may cause us to exit or trim that position. Conversely, an unforeseen event, either internal or external to the securities issuer, may also cause us to exit or trim the position.

Congress Asset employs various investment strategies based on the objectives and risk appetite its Clients. Client portfolios with similar investment mandates, strategies and guidelines are generally managed similarly. Long term (securities held for at least one year), short term (securities sold within one year), trading (securities sold within thirty days) and option strategies, including option writing, may all be used if permitted by the applicable client investment guidelines. The Firm may also borrow securities in connection with short sales, borrow money to invest in additional portfolio securities or engage in transactions in futures contracts for some Clients. Congress Asset may also provide asset



allocation services to certain Clients, on either a discretionary or non-discretionary basis, with periodic rebalancing.

In employing investment strategies, Congress Asset may use certain strategies in an attempt to “hedge” or “neutralize” various risks associated with positions in a Client’s portfolio. The instruments used to engage in these hedging strategies may include derivative instruments, such as options, warrants, interest rate swaps, interest rate caps and other derivative securities. The Firm’s attempts to partially or fully hedge a portfolio may not be successful and may cause the portfolio to incur a loss.

Upon request and after discussion and agreement with the Client, the Firm will incorporate environmental, social and governance factors into its fundamental analysis to help identify risks and opportunities and to the extent that they are material to investment performance. In addition, the Firm will also employ certain socially conscious screens upon specific request and direction from our Clients.

### **Risk of Loss**

Securities investments are not guaranteed and you may lose money on your investments. Each investment style or strategy will carry with it different levels of risk. Our investment styles and strategies can be matched with each Client’s unique combination of desired returns, investment objectives, cash flow needs, and personal risk tolerance to determine the most suitable investments.

All investments in securities involve risk. It is possible that a Client’s investment objectives will not be achieved or that a Client will lose all or a portion of their investments. The risks all investors face include the following:

**Market Risk:** All securities investments are subject to changes in the market place. At times, movements in the market can be significant, which will cause the value of an investor’s account to change. For example, in 2008 the markets experienced significant broad-based decreases, due in part to a wide spread credit crisis and significantly negatively impacted investors’ portfolios.

**Investment Selection Risk:** Congress Asset’s analysis of an investment may be incorrect and may result in selections of investments that suffer losses or underperformance relative to other investments.

**Credit Risk:** The issuer of a fixed-income security could default on its obligation to pay principal and/or interest or its credit rating could be downgraded, resulting in loss of part or all such security or result in such security becoming illiquid for some period of time.

**Liquidity Risk:** Market dynamics can change over time, which may reduce the availability of certain securities for purchase or sale. Such a lack of liquidity may impact the marketability of a security, meaning that it may not be purchased or sold without negatively impacting its price.

**Interest Rate Risk:** As interest rates rise, the value of fixed-income securities is likely to decrease. Securities with longer durations tend to be more sensitive to changes in interest rates, and are usually more volatile than securities with shorter durations. In a rising interest rate environment a Client’s fixed income portfolio may lose value.

**Investment Model Allocation Risk:** With regard to its Risk Managed Series™, Congress Asset’s strategic allocation assumptions and market momentum signals which drive tactical allocation and decisions regarding cash balances, may be incorrect and may result in underperformance relative to other investments.

**Client Imposed Investment Restrictions Risk:** Clients who place restrictions on Congress Asset from investing in certain industries or specific companies for social, religious, statutory or other reasons, may result in Congress Asset forgoing investment opportunities which are in the best economic interest of the Client. Such restrictions may result in performance less favorable than other Client accounts managed by the Firm without such restrictions. Further, Clients may impose proxy voting requirements which may cause Congress Asset to vote in a manner not in the best economic interest of its Clients.

**Risks for all forms of analysis:** While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Information which the Firm gathers and in-part depends upon to be accurate and unbiased includes, but is not limited to: corporate annual reports, filings with the Securities and Exchange Commission (SEC), company press releases, research material reported by others, financial newspapers and magazines, corporate ratings/analytical services, government reports, etc.

## **Item 9 Disciplinary Information**

Congress Asset is required to disclose any legal or disciplinary events that are material to a Client’s or prospective Client’s evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## **Item 10 Other Financial Industry Activities and Affiliations**

### *General*

Congress Asset is not affiliated with any broker dealer, custodian, or non-advisory service provider which performs services to the Firm, its affiliates or its Clients. In addition, Congress Asset does not engage in financial industry activities except for the advisory services performed and disclosed in this Brochure.

The Firm is affiliated with Congress Wealth which is an investment adviser registered with the SEC. In addition, some employees of Congress Asset are separately licensed as registered representatives of Quasar Distributors LLC, an unaffiliated limited purpose broker-dealer and a subsidiary of U.S. Bank Corp (“Quasar” taken together with Congress Wealth, “Related Persons”).

While Congress Asset and its Related Persons discussed below endeavor at all times to put the interest of the Clients first as part of their

fiduciary duty, Clients should be aware that the receipt of additional compensation directly or indirectly by the Firm or its Related Persons may create a conflict of interest and may affect the judgment of these Related Persons and their employees when making recommendations.

As discussed throughout this Brochure, Congress Asset is affiliated but independent from Congress Wealth. The Congress Wealth has, historically, leveraged investment expertise and operations support from Congress Asset. Additionally the affiliated entities are and have - at times - jointly paid for expenses such as salaries and infrastructure costs, including those resulting from the opening of CWM's Connecticut office. Such arrangements are and have been at no cost to the Clients of either Congress Wealth or Congress Asset.

Where appropriate, Congress Asset and its employees may recommend the various investments and investment-related services provided by the Related Companies to our advisory Clients. The Related Companies and their employees may also recommend the advisory services of Congress Asset to their clients. The services provided by the Related Companies and the related compensation they may receive from Clients are separate and distinct from the advisory services provided by and fees paid to Congress Asset. No Congress Asset client is obligated to use the services of any of the Related Companies.

To address these potential conflicts the Firm and its two affiliated investment advisers have taken the following actions:

- Congress Asset and Congress Wealth share the same Chief Compliance Officer who has full transparency into each organization;
- Executive management of each affiliate and the Chief Compliance Officer maintain frequent and open communication which facilitates identification, analysis and remediation of real and perceived conflicts;
- Each affiliate requires its employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- Each affiliate periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- Each affiliate educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### *Relationship with Congress Wealth Management*

Generally, Congress Wealth Management (CRD No. 149446; SEC No. 801-69988) recommends to its clients Congress Asset, as an investment manager for those strategies disclosed in this Brochure. Congress Wealth Management clients enter into a separate investment management agreement with Congress Asset (a 'dual contract' arrangement) for which Congress Wealth may retain discretion to increase or decrease assets managed by Congress Asset. For certain legacy clients of Congress Wealth Management, a 'single contract' agreement exists where Congress Asset manages Congress Wealth clients' assets pursuant to a sub advisory agreement between Congress Wealth Management and Congress Asset.

Certain senior officers of Congress Wealth Management are also associated with Congress Asset. Paul A. Lonergan, President of Congress Wealth Management also serves on the Management Committee of Congress Asset.

Certain senior officers of Congress Asset are also associated with Congress Wealth Management. Daniel Lagan, President of Congress Asset and Christopher Lagan, Managing Director and Chief Operating Officer of Congress Asset are members of Congress Wealth Board of Directors.

The principal owners of Congress Wealth Management are Harborview Partners 2012, LLC (the majority owner) and Lagan Wildwood Investments LLC. Lagan Wildwood Investments LLC is wholly owned by Lagan Holding Company, Inc.

#### *Relationship with Unaffiliated Broker-Dealer*

Some employees of Congress Asset are separately licensed as registered representatives of Quasar Distributors LLC, an unaffiliated limited purpose broker-dealer and a wholly owned subsidiary of U.S. Bank Corp. Quasar serves as the principal underwriter to the Congress Funds. Dual employees of the Firm and Quasar, in their separate capacity as distributors, can effect securities transactions to purchase or sell the Congress Funds.

#### *Congress Funds*

Congress Asset is the investment adviser to the Congress Funds, registered mutual funds trustee at US Bancorp and distributed by Quasar. From time to time, Congress Asset and/or its affiliates may recommend that clients buy or sell shares of the Congress Funds. In cases where Congress Asset recommends its Clients invest through the Congress Funds, the Firm will waive its advisory fee on the assets invested in the Congress Funds. The Congress Funds' Prospectus and Statement of Additional Information are available on-line at: [www.congressasset.com/funds](http://www.congressasset.com/funds).

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Congress Asset has adopted a Code of Ethics, pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. The Code of Ethics sets forth high ethical standards of business conduct, including compliance with applicable federal securities laws.

Congress Asset's personnel owe a duty of loyalty, fairness and good faith towards its Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

The Firm's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by each of the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Congress Asset's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While the Firm does not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Congress Asset may recommend that clients buy or sell securities or investment products in which Congress Asset, its officers and its employees have a financial interest. Conversely, officers and employees may buy and sell for themselves securities which Clients hold. To safe guard against conflicts with the Firm's Clients, each employee and his or her immediate family members, as well as designated interns and contractors, are required to pre-clear all 'covered securities' trades, as defined in the Code of Ethics, for his or her own account. Each pre-clearance request is reviewed by an investment professional designated by the Chief Compliance Officer to ensure trading by officers and employees for their personal accounts is not prior to or contemporaneous with transactions effected by the Firm on behalf of its Clients.

The Firm's Code of Ethics also requires each employee to disclose each outside business activity they may have and to pre-clear with the Firm's management and its Chief Compliance Officer each prospective outside business activity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@congressasset.com](mailto:info@congressasset.com), or by calling us at 617-737-1566.

## Item 12 Brokerage Practices

### *General*

The Firm has the responsibility to effect orders correctly, promptly and in the best interests of its Clients. Congress Asset has the duty to treat all its Clients fairly, ensuring that over time no Client is advantaged or disadvantaged compared to other Clients. In the event a trade error occurs in the handling of any Client transactions due to the Firm's actions, or inaction, or actions of others, Congress Asset will seek to identify and correct any errors as promptly as possible without disadvantaging the Client or benefiting the Firm.

Congress Asset recognizes that brokerage is the property of the Clients, and as such, is to be allocated to broker-dealers in a manner that serves the interests of its Clients. It also recognizes an ongoing duty to seek to obtain best execution. While the firm endeavors to obtain the best combination of price and execution for its Clients, "best execution" does not necessarily mean it will pay the lowest commission or spread.

The firm also seeks competitively priced brokerage services where the broker-dealer can provide value-added, company-specific, and thematic industry research, including meetings with management and conferences. Additional factors in selecting a broker-dealer include, but are not limited to: quality of investment research; liquidity of the market in a security; financial stability of the broker-dealer; promptness of execution; quality of settlement; the broker's ability to handle a desired block; and efficiency in clearing and settling trades.

### *Research and Soft Dollars*

Congress Asset may use brokers who provide useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Some research services may be useful in servicing all our Clients while some research may be useful for only certain Client accounts.

Congress Asset's investment professionals periodically review the quality of research provided by brokers. The review is coordinated by the Director of Research and results in a 'research vote' which is presented to the Firm's Best Execution Committee for review. Consideration for retaining or replacing brokers occurs at this meeting.

Consistent with obtaining best execution for Clients, Congress Asset may direct brokerage transactions for Clients' portfolios to brokers who provide third-party research and execution services to Congress Asset and, indirectly, to Congress Asset's Clients. These services, which are eligible pursuant to Section 28(e) of the Securities Exchange Act of 1934, are designed to augment the Firm's internal research and investment strategy capabilities. The Firm believes that the acquisition of such research through soft dollars is in the long-term benefit to all its Clients.

Congress Asset recognizes that when using Client brokerage commissions to obtain research or brokerage services, it receives a benefit to the extent that Congress Asset does not have to produce such products internally or compensate third-parties with its own money for the delivery of such services. Therefore, such use of Client brokerage commissions results in a conflict of interest, because Congress Asset has an incentive to direct Client brokerage to those brokers who provide research and services, even if such brokers do not offer the best price or commission rates for our Clients. Further, broker-dealers selected may be paid commissions for effecting transactions for our Clients that exceed the amounts other broker-dealers would have charged for effecting the same transactions. However, Congress Asset endeavors to determine in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. In such cases, the cost of such "mixed-use" products or services will be fairly allocated and Congress Asset makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by the Firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

Congress Asset uses products and services including investment recommendations, investment research, and financial publications providing corporate financial data, financial statistical data, economic data and forecasts, and systems for arranging and assimilating data.

Congress Asset's Soft Dollar Committee conducts periodic soft-dollar reviews, analyzing price and commissions offered by the various brokers used and volume of Client commissions directed to each broker. Moreover, we perform a qualitative ranking of all brokers used by polling our trading staff, research analysts, and portfolio managers.

#### *Order Allocation Trade Aggregation*

When decisions are made to buy or sell the same security simultaneously for a number of accounts, Congress Asset may aggregate the purchase or sale into a single trade order (a "bundled" trade) if it deems this to be appropriate and in the best interests of the accounts involved. Bundle trading may allow us to execute trades in a timely, and equitable manner, at the same average share price or spread for each Client account. Congress Asset will typically aggregate trades among Clients whose accounts can be traded at a given broker.

Congress Asset's policy prohibits any allocation of trades in a manner that favors one type of Client account over another. In addition to executing bundled trades, as described above, Congress Asset will also rotate the trading order of its discretionary and directed groupings, in cases where a portfolio model change is required. As a model change in a given investment strategy impacts all Clients in that investment strategy, the Firm feels it necessary to rotate the order of Client groupings to ensure equitable trading over time. Generally, unified management accounts ("UMA"), are excluded from the trade rotation and are traded following completion of the rotation.

#### *Directed Brokerage*

Some Clients designate a particular broker or dealer through which trades are to be made ("directed trades"). In addition, wrap-fee arrangements generally require Congress Asset to direct all brokerage transactions to the sponsoring broker-dealer. Where a Client directs trades, Congress Asset may not be able to negotiate commission rates or spreads and is not able to obtain the same execution it receives for other Clients. This means that directed-trade Clients may receive worse prices than Clients who delegate trading responsibility to Congress Asset. Additionally, Clients who direct trades to a particular broker or dealer often pay higher commissions, greater spreads, or receive less favorable net prices than they would if Congress Asset were able to select brokers or dealers.

#### *Brokerage for Client Referrals*

Brokers that the Firm selects to execute transactions may from time to time may refer Clients to our firm. Congress Asset will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for Client referrals; however, a potential conflict of interest may arise between the Client's interest in obtaining best price and execution and Congress Asset's interest in receiving future referrals.

## **Item 13      Review of Accounts**

#### *General*

Congress Asset portfolio managers continually review Client account to ensure they are managed to meet the Clients goals, risk tolerances, liquidity needs and other stated objectives and constraints. The Firm endeavors to meet with each Client and/or their appointed agent annually, or when circumstances warrant, to review changes in their profile, discuss past performance, share forward looking views as they are relevant and provide recommendations. In the interim, Clients and/or their appointed agents are provided quarterly portfolio account appraisals for their review and comparison to other statements they may receive from broker dealers, custodians, trust companies, etc.

#### *Review of Separately Managed Accounts ("SMA")*

Underlying securities of each Client SMA are continually monitored. Generally, account reviews are held semi-annually by the Account Review Committee. Additional account reviews may be held due to market events, disruptions or trends. Client accounts are reviewed in the context of Congress Asset's model portfolios, approved lists, cash holding and each Client's stated investment objectives and guidelines.

Account Review Committee meetings are attended by Client portfolio managers, members of the Investment Oversight Committee and compliance.

#### *Review of Wrap Accounts*

Underlying securities in SMA and UMA Wrap Accounts are continually monitored. Formal account reviews are held, generally, semi-annually by the Wrap Account Review Committee. Additional account reviews may be held due to market events, disruptions or trends. Client accounts are reviewed in the context of Congress Asset's model portfolios, approved lists, cash holding and each Client's stated investment objectives and guidelines. Service levels of Wrap Account sponsors and trading platforms are also reviewed.

Wrap Account Review Committee meetings are attended by Wrap Client portfolio managers, a member of the Investment Oversight Committee, Operations and compliance.

#### *Review of Mutual Funds*

Congress Asset continually reviews and monitors each mutual fund for which it is the advisor or sub-advisor, in accordance with the Investment Company Act, the policies and procedures adopted by each mutual fund's board of directors/trustees and investment objectives set forth in the each mutual fund's Prospectus. The Firm reviews each fund with its board as well as the business of the Firm annually, as required under Section 15c of the Investment Company Act.

## Item 14 Client Referrals and Other Compensation

### *General*

Congress Asset may pay referral fees to independent persons or firms ("Solicitors") for introducing Clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective Client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- The Solicitor's name, Congress Asset's name and the relationship with our firm;
- The fact that the Solicitor is being paid a referral fee by Congress Asset;
- The terms of the fee paid or to be paid by Congress Asset; and
- Whether the fee paid to Congress Asset by the Client will be increased above Congress Asset's normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by Clients referred by Solicitors are not increased.

### *Solicitation Arrangements*

Congress Asset has entered into an arrangement with rpAUM, an investment consulting firm serving institutional investors and money managers. This agreement pays rpAUM a retainer fee and a percentage of the management fees generated from assets raised by Congress Asset through recommendations made by rpAUM.

### *Other Compensation*

Congress Asset is advisor to the Congress Mutual Funds and compensates certain broker-dealers for sale of the Congress Mutual Funds to Clients who purchase the retail classes of the Fund's shares.

## Item 15 Custody

Congress Asset has certain Client relationships where it is deemed to have custody pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. For all such Client accounts, (i) Congress Asset will obtain an annual surprise examination from an independent auditor of accounts for which Congress Asset is deemed to have custody; (ii) Client assets are held at qualified custodian(s) of the Client's choosing, who shall provide custody account statements directly to each Client, at least quarterly; (iii) Congress Asset will provide to each Client an account statements at least quarterly, enabling Clients to compare such information to their custody statements

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by the Advisor.

## Item 16 Investment Discretion

Clients may hire Congress Asset to provide discretionary asset management services, in which case we place trades in a Client's account without contacting the Client prior to each trade to obtain the Client's permission. Our discretionary authority includes the ability to determine the security to buy or sell, and/or determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign an investment management agreement ("IMA") with our firm. Within the IMA or by separate written instructions, Clients may limit discretionary authority and/or place upon the Firm reasonable investment restrictions. Clients may also change or amend such limitations by once again providing us with written instructions.

## Item 17 Voting Client Securities

Congress Asset will vote proxies for Client accounts when such authority is granted and the Client's custodian can provide an electronic feed of the Client's proxy information to the Firm's proxy voting service provider. Any Client may choose to vote proxies on their own account.

Congress Asset will vote proxies in the best economic interests of its Clients and in accordance with our established policies and procedures. In the case of ERISA Clients, Congress Asset accepts its fiduciary responsibility to vote proxies in the best interest of plan participants and their beneficiaries.

Congress Asset will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written Client request for information on how the adviser voted proxies. Congress Asset also uses a third party research firm to assist in the decision making process for proxy voting.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

Clients may instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made to Congress Asset in writing. Clients may also instruct us on how to cast their vote in a particular proxy contest by email to [info@congressasset.com](mailto:info@congressasset.com), or in writing to Congress Asset, 2 Seaport Lane, 5th Floor, Boston, MA 02210.

Clients and prospective Clients should be aware that Congress Asset Management typically follows the recommendation of the AFL-CIO when voting proxies for Taft-Hartley Clients, while at the same time is actively soliciting new business from the Taft-Hartley market. Voting to such recommendations may at times be different from how we vote our other Clients' proxies and in opposition to the interests of such other Clients.

From time to time conflicts may arise with regard to how Congress Asset should vote or abstain a particular proxy vote. Generally, in such cases the Chair of the Congress Asset Proxy Committee and the Chief Compliance Officer will be notified. If a true conflict is identified, a meeting of the Proxy Committee will be called to order to review the conflict and determine how the proxy will be voted.

We will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held in the Client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, Clients may direct us to transmit copies of class action notices to the Client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Congress Asset by telephone at 617-737-1566, by email to [info@congressasset.com](mailto:info@congressasset.com), or in writing to Congress Asset 2 Seaport Lane, 5th Floor, Boston, MA 02210. Clients may request, in writing, information on how proxies for his/her shares were voted.

## **Item 18      Financial Information**

As Congress Asset does not require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered it is not required to include a financial statement with this Brochure.

Congress Asset is well capitalized with sufficient financial resources to fund continuing operations, growth, and meet all obligations to its Clients. Further, Congress Asset has not been the subject of a bankruptcy petition at any time during the past ten years.