Portfolio Commentary

Dividend Growth Portfolio

Market Review

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.

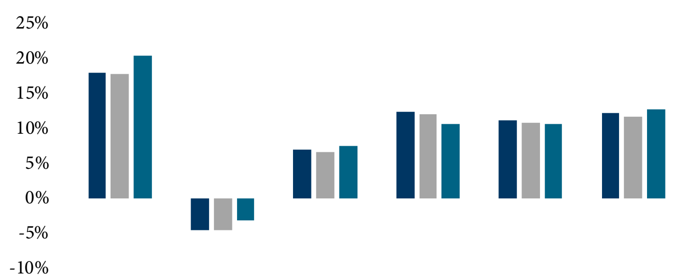
The maelstrom has upended the typical economic indicators which are backward looking and distorted by the shut down and related policy reactions. Hence, the collapse in GDP. Consumers, on the other hand, were forced to re-trench and dramatically reduced spending. At the same time, the stimulus payments 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 Overview

The Congress Dividend Growth Portfolio ("the Portfolio") returned 18.0% gross of fees during the Second quarter, while the S&P 500 Index ("the Index") returned 20.5%.

The stocks that made the highest contribution to the Portfolio's quarterly returns were Apple Inc., Cintas Corp., Microsoft Corp., Dollar General Corp., and Home Depot, Inc. The stocks that contributed the least were TJX Companies, Inc., CME Group Inc. Class A, UnitedHealth Group, Inc., NextEra Energy, Inc., and Merck & Co., Inc.

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



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception 10/31/2010
Dividend Growth (Gross)	18.0	-4.4	7.0	12.5	11.2	12.2
Dividend Growth (Net)	17.9	-4.5	6.7	12.1	10.9	11.8
S&P 500	20.5	-3.1	7.5	10.7	10.7	12.8

Performance is preliminary and subject to change

Information is as of 6/30/2020. Sources: Congress Asset Management, FactSet, and Informa Investment Solutions. This information is for illustrative purposes and are subject to change at any time. Holdings and performance information throughout this presentation is subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings and performance may vary by client. Past performance does not guarantee future results. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. This information is supplemental to the GIPS® Composite. Performance returns of less than one year are not annualized.

First Quarter 2020 Highlights

Top 5 Stock Contributors and Detractors[1]

Contributors

Stock	Avg. Weight%	Contribution%
Apple Inc.	3.34	1.25
Cintas Corporation	2.74	1.22
Microsoft Corporation	3.77	1.00
Dollar General Corporation	3.66	0.96
Home Depot, Inc.	2.82	0.89

Detractors

Stock	Avg. Weight%	Detraction/Contribution%
TJX Companies Inc.**	0.08	-0.27
CME Group Inc. Class A	2.46	-0.08
UnitedHealth Group, Inc.*	0.71	-0.05
NextEra Energy, Inc.	3.28	-0.02
Merck & Co., Inc.	2.30	0.06

*Purchase during the quarter. **Sold during the quarter.

Apple Inc. (AAPL) is the world's largest information technology company. Despite significant disruptions to its supply chain and point of sale demand, AAPL reported positive quarterly results fueled by its Services business. Services now accounts for 23% of AAPL's overall sales, an increase from 20% a year ago. This is predominantly because of record sales in the App Store, Video, and Cloud services.

Cintas Corp. (CTAS) provides corporate identity uniforms through rental and sales programs. In its mid-May update, CTAS 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.

Microsoft Corp. (MSFT) is the world's largest software company. MSFT is positioned to be a leading participant in what should be a dramatic acceleration in the adoption of digital technologies, such as hybrid cloud, coming out of the pandemic.

Dollar General Corp. (DG) is a low-priced retailer with over 16,000 locations nationwide. The company's strong sales and improving margins were fueled by a surge in demand for certain products due to COVID-19 and the successful execution of corporate initiatives in both areas. These positive results came despite incremental investments in labor and safety equipment.

Home Depot, Inc. (HD) is the world's largest home improvement specialty retailer. HD reported a strong quarter as it benefited from being an essential business during the pandemic. Management reported double digit sales trends at the end of its first quarter that continued into the first two weeks of the second quarter.

TJX Companies, Inc. (TJX) is the leading off-price apparel and home fashion retailer operating through the following segments: Marmaxx, HomeGoods, TJX Canada, and TJX International. The impact of COVID-19 is being felt across the retail landscape as stores are forced to close. The loss of revenue and stress on balance sheets raised the risk of retail companies cutting capital returns. This fear became a reality when TJX, like others, skipped a dividend payment and stopped share repurchases.

CME Group Inc. Class A (CME) provides electronic trading, including the broadest range of global benchmark products across all major asset classes including futures and options. CME offers hedging and risk management capabilities to its customers. The Federal Reserve has indicated that that interest rates will remain at lower levels for the foreseeable future, diminishing the need to hedge against rate movements. CME's interest rate franchise is an important revenue source for the company.

UnitedHealth Group, Inc. (UNH) provides health care coverage, software, and data consultancy services through the following business segments: United Healthcare, OptumHealth, OptumInsight (software and information services), and OptumRx (pharmacy benefits manager). The rise in unemployment paused new business opportunities within its United Healthcare and Optum businesses. However, given its business diversification and integration strategy, UNH should perform well in a dynamic healthcare market moving forward.

NextEra Energy, Inc. (NEE) operates through subsidiaries such as Florida Power & Light Company, one of the largest rate-regulated electric utilities in the U.S., and NextEra Energy Resources, LLC, which is the world's largest generator of renewable energy. NEE has been less impacted by the COVID-19 driven slowdown than its peers in both its renewable energy and regulated utility businesses. However, being a more defensive sector, utilities such as NEE trailed the overall market in a risk on environment.

Merck & Co., Inc. (MRK) is one of the largest pharmaceutical companies in the world. The impact of COVID-19 on its pharmaceutical and animal health businesses forced MRK to lower its outlook during the quarter. Drug pipeline updates for its key drug, Keytruda, were generally positive. However, it did suffer an approval setback for an additional bladder cancer indication.

2Q 2020 Transaction Summary

Purchased

- UnitedHealth Group, Inc. (UNH) - Health Care
- Nike, Inc. (NKE) - Consumer Discretionary
- Tractor Supply Company (TSCO) - Consumer Discretionary

Sold

- TJX Companies, Inc. (TJX) - Consumer Discretionary

Purchased

UnitedHealth Group, Inc. (UNH) provides health care coverage, software, and data consultancy services through the following business segments: United Healthcare, OptumHealth, OptumInsight (software and information services), and OptumRX (pharmacy benefits manager). Given its business diversification and integration strategy, UNH should perform well in a dynamic healthcare market. Since initiating its dividend about a decade ago, UNH has increased it annually at a 20%+ level.

Nike, Inc. (NKE) is the world's leading designer, marketer, and distributor of authentic athletic footwear, apparel, equipment, and accessories. NKE's brand, strong digital assets, and flexible supply chain have helped it navigate the impacts of COVID-19 better than other players in the retail space. Its ability to make tactical changes in a quickly changing environment will deliver benefits over both the short and long term. NKE has a targeted dividend payout ratio which will keep the dividend growing along with earnings.

Tractor Supply Company (TSCO) is the largest operator of rural lifestyle stores, focused on supplying the needs of recreational farmers and ranchers as well as tradesmen and small businesses. TSCO has carved out a solid niche and has proven to be largely immune from the competitive pressures of Amazon, Walmart, Home Depot, and Lowe's. TSCO has benefitted from being deemed an essential business during the pandemic and from increasing trends of urban to rural migration as well as pet adoption.

Sold

TJX Companies, Inc. (TJX) is the leading off-price apparel and home fashion retailer. TJX operates through the following segments: Marmaxx, HomeGoods, TJX Canada, and TJX International. The impact of COVID-19 is being felt across the retail landscape as stores are forced to close. The immediate loss of revenues and stress on balance sheets raised the risk of retailers such as TJX cutting capital returns. This eventually came to pass as TJX suspended its dividend payment and share repurchase program.

Outlook

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.

Information is as of 6/30/2020

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.

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

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Composite Gross 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 Assets End of Period # ($ millions)
2019	33.7	33.2	31.5	11.1	11.9	394	0.86	205	8,445	12,528
2018	-0.9	-1.2	-4.4	10.3	10.8	359	0.36	161	7,102	10,234
2017	19.7	19.3	21.8	9.7	9.9	321	0.64	157	7,272	10,546
2016	13.6	13.2	12.0	10.1	10.6	254	0.46	119	5,693	8,139
2015	-2.8	-3.2	1.4	10.3	10.5	174	0.38	81	5,941	7,094
2014	11.6	11.2	13.7	8.6	9.0	111	0.29	65	6,328	7,449
2013	29.3	28.8	32.4	10.7	11.9	60	0.39	44	6,489	7,467
2012	8.9	8.6	16.0	n/a	n/a	24	0.80	12	6,755	7,498
2011	8.3	7.9	2.1	n/a	n/a	6	n/a	2	6,329	7,014
10/31/10 – 12/31/10	6.7	6.7	6.7			≤5	n/a	0.1	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 Dividend Growth Composite was created on November 1, 2010. This inception date reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary accounts with a value over $100 thousand (US dollars) managed in the dividend growth style for a minimum of one full month. The dividend growth strategy invests in the equity of high quality companies with market capitalizations greater than $1 billion exhibiting consistent dividend growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $50 thousand (US dollars). The primary composite benchmark is the S&P 500. Effective January 1, 2012 the Dividend Growth benchmark was changed retroactively from the S&P 500 Dividend Aristocrats and the Dow Jones U.S. Select Dividend indices to the S&P 500 index in order to better reflect the portfolio's broad equity strategy tailored to generate income for clients. Prior to January 1, 2012 the S&P 500 Dividend Aristocrats was the stated primary benchmark and the Dow Jones U.S. Select Dividend was the stated secondary benchmark. The performance of the S&P 500 Dividend Aristocrats and the Dow Jones U.S. Select Dividend indices is available upon request. 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.

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. 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. Presenting the three-year annualized ex-post standard deviation is not required for periods prior to 2011. It is not presented for 2011 and 2012 because 36-month returns were not available.

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.