

## Dividend Growth Portfolio

Successful dividend growth strategies hold attractive characteristics for the serious long term investor, including the potential to provide a margin of safety in down markets. Our analysts strive to identify high quality companies with the financial strength, growth prospects, pricing flexibility, and management commitment, to continue a policy of annual dividend increases.

### Company Snapshot as of 6/30/2020

|                |          |
|----------------|----------|
| Company Assets | \$13.2 b |
| Founded        | 1985     |

### Investment Committee *Company Tenure*

|                                      |      |
|--------------------------------------|------|
| E. Martine Elie, CFA Committee Chair | 1999 |
| Daniel A. Lagan, CFA                 | 1989 |
| Ryan G. Tumbry, CFA                  | 2001 |

### Security Selection

- The portfolio contains high quality companies which exhibit financial strength, growth prospects, and management commitment to continue a policy of annual dividend increases.
- Focus on companies with a market cap over \$1 billion, screening for:
  - Growth of dividends commensurate with earnings
  - At least four dividend increases in the last 5 years
  - Five year dividend CAGR ahead of the SPX average
  - S&P quality rank of B or better
  - Positive Cash Flow
  - Operating Margins
  - Return on Equity and Assets

### Portfolio Construction as of 6/30/2020

40-45 Holdings

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

5/15% max. allowance to security weight and industry, respectively

Average annual turnover of 15 - 25%

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

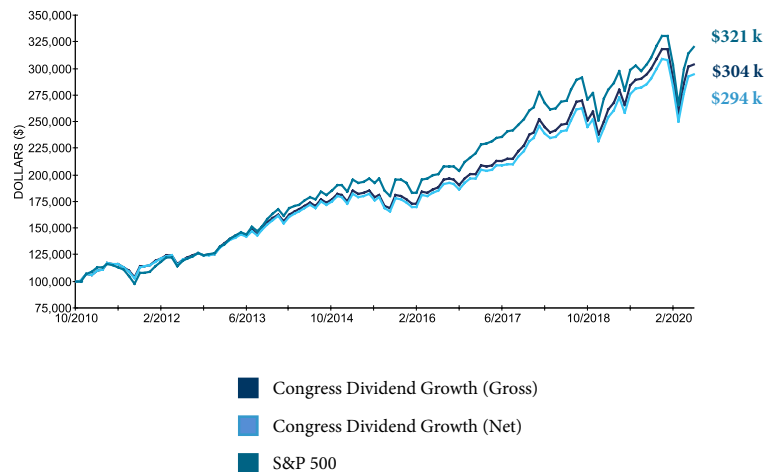
|  | QTD  | YTD  | 1 Yr | 3 Yrs | 5 Yrs | Since Inception<br>10/31/2010 |
|--|------|------|------|-------|-------|-------------------------------|
| <b>Dividend Growth - Gross of Fees</b> | 18.0 | -4.4 | 7.0  | 12.5  | 11.2  | 12.2                          |
| <b>Dividend Growth - Net of Fees</b>   | 17.9 | -4.5 | 6.7  | 12.1  | 10.9  | 11.8                          |
| <b>S&amp;P 500</b>                     | 20.5 | -3.1 | 7.5  | 10.7  | 10.7  | 12.8                          |

All Data is as of 6/30/2020. Sources throughout this presentation: Congress Asset Management, FactSet, and Informa Investment Solutions. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. 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® presentation for the composite. Performance returns of less than one year are not annualized. \*The information shown is for a representative account as of 6/30/2020. Actual client account holdings and sector allocations may vary.

| <sup>1</sup> Characteristics | Dividend Growth | S&P 500 |
|------------------------------|-----------------|---------|
| Total Assets                 | \$322 m         | --      |
| Number of Equity Holdings    | 39              | 505     |
| Median Market Cap (bn)       | \$117.6         | \$53.4  |
| P/E - Trailing 12 Months     | 22.7x           | 21.5x   |
| Price/Book                   | 5.6x            | 3.5x    |
| Yield %                      | 1.99            | 1.87    |

| Risk Return since inception | Dividend Growth | S&P 500 |
|-----------------------------|-----------------|---------|
| Standard Deviation %        | 12.13           | 13.07   |
| Beta                        | 0.90            | 1.00    |
| Sharpe Ratio                | 0.95            | 0.93    |
| Alpha                       | 0.54            | -       |
| Upside Capture              | 91.2            | 100.0   |
| Downside Capture            | 91.2            | 100.0   |

### Growth of \$100,000 10/31/2010 through 6/30/2020

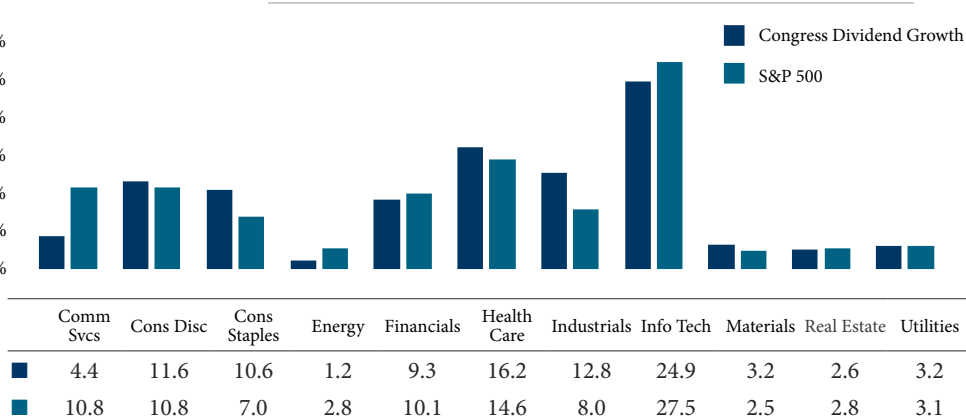


Performance is preliminary and subject to change

<sup>1</sup>Top 10 Holdings % as of 6/30/2020

|                            |             |
|----------------------------|-------------|
| Dollar General Corporation | 3.7         |
| Apple Inc.                 | 3.4         |
| Microsoft Corporation      | 3.3         |
| Visa Inc. Class A          | 3.2         |
| RPM International Inc.     | 3.2         |
| Nestle S.A. Sponsored ADR  | 3.1         |
| NextEra Energy, Inc.       | 3.1         |
| Cintas Corporation         | 3.0         |
| Accenture Plc Class A      | 3.0         |
| Home Depot, Inc.           | 3.0         |
| <b>Total:</b>              | <b>32.0</b> |

<sup>1</sup>GICS Sector Allocation % ex Cash as of 6/30/2020



**Definitions:** **S&P 500 Index** is a market-capitalization weighted index, which measures price movements of the common stock of 500 large U.S. companies within leading industries. **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. **Upside Capture Ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. **Downside Capture Ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark.

<sup>1</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. 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<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 11/1/96 - 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.