

# Intermediate Credit Portfolio

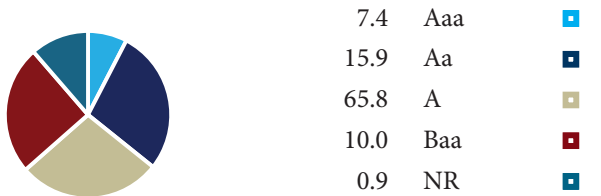
Inception 7/1/2005

*Congress Asset Management strives for preservation of capital, consistent income, and alpha generation through a diversified portfolio of investment grade government, corporate, and securitized bonds. Consistency of approach and adherence to sound fundamental and relative value analysis is the basis of our investment process.*

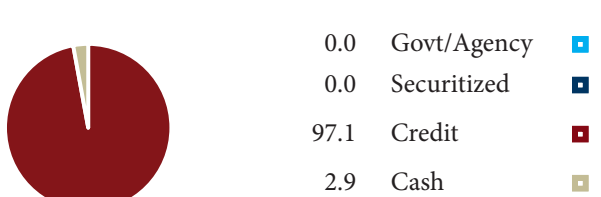
## Company Snapshot

<b>Company Assets</b>	\$12.5 b
<b>Founded</b>	1985
<b>Investment Committee</b>	
	<i>Company Tenure</i>
Jeff Porter, CFA Committee Chair	2010
John Beaver, CFA	2002
Brian Guild	2000
John Corrigan, CFA	2011

## <sup>1</sup>Ratings Distribution %



## <sup>1</sup>Sector Allocation %



## <sup>1</sup>Characteristics

	Congress Asset Intermediate Credit	Bloomberg Barclays US Intermediate Credit Index
Avg. Bond Rating	A2	A2/A3
Avg. Bond Maturity (yrs.)	4.32	4.76
Avg. Duration	3.91	4.16
Avg. Coupon %	3.20	3.46
Avg YTM	2.05	2.38

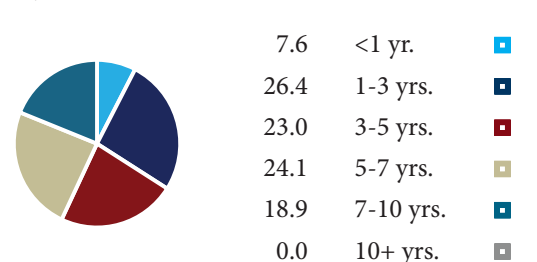
## Risk Return Analysis

Standard Deviation %	3.1	2.8
Alpha	0.28	--
Beta	1.07	1.00
Sharpe Ratio	0.89	0.84
Tracking Error	1.10	--
Information Ratio	0.40	--

## <sup>1</sup>Distribution by Duration %

Under 1 yr.	7.6	1.3
1-3 yrs.	28.0	34.7
3-5 yrs.	27.9	28.7
5-7 yrs.	25.0	23.8
7-10 yrs.	11.4	11.4
10 + yrs.	0.0	0.0

## <sup>1</sup>Maturity Allocation %



## Annualized Returns % as of 12/31/2019

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 7/2005
Congress Intermediate Credit - Gross	0.7	8.1	8.1	3.7	3.1	3.6	4.0
Congress Intermediate Credit - Net	0.7	7.8	7.8	3.5	2.8	3.4	3.8
Bloomberg Barclays US Intermediate Credit Index	1.0	9.5	9.5	4.3	3.5	4.3	4.5

Information is as of 12/31/2019. Sources: Congress Asset Management, Bloomberg Finance L.P., Barclays Investments, 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. <sup>1</sup>The information shown is for a representative account as of 12/31/2019. Actual client account holdings and sector allocations may vary.

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**<sup>1</sup>Top 10 Corporate Issuers % as of 12/31/2019**

Royal Dutch Shell Plc	2.81
Toyota Motor Credit Co.	2.66
JP Morgan Chase & Co.	2.66
Wells Fargo and Co.	2.65
National Rural Utilities Cooperative Finance Co.	2.60
UnitedHealth Group	1.89
Consolidated Edison Inc.	1.87
Walmart Inc.	1.86
Bristol-Myers Squibb Co	1.85
Home Depot Inc.	1.84

**Investment Philosophy**

Our investment philosophy for core fixed income management emphasizes a unique and defined tactical allocation approach to fixed income management, with the following strategic and tactical factors:

<b>Strategic:</b>	<b>Tactical:</b>
> Global Macro Considerations	> Security Selection
> Yield Curve Management	> Relative Valuation
> Sector Considerations	> Break-even analysis vs. risk free investments

**Investment Process**

- We seek to add value through the following five step process:
  - Determining global macro trends and credit market impact
  - Controlling interest rate risk through management of yield curve exposure
  - Integrating proprietary research, quantitative analysis, and break-even screens
  - Selecting credits based on deep fundamental credit research and relative valuation
  - Continuing the process and reviewing on an active daily basis
- Portfolio managers utilize an array of proprietary analytical tools: Fundamental credit models
  - Relative valuation models
  - Pre-and post-trade scenario models
  - Detailed benchmark comparison model
- Fixed Income strategy is based on the decision of the Fixed Income Investment Policy Committee. Implementation of the strategy is based upon the decision of the Portfolio Manager(s).

**Portfolio Construction**

- Portfolios may purchase up to 25% of non-credit issues to maintain sufficient liquidity

**Sell Discipline**

- Security no longer meets established risk/reward criteria
- Fundamental deterioration of the credit quality of the security

<sup>1</sup>The information shown is for a representative account as of 12/31/2019. Actual client account holdings and sector allocations may vary.

**Congress Asset Management Co. Intermediate Credit Composite 1/1/2010 - 12/31/2019**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Bloomberg Barclays US Intermediate Credit Return %	Com-posite Gross 3-Yr annualized ex-post St Dev (%)	Bloomberg Barclays US Intermediate Credit 3-Yr annualized ex-post St Dev (%)	Num-ber of Portfo-lios	Gross Disper-sion %	Total Com-posite Assets End of Period (\$ millions)	Total Firm Discretion-ary Assets End of Period (\$ millions)	Total Firm Assets End of Period # (\$ mil-lions)
2019	8.1	7.8	9.5	2.0	2.2	55	0.26	113	8,445	12,528
2018	0.3	0.1	0.0	2.1	2.2	44	0.13	103	7,102	10,234
2017	2.9	2.7	3.7	2.0	2.3	44	0.08	102	7,272	10,546
2016	2.7	2.5	3.7	2.1	2.5	7	n/a	65	5,693	8,139
2015	1.5	1.2	0.9	2.3	2.6	8	0.12	62	5,941	7,094
2014	3.4	3.2	4.2	2.4	2.7	7	n/a	58	6,328	7,449
2013	-1.2	-1.5	-0.2	2.7	3.0	≤5	n/a	56	6,489	7,467
2012	5.3	5.1	8.1	2.6	2.9	6	0.2	68	6,755	7,498
2011	6.8	6.5	5.4	3.1	3.9	6	n/a	54	6,329	7,014
2010	6.6	6.3	7.8			≤5	n/a	40	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 Intermediate Credit Composite was created on May 1, 2009 and the inception date is July 1, 2005 which reflects the first full month in which an account was fully invested in the strategy and met

the inclusion criteria. The composite includes all fully discretionary accounts with a value over \$500 thousand (US dollars) managed in the intermediate credit style for a minimum of one full month. The intermediate credit strategy invests in high quality corporate bonds in the intermediate maturity range. Asset class includes Investment Grade Corporate Bonds. Holdings of U.S. Government Bonds, U.S. Federal Agency Bonds, and Mortgage Backed Securities are allowed although these assets should not constitute a majority of the portfolio. Accounts with wrap commissions are excluded from the composite. The composite benchmark is the Bloomberg Barclays US Intermediate Credit Index. 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. Prior to 2007 net of fees returns were calculated by reducing gross returns by the highest management fee in the Intermediate Credit composite, which was 0.26%. Effective January 1, 2007 net of fees returns are calculated using actual management fees. Accruals for fixed income securities are included in calculations. Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not presented for 2010 as it is not required for periods prior to 2011.

**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.