CONGRESS ASSET
MANAGEMENT COMPANY

Portfolio Commentary

1Q 2023

MULTI-CAP GROWTH PORTFOLIO

Market Review

The first quarter of 2023 was a financial rollercoaster. A record January for stocks gradually eroded as inflation metrics refused to decline and the Federal Reserve maintained its hawkish rhetoric. The failure of Silicon Valley Bank and forced closure of Signature Bank caught markets off-guard and led to a sharp rise in risk sentiment. A broader bank crisis has been averted for now, but the upshot is likely higher borrowing costs and a mild recession later this year.

Imprudence by bankers and regulators was the proximate cause for the current banking crisis. However, the crisis has its roots in the aggressive fiscal and monetary moves undertaken during the pandemic. Starting about a year ago, the Federal Reserve (Fed) began raising the Federal Funds Rate to raise the cost of capital and nip inflation. This rate hiking cycle has dealt several blows to banks in the form of an inverted yield curve, bond losses, and lower bank deposits, a highly unusual occurrence. The combination will weigh on banks' willingness and ability to lend going forward.

Current measures of economic activity are mixed. The labor market, vital to economic stability and growth, remains strong. While there continues to be a mismatch between available jobs and willing workers, the gap is narrowing. Consumer balance sheets are beginning to show some weakness but broadly remain healthy. The nascent re-shoring of manufacturing, combined with aspirational goals of a sustainable economy, bode well for capital spending. On the other hand, leading economic indicators have broadly contracted over the last 12 months, and the inversion between the 2-year and 10-year Treasury yield persists, suggesting growth may be challenged later in the year.

Inflation appears to be on a downward trajectory, though it remains far above the Fed's 2% target. Getting there will take time, probably years, and progress will not be linear. Housing costs are a significant contributor to inflation. As a nation, we have underinvested in housing for decades. Increased demand during the pandemic, fueled by historically low mortgage rates, collided with a lack of housing to spike shelter inflation. The sharp increase in house values has stalled, but it will take at least a few more months for price stability to be reflected in the CPI. Housing stock needs to expand and will as there are more than 1.7 million housing units under construction, by far the most since 1973.

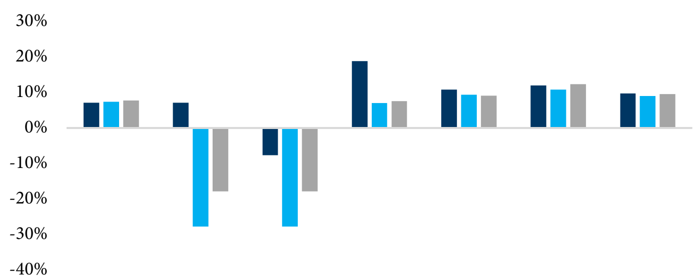
The global economic picture is equally murky. China's pandemic re-opening is gathering steam but is overshadowed in the U. S. by geopolitics and security concerns about Chinese owned social networker Tik Tok. While the continuing Russian invasion of Ukraine looms in the background, Europe has fared far better than feared. A mild winter helped contain fuel prices despite curtailed Russian supplies and continental Europe is investing to supplement its energy and power grids.

Performance Overview

The Congress Multi-Cap Growth Portfolio (the Portfolio) returned 10.7% (gross of fees) and 10.6% (net of fees) during the quarter, while the S&P 1500 Index ("the Index") returned 7.2%.

The holdings that contributed most to the Portfolio's quarterly return were NVIDIA Corporation, Align Technology, Inc., Onto Innovation, Inc., Apple, Inc., and DoubleVerify Holdings, Inc. The holdings that detracted most were UnitedHealth Group, Inc., EOG Resources, Inc., Air Products and Chemicals, Inc., Home Depot, Inc., and Sherwin-Williams Company.

Average Annualized Performance % - as of 3/31/2023



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 7/1/2003
Multi-Cap Growth Composite (Gross)	■	10.7	10.7	-9.0	19.3	11.7	11.6	10.0
Multi-Cap Growth Composite (Net)	■	10.6	10.6	-9.3	18.9	11.3	11.2	9.5
S&P 1500	■	7.2	7.2	-7.6	18.9	10.8	12.0	9.8

Performance is preliminary and subject to change at any time.

First Quarter 2023 Highlights

Top 5 Contributors/Detractors

Stock	Avg. Weight%
NVIDIA Corporation	2.26
Align Technology, Inc.	1.70
Onto Innovation, Inc.	2.48
Apple, Inc.	2.53
DoubleVerify Holdings, Inc.	1.77

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
UnitedHealth Group, Incorporated	1.80
EOG Resources, Inc.	1.89
Air Products and Chemicals, Inc.	2.70
Home Depot, Inc.	2.20
Sherwin-Williams Company	2.04

NVIDIA Corporation (NVDA) is a leading semiconductor company that focuses on chips for gaming, artificial intelligence (AI), and other advanced computing functions. Despite widespread inventory issues in the semiconductor space, recent earnings results for NVDA highlighted accelerating growth across its gaming and AI platforms driven by heightened demand and new product launches.

Align Technology, Inc. (ALGN) is a global medical device company that designs, manufactures, and markets the Invisalign clear aligner and iTero intraoral scanners and services for orthodontics, restorative, and aesthetic dentistry. Aligner sales volumes returned to positive sequential growth in the fourth quarter of 2022 following five consecutive quarters of negative growth.

Onto Innovation, Inc. (ONTO) provides semiconductor fabrication equipment, including process control, metrology, and lithography systems and software used by semiconductor wafer and advanced packaging devices and manufacturers. The stock outperformed along with the broader semiconductor industry as the market anticipates the cyclical bottoming of activity.

Apple, Inc. (AAPL) is the world's largest information technology company. The company reported a rare earnings estimate miss in the first quarter but provided positive commentary on Chinese demand returning and easing supply chain and production issues.

DoubleVerify Holdings, Inc. (DV) develops software platforms for digital media measurement, data, and analytics. Its software, Pinnacle, is integrated across the entire digital advertising ecosystem including programmatic platforms, social media channels, and digital publishers. DoubleVerify reported strong fourth quarter 2022 results that exceeded expectations and the stock also benefited from lower interest rates following the regional bank turmoil.

UnitedHealth Group Incorporated (UNH) provides health care coverage, software, and data consultancy services through various business segments to the healthcare industry. UNH reported quarterly results that were in line with its prior guidance. However, the Centers for Medicare & Medicaid Services released its 2024 Medicare Advantage notice that included lower than expected reimbursement rates.

EOG Resources, Inc. (EOG) explores, develops, produces, and markets crude oil and natural gas primarily in major basins in the U.S., Trinidad and Tobago, China, and Canada. Oil and natural gas sold off in the first quarter, driving EOG's stock price lower.

Air Products and Chemicals, Inc. (APD) is the world's largest supplier of hydrogen and has built positions in growth markets such as helium and natural gas liquefaction. The stock's quarterly performance was impacted by APD's reduced investment in the NEOM green project in Saudi Arabia. However, the company stands to benefit from increasing green energy investments as a result of the Inflation Reduction Act.

Home Depot, Inc. (HD) is the world's largest home improvement specialty retailer with over 2,200 retail stores in North America. Home Depot's fiscal fourth quarter reflected disappointing negative same-store sales as labor deflation and consumers' responses to recent price increases slowed sales growth. Management also spoke to the need for an incremental $1 billion of wage investments for fiscal year 2023.

Sherwin-Williams Company (SHW) is a global leader specializing in the manufacture, development, distribution, and sale of paints, coatings, and related products. The company has preferred agreements with North America's top 20 homebuilders with 18 of those agreements being exclusive. While 4Q results were mostly in line with estimates, slowing home sales weighed on architectural coatings volumes in its TAG business segment.

Information is as of 3/31/2023. Sources: Congress Asset Management and FactSet Research Systems. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sectorweightings and securities identified as top contributors and detractors throughout this presentation 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. The securities identified do not represent all the securities purchased, sold or recommended to clients. For information regarding the methodology used to select these holdings or to obtain a list showing the contributions of every holding in the strategy's representative account, which we believe reflects the Congress Multi-Cap Growth's Composite to both a current and/or prospective client, please contact us at 1-800-234-4516. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. Past performance does not guarantee future results.

1Q 2023 Transaction Summary

Sector Allocation Changes	Purchased	Sold
• None	• None	• None

Purchased

None

Sold

None

Positioning

Investments are predicated on a company's future prospects rather than economic or market cycles. We seek companies with strong fundamentals and emphasize earnings growth consistency, free cash flow, and solid balance sheet metrics.

Outlook

The outlook for corporate earnings in 2024 and the 10-year Treasury yield will likely determine the course for stocks this year. Earnings in 2023 are expected to be largely uninspiring. Many retail and consumer companies have suggested they cannot raise prices, and protecting profit margins has taken on increased importance. Inventory investments have reversed as supply chains recover - double ordering has given way to destocking. Technology companies have laid off workers in anticipation of a slowdown this year. Others have delayed projects or re-instituted fiscal discipline in their daily operations. These steps set the stage for a revenue and earnings recovery in 2024. In the interim, the stock market's valuation of approximately 16x earnings is reasonable, as investors de-emphasize current year earnings and focus on the potential for a robust rebound next year.

While bond yields dropped commensurate with the bank crisis, the long period of declining interest rates from the late 1970's – 2021 is over. Rates are likely range bound even with heightened volatility as strong demand for income persists after a period of unusually low rates. We believe the short- to intermediate-term offers the most attractive risk/reward, and we continue to find opportunities to increase yield while maintaining quality.

Largely under the radar, the U.S. has hit its legislated $34.1 trillion debt ceiling. History suggests that the limit will be raised, allowing the U.S. to avoid default on existing debt and to issue new debt. We expect Congress to raise the limit in late summer but only after acrimonious negotiations and risk of default. Stocks and bonds are likely to react negatively should Congress fail to act before September.

The range of potential intermediate-term economic outcomes remains wide, but recession odds have increased with recent events. As should be clear by now, neither the Fed nor the economic establishment understand the full implications of the aggressive fiscal and monetary moves undertaken during the pandemic. While uncertainty abounds, we remain confident that a focus on high-quality companies will allow investors to weather any coming storms and benefit from continued market strength.

Information is as of 3/31/2023

Congress Asset Management Co. Multi-Cap Growth Composite 1/1/2013 - 12/31/2022

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P Composite 1500 Return % (dividends reinvested)	S&P 500 Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P Composite 1500 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 Advisory-Only Assets End of Period ($ millions)	Total Firm Assets End of Period # ($millions)
2022	-27.5	-27.7	-17.8	-29.0	24.2	21.1	23.4	32	0.45	287	10,083	6,799	16,882
2021	22.6	22.1	28.5	28.7	19.2	17.5	17.2	34	0.64	403	12,778	8,018	20,796
2020	39.6	39.1	17.9	18.4	20.7	18.9	18.5	30	0.81	324	10,746	5,523	16,269
2019	33.4	32.9	30.9	31.5	13.4	12.1	11.9	27	0.80	242	8,445	4,083	12,528
2018	-3.4	-3.8	-5.0	-4.4	12.4	11.0	10.8	23	0.32	187	7,102	3,132	10,234
2017	25.4	24.9	21.1	21.8	10.3	9.9	9.9	23	0.51	215	7,272	3,274	10,546
2016	0.5	0.1	13.0	12.0	11.4	10.7	10.6	6	n/a	131	5,693	2,445	8,139
2015	2.7	2.3	1.0	1.4	10.8	10.5	10.5	≤5	n/a	135	5,941	1,153	7,094
2014	7.0	6.6	13.1	13.7	10.4	9.1	9.0	≤5	n/a	134	6,328	1,121	7,449
2013	31.2	30.7	32.8	32.4	12.6	12.2	11.9	≤5	n/a	127	6,489	978	7,467

#The "Total Firm Assets" column 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 – 12/31/22. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm Information: Congress Asset Management Co. (CAM) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers 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 creation and inception date of the Multi-Cap Growth Composite is July 1, 2003, which reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over $100 thousand (US dollars) managed in the multi cap growth style for a minimum of one full month. The multi-cap growth strategy invests in the equity of high quality companies with market capitalizations over $500 million exhibiting consistent earnings growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016, the composite minimum was $500 thousand (US dollars). The primary composite benchmark is the S&P Composite 1500 Index, and the S&P 500 Index is a supplemental index. Effective April 1, 2021, the Multi-Cap Growth Composite benchmark was changed retroactively from the Russell 3000 Growth Index to the S&P Composite 1500 Index in order to better represent the investable universe. 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. The % of the composite represented by non-fee paying accounts at annual period end was 1% in 2008. A list of composite descriptions, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions are available upon request.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. 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 1/4th of the highest management fee in the Multi-Cap Growth Composite, which was 0.63%, applied quarterly. Effective January 1, 2007, net of fees returns are calculated using actual management fees. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for 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.

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 investments, calculating performance, and preparing GIPS Reports 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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.