CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

2Q 2023

BALANCED STRATEGY

Market Environment

Our current economic state resembles Goldilocks in her quest for the perfect porridge. For some observers, our economy is too strong and faced with prolonged, elevated inflation. For others, the economy is too weak and stands on the precipice of recession. The villain, for most, is the Federal Reserve Board (FRB), which increased short term interest rates at 10 consecutive FRB meetings, until recently pausing. To be sure, the economy occupies a unique spot where declining inflation is juxtaposed with full employment, complicating the outlook. Historical precedence and current economic markers suggest that the economy continues along its slow growth path with a heightened risk of slowing further in 2024.

Unlike Goldilocks, one never attains a "just right" economy. Pandemic-related distortions continue to influence the economy's path. The consumer, responsible for almost 70% of Gross Domestic Product (GDP), has replaced spending on goods for experiential opportunities. The strong labor market has bolstered the consumer as unemployment remains below 4% and compensation measures stay strong. Excess savings from the pandemic, while down from their highs, are estimated at almost $1.5 trillion dollars and consumer debt burden as a percentage of disposable income is modest.

Continued consumer robustness is key to avoiding a recession. The preponderance of data suggests that spending will support growth, but dark clouds are forming. As strong as the labor market has been, the weekly Continued Unemployment Claims report, an early indicator of economic vitality, is trending higher. Mortgage rates are approaching 7% again, potentially crimping home buyers or purchases of big-ticket items. In addition, banks have begun to tighten lending standards across consumer and commercial loans, which could weigh on growth going forward.

Post pandemic, the developed world is struggling with inflation and higher interest rates. The United Kingdom's inflation rate was running at 8.7% through May. Domestically, inflation has cooled significantly from last year, but the Consumer Price Index (CPI) is still running at a 4% annual rate. With the upper limit of the Federal Funds rate set at 5.25%, the U.S. has an inverted yield curve, usually a precursor to recession. Also, the FRB continues the more arcane practice of shrinking its balance sheet, the second part of its two-pronged fight against inflation. Fed actions work with long and variable lags suggesting that the FRB should cease raising rates for this cycle.

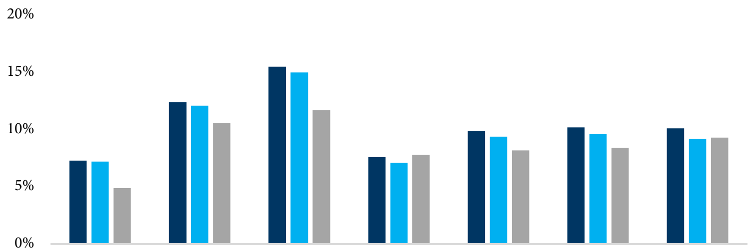
Performance Summary

The Congress Balanced Portfolio ("The Portfolio") returned 7.3% (gross of fees) and 7.2% (net of fees) during the quarter, while the Portfolio's blended index, 60% S&P 500 / 40% Bloomberg US Intermediate Government/Credit Index ("The Index") returned 4.9%.

Portfolio Discussion

The economy occupies a unique spot where declining inflation is juxtaposed with full employment, complicating the future outlook. Historical precedence and current economic markers suggest that the economy continues along its slow growth path with a heightened risk of slowing further in 2024. In light of the dual mandate of growth and stability for balanced accounts, our recommended allocation holds steady at 60% equity and 40% fixed income.

Average Annualized Performance % as of 6/30/2023



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Balanced (Gross)	7.3	12.4	15.5	7.6	9.9	10.2	10.1
Balanced (Net)	7.2	12.1	15.0	7.1	9.4	9.6	9.2
Benchmark[1]	4.9	10.6	11.7	7.8	8.2	8.4	9.3

[1]Blended Benchmark: 60% S&P500/40% Bloomberg US Intermediate Govt/Credit Index

Performance is preliminary and subject to change at any time.

Equity Sleeve

Top 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%
NVIDIA Corporation	2.42
Eli Lilly and Company	1.94
Intuitive Surgical, Inc.	1.73
Adobe, Inc.	1.48
Tesla, Inc.	1.38

NVIDIA Corp. (NVDA) pioneered accelerated computing to tackle complex computational problems. NVDA is seeing unprecedented demand for its Graphics Processing Units (GPUs) for generative artificial intelligence (AI) applications. The company's GPUs and software combine for the most versatile and lowest total cost of ownership for running and training generative AI models.

Eli Lilly and Company (LLY) develops and sells pharmaceutical products. Its portfolio includes medications for treating diabetes, oncology, immunology, and neuroscience. The continued successful product launch of Mounjaro, an injectable prescription medicine designed to enhance blood sugar control in adults with type 2 diabetes, highlighted quarterly results that exceeded expectations. Consequently, the company has raised its sales and earnings per share (EPS) guidance for the full year.

Intuitive Surgical (ISRG) is a global technology leader in minimally invasive care and the inventor of robotic-assisted surgery. ISRG reported impressive first quarter results marked by improvements in both procedure growth and new product placements. Management is confident in continued future improvement and raised their fiscal year procedure growth guidance.

Adobe, Inc. (ADBE) is a leading provider of digital marketing and media solutions. ADBE is beginning to be viewed as a company that stands to meaningfully benefit from generative artificial intelligence given the company's product roadmap. The core Digital Media business is delivering new user growth in both legacy applications such as Photoshop and newer applications such as Frame.io and Substance.

Tesla, Inc. (TSLA) designs and manufactures electric vehicles. Tesla reported weaker than expected first quarter earnings with lower automotive gross margins due to price cuts on key models. Subsequently, the market turned more positive on Tesla's market share gains and positioning in the electric transport and renewable energy economy. Similar to Adobe, Tesla is in a position to benefit from the continued development of artificial intelligence.

Bottom 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%
Ciena Corporation	1.01
Estee Lauder Companies, Inc.	0.99
Dover Corporation	0.75
CME Group, Inc.	1.34
Chevron Corporation	0.99

Ciena CORP (CIEN) is a global supplier of telecommunications networking equipment, software, and services. CIEN has faced ongoing challenges as the substantial backlog that has accumulated over the past few years has not translated into revenues as quickly as anticipated. Ciena's management has struggled with accurately forecasting the company's future performance, as evidenced by their recent downward revision of guidance, despite an otherwise supportive business environment. The position was sold from the Portfolio during the quarter.

Estee Lauder Companies, Inc. (EL) is a leading producer of high-quality skincare, makeup, fragrance, and hair care products. EL experienced another quarter of disappointing results due to the slower-than-expected recovery of markets in China and Korea following the impact of COVID-19. This situation compelled management to revise guidance for the year, leading to a significant decline in the company's share price.

Dover Corporation (DOV) offers a range of innovative equipment and components, specialty systems, consumable supplies, software and digital solutions, and support services. DOV's ability to achieve sustainable growth is uncertain due to the normalization of order rates as supply chain issues gradually improve. There are also concerns about the company's exposure to potential destocking within the biopharma sector, which could result in decreased demand for its products. The position was sold from the Portfolio during the quarter.

CME Group Inc.(CME) is a leading provider of electronic trading services. CME experienced a decline in open interest across its product offerings compared to the previous year. This decline can be attributed to a decrease in interest rate open interest, particularly in the month of June. This decrease was influenced by growing confidence in the Federal Reserve's path for rate hikes and reduced rate volatility. Lower open interest typically indicates a potential decrease in trading volumes in the upcoming months. This, in turn, can have a negative impact on the company's earnings per share (EPS) growth.

Chevron Corporation (CVX) multinational energy corporation. Chevron's first quarter earnings report saw the company report lower production levels, although additional rigs in the second half of the year are expected to improve the outlook for growth. Energy stocks broadly underperformed in the second quarter as crude oil prices declined.

Fixed Income Sleeve

A duration mismatch with the benchmark improved relative performance due to the yield curve rising. Security selection in US Treasuries also improved relative performance. However, security selection in Financial Sector corporate issues weakened relative performance.

Top 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration
US Treasury Aug. 2023	0.27
JPMorgan Chase Jan. 2025	1.53
US Treasury Oct. 2023	0.48
Wells Fargo & Company Apr. 2026	2.74
Goldman Sachs Group, Inc. May 2025	1.80

Bottom 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration
US Treasury May 2027	3.74
US Treasury Jan. 2030	5.88
US Treasury Feb. 2028	4.37
US Treasury May 2032	7.77
Bank Of America Corporation Dec. 2028	4.11

Information is as of 6/30/2023. Sources: Congress Asset Management, Bloomberg Finance L.P., Barclays Investments, and FactSet Research Systems. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sector weightings 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 Balanced'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. [2]The information shown is for a representative account as of 6/30/2023. Actual client account holdings and sector allocations may vary.

Transactions

2Q 2023 Transaction Summary - Equity Sleeve

Sector Allocation Changes	Purchased	Sold
• Increase in Materials & Financials • Decrease in Industrials & Information Technology	• Martin Marietta Materials, Inc. (MLM) - Materials • Moody's Corporation (MCO) - Financials	• Dover Corporation (DOV) - Industrials • Ciena Corporation (CIEN) - Information Technology

2Q 2023 Transaction Summary - Fixed Income Sleeve

Purchased	Sold
• US Treasury of 3/31/2027 to extend duration • US Treasury of 5/15/2033 to extend duration	• US Treasury of 8/15/2023 due to short duration and near maturity • US Treasury of 10/31/2023 due to short duration and near maturity

Information is as of 6/30/2023. Sources: Congress Asset Management, Bloomberg Finance L.P., Barclays Investments, and FactSet Research Systems. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sector weightings 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 Balanced'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. Actual client account holdings and sector allocations may vary.

Manager Outlook

Equity Sleeve

The stock market, as measured by the S&P 500 has returned close to 15% this year, belying economic concerns, the failure of three influential regional banks, and the debt ceiling histrionics. Generative artificial intelligence (AI) captured investors' attention in the second quarter, benefiting a small group of technology companies in advance of any real earnings impact. AI has the potential to be a generational change in how companies and organizations use technology which should create numerous investment opportunities. Large capitalization stocks such as Apple, Microsoft, and Nvidia have carried the load this year, accounting for most of the year-to-date returns, but some of the initial exuberance may be overdone. We anticipate this will change as smaller companies and those in other industries will benefit from supply chain improvements and moderating inflation.

Current bond yields remain attractive for more conservative investors given the substantial increase over the past year and with real yields now positive. Enticing returns for ultra-short fixed income investments have led investors to money market funds, with balances now exceeding $5 trillion. An overreliance on short-term instruments, however, may introduce re-investment risk or limit the opportunity for capital appreciation in the future.

The rise in stock market indices has increased valuations. We anticipate earnings will grow next year to support stocks, but volatility will likely increase as index leadership broadens. Stock returns in the second half of the year are unlikely to match the first. We believe our focus on high-quality companies with demonstrated profitability and growth will continue to benefit our portfolios given the uncertainty ahead.

Fixed Income Sleeve

Performance for the fixed income markets was a negative for the quarter, despite shrinking credit spreads. The higher yields pushed returns for the quarter into the red, while year-to-date returns were still firmly positive. Corporate bonds outpaced U.S. Government guaranteed issues for the quarter, largely on an improved outlook for the banking sector. Lower quality issues generally outperformed higher quality issues over the same time period.

Investment grade bonds present an attractive opportunity today. Yields may rise as we move ahead, but very likely not at the same pace we have witnessed so far in this Fed cycle. Further, ebbing inflation will only serve to reinforce the attractiveness of bonds as time passes. For investors who are looking for better yields, higher coupons, and portfolio stability, now is the time to review opportunities in fixed income investments.

We are committed to our long-term strategy of purchasing liquid, high-quality bonds for our client's portfolios. Our portfolio construction and deliberate security selection process are the main tenants of our strategy. We seek to build portfolios with safety, liquidity, and quality as their primary characteristics.

Congress Asset Management Co. Balanced Composite 1/1/2013 - 12/31/2022

Year	Total Return Gross of Fees%	Total Return Net of Fees%	60% S&P 500 40% BUIGCI Blend Return % (dividends reinvested)	CAM Recomm. Allocation %	Composite Gross 3-Yr St Dev (%)	60% S&P 500 40% BUIGCI Blend Return 3-Yr 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	-17.2	-17.6	-13.9	60/40	14.7	13.3	24	0.78	31	10,083	6,799	16,882
2021	17.5	17.0	15.9	65/35	11.0	10.4	34	1.10	50	12,778	8,018	20,796
2020	20.3	19.8	14.3	65/35	11.4	11.2	27	1.44	47	10,746	5,523	16,269
2019	24.5	23.9	21.3	65/35	7.6	7.1	26	1.66	44	8,445	4,083	12,528
2018	2.5	2.0	-2.0	65/35	7.0	6.3	21	0.67	32	7,102	3,132	10,234
2017	19.2	18.5	13.6	70/30	6.7	5.8	10	n/a	15	7,272	3,274	10,546
2016	4.7	4.0	8.1	70/30	7.3	6.3	6	n/a	7	5,693	2,445	8,139
2015	2.4	1.7	1.5	65/35	7.6	6.3	11	0.61	13	5,941	1,153	7,094
2014	8.0	7.3	9.4	65/35	7.1	5.5	15	0.77	20	6,328	1,121	7,449
2013	19.7	19.0	18.1	65/35	8.6	7.2	13	2.33	14	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 Balanced Composite was created on January 1, 1993, and the inception date of the composite is January 1, 1985, 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 $500 thousand (US dollars) managed with the recommended asset allocation between large cap equities and fixed income set by the Investment Policy Committee for a minimum of one full month. The current recommendation is a 60/40 allocation and accounts with allocations falling within 15% of the recommendation are eligible for composite inclusion. Accounts with wrap commissions are excluded from the composite. Prior to September 1, 2005, the composite did not include taxable accounts, private client accounts, or accounts with less than $1 million. For the Balanced Composite we present a custom benchmark, which is a 60/40 blend of the S&P 500 Index and Bloomberg US Intermediate Government / Credit Index. The custom benchmark is calculated by weighting the respective index returns on a daily basis. 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 list of composite descriptions, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions are available upon request. Prior to January 1, 1993, the composite is not in compliance with GIPS.

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 Balanced Composite, which was 1.00%, 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 fixed income and 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.