

# SMALL CAP VALUE STRATEGY

Inception 11/1/2010

Second Quarter 2023

## Firm Overview

Founded	1985
Investment Professionals	23
Enterprise Assets*	\$19.2bn
Total Strategy Assets*	\$369mm

\*Totals include model management assets.

## Key Investment Tenets

### GROWTH

- Strong competitive position in a stable, expanding industry
- Opportunity for an increase in revenue and earnings growth

### PROFITABILITY

- Better relative earnings, free cash flow, and earnings growth
- Established profit margins

### FRANCHISE

- Management focused on core business and aligned with stakeholders' interests
- Prudent use of debt and leverage

### VALUATION

- Evaluate relative to history, peers, and economic conditions

## Portfolio Construction

- Traditional value investing in less innovative sectors (i.e., Energy & Utilities) emphasizing relative value in more innovative sectors (i.e., Tech & Healthcare)
- Market cap range at purchase \$50 million to \$5 billion, or within current range of Russell 2000 Value<sup>®</sup>
- 70 to 120 securities
- Sector- and Industry-neutral to the benchmark (+/- 5%) and looks to add value through bottom-up, fundamental security selection
- Fully invested with a cash allocation not in excess of 5%
- Average annual turnover of 25-60%

## Average Annualized Returns % as of 6/30/2023

	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 11/1/2010
Congress Small Cap Value Composite (Gross)	3.3	2.3	8.7	17.8	6.1	8.8	11.0
Congress Small Cap Value Composite (Net)	3.0	1.8	7.7	16.7	5.1	7.8	9.9
Russell 2000 Value <sup>®</sup>	3.2	2.5	6.0	15.4	3.5	7.3	8.7

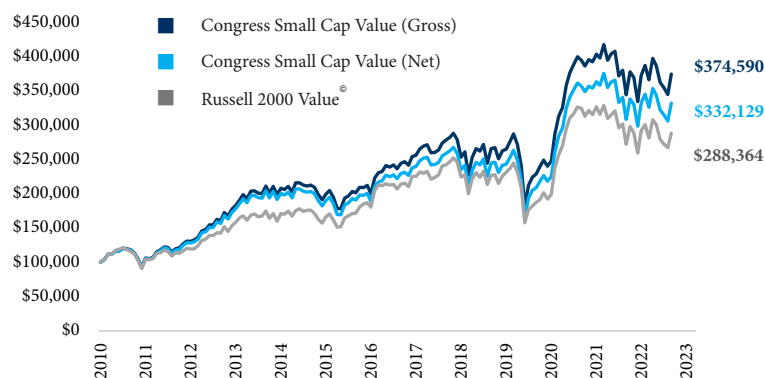
## Characteristics<sup>1</sup>

	Representative Small Cap Value Account	Russell 2000 Value <sup>®</sup>
P/E Trailing	10.5x	9.3x
Active Share	90.8	--
Market Cap (Weighted Average)	\$3.6bn	\$2.4bn
Number of Holdings	85	1,458
1 Yr Turnover %	28.5	--
Return on Equity %	17.4	8.0

## Risk/Return 11/1/2010 - 6/30/2023

	Congress Small Cap Value (Gross)	Congress Small Cap Value (Net)	Russell 2000 Value <sup>®</sup>
Standard Deviation	19.39	19.38	19.39
Beta	0.98	0.98	1.00
Sharpe Ratio	0.59	0.54	0.48
Alpha	2.36	1.41	0.00
Up Capture Ratio	102.6	100.5	100.0
Down Capture Ratio	93.7	95.4	100.0

## Growth of \$100,000 11/1/2010 through 6/30/2023



Performance is preliminary and subject to change at any time.

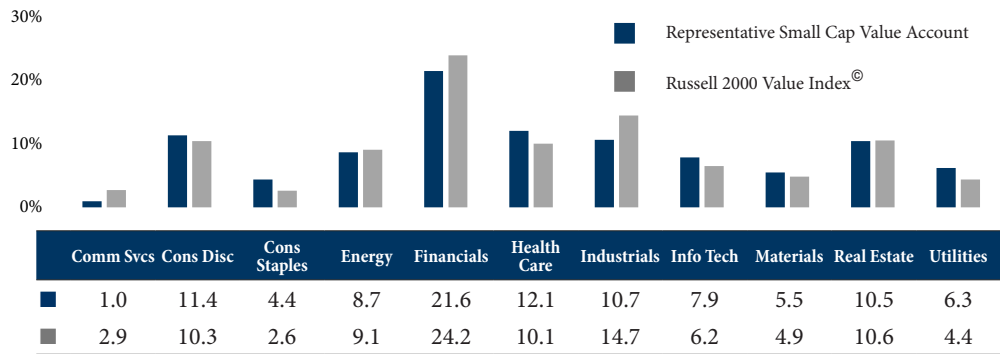
All data as of 6/30/2023. Sources throughout this presentation: Congress Asset Management, Factset, Russell Investments and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to 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 Report.** Performance returns of less than one year are not annualized. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. <sup>1</sup>The information shown is for a representative account as of 6/30/2023. Actual client account holdings and sector allocations may vary.



## Top 10 Active Holdings<sup>1</sup> as of 6/30/2023

Summit Materials, Inc. Class A	2.9
Kulicke & Soffa Industries, Inc.	2.9
Cross Country Healthcare, Inc.	2.7
Skechers U.S.A., Inc. Class A	2.4
Mueller Industries, Inc.	2.4
PotlatchDeltic Corporation	2.3
Acadia Healthcare Company, Inc.	2.3
Western Alliance Bancorp	2.1
Range Resources Corporation	2.1
Patrick Industries, Inc.	2.1
<b>Total:</b>	<b>24.3</b>

## GICS Sector Allocation<sup>1,2</sup> % ex Cash as of 6/30/2023



<sup>1</sup>The information shown is for a representative account as of 6/30/2023. Actual client account holdings and sector allocations may vary. <sup>2</sup>0.74% Cash and/or cash equivalents.

The Russell 2000 Value Index measures the investment results of an index composed of small-capitalization U.S. equities that exhibit value characteristics. P/E Ratio is the ratio of a company's share price to the company's earnings per share. Weighted Average Market Capitalization represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares. Return on Equity is equal to a company's net income for a full fiscal year, divided by total shareholder equity. Active Share is a measure of the stock holdings in a portfolio that differ from the stated benchmark index. Standard Deviation is a measure of the dispersion of a set of data from its mean. It is used by investors as a gauge for the amount of expected volatility. Sharpe Ratio is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical adjusted performance. Alpha is a measure of the difference between actual returns and expected performance, given the level of risk as measured by Beta, where Beta measures sensitivity to benchmark movements. Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the entire market or a benchmark. Upside Capture ratio measures the manager's overall performance to the benchmark's overall performance, considering only months that are positive in the benchmark. An Upside Capture Ratio of more than 100% indicates a manager who outperforms the relative benchmark in the benchmark's positive months. Downside Capture ratio is the ratio of the manager's overall performance to the benchmark's overall performance, considering only months that are negative in the benchmark. A Downside Capture Ratio of less than 100% indicates a manager who outperforms the relative benchmark in the benchmark's negative months and protects more of a portfolio's value during down markets.

## Investment Committee

### Company Tenure

Jeffrey Kerrigan, CFA <i>Committee Chair</i>	2017
Martine Elie, CFA	1999
John Beaver, CFA	2002

## Congress Asset Management Co. Small Cap Value Composite 1/1/2013 - 12/31/2022

Year	Total Return Gross of Fees %	Total Return of Fees %	Net Russell 2000 Value Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-3-Yr annualized post St Dev (%)	Russell 2000 Value 3-Yr annualized ex-3-Yr annualized 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	-12.3	-13.1	-14.5	27.2	27.3	7	0.12	324	10,083	6,799	16,882
2021	33.4	32.2	28.3	25.7	25.0	6	n/a	367	12,778	8,018	20,796
2020	8.8	7.8	4.6	27.1	26.1	≤5	n/a	197	10,746	5,523	16,269
2019	26.2	25.1	22.4	16.5	15.7	≤5	n/a	185	8,445	4,083	12,528
2018	-15.5	-16.3	-12.9	15.7	15.8	≤5	n/a	235	7,102	3,132	10,234
2017	16.9	15.8	7.8	13.9	14.0	≤5	n/a	244	7,272	3,274	10,546
2016	18.4	17.2	31.7	15.4	15.7	≤5	n/a	283	n/a	n/a	n/a
2015	-7.6	-8.4	-7.5	13.6	13.7	≤5	n/a	266	n/a	n/a	n/a
2014	6.2	5.2	4.2	12.5	13.0	≤5	n/a	0.4	n/a	n/a	n/a
2013	45.5	44.1	34.5	15.9	16.1	≤5	n/a	0.1	n/a	n/a	n/a

#The "Total Firm Assets" column 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 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 Small Cap Value Composite was created on March 31, 2014 and the inception date is November 1, 2010. Performance prior to September 15, 2017 was generated by Century Capital Management, LLC. Performance prior to March 1, 2014 was generated before the Portfolio Manager became affiliated with Century Capital Management, LLC. The Portfolio Manager was the only individual responsible for selecting securities to buy and sell and the investment decision-making process remained intact. Accordingly, composite performance is linked to performance generated prior to March 1, 2014. Because CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017, Total Firm Assets are shown as n/a for periods prior to the acquisition date. All portability requirements with respect to performance have been met. The composite includes all fully discretionary portfolios with a value over \$100 thousand (US dollars) managed in the small cap value style for a minimum of one full month. The small cap value strategy generally invests in the equity of companies with market capitalizations between \$50 million and \$5 billion or that are within the range of the Russell 2000 Value Index (at the time of purchase) that trade at a discount to intrinsic value or whose earnings growth is under appreciated by the street. Prior to October 1, 2017, there was no minimum value for inclusion. The composite contained proprietary non-fee-paying assets which represented 100% of total composite assets as of December 31, 2014 and 0.14% of composite assets as of December 31, 2015 and 0.17% as of December 31, 2016. The benchmark is the Russell 2000 Value 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 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 January 1st, 2021, net of fees returns are calculated by reducing monthly gross returns by 1/12th of the maximum applicable annual management fee, which is 0.95%. Effective January 1st, 2021, net of fee returns are calculated on a daily basis by reducing the daily gross return by a daily equivalent of the highest stated management fee. For periods ended on or before March 31, 2011, the maximum applicable management fee was 1% on the first \$50 million. For periods beginning after March 31, 2011, the maximum applicable management fee is 0.95% on the first \$50 million of assets. 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. 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 typically 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<sup>®</sup> 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.