

# BALANCED STRATEGY

Inception 1/1/1985

Third Quarter 2023

## Firm Overview

Founded	1985
Investment Professionals	26
Enterprise Assets*	\$18.9bn
Total Strategy Assets*	\$2.0bn

\*Totals include model management assets.

## Key Investment Tenets

<b>GROWTH</b>	<ul style="list-style-type: none"> <li>Positive revenue and earnings growth</li> <li>Strong competitive position in stable, expanding industry</li> </ul>
<b>PROFITABILITY</b>	<ul style="list-style-type: none"> <li>Positive earnings</li> <li>Free cash flow positive</li> <li>Established profit margins</li> </ul>
<b>FRANCHISE</b>	<ul style="list-style-type: none"> <li>Management focused on core business and aligned with stakeholders' interests</li> <li>Prudent use of debt and leverage</li> </ul>
<b>VALUATION</b>	<ul style="list-style-type: none"> <li>Evaluate relative to history, peers, and economic conditions</li> </ul>

## Portfolio Construction

- Investment Oversight Committee current allocation: 60% equities, 40% bonds
- 35 to 45 equity securities per portfolio
- Equity industry exposure not to exceed 25% and no more than 5% to any one stock, in general
- Bond portfolio generally has a weighted average quality similar to the index and maturities in the intermediate range
- Fully invested with a cash allocation not in excess of 5%

## Average Annualized Performance % as of 9/30/2023

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 1/1/1985
Congress Balanced (Gross of Fees)	-0.6	11.7	19.1	5.0	8.6	9.5	10.0
Congress Balanced (Net of Fees)	-0.7	11.3	18.5	4.5	8.0	8.9	9.1
Benchmark <sup>1</sup>	-2.3	8.1	13.7	5.0	6.7	7.8	9.2

<sup>1</sup>Blended Benchmark: 60% S&P500/40% Bloomberg US Intermediate Govt/Credit Index

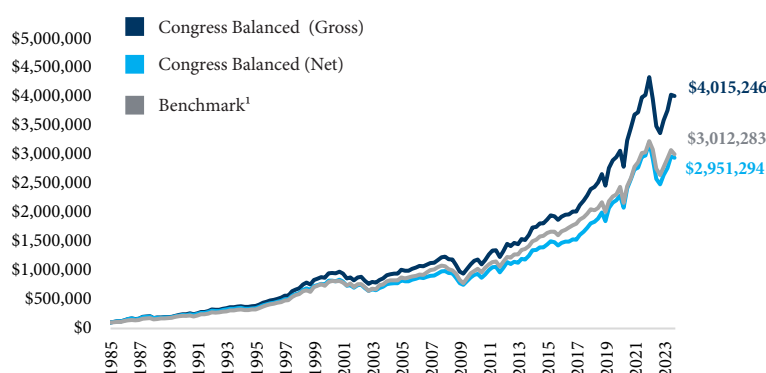
Equity Characteristics <sup>2</sup>	Large Cap Growth	S&P 500
P/E Trailing 12 months	28.1x	21.0x
Price/Book	7.7x	4.1x
Market Cap (Median)	\$82.6bn	\$30.0bn
Number of Holdings	40	503

Fixed Income Characteristics <sup>2</sup>	Intermediate Fixed	Bloomberg US Int. Govt/ Credit Index
Average YTM	5.06	5.23
Average Maturity (yrs)	4.19	4.24
Average Coupon (%)	2.91	2.75
Average Duration	3.73	3.76
Average Rating	Aa2	AA2/AA3

Risk /Return 1/1/1985 - 9/30/2023	Balanced (Gross)	Balanced (Net)	Benchmark <sup>1</sup>
Standard Deviation %	10.84	10.82	9.92
Beta	1.03	1.03	1.00
Sharpe Ratio	0.65	0.57	0.62
Alpha	0.64	-0.16	--

<sup>1</sup>Blended Benchmark: 60% S&P500/40% Bloomberg US Intermediate Govt/Credit Index

## Growth of \$100,000 1/1/1985 through 9/30/2023



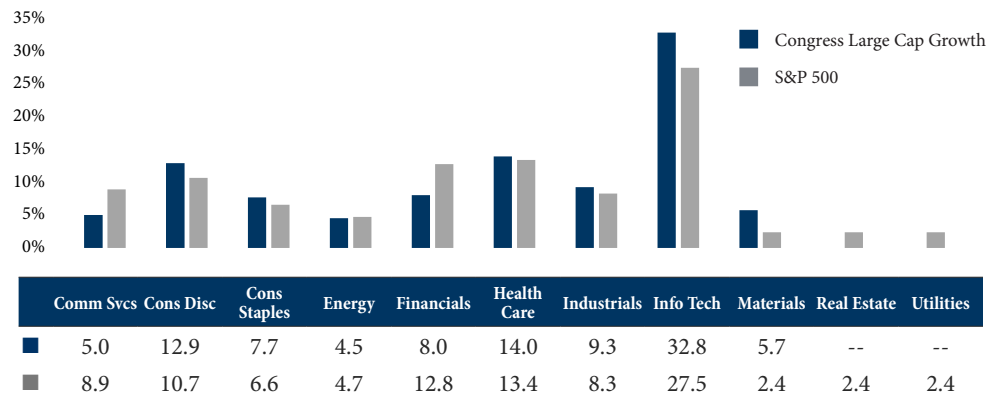
Performance is preliminary and subject to change at any time.

Data is as of 9/30/2023. 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. This managed account strategy involves risk, may not be profitable, may not achieve its objective, and may not be suitable or appropriate for all investors. Investors should consider the investment objectives, risks, and fees of this strategy carefully with their financial professional before investing. <sup>2</sup>The information shown is for a representative account as of 9/30/2023. Actual client account holdings and sector allocations may vary.

**Top 10 Active Equity Holdings<sup>2</sup> as of 9/30/2023**

Apple Inc.	4.4
Microsoft Corporation	3.9
NVIDIA Corporation	3.4
Alphabet Inc. Class A	3.4
Eaton Corp. Plc	3.3
Synopsys, Inc.	3.2
Adobe Incorporated	3.2
Pioneer Natural Resources Company	3.1
Costco Wholesale Corporation	3.0
Eli Lilly and Company	3.0
<b>Total:</b>	<b>33.8</b>

**GICS Sector Allocation<sup>2,3</sup> vs. Benchmark % ex Cash as of 9/30/2023**



<sup>2</sup>The information shown is for a representative account as of 9/30/2023. Actual client account holdings and sector allocations may vary.<sup>3</sup> 0.78% Cash and/or cash equivalents.

**Definitions:** S&P500 is a market-capitalization weighted index, which measures price movements of the common stock of 500 large U.S. companies within leading industries. Intermediate Government Credit Index is a [The Bloomberg US Intermediate Govt/Credit Index](#) tracks the performance of intermediate term U.S. government and corporate bonds. You cannot invest directly in an index. [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

**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.