

# INTERMEDIATE CREDIT STRATEGY

Strategy Inception 7/1/2005

Managed Accounts | 1Q 2025

*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

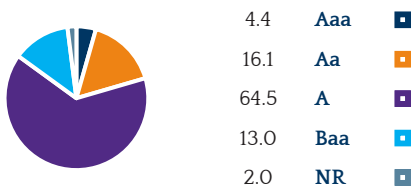
Enterprise Assets*	\$21.8bn
Strategy Assets	\$230mm
Founded	1985

\*Totals include model management assets.

## Investment Committee Company Tenure

Jeff Porter, CFA Committee Chair	2010
John Beaver, CFA	2002
Brian Guild	2000
John Corrigan, CFA	2011

## Ratings Distribution %



## Sector Allocation %



## Annualized Returns % as of 3/31/2025

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 7/1/2005
Intermediate Credit Composite (Gross)	2.1	2.1	5.6	2.4	1.5	2.2	3.4
Intermediate Credit Composite (Net)	2.0	2.0	5.3	2.2	1.3	2.0	3.1
Bloomberg US Intermediate Credit Index	2.3	2.3	6.2	2.9	2.3	2.5	3.7

Past performance does not guarantee future results.

All data is as of 3/31/2025. Sources throughout this presentation: Congress Asset Management, Bloomberg Finance L.P., 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. 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. Actual client account holdings and sector allocations may vary. Performance is preliminary and subject to change at any time.

## Characteristics as of 3/31/2025

	Intermediate Credit Composite	Bloomberg US Intermediate Credit Index
Average YTM**	4.4	4.8
Average Maturity (yrs)	4.2	4.8
Average Coupon (%)**	3.8	4.1
Average Duration	3.6	4.1
Average Rating	A2	A2/A3

## Risk Characteristics\*\* as of 3/31/2025

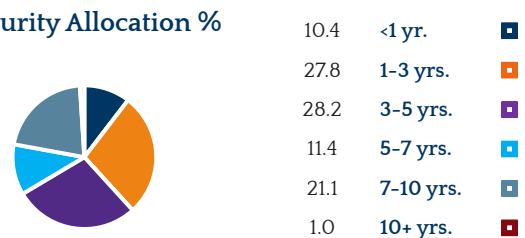
	Intermediate Credit Composite (Gross)	Bloomberg US Intermediate Credit Index
Standard Deviation %	3.72	4.53
Alpha	0.11	--
Beta	0.76	1.00
Sharpe Ratio	0.45	0.46
Tracking Error	1.78	--
Information Ratio	-0.20	--

\*\*Characteristics are gross of fees and are computed without the deduction of fees and expenses.

## Distribution by Duration %

	Intermediate Credit Composite	Bloomberg US Intermediate Credit Index
Under 1 yr.	12.1	1.2
1-3 yrs.	32.6	35.0
3-5 yrs.	24.7	29.8
5-7 yrs.	27.5	26.0
7-10 yrs.	3.1	8.1
10 yrs. +	0.0	0.0

## Maturity Allocation %



## Top 10 Issuers %

Goldman Sachs Group Inc.	2.9
Bank of America Corp.	2.8
AT&T Inc.	2.8
Comcast Corp.	2.8
Wells Fargo & Co.	2.8
JPMorgan Chase & Co.	2.8
BHP Group Ltd.	2.8
Anheuser-Busch InBev SA/NV	2.8
Cisco Systems Inc.	2.7
Merck & Co Inc.	2.7

## Investment Philosophy

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

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

## Investment Process

We seek to add value through the following four step process:

1. Determining global macro trends and credit market impact
2. Controlling interest rate risk through management of yield curve exposure
3. Integrating proprietary research, quantitative analysis, and break-even screens
4. Selecting credits based on deep fundamental credit research and relative valuation

Portfolio managers utilize an array of proprietary analytical tools:

1. Fundamental credit models
2. Relative valuation models
3. Pre-and post-trade scenario models
4. 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
- No non-government security will exceed 5% of total market value at time of purchase

**Definitions:** **Bloomberg US Intermediate Credit Index** measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 10 years. You cannot invest directly in an index. **Standard Deviation** measures historical 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. **Tracking Error** is the divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns

## Congress Asset Management Co. Intermediate Credit Composite 1/1/2014 - 12/31/2023

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Bloomberg US Intermediate Credit Return %	Composite Gross 3-Yr annualized ex- post St Dev (%)	Bloomberg US Intermediate Credit 3-Yr annualized ex- post St Dev (%)	Number of Portfolios	Gross Disper- sion %	Total Com- posite 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)
2023	6.0	5.8	6.9	4.9	5.5	49	0.22	114	12,146	8,514	20,660
2022	-8.0	-8.2	-9.1	4.5	5.7	44	0.33	105	10,083	6,799	16,882
2021	-1.3	-1.6	-1.0	3.0	4.3	45	0.18	113	12,778	8,018	20,796
2020	6.8	6.6	7.1	2.9	4.2	50	0.18	118	10,746	5,523	16,269
2019	8.1	7.8	9.5	2.0	2.2	55	0.26	113	8,445	4,083	12,528
2018	0.3	0.1	0.0	2.1	2.2	44	0.13	103	7,102	3,132	10,234
2017	2.9	2.7	3.7	2.0	2.3	44	0.08	102	7,272	3,274	10,546
2016	2.7	2.5	3.7	2.1	2.5	7	n/a	65	5,693	2,445	8,139
2015	1.5	1.2	0.9	2.3	2.6	8	0.12	62	5,941	1,153	7,094
2014	3.4	3.2	4.2	2.4	2.7	7	n/a	58	6,328	1,121	7,449

#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 – 12/31/23. 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 Private 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 portfolios 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 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 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 Intermediate Credit Composite, which was 0.26%, applied quarterly. 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.

**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.

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