

# SHORT TERM GOVT CREDIT STRATEGY

Strategy Inception 7/1/1997

Managed Accounts | 4Q 2024

*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

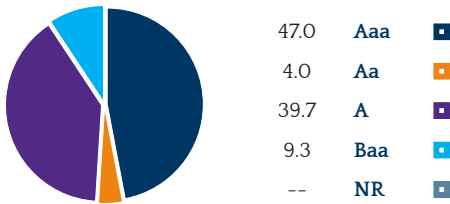
Company Assets	\$23.7bn
Strategy Assets	\$181mm
Founded	1985

*\*Totals include model management assets.*

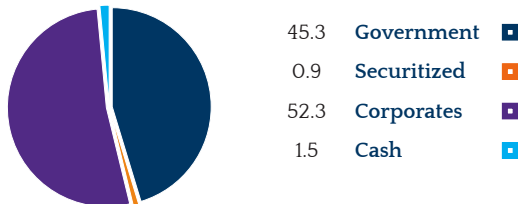
## Investment Committee      Company Tenure

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 12/31/2024

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 7/1/1997
Short Term Govt Credit Composite (Gross)	-0.22	4.10	4.10	1.12	1.30	1.49	3.47
Short Term Govt Credit Composite (Net)	-0.28	3.84	3.84	0.87	1.05	1.24	3.22
Benchmark <sup>1</sup>	-0.71	3.76	3.76	0.95	1.19	1.43	3.30

**Past performance does not guarantee future results.** <sup>1</sup>Bloomberg 1-5 Year US Govt/Credit (1/1/23-present)/ Bloomberg US Treasury 1-5 Year (4/1/14-12/31/22)/ Bloomberg US Govt/Credit 1/5 Year A+ (inception-3/31/2014)

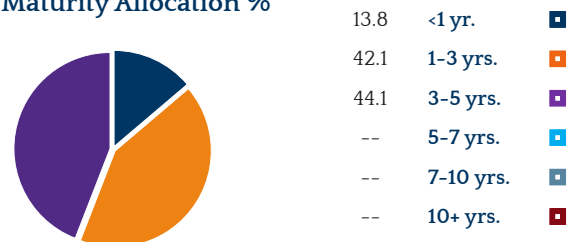
Data as of 12/31/2024. Sources: Congress Asset Management, Bloomberg Finance L.P., and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. 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. Actual client account holdings and sector allocations may vary. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors, own all proprietary rights in the Bloomberg Indices. Bloomberg neither approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith." and (ii) Licensee shall not use or distribute Data or Derived Data in any manner that, in Licensor's good faith judgment, adversely affects Bloomberg's (or any of its Data Providers') ability to license the Data or would cause the use and distributions thereof to be a functional source of, or a substitute for, data otherwise commercially available from Bloomberg or any of its Data Providers.

Characteristics	Short Term Govt Credit Composite	Bloomberg 1-5 Year US Govt/Credit
Average YTM	4.44	4.47
Average Maturity (yrs)	2.51	2.80
Average Coupon (%)	3.71	3.21
Average Duration	2.31	2.58
Average Rating	Aa3	AA2/AA3

Risk Return Analysis	Short Term Govt Credit Composite (Gross)	Short Term Govt Credit Composite (Net)	Bloomberg 1-5 Year US Govt/Credit
Standard Deviation %	2.16	2.16	2.21
Alpha	0.21	-0.04	--
Beta	0.95	0.95	1.00
Sharpe Ratio	0.61	0.49	0.52
Tracking Error	0.47	0.47	--
Information Ratio	0.36	-0.19	--

Distribution by Duration %	Short Term Govt Credit Composite	Bloomberg 1-5 Year US Govt/Credit
Under 1 yr.	14.8	1.4
1-3 yrs.	50.3	62.0
3-5 yrs.	34.9	36.6
5-7 yrs.	--	--
7-10 yrs.	--	--
10 yrs. +	--	--

## Maturity Allocation %



## Top 10 Issuers %

United States of America	45.30
Goldman Sachs Group Inc	2.16
Wells Fargo & Co	2.08
Bank of America Corp	2.04
BHP Group Ltd	2.03
JPMorgan Chase & Co	2.02
Deere & Co	2.00
Toyota Motor Corp	1.98
Comcast Corp	1.97
UnitedHealth Group Inc	1.93

## 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: Fundamental credit models

1. Relative valuation models
2. Pre-and post-trade scenario models
3. 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

- <75% exposure to non-government securities to maintain sufficient liquidity
- No non-government security will exceed 5% of total market value at time of purchase

**Definitions:** **Bloomberg 1-5 Yr US Govt Credit Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with maturities between 1 and 5 years. 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. **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. Short Term Govt Credit Composite 1/1/2014 - 12/31/2023

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Benchmark*	Composite Gross 3-Yr annualized ex-post St Dev (%)	Benchmark* 3-Yr annualized ex-post St Dev (%)	Number of Portfolios	Gross Disper- sion %	Total Composite Assets End of Period (\$ millions)	Total Firm Discretionary Assets End of Period (\$ millions)	Total Firm Advisory-On- ly Assets End of Period (\$ millions)	Total Firm Assets End of Period # (\$ millions)
2023	4.9	4.6	4.9	2.9	3.0	7	0.05	65	12,146	8,514	20,660
2022	-5.3	-5.5	-5.5	2.5	2.5	≤5	n/a	169	10,083	6,799	16,882
2021	-1.1	-1.4	-1.2	1.7	1.7	≤5	n/a	205	12,778	8,018	20,796
2020	4.3	4.1	4.4	1.7	1.7	≤5	n/a	208	10,746	5,523	16,269
2019	4.3	4.0	4.3	1.4	1.4	≤5	n/a	162	8,445	4,083	12,528
2018	1.5	1.2	1.5	1.4	1.5	≤5	n/a	156	7,102	3,132	10,234
2017	0.6	0.4	0.7	1.4	1.4	≤5	n/a	176	7,272	3,274	10,546
2016	1.1	0.9	1.0	1.4	1.4	≤5	n/a	166	5,693	2,445	8,139
2015	1.0	0.7	0.9	1.3	1.2	≤5	n/a	223	5,941	1,153	7,094
2014	1.5	1.3	1.3	1.1	1.0	≤5	n/a	312	6,328	1,121	7,449

\*Prior to April 1, 2014, the benchmark was the Bloomberg US Government/ Credit 1-5 Years A+ Index. Prior to January 1, 2023, the benchmark was the Bloomberg US Treasury 1-5 Year Index. Effective January 1, 2023, the benchmark is the Bloomberg 1-5 Year U.S. Government/Credit Index. 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. Composite performance results and total firm assets managed by Jeffrey Porter, from July 1, 2002 to March 15, 2010 were realized while employed at Prelude Asset Management LLC. 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 Short-Term Government Credit Composite was created in September 2009 and the inception date is July 1, 1997. The composite includes all fully discretionary portfolios with a value over \$250 thousand (US dollars) managed in the short-term fixed income style for a minimum of one full month. The Short-Term Government Credit strategy invests in high quality bonds in the short-term maturity range. Asset classes include Investment Grade Corporate Bonds, U.S. Government Bonds and U.S. Federal Agency Bonds. Prior to January 1, 2023, portfolios in the composite could hold up to 100% U.S. Government Bonds. Effective January 1, 2023, the Short-Term Fixed Income Composite was renamed the Short-Term Government Credit Composite. The composite benchmark is the Bloomberg 1-5 Year U.S. Government/Credit. Prior to January 1, 2023, the benchmark was the Bloomberg US Treasury 1-5 Year Index. Prior to April 1, 2014, the benchmark was the Bloomberg US Govt/Credit 1-5 Years A+ Index. Prior to January 1, 2017, the composite minimum was \$500 thousand (US dollars). Prior to January 1, 2015, the composite minimum was \$1 million (US dollars). Prior to October 1, 2013, there was no minimum value for inclusion. Accounts with wrap commissions are excluded from the composite. 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 gross returns by 1/4th of the highest stated management fee, which is 0.25%, applied quarterly. 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. 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. For 2014, 2015 and 2016 the benchmark three-year annualized ex-post standard deviation calculation is based off a blend of the previous 36 months of returns of the indices that were in use for the respective periods.

**Fee Schedule:** The Short-Term Fixed Income fee schedule is as follows: 0.25% for first \$5-25 million, 0.20% for next \$25 million, 0.15% for next \$25 million and 0.10% for \$75 million and up. The above 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 0.25% annual fee deducted quarterly would earn a 9.7% annual net return due to compounding. Prior to April 2014 one account in the Short-Term Fixed Income Composite paid a performance-based fee.

**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.