

**Part 2A of Form ADV: *Firm Brochure***

**Congress Asset Management Company, LLP**

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03/31/2012

This brochure provides information about the qualifications and business practices of Congress Asset Management Company, LLP. If you have any questions about the contents of this brochure, please contact us at 617-737-1566 or [dlagan@congressasset.com](mailto:dlagan@congressasset.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Congress Asset Management Company, LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105161.

**Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/31/2012, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative.

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#### **Item 4 Advisory Business**

Congress Asset Management Company, LLP is a SEC-registered investment adviser with its principal place of business located in Massachusetts. Congress Asset Management Company, LLP began conducting business in 1985.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Lagan Holding Company, General Partner
- Lagan - Congress, Inc., General Partner

In addition, the following information identifies individuals that indirectly own 25% or more of our firm:

- Alfred Alphonsus Lagan, Chairman
- Daniel Anthony Lagan, President
- Christopher Michael Lagan, Senior Vice President
- Matthew Terence Lagan, Senior Research Analyst

Congress Asset Management Company, LLP offers the following advisory services to our clients:

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in other. Congress Asset Management Company, LLP provides discretionary investment management services to pension and profit sharing plans that invest in limited partnerships and other investments through private equity investments.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Large Cap Growth Equity

Mid Cap Growth Equity

Dividend Growth Equity

Global All Cap Growth Equity

All Cap Opportunity

Balanced

Fixed Income

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income).

Congress Asset Management Company, LLP participates in certain wrap fee programs sponsored by Morgan Stanley Smith Barney, Citigroup, Envestnet, Deutsche Bank, JP Morgan, Deutsche Bank, Edward Jones & Co., FundQuest, Pershing, UBS, Oppenheimer, CIBC Wood Gundy, CIBC Asia, Mount Yale Investment Consulting Group, Robert W. Baird, KeyBank, Stifel Nicolaus, Concord Equity, Credit Suisse Securities, Lockwood Advisors Inc., Linsco Private Ledger, Fidelity Investments, Leerink Swan, Mid Atlantic Capital, National Asset Management, Brinker Capital, , JP Morgan Chase, RBC Dain Rauscher, MAI LLC, Ladenburg Thalmann, Charles Schwab, Stephens, Commonwealth Financial, , Telemus, SMH Group, US Bank, Placemark, Fifth Third, TD Ameritrade, Metamorphosis, FolioFN, SummitAlliance, , Nataxis, Freestone Capital, Rollstone Bank & Trust Company, and Congress Wealth Management (each a "wrap fee sponsor"), whereby from time to time and in its sole discretion, the wrap fee sponsor will present Congress Asset Management Company, LLP as one candidate of several for the provision of investment management services to clients pursuant to the sponsor's wrap fee program. Congress Asset Management Company, LLP, along with the names of one or more other investment advisors, will be supplied to those clients for whom the stated investment philosophy and policies of the advisor and providing its services appear suitable. The wrap fee sponsor's sole obligation in this regard is to present Congress Asset Management Company, LLP as one candidate of several for the provision of investment management services to clients. The wrap fee agreement with any wrap fee sponsor may be terminated at any time for any reason, or no reason, such termination to be effective upon notice. Also, Congress Asset Management Company, LLP participates in programs sponsored by wrap fee programs in which Congress Asset Management Company, LLP provides model investment portfolios to the wrap fee sponsor as overlay manager.

Congress Asset Management Company, LLP may terminate its services to one or more of its clients under the agreement for any reason, or for no reason, upon at least 30 days of prior notice.

Each wrap fee sponsor is required to deliver to the wrap fee clients a wrap fee brochure that meets the requirements of the Investment Advisors Act of 1940, as amended. Congress Asset Management Company, LLP delivers to each wrap fee sponsor a copy of Part II of its current Form ADV for delivery to the client.

Congress Asset Management Company, LLP determines if the model portfolio is suitable to the client's circumstances. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Congress Asset Management Company, LLP's investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- United States governmental securities
- Municipal Securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will be reasonably available to consult with the program sponsor.

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Congress Asset Management Company, LLP provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy or guideline. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

Congress Asset Management Company, LLP manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio in detail quarterly and more frequently when deemed necessary given changes in client circumstances or changes in economic market conditions.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities

- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in other. Congress Asset Management Company, LLP provides discretionary investment management services to pension and profit sharing plans that invest in limited partnerships.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### **MUTUAL FUND PORTFOLIO MANAGEMENT**

Congress Asset Management Company, LLP provides these services to the Congress Large Cap Growth Fund (the "Mutual Fund"), a mutual fund registered under the Investment Company Act of 1940.

Daniel A. Lagan, Alfred A. Lagan, and Gregg A. O'Keefe serve as the investment managers to the Mutual Fund, and continuously manage the fund assets based on the investment goals and objectives as outlined in the Mutual Fund's prospectus.

Interested investors should refer to the Mutual Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at [www.congressasset.com/funds](http://www.congressasset.com/funds).

Prior to making any investment in the fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Mutual Fund.

#### **MUTUAL FUND PORTFOLIO MANAGEMENT**

##### **Sub-Adviser**

Congress Asset Management Company, LLP provides these services to the Princeton Futures Strategy Fund (the "Mutual Fund"), a mutual fund registered under the Investment Company Act of 1940.

As the investment manager to fixed income portion of the Mutual Fund, Jeffrey R. Porter is responsible for developing, constructing and monitoring the fixed income portion of the Fund.

Interested investors should refer to the Mutual Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at [www.pfststrategyfund.com/](http://www.pfststrategyfund.com/)

Prior to making any investment in the Mutual Fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Mutual Fund.

#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011, we were actively managing \$6,329,165,566 of clients' assets on a discretionary basis plus \$684,592,965 of clients' assets on a non-discretionary basis.

#### **Item 5 Fees and Compensation**

##### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Congress Asset Management Company, LLP's annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 0.10% to 1.00%. The investment advisory fees are negotiable and differ from one client to another based on certain criteria such as size/assets, client type, style, customization, and other factors.

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management. While institutional accounts are negotiated on an account by account basis, the standard fee schedule for separate account management is as follows:

| <b><u>Assets Under Management</u></b> | <b><u>Annual Fee</u></b> |
|---------------------------------------|--------------------------|
| Initial \$1 Million                   | 1.00%                    |
| Next \$4 Million                      | 0.80%                    |
| Next \$5 Million                      | 0.60%                    |

## **Performance-Based Fees**

Congress Asset Management Company, LLP's performance-based fee schedule is based on a percentage of assets under management plus a percentage of the difference between a client's account and that of an appropriate index. The index will be chosen by Congress Asset Management Company, LLP and the client based on the nature of the investment strategy to be used.

The fees charged for this service will be determined by the client's individual circumstances of the account's performance above an appropriate index. The actual fees are disclosed to the client before entering into this type of arrangement and are detailed in the client's Investment Management Agreement. The percentage of assets under management is billed quarterly, in arrears.

The client must understand the proposed method of compensation and its risks prior to entering into the contract. Accordingly, clients paying performance-based fees are directed to the "Performance-Based Fees" section (Item 6) below for more comprehensive disclosures, including conflicts of interest resulting from this type of compensation.

To qualify for this type of fee schedule a client should be an accredited investor and must have at least \$1,000,000,000 under management.

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was previously assessed by our firm.

In measuring the client's assets for the calculation of performance-based fees, Congress Asset Management Company, LLP shall include: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period.

The performance-based fee creates an incentive for Congress Asset Management Company, LLP to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

On a case-by-case basis, Congress Asset Management Company, LLP determines an appropriate fee structure based on the size, complexity and investment objectives of the client's account. Fee arrangements may include a combination of a management fee and incentive fee, or may be solely limited to a management fee or an incentive-based fee. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an advisory agreement.

**Account Management Fees:** Congress Asset Management Company, LLP typically charges a fee for account management that is calculated and paid as a percentage of the assets under management. The Account Management Fee is calculated at an annual rate not to exceed 1.00%. Fees are calculated on either a monthly or quarterly basis, and are payable, either in advance based on the value of the account(s) as of the beginning of each billing period, or in arrears based on the value of the account at the end of each billing period. The Account Management Fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions made during that period.

**Managed Account Incentive Fees:** One client does pay Congress Asset Management Company, LLP performance-based compensation ("Incentive Fees"). The Incentive Fee is calculated based on a percentage of the outperformance of an account to a mutually agreed upon benchmark.

Once calculated, performance fees are immediately payable for 50% of the annual amount of outperformance. The rest of the incentive compensation is held back as a claw back.

If the client elects to terminate their contracts, a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed.

In measuring the Managed Account client's assets for the calculation of performance-based fees, Congress Asset Management Company, LLP includes: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period. As such, we may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account.

The client must understand the performance-based fee method of compensation and its risks prior to entering into a management contract with us.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

A minimum of 1,000,000,000 of assets under management when the account is opened is required for this service. This account size may be negotiable under certain circumstances. Congress Asset Management Company, LLP may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Congress Asset Management Company, LLP has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.20% to 0.50%.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Congress Asset Management Company, LLP may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Congress Asset Management Company, LLP has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and wrap sponsor.

#### PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.10% to 1.00%.

The annualized fee for Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

| <u>Assets Under Management</u> | <u>Annual Fee</u> |
|--------------------------------|-------------------|
| Initial \$1 Million            | 1.00%             |
| Next \$4 Million               | 0.80%             |
| Next \$5 Million               | 0.60%             |

The annualized fee for Portfolio Management Services is charged as a fixed fee, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Congress Asset Management Company, LLP's fixed fees are negotiated on a case by case basis and have historically had a range from \$200 to \$100,000.

**Limited Negotiability of Advisory Fees:** Although Congress Asset Management Company, LLP has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

#### MODEL PORTFOLIO MANAGEMENT FEES

Our annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.20% to 0.50%.

The annualized fee for Model Portfolio Management Services is charged as a percentage of assets under management as negotiated with each wrap sponsor.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Congress Asset Management Company, LLP may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Congress Asset Management Company, LLP has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a wrap sponsor by wrap sponsor basis. Wrap sponsor facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

#### MUTUAL FUND PORTFOLIO MANAGEMENT FEES

Congress Asset Management Company, LLP charges an asset-based fee for this service. The fee arrangement, termination, and refund policies are described in the Mutual Fund's prospectus and Statement of Additional Information ("SAI").

Portfolio management clients of our firm who also invest in the Congress Large Cap Growth Fund will pay only those fees charged to investors by the Mutual Fund, i.e., the value of the client's investment in the Mutual Fund is excluded from our quarterly portfolio management fee calculation.

#### GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Congress Asset Management Company, LLP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes



sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Congress Asset Management Company, LLP's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Congress Asset Management Company, LLP is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Congress Asset Management Company, LLP may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Congress Asset Management Company, LLP's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than three (3) months in advance of services rendered.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

### **PERFORMANCE-BASED FEES**

As we disclosed in Item 5 of this Brochure, our firm accepts a performance-based fee from the client. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) should be an accredited investor with at least \$1,000,000,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangement creates an incentive for us to recommend investments riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, we have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

## **Item 7 Types of Clients**

Congress Asset Management Company, LLP provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Investment companies(including mutual funds)
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Other

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the earnings growth of a company by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself). In our opinion, earnings growth is the long term determinant of a stock's price.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Cyclical Analysis.** In this type of analysis, we seek to identify those companies whose earnings growth over the next 3 to 5 years time will provide an opportunity for capital appreciation based upon improved company economics.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. The information is gathered from corporate annual reports, filings with the Securities and Exchange Commission (SEC), company press releases, research material reported by others, financial newspapers and magazines, corporate rating services, and timing services.

### INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. In our view, earnings growth is a long term determinate of a stocks price. We utilize a fundamental, bottom up analysis seeking corporate earnings growth supported by strong balance sheets. We desire exposure to particular asset classes and sectors over time, regardless of the current projection for this class or sector.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in price appreciation in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk. Each style or strategy will carry with it different levels of risk. The strategies with the highest predictability of returns are least risky, while those strategies with the least amount of predictability of returns are more risky. Our investment styles and strategies can be matched with each client's unique combination of desired returns, investment objectives, cash flow needs, and personal risk tolerance to determine the most suitable investments.

## Item 9 Disciplinary Information

Congress Asset Management Company, LLP is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

#### **Item 10 Other Financial Industry Activities and Affiliations**

Some employees of Congress Asset Management Company, LLP are separately licensed as registered representatives of Quasar Distributors, an unaffiliated limited purpose broker-dealer for which the Registered Representative receives no compensation. These individuals, in their separate capacity, can effect securities transactions to purchase or sell the Congress Large Cap Growth Fund. Some employees of Congress Asset Management Company, LLP are also employees of Congress Wealth Management, LLC.

While Congress Asset Management Company, LLP and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

##### ***Mutual Fund:***

Congress Asset Management Company, LLP previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is the investment adviser to the Congress Large Cap Growth Fund, a registered mutual fund trustee at US Bancorp. From time to time, Congress Asset Management may recommend that clients buy or sell shares of the Congress Large Cap Growth Fund.

For additional information, the Fund Prospectus and Statement of Additional Information are available on-line at: [www.congressasset.com/funds](http://www.congressasset.com/funds). Prospective investors should review these documents carefully before making any investment in the Mutual Fund.

##### ***Other pooled investment vehicle(s):***

Congress Asset Management Company, LLP provides discretionary investment management services to pension and profit sharing plans that invest in limited partnerships.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Where appropriate, Congress Asset Management Company, LLP and our employees may recommend the various investment and investment-related services of the Related Companies to our advisory clients. The Related Companies and their employees may also recommend the advisory services of our firm to their clients. The services provided by the Related Companies are separate and distinct from our advisory services, and are provided for separate and additional compensation. There may also be arrangements between Congress Asset Management Company, LLP and these Related Companies where Congress Asset Management Company, LLP and/or the Related Companies and their employees receive payment in exchange for client referrals. No Congress Asset Management Company, LLP client is obligated to use the services of any of the Related Companies.

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Congress Asset Management Company, LLP has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Congress Asset Management Company, LLP and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Congress Asset Management Company, LLP's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@congressasset.com](mailto:info@congressasset.com), or by calling us at 617-737-1566.

As previously disclosed in this brochure, Congress Asset Management Company, LLP is the investment adviser to an affiliated mutual fund. Please refer to "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) for a detailed explanation of this relationship and important conflict of interest disclosure.

From time to time Congress Asset Management Company, LLP may recommend that clients buy or sell securities or investment products in which an officer or employee of Congress Asset Management Company, LLP has a financial interest and officers and employees may buy and sell for themselves securities which Congress Asset Management Company, LLP recommends to its clients. However, unless specifically requested and granted, officers are prohibited from effecting transactions for their own account in a security that (a) has been purchased or sold for any Congress Asset Management Company, LLP client during the preceding two days or (b) is being actively considered for purchase by a Congress Asset Management Company, LLP client.

In those situations in which a broker-dealer introduces a client to Congress Asset Management Company, LLP, as a referral or in conjunction with the broker-dealer's wrap-fee program, such referrals include a benefit to Congress Asset Management Company, LLP that may influence its selection of broker-dealers for executing client trades, and thus, Congress Asset Management Company, LLP is deemed to have a conflict of interest.

Clients and prospective clients should be aware that by voting proxies, Congress Asset Management Company, LLP could create a conflict of interest (i.e. Congress Asset Management typically follows the recommendation of the AFL-CIO when voting proxies for Taft-Hartley clients, while at the same time is actively soliciting new business from the Taft-Hartley market.)

In addition, access persons of our firm are required to report all personal securities transactions conducted in our affiliated mutual fund(s).

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

For discretionary clients, Congress Asset Management Company, LLP requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Congress Asset Management Company, LLP will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Congress Asset Management

Company, LLP in providing investment management services to clients. Congress Asset Management Company, LLP may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with obtaining best execution for clients, Congress Asset Management Company, LLP may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Congress Asset Management Company, LLP and, indirectly, to Congress Asset Management Company, LLP's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Congress Asset Management Company, LLP does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Congress Asset Management Company, LLP may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Congress Asset Management Company, LLP determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Congress Asset Management Company, LLP makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When Congress Asset Management Company, LLP uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Congress Asset Management Company, LLP does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Within our last fiscal year, we have obtained the following products and services on a soft-dollar basis:

Congress Asset Management Company, LLP uses products and services including investment recommendations, investment research, and financial publications providing corporate financial data, financial statistical data, economic data and forecasts, and systems for arranging and assimilating data. Third party research includes the following products and services:

- Bloomberg's Bloomberg Research
- S&P Capital IQ
- Value Line Publishing
- S&P Stock Market Surveys and Advisor Insight

Brokers that we select to execute transactions may from time to time refer clients to our firm. Congress Asset Management Company, LLP will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and Congress Asset Management Company, LLP's interest in receiving future referrals.

Congress Asset Management Company, LLP conducts periodic soft-dollar reviews, analyzing price and commissions offered by the various brokers used and volume of client commissions directed to each broker. Moreover, we perform a qualitative ranking of all brokers used by polling our trading staff, research analysts, and portfolio managers.

Congress Asset Management Company, LLP will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Congress Asset Management Company, LLP will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Congress Asset Management Company, LLP's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Congress Asset Management Company, LLP, or our firm's order allocation policy.
- 2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Congress Asset Management Company, LLP to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order must be entered into the trading system which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the

order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) Congress Asset Management Company, LLP's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Congress Asset Management Company, LLP's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another. Congress Asset Management Company, LLP has adopted policies and practices to meet the firm's fiduciary responsibilities and to insure our trading practices are fair to all clients by using a rotational trading allocation procedure. Our wrap sponsor program uses a trading queue policy where each program sponsor is rotated up through a trading queue giving each relationship equal attention.

Congress Asset Management Company, LLP may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Congress Asset Management Company, LLP is independently owned and operated and not affiliated with Schwab.

Schwab provides Congress Asset Management Company, LLP with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Congress Asset Management Company, LLP but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Congress Asset Management Company, LLP. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Congress Asset Management Company, LLP has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services, LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Congress Asset Management Company, LLP in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Congress Asset Management Company, LLP to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Congress Asset Management Company, LLP (within specified parameters). These custody services presently include services such as administrative and back office support and are used by our firm to manage accounts for which we have investment discretion.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Congress Asset Management Company, LLP's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Congress Asset Management Company, LLP will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Congress Asset Management Company, LLP and Fidelity are not affiliated and Congress Asset Management Company, LLP is not affiliated with any broker-dealer.

Fixed income trades are handled on a case by case basis and are reviewed by the Portfolio Manager for best execution review.

#### **Item 13 Review of Accounts**

##### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Congress Asset Management Company, LLP reviews are conducted by members of the Investment Oversight Committee and Investment Policy Committee of the products.

In addition to the monthly statements and trade confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account value, performance, holdings, and transactions. Congress Asset Management Company, LLP will provide more frequent reporting if requested.

##### **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT SERVICE**

While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Congress Asset Management Company, LLP reviews are conducted by members of the Investment Oversight Committee and Investment Policy Committee of the products.

Clients receive monthly statements and confirmations of transactions from their program sponsor.

##### **MUTUAL FUND PORTFOLIO MANAGEMENT**

Congress Asset Management Company, LLP continually reviews and monitors the Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus.

Clients should refer to the Fund Prospectus for information regarding regular reports to the fund by Congress Asset Management Company, LLP.

##### **PORTFOLIO MANAGEMENT SERVICES**

While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Congress Asset Management Company, LLP reviews are conducted by members of the Investment Oversight Committee and Investment Policy Committee of the product.

##### **MODEL PORTFOLIO MANAGEMENT SERVICES**

While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed on a quarterly basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the market or political or economic environment.

Congress Asset Management Company, LLP reviews are conducted by members of the Investment Oversight Committee and Investment Policy Committee of the product.

#### **Item 14 Client Referrals and Other Compensation**

##### **CLIENT REFERRALS**

Congress Asset Management Company, LLP may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;

- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Congress Asset Management Company, LLP has a strategic partnership with ARK Global LLC ("ARK") for ARK to provide integrated marketing and sales services for fixed income products to Congress Asset Management Company, LLP. All of ARK's sales professionals are registered representatives of Compass Securities Corporation, a FINRA broker-dealer. Congress has agreed to pay Compass, on behalf of ARK's registered representatives, a percentage of the fees generated from any fixed income assets the Compass / ARK representatives raise for Congress Asset Management Company, LLP. In compliance with rule 206(4)-3 of the Investment Advisors Act of 1940, the referral arrangement is pursuant to a written agreement and all required disclosures will be made.

## **OTHER COMPENSATION**

Congress Asset Management Company, LLP is advisor to the Congress Large Cap Growth Fund, a registered mutual fund, and compensates certain broker-dealers 25 basis points for sale of the Fund to clients who purchase the retail class of the Fund's shares (Ticker CAMLX).

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

### **Item 16 Investment Discretion**

Clients may hire Congress Asset Management Company, LLP to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change / amend such limitations by once again providing us with written instructions.

### **Item 17 Voting Client Securities**

Congress Asset Management Company, LLP votes proxies for certain client accounts when such authority is granted. Any client may choose to vote proxies on their own account.

Congress Asset Management Company, LLP will vote proxies in the best economic interests of its clients and in accordance with our established policies and procedures. In the case of ERISA clients, Congress Asset Management Company, LLP accepts its fiduciary responsibility to vote proxies in the best interest of plan participants and their beneficiaries.

Congress Asset Management Company, LLP will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. Congress Asset Management Company, LLP also uses a third party research firm to assist in the decision making process for proxy voting.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Congress Asset Management Company, LLP by telephone at 617-737-1566, by email to [info@congressasset.com](mailto:info@congressasset.com), or in writing to Congress Asset Management Company, LLP 2 Seaport Lane, 5th Floor, Boston, MA 02210. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.



With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Congress Asset Management Company, LLP by telephone at 617-737-1566, by email to [info@congressasset.com](mailto:info@congressasset.com), or in writing to Congress Asset Management Company, LLP, 2 Seaport Lane, 5th Floor, Boston, MA 02210.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at by telephone at 617-737-1566, by email to [info@congressasset.com](mailto:info@congressasset.com), or in writing to Congress Asset Management Company, LLP, 2 Seaport Lane, 5th Floor, Boston, MA 02210.

#### **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Congress Asset Management Company, LLP is well capitalized with sufficient financial resources to fund continuing operations, growth, fully refund any prepaid management fees received by clients who terminated their management agreement prior to any given quarter end. Congress Asset Management Company, LLP maintains total capital in excess of \$10 million with liabilities below \$2 million. Liabilities generally represent accrued expense associated with the deferred compensation to our employees. Congress Asset Management Company, LLP has no debt.

Congress Asset Management Company, LLP has not been the subject of a bankruptcy petition at any time during the past ten years.