Strategic Market

Congress Wealth
Advisor Solutions

congresswealthadvisorsolutions.com

Comfortable with market returns

Congress' Strategic Market Strategy is designed for investors who believe no manager or strategy can consistently produce better risk-reward outcomes than the market. Strategic Market is the most passive in approach of Congress' investment strategies and is designed to deliver the highest amount of return for a given level of risk by combining asset classes with different risk and return characteristics.

The fundamentals employed in the Strategic Market Strategy include:

- Remain fully invested at all times
- Select diversified and non-correlated holdings
- Rebalance to adjust for growth
- Carefully manage fees and expense
- Apply advanced tax management strategies

Modern portfolio theory

Modern Portfolio Theory (MPT) is a Nobel Prize winning investment philosophy that offers an asset allocation designed to replicate market performance over the long term.

MPT employs two key risk management techniques: diversification and rebalancing.

The benefits of diversification are well-known and best reflected by the adage "don't put all your eggs in one basket." By combining multiple asset classes that react independently in the same market circumstances, the "zig and zag" of returns of the individual asset classes offset one another to produce a smoother ride for investors.

Rebalancing is a technique that periodically buys and sells asset classes to preserve the targeted asset allocation and thereby the benefits of diversification. By purchasing asset classes that have fallen in value - "buying low" and selling asset classes that have increased in value - "selling high," the rebalancing process also tends to improve returns over time.

Strategic Market uses sophisticated computer programming to periodically check for imbalances. The portfolios are evaluated to maintain holdings to within specified tolerances of the optimum allocation, typically +/-1%, but algorithms also manage trading to keep expenses contained.

Perhaps most importantly, the passive asset allocation allows investors the comfort of knowing that they're always invested in a diversified portfolio of asset classes that should increase the probability of delivering benchmark returns over time.

Portfolio construction

The Strategic Market Strategy is designed to provide investors with a single comprehensive investment solution that addresses all their investment needs. Strategic Market is invested in a globally diversified portfolio of twenty (20) asset classes. Asset classes were selected so that when combined into a portfolio, they are representative of global investment markets and produce a less volatile portfolio. These asset classes include equity, fixed income and alternative asset classes as well as domestic and international exposure.

All Strategic Market models may have exposure in all of the asset classes outlined below. The amount of the allocation will vary based upon the model strategy. Although we don't hold the actual index in our portfolios, the appropriate index for each asset class is indicated below and can be represented by one or more exchange traded funds (ETFs).

Equities

U.S. Large Cap	S&P 500 Index
U.S. Mid-Cap	S&P 400 Index
U.S. Small Cap	Russell 2000
International Developed	MSCI EAFE Index
International Emerging	MSCI EAF Emerging Market Index
International Frontier	MSCI Frontier Index

Fixed Income

Treasury / Municipal Bonds	Bloomberg Barclays U.S. Aggregate Bond Index
Mortgages	Bloomberg Barclays MBS Float Adjusted Total Return Index
U.S. Investment Grade	U.S. Dollar Investment Grade Index
U.S. High Yield Bonds	Barclays High Yield Index
International Developing Bonds	S&P/Citigroup International Treasury Index
International Emerging Bonds	Emerging Markets Bond Index Plus
Bank Loans	Bloomberg Barclays U.S. Floating Rate Notes Total Return Index
Tips	Bloomberg Barclays U.S. Treasury Inflation Notes Total Return Index

Real Assets

Precious Metals	Bloomberg Precious Metals Total Return Index
Real Estate	DJ Real Estate Index
Commodities	Bloomberg Commodity Index

Cash Equivalents

3 Month T-Bills	U.S. Treasury Bill Index
Money Market	

Indices listed above are for illustration only. The portfolio's actual holdings may vary.

Strategic Market Model portfolios

Strategic Market portfolios tend to experience very low turnover. Indeed, the only regular transactions that occur are due to periodic rebalancing. Low turnover also keeps capital gains to a minimum. Assets otherwise sent to Uncle Sam as capital gains remain in the portfolio and continue to compound returns.

Risk Management

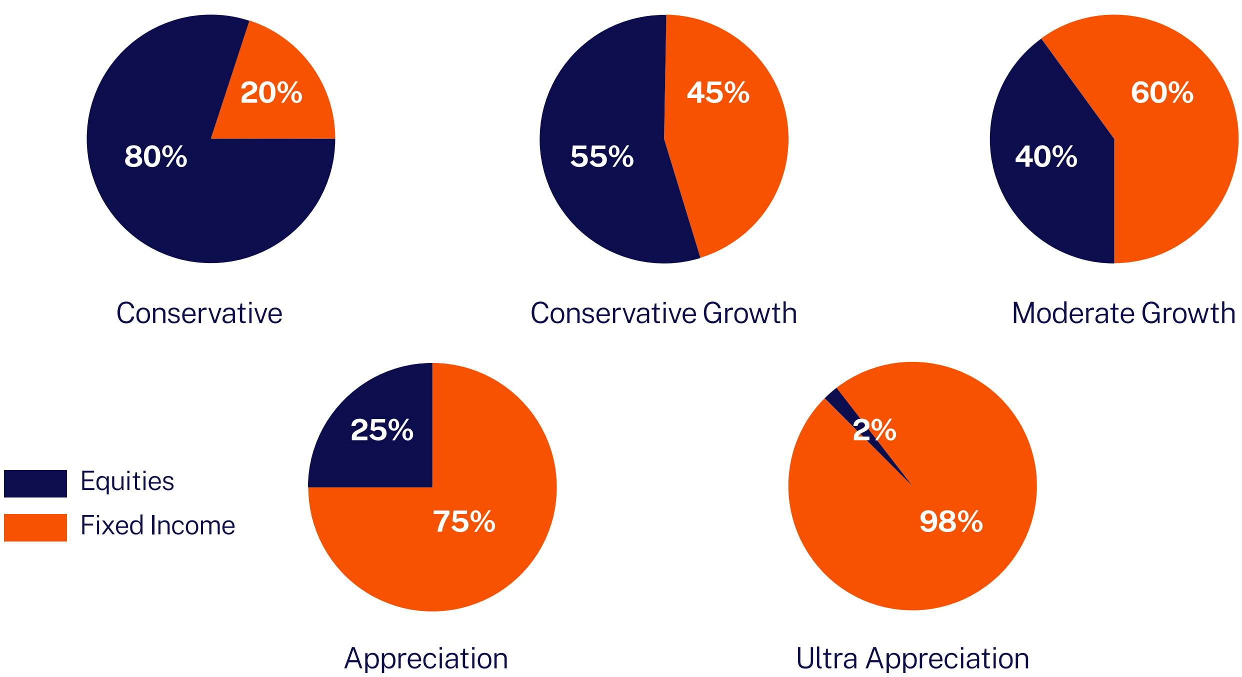
Congress carefully selected 20 asset classes to represent a truly diversified portfolio that can also produce a market return. Among them are alternative asset classes with low correlations and a variety of securities designed to better hedge the risk of rising interest rates.

Low Cost Structure

All portfolios, both active and passive, incur costs associated with the management of the portfolio. Whereas active portfolios may have a chance to outperform their benchmark, passive portfolios, being intentionally designed to always replicate their benchmark, are very likely to consistently under-perform their benchmark by an amount equal to the management costs. Congress seeks to minimize that drag by employing ETFs with low expense ratios and by using ETFs with no transaction fees, whenever possible. Also, Congress employs cross account rebalancing, which allows Congress to reduce transaction costs for clients with multiple accounts by not purchasing the same security in multiple accounts.

Five Model Market Portfolios

The Strategic Market portfolios offer five risk models to reflect the amount of risk an investor is prepared to assume due to investment personality or financial circumstances. The pie charts below represent benchmark allocations however as market conditions change, the allocation to equities and fixed income may also change.



Tax management plus

Strategic Market portfolios are naturally tax efficient due to their passive construction. Applying traditional tax management techniques, like tax loss harvesting, can further protect portfolio assets from Uncle Sam.

Congress also employs a highly effective tax management technique called asset location that only some investment managers can offer due to the complexity of implementation. Asset location places securities with the highest potential taxable total returns in tax-deferred accounts where they can compound tax-free.

Planning flexibility

We believe most investment firms are run by investment managers whose exclusive mandate is to produce attractive pre-tax returns. Congress is a wealth manager. We consider additional factors: pre-tax returns, after-tax returns, sequence of returns, portfolio volatility, client risk preferences and a client's ability to assume risk. In addition, wealth management clients often have multiple taxable and tax-deferred accounts as compared to investment managers who are typically responsible for managing a single pooled investment vehicle like a mutual fund.

As a Wealth Management firm, Congress not only understands these special client needs but has developed an investment platform that specifically addresses them. The Congress platform enables cross account rebalancing, traditional tax management, asset location, legacy securities, customized billing and cashiering and more.

We do not offer a one size fits all solution. Congress' approach to wealth management allows for you to be treated as an individual addressing your needs.

Disclosure

Congress Wealth Management, LLC ("Congress") is a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended.

For additional information, please visit our website at congresswealth.com or visit the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with Congress' CRD #310873.

Congress acquired certain strategies of Pinnacle Advisory Group, Inc. on April 30, 2021.

The summary of the strategy is based upon the opinions of Congress, and the data available at the time of publication. Information and opinions discussed in this commentary may be superseded, and we do not undertake to update such information.

References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. The index composition may not reflect the manner in which a portfolio is constructed. While an adviser seeks to design a portfolio, which reflects appropriate risk and return features, portfolio characteristics may deviate from those of the benchmark.

This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation or solicitation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Investing entails risks, including possible loss of principal. This document should not be construed as a recommendation to purchase or sell any particular securities. Market conditions can vary widely over time and can result in a loss of portfolio value.

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