## Market Review

Challenges to the U.S. economy appear to be mounting, seeding investor angst. Rising interest rates exemplify these concerns with the 10-year Treasury yield rising to 4.5%, up from 3.8% in early July. The stock market re-trenched in September, largely reflecting higher interest rates and shorter-term concerns about student loan repayments, the potential government shut down, and implications of the auto workers' strike. Yet, the economy remains resilient with real-time GDP estimates forecasting growth of almost 5% in the third quarter.

Growth is likely to moderate as we approach year end, but in the aggregate, the concerns du jour do not present long term risks to the consumer or to the economy. The continued strength of the labor market, despite the Federal Reserve's actions, offsets many short-term challenges. While there have been signs of cooling recently, there is little evidence that employment has weakened as unemployment rates and layoffs remain near historic lows and job openings are elevated. Consumer spending has held up as a result and is tracking in-line with its positive, pre-pandemic trend.

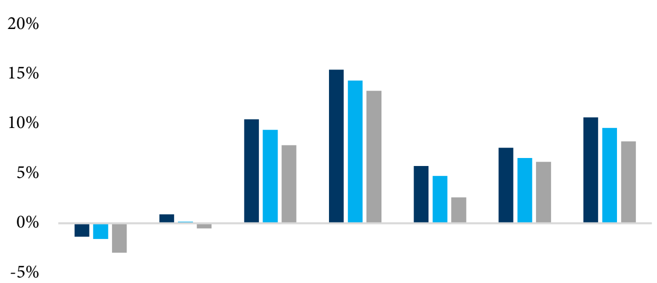
The primary economic issue today is the level of interest rates. Inflation was the main concern in 2022. It drove the Federal Reserve's aggressive actions, caused market interest rates to jump with historic alacrity and weighed on financial markets. In fact, when the economic history of the pandemic is written, 2022 may be the final chapter with 2023 the start of a new era, one marked by secular higher interest rates. Short-term interest rates will continue to follow the Federal Reserve's direction, but longer-term rates are subject to the country's overall level of indebtedness. Thanks to the monetary and fiscal policies enacted during the pandemic period, our amount of outstanding debt stands at record highs.

## Performance Overview

The Congress Small Cap Value Portfolio ("the Portfolio") returned -1.3% (gross of fees) and -1.6% (net of fees) during the quarter while the Russell 2000 Value Index ("the Index") returned -3.0%.

The Portfolio benefited from security selection in Communication Services, Financials, Industrial, and Consumer Discretionary. However, security selection in Materials, Information Technology, and Real Estate detracted from performance, as did an overweight relative allocation to Health Care.

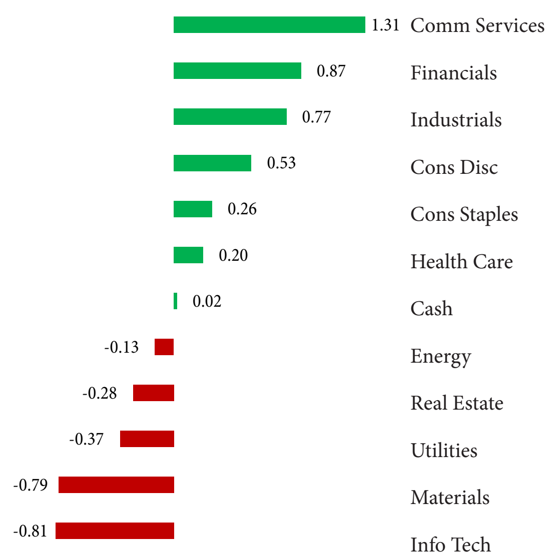
### Average Annualized Performance % as of 9/30/2023




| | | QTD | YTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Since Inception 11/1/2010 |
|---|---|---|---|---|---|---|---|---|
| Small Cap Value Composite (Gross) | ■ | -1.3 | 0.9 | 10.4 | 15.5 | 5.8 | 7.6 | 10.7 |
| Small Cap Value Composite (Net) | ■ | -1.6 | 0.2 | 9.4 | 14.4 | 4.8 | 6.6 | 9.6 |
| Russell 2000 Value | ■ | -3.0 | -0.5 | 7.8 | 13.3 | 2.6 | 6.2 | 8.2 |

*Performance is preliminary and subject to change at any time.*

### % Total Effect Portfolio vs. Index[1]
(6/30/2023 - 9/30/2023)




*Data is as of 9/30/2023. Sources throughout this presentation: Congress Asset Management, FactSet, Russell Investments, and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. Past performance does not guarantee future results. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. This information is supplemental to the GIPS Report. Performance returns of less than one year are not annualized. This managed account strategy involves risk, may not be profitable, may not achieve its objective, and may not be suitable or appropriate for all investors. Investors should consider the investment objectives, risks, and fees of this strategy carefully with their financial professional before investing. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Netiher Russell nor its licensors accept any liablity for any errors or omissions in the Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. [1]The information shown is for a representative account as of 9/30/2023. Actual client account holdings and sector allocations may vary.*

## 3Q 2023 Attribution Highlights

### Overall Contributors

- Security selection in Communication Services, Financials, Industrials & Consumer Discretionary

### Overall Detractors

- Security selection in Materials, Information Technology & Real Estate
- Overweight allocation to Health Care

### Top 5 Contributors/Detractors

| Stock | Avg. Weight% |
|---|---|
| Telephone and Data Systems, Inc. | 1.26 |
| Western Alliance Bancorp. | 2.73 |
| Modine Manufacturing Company | 1.28 |
| Huron Consulting Group, Inc. | 1.97 |
| TriNet Group, Inc. | 1.78 |

**Telephone and Data Systems, Inc. (TDS)** is a diversified telecommunications company. TDS stock performed well during the quarter after the company announced that it was exploring strategic alternatives for US Cellular. TDS owns more than 70% of USM's stock and both stocks rallied on the announcement.

**Western Alliance Bancorp. (WAL)** is a multi-bank holding company headquartered in Phoenix, AZ. As the failures of Silicon Valley Bank, Signature Bank, and First Republic waned in investors' minds, Western Alliance shares rallied along with many other banks.

**Modine Manufacturing Company, Inc. (MOD)** makes heat transfer and heat storage products. Modine operates in two main segments; Climate Solutions, which grew 11% as demand for data center cooling products increased, and Performance Technologies, which saw sales grow by 18%. Management noted that the company experienced record revenues and significant margin expansion.

**Huron Consulting Group, Inc. (HURN)** provides consulting services for strategy, advisory, technology and financial solutions. Huron reported revenues up 27% year over year in its most recently reported quarter as it delivered strong organic growth in all three of its operating segments. Highlights included 33% growth in the Consulting and Managed Services capability and 19% growth in the Digital capability.

**Trinet Group, Inc. (TNET)** provides human resources and consulting services. It focuses on providing small and medium-sized businesses with full-service industry-specific HR solutions as well as access to risk mitigation, compliance, and R&D tax credit services. TNET saw continued momentum from positive trends that began in the first quarter. The stock also benefited from a fixed-price tender offer that is accretive to existing shareholders.

### Bottom 5 Contributors/Detractors

| Stock | Avg. Weight% |
|---|---|
| Summit Materials, Inc. | 2.61 |
| Kulicke & Soffa Industries, Inc. | 2.36 |
| Coherent Corp. | 0.86 |
| Clearway Energy, Inc. | 1.27 |
| NAPCO Security Technologies, Inc. | 0.78 |

**Summit Materials, Inc. (SUM)** provides construction materials, cement, asphalt, and aggregates. During the third quarter, Summit made an announcement regarding the acquisition of Cementos Argos' U.S. unit, which was not positively received by investors. However, it's important to note that there is a strong backlog of projects and demand from Institutional Real Assets (IRA) and Individual Investors in Real Estate (IIJR), which provides a solid strategic rationale for the acquisition. Additionally, Cementos Argos' U.S. unit operates in a complementary vertical business but has lower profit margins and is more sensitive to economic cycles.

**Kulicke & Soffa Industries, Inc. (KLIC)** makes equipment for the manufacture of semiconductors. During the third quarter, the company's management noted improvements in both utilization rates and demand in its primary core business. They also reported earnings per share (EPS) of $0.55, which comfortably exceeded the Street's expectations of $0.33. Investor expectations, however, were for faster growth in a challenging economic cycle.

**Coherent Corp. (COHR)** specializes in manufacturing optical components used in data and telecommunications equipment. The company operates across three distinct segments: Materials, Networking, and Lasers, each of which has a large addressable market. COHR reported earnings per share (EPS) of $0.41, exceeding Street expectations of $0.38. However, the market had anticipated a stronger growth trajectory for the full year than the 7% it achieved. Growth was primarily driven by the Materials segment, which saw a substantial increase of 21%.

**Clearway Energy, Inc. (CWEN)** operates natural gas, solar, wind, and thermal infrastructure energy projects. Long term, there's a positive outlook, with a significant number of interconnect requests submitted to the Federal Energy Regulatory Commission (FERC). There is also sustained demand for alternative energy sources, especially given the closing price of West Texas Intermediate Crude at over $90 per barrel for the quarter. However, in the short term, there's uncertainty stemming from NextEra Energy Partners revising down its sales expectations for certain projects. Consequently, this has raised questions about the rates that can be expected for Clearway Energy's offshore wind energy projects and the reimbursement rates associated with them.

**Napco Security Technologies, Inc. (NSSC)** makes electronic security devices, fire detection products, and control systems. The company reported earnings per share of $0.28 versus expectations of $0.27 and demonstrated solid growth from the prior year's earnings report of $0.20. However, its shares came under pressure when it announced that it was restating the cost of inventory.

**Purchased**

- Crispr Therapeutics AG (CRSP) - Health Care
- Moog, Inc. (MOG.A) - Industrials
- SM Energy Company (SM) - Energy
- Vericel Corp. (VCEL) - Health Care

**Sold**

- Byrna Technologies, Inc. (BYRN) - Industrials
- Webster Financial Corporation (WBS) - Financials
- Valley National Bancorp (VLY) - Financials
- Atricure, Inc. (ATRC) - Health Care

## Purchased

**Crispr Therapeutics AG (CRSP)** is a gene editing company focused on developing transformative gene-based medicines. Crispr's lead commercial product, which is currently undergoing FDA review, is a potentially transformative treatment for Sickle Cell Disease. With CRSP shares currently trading at only twice the company's cash flow, we believe the shares present a compelling investment opportunity.

**Moog, Inc. (MOG.A)** makes motion control systems for the aviation industry. The company has experienced consistent growth in its aircraft controls segment, which accounts for 41% of sales. Additionally, there is strong demand in its industrial systems segment, making up 30% of sales, and a notable turnaround in the space and defense segment, responsible for 29% of sales. With MOG.A shares currently trading at a multiple of 17x, we believe this is an attractive situation, especially given the growing demand for its precision equipment.

**SM Energy Company (SM)** is an independent energy company based in Denver, CO. The company specializes in oil exploration and production, with a primary focus on Texas, particularly the midland and southern Texas fields. Currently, SM shares are trading at just 16% of the proven and probable reserves, and the company boasts a netback (net profit generated per unit of production) of $51 per barrel. In our view, this combination of factors makes a compelling investment.

**Vericel Corp. (VCEL)** develops autologous cell products for the regeneration of tissue. Its treatments for skin and cartilage show the potential for solid growth in a growing addressable market.

## Sold

**Byrna Technologies, Inc. (BYRN)** produces non-lethal defense products. As noted in its most recent quarterly earnings report, the company's year-over-year revenue has fallen and the potential for growth has also waned.

**Webster Financial Corporation (WBS)** provides a range of financial services to individuals, families, and businesses. The market cap of the stock was trading at $7 billion, near the upper end of the Portfolio's market cap range. As the stock recovered, we looked to reallocate capital to other sectors.

**Valley National Bancorp (VLY)** is a New Jersey-based bank. Bank stocks rose as investors looked past the failures that occurred earlier this year. As the stock price recovered, the decision was made to reallocate capital to other sectors.

**Atricure, Inc. (ATRC)** develops products used to treat atrial fibrillation. During the quarter, Boston Scientific introduced a competing RF ablation product, altering the competitive landscape for Atricure.

## Positioning

We remain sector and industry neutral, seeking to generate outperformance from stock selection rather than allocating capital to one sector or another.

## Outlook

Corporations are facing higher funding costs. Debt costs were nominal in the period following the Great Financial Crisis until the end of 2021, with the yield on the Bloomberg U.S. Corporate Bond Index averaging 3%. Companies took advantage of this cheap financing and the market value of the index ballooned from $2 trillion in 2008 to over $7 trillion at the end of 2021. While corporate debt maturities over the next 2 years are near historically low levels, they are projected to exceed $1 trillion per year starting in 2025. With yields currently over 6%, companies that have been reliant on the debt markets to fund operations are destined to see significant increases in interest expense.

Our new era is also characterized by more aggressive government industrial policy. One area of focus, climate change, is having immediate impacts. Oil prices have risen over 30% in the past few months after OPEC and Russia declined to increase production. U.S. producers, including the major oil companies, have been incentivized to invest in more environmentally friendly activities such as carbon capture and alternative energy sources. As a result, the U.S. has ceded energy independence to foreign actors giving up pricing power and allowing less environmentally sound drilling techniques to prosper.

The global growth picture remains challenged. China continues to face secular headwinds including aging demographics, a growing property crisis, and a decoupling with the U.S. These issues are unlikely to be remedied quickly and the current solution of reducing economic transparency won't help. China has accounted for roughly a third of global economic growth over the last decade, and any slowing will weigh on broad longer-term growth prospects.

Despite the recent and current challenges, the U.S. economy has not cracked and remains well-positioned relative to peers. While a slowdown is probably inevitable, a recession is not, and opportunities exist for equities and fixed income. Corporate earnings are poised to grow next year, which should broadly benefit stocks. The new era of higher rates makes fixed income investments more attractive and offers the prospect of positive returns. A sustained period of higher interest rates introduces new risks that will require companies to adapt. Companies reliant on credit markets for capital will face higher costs relative to better heeled peers. We continue to believe a diversified portfolio of high-quality companies with a history of established growth provides investors with the best ability to navigate these markets.

## Congress Asset Management Co. Small Cap Value Composite 1/1/2013 - 12/31/2022

| Year | Total Return Gross of Fees % | Total Return Net of Fees % | Russell 2000 Value Return % (dividends reinvested) | Composite Gross 3-Yr annualized ex-post St Dev (%) | Russell 2000 Value 3-Yr annualized ex-post St Dev (%) | Number of Portfolios | Gross Dispersion % | Total Composite Assets End of Period ($ millions) | Total Firm Discretionary Assets End of Period ($ millions) | Total Firm Advisory-Only Assets End of Period ($ millions) | Total Firm Assets End of Period # ($ millions) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2022 | -12.3 | -13.1 | -14.5 | 27.2 | 27.3 | 7 | 0.12 | 324 | 10,083 | 6,799 | 16,882 |
| 2021 | 33.4 | 32.2 | 28.3 | 25.7 | 25.0 | 6 | n/a | 367 | 12,778 | 8,018 | 20,796 |
| 2020 | 8.8 | 7.8 | 4.6 | 27.1 | 26.1 | ≤5 | n/a | 197 | 10,746 | 5,523 | 16,269 |
| 2019 | 26.2 | 25.1 | 22.4 | 16.5 | 15.7 | ≤5 | n/a | 185 | 8,445 | 4,083 | 12,528 |
| 2018 | -15.5 | -16.3 | -12.9 | 15.7 | 15.8 | ≤5 | n/a | 235 | 7,102 | 3,132 | 10,234 |
| 2017 | 16.9 | 15.8 | 7.8 | 13.9 | 14.0 | ≤5 | n/a | 244 | 7,272 | 3,274 | 10,546 |
| 2016 | 18.4 | 17.2 | 31.7 | 15.4 | 15.7 | ≤5 | n/a | 283 | n/a | n/a | n/a |
| 2015 | -7.6 | -8.4 | -7.5 | 13.6 | 13.7 | ≤5 | n/a | 266 | n/a | n/a | n/a |
| 2014 | 6.2 | 5.2 | 4.2 | 12.5 | 13.0 | ≤5 | n/a | 0.4 | n/a | n/a | n/a |
| 2013 | 45.5 | 44.1 | 34.5 | 15.9 | 16.1 | ≤5 | n/a | 0.1 | n/a | n/a | n/a |

#The "Total Firm Assets" column includes unified managed account (UMA) assets
Congress Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Congress Asset Management has been independently verified for the periods 1/1/96 – 12/31/22. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm Information: Congress Asset Management Co. (CAM) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. CAM manages a variety of public equity, private equity, fixed income, and ETF managed portfolios for private and institutional clients. CAM acquired Prelude Asset Management, LLC on March 15, 2010. CAM merged with Congress Capital Partners, LLP on June 30, 2015. CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017.

Composite Characteristics: The Small Cap Value Composite was created on March 31, 2014 and the inception date is November 1, 2010. Performance prior to September 15, 2017 was generated by Century Capital Management, LLC. Performance prior to March 1, 2014 was generated before the Portfolio Manager became affiliated with Century Capital Management, LLC. The Portfolio Manager was the only individual responsible for selecting securities to buy and sell and the investment decision-making process remained intact. Accordingly, composite performance is linked to performance generated prior to March 1, 2014. Because CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017, Total Firm Assets are shown as n/a for periods prior to the acquisition date. All portability requirements with respect to GIPS have been met. The composite includes all fully discretionary portfolios with a value over $100 thousand (US dollars) managed in the small cap value style for a minimum of one full month. The small cap value strategy generally invests in the equity of companies with market capitalizations between $50 million and $5 billion or that are within the range of the Russell 2000 Value Index (at the time of purchase) that trade at a discount to intrinsic value or whose earnings growth is under appreciated by the street. Prior to October 1, 2017, there was no minimum value for inclusion. The composite contained proprietary non-fee-paying assets which represented 100% of total composite assets as of December 31, 2014 and 0.14% of composite assets as of December 31, 2015 and 0.17% as of December 31, 2016. The benchmark is the Russell 2000 Value Index. The benchmark returns are not covered by the report of independent verifiers. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. A list of composite descriptions, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions are available upon request.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Prior to January 1st, 2021, net of fees returns are calculated by reducing monthly gross returns by 1/12th of the maximum applicable annual management fee, which is 0.95%. 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. For periods ended on or before March 31, 2011, the maximum applicable management fee was 1% on the first $50 million. For periods beginning after March 31, 2011, the maximum applicable management fee is 0.95% on the first $50 million of assets. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for equity securities are included in calculations. Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not presented for 2011 and 2012 because 36-month returns were not available.

Fee Schedule: The firms' individual account fee schedule is as follows: 1.00% for first $1 million, 0.80% for next $4 million, 0.60% for next $5 million. Management fees for individual accounts with assets under management exceeding $10 million, and for institutional accounts are negotiated. The individual account fee schedule may be subject to negotiation where circumstances warrant. As fees are typically deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross account performance. For example, an account earning a 10% annual gross return with a 1% annual fee deducted quarterly would earn an 8.9% annual net return due to compounding.

Other Disclosures: Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.