Portfolio Commentary

Market Environment

Over the last few years, the U.S. economy has been like the little blue engine in the 1930 folk tale The Little Engine That Could. Much like the storied blue engine, the economy has overcome conventional wisdom, scaling post-COVID challenges and in the process pulled the developed world into a benign growth environment. Recent economic releases suggest inflation is cooperating and global growth, ex China, is improving.

In the U.S., as the presidential election began to heat up, the Federal Reserve (Fed) reassured investors of their intentions to lower the short-term interest rates it controls in an effort to alleviate economic restraint and improve growth prospects for this year and next. This helped propel a strong first quarter for stocks as the S&P 500 returned about 10%. In contrast, perhaps anticipating a rockier road than the Fed implied, bond yields rose moderately, pushing bond prices down.

Global financial markets exuded a positive aura during the first quarter as well. Stocks rallied throughout much of the world reflecting improved economic outlooks and the shedding of the post-COVID malaise. In a confirmation that the world is moving past the last vestiges of the Great Financial Crisis of 2008, the Bank of Japan ended its negative interest rate policy after eight years and raised short term interest rates for the first time since 2007. The Nikkei stock market notched its first record in 34 years and has returned about 20% this year.

The increasing acceptance of a sustained U.S. expansion is built on three pillars: a strong employment scenario; sound private sector financial metrics; and continued fiscal spending. At the same time, the rampant inflation of 2022-2023 appears to have eased, though the cumulative effects remain, with greater impact to lower income Americans.

Performance Summary

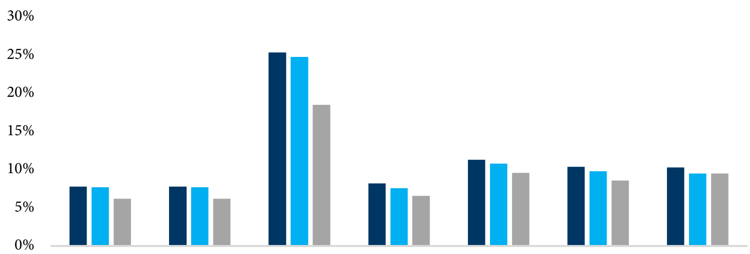
The Congress Balanced Portfolio ("The Portfolio") returned 7.8% (gross of fees) and 7.7% (net of fees) during the quarter, while the Portfolio's blended index, 60% S&P 500 / 40% Bloomberg US Intermediate Government/Credit Index ("The Index") returned 6.2%.

Portfolio Discussion

Economic growth remains robust driven by strong labor markets, increased productivity and investment, and continued fiscal spending. Inflation, while trending lower, remains stubbornly high, calling into question the anticipated Federal Reserve interest rate cuts. Financial markets face a myriad of challenges this year, but currently economic growth is not one of them. Election years, even with economic and profit growth, generally bring a high degree of volatility. With stocks elevated, the path for rates holds significant implications moving forward.

As such, our recommended allocation remains 60% equity and 40% fixed income.

Average Annualized Performance % as of 3/31/2024



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Balanced (Gross)	7.8	7.8	25.4	8.2	11.3	10.4	10.3
Balanced (Net)	7.7	7.7	24.8	7.6	10.8	9.8	9.5
Benchmark[1]	6.2	6.2	18.5	6.6	9.6	8.6	9.5

[1]Blended Benchmark: 60% S&P500/40% Bloomberg US Intermediate Govt/Credit Index

Performance is preliminary and subject to change at any time.

Data is as of 3/31/2024. 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. [1]The information shown is for a representative account as of 3/31/2024. Actual client account holdings and sector allocations may vary.

Equity Sleeve

Top 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%
NVIDIA Corporation	2.96
Meta Platforms, Inc.	1.93
Eli Lilly and Company	2.06
Eaton Corp. Plc.	1.91
Arista Networks, Inc.	1.96

NVIDIA Corporation (NVDA) is a pioneer in accelerated computing. NVDA has experienced remarkable demand for its Graphics Processing Units, particularly in artificial intelligence applications, which helped deliver accelerating growth in Q4.

Meta Platforms, Inc. (META) develops social media applications and is seeing significant benefits from the strong adoption of Reels, a new feature for creating short videos. This impact is particularly notable in the online commerce sector, where it is driving impression growth. The company introduced several shareholder-friendly initiatives this quarter, including the company's first dividend. Moreover, an increased emphasis on cost controls should result in meaningful margin expansion moving forward.

Eli Lilly and Company (LLY) is one of the largest drugmakers (by revenue) in the world. LLY continues to see strong growth in its GLP-1 drugs, Mounjaro and Zepbound, as the products continue to gain market acceptance and are seeing a ramp-up in production capacity.

Eaton Corporation Plc. (ETN) is a power management company providing sustainable solutions for managing electrical, hydraulic, and mechanical power. In the most recent quarter, organic growth and operating margin expansion continued to outpace the company's long-term targets. Demand for Eaton's electrical equipment, particularly in data centers and utilities, remains strong. Additionally, customer orders related to US reindustrialization mega projects are beginning to contribute to the company's earnings.

Arista Networks, Inc. (ANET) specializes in cloud networking solutions, offering switching and routing platforms along with related network applications. Fiscal Q3 earnings were solid, with ANET maintaining momentum in the Enterprise sector, where competitors have faced challenges, indicating market share gains. Additionally, management reiterated expectations for the gradual transition of back-end data center networking to Ethernet over time, replacing Nvidia's InfiniBand.

Bottom 5 Equity Contributors/Detractors[2]

Stock	Avg. Weight%
Tesla, Inc.	0.45
Adobe, Inc.	1.53
Zoetis, Inc.	1.50
Apple, Inc.	1.72
UnitedHealth Group, Inc.	0.99

Tesla, Inc. (TSLA) designs, manufactures, and sells high-performance fully electric vehicles. As TSLA continued to announce price cuts for its vehicles, concerns arose about end market demand and potential margin headwinds for the company. Inventory has expanded as the company produced more vehicles than they delivered this quarter. Cash flow will likely be challenged as cap-ex increases, and higher financing costs potentially impact sales. As a result, the stock was sold in the quarter.

Adobe, Inc. (ADBE) offers digital marketing and media solutions. Recently, its competitive position has been challenged by two developments: Open AI's Sora video generation product and Canva's attempt to enter the enterprise design space. While these developments have raised investor concerns, Adobe has a history of innovation and staying ahead of competitors. ADBE also has multiple avenues to monetize its own generative AI products.

Zoetis, Inc. (ZTS) is the leading global producer of animal medicines. While ZTS primarily generates revenue from medicines for production animals like cattle and pigs, it also sells products for companion animals such as dogs and cats. ZTS recently experienced a slowdown in the organic growth of its Companion Animal business, leading to 4th quarter results that fell short of expectations. This, coupled with weaker performance in China, has raised concerns about the company's key growth drivers heading into 2024.

Apple, Inc. (AAPL) is the world's largest information technology company. While AAPL reported relatively in line fiscal 1Q24 results, concerns including slowing iPhone growth, restrictions in China, and a DOJ lawsuit citing anti-competitive practices have emerged.

UnitedHealth Group, Inc. (UNH) provides healthcare coverage, software, and data consultancy services. Higher procedure volumes and elevated utilization of the healthcare system are pressuring margins, particularly in its Medicare Advantage business. Profit margins in its Optum business were also challenged by new patient growth and higher than expected utilization. The stock was sold during the quarter.

Fixed Income Sleeve

A duration mismatch with the benchmark improved relative performance due to the yield curve rising. In addition, sector allocation in Industrial and Financial corporate issues improved relative performance as these sectors outperformed. However, security selection in Financial and Industrial corporate issues weakened relative performance as lower quality issues outperformed.

Top 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration
Intel Corporation 11/2029	5.10
Bristol-Myers Squibb Co. 2/2034	7.62
UnitedHealth Group, Inc. 5/2031	6.35
Amazon.com 5/2031	6.40
Target Corporation 4/2029	4.46

Bottom 5 Fixed Income Contributors/Detractors[2]

Issue	Avg. Duration
US Treasury 5/2026	2.11
US Treasury 3/2027	2.85
US Treasury 10/2024	0.61
US Treasury 8/2024	0.41
JPMorgan Chase & Co. 1/2025	0.85

Information is as of 3/31/2024. Sources: Congress Asset Management, Bloomberg Finance L.P., Barclays Investments, and FactSet Research Systems. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sector weightings and securities identified as top contributors and detractors throughout this presentation 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. The securities identified do not represent all the securities purchased, sold or recommended to clients. For information regarding the methodology used to select these holdings or to obtain a list showing the contributions of every holding in the strategy's representative account, which we believe reflects the Congress Balanced's Composite to both a current and/or prospective client, please contact us at 1-800-234-4516. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. Past performance does not guarantee future results. [2]The information shown is for a representative account as of 3/31/2024. Actual client account holdings and sector allocations may vary.

Transactions

1Q 2024 Transaction Summary - Equity Sleeve

Sector Allocation Changes

- Increased allocation to Industrials & Information Technology
- Decreased allocation to Consumer Discretionary & Health Care

Purchased

- Cintas Corp. (CTAS) - Industrials
- Parker-Hannifin Corp. (PH) - Industrials
- Salesforce, Inc. (CRM) - Information Technology

Sold

- Tesla, Inc. (TSLA) - Consumer Discretionary
- Northrop Grumman Corp. (NOC) - Industrials
- UnitedHealth Group, Inc. (UNH) - Health Care

1Q 2024 Transaction Summary - Fixed Income Sleeve

Purchased

- Bristol-Myers Squibb Co. of 2/2034 to extend duration and pickup spread.
- JPMorgan Chase & Co. of 1/2030 to extend duration and pickup spread.

Sold

- Shell Plc. of 5/2025
- JPMorgan Chase & Co. of 1/2025

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Manager Outlook

Equity Sleeve

The financial markets face a myriad of challenges this election year, but currently economic growth is not one of them. Each challenge, such as war, can have expansive socio-economic consequences. Each must be given its due but the path of the domestic markets this year likely hinges on the course of interest rates and the inflation level.

We believe that caution regarding interest rates is warranted. The Fed, through its Open Market Committee, controls short-term interest rates and regularly forecasts its economic outlook and anticipated interest rate moves. The Fed has indicated it will lower short term rates this summer. This is welcome as lower rates promote investment and can bolster stock market valuation. Stock market action over the last five months, however, suggests the anticipated rate cut is already embedded in stock prices.

Investors appear to be anticipating lower longer-term rates, akin to rates experienced in the 2010's when monetary policy was dominated by "lower for longer" type mandates. This is misguided, in our view. The Fed does not control longer term rates, which are impacted by a host of economic factors including the cumulative federal deficit and more immediate issues such as inflation.

Regarding the deficit, U. S. Treasury Secretary Janet Yellen, representing the administration, recently suggested that ten-year Treasury interest rates are likely to remain near current levels for the next decade. Today, this interest rate is about 4.2%, far higher than the rate experienced during the 2010's. This is partly attributed to the Congressional Budget Office's recent forecast for federal debt to skyrocket over the next few years.

Inflation, unlike federal spending and deficits, is a political priority with current implications for investors and the electorate. The alarming 9% inflation rate from 2022 is history, but the descent to the desired 2% rate has paused. Much blame has been attributed to the costs of housing, a large component of the Consumer Price Index, that is expected to abate over time. But many commodity prices have also started to rise. Most importantly, crude oil and gasoline are both up double digits.

Election years, even ones during expansions, generally bring stock market volatility. With stocks elevated, the path for interest rates holds significant implications for 2024. We anticipate that longer term interest rates will remain volatile but generally around current levels. For stocks, companies with the ability to maintain earnings growth with waning pricing power should fare better. Stock market participation should broaden from the large tech players as they are facing both regulatory actions and more competitive threats.

Fixed Income Sleeve

Performance for the quarter saw corporate bonds outshine U.S. Government guaranteed debt. Rising yields pushed U.S. Government guaranteed issues into slightly negative territory. Corporate bond returns stayed positive with their higher yield providing a cushion, with higher-rated issues underperforming lower rated issues. Digging deeper, higher quality issues posted negative returns while lower quality issues sported positive returns. This high versus low quality dichotomy is a trend that has carried over from the previous calendar year into the current year.

As we look forward, our expectations for continued volatility in longer term rates are still firmly in place. The short end of the curve should see more stability as those rates will be closely aligned with any policy moves made by the Fed. With the onset of inconsistent inflation measures, any easing of monetary policy by the Fed will likely play out over a longer timetable than markets have been expecting. Recent data points have not been sufficient to initiate any changes, suggesting that a return to more concrete and directional changes to pricing data will be required for the Fed to act.

Investment grade bonds are an excellent opportunity with today's higher yields for investors. After a long period of near zero interest rates, high-quality bonds now sport an appeal that had been missing for some time. The interest rate cycle of hikes by the Fed appears to be finished with a possible set of cuts in the future, further bolstering their appeal.

We remain committed to our long-term strategy of purchasing investment grade, liquid bonds for our client's portfolios. Our portfolio construction process is thoughtful and employs the knowledge and experience of our Fixed Income team. Now is a great time to review possible opportunities in fixed income as either a stand-alone investment or as part of a larger investment strategy.

Congress Asset Management Co. Balanced Composite 1/1/2013 - 12/31/2022

Year	Total Return Gross of Fees%	Total Return Net of Fees%	60% S&P 500 40% BUIGCI Blend Return % (dividends reinvested)	CAM Recomm. Allocation %	Composite Gross 3-Yr St Dev (%)	60% S&P 500 40% BUIGCI Blend Return 3-Yr 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	-17.2	-17.6	-13.9	60/40	14.7	13.3	24	0.78	31	10,083	6,799	16,882
2021	17.5	17.0	15.9	65/35	11.0	10.4	34	1.10	50	12,778	8,018	20,796
2020	20.3	19.8	14.3	65/35	11.4	11.2	27	1.44	47	10,746	5,523	16,269
2019	24.5	23.9	21.3	65/35	7.6	7.1	26	1.66	44	8,445	4,083	12,528
2018	2.5	2.0	-2.0	65/35	7.0	6.3	21	0.67	32	7,102	3,132	10,234
2017	19.2	18.5	13.6	70/30	6.7	5.8	10	n/a	15	7,272	3,274	10,546
2016	4.7	4.0	8.1	70/30	7.3	6.3	6	n/a	7	5,693	2,445	8,139
2015	2.4	1.7	1.5	65/35	7.6	6.3	11	0.61	13	5,941	1,153	7,094
2014	8.0	7.3	9.4	65/35	7.1	5.5	15	0.77	20	6,328	1,121	7,449
2013	19.7	19.0	18.1	65/35	8.6	7.2	13	2.33	14	6,489	978	7,467

#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 Balanced Composite was created on January 1, 1993, and the inception date of the composite is January 1, 1985, which reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over $500 thousand (US dollars) managed with the recommended asset allocation between large cap equities and fixed income set by the Investment Policy Committee for a minimum of one full month. The current recommendation is a 60/40 allocation and accounts with allocations falling within 15% of the recommendation are eligible for composite inclusion. Accounts with wrap commissions are excluded from the composite. Prior to September 1, 2005, the composite did not include taxable accounts, private client accounts, or accounts with less than $1 million. For the Balanced Composite we present a custom benchmark, which is a 60/40 blend of the S&P 500 Index and Bloomberg US Intermediate Government / Credit Index. The custom benchmark is calculated by weighting the respective index returns on a daily basis. 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. Prior to January 1, 1993, the composite is not in compliance with GIPS.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Prior to 2007 net of fees returns were calculated by reducing gross returns by 1/4th of the highest management fee in the Balanced Composite, which was 1.00%, applied quarterly. Effective January 1, 2007, net of fees returns are calculated using actual management fees. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for fixed income and 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.

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

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