Portfolio Commentary

Market Review

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.

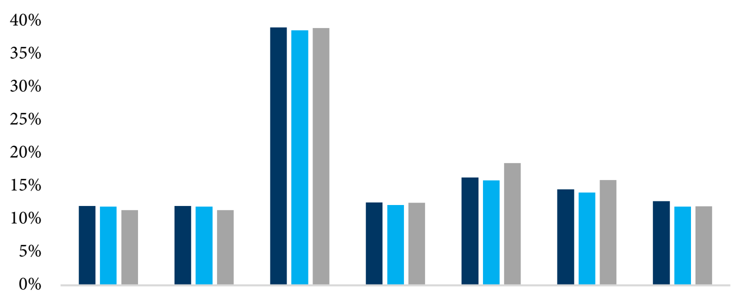
The increasing acceptance of a sustained U.S. expansion is built on three pillars: a strong employment scenario; sound private sector financial metrics; and continued fiscal spending. At the same time, the rampant inflation of 2022-2023 appears to have eased, though the cumulative effects remain, with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

Performance Overview

The Congress Large Cap Growth Portfolio ("The Portfolio") returned 12.0% (gross of fees) and 11.9% (net of fees) during the quarter, while the Russell 1000 Growth Index ("The Index") returned 11.4%.

The Portfolio benefited from security selection in Industrials, Energy, Consumer Discretionary, and Communication Services. However, security selection in Information Technology and Financials detracted from performance, as did a relative underweight to Communication Services and relative overweight to Energy.

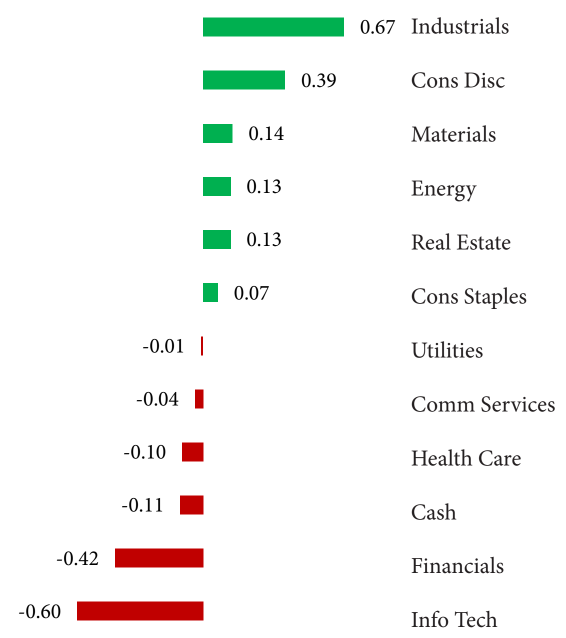
Average Annualized Performance % as of 3/31/2024



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Large Cap Growth Composite (Gross)	12.0	12.0	39.1	12.6	16.4	14.6	12.7
Large Cap Growth Composite (Net)	11.9	11.9	38.7	12.2	15.9	14.1	11.9
Russell 1000 Growth©	11.4	11.4	39.0	12.5	18.5	16.0	12.0

Performance is preliminary and subject to change at any time.

% Total Effect Portfolio[1] vs. Index
(12/31/2023- 3/31/2024)



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. 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 3/31/2024. Actual client account holdings and sector allocations may vary.

1Q 2024 Attribution Highlights

Overall Contributors

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

Overall Detractors

- Security selection in Information Technology & Financials
- Underweight allocation to Communication Services
- Overweight allocation to Energy

Top 5 Contributors/Detractors

Stock	Avg. Weight%
NVIDIA Corporation	4.70
Eaton Corp. Plc	3.69
Eli Lilly and Company	3.37
Meta Platforms, Inc.	2.96
Arista Networks, Inc.	2.69

NVIDIA Corporation (NVDA) is a pioneer in accelerated computing, dedicated to tackling the most complex computational challenges. The company has experienced remarkable demand for its Graphics Processing Units, particularly in artificial intelligence applications, which helped deliver accelerating growth in Q4. Furthermore, in March, management hosted their GTC conference where they shared insights on the industry outlook and unveiled new products.

Eaton Corporation Plc. (ETN) is a power management company providing sustainable solutions for managing electrical, hydraulic, and mechanical power more safely, efficiently, and reliably. 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.

Eli Lilly and Company (LLY) is one of the largest drugmakers (by revenue) in the world and the leading developer of drugs in various therapeutic areas including endocrinology, cardiovascular, immunology, neuroscience, and oncology. 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.

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.

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 Contributors/Detractors

Stock	Avg. Weight%
Tesla, Inc.	0.62
Adobe, Inc.	3.07
Apple, Inc.	3.58
Zoetis, Inc.	2.29
UnitedHealth Group, Inc.	1.48

Tesla, Inc. (TSLA) designs, develops, manufactures, sells and leases high-performance fully electric vehicles, energy generation and storage systems, and related products. 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. Additionally, the company has multiple avenues to monetize its own generative AI products.

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.

Zoetis, Inc. (ZTS) is the world's largest producer of medicine and vaccinations for pets and livestock. ZTS earns most of its revenue from production animals (cattle, pigs, poultry, etc.), but also sells companion animal products (i.e., dogs, horses, cats). Zoetis experienced a slowdown in the organic growth of its Companion animal business, resulting in a fourth quarter that missed expectations. The combination of slowing growth in Companion Animals and a slowdown in China have accelerated some concerns around key growth drivers for ZTS into 2024.

UnitedHealth Group, Inc. (UNH) provides healthcare coverage, software, and data consultancy services. The 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.

1Q 2024 Transaction Summary

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

Purchased

Cintas Corp. (CTAS) supplies a range of products and services to businesses, including uniforms, mops, mats, cleaning supplies, restroom supplies, first aid and safety products, fire extinguishers and testing services, and safety courses. Cintas stands out as a top-tier uniform rental service provider, boasting a superior margin profile compared to its competitors and a track record of consistent operational excellence. Moreover, there is ample opportunity for market share expansion, which bodes well for revenue growth, outpacing the overall labor market.

Parker-Hannifan Corp. (PH) is a leading global manufacturer specializing in highly engineered motion and control solutions, utilized across various manufacturing, transportation, and processing industries. Over the last few years, the management team has been building a more durable, longer cycle portfolio that we believe will result in more consistent earnings growth and a higher valuation. This strategic initiative aligns well with the rising demand for PH products, particularly as industrial production capacity relocates to the United States.

Salesforce, Inc. (CRM) specializes in cloud-based enterprise customer relationship management software. Its suite of solutions includes sales force automation, customer service, marketing automation, digital commerce, and collaboration tools. As the dominant player in the customer relationship market, CRM also features a growing data business that is expected to support the adoption of its other cloud offerings. While traditionally prioritizing top-line growth over margins, we believe CRM is positioned to enhance its operating margins by improving sales and marketing efficiency.

Sold

Tesla, Inc. (TSLA) designs, develops, manufactures, sells, and leases high-performance fully electric vehicles. Continued price cuts for TSLA vehicles drove increasing concerns about demand and margins for the company. Additionally, CEO Elon Musk tweeted that he was uncomfortable growing TSLA to be a leader in AI and robotics without having 25% voting control of the company, raising governance concerns.

Northrup Grumman Corp. (NOC) is a leading provider of space systems, aircrafts, missile defense, advanced weapons, networking and communications, and strategic deterrence systems for the United States and its foreign allies. We have become incrementally skeptical of management's ability to extract reasonable levels of profits given the long-term, fixed cost nature of many of the company's contracts. Additionally, there is an increased likelihood that the US defense budget may lead to slower growth over the next couple of years.

UnitedHealth Group, Inc. (UNH) provides healthcare coverage, software, and data consultancy services. The Medicare Advantage business had been a structural tailwind driving outsized growth in UNH's insurance business. The operating dynamics are challenged in Medicare Advantage with changes to the reimbursement structure combined with higher procedure utilization. We believe this will become a headwind for growth and profitability as it is increasingly likely UNH will have to reduce benefits to preserve margins and become less competitive as a result.

Positioning

Investments are predicated on a company's future prospects rather than economic or market cycles. We seek companies with strong fundamentals, emphasizing earnings growth consistency, free cash flow, and solid balance sheet metrics. There were three purchases and three sales during the quarter, and this is reflective of this philosophy. These combined transactions essentially increased the Portfolio's Industrials and Information Technology weighings, while reducing its Consumer Discretionary and Health Care weightings.

Outlook

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.

Congress Asset Management Co. Large Cap Growth Composite 1/1/2013 - 12/31/2022

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Russell 1000 Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P 500 3-Yr annualized ex-post St Dev (%)	Russell 1000 Growth 3-Yr St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ milions)	Total Firm Advisory-Only Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2022	-21.6	-21.9	-18.1	-29.1	21.2	20.9	23.5	171	0.86	242	10,083	6,799	16,882
2021	26.1	25.6	28.7	27.6	16.4	17.2	18.2	154	0.92	205	12,778	8,018	20,796
2020	28.0	27.5	18.4	38.5	17.3	18.5	19.6	150	1.27	258	10,746	5,523	16,269
2019	34.4	33.9	31.5	36.4	11.5	11.9	13.1	114	0.82	207	8,445	4,083	12,528
2018	2.5	2.1	-4.4	-1.5	10.5	10.8	12.1	80	0.30	136	7,102	3,132	10,234
2017	27.2	26.6	21.8	30.2	9.9	9.9	10.5	78	0.58	111	7,272	3,274	10,546
2016	5.6	5.1	12.0	7.1	10.7	10.6	11.2	81	0.43	98	5,693	2,445	8,139
2015	2.8	2.2	1.4	5.7	11.1	10.5	10.7	28	0.49	65	5,941	1,153	7,094
2014	10.1	9.5	13.7	13.1	10.1	9.0	9.6	30	0.47	89	6,328	1,121	7,449
2013	30.5	30.0	32.4	33.5	12.5	11.9	12.2	35	0.50	233	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. 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. The Large Cap Growth Composite has had a performance examination for the periods 1/1/96 – 12/31/22. The verification and performance examination reports are available upon request.

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 Large Cap Growth Composite was created on January 1, 1993 and the inception date of the composite is January 1, 1985, which reflects the first full month in which an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over $100 thousand (US dollars) managed in the large cap growth style for a minimum of one full month. The large cap growth strategy invests in the equity of high-quality companies with market capitalizations greater than $5 billion exhibiting consistent earnings growth. The strategy may also invest from time to time in equity securities with capitalizations between $1 billion and $5 billion. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016, the composite minimum was $500 thousand (US dollars). Prior to September 1, 2005, the composite did not include taxable accounts, private client accounts, or accounts with less than $1 million. The primary composite benchmark is the S&P 500 Index. The secondary benchmark is the Russell 1000 Growth 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 2007 net of fees returns were calculated by reducing gross returns by 1/4th of the highest management fee in the Large Cap Growth 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 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. Prior to January 1, 1993, the composite is not in compliance with GIPS.

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.

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