CONGRESS ASSET MANAGEMENT COMPANY

Mid Cap Growth Portfolio

Commentary | 1Q25 | Managed Accounts

Highlights

- While the Congress Mid Cap Growth Portfolio ("the Portfolio") underperformed the Russell Midcap Growth Index ("the Index") during 1Q25, it was a tale of two halves.
  - The first half saw the Index up 9.5%, due to a continuation of themes that detracted from relative performance in 2024, notably outperformance from the largest Index stocks, particularly Palantir and AppLovin. Low quality names and non-earners also saw strong returns.
  - Market sentiment shifted on growing economic uncertainty in the second half, and the Index sharply reversed, declining 15.2%. The Portfolio mitigated downside risk in this environment, delivering nearly 500bps of relative outperformance.
- We are taking thoughtful measures to improve the Portfolio's performance. In addition to expanding our market cap range in 4Q24, in 1Q25 Eric Meyers was promoted from co-Chair to Chair of the Investment Policy Committee ("IPC"). Eric brings 25 years of investment experience and will continue to enhance growth in the Portfolio while maintaining the quality standards that have contributed to our long-term performance.
- We continue to identify opportunities to add companies with established, durable growth profiles. Consumers are increasingly embracing healthier, more balanced lives. Positions in Sprouts Farmers Market, Deckers Outdoor, and Garmin are aligned with this trend. We are also making shifts in our Technology holdings as the landscape evolves. Recent additions include CyberArk, a digital security company, and Guidewire, which offers a cloud-based platform that caters to insurers.
- We acknowledge that near- and medium-term performance for the Portfolio remains challenged. However, we believe the changes we have made to the IPC and market cap limits, combined with our high-quality, style-pure investment philosophy, will return the Portfolio to its long-term track record. Since inception, the Portfolio has an 92% upside capture and 68% downside capture (gross of fees)* and has compounded capital 14x (net of fees) vs 8x for the Index and 7x for the broader market (as represented by the S&P 500).

Portfolio Review

- 1Q25 was a quarter of two distinct halves. The Index had strong returns through mid-February, as optimism towards the incoming administration drove a risk-on sentiment. Index leadership was dominated by the largest stocks, notably Palantir and AppLovin, both well above our market cap limit. However, growing unease over the impact of tariffs soured market sentiment and led to a sharp selloff in the back half of the quarter.
  - The Portfolio trailed in the first half on these headwinds and weaker earnings announcements across some holdings. As market sentiment turned, the Portfolio outperformed, aided not only by weakness in Palantir and AppLovin but also strength in several of our holdings.
- The Portfolio benefited from its Consumer Staples exposure, notably Sprouts Farmers Market and Casey's General Stores. Sprouts posted an impressive quarter and is well-positioned to maintain growth from store expansion. Casey's continues to navigate the weakening consumer environment given its value-oriented offerings. Financials also contributed, particularly Brown & Brown, a P&C insurance broker that has delivered organic growth and margin expansion. Not owning more speculative names in Financials also helped performance.
- Technology was a continued headwind, accounting for over half of our quarterly underperformance. Not owning Palantir detracted almost 100bps and we were also hurt by weakness in some of our holdings. Industrials also detracted, particularly some holdings with AI/data center exposure.

Outlook

- We continue to believe mid caps offer an attractive value proposition.
  - Mid cap companies have achieved a level of maturity and dependability, yet still possess significant growth potential. Mid cap companies also tend to have better access to capital markets and more stable financial profiles than small caps, providing a buffer in market downturns.
  - The forward P/E of the Index relative to the Russell 1000 Growth Index is close to 1 standard deviation cheap to long term averages. Excluding Palantir and AppLovin, two stocks that are expected to leave the Index in the coming rebalance, it is closer to 2 standard deviations cheap.
- Uncertainty around the ultimate impact of tariffs is likely to continue weighing on markets in the near-term. While our holdings are not immune, we believe our focus on high-quality stocks with strong balance sheets, a history of earnings growth, and robust free cash flow will enable the Portfolio to navigate this turbulence and mitigate downside risk.
  - Within the Consumer sectors, we have exposure to more value-oriented spending (Ollie's, Casey's), which should be more insulated as consumers pull back on spending.
  - In Health Care, we are focused on medical device companies that tend to have more inelastic demand profiles (Penumbra, Dexcom).

Average Annualized Performance (%) as of 3/31/2025

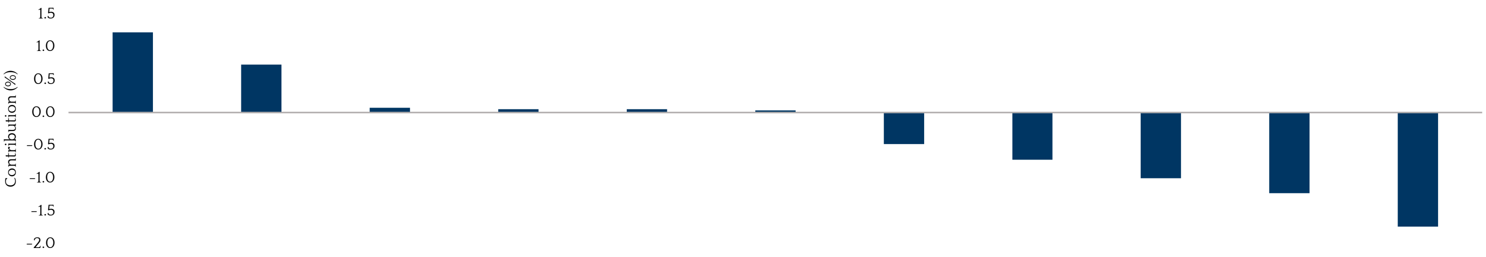
	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (10/1/1999)
Mid Cap Growth Composite (Gross)	-10.1	-10.1	-13.1	-2.1	11.9	9.1	11.6
Mid Cap Growth Composite (Net)	-10.2	-10.2	-13.6	-2.5	11.3	8.6	10.9
Russell Midcap Growth®	-7.1	-7.1	3.6	6.2	14.9	10.1	8.5

Past performance does not guarantee future results

*Characteristics are gross of fees and are computed without the deduction of fees and expenses.

Data is as of 3/31/2025. Sources throughout this presentation: Congress Asset Management, Bloomberg, 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. 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. Actual client account holdings and sector allocations may vary. Performance is preliminary and subject to change at any time.

% Total Effect Portfolio vs. Index*
12/31/2024 – 3/31/2025



	Cons Staples	Financials	Health Care	Materials	Utilities	Real Estate	Comm Svcs	Cons Disc	Energy	Industrials	Info Tech
Allocation Effect	0.09	0.06	0.24	-0.02	0.05	0.03	0.32	0.11	-0.58	-0.03	0.17
Selection Effect	1.13	0.67	-0.17	0.07	0.00	0.00	-0.80	-0.83	-0.42	-1.19	-1.92
Total Effect	1.22	0.73	0.07	0.05	0.05	0.03	-0.48	-0.72	-1.00	-1.23	-1.74

*Characteristics are gross of fees and are computed without the deduction of fees and expenses.

Top 5 Contributors/Detractors

Stock	Avg. Weight%
Brown & Brown, Inc.	3.35
Halozyme Therapeutics, Inc.	2.31
Sprouts Farmers Market, Inc.	2.60
Penumbra, Inc.	3.68
Casey's General Stores, Inc.	3.16

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Deckers Outdoor Corp.	2.85
The Trade Desk, Inc.	0.97
Pure Storage, Inc.	2.82
SPS Commerce, Inc.	2.40
Datadog, Inc.	1.21

Brown & Brown, Inc. (BRO) is a diversified insurance broker specializing in property, casualty, and employee benefits. BRO reported better-than-expected Q4 2024 results, with organic revenue growth and margin expansion surpassing consensus estimates. This outperformance was driven by market share gains and strong underwriting results in BRO's Programs business. These positive trends, which supported 2024 performance, are expected to continue into 2025, positioning the company for sustained growth.

Halozyme Therapeutics, Inc. (HALO) develops products for the efficient delivery of injectable therapeutics. After underperforming last quarter, the stock has recovered as investors refocus on Halozyme's strong core business following a failed acquisition attempt. The company's operations remain robust, and there is potential for additional upside from an ongoing intellectual property dispute related to a high-profile therapeutic.

Sprouts Farmers Market, Inc. (SFM) operates specialty grocery stores offering a unique selection of fresh, natural, and organic products. SFM reported better-than-expected quarterly results, highlighting consistent sales growth, strong store traffic, and continued margin expansion. SFM's differentiated product assortment continues to attract customers, positioning the company for sustained growth and market share gains.

Deckers Outdoor Corporation (DECK) is a leading footwear and apparel company, known for popular brands such as UGG, HOKA, and Teva. The company's quarterly results far exceeded expectations; however, a shortfall in inventory for the UGG brand and a more conservative growth outlook for HOKA led to a stock pullback. Additional pressure came from tariff concerns related to sourcing from China, adding uncertainty to near-term performance.

The Trade Desk, Inc. (TTD) provides an online advertising platform for managing campaigns across multiple channels. TTD disclosed that a large-scale reorganization and slower-than-expected rollout of its new ad-buying platform led to an earnings guidance miss. This has raised concerns that Amazon's competing product may be gaining traction. Despite these execution missteps, the secular trends driving the shift to digital advertising and connected TV remain intact, positioning the company for long-term growth.

Pure Storage, Inc. (PSTG) is a leading provider of innovative all-flash data storage solutions. Management provided conservative guidance, reflecting expectations of subdued enterprise IT spending in the near term. Additionally, the company is experiencing margin pressure due to strategic investments in its Storage-as-a-Service business and preparations for upcoming AI-related data center opportunities. While these near-term challenges may weigh on results, the company's long-term growth potential remains promising.

Information is as of 3/31/2025. Sources: Congress Asset Management and Bloomberg. 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 contribution of every holding in the strategy's composite, which we believe is most representative 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.

Portfolio Activity

Purchases	Sector	Sales	Sector
Cyberark Software Ltd.	Information Technology	Qualys, Inc.	Information Technology
Texas Roadhouse, Inc.	Consumer Discretionary	Church & Dwight Co., Inc.	Consumer Staples
Houlihan Lokey, Inc.	Financials	Factset Research Systems, Inc.	Financials
Trade Desk, Inc.	Communication Services	Take-Two Interactive Software, Inc.	Communication Services
Stride, Inc.	Consumer Discretionary	Watts Water Technologies, Inc.	Industrials
Datadog, Inc.	Information Technology	Valvoline, Inc.	Consumer Discretionary
Garmin Ltd.	Consumer Discretionary	American Eagle Outfitters, Inc.	Consumer Discretionary
Guidewire Software, Inc.	Information Technology	Weatherford International plc	Energy
		PTC, Inc.	Information Technology

CyberArk Software Ltd. (CYBR) is a leading provider of cyber security software specializing in privileged access management. CYBR is well-positioned to benefit as enterprises continue adopting the technology and more users are granted privileged access. The company is also expanding into adjacent markets to provide a more comprehensive cyber security solution.

Texas Roadhouse, Inc. (TXRH) operates casual dining restaurants in the U.S. and internationally. TXRH's owner-operator model, which gives restaurant managers a stake in the business, has led to top-tier operating performance compared to its peers. The company has consistently delivered above-average same-store sales, operating margins, and net unit growth. Meals are more competitively priced than those of its peers, which should allow it to continue to attract customers amid potential macro pressures.

Houlihan Lokey, Inc. (HLI) is a leading global independent investment bank specializing in mergers and acquisitions (M&A), capital markets, financial restructurings, and financial and valuation advisory. HLI has developed a more resilient, through-cycle business model, driven primarily by its counter-cyclical financial restructuring segment and focus on private equity-backed middle-market M&A. Global capital market activity may also rebound in 2025 and 2026 after two years of decline.

The Trade Desk, Inc. (TTD) provides an online advertising platform to manage campaigns across multiple channels. The growing complexity of the digital advertising landscape has increased the need for automation technology that leverages extensive data sets to enable faster, more accurate and more cost-effective decision-making. TTD is uniquely positioned to benefit from these secular tailwinds given its leading position in programmatic and Connected TV.

Stride, Inc. (LRN) is the leading provider of K-12 online educational programs. LRN's products and services include comprehensive curriculum, systems, instruction, and support to help clients operate full-time virtual schools. LRN is expected to continue expanding its enrollment base as more parents and students choose online learning over traditional public schools. Profitability and cash flow have improved due to significant operating leverage in its business model, driving margin expansion.

Datadog, Inc. (DDOG) is a leading provider of cloud monitoring and security solutions for public cloud, private cloud, and on-premises applications, delivered through a unified platform. It has become the preferred solution for developers and operations teams due to its ease of use and single-pane view. The company's efficient go-to-market strategy has driven rapid customer acquisition and expanding usage over time.

Qualys, Inc. (QLYS) is a leader in the vulnerability management software market. This market is maturing and becoming more competitive, with other cybersecurity firms offering similar solutions. This dynamic has led to slowing revenue growth and increased spending on sales and marketing, as well as expansion into other areas of cybersecurity where QLYS lacks a competitive advantage.

Church & Dwight Company, Inc. (CHD) is a leading consumer goods company producing branded products in a variety of categories. CHD has been faced with a difficult operating environment as consumers have been increasingly more selective with their purchases. As a result, organic growth has been decelerating and is expected to remain weak in the near-term.

FactSet Research Systems, Inc. (FDS) is a global data and analytics company providing economic and financial data. The company is facing elongated sales cycles, weak hiring trends at banking clients, client erosion, and pricing pressure, all contributing to decelerating growth and margin contraction. Management's fiscal 2025 guidance for organic annual subscription value, a proxy for revenue, projects to come in below long-term targets.

Take-Two Interactive Software, Inc. (TTWO) develops and publishes video games for consoles, PCs, and mobile devices. The company continues to invest heavily in game development and marketing, impacting profitability. Additionally, growing concerns over potential delays to its highly anticipated Grand Theft Auto VI have added uncertainty.

Watts Water Technologies, Inc. (WTS) is a global manufacturer of water technologies and solutions that enhance safety, energy efficiency, and water conservation in commercial and residential buildings. The U.S. residential and non-residential construction markets remain under pressure, while European demand for heat pumps has declined following the removal of government incentives. WTS has navigated these challenges well; however, earnings growth remains elusive, with little prospect for improvement in the medium term.

Valvoline, Inc. (VVV) provides vehicle maintenance services through its extensive network of service centers. Increased competition and heightened promotional activity are expected to limit pricing power, while rising labor and product costs may pressure margins. VVV is also seeing mixed performance from its new stores.

American Eagle Outfitters, Inc. (AEO) is a specialty casual apparel retailer. The company has been experiencing slower same store sales trends leading to disappointing initial 2025 guidance. Additionally, inventory levels ended higher than planned, raising concerns about the potential need for increased promotions.

Garmin Ltd. (GRMN) designs and manufactures GPS products across five key segments: fitness, outdoor, aviation, marine, and automotive OEM. The company is experiencing strong product growth as its watches appeal to consumers seeking high-performance wearables. GRMN maintains a strong balance sheet, diversified end-market exposure, and a solid free cash flow and return profile.

Guidewire Software, Inc. (GWRE) is a leading provider of software for the Property and Casualty (P&C) insurance market. The P&C market is transitioning to the cloud after years of reliance on mainframe environments. Guidewire's Cloud Platform is experiencing success with existing customers and attracting new ones. Profitability should improve as the Cloud Platform scales, creating opportunities for GWRE to enhance revenue and cash flow at an attractive rate over the long term.

Weatherford International plc (WFRD) provides a wide range of equipment and services for onshore and offshore oil and gas activities. Over the past two quarters, WFRD's stock has underperformed its peers due to greater exposure to land activity in the U.S. and Mexico—two markets facing particular weakness with little sign of improvement. Energy servicing companies broadly are facing a challenging macroeconomic outlook.

PTC, Inc. (PTC) provides software solutions that transform the way physical products are engineered, manufactured, and serviced. Recent changes in the company's management team and sales organization are resulting in slower top-line growth. Additionally, declining free cash flow generation threatens the company's profitability targets.

Congress Asset Management Co. Mid Cap Growth Composite 1/1/2014 - 12/31/2023

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Russell Mid Cap Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell Mid Cap Growth 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)
2023	17.1	16.5	25.9	19.8	21.1	745	0.62	2,535	12,146	8,514	20,660
2022	-26.7	-27.0	-26.7	23.0	24.5	758	0.81	2,307	10,083	6,799	16,882
2021	30.6	30.0	12.7	18.3	20.2	719	0.41	3,243	12,778	8,018	20,796
2020	32.0	31.4	35.6	19.8	21.5	629	1.14	2,729	10,746	5,523	16,269
2019	35.8	35.2	35.5	12.8	13.9	558	0.49	954	8,445	4,083	12,528
2018	-3.5	-3.9	-4.8	12.2	12.8	506	0.45	850	7,102	3,132	10,234
2017	17.7	17.2	25.3	10.8	10.9	447	0.65	763	7,272	3,274	10,546
2016	13.9	13.3	7.3	12.0	12.2	105	0.54	431	5,693	2,445	8,139
2015	1.9	1.4	-0.2	11.4	11.3	50	0.42	221	5,941	1,153	7,094
2014	13.0	12.4	11.9	10.8	10.9	41	0.51	145	6,328	1,121	7,449

#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 Mid Cap Growth Composite has had a performance examination for the periods 10/1/99 – 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 creation and inception date of the Mid Cap Growth Composite is October 1, 1999, 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 mid cap growth style for a minimum of one full month. The mid cap growth strategy invests in the equity of high-quality companies with market capitalizations between $800 million and $15 billion (at the time of purchase) exhibiting consistent earnings growth. 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 private client accounts or accounts with less than $1 million. The primary composite benchmark is the Russell Midcap 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. The % of the composite represented by non-fee paying accounts at annual period end was 100% 1999-2001, 36% in 2002, 20% in 2003, 15% in 2004, 13% in 2005, 22% in 2006 and 18% in 2007. 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 Mid 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.

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. The management fee schedule and expense ratio for the Mid Cap Growth Fund Institutional Shares is 0.60% and 0.79%, respectively. The management fee schedule and expense ratio for the Mid Cap Growth Fund Retail Shares is 0.60% and 1.04%, respectively. The management fee schedule for the Mid Cap Growth Collective Investment Trust is 0.68%.

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.

2025_Q1_MCG_01