



## Highlights

- The Congress Mid Cap Growth Portfolio (“the Portfolio”) returned -5.5% (net of fees) vs -3.2% for the Russell Midcap Growth Index (“the Index”) in 2Q24.
- Year to date, stocks above our market cap ceiling (\$50bn) accounted for 66% of Index performance and were the only group with positive returns in 2Q24. In 2023, high quality companies (as measured by ROE) trailed low quality by over 1800bps.
- Our Consumer Staples holdings contributed to performance as did Industrials, aided by exposure to AI and reindustrialization. Technology and Consumer Discretionary weighed on performance, both in our holdings and some of the larger Index stocks we would not own. We continue to augment the Portfolio’s holdings and made several changes during the quarter, including adding two new Technology positions.
- We focus on companies with established profitability, a history of earnings growth, positive free cash flow, and prudent use of debt and leverage, regardless of the market environment.
- The Portfolio has shown an ability to participate in up markets and mitigate risk in down markets, relative to its Index. Since inception, the Portfolio has a 89% upside capture and 74% downside capture and has compounded capital 15x (net of fees) vs 8x for the Index.

## Economic Review

- Artificial Intelligence (AI) dominated investor psyche and drove market performance during the quarter. Market sentiment was also supported by the expectation of a continued expansion, a rebound in corporate earnings, and Fed interest rate cuts.
- We believe the transition to lower interest rates will be slow and longer-term rates are likely to remain elevated, which will have significant investing implications.
- The US economy’s underpinnings remain constructive, fortified by continued strength in the labor market, a healthy consumer, and strong corporate balance sheets.
- Despite anticipated volatility, domestic markets remain attractive. Stocks should benefit from continued spending and, for those seeking current income, short and intermediate bonds offer attractive yields.

## Portfolio Review

- Index returns started 2Q24 sharply negative as higher inflation prints and continued economic strength led to a hawkish repricing of interest rate expectations. Returns turned positive later in the quarter on strong corporate earnings and outperformance from specific stocks.
  - The Portfolio outperformed in May on strong earnings results from several holdings but trailed in April and June due to weakness in our Consumer Discretionary and Technology exposure.
- The Portfolio benefited from its Consumer Staples holdings, particularly Casey’s General Store, a position added earlier this year that delivered

## Portfolio Review continued

- strong quarterly results and gains in market share. Within Industrials, the Portfolio’s exposure to secular growth of AI, data center buildout, and reindustrialization, including Crane Company and EMCOR Group, continues to be a tailwind and an area we believe will provide future growth.
- Our Consumer Discretionary exposure weighed on relative performance, particularly Ulta and Pool Corp, on moderating consumer spending trends. This was partially offset by strong results from Deckers which saw double-digit net sales growth in the quarter. Technology continues to be a challenge, particularly in Software. DoubleVerify, our largest detractor, was hindered by reduced spending from some of its largest customers. In addition, some of the top performing stocks in the Index we would not own given our market cap and profitability requirements.
- Two Technology positions were added to upgrade our exposure into more durable growth stories with unique drivers. We replaced an Energy position, as the company was acquired, and added a Healthcare position to enhance growth potential.

## Outlook

- We remain high quality and continue to focus on consistency of earnings over absolute growth.
  - We believe the changes implemented this quarter enhance the durability and growth potential of the Portfolio without sacrificing these attributes.
- The Portfolio maintains exposure to several themes that are expected to drive growth, including AI, data centers, reshoring, and infrastructure buildout.

## Average Annualized Performance (%) as of 6/30/2024

	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (10/1/1999)
Mid Cap Growth Composite (Gross)	-5.4	3.4	7.8	-0.1	11.0	11.7	12.4
Mid Cap Growth Composite (Net)	-5.5	3.2	7.3	-0.6	10.5	11.1	11.7
Russell Midcap Growth <sup>®</sup>	-3.2	6.0	15.1	-0.1	9.9	10.5	8.5

### Past performance does not guarantee future results.

Data is as of 6/30/2024. 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. Actual client account holdings and sector allocations may vary. Performance is preliminary and subject to change at any time.



### % Total Effect Portfolio vs. Index<sup>1</sup> 3/31/2024 - 6/30/2024



	Cons Staples	Industrials	Materials	Real Estate	Cash	Utilities	Financials	Energy	Comm Services	Health Care	Info Tech	Cons Disc
Allocation Effect	-0.18	-0.06	-0.09	0.03	0.00	-0.06	-0.01	-0.09	-0.31	-0.01	0.13	0.02
Selection Effect	1.05	0.33	0.22	--	--	--	-0.07	-0.31	-0.12	-0.72	-1.02	-0.97
Total Effect	0.87	0.27	0.13	0.03	0.00	-0.06	-0.09	-0.40	-0.43	-0.73	-0.88	-0.96

#### Top 5 Contributors/Detractors

STOCK	AVG. WEIGHT%
Monolithic Power Systems, Inc.	3.50
Fabrinet	2.28
Casey's General Stores, Inc.	2.85
Pure Storage, Inc.	2.04
Crane Company	3.93

**Monolithic Power Systems, Inc. (MPWR)** is a semiconductor company specializing in designing, developing, and marketing high-performance power solutions. MPWR has observed some stabilization in its more cyclical businesses, a development generally well-received by investors. Additionally, its power management solutions are experiencing increased demand, driven by the expansion in AI-related data center spending.

**Fabrinet (FN)** is a leading provider of optical packaging and precision manufacturing services, specializing in optical, electro-mechanical, and electronic manufacturing. The company's Data Communications business, which is closely tied to spending on optical components for AI-data centers, experienced a reacceleration after a temporary slowdown last quarter. This development was well-received by investors.

**Casey's General Stores, Inc. (CASY)** owns and operates convenience stores primarily in the Midwest. CASY differentiates itself with a wide range of prepared food options and strategically located gas station outlets. Quarterly results exceeded expectations, driven by market share gains in fuel sales and strong prepared food results. In particular, CASY's revamped spicy chicken sandwich was a hit among consumers.

#### Bottom 5 Contributors/Detractors

STOCK	AVG. WEIGHT%
DoubleVerify Holdings, Inc.	1.87
Bruker Corporation	1.74
Ulta Beauty, Inc.	2.13
Saia, Inc.	2.74
Charles River Laboratories Intl, Inc.	2.12

**DoubleVerify Holdings, Inc. (DV)** develops software platforms for digital media measurement, data, and analytics. DV cut its guidance as it is seeing reduced spending from some of its largest customers. Additionally, customers are shifting their priorities away from core markets to newer ones like connected TV and social. DV's social and connected TV products earn lower fees which is creating a headwind to growth.

**Bruker Corporation (BRKR)** develops, manufactures, and distributes high-performance scientific instruments and analytical and diagnostic solutions. The company made a series of dilutive acquisitions that were a departure from its stated strategy. The outlook for the acquired companies is unsure and raises questions about the growth prospects of its core business.

**Ulta Beauty, Inc. (ULTA)** is a leading beauty retailer offering a range of products, including makeup, skincare, and fragrances. Although the beauty category continues to grow, the rate of growth began to slow more quickly than management expected early in the second quarter. Adding to this challenge is the rapid increase in distribution points by a competitor, which has clouded Ulta's long-term outlook and led to its stock being valued below historical averages.

Information is as of 6/30/2024. Sources: Congress Asset Management 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 contribution of every holding in the strategy's composite account, 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. <sup>1</sup>The information shown is for a representative account as of 6/30/2024.



## Portfolio Activity

Purchases	Sector
Pure Storage, Inc.	Information Technology
Weatherford International Plc.	Energy
Penumbra, Inc.	Health Care
Descartes Systems Group, Inc.	Information Technology

**Pure Storage, Inc. (PSTG)** is a leading provider of innovative all-flash data storage solutions. PSTG's software platform and direct-to-flash storage approach have consistently gained market share from traditional disk-based storage solutions for over a decade. This trend is expected to accelerate among enterprise customers, especially with the recent launch of its Storage-as-a-Service solutions, which enhance revenue stability and return on invested capital in a traditionally commoditized market. PSTG is also gaining traction and has identified a significant total addressable market opportunity with AI and cloud hyperscale customers, providing long-term growth potential.

**Weatherford International Plc. (WFRD)** is a leading global energy services company. WFRD's differentiated specialty product set should benefit from share growth and pricing power in what is expected to be a multi-year international energy upcycle. Ongoing trends in both onshore and offshore well complexity also offer an opportunity for incremental market share and pricing growth for WFRD's technologically advanced product set.

**Penumbra, Inc. (PEN)** is a leading provider of medical devices used in mechanical thrombectomy and embolization procedures. Recently, PEN launched computer-aided vacuum thrombectomy for treating arterial and venous thrombosis, as well as pulmonary embolisms. This advancement is expected to significantly enhance procedure safety, efficacy, and efficiency, driving increased adoption and utilization of PEN's thrombectomy devices. Overall, this structural advantage is anticipated to be enduring, supporting revenue and earnings growth.

**Descartes Systems Group, Inc. (DSGX)** develops software solutions for the logistics industry. DSGX capitalizes on favorable market dynamics where customers prefer providers with proven expertise in critical routing and tracking solutions. The increasing complexity of logistics operations, evolving regulations, and the growth of e-commerce have all contributed to the increased adoption of DSGX's software solutions.

Sales	Sector
Perficient, Inc.	Information Technology
Paycom Software, Inc.	Information Technology
Mettler-Toledo International, Inc.	Health Care
Bruker Corporation	Health Care
ChampionX Corp.	Energy

**Perficient, Inc. (PRFT)** specializes in digital transformation services for business operations. PRFT faces challenges in the current economic climate, primarily because its focus on short-term projects makes it vulnerable to customer delays. Despite limited visibility, management expects a significant increase in business activity according to its guidance, which we view as overly optimistic. In addition, PRFT is dealing with underutilization of its workforce, which negatively impacts its profit margins.

**Paycom Software, Inc. (PAYC)** offers payroll and human capital management applications. PAYC has seen customer retention rates drop and was unable to grow its customer count year over year, an indication that the payroll software market has become more competitive. PAYC has also attempted to force customers to migrate to a new payroll product that has caused disruption in its sales team and cannibalized a portion of its revenue base.

**Mettler-Toledo International, Inc. (MTD)** manufactures weighing and analytical instruments along with measurement technologies used in laboratory, industrial, and food retail sectors. The company's outlook for instrument sales is challenging, particularly in China, a key growth market for the company. This is expected to lead to below-market revenue growth.

**Bruker Corporation (BRKR)** develops, manufactures, and distributes high-performance scientific instruments and analytical and diagnostic solutions. The company made a series of dilutive acquisitions that were a departure from its stated strategy. The outlook for the acquired companies is unsure and raises questions about the growth prospects of its core business. As a result, the position was sold.

**ChampionX Corp. (CHX)** is a global leader in chemistry solutions and highly engineered equipment and technologies used for safe, efficient, and sustainable oil and gas drilling and production worldwide. As one of the largest pure-play production services companies globally, CHX recently announced its agreement to be acquired by Schlumberger NV (SLB) in exchange for SLB shares. The transaction was announced in early April.



## 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 – 12/31/23. 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 – 12/31/23. 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.

