Large Cap Growth Portfolio

Commentary | 4Q24 | Managed Accounts

Highlights

- The Congress Large Cap Growth Portfolio ("the Portfolio") returned 2.7% (net of fees) vs 7.1% for the Russell 1000 Growth Index ("the Index") in 4Q24. The 4th quarter saw a return to narrow market leadership, particularly at the end of the quarter as only 3 of 11 sectors and 16% of Index constituents outperformed in December. We led the Index in October and November but our diversification guardrails and focus on quality and fundamentals detracted late in the quarter.
- The Portfolio benefited from security selection in Health Care, Industrials, and Consumer Staples in the quarter, but this was offset by Consumer Discretionary, largely not owning Tesla which rallied post-election. We owned Tesla in the past but sold on fundamental concerns we continue to harbor. Technology also detracted on weakness in some of our semiconductor exposure.
- 2024 saw narrow market breadth: the Magnificent 7 contributed 70% of the Index return, only 20% of the stocks in the Index outperformed and the top 10 holdings were over 60% of the Index, with the top 3 names over 33%. The Portfolio returned 23.5% (net of fees) vs 33.4% for the Index.
- Our 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 87% upside capture and 76% downside capture (net of fees).

Portfolio Review

- In a reversal from 3Q, the Index returned to narrow market leadership. Index returns in 4Q were driven by the post-election rally in November, largely within Technology and Financials. While most of the Index saw positive returns, performance was concentrated, particularly in Tesla which contributed ~100bps. December saw a broad market sell-off post the Fed's hawkish rate cut, but the Index was buoyed by a handful of positions and overall returns were positive.
  - We outperformed during the rally on strength in several of our holdings across sectors but trailed in December given the narrow market as well as weakness in some of our holdings.
  - 2024 relative underperformance was mostly driven by 4Q24.
- Security selection in Health Care supported relative performance, particularly Boston Scientific, which had another strong quarter with double digit organic growth. Within Industrials, Howmet Aerospace also contributed on revenue growth and impressive margin expansion.
  - Consumer Staples and Industrials were the biggest contributors to relative returns for 2024.
- Selection in Consumer Discretionary was the largest detractor, mainly due to not owning Tesla. We believe the stock's recent rally is not supported by company fundamentals. Within Technology, our semiconductor exposure, particularly Onto Innovations and NXP Semiconductors lagged on softer customer demand. We maintain conviction in NXP but sold Onto during the quarter.
- During the quarter we enhanced the growth profile of our Energy holdings. In Technology, we reduced our semi exposure and added a

Portfolio Review continued

hardware holding that is positioned to benefit from AI spend and the coming upgrade cycle. We also added an e-commerce holding.

Outlook

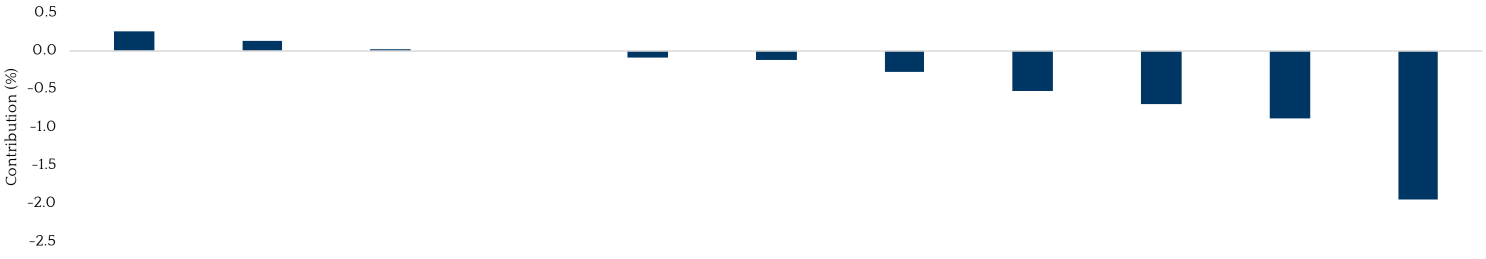
- We expect the US economy will see healthy growth with good labor conditions and normalizing inflation. However, uncertainty around the incoming administration's potential policy proposals are likely to keep interest rates elevated and create additional volatility.
- We believe investors will benefit from diversification.
  - Valuations of market cap indices continue to be rich. The forward P/E of S&P 500 is at a 30% premium to the equal weight Index, over 2.5 std deviations rich to long term averages.
  - Magnificent 7 earnings growth is expected to slow in 2025, falling from 33% in 2024 to 21%. Meanwhile, the other stocks in the S&P 500 are expected grow EPS 13%, up from 4% in 2024.
  - Our Portfolio continues to be more diversified than the Index – our top 5 holdings make up ~20% of the Portfolio vs 45% for Index.
- We believe AI will continue to play a dominant role in 2025 and we hold the largest Tech stocks that drove 2024 performance. In addition to more direct AI positions, within Industrials we hold stocks with data center exposure that benefit from AI buildout. We are also focused on aerospace and other domestic mega-trends such as reshoring and supply chain buildout. In the Consumer sectors, we believe the bifurcation in consumer health will continue and we hold positions that should benefit from more value-oriented spending.

Average Annualized Performance (%) as of 12/31/2024

	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (1/1/1985)
Large Cap Growth Composite (Gross)	2.8	24.0	24.0	8.6	15.7	14.7	12.8
Large Cap Growth Composite (Net)	2.7	23.5	23.5	8.3	15.2	14.2	12.0
Russell 1000 Growth®	7.1	33.4	33.4	10.5	19.0	16.8	12.2

Past performance does not guarantee future results

% Total Effect Portfolio vs. Index
9/30/2024 - 12/31/2024



	Cons Staples	Real Estate	Energy	Utilities	Financials	Comm Svcs	Industrials	Info Tech	Health Care	Materials	Cons Disc
Allocation Effect	0.00	0.13	0.12	0.00	0.09	–0.10	–0.59	0.04	–1.08	–1.10	–0.24
Selection Effect	0.26	0.00	–0.11	0.00	–0.18	–0.03	0.32	–0.56	0.38	0.21	–1.71
Total Effect	0.26	0.13	0.01	0.00	–0.09	–0.13	–0.28	–0.53	–0.70	–0.89	–1.95

Top 5 Contributors/Detractors

Stock	Avg. Weight%
ServiceNow, Inc.	3.27
NVIDIA Corp.	5.24
Arista Networks, Inc.	3.19
Amazon.com, Inc.	2.80
Netflix, Inc.	2.00

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Eli Lilly & Co., Inc.	2.89
Onto Innovation, Inc.	1.02
Zoetis, Inc.	1.59
Thermo Fisher Scientific, Inc.	1.66
NXP Semiconductors N.V.	2.08

ServiceNow, Inc. (NOW) offers automated workflows for repeatable tasks, enabling customers to save time, reduce costs, and improve the client experience. NOW has experienced excellent adoption of its new AI product, Now Assist, one of its most successful product launches to date. ServiceNow has also exceeded profitability targets through disciplined investments and by leveraging its own platform to enhance operational efficiency.

NVIDIA Corporation (NVDA), a leading semiconductor company specializing in gaming, artificial intelligence (AI), and advanced computing chips, saw its stock rebound after a broader AI-theme pullback in July and August. The recovery was fueled by indications that capital expenditures on AI chips from major customers are unlikely to slow in 2025. Additionally, strong earnings results and the anticipated production ramp-up of the new Blackwell chips underscore growing demand across both existing and emerging use cases.

Arista Networks, Inc. (ANET) specializes in cloud networking solutions. The company reported another earnings beat and raised its fiscal third-quarter guidance, with several growth drivers anticipated for 2025. Key catalysts include increased spending by cloud computing customers on AI-driven data center networking, a growing focus on enhancing data center efficiency, share gains in the enterprise segment, and a refresh cycle in the traditional cloud business.

Eli Lilly and Co. (LLY) discovers, develops, manufactures, and markets pharmaceutical products. The company reported weaker-than-expected third-quarter results, primarily due to slower sales of its GLP-1 products. Additionally, it lowered its revenue guidance for the fiscal year. However, LLY projects a re-acceleration in revenue growth for the fourth quarter as destocking challenges subside and its demand-generation initiatives gain traction.

Onto Innovation Inc. (ONTO) manufactures critical equipment for semiconductor chip fabrication, including process control, metrology, and lithography systems. Recently, the company reported softer customer orders for equipment used in high-bandwidth memory packaging, a key growth driver linked to AI chip demand. The position was sold during the quarter.

Zoetis, Inc. (ZTS) is a global leader in the animal health industry, specializing in medicines, vaccines, and diagnostic products for dogs, cats, horses, and livestock. The stock underperformed during the quarter on concerns regarding weakness in Librela, and increased competition in other areas. Consequently, the stock was sold from the portfolio during the quarter.

Information is as of 12/31/2024. 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 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.

Portfolio Activity

Purchases	Sector	Sales	Sector
Baker Hughes Co.	Energy	Exxon Mobil Corp.	Energy
Shopify, Inc.	Information Technology	Onto Innovation, Inc.	Information Technology
Dell Technologies, Inc.	Information Technology	Zoetis, Inc.	Health Care

Baker Hughes Co. (BKR) is an energy services and technology company with a product portfolio spanning both the energy and industrial value chains. Its Gas Technology Equipment business is the leading global supplier of turbines, pumps, and compressors essential for liquefied natural gas plants. BKR's upstream energy business focuses on enhancing production from mature assets and has significant exposure to attractive international onshore and offshore markets. We expect the secular trends supporting both of BKR's businesses to drive sustained top-line growth and margin expansion.

Shopify, Inc. (SHOP) offers a comprehensive platform that enables merchants to manage, market, and sell products across multiple channels. As consumer preference for e-commerce continues to grow, Shopify is well-positioned to benefit from its compelling online offering. Additionally, the company's expanding suite of products and services should further accelerate growth, driving the flywheel effect as Shopify scales alongside its merchants.

Dell Technologies, Inc. (DELL) provides technology infrastructure products primarily to enterprise customers. The company holds a leading market share in several areas of enterprise IT spending, including traditional servers, commercial PCs, and data storage, all of which are expected to undergo upgrade cycles in the coming years. Additionally, Dell has positioned itself as a leader in AI servers, with its production capabilities, supply chain efficiency, and go-to-market presence poised to drive success in this rapidly growing market.

Exxon Mobil Corp. (XOM) is a diversified global energy company primarily engaged in the exploration and production of crude oil and natural gas. The company's revenues, cash flows, and stock performance are closely tied to its production levels and global energy commodity prices. While XOM holds attractive assets in some of the world's most profitable basins, with potential for increased production, the near- to medium-term outlook for commodity prices has weakened due to expectations of supply outpacing demand.

Onto Innovation, Inc. (ONTO) manufactures critical equipment for semiconductor chip fabrication, including process control, metrology, and lithography systems. The company recently reported a slowdown in customer orders for equipment used in high-bandwidth memory packaging, a key growth driver tied to the increasing demand for AI chips.

Zoetis, Inc. (ZTS) is a global leader in the animal health industry, specializing in medicines, vaccines, and diagnostic products for dogs, cats, horses, and livestock. The company has demonstrated robust organic growth this year; however, concerns about the sustainability of this growth have arisen due to a decline in veterinarian visits. Additionally, Zoetis faces increasing competition for its Simparica drug franchise, and recent updates to the label for Librela have reported adverse events in animals following the drug's use.

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

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)
2023	31.9	31.5	26.3	42.7	18.7	17.3	20.5	201	1.03	366	12,146	8,514	20,660
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	0.3	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

#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.