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.

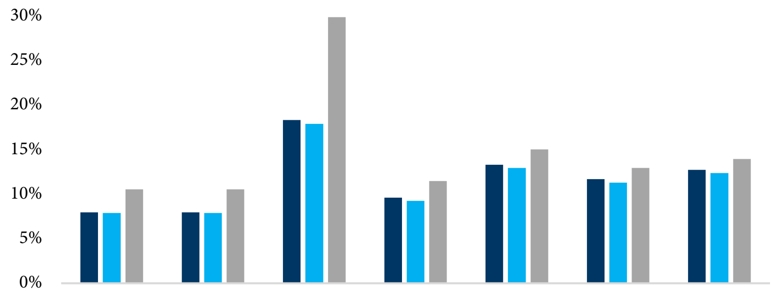
The increasing acceptance of a sustained U.S. expansion is built on three pillars: a strong employment scenario; sound private sector financial metrics; and continued fiscal spending. At the same time, the rampant inflation of 2022-2023 appears to have eased, though the cumulative effects remain, with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

Performance Overview

The Congress Dividend Growth Portfolio ("the Portfolio") returned 8.0% (gross of fees) and 7.9% (net of fees) during the quarter, while the S&P 500 returned 10.6%.

The stocks that contributed most to quarterly performance were Martin Marietta Materials, Inc., Caterpillar, Inc., Merck & Co., Inc., Tractor Supply Company, and Stryker Corporation. The stocks that detracted most were Apple, Inc., NIKE, Inc., UnitedHealth Group, Inc., McDonald's Corporation, and United Parcel Service, Inc.

Average Annualized Performance % - as of 3/31/2024



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/31/2010
Dividend Growth Composite (Gross)	■	8.0	8.0	18.3	9.6	13.3	11.7	12.7
Dividend Growth Composite (Net)	■	7.9	7.9	17.9	9.3	12.9	11.3	12.4
S&P 500	■	10.6	10.6	29.9	11.5	15.0	13.0	13.9

Data is as of 3/31/2024. Sources throughout this presentation: Congress Asset Management, FactSet, and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. Past performance does not guarantee future results. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. This information is supplemental to the GIPS Report. Performance returns of less than one year are not annualized. This managed account strategy involves risk, may not be profitable, may not achieve its objective, and may not be suitable or appropriate for all investors. Investors should consider the investment objectives, risks, and fees of this strategy carefully with their financial professional before investing. [1]The information shown is for a representative account as of 3/31/2024. Actual client account holdings and sector allocations may vary. Performance is Preliminary and subject to change at any time.

First Quarter 2024 Highlights

Top 5 Contributors/Detractors

Stock	Avg. Weight%
Martin Marietta Materials, Inc.	3.68
Caterpillar, Inc.	2.78
Merck & Co., Inc.	2.91
Tractor Supply Company	2.79
Stryker Corporation	3.01

Martin Marietta Materials, Inc. (MLM) is a leading supplier of building materials, offering aggregates, cement, ready-mixed concrete, and asphalt. MLM reported strong Q4 2023 results, fueled by continued pricing power and decreasing raw material costs, resulting in significant margin expansion and earnings growth.

Caterpillar, Inc. (CAT) is the world's leading manufacturer of construction and mining equipment. Investors are increasingly optimistic about CAT's earnings growth in 2024 and anticipate a resurgence in 2025, despite potential decreased demand due to higher interest rates and the conclusion of a period of elevated construction equipment sales growth. This optimism is bolstered by a healthy backlog of orders and proactive management efforts to balance equipment supply and demand. Consequently, CAT's equity multiple has expanded based on forward earnings expectations in recent months.

Merck & Co., Inc. (MRK) is one of the world's largest pharmaceutical companies. MRK shares surged after the announcement of quarterly results, accompanied by better-than-expected guidance for 2024. This surge was propelled by the robust performance of its flagship drug franchise, Keytruda. Additionally, shares showed further gains later in the quarter following FDA approval of its Pulmonary Arterial Hypertension drug, Winrevair.

Tractor Supply Company (TSCO) is the largest rural lifestyle retailer in the U.S., catering to the needs of recreational farmers and ranchers. TSCO shares responded positively to better-than-expected margin performance in the latest reported quarter. Management's commentary on strong quarter-to-date results, with weather headwinds starting to normalize, further bolstered the shares.

Stryker Corporation (SYK) manufactures medical devices and equipment used in reconstructive hip and knee surgery, trauma, emergency medicine, and patient care. SYK reported a strong Q4 2023 and issued 2024 guidance ahead of expectations. The business continues to benefit from increased procedure volumes, driving outsized revenue growth. We believe several new product launches support the growth outlook, illustrating an innovation cycle that should help SYK maintain its leadership status over the long term.

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Apple, Inc.	3.39
NIKE, Inc.	1.82
UnitedHealth Group, Inc.	2.04
McDonald's Corporation	2.30
United Parcel Service, Inc.	1.97

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

NIKE, Inc. (NKE) is the world's leading designer, marketer, and distributor of athletic footwear, apparel, equipment, and accessories for various sports and fitness activities. NKE's shares faced pressure following management's disappointing revenue outlook for the first half of fiscal year 2025, with expectations of a low-single digit percentage decline. A shift in product strategy also raised near-term concerns.

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. However, UNH's leadership position in managed care should position it to deliver strong results over the long term, in our view.

McDonald's Corporation (MCD) franchises and operates restaurants. Early in the quarter, results were impacted by pressure on the low-income consumer in North America and continued international macro headwinds. Later in the quarter, management commentary at a conference suggested that international business was not improving, raising concerns about upcoming results.

United Parcel Service, Inc. (UPS) offers letter and package delivery, specialized transportation, logistics, and financial services. UPS's commentary and outlook for 2024 indicated that the recovery of volumes lost during labor negotiations is taking longer than expected. At its Analyst Day later in the quarter, details on excess capacity in the industry raised further concerns about the pace of recovery for its markets and competitive pricing among peers.

Information is as of 3/31/2024. 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 contributions of every holding in the strategy's representative account, which we believe reflects the Congress Dividend Growth's Composite to both a current and/or prospective client, please contact us at 1-800-234-4516. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. Past performance does not guarantee future results. [1]The information shown is for a representative account.

1Q 2024 Transaction Summary

Purchased

- TJX Companies, Inc. (TJX) - Consumer Discretionary
- Steris Plc (STE) - Health Care
- Eaton Corporation Plc (ETN) - Industrials
- Meta Platforms, Inc. (META) - Communication Services

Sold

- Crown Castle International, Inc. (CCI) - Real Estate
- Nestle S.A. (NSGRY) - Consumer Staples
- Johnson & Johnson (JNJ) - Health Care

Purchased

TJX Companies, Inc. (TJX) is the leading off-price apparel and home fashion retailer operating through Marmaxx (T.J. Maxx and Marshalls), HomeGoods, TJX Canada, and TJX International. Store unit growth, scale advantages, and strong operational execution has continued to drive market share gains for TJX. Normalizing supply chain costs combined with internal initiatives should also lead to improving margins in the near term and help drive double-digit EPS growth. As an off-price retailer, TJX stands to benefit from consumers seeking value during more challenging economic times.

STERIS Plc (STE) is a leading provider of infection prevention products and services, focusing primarily on critical markets such as healthcare, pharmaceuticals, research, and medical devices. STE is poised to benefit from rising procedure volumes in hospital operating rooms. Additionally, recent margin pressures are expected to ease as temporary challenges in certain end markets diminish over the next few quarters, in our view.

Eaton Corporation Plc (ETN) is a power management company that provides sustainable solutions to help customers manage electrical, hydraulic, and mechanical power solutions more safely, efficiently, and reliably. The company's growth profile has been revitalized as its electrical equipment products have seen rising demand across applications such as data centers, utilities, and buildings. Further, the management team's operational execution has proven impressive given its ability to deliver the right balance between revenue growth and margin expansion.

Meta Platforms, Inc. (META) develops social media applications. Despite experiencing a period of disruption from Apple's restrictive operating system changes, META's engagement and monetization have begun to improve. It has a newfound focus on operational efficiency and offers one of the largest social platforms in the world, making it an ideal place for advertisers to reach their target audiences. META also announced it is initiating a dividend of $0.50 for the first time in the company's history.

Sold

Crown Castle International, Inc. (CCI) operates as a real estate investment trust and provider of shared communications infrastructure across the U.S., including cell towers and fiber/small cells, through long-term contracts. CCI shares faced pressure due to leasing activity for its cell towers and small cells falling short of expectations. In the fourth quarter of 2023, activist investor Elliott Management disclosed a $2 billion stake in the company, causing a significant rise in CCI shares. We decided to sell the position before a potential stock price reversal occurred, as we believe the underlying business continues to face challenges.

Nestlé S.A. (NSRGY) operates as a nutrition, health, and wellness company. NSRGY has been underperforming relative to expectations, with quarterly results and company guidance falling below consensus estimates. While real internal (organic) growth showed sequential improvement, it remained in negative territory. Concerns also persist about NSRGY's ability to maintain pricing amidst expectations of a deflationary economic environment.

Johnson & Johnson (JNJ) is engaged in the research and development, manufacture, and sale of a broad range of products in the healthcare field. The company's most recent fourth quarter results were in line with expectations. However, ongoing litigation and claims related to the company's talcum products continue to weigh on the stock price.

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. Dividend 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)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P 500 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)
2022	-9.3	-9.5	-18.11	19.4	20.9	558	1.18	287	10,083	6,799	16,882
2021	26.2	25.7	28.7	16.2	17.2	493	0.56	300	12,778	8,018	20,796
2020	13.9	13.5	18.4	16.8	18.5	495	0.97	326	10,746	5,523	16,269
2019	33.7	33.2	31.5	11.1	11.9	394	0.86	205	8,445	4,083	12,528
2018	-0.9	-1.2	-4.4	10.3	10.8	359	0.36	161	7,102	3,132	10,234
2017	19.7	19.3	21.8	9.7	9.9	321	0.64	157	7,272	3,274	10,546
2016	13.6	13.2	12.0	10.1	10.6	254	0.46	119	5,693	2,445	8,139
2015	-2.8	-3.2	1.4	10.3	10.5	174	0.38	81	5,941	1,153	7,094
2014	11.6	11.2	13.7	8.6	9.0	111	0.29	65	6,328	1,121	7,449
2013	29.3	28.8	32.4	10.7	11.9	60	0.39	44	6,489	978	7,467

#The "Total Firm Assets" column includes unified managed account (UMA) assets

Congress Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Congress Asset Management has been independently verified for the periods 1/1/96 – 12/31/22. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm Information: Congress Asset Management Co. (CAM) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. CAM manages a variety of public equity, private equity, fixed income and ETF managed portfolios for private and institutional clients. CAM acquired Prelude Asset Management, LLC on March 15, 2010. CAM merged with Congress Capital Partners, LLP on June 30, 2015. CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017.

Composite Characteristics: The creation and inception date of the Dividend Growth Composite is November 1, 2010, which reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over $100 thousand (US dollars) managed in the dividend growth style for a minimum of one full month. The dividend growth strategy invests in the equity of high-quality companies with market capitalizations greater than $1 billion exhibiting consistent dividend growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016, the composite minimum was $50 thousand (US dollars). The primary composite benchmark is the S&P 500 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. 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. It is not presented for 2011 and 2012 because 36-month returns were not available.

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.

2024_Q1_Div_COMM_00