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.

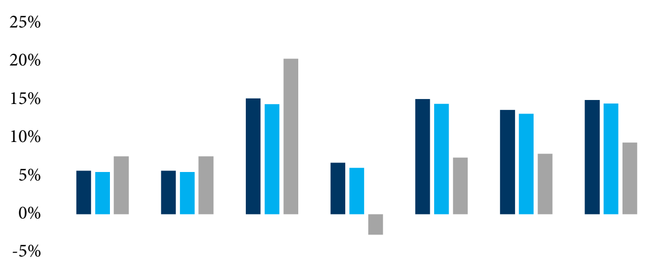
The increasing acceptance of a sustained U.S. expansion is built on three pillars: a strong employment scenario; sound private sector financial metrics; and continued fiscal spending. At the same time, the rampant inflation of 2022-2023 appears to have eased, though the cumulative effects remain, with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

Performance Overview

The Small Cap Growth Portfolio ("the Portfolio") returned 5.7% (gross of fees) and 5.5% (net of fees) during the quarter, while the Russell 2000 Growth Index ("The Index") returned 7.6%.

The Portfolio benefited from security selection in Industrials, Health Care, Consumer Staples, and a lack of exposure to Utilities. However, security selection in and a relative underweight to Information Technology detracted from performance, as did security selection in Communication Services and Financials.

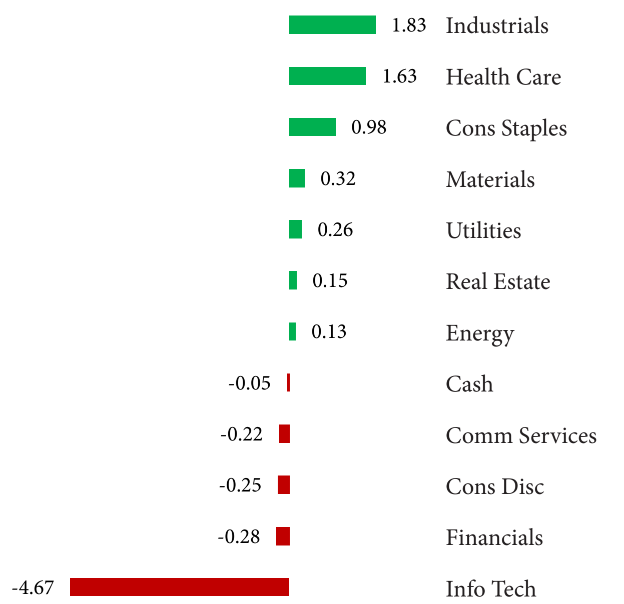
Average Annualized Performance % as of 3/31/2024



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 7/1/2013
Small Cap Growth Composite (Gross)	■	5.7	5.7	15.1	6.7	15.1	13.6	14.9
Small Cap Growth Composite (Net)	■	5.5	5.5	14.4	6.1	14.4	13.2	14.5
Russell 2000 Growth®	■	7.6	7.6	20.3	-2.7	7.4	7.9	9.4

Performance is preliminary and subject to change at any time.

% Total Effect Portfolio vs. Index[1]
(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, Health Care & Consumer Staples
- Underweight allocation to Utilities

Overall Detractors

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

Top 5 Contributors/Detractors

Stock	Avg. Weight%
Comfort Systems USA, Inc.	3.51
e.l.f. Beauty, Inc.	3.83
Sprouts Farmers Market, Inc.	3.55
Sterling Infrastructure, Inc.	3.84
Medpace Holdings, Inc.	2.59

Comfort Systems USA, Inc. (FIX) provides mechanical and electrical contracting services across non-residential markets and supports new construction, existing construction, and building services. FIX realized another quarter of exceptional organic growth, margin expansion, and free cash flow that was supported by the reshoring of advance manufacturing to the United States and the buildout of data centers to support AI investment. Its backlog of new work also increased meaningfully which has led to higher earnings expectations in the years ahead.

e.l.f. Beauty, Inc. (ELF) is a leading beauty products company offering high-quality cosmetics at value prices. Quarterly results surpassed expectations, driven by market share gains. The brand's success in attracting new customers through product innovation, effective marketing, and expanded distribution contributed to the positive performance. Management raised guidance for the current fiscal year, now expecting organic sales growth of nearly 70%.

Sprouts Farmers Market, Inc. (SFM) is a specialty retailer operating grocery stores focused on fresh, natural, and organic products in a unique shopping experience. Quarterly results were better than expected, demonstrating consistent sales growth, strong store traffic, and continued margin expansion. The company continues to attract customers with its differentiated product assortment.

Sterling Infrastructure, Inc. (STRL) is an industry leader in US construction solutions specializing in large scale site development services for E-infrastructure, Transportation and Building end markets. Quarterly earnings beat expectations and guidance for the year impressed, signaling that growing profit margins will punctuate the strong demand environment in 2024. The growing need for data centers, infrastructure investments, and near-shoring of advanced manufacturing remains supportive of STRL's growing backlog and presents significant growth opportunities into 2025.

Medpace Holdings, Inc. (MEDP) provides outsourced clinical development solutions to biotechnology companies. MEDP reported a strong Q423 and issued 2024 guidance above expectations. Importantly, the biotechnology funding environment has been improving, resulting in an increase in projects and net new business, which are leading indicators for revenue. MEDP remains well positioned to serve the small and mid-sized biotechnology market and should be able to take advantage of funding strength, in our view.

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
YETI Holdings, Inc.	2.23
Extreme Networks, Inc.	0.90
Calix, Inc.	2.09
Aehr Test Systems	0.23
AMN Healthcare Services, Inc.	1.24

YETI Holdings, Inc. (YETI) is the leading brand in the outdoor drinkware and cooler market. Quarterly earnings disappointed and management took a cautious approach to initial guidance for the full year. Drinkware grew double digits, but cooler sales came up short in the quarter as consumers shifted away from higher priced items. Respective of this dynamic, YETI's high single digit growth projection for 2024 is below its long-term double-digit growth target while profitability should continue to improve as costs normalize.

Extreme Networks, Inc. (EXTR) is a leading provider of cloud-based networking infrastructure equipment, software, and services. EXTR reported a second consecutive disappointing quarter, with an outlook meaningfully below expectations. The stock was removed from the Portfolio as excess inventory at its distributors and macroeconomic caution from customers is now expected to result in a more extended and uncertain timeframe for EXTR to resume its growth trajectory.

Calix, Inc. (CALX) is a provider of broadband communication access systems and software, offering solutions from basic voice and data to advanced broadband services. CALX reported a disappointing fiscal 4Q23, marked by slowing customer orders due to the delay of key government funding. Management anticipates improvement in the second half of 2024, although the timing remains uncertain.

AEHR Test Systems (AEHR) develops and manufactures solutions that perform reliability screening and stress testing (burn-in testing) of semiconductor wafers, dies, and devices. The recent slowdown in electric vehicle (EV) demand has impacted investment across the EV supply chain. AEHR's semiconductor customers, focused on EV power trains, have shifted their near-term growth plans causing a rapid decline in demand for AEHR's capital equipment. The stock was removed from the Portfolio due to limited visibility to a recovery.

AMN Healthcare Services, Inc. (AMN) provides healthcare workforce solutions and staffing services. AMN's revenue declined this year as hospital staffing demand normalized from pandemic extremes. While hospital systems have made meaningful progress in reducing their contract labor, there is still work to be done as evidenced by AMN's quarterly commentary. The stock was removed from the Portfolio given a continued lack of visibility towards normalized hospital staffing demand levels.

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 Small Cap 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.

1Q 2024 Transaction Summary

Sector Allocation Changes

- Increased allocation to Health Care
- Decreased allocation to Communication Services

Purchased

- CSW Industrials, Inc. (CSWI) - Industrials
- Merit Medical Systems, Inc. (MMSI) - Health Care
- Vericel Corporation (VCEL) - Health Care
- Crane NXT Co. (CXT) - Information Technology
- Nova, Inc. (NVMI) - Information Technology
- UFP Technologies, Inc. (UFPT) - Health Care

Sold

- Perion Network Ltd. (PERI) - Communication Services
- Extreme Networks, Inc. (EXTR) - Information Technology
- AMN Healthcare Services, Inc. (AMN) - Health Care
- PGT Innovations, Inc. (PGTI) - Industrials
- Aehr Test Systems, Inc. (AEHR) - Information Technology
- Conmed Corp. (CNMD) - Health Care

Purchased

CSW Industrials, Inc. (CSWI) is a diversified manufacturer of mechanical products for HVAC/refrigeration, railings, and fire systems for buildings, along with specialty chemicals for energy, mining, rail, and general industrial markets. Over the past several years, the company's portfolio has shifted more towards heating, ventilation, and air conditioning (HVAC) products with recurring revenue streams. This strategic shift not only ensures a more stable revenue stream but also positions CSWI to benefit from increasing global temperatures and the growing adoption of ductless mini-splits in specific regions of the US.

Merit Medical Systems, Inc. (MMSI) provides single-use medical products for interventional and diagnostic procedures used in the treatment of coronary arterial, peripheral vascular, and non-vascular diseases. MMSI has delivered above-market growth through product innovation and a proven acquisition strategy across a diversified product portfolio. Prospective earnings growth should be enhanced by improving profitability, as lean manufacturing and supply chain optimization initiatives drive margin expansion and cash flow.

Vericel Corporation (VCEL) is a leading provider of cell therapies specializing in cartilage repair and skin replacement, catering to the sports medicine and burn care sectors. In 2024, VCEL is set to introduce an arthroscopic version of its primary MACI product for cartilage repair. We anticipate that arthroscopic MACI will confer a competitive edge, fostering a resurgence in revenue growth. Additionally, robust incremental margins are poised to bolster profit margin expansion beyond initial projections, in our assessment.

Crane NXT Co. (CXT)was spun out from Crane Co. in April 2023. It has established itself as a leader in technology solutions for detecting and authenticating payment transactions, as well as technology for securing and authenticating banknotes for global central banks. CXT holds a significant share in markets known for historically stable growth and aims to drive robust margin expansion over time. As an independent entity, CXT demonstrates a sharper focus on innovation and the pursuit of growth opportunities. These opportunities include upcoming US banknote issuance, expansion into adjacent authentication markets, and the increasing use of cash outside the United States.

Nova, Inc. (NVMI) is a leader in optical metrology solutions specifically designed for the semiconductor manufacturing industry. NVMI is well-positioned to benefit from several favorable factors, including the improving environment for wafer fab equipment spending and the increasing complexity of chip architectures. NVMI recently experienced a surge in the adoption of its technology for "back-end" packaging applications, particularly in response to the growing demand for high-bandwidth memory associated with AI-related applications.

UFP Technologies, Inc. (UFPT) is an innovative designer and custom manufacturer of components, subassemblies, products, and packaging utilizing highly specialized foams, films, and plastics primarily for the medical market. UFPT stands to gain share in a growing medical market as it builds its position within elevated growth areas such as robotic surgery and sterilization. The company's earnings power has benefited structurally from a rising organic growth profile and a highly accretive M&A strategy.

Sold

Perion Network Ltd. (PERI) is a global digital advertising company specializing in ad search, social media, and display/video/CTV for both demand and supply-side customers. Recent results have shown a continued slowdown in growth in core areas such as video, while growth in newer areas like CTV and Retail Media has been artificially inflated through acquisitions and accounting changes. Fiscal year 2024 guidance fell below expectations, indicating further deceleration in growth and a contraction in gross margins, which management failed to adequately justify, in our view.

Extreme Networks, Inc. (EXTR) is a leading provider of cloud-based networking infrastructure equipment, software and services. EXTR reported a second consecutive disappointing quarter, with an outlook meaningfully below expectations. Excess inventory at their distributors and macroeconomic caution from customers is now expected to result in a more extended and uncertain timeframe for EXTR to resume its growth trajectory.

AMN Healthcare Services, Inc. (AMN) provides healthcare workforce solutions and staffing services. AMN's revenue declined this year as hospital staffing demand normalized from pandemic extremes. While hospital systems have made meaningful progress in reducing their contract labor, there is still work to be done as evidenced by AMN's quarterly commentary. The stock was removed from the Portfolio given a continued lack of visibility towards normalized hospital staffing demand levels.

PGT Innovations, Inc. (PGTI) manufactures premium impact-resistant windows and doors designed to withstand harsh weather conditions. In January 2024, after extensive negotiations, PGTI's Board of Directors concluded that an acquisition offer from Miter Brands, valued at $41.50 per share in all-cash, was superior to a competing offer from Masonite International. Following this announcement, we believe the company's equity value has reached its full potential.

AEHR Test Systems (AEHR) develops and manufactures solutions that perform reliability screening and stress testing (burn-in testing) of semiconductor wafers, dies, and devices. The recent slowdown in electric vehicle (EV) demand has impacted investment across the EV supply chain. AEHR's semiconductor customers, focused on EV power trains, have shifted their near-term growth plans causing a rapid decline in demand for AEHR's capital equipment. The stock was removed from the portfolio with limited visibility to a recovery.

CONMED Corp. (CNMD) provides surgical devices and equipment for minimally invasive procedures, primarily orthopedic and general surgeries. AirSeal, one of CNMD's key growth drivers, is facing new competition in the form of fully integrated insufflation in Intuitive Surgical's (ISRG) next generation robot. We believe there is a cost and workflow benefit to integrated insufflation that will dramatically reduce the attach rate of AirSeal to surgical robots. This brings downside to revenue growth and profit margin estimates, making the business a less attractive investment opportunity, in our view.

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 six purchases and six sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Health Care weighting and decreased the Communication Services weighting.

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.
Small Cap Growth Composite
7/1/2013 - 12/31/2022

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Russell 2000 Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell 2000 Growth 3-Yr annualized ex-post St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	% of composite represented by non fee paying accounts	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	-25.6	-26.1	-26.4	24.1	26.2	322	0.47	537	<1%	10,083	6,799	16,882
2021	41.7	40.9	2.8	20.6	23.1	303	1.24	390	<1%	12,778	8,018	20,796
2020	35.8	35.3	34.6	23.8	25.1	206	1.64	84	<1%	10,746	5,523	16,269
2019	22.9	22.5	28.5	16.9	16.4	128	0.90	41	<1%	8,445	4,083	12,528
2018	2.1	1.7	-9.3	17.4	16.5	103	0.69	30	<1%	7,102	3,132	10,234
2017	22.4	22.0	22.2	14.8	14.6	69	0.62	25	<1%	7,272	3,274	10,546
2016	17.3	16.9	11.3	16.2	16.7	15	n/a	9	1%	5,693	2,445	8,139
2015	3.0	2.8	-1.4	n/a	n/a	≤5	n/a	1	n/a	5,941	1,153	7,094
2014	6.1	5.9	5.6	n/a	n/a	≤5	n/a	0.6	n/a	6,328	1,121	7,449
6/30/13 – 12/31/13	23.0	22.9	22.0	n/a	n/a	≤5	n/a	0.6	n/a	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 Small Cap Growth Composite has had a performance examination for the periods 1/1/18 – 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 Small Cap Growth Composite is July 1, 2013, 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 small cap growth style for a minimum of one full month. The small cap growth strategy invests in the equity of high-quality companies with market capitalizations between $300 million and $4 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 $50 thousand (US dollars). The primary composite benchmark is the Russell 2000 Growth Index. The benchmark returns are not covered by the report of the 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 prior to 2016 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. The management fee schedule and expense ratio for the Small Cap Growth Fund Institutional Shares is 0.85% and 1.00%, respectively. The management fee schedule and expense ratio for the Small Cap Growth Fund Retail Shares is 0.85% and 1.25%, respectively.

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_SCG_COMM_02