

Small Cap Growth Portfolio

Commentary | 1Q25 | Managed Accounts

Highlights

- The Congress Small Cap Growth Portfolio (“the Portfolio”) returned -8.7% (net of fees) vs -11.1% for the Russell 2000 Growth Index (“the Index”) in 1Q25. In a reversal from 4Q24, the lowest quality stocks in the Index significantly trailed and our focus on fundamentals aided relative performance.
- 1Q25 was a quarter of two halves for the Russell 2000 Growth. Risk-on sentiment, driven by optimism on the incoming administration’s perceived pro-growth agenda offset concerns around the DeepSeek announcement, which bruised confidence in AI and quantum computing stocks. However, market sentiment soured in the second half of the quarter due to growing economic uncertainty.
- The Portfolio’s relative outperformance was driven by broad-based security selection, notably in Technology and Consumer Discretionary, the worst performing sectors in the Index. Our holdings outperformed the Index sectors by approximately 1600bps and 1550bps, respectively. This was partially offset by our Industrials exposure, notably stocks related to data-center buildout that were hurt by concerns of a pullback in demand on the release of DeepSeek.
- The Portfolio has outperformed the Index over the trailing 1yr, 3yr, 5yr, 10yr and since inception periods. It has shown an ability to participate in up markets and mitigate risk in down markets, relative to the Index. Since inception, the Portfolio has a 108% up capture and 72% down capture (gross of fees*) and has compounded capital 4.4x vs 2.5x for the Index, net of fees.

Portfolio Review

- 1Q25 was a quarter of distinct halves. The Index had positive returns through mid-February, as continued optimism in the incoming administration drove a risk-on sentiment. However, growing unease over the impact of broad-based tariffs led to a sharp selloff in the back half of the quarter.
- The Portfolio outperformed in 1Q25, driven by strong performance in January and, notably, in February, when we led the Index by almost 200bps (net). Our high-quality focus – particularly in Technology-supported relative returns as many of the more speculative AI-related names that performed well in 2024 sold off. Additionally, several of our software positions contributed to outperformance
- The Portfolio benefited from its Technology exposure, particularly Interdigital and Commvault. Interdigital provides wireless and video technologies for mobile devices and networks and outperformed on positive quarterly results and increased forward guidance. Commvault, a cybersecurity company, contributed on continued healthy growth. Consumer Discretionary was also additive, notably Stride, an online K-12 education company, and Ollie’s Bargain Outlet Holdings, which is benefiting from consumers focusing on more value-oriented spending and a supply chain that is relatively insulated from tariffs.
- Industrials was the largest detractor, particularly Sterling which has exposure to data-center buildout. Consumer Staples also detracted, notably e.l.f Beauty which trailed on weaker quarterly earnings and tariff concerns.
- We continue to identify opportunities to add companies with established, durable growth profiles. In Materials, we added Sensient Technologies, a

Portfolio Review continued

manufacturer of food-grade coloring and flavors that should benefit from growing use of natural over synthetic colors. In Industrials, we purchased Interface, a global flooring company that has seen accelerating revenue growth on a recovery in commercial office remodeling. We also purchased Inspire, a Health Care company with an innovative solution for sleep apnea.

Outlook

- We continue to believe small caps offer an attractive value proposition.
- The Index trades at a significant discount to its larger cap peers – the forward P/E of the Russell 2000 Growth relative to the Russell 1000 Growth is close to a 30% discount to long term averages, over 1.5 standard deviations cheap.
- We remain focused on high quality stocks. We believe this is particularly important as 23% of the Index has negative trailing earnings.
- Uncertainty around the ultimate impact of tariffs is likely to continue weighing on markets in the near-term. While our holdings are not immune, we believe our focus on persistent growth, high margins, pricing power, and strong balance sheets, will allow the Portfolio to navigate this turbulence and mitigate downside risk.
- Within the Consumer sectors, we have exposure to more value-oriented spending (Ollie’s, Skyline Champion), which should be more insulated as consumers pull back on spending.
- In Health Care, we are focused on medical device companies that tend to have more inelastic demand profiles (Integer, LeMaitre Vascular).

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

	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (7/1/2013)
Small Cap Growth Composite (Gross)	-8.6	-8.6	4.2	4.2	19.9	12.6	14.0
Small Cap Growth Composite (Net)	-8.7	-8.7	3.4	3.5	19.1	12.1	13.5
Russell 2000 Growth [®]	-11.1	-11.1	-4.9	0.8	10.8	6.1	8.1

Past performance does not guarantee future results

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

Data is as of 3/31/2025. Sources throughout this presentation: Congress Asset Management, Bloomberg, Russell Investments, and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. 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*
12/31/2024 - 3/31/2025



	Info Tech	Cons Disc	Materials	Comm Services	Utilities	Real Estate	Health Care	Energy	Financials	Cons Staples	Industrials
Allocation Effect	-0.36	-0.25	0.05	-0.01	-0.05	-0.18	-0.20	0.02	-0.06	0.11	0.01
Selection Effect	3.82	2.21	0.24	0.12	0.00	0.00	-0.15	-0.37	-0.30	-0.90	-1.37
Total Effect	3.47	1.95	0.29	0.11	-0.05	-0.18	-0.35	-0.35	-0.36	-0.80	-1.36

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

Top 5 Contributors/Detractors

Stock	Avg. Weight%
Stride, Inc.	3.12
Merit Medical Systems, Inc.	2.71
Sprouts Farmers Market, Inc.	2.82
Prestige Consumer Healthcare, Inc.	2.46
Ollie's Bargain Outlet Holdings, Inc.	2.86

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
e.l.f. Beauty, Inc.	1.94
Sterling Infrastructure, Inc.	2.50
Boot Barn Holdings, Inc.	2.53
Primoris Services Corp.	2.40
Aerovironment, Inc.	2.44

Stride, Inc. (LRN) is the leading provider of online educational programs in the K-12 virtual school market, offering curriculum, systems, instruction, and support services to help clients operate full-time virtual schools. Stride's enrollment growth continued at an elevated pace powering double digit growth in revenue and earnings. Improved marketing efforts have successfully captured demand growth from the increased awareness and acceptance of virtual schools.

Merit Medical Systems, Inc. (MMSI) provides single-use medical products for interventional and diagnostic procedures in the treatment of coronary arterial, peripheral vascular, and non-vascular diseases. Quarterly results surpassed expectations. Additionally, the company detailed its new product launch, WRAPSODY, a potential accelerant to growth and profitability as it rolls out later this year.

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

e.l.f. Beauty, Inc. (ELF) is a leading beauty products company known for offering high-quality cosmetics at value prices. The company continues to drive sales through product innovation, effective marketing, and expanded distribution. While ELF's sales growth continues to outpace the broader beauty category, the rate of growth has slowed, and investors are now contemplating the impact of new tariffs. However, ELF remains well-positioned competitively with runway for continued market share gains.

Sterling Infrastructure, Inc. (STRL) is an industry leader in U.S. construction solutions, specializing in large-scale site development for industrial, public infrastructure, and residential markets. Healthy earnings growth in Q4 was driven by significant profit margin expansion. Nevertheless, the stock's valuation was impacted by growing investor concerns around a potential slowdown of U.S. data center construction in the coming years.

Boot Barn Holdings, Inc. (BOOT) is the leading lifestyle retailer of western and work-related footwear, apparel, and accessories in the U.S. The company's quarterly results exceeded expectations, driven by sales and margin growth across all categories. Despite the positive results, the stock underperformed as quarterly guidance disappointed along with the February announcement of tariffs on Mexico, the source of approximately 25% of BOOT's goods.

Information is as of 3/31/2025. Sources: Congress Asset Management and Bloomberg. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sector weightings and securities identified as top contributors and detractors throughout this presentation are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. The securities identified do not represent all the securities purchased, sold or recommended to clients. For information regarding the methodology used to select these holdings or to obtain a list showing the contribution of every holding in the strategy's composite 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

Inspire Medical Systems, Inc.	Health Care
Sensient Technologies Corporation	Materials
Interface, Inc.	Industrials

Sales

Sector

FTI Consulting, Inc.	Industrials
Sprouts Farmers Market, Inc.	Consumer Staples
Valvoline, Inc.	Consumer Discretionary

Inspire Medical Systems, Inc. (INSP) manufactures a nerve stimulation system for treating obstructive sleep apnea. The adoption of INSP's market leading technologies has supported high double digit revenue growth with expanding profit margins and cash flow. The upcoming launch of its next generation system is expected to drive broader adoption among surgeons while increasing utilization at existing hospitals. In addition, significant operating leverage in the cost structure is poised to fuel earnings growth.

Sensient Technologies Corporation (SXT) manufactures flavor, aroma, and color additives used in a variety of products. These additives are typically tailored to customer specifications, fostering a loyal customer base, stable revenue, profitability and cash flow. A growing opportunity for SXT lies in the increasing use of natural colors in food and beverages, an ongoing trend supported by regulatory requirements and consumer demand. Natural colors require up to ten times the color volume compared to synthetic colors, enhancing the outlook for revenue and earnings growth.

Interface, Inc. (TILE) is a global flooring company specializing in carpet tiles, luxury vinyl tiles, and rubber flooring for various commercial building verticals. TILE is a leader at the premium end of the market with a focus on design, sustainability, and innovation. This focus provides relative pricing power and a gross margin premium over peers, allowing TILE to reinvest and strengthen its product offerings. Growth has recovered in the context of back-to-office mandates in the corporate office market after a period of reduced activity,

FTI Consulting, Inc. (FCN) is a professional services company that provides advisory services in corporate finance, restructuring, forensics and litigation, and economics. FCN's quarterly results displayed headwinds including ongoing weakness in its restructuring business and some attrition amongst senior level consultants. The position was sold given the deteriorating outlook.

Sprouts Farmers Market, Inc. (SFM) operates specialty grocery stores offering a unique selection of fresh, natural, and organic products. SFM was sold as the stock exceeded the Portfolio's market cap guidelines.

Valvoline, Inc. (VVV) provides vehicle maintenance services through its extensive network of service centers. Several challenges could hinder the company's ability to achieve long-term targets. Specifically, increased competition and heightened promotional activity could limit pricing power, while rising labor and product costs may pressure margins. Given these concerns, the position was sold.

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

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)
2023	21.9	21.1	18.7	19.8	21.8	410	0.83	1073	<1%	12,146	8,514	20,660
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	0	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	1	n/a	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 Small Cap Growth Composite has had a performance examination for the periods 1/1/18 – 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 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.