Small Cap Value Portfolio

Commentary | 1Q25 | Managed Accounts

Highlights

- The Congress Small Cap Value Portfolio ("the Portfolio") returned -6.6% (net of fees) vs -7.7% for the Russell 2000 Value Index ("the Index") in 1Q25. Value indices outperformed Growth indices, particularly later in the quarter as growing unease over the impact of tariffs weighed on market sentiment. The Portfolio mitigated downside risk, providing a downside a capture ratio of 82% (gross of fees*) during the quarter.
- We take an all-weather approach and aim to be market and sector neutral to the Index. Our approach has resulted in consistent outperformance – since inception, the Portfolio outperformed the Index in 75% of 1yr rolling periods by an average of 471bps (gross). Net of fees, the Portfolio outperformed in 67% of periods by an average 414bps.
- Relative outperformance was driven by broad-based security selection, with 7 sectors contributing in 1Q25. Energy and Financials were notable contributors, as our holdings led the Index sectors by approximately 700bps and 200bps, respectively.
- The Portfolio has outperformed the Index over the trailing 1yr, 3yr, 5yr, 10yr, and since inception periods, net of fees. Since inception, the Portfolio has a 102% up capture and 91% down capture (gross of fees*) and has compounded capital 4x vs 3x for the Index, net of fees.

Portfolio Review

- We combine traditional value investing in less innovative sectors (Energy and Financials) while emphasizing relative value and competitive positioning in more innovative sectors (Technology and Health Care).
- 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 benefited from holdings across several sectors in 1Q25, notably Energy, as our holdings outperformed the Index by over 700bps. Range Resources was aided by its exposure to natural gas, which held up better than oil during the quarter. DHT Holdings, a natural gas storage company, also contributed. In Financials, Selective Insurance aided returns as it benefits from rate increases that exceed claims. The Portfolio also benefited from avoiding insurance companies with exposure to the California and Hawaii markets.
- Technology was the largest detractor, driven by Napco Security Technologies, which trailed on weaker earnings due to lower new equipment sales. Management believes the slowdown is temporary and we maintain conviction in the stock. In Health Care, Acadia Healthcare detracted on weaker than expected quarterly earnings and negative publicity continues to weigh on the stock. However, we maintain a favorable view on the stock and its ability to deliver financial performance and provide high-quality healthcare to patients.
- We continue to identify opportunities to add high-quality companies and added several positions during the quarter across sectors. Of the sales during the quarter, five holdings were either acquired or grew out of our market cap range.

Outlook

- We believe the outlook for value-oriented sectors, particularly Financials and Energy, remains compelling. Banks look attractive on relative valuation, underappreciated quality, and leverage to further rate cuts. While recent economic uncertainty has weighed on the Energy sector, we believe the fundamental drivers for continued strength in oil and gas prices remain.
  - Value remains relatively cheap to Growth as the price to book premium of the Russell 2000 Value is almost 1 standard deviation cheap to the Russell 2000 Growth and almost 1.5 standard deviations cheap to the Russell 1000 Growth.
- 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 high-quality stocks with persistent growth, high margins, pricing power, and strong balance sheets, will allow the Portfolio to navigate this turbulence and mitigate downside risk.
  - The Portfolio has less international exposure, with only 4% of revenues sourced outside the US vs 9% in the Index.
  - In Real Estate, we hold companies that could see a tailwind from tariffs (Potlatchdeltic, Terreno).
- We remain focused on companies with better balance sheets and cash flows that can navigate economic uncertainty.
  - In less innovative sectors, we look for companies that can navigate higher interest rates and have the fundamental strength to weather commodity price volatility.
  - In more innovative sectors, we look for companies that can fund new product research and maintain their competitive advantages in a volatile economic environment.

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

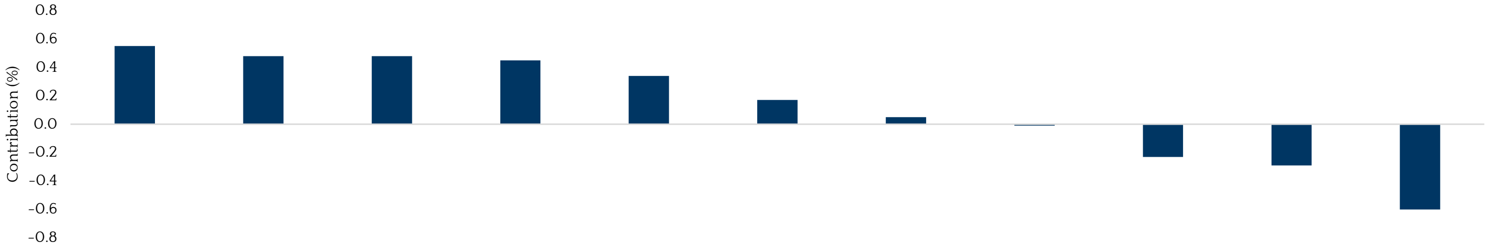
	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (11/1/2010)
Small Cap Value Composite (Gross)	-6.3	-6.3	3.1	4.4	20.6	8.0	11.2
Small Cap Value Composite (Net)	-6.6	-6.6	2.1	3.4	19.5	6.9	10.2
Russell 2000 Value®	-7.7	-7.7	-3.1	0.0	15.3	6.1	8.4

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. 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



	Energy	Real Estate	Utilities	Financials	Comm Services	Materials	Cons Staples	Cons Disc	Industrials	Health Care	Info Tech
Allocation Effect	-0.06	-0.03	0.26	-0.07	0.03	-0.01	0.06	-0.07	0.03	0.05	0.13
Selection Effect	0.60	0.51	0.22	0.52	0.31	0.18	-0.01	0.05	-0.26	-0.34	-0.73
Total Effect	0.55	0.48	0.48	0.45	0.34	0.17	0.05	-0.01	-0.23	-0.29	-0.60

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

Top 5 Contributors/Detractors

Stock	Avg. Weight%
Huron Consulting Group, Inc.	2.17
Nomad Foods Ltd.	1.24
PotlatchDeltic Corp.	1.50
Telephone and Data Systems, Inc.	1.62
Virtu Financial, Inc.	2.73

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Napco Security Technologies, Inc.	1.70
MYR Group, Inc.	2.37
ACV Auctions, Inc.	1.53
Modine Manufacturing Co.	1.11
Kulicke and Soffa Industries, Inc.	1.28

Huron Consulting Group (HURN) provides financial and operational consulting services across healthcare, education, and commercial verticals. The company's healthcare and commercial practices are seeing better than expected revenue growth while its employee utilization rates display durability. Further, management reaffirmed that its pipeline of new work remains at healthy levels despite some investor concern that regulatory changes could temporarily slow project activity.

Nomad Foods Ltd. (NOMD), the largest producer of frozen foods in Europe, offers products under well-known brands such as Birds Eye. The company reported better-than-expected quarterly results, driven by increasing sales and improved supply chain efficiency. Management raised their earnings guidance for the year ahead, reflecting confidence in continued growth and a strong operational outlook.

PotlatchDeltic Corp. (PCH) is a leading timberland REIT, managing 2.1 million acres of timberland across nine U.S. states. In Q1, PCH's stock benefited from declining long-term treasury yields and weaker equity markets, which increased the appeal of REITs as an asset class. Additionally, expectations of impending tariffs on Canadian lumber provided a further boost for domestic lumber sales.

Napco Security Technologies, Inc. (NSSC) is a leader in commercial and residential alarm, radio, and locking systems. Recent quarterly results came in weaker than expected, primarily due to one of the company's major distribution partners unexpectedly pausing all orders through the end of the year. Additionally, NSSC continues to face softness in its high margin locking business, which has impacted overall performance. These challenges raise concerns about short-term growth but may provide opportunities for investors as the company works through these headwinds.

MYR Group, Inc. (MYRG) is a leading specialty contractor in the electric utility infrastructure, commercial, and industrial construction markets. Management confirmed that two previously challenged projects are nearly complete, positioning the company for earnings growth, supported by a strong backlog of future work. However, concerns over a potential slowdown in U.S. data center construction caused a significant decline in the stock price, adding uncertainty to near-term growth prospects.

ACV Auctions, Inc. (ACVA) operates an online platform that allows used car dealers to view, bid, and purchase car inventory via auction. ACVA continues to benefit from industry growth and is gaining market share through increased customer engagement and geographic expansion. While these favorable market trends are expected to continue, management's investments to support revenue growth are likely to limit near-term earnings growth, as the company prioritizes long-term scalability and market penetration.

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	Sales	Sector
Nomad Foods Ltd.	Consumer Staples	Central Garden & Pet Company	Consumer Staples
CleanSpark, Inc.	Energy	Smartsheet, Inc.	Information Technology
Texas Capital Bancshares, Inc.	Financials	Western Alliance Bancorporation	Financials
Hawaiian Electric Industries, Inc.	Utilities	ALLETE, Inc.	Utilities
Couchbase, Inc.	Information Technology	Zynex, Inc.	Health Care
Selective Insurance Group, Inc.	Financials	Cathay General Bancorp	Financials
		Cross Country Healthcare, Inc.	Health Care
		Summit Materials, Inc.	Materials

Nomad Foods Ltd. (NOMD), Europe's largest frozen food producer, sells products under leading brands like Birds Eye. The company is expanding into growing markets and is well positioned to benefit from healthy eating trends.

CleanSpark, Inc. (CLSK) owns and operates data centers dedicated to bitcoin mining. It runs one of the most efficient operations among pure-play bitcoin miners and plans to enhance efficiency further as it expands to additional sites. After issuing additional debt, the company now holds a significant cash position to support near-term operations.

Texas Capital Bancshares (TCBI) is the holding company for Texas Capital Bank, a regional bank headquartered in Dallas, TX, that offers a variety of loans and deposit products to commercial and retail customers in Texas and New York. TCBI is benefiting from positive demographic trends in its primary Texas market, which should drive greater balance sheet growth for the bank. The stock is also undervalued relative to regional bank peers based on profitability and credit quality.

Hawaiian Electric Industries, Inc. (HE) operates both regulated electric utilities and non-regulated renewable infrastructure businesses in Hawaii. The company is working to settle all liabilities from the August 2023 wildfires in Maui. We believe it could approach normal ratemaking levels in the coming years.

Couchbase, Inc. (BASE) is a modern, flexible database enabling companies to store, manage, and utilize critical data for websites and applications. Its key differentiator is a comprehensive multi-model approach. BASE is also experiencing growing adoption of its cloud-based Capella solution among new and existing customers.

Selective Insurance Group, Inc. (SIGI) is a holding company for ten property and casualty (P&C) insurance subsidiaries. Unlike most P&C insurers, SIGI provides coverage for both primary and excess lines. Like other insurers with significant casualty and general liability exposure, SIGI's financials and stock price have been pressured by social inflation trends in recent quarters. In response, the company has implemented premium increases exceeding loss costs, leading to a material improvement in general liability underwriting in 2024. Recent stock price weakness has created an opportunity to invest in a well-managed P&C insurer with strong underwriting profits but an undervalued stock.

Central Garden & Pet Company (CENTA) is a leading U.S. producer and distributor of pet and garden products. Weakening demand in both segments has led to reduced revenue and earnings estimates, with limited visibility into future demand.

Smartsheet, Inc. (SMAR) provides collaboration applications for enterprise workforces. The company was acquired by Blackstone and Vista Equity for an $8.4B enterprise value, reflecting a 19% premium.

Western Alliance Bancorporation (WAL) is a regional bank based in Phoenix, AZ with a strong customer and branch presence in Arizona, Nevada, and California. WAL was sold as the stock exceeded the Portfolio's market cap guidelines.

ALLETE, Inc. (ALE) is a leader in the U.S. clean-energy transition, focused on delivering renewable energy to retail and municipal customers. The company is set to be acquired by a partnership including Canada Pension Plan Investment Board and Global Infrastructure Partners for $67 per share.

Zynex, Inc. (ZYXI) provides electrotherapy products for various conditions, including pain management. A major payor ceased reimbursing Zynex for pain-related claims, likely due to the approval of non-opioid pain medications, pushing Zynex's products further down the treatment hierarchy. This development negatively impacts revenue and earnings and resulted in the position being sold.

Cathay General Bancorp (CATY) is a regional bank with a strong branch presence in the greater Los Angeles area. While its credit exposure to wildfire-affected areas is minimal and manageable, we believe its growth prospects have weakened as local economic recovery may slow during the rebuilding process.

Cross Country Healthcare, Inc. (CCRN) is a leading U.S. provider of workforce solutions and healthcare staffing. Its services include total talent management, contingent staffing, permanent placement, and consulting for healthcare clients. In December 2024, CCRN agreed to be acquired by Aya Healthcare in an all-cash deal for $18.61 per share, with the transaction expected to close in Q2 2025.

Summit Materials. Inc. (SUM) is a construction materials company supplying cement, asphalt, ready-mix concrete, and aggregates in select U.S. markets. In November 2024, SUM agreed to be acquired by Quikrete Holdings in an all-cash deal at $52.50 per share. The acquisition closed, and SUM shares were delisted on February 11, 2025.

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

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Russell 2000 Value Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell 2000 Value 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	17.2	16.0	14.7	20.2	21.8	9	0.15	400	12,146	8,514	20,660
2022	–12.3	–13.1	–14.5	27.2	27.3	7	0.12	324	10,083	6,799	16,882
2021	33.4	32.2	28.3	25.7	25.0	6	n/a	367	12,778	8,018	20,796
2020	8.8	7.8	4.6	27.1	26.1	≤5	n/a	197	10,746	5,523	16,269
2019	26.2	25.1	22.4	16.5	15.7	≤5	n/a	185	8,445	4,083	12,528
2018	–15.5	–16.3	–12.9	15.7	15.8	≤5	n/a	235	7,102	3,132	10,234
2017	16.9	15.8	7.8	13.9	14.0	≤5	n/a	244	7,272	3,274	10,546
2016	18.4	17.2	31.7	15.4	15.7	≤5	n/a	283	n/a	n/a	n/a
2015	–7.6	–8.4	–7.5	13.6	13.7	≤5	n/a	266	n/a	n/a	n/a
2014	6.2	5.2	4.2	12.5	13.0	≤5	n/a	0.4	n/a	n/a	n/a

#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 Small Cap Value Composite was created on March 31, 2014 and the inception date is November 1, 2010. Performance prior to September 15, 2017 was generated by Century Capital Management, LLC. Performance prior to March 1, 2014 was generated before the Portfolio Manager became affiliated with Century Capital Management, LLC. The Portfolio Manager was the only individual responsible for selecting securities to buy and sell and the investment decision-making process remained intact. Accordingly, composite performance is linked to performance generated prior to March 1, 2014. Because CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017, Total Firm Assets are shown as n/a for periods prior to the acquisition date. All portability requirements with respect to GIPS have been met. The composite includes all fully discretionary portfolios with a value over $100 thousand (US dollars) managed in the small cap value style for a minimum of one full month. The small cap value strategy generally invests in the equity of companies with market capitalizations between $50 million and $5 billion or that are within the range of the Russell 2000 Value Index (at the time of purchase) that trade at a discount to intrinsic value or whose earnings growth is under appreciated by the street. Prior to October 1, 2017, there was no minimum value for inclusion. The composite contained proprietary non-fee-paying assets which represented 100% of total composite assets as of December 31, 2014 and 0.14% of composite assets as of December 31, 2015 and 0.17% as of December 31, 2016. The benchmark is the Russell 2000 Value 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 January 1st, 2021, net of fees returns are calculated by reducing monthly gross returns by 1/12th of the maximum applicable annual management fee, which is 0.95%. Effective January 1st, 2021, net of fee returns are calculated on a daily basis by reducing the daily gross return by a daily equivalent of the highest stated management fee. For periods ended on or before March 31, 2011, the maximum applicable management fee was 1% on the first $50 million. For periods beginning after March 31, 2011, the maximum applicable management fee is 0.95% on the first $50 million of assets. 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 typically 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.

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