

# Small Cap Growth Portfolio

Commentary | 1Q26 | Managed Accounts

## Highlights

- The Congress Small Cap Growth Portfolio (“the Portfolio”) returned -1.0% (net) vs -2.8% for the Russell 2000 Growth Index (“the Index”) in 1Q26.
- Markets were volatile during the quarter, driven by concerns of AI disruption across industries and the sharp sell-off in March caused by the conflict in Iran.
- Higher quality stocks in the Index (as measured by ROE) generally outperformed, a reversal from the challenging environment last year that saw lowest-quality outperform the highest by over 600bps.
- Outperformance in the quarter was broad-based, driven by the Portfolio’s holdings in Industrials and Technology.
- Since inception, the Portfolio has a 105% up capture and 71% down capture (gross of fees\*) and has compounded capital 5.2x (net of fees) vs 3.1x for the Index.
- The Portfolio has outperformed (net of fees) the Index in 73% of rolling 1yr periods by an average of 769bps, 99% of rolling 3yr periods by an average of 601bps, and 100% of rolling 5yr periods by an average of 655bps.

## Portfolio Review

- The Index began the quarter with strong returns, aided by a general broadening out of markets and continued capex spending from megacap tech companies, though growing fears of AI disruption and weakening capital markets weighed on the Index as the quarter progressed. Volatility spiked to its highest levels in a year in March due to the conflict in Iran, and the Index fell on the broadening impact of the conflict and heightened uncertainty around its resolution.
  - The Portfolio outperformed in January and February on broad-based strength, notably in Industrials, Technology, and Consumer Discretionary.
  - In March, the Portfolio trailed on weakness in Health Care and Consumer Discretionary, largely from holdings we continue to believe have a favorable outlook.
- Industrials was the largest contributor to quarterly returns. Several of the Portfolio’s holdings with exposure to data center and infrastructure buildout continued to drive performance, notably Modine Manufacturing and Sterling Infrastructure. The Portfolio also benefited from Moog, an aerospace and defense company that we believe is entering a period of sustained, multiyear growth. In Technology, Nova, which provides measurement systems for semiconductor manufacturing, aided returns as it has benefited from a strong semiconductor cycle and increasing complexity in chips.
- Energy was the largest detractor, notably a lack of exposure to the sector. Materials also detracted, notably Sensient Technologies, which expects to see heightened growth investments this year. While Health Care overall contributed to relative returns, the Portfolio saw weakness in Repligen and Azenta, both of which could benefit from an improved biotech and life sciences funding environment. In Technology, Commvault, a data management and cybersecurity firm, detracted on weaker quarterly results.
- During the quarter we added to the Portfolio’s Technology exposure with JFrog, which provides infrastructure for software development and should be

well positioned to benefit from AI adoption, in our view. In Communication Services we added IMAX, a cinema technology company, and in Health Care we purchased LivaNova, a diversified healthcare equipment firm.

## Outlook

- In our view, small caps remain a compelling opportunity as they continue to offer attractive relative valuations to large caps.
  - Despite outperforming in the quarter, the forward P/E of the Russell 2000 Growth Index trades at a 20% discount to the Russell 1000 Growth, over a standard deviation cheap.
- While the conflict in Iran has increased uncertainty and introduced new risks, we think the US remains fundamentally strong and most key market themes are intact. We believe the asset class is poised to benefit from several secular growth drivers. Megacap hyperscalers are expected to spend over \$700bn this year on AI infrastructure, and U.S. defense spending could grow by as much as 50%.
- We believe the Portfolio is well-positioned to benefit from these trends and has exposure to areas of the economy with durable, long-term growth drivers.
  - The Portfolio maintains exposure to AI and AI-related capex across sectors, including Industrials (Sterling, Primoris, Modine) and Technology (Rambus, Nova).
  - Moog is positioned to potentially benefit from increased defense spending.
  - In Health Care we have “picks and shovels” exposure to the recovering biotech industry (Repligen, Azenta).
  - In Consumer Discretionary, we maintain value-oriented consumer exposure (Brinker).

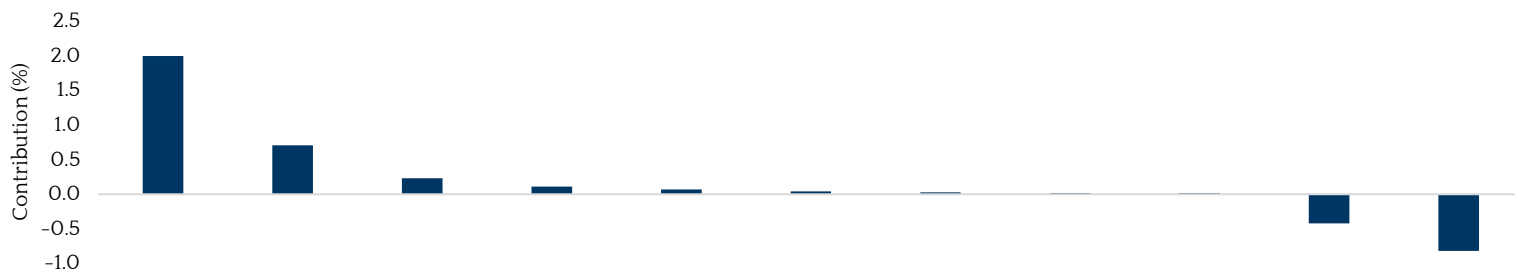
## Average Annualized Performance (%) as of 3/31/2026

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (7/1/2013)
Small Cap Growth Composite (Gross)	-0.9	-0.9	18.7	12.5	8.5	15.6	14.3
Small Cap Growth Composite (Net)	-1.0	-1.0	17.9	11.7	7.8	15.0	13.8
Russell 2000 Growth <sup>®</sup>	-2.8	-2.8	23.6	12.3	1.6	9.8	9.2

**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 3/31/2026. 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 and sector weightings 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. Performance is preliminary and subject to change at any time. Specific investments described herein do not represent all investment decisions made by Congress Asset Management. The reader should not assume that investment decisions identified and discussed were or will be profitable. <sup>1</sup>Morgan Stanley Global Macro Forum Data Center Financing – Bridging the Gap July 21, 2025

### % Total Effect Composite vs. Index\* 12/31/2025 - 3/31/2026



	Industrials	Info Tech	Financials	Health Care	Cons Disc	Real Estate	Utilities	Comm Svcs	Cons Staples	Materials	Energy
<b>Allocation Effect</b>	0.52	-0.23	0.08	0.37	-0.10	0.04	0.03	0.09	0.02	0.26	-0.82
<b>Selection Effect</b>	1.48	0.94	0.15	-0.26	0.17	0.00	0.00	-0.07	0.00	-0.67	0.00
<b>Total Effect</b>	2.00	0.71	0.23	0.11	0.07	0.04	0.03	0.02	0.02	-0.42	-0.82

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

#### Top 5 Contributors/Detractors

Stock	Avg. Weight%
Modine Manufacturing Co.	3.30
Nova Ltd.	3.63
Sterling Infrastructure, Inc.	3.53
LeMaitre Vascular, Inc.	2.27
Universal Technical Institute, Inc.	1.76

#### Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Commvault Systems, Inc.	1.64
Repligen Corp.	2.40
Azenta, Inc.	1.38
Aerovironment, Inc.	2.70
Merit Medical Systems, Inc.	2.26

**Modine Manufacturing Co. (MOD)** develops and produces highly engineered thermal management solutions for commercial, industrial, and vehicular applications. Investors reacted positively to MOD's planned spin-off of its engine-related business, simplifying the company's structure and sharpening focus on its higher-growth thermal management business. MOD also increased near-term targets for data center equipment revenue, now expecting a 50-70% growth rate during the next two years.

**Nova Ltd. (NVMI)** is a leading provider of optical metrology solutions for the semiconductor manufacturing industry. Nova benefits from the intensive use of metrology as semiconductor architectures increase in complexity, which has driven consistent market share gains. Advanced packaging grew more than 60% in 2025, while new technologies such as gate-all-around transistor architectures could further supplement growth amidst an accelerating wafer fab equipment cycle.

**Sterling Infrastructure, Inc. (STRL)** is a specialty contractor that prepares large-scale sites for major construction projects, including data centers, manufacturing facilities, and distribution hubs. Elevated growth in its E-Infrastructure segment remains supported by the transition toward large-scale data center "campuses" and semiconductor megaprojects, further bolstered by award activity in Transportation Solutions and successful acquisition integration.

**Commvault Systems, Inc. (CVLT)** offers a scalable platform that helps customers protect data and enhance cyber resilience across complex hybrid multi-cloud environments. CVLT's value proposition is evolving from traditional data management toward unifying data across environments with an increased focus on cyber resilience. The stock underperformed as quarterly results revealed weaker-than-expected subscription growth in the context of heightened industry competition.

**Repligen Corp. (RGEN)** is a life sciences company focused on bioprocessing technology. Despite strong quarterly results, the stock underperformed due to broader weakness in life science tools stocks. Some industry participants reported growth that disappointed elevated investor expectations for an industry recovery, meanwhile the threat of AI disruption was pervasive across industries during the quarter.

**Azenta, Inc. (AZTA)** provides life sciences services including genomics, cryogenic storage, automation, and informatics. Quarterly results fell short of expectations due to higher costs related to some quality control issues and underutilized lab capacity. Despite these near term challenges, we believe the growth outlook from a recovery in life science tools and biologic drug development remains attractive, particularly as management initiatives to improve growth and profitability mature.

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## Portfolio Activity

Purchases	Sector	Sales	Sector
JFrog Ltd.	Information Technology	Box, Inc.	Information Technology
IMAX Corporation	Communication Services	Knife River Corporation	Materials
LivaNova PLC	Health Care	Interface, Inc.	Industrials

**JFrog Ltd. (FROG)** provides a platform that enables developers to manage, secure, and deploy software. The company has benefited from increasing software complexity, AI-driven acceleration in application development, and the growing need for automation and security across developer workflows. FROG continues to expand its platform capabilities and deepen adoption among large enterprise customers. In our view, rising demand for secure and automated software delivery supports FROG's outlook for growth and improving profitability.

**IMAX Corporation (IMAX)** provides immersive cinema technology and premium large format movie experiences to theaters worldwide. By leveraging a capital-light model and a proprietary technology platform, the company has captured an outsized share of the global box office. Its unique technology and brand, built on filmmaker trust and a global footprint, has enabled IMAX to scale efficiently alongside evolving content trends and resulted in consistent growth and sustained margin expansion over time.

**LivaNova PLC (LIVN)** is a diversified healthcare equipment company and market leader in niche markets of neuromodulation and cardiopulmonary products. LIVN has delivered persistent organic growth through increased adoption of neuromodulation for drug-resistant epilepsy and product upgrades in heart and lung machines. The company's robust profitability, cash generation, and balance sheet could support further investment towards organic growth in both existing applications and pipeline opportunities.

**Box, Inc. (BOX)** is a cloud based enterprise content management and collaboration platform. The stock was sold due to disappointing forward guidance and lingering concerns over its seat-based pricing model which is exposed to AI related headcount reductions.

**Knife River Corporation (KNF)** is a construction materials and contracting business providing aggregates, asphalt, and ready-mix concrete. Operational performance has been consistently pressured by unfavorable weather conditions and state funding delays, particularly in the Pacific Northwest. The stock was sold considering reduced visibility into end-market demand and underlying profitability.

**Interface, Inc. (TILE)** manufactures modular carpet tile and resilient flooring for commercial interiors. While the company benefits from relative pricing power, oil and petrochemicals are major input costs in TILE's manufacturing process. The stock was sold after the start of the Iran conflict as the resulting oil shock could represent an enduring threat to TILE's product cost.

*Specific investments mentioned should not be considered recommendations. The reader should not assume that investment decisions identified and discussed were or will be profitable.*

The **Russell 2000 Growth Index** measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. Indices are unmanaged, do not reflect fees and expenses and are not available for direct investment. **Upside Capture Ratio** measures the manager's overall performance to the benchmark's overall performance, considering only months that are positive in the benchmark. An Upside Capture Ratio of more than 100% indicates a manager who outperforms the relative benchmark in the benchmark's positive months. **Downside Capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only months that are negative in the benchmark. A Downside Capture Ratio of less than 100% indicates a manager who outperforms the relative benchmark in the benchmark's negative months and protects more of a portfolio's value during down markets. The **Russell 1000 Growth Index** measures the performance of the Large cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-value ratios and higher forecasted growth values. Indices are unmanaged, do not reflect fees and expenses and are not available for direct investment. The **Forward P/E Ratio**, or forward price-to-earnings ratio, is a valuation metric that divides a company's current stock price by its estimated earnings per share (EPS) for the next 12 months. It provides an indication of how much investors are willing to pay for each dollar of a company's projected future earnings. **EPS Growth**, or Earnings Per Share growth, refers to the rate at which a company's profitability, on a per-share basis, is increasing or decreasing over time. It's a key metric for investors to assess a company's financial performance and potential. Essentially, it measures how much net income a company generates for each outstanding share of its stock. **Standard Deviation** is a measure of the dispersion of a set of data from its mean. It is used by investors as a gauge for the amount of expected volatility. **Capex** (Capital Expenditures) refers to the funds used by a company to acquire, upgrade, or maintain physical assets such as property, buildings, technology, or equipment. These expenditures are typically made to expand business operations, improve operational efficiency, and extend the useful life of existing assets. **Return on Equity** is equal to a company's net income for a full fiscal year, divided by total shareholder equity.

## Congress Asset Management Co. Small Cap Growth Composite 1/1/2015 - 12/31/2024

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 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)
2024	20.4	19.6	15.2	22.2	24.0	550	1.05	1,498	<1%	14,207	9,471	23,678
2023	21.9	21.1	18.7	19.8	21.8	410	0.83	1,073	<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	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

#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 – 12/31/24. 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 – 12/31/24. 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.

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Growth Style Investment Risk: Growth stocks may lose value or fall out of favor with investors. Growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks.

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