Portfolio Commentary

Highlights

- The Congress Dividend Growth Portfolio ("the Portfolio") returned -0.04% (net of fees) vs 4.28% for the S&P 500 in 2Q24.
- Our holdings in Technology aided absolute returns on the strength of the AI tailwind during the quarter. This was partially offset by weakness in Materials.
- We made minor changes to the Portfolio during the quarter to upgrade our holdings, adding a position in Technology and selling another in Materials with more exposure to macro uncertainty.
- The Portfolio looks to provide a more stable return stream than the Index and focuses on companies with dividend growth commensurate with earnings. We invest in companies with established profitability, a history of earnings growth, positive free cash flow, and prudent use of debt and leverage.

Economic Review

- Artificial Intelligence (AI) dominated investor psyche and drove market performance during the quarter. Market sentiment was also supported by the expectation of a continued expansion, a rebound in corporate earnings, and Fed interest rate cuts.
- We believe the transition to lower interest rates will be slow and longer-term rates are likely to remain elevated, which will have significant investing implications.
- The US economy's underpinnings remain constructive, fortified by continued strength in the labor market, a healthy consumer, and strong corporate balance sheets.
- Despite anticipated volatility, domestic markets remain attractive. Stocks should benefit from continued spending and, for those seeking current income, short and intermediate bonds offer attractive yields.

Portfolio Review

- The Portfolio benefited from its Technology holdings, particularly Apple and NVIDIA which both reported strong results and are aided by substantial AI tailwinds. Consumer Staples also contributed, particularly Costco, which had strong earnings and higher store traffic.
- Materials detracted, particularly Martin Marietta, as its aggregates business is impacted by declining single family housing starts, as elevated borrowing rates act as headwinds to home builders and home buyers, dampening the outlook for revenue growth. Within Industrials, Illinois Tool Works detracted as organic growth came in below expectations as near-term demand remains challenging given slowing economic conditions.

Portfolio Review continued

- The Portfolio typically has limited turnover quarter-over-quarter, and this quarter we modestly increased our Technology exposure and reduced our overweight to Materials.
  - Within Technology, we added NVIDIA, which has seen unprecedented growth and margin expansion. Management also announced a 150% dividend increase.
  - Within Materials, we sold RPM International, which reported good results but faces a more challenged outlook given its consumer facing end markets.

Outlook

- The coming quarter may be the most volatile quarter of the year given high earnings expectations, potential Fed rate cuts, and the upcoming US election.
  - Given the potential volatility, we believe investors seeking a more stable return stream may benefit from high quality stocks with growing dividends.
- We believe the Portfolio is well positioned as it holds the largest stocks in Technology that drove Index performance, yet also maintains broad exposure across sectors and themes.
  - We have direct exposure to AI through the large chipmakers but are also well positioned to benefit from growth of data centers, reshoring of US manufacturing, electrification of the grid, and Industrial buildout.

Average Annualized Performance (%) as of 6/30/2024

	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (10/31/2010)
Dividend Growth Composite (Gross)	0.05	8.04	15.19	7.44	11.97	11.12	12.50
Dividend Growth Composite (Net)	-0.04	7.85	14.79	7.09	11.60	10.74	12.12
S&P 500	4.28	15.29	24.56	10.01	15.05	12.86	14.02

Past performance does not guarantee future results.

Data is as of 6/30/2024. Sources throughout this presentation: Congress Asset Management, FactSet, and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. Past performance does not guarantee future results. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. This information is supplemental to the GIPS Report. Performance returns of less than one year are not annualized. This managed account strategy involves risk, may not be profitable, may not achieve its objective, and may not be suitable or appropriate for all investors. Investors should consider the investment objectives, risks, and fees of this strategy carefully with their financial professional before investing. Actual client account holdings and sector allocations may vary. Past performance does not guarantee future results. Performance is preliminary and subject to change at any time.

Top 5 Contributors/Detractors

Stock	Avg. Weight%
Apple, Inc.	3.37
Costco Wholesale Corporation	3.31
NVIDIA Corporation	1.05
Analog Devices, Inc.	2.48
Oracle Corporation	2.27

Apple, Inc. (AAPL) is one of the world's largest technology and consumer electronics companies. All-important iPhone results were better than expected for the company's fiscal second quarter. AAPL also announced a partnership with OpenAI, the maker of ChatGPT, marking a significant catalyst towards launching its first AI-enabled iPhone.

Costco Wholesale Corporation (COST) operates membership warehouses that offer branded and private-label products in a range of merchandise categories. The company has benefited from consumers seeking lower prices for essential goods in a more challenging economic environment, resulting in increasing store traffic and growth in its membership base.

NVIDIA Corporation (NVDA) is a leading semiconductor company that focuses on chips for gaming, artificial intelligence (AI) and other advanced computing functions. NVDA continues to deliver strong results due to demand for its AI-related chips and sees this supply/demand imbalance lasting well into 2025.

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Martin Marietta Materials, Inc.	3.82
Accenture Plc	2.41
Nike, Inc.	1.62
Illinois Tool Works, Inc.	2.43
Caterpillar, Inc.	2.95

Martin Marietta Materials, Inc. (MLM) is a leading supplier of building materials, including aggregates, cement, ready-mixed concrete, and asphalt. MLM's aggregates business is being impacted by declining single family housing starts, causing the company to lower its 2024 aggregates sales guidance when it reported Q1 2024 results.

Accenture Plc (ACN) operates as an investment holding company providing management consulting, technology, and outsourcing services. ACN is the largest stand-alone IT services business in the world by sales. Accenture cut its guidance as its customers faced incremental budget constraints. The uncertainty in the macro environment makes it difficult for the company to accurately predict a return to more robust client spending.

Nike, Inc. (NKE) is the world's leading designer, marketer, and distributor of authentic athletic footwear, apparel, equipment, and accessories across various sports and fitness activities. NKE's recent pivot back toward the wholesale channel and accelerated innovation cycle, alongside growing competitive pressures, have clouded its longer-term outlook. In their most recent quarterly update, NKE provided a weaker-than-expected forecast, citing in part the effects of this strategic shift.

Portfolio Activity

Purchases	Sector
NVIDIA Corp.	Information Technology

NVIDIA Corp. (NVDA) is a leading semiconductor company that focuses on chips for gaming, artificial intelligence (AI) and other advanced computing functions. NVDA is seeing unprecedented growth and margin expansion that is tied to the strength of its technology advantage and the significant demand for AI infrastructure.

Sales	Sector
RPM International, Inc.	Materials

RPM International, Inc. (RPM) manufactures and sells coatings, sealants, and building materials for both industrial and consumer use. RPM's recent quarterly results were slightly better than expected, but management provided a more tepid outlook based on their consumer facing end markets. Having exposure to these end markets elsewhere in the Portfolio, and a relative overweight to the Materials sector, RPM was sold.

Information is as of 6/30/2024. 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 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.

Congress Asset Management Co. Dividend Growth Composite 1/1/2014 – 12/31/2023

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P 500 3-Yr annualized ex-post St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Advisory-Only Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2023	11.7	11.4	26.3	16.2	17.3	570	1.03	273	12,146	8,514	20,660
2022	-9.3	-9.5	-18.1	19.4	20.9	558	1.18	287	10,083	6,799	16,882
2021	26.2	25.7	28.7	16.2	17.2	493	0.56	300	12,778	8,018	20,796
2020	13.9	13.5	18.4	16.8	18.5	495	0.97	326	10,746	5,523	16,269
2019	33.7	33.2	31.5	11.1	11.9	394	0.86	205	8,445	4,083	12,528
2018	-0.9	-1.2	-4.4	10.3	10.8	359	0.36	161	7,102	3,132	10,234
2017	19.7	19.3	21.8	9.7	9.9	321	0.64	157	7,272	3,274	10,546
2016	13.6	13.2	12.0	10.1	10.6	254	0.46	119	5,693	2,445	8,139
2015	-2.8	-3.2	1.4	10.3	10.5	174	0.38	81	5,941	1,153	7,094
2014	11.6	11.2	13.7	8.6	9.0	111	0.29	65	6,328	1,121	7,449

#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. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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

Composite Characteristics: The creation and inception date of the Dividend Growth Composite is November 1, 2010, which reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over $100 thousand (US dollars) managed in the dividend growth style for a minimum of one full month. The dividend growth strategy invests in the equity of high-quality companies with market capitalizations greater than $1 billion exhibiting consistent dividend growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016, the composite minimum was $50 thousand (US dollars). The primary composite benchmark is the S&P 500 Index. The benchmark returns are not covered by the report of independent verifiers. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. A list of composite descriptions, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions are available upon request.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated using actual management fees. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for equity securities are included in calculations. Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite, and the benchmark returns over the preceding 36-month period. It is not presented for 2011 and 2012 because 36-month returns were not available.

Fee Schedule: The firms' individual account fee schedule is as follows: 1.00% for first $1 million, 0.80% for next $4 million, 0.60% for next $5 million. Management fees for individual accounts with assets under management exceeding $10 million, and for institutional accounts are negotiated. The individual account fee schedule may be subject to negotiation where circumstances warrant. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross account performance. For example, an account earning a 10% annual gross return with a 1% annual fee deducted quarterly would earn an 8.9% annual net return due to compounding

Other Disclosures: Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

2024_Q2_DIV_01