Small Cap Growth Portfolio

Commentary | 2Q25 | Managed Accounts

Highlights

- The Congress Small Cap Growth Portfolio ("the Portfolio") returned 13.0% (net of fees) vs 12.0% for the Russell 2000 Growth Index ("the Index"). The Portfolio's outperformance was aided by downside risk mitigation in April and strong earnings results in May.
- 2Q25 was another wild ride for the Index, which hit its lowest level in over a year at the start of the quarter on continued tariff concerns. However, following the pause of reciprocal tariffs on April 8th, the Index rebounded sharply, increasingly driven by the lowest quality stocks as the quarter progressed. The Portfolio benefited from its focus on fundamentals, particularly in April and May.
- The Portfolio's relative outperformance was driven by security selection, notably in Industrials and Consumer Staples. In Industrials we outperformed the Index sector by almost 1900bps, aided by our continued exposure to data centers, AI-related capex and the defense industry. In Consumer Staples, we outperformed the Index sector by over 9600bps on strong earnings results. This was partially offset by Communication Services and Consumer Discretionary (all returns gross of fees).
- 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 108% up capture and 72% down capture (gross of fees*) and has compounded capital 5.0x vs 2.8x for the Index, net of fees.

Portfolio Review

- Markets began the quarter in a dour mood as the selloff in the Index that began in mid-February accelerated following the expanded tariffs, falling almost 14% from April 2nd through April 8th. After the Trump administration paused the most extreme measures, sentiment reversed and investors refocused on growth opportunities, fueling a strong rebound.
  - The Portfolio's outperformance was aided by downside risk mitigation in April and strong earnings results in May.
  - We trailed the Index in June as lower quality stocks rallied, particularly several unprofitable AI-related (Artificial Intelligence) stocks.
- Industrials aided relative returns, notably Aerovironment and Sterling Infrastructure. Aerovironment rallied on strong earnings and may benefit from increased defense spending. Sterling reported strong quarterly results and an acquisition expected to expand its total addressable market. Consumer Staples also contributed, particularly e.l.f. Beauty, which had positive earnings results and raised prices while maintaining margins during the quarter, despite tariff pressures.
- Communication Services was the largest detractor, particularly Criteo, which has seen slowing growth due to weaker trends at two large customers. The stock was sold during the quarter. In Consumer Discretionary, Champion Homes, a leading producer of manufactured homes, underperformed on housing market concerns.
- We continue to seek companies that exhibit characteristics of durable growth. In Industrials, we purchased JBT Marel, an equipment manufacturer for the food and beverage industry, and Federal Signal Corp,

Portfolio Review continued

a manufacturer of specialized environmental and safety equipment. In Consumer Discretionary, we purchased Universal Technical Institute, a for profit education provider focused on trade professions.

Outlook

- While small caps continued to underperform to large caps, we believe they may offer a compelling opportunity.
  - 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 a 33% discount to long term averages, almost 2 standard deviations cheap.
  - EPS growth in the Russell 2000 Growth Index is expected to turn positive in 3Q and outpace the Russell 1000 Growth in 2026, according to Bloomberg estimates.
- We focus on stocks that have historically demonstrated persistent growth, high margins, pricing power, and healthy balance sheets. We believe this is vital as 23% of the Index has negative trailing earnings.
- The impact of tariffs and government spending cuts has thus far been less than anticipated, and the US economy remains resilient. While volatility is likely to remain given continued macro and policy uncertainty, we believe we have exposure to sturdy areas of the economy.
  - We maintain our exposure to AI-related capex and data center buildout in the Industrials (Sterling Infrastructure) and Technology sectors (Rambus, Nova).
  - In the Consumer sectors, our exposure to value-oriented spending (Ollie's, Skyline Champion, e.l.f. Beauty), should be more insulated as consumers are increasingly judicious in their spending.

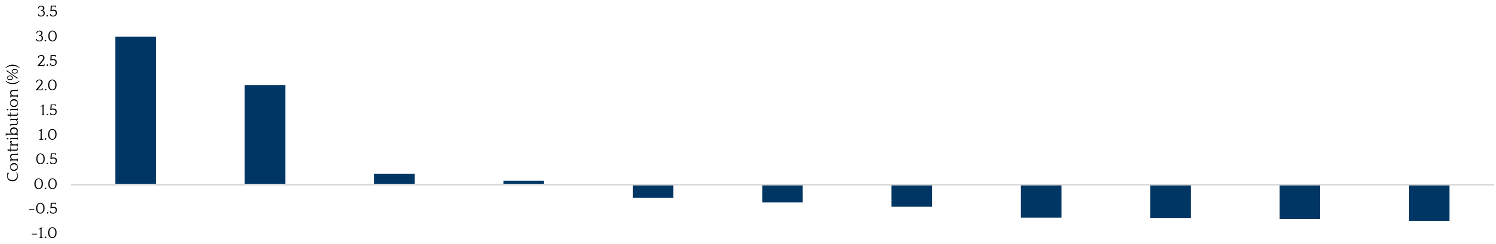
Average Annualized Performance (%) as of 6/30/2025

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (7/1/2013)
Small Cap Growth Composite (Gross)	13.2	3.5	14.0	15.1	17.0	14.2	14.8
Small Cap Growth Composite (Net)	13.0	3.1	13.2	14.3	16.3	13.7	14.3
Russell 2000 Growth®	12.0	-0.5	9.7	12.4	7.4	7.1	8.9

Past performance does not guarantee future results

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

% Total Effect Composite vs. Index*
3/31/2025 - 6/30/2025



	Industrials	Cons Staples	Real Estate	Utilities	Info Tech	Financials	Energy	Health Care	Materials	Cons Disc	Comm Svcs
Allocation Effect	-0.23	0.17	0.22	0.08	0.61	-0.05	-0.08	0.48	0.10	0.06	0.02
Selection Effect	3.23	1.86	0.00	0.00	-0.88	-0.31	-0.37	-1.15	-0.78	-0.75	-0.76
Total Effect	3.00	2.02	0.22	0.08	-0.27	-0.36	-0.45	-0.67	-0.68	-0.70	-0.74

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

Top 5 Contributors/Detractors

Stock	Avg. Weight%
AeroVironment, Inc.	2.54
Sterling Infrastructure, Inc.	3.10
e.l.f. Beauty, Inc.	2.29
Nova Ltd.	2.46
Calix, Inc.	2.47

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Champion Homes, Inc.	2.32
Criteo S.A.	1.31
ACI Worldwide, Inc.	2.61
Inspire Medical Systems, Inc.	2.20
Oceaneering Intl., Inc.	0.45

AeroVironment, Inc. (AVAV) designs, develops, and manufactures advanced multi-domain robotic systems. The stock rallied after a strong quarterly earnings report, driven by revenue that exceeded the high end of management's guidance and sustained strong margins. This resulted in a 274% year-over-year increase in adjusted EPS. Additional growth drivers include increased defense spending following NATO's renewed 5% spending commitment and rising investment by the U.S. Space Force.

Sterling Infrastructure, Inc. (STRL) is a leader in construction solutions, specializing in large-scale site development across industrial, public infrastructure, and residential markets. Shares rose following the June acquisition of CEC Facilities Group, a leading electrical contractor. The acquisition bolstered investor confidence in Sterling's disciplined M&A strategy and creates cross-selling opportunities with CEC's semiconductor clients.

e.l.f. Beauty, Inc. (ELF) is a global provider of cosmetics and skincare products. The stock rose following the announcement of its planned acquisition of Rhode, a skincare brand expected to contribute over $200 million in revenue and expand the company's retail presence. Better-than-expected Q4 FY24 results reflected improving U.S. demand and tariff concerns receded with the announcement of a price increase and favorable tariff related headlines.

Champion Homes, Inc. (SKY) is a producer of factory-built housing, offering manufactured and modular homes for both single- and multifamily markets. Softer consumer sentiment has dented demand in the near term causing a sales shift to lower priced homes and pressuring profitability during the quarter. Management has reiterated its long-term targets but acknowledged that achieving margin improvements may depend on a recovery in demand and improved operating conditions.

Criteo S.A. (CRTO) is a market leader in niche segments of advertising technology, leveraging data to connect e-commerce, digital marketing, and media monetization. Quarterly earnings revealed weaker advertising trends and news that two major Retail Media clients had scaled back their relationships. Full-year guidance was lowered to include the expectation for Retail Media growth in the low- to mid-single-digits, down from a mid-teens expectation. The position was sold during the quarter.

ACI Worldwide, Inc. (ACIW) provides mission-critical payment software solutions to banks, intermediaries, merchants, and billers. Better-than-expected results were driven by a pull-forward in deal signings, so management chose not to fully reflect the upside in its full year guidance. This conservative approach raised investor concerns that growth could slow later in the year. We believe ACIW remains well-positioned for trends in real-time payments, fraud prevention, and a new product targeting smaller banks.

Portfolio Activity

Purchases	Sector	Sales	Sector
JBT Marel Corporation	Industrials	Oceaneering International, Inc.	Energy
Universal Technical Institute, Inc.	Consumer Discretionary	Stride, Inc.	Consumer Discretionary
Federal Signal Corporation	Industrials	Criteo S.A.	Communication Services

JBT Marel Corp. (JBTM) is a global provider of advanced technology for the food processing industry including equipment, systems, and software. JBT's recent merger with Marel combined two prominent companies in food processing equipment, broadening its product portfolio towards a complementary customer base and offering cross-selling opportunities and operational efficiencies. We believe the outlook for growth is supported by stable and recovering food processing markets as well as a global installed base that enables 50% of revenues from recurring sources.

Universal Technical Institute, Inc. (UTI) is a leading for-profit technical education provider focused on trade professions. Its programs across transportation, skilled trades and healthcare address labor market needs in professions expected to see outsized job growth over the next decade. Management anticipates double digit growth over the next 5 years from enrollment growth, new programs, and campus expansion, further improving the profitability profile and cash generation potential, in our view.

Federal Signal Corp. (FSS) is a niche market leader in specialized environmental and safety equipment—including street sweepers, sewer cleaners, and vacuum trucks—for municipal, government, industrial, and commercial customers. Due to its product differentiation and customer profile, FSS has demonstrated more stable growth and profitability in recent periods relative to peers. This growth is complemented by its accretive bolt-on M&A program, enabled by free cash flow generation.

Oceaneering International, Inc. (OII) provides offshore energy services, including remotely operated vehicles, equipment manufacturing, and subsea intervention—primarily for international markets. The position was sold following a decline in project backlog and a more cautious outlook for global offshore energy activity in 2025.

Stride, Inc. (LRN) provides online educational programs in the K–12 virtual school market, including curriculum, technology, instruction, and support services. The position was sold in favor of Universal Technical Institute (UTI), which the committee viewed as a compelling opportunity with relatively stronger visibility and durable growth drivers.

Criteo S.A. (CRTO) is a market leader in niche areas of advertising technology. In its latest earnings update, management cited weaker advertising trends and noted that two major clients in its Retail Media segment had scaled back their relationships. As a result, CRTO lowered its full-year 2025 guidance, reducing its growth outlook for that key segment from mid-teens to low- to mid-single-digit growth.

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 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)
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

GIPS Disclosure

#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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Investing in the stock market involves risks, and may not be suitable for all investors. Growth stocks tend to be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. Investing in companies of small capitalizations involve the risk that such issuers may have limited product lines or financial resources, lack management depth, or have limited liquidity.

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. 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. 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.