Multi-Cap Growth Portfolio

Commentary | 4Q24 | Managed Accounts

Highlights

- The Congress Multi-Cap Growth Portfolio ("the Portfolio") returned 2.4% (net of fees) vs 2.2% for the S&P 1500 Index ("the Index") during the quarter.
- We are favorable on our Portfolio positioning and transactions were light during the quarter, with only one addition in Health Care.
- Our Technology holdings contributed to absolute returns, particularly those focused on cybersecurity and cloud networking. Communication Services also aided returns. This was partially offset by weakness in Health Care.
- We invest in companies with established profitability, a history of earnings growth, positive free cash flow, and prudent use of debt and leverage.

Portfolio Review

- Positive Index returns were driven by the post-election rally in November, aided by strong performance in the Magnificent 7. December saw a broad market sell-off post the Fed's hawkish rate cut.
  - We outperformed the Index in October and particularly November, as our returns were helped by our Industrials holdings, but trailed in December, particularly on weakness in our relatively smaller cap holdings that were more impacted by concerns of rising rates.
- The Portfolio benefited from its Technology holdings, particularly Fortinet, a global cybersecurity leader, which saw improved profitability and expects a significant portion of its firewall customers to upgrade their products in 2025. Arista Networks, which specializes in cloud networking solutions, also contributed to returns as quarterly earnings exceeded expectations. Arista also raised forward guidance as it expects increased spending by cloud computing customers on AI-driven data center networking.
- Health Care was the largest detractor, mainly due to Halozyme Therapuetics and Zoetis. Halozyme underperformed on concerns of a transformational acquisition, which ultimately did not materialize. Zoetis, which specializes in animal health, was hurt as investors grew concerned that 2025 guidance for its Librela drug may not meet expectations. We maintain conviction in both holdings.
- Technology was the biggest contributor to Portfolio returns during the year. While NVIDIA was the largest contributor, the Portfolio was also aided by our diversified exposure across themes as 5 of our holdings contributed more than 100bps to total returns. Our holdings in Health Care modestly detracted.

Outlook

- We expect the US economy will see healthy growth levels with good labor conditions and normalizing inflation. However, uncertainty around the potential impact of the incoming administration's policy proposals are likely to keep interest rates elevated and create additional volatility.
- We believe long-term investors will continue to benefit from diversification.
  - AI will likely continue to play a dominant role in 2025, and the Portfolio holds the largest Technology stocks that drove year-to-date performance.
  - In addition to more direct AI positions, within Industrials we hold stocks with data center exposure that benefit from the buildout of AI. We also are focused on aerospace and other domestic mega-trends such as reshoring and supply chain buildout.
  - In the Consumer sectors, we believe the bifurcation in consumer health will continue and hold positions that should benefit from more value-oriented spending.

Average Annualized Performance (%) as of 12/31/2024

	QTD	YTD	1 Yr	3 Yrs	5Yrs	10 Yrs	Since Inception (10/31/2010)
Multi-Cap Growth Composite (Gross)	2.5	20.7	20.7	4.4	14.3	12.5	10.9
Multi-Cap Growth Composite (Net)	2.4	20.4	20.4	4.1	13.9	12.1	10.5
S&P 1500	2.2	24.0	24.0	8.5	14.1	12.8	10.9

Past performance does not guarantee future results.

Data is as of 12/31/2024. Sources throughout this presentation: Congress Asset Management, Bloomberg, 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%
Fortinet, Inc.	2.74
Arista Networks, Inc.	3.35
Netflix, Inc.	2.16
NVIDIA Corp.	4.38
Booking Holdings, Inc.	2.37

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Halozyme Therapeutics, Inc.	2.71
Onto Innovation, Inc.	1.90
Zoetis, Inc.	1.84
Hamilton Lane, Inc.	2.90
ASML Holding N.V.	1.44

Fortinet, Inc. (FTNT) is a global cybersecurity leader offering a broad range of network security solutions for enterprises and service providers. FTNT increased billing growth and continued to benefit from improved profitability driven by stronger product revenues. FTNT also expects a significant portion of its firewall customers to upgrade their products in 2025, which will further drive product growth.

Arista Networks, Inc. (ANET) specializes in cloud networking solutions, offering switching and routing platforms alongside related network applications. ANET posted another earnings beat and raised its guidance for the fiscal third quarter. Several positive catalysts are expected in 2025, including increased spending by cloud computing customers on AI-driven data center networking, which focuses on improving data center efficiency. Market share gains in the enterprise segment and a refresh cycle in the traditional cloud business are expected to drive continued growth.

Netflix, Inc. (NFLX) is a leading provider of streaming entertainment and the primary beneficiary of the shift from linear TV to connected TV. While paid net member additions slowed, Netflix grew memberships by 14%, fueled by a strong slate of content, including shows, movies, and an increasing focus on live events. The company's advertising business continues to scale and is expected to become a major growth driver in the coming years. Additionally, Netflix is seeing significant profitability gains as it realizes the benefits of scale across its content portfolio.

Halozyme Therapeutics, Inc. (HALO) develops products that enable the efficient subcutaneous delivery of injectable therapeutics and auto-injection. The market reacted negatively to the disclosure of HALO's interest in a transformational acquisition, raising concerns about the core ENHANZE business. However, the deal did not materialize, and the company's financial performance remains solid. We expect the stock to recover in 2025 as investors refocus on the discount to fair value of the core business.

Onto Innovation, Inc. (ONTO) manufactures critical equipment for semiconductor chip fabrication, including process control, metrology, and lithography systems. ONTO recently reported weaker customer orders for equipment used in high-bandwidth memory packaging—an important growth driver linked to the demand for AI chips.

Zoetis, Inc. (ZTS) is a global leader in animal health, specializing in medicines, vaccines, and diagnostic products for dogs, cats, horses, and livestock. ZTS underperformed this quarter as investors grew concerned that the 2025 guidance for the Librela product may not meet market expectations.

Portfolio Activity

Purchases	Sector	Sales	Sector
HealthEquity, Inc.	Health Care	None	

HealthEquity, Inc. (HQY) is a provider of tax-advantaged healthcare savings accounts and related services. We believe HealthEquity will capture an outsized share of new accounts and benefit from increased balances in members' accounts. HQY is also uniquely positioned to help lower healthcare costs using data analytics, making it a valued partner to its clients.

Information is as of 12/31/2024. 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.

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

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P Composite 1500 Return % (dividends reinvested)	Russell 3000 Growth % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P Composite 1500 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	30.2	29.9	25.5	41.2	20.9	17.4	20.3	29	1	325	12,146	8,514	20,660
2022	-27.5	-27.7	-17.8	-29.0	24.2	21.1	23.4	32	0	287	10,083	6,799	16,882
2021	22.6	22.1	28.5	28.7	19.2	17.5	17.2	34	1	403	12,778	8,018	20,796
2020	39.6	39.1	17.9	18.4	20.7	18.9	18.5	30	1	324	10,746	5,523	16,269
2019	33.4	32.9	30.9	31.5	13.4	12.1	11.9	27	1	242	8,445	4,083	12,528
2018	-3.4	-3.8	-5.0	-4.4	12.4	11.0	10.8	23	0	187	7,102	3,132	10,234
2017	25.4	24.9	21.1	21.8	10.3	9.9	9.9	23	1	215	7,272	3,274	10,546
2016	0.5	0.1	13.0	12.0	11.4	10.7	10.6	6	n/a	131	5,693	2,445	8,139
2015	2.7	2.3	1.0	1.4	10.8	10.5	10.5	≤5	n/a	135	5,941	1,153	7,094
2014	7.0	6.6	13.1	13.7	10.4	9.1	9.0	≤5	n/a	134	6,328	1,121	7,449

#The "Total Firm Assets" column includes unified managed account (UMA) assetsCongress 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 creation and inception date of the Multi-Cap Growth Composite is July 1, 2003, 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 multi cap growth style for a minimum of one full month. The multi-cap growth strategy invests in the equity of high quality companies with market capitalizations over $500 million exhibiting consistent earnings growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016, the composite minimum was $500 thousand (US dollars). The primary composite benchmark is the S&P Composite 1500 Index, and the S&P 500 Index is a supplemental index. Effective April 1, 2021, the Multi-Cap Growth Composite benchmark was changed retroactively from the Russell 3000 Growth Index to the S&P Composite 1500 Index in order to better represent the investable universe. 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. The % of the composite represented by non-fee paying accounts at annual period end was 1% in 2008. 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 2007 net of fees returns were calculated by reducing gross returns by 1/4th of the highest management fee in the Multi-Cap Growth Composite, which was 0.63%, applied quarterly. Effective January 1, 2007, 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.

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.