

# Dividend Growth Portfolio

Commentary | 4Q25 | Managed Accounts

## Highlights

- The Congress Dividend Growth Portfolio (the "Portfolio") returned -0.6% (net of fees) vs 2.7% for the S&P 500 (the "Index"). Markets started 4Q25 with healthy returns, aided by another round of double-digit quarterly earnings growth. However, as the quarter progressed investors grew more cautious about the valuations of AI and AI-related companies.
- While Index returns modestly broadened in the quarter, they remained concentrated, and our more diversified positioning detracted. For the year, less than 30% of S&P 500 holdings outperformed the Index and the top 10 stocks accounted for over 50% of the return.
- The Portfolio's Communication Services holdings aided absolute returns, particularly our more direct exposure to artificial intelligence ("AI"). Industrials also contributed. This was offset by Technology and Consumer Discretionary.
- The Portfolio attempts to provide a more stable return stream than the Index over full market cycles and focuses on investing in companies with dividend growth commensurate with earnings. We seek to invest in companies with established profitability, a history of earnings growth, positive free cash flow, and prudent use of debt and leverage.

## Portfolio Review

- Index returns were positive in the quarter, driven almost entirely by October results. November and December returns were muted on growing concern that AI and AI-related capex spending will remain ahead of revenue.
- The Portfolio outperformed in November, aided by Health Care and Real Estate. However, it otherwise trailed in the quarter, largely on weakness in some of Technology and Consumer Discretionary positions.
- Communication Services was the largest driver of returns, notably Alphabet which had positive quarterly results and demonstrated revenue generation from its AI investments, differentiating itself from several peers. Industrials also contributed, particularly Caterpillar which is growing as a critical supplier of engines and gas turbines for power generation in datacenters.
- Technology was the largest detractor, primarily Oracle. Weaker than expected earnings results and rising uncertainty around the sustainability of its capex spending weighed on the stock. We maintain confidence in the stock and believe it is well positioned to become the preferred provider for AI-native companies. In Consumer Discretionary, Home Depot missed earnings estimates and reduced full year guidance as continued housing pressure weighed on the stock. However, we believe it is positioned to benefit from several tailwinds, including an improving consumer spending environment in 2026 and an aging housing stock.
- We continue to seek companies that exhibit characteristics of durable growth. During the quarter we added Walmart, which we believe offers a strong value proposition to its customers and could benefit from increased adoption and usage of AI-driven commerce.

## Outlook

- We believe the case for diversification in large caps is compelling. The Index finished the year at near record concentration levels, with over 34% in the Technology sector and almost 40% in the top 10 holdings overall. We think investors are growing cautious around the level of capex spending by the largest companies in the Index, which may lead to a broadening out of market leadership.
  - Equal weight large cap indices are cheaply priced relative to their market weighted peers with better expected earnings growth. The forward P/E of the S&P 500 Equal Weight Index is trading at a 23% discount to the S&P 500 with earnings growth estimates of 16.7% in 2026 vs 13.7%.
- While we believe 2026 is poised to be a good year for stocks, returns are likely to be increasingly tied to the path of interest rates and broadening market leadership. AI and AI-related capex remains a secular growth driver, but investors are becoming more discerning. We believe the Portfolio is well positioned and has exposure to areas of the economy with durable, long-term growth drivers.
  - We maintain direct AI exposure as well as "pick and shovels" holdings in Industrials (Eaton, Caterpillar), Technology (Dell), and Materials (Martin Marietta).
  - Within the Consumer sectors, we own stocks that benefit from value oriented spending (Costco, Walmart, TJX).
  - In Real Estate, we have exposure to higher-end senior living (Welltower), which we believe is bolstered by favorable demographics.

## Average Annualized Performance (%) as of 12/31/2025

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (10/31/2010)
Dividend Growth Composite (Gross)	-0.5	14.6	14.6	13.2	10.7	13.0	12.5
Dividend Growth Composite (Net)	-0.6	14.2	14.2	12.8	10.3	12.6	12.2
S&P 500	2.7	17.9	17.9	23.0	14.4	14.8	14.4

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 12/31/2025. 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 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.

## Top 5 Contributors/Detractors

Stock	Avg. Weight%
Alphabet, Inc.	3.36
Caterpillar, Inc.	3.80
Parker-Hannifin Corp.	2.27
Amgen, Inc.	2.12
Analog Devices, Inc.	2.82

**Alphabet, Inc. (GOOGL)** is a global technology leader. GOOGL delivered solid 3Q25 results, underscoring continued acceleration across its core business units. Management reiterated its aggressive investment in AI infrastructure, but, unlike many peers, also provided concrete examples of returns already being generated, an area of increasing focus for the market. Additionally, the successful launch of Gemini 3, the latest iteration of its large language model, reinforced our growing view that GOOGL is emerging as a clear AI winner.

**Caterpillar, Inc. (CAT)** is a leading manufacturer of heavy equipment and engines. During the quarter, CAT hosted an Investor Day where management outlined long-range strategic priorities and 2030 financial targets, which were well received by the investment community. The company emphasized its growing role as a critical supplier of large reciprocating engines and natural gas turbines for prime power generation in AI datacenters, reinforcing confidence in the durability of its Power & Energy platform. This positioning is already delivering results, with Caterpillar reporting a 39% year-over-year increase in backlog in Q3 2025, driven largely by its power generation offerings.

**Parker-Hannifin Corp. (PH)** is a leading global manufacturer of highly engineered motion and control technologies. During the quarter, PH delivered margins and organic growth above analyst expectations and raised its fiscal 2026 organic growth outlook, supported by improving demand trends and strong operational execution. Notably, its North America industrial segment returned to positive organic growth for the first time in seven quarters as conditions in subsegments such as in-plant equipment and construction markets began to stabilize. The company also announced a \$9.25 billion acquisition of Filtration Group, a move that we believe meaningfully expands Parker's global filtration platform and increases its exposure to higher-margin, recurring aftermarket revenue.

## Bottom 5 Contributors/Detractors

Stock	Avg. Weight%
Oracle Corp.	3.28
Home Depot, Inc.	2.18
Eaton Corp. Plc	2.21
Dell Technologies, Inc.	2.71
Tractor Supply Co.	2.46

**Oracle Corp. (ORCL)** is a multinational technology company specializing in database software, cloud infrastructure, and enterprise applications. We believe Oracle is well positioned to become the preferred cloud provider for AI-native companies, as these firms may favor a partnership with Oracle given its lack of a competing large language model over Amazon, Microsoft, or Google. This quarter's underperformance was due to weaker-than-expected cloud revenue growth and rising uncertainty regarding the sustainability of its capital investments and financing arrangements.

**Home Depot, Inc. (HD)** is the world's largest home improvement retailer, offering building materials, home improvement products, lawn and garden supplies, and related services. The recovery in housing and home improvement demand remains delayed, with limited visibility into when conditions may improve. Home Depot's customers face increasing uncertainty driven by home affordability challenges and higher living costs. Near-term margins are also expected to come under pressure from weaker demand and recent acquisitions, which carry structurally lower profitability.

**Eaton Corporation Plc (ETN)** is a global power management company delivering sustainable solutions for managing electrical, hydraulic, and mechanical power safely, efficiently, and reliably. ETN reported organic growth below consensus expectations, largely due to softer demand in its Electrical Americas segment, driven by weakness in the U.S. vehicle market and residential construction. However, we view this slowdown as temporary. Large-scale project activity tied to secular electrification and energy transition trends continues to gain momentum, which should support accelerating revenue growth over time, in our view. Additionally, ETN announced a \$10 billion acquisition of Boyd Thermal, a global leader in liquid-cooling solutions. We believe this transaction will significantly enhance Eaton's positioning and expand its share among AI-driven data center customers.

## Portfolio Activity

### Purchases

### Sector

Walmart, Inc. Consumer Staples

### Sales

### Sector

Colgate-Palmolive Co. Consumer Staples

**Walmart, Inc. (WMT)** is the world's largest retailer by revenue and operates supercenters, warehouse clubs (Sam's Club), and a growing e-commerce business. Its value proposition in grocery and general merchandise continues to attract consumers across income levels while e-commerce sales and fast delivery times continue to meet the needs of online shoppers. We believe increased adoption and usage of agentic commerce in the near-term could serve as a meaningful growth driver for WMT's e-commerce platform, supporting incremental revenue growth and margin expansion.

**Colgate-Palmolive Co. (CL)** is a global consumer products company focused on household, personal care, healthcare, and pet categories. The company is in the early stages of a turnaround, using predictive AI to address pricing and margin pressures while rebuilding consumer engagement. However, visibility into durable growth catalysts, particularly for core consumer packaged goods in international markets, remains limited, leaving little upside against the company's low-single-digit growth target, in our view.

*Information is as of 12/31/2025. 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. The reader should not assume that investment decisions identified and discussed were or will be profitable. 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 1/1/2015 - 12/31/2024

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Re-turn % (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 Disper-sion %	Total Com-posite 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)
2024	13.2	12.8	25.0	15.5	17.2	625	0.56	297	14,207	9,471	23,678
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	-18.11	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

#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. 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.

**S&P 500 Index** is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. Indices are unmanaged, do not reflect fees and expenses and are not available for direct investment. **S&P 500 Equal Weight Index (EWI)** is the equal-weight version of the S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes. **P/E Ratio** is the ratio of a company's share price to the company's earnings per share. **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. **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.

## Important Disclosure

**Not an Offer, Recommendation or Professional Advice:** This document does not constitute advice or a recommendation or offer to sell or a solicitation to deal in any security or financial product. It is provided for information purposes only and on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of the proposals and services described herein, any risks associated therewith and any related legal, tax, accounting or other material considerations. To the extent that the reader has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, prospective investors are encouraged to contact Congress Asset Management or consult with the professional advisor of their choosing.

**Use of Third-Party Information:** Certain information contained herein has been obtained from third party sources and such information has not been independently verified by Congress Asset Management. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information by Congress Asset Management or any other person. While such sources are believed to be reliable, Congress Asset Management does not assume any responsibility for the accuracy or completeness of such information. Congress Asset Management does not undertake any obligation to update the information contained herein as of any future date.

**Currentness:** Except where otherwise indicated, the information contained in this presentation is based on matters as they exist as of the date of preparation of such material and not as of the date of distribution or any future date. Recipients should not rely on this material in making any future investment decision.

**Benchmarks:** Any indices and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. Investors cannot invest directly in an index. Comparisons to indexes have limitations because indexes have volatility and other material characteristics that may differ from a particular fund or strategy. For example, a hedge fund may typically hold substantially fewer securities than are contained in an index.

**Forward-Looking Statements:** Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance or a representation as to the future.

**Large Companies Risk:** The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. Large-capitalization companies may also be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes.

**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.

**Equity Securities Risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value. These fluctuations may cause a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.

**Foreign Investment Risk:** Foreign securities involve increased risks due to political, social and economic developments abroad, as well as due to differences between U.S. and foreign regulatory practices. When the Strategy invests in ADRs as a substitute for an investment directly in the underlying foreign shares, the Strategy is exposed to the risk that the ADRs may not provide a return that corresponds precisely with that of the underlying foreign shares.

**Sector-Focus Risk:** Investing a significant portion of the Strategy's assets in one sector of the market exposes the Strategy to greater market risk and potential monetary losses than if those assets were spread among various sectors.

**Dividend Investing Risk:** A focus on dividend-paying securities presents the risks of greater exposure to certain economic sectors rather than the broad equity market (sector or concentration risk). Dividends are not guaranteed and will fluctuate. A portfolio's investment in dividend-paying stocks could cause the portfolio to underperform similar portfolios that invest without consideration of a company's track record of paying dividends. Stocks of companies with a history of paying dividends may not participate in a broad market advance to the same degree as most other stocks, and a sharp rise in interest rates or economic downturn could cause a company to unexpectedly reduce or eliminate its dividend. Dividend yield is one component of performance and should not be the only consideration for investment.

**Information Technology Sector Risk:** The information technology sector can be significantly affected by rapid obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, government regulation, and general economic conditions.

**General Market Risk:** Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in the Strategy's portfolio may underperform in comparison to securities in the general financial markets, a particular financial market, or other asset classes due to a number of factors, including: inflation (or expectations for inflation); deflation (or expectations for deflation); interest rates; global demand for particular products or resources; natural disasters or events; pandemic diseases; terrorism; regulatory events; other governmental trade or market control programs and related geopolitical events. In addition, the value of the Strategy's investments may be negatively affected by the occurrence of global events such as war, terrorism, environmental disasters, natural disasters or events, country instability, and infectious disease epidemics or pandemics.

**Management Risk:** The Strategy is actively-managed and may not meet its investment objective based on the Advisor's success or failure to implement investment strategies for the Strategy.