CONGRESS ASSET MANAGEMENT COMPANY

1Q 2018

Portfolio Commentary

Large Cap Growth

Market Review

When train passengers pull into Boston's South Station, they are greeted by a large sign draped along a tractor-trailer advertising jobs available at the adjacent Post Office. Why is this important? It is visual evidence that job creation, perhaps the most important engine of economic growth and financial mobility, remains robust. Indeed, the economy grew at a 2.9% pace in the fourth quarter following readings of greater than 3% in the prior two quarters.

The building blocks put in place over the past few years, employment growth, low inflation, and stable energy prices have been joined by business and consumer optimism. In fact, a 3% growth rate is above the Federal Reserve's (Fed) estimate for long term potential growth of 1.8%. However, as March ended, it was difficult to remain focused on the positive economic background. News originating in Washington was focused on White House turnover, the potential negative consequences of two distinct tariff announcements, Facebook's mishandling of user data, and salacious gossip.

The bumpy end to the quarter erased all of January's stock market gains. Additionally, the staid bond market was down in January and February, an unusual occurrence that reflects inflation fears and uncertainty around the Fed's new management group. The U. S. ten-year bond now yields around 2.80% compared with 2.41% at year end. The S&P 500 was down about 1% during the quarter.

It appears that stock market volatility has returned, more than two years after the Fed first began raising interest rates. One under-reported cause may be the Fed's diminished role in the financial markets as it curtails quantitative easing measures. For an economy based on capitalism, this is positive and a return to normal market behavior. Over time the Fed's diminished role is more important than short lived Washington headlines, albeit less interesting.

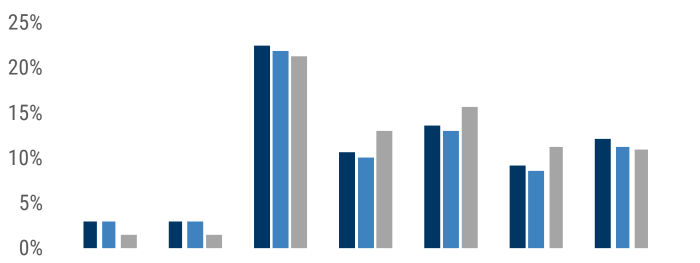
It is the right time for the Fed to lessen its role. Employment is the most vital of economic data. By almost every measure, employment continues to strengthen from levels not seen in a generation. Unemployment claims, for instance, are hovering near 50-year lows reflecting record job openings.

Performance Overview

The Large Cap Growth Portfolio returned 3.03% (gross of fees) in the first quarter while the Russell 1000 Growth Index© returned 1.42%. Security selection had the largest impact on performance. The Portfolio benefited from security selection within the Consumer Staples, Health Care, and Financial sectors.

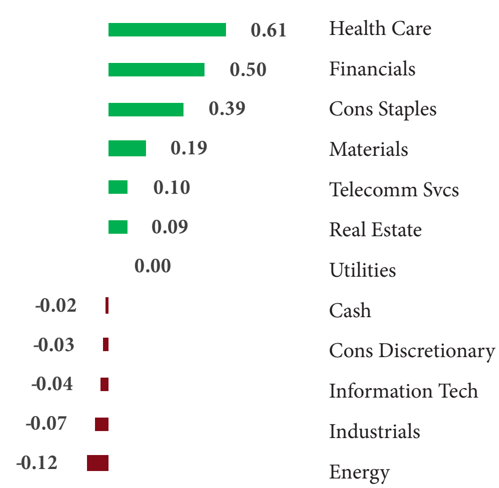
Sector allocation had a small impact on performance. The Portfolio's underweight to both the Information Technology and Consumer Discretionary sectors relative to the Index detracted from performance. In addition, an overweight to Consumer Staples relative to the Index detracted from performance during the quarter.

Average Annualized Performance % as of 3/31/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Large Cap Growth (Gross)	3.0	3.0	22.5	10.6	13.5	9.0	12.1
Large Cap Growth (Net)	2.9	2.9	21.9	10.1	12.9	8.5	11.2
Russell 1000 Growth©	1.4	1.4	21.3	12.9	15.5	11.3	11.0

% Total Effect Portfolio vs. Index (12/31/2017 - 3/31/2018) (bps)



Information is as of 3/31/2018. Sources: Congress Asset Management, Factset, and Informa Investment Solutions. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings 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. 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® presentation for the composite. Performance returns of less than one year are annualized. S&P 500 performance is the actual performance of the index. Indices are unmanaged. The figures for the index reflect the reinvestment of all income or dividends, as applicable, but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices.

1Q 2018 Attribution Highlights

Overall Contributors

- Security selection in Consumer Staples
- Security selection in Health Care
- Security selection in Financials

Overall Detractors

- Allocation to Consumer Staples
- Allocation to Information Technology
- Allocation to Consumer Discretionary

Top 3 Stock Contributors and Detractors

Contributors

Stock	Ticker	Contribution
Adobe Systems Inc.	ADB	0.69%
Amazon.com, Inc.	AMZN	0.61%
Estee Lauder Companies Inc.	EL	0.49%

Detractors

Stock	Ticker	Detraction
Rockwell Automation, Inc.	ROK	-0.31%
Canadian National Railway Co.	CNI	-0.26%
Facebook, Inc. - Class A	FB	-0.24%

Adobe Systems, Incorporated (ADBE) offers software that helps customers create and deliver content and web applications. ADBE reported sales growth of more than 20% driven by impressive multi-solution sales and broader adoption of the Creative Cloud solutions. ADBE continues to benefit from the transition to a subscription model within Document Cloud.

Amazon.com (AMZN) is the world's leading online retailer and provides web infrastructure services to business customers through its Amazon Web Services (AWS). AMZN continues to dominate both eCommerce and web services. AMZN reported a very strong quarter driven by solid revenue growth and operating margin expansion. AWS reported robust revenue growth of more than 40% and operating margin expansion.

Estee Lauder Companies (EL) is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance, and hair care products with brands including Estee Lauder, Clinique, Le Mer, Aveda, and MAC. EL increased nearly 18% in the quarter led by their quarterly results. Sales growth was fueled by accelerating industry fundamentals and market share gains. EL expects the global prestige beauty industry to grow at nearly 5% this year and they expect their own growth to be better than the industry average.

Rockwell Automation (ROK) provides industrial automation and information solutions to enable its customers to be more productive. ROK's transportation business reported weaker than expected results with automotive declining 5% due to a combination of projects being delayed and softness within maintenance, repair and operations (MRO) spend. ROK was up against difficult year-over-year comparisons within certain geographic regions, notably Asia.

Canadian National Railway Company (CNI) is a rail and related transportation business. CNI has a network of nearly 20,000 miles of track that span Canada and mid-America and uniquely connect three coasts (Atlantic, Pacific, and Gulf of Mexico). CNI declined more than 8% after quarterly results were negatively impacted by an inefficient distribution network and harsh winter weather. CNI announced the departure of their CEO after their disappointing quarterly results.

Facebook, Inc. (FB) is a social networking platform with nearly two billion monthly active users. Cambridge Analytica apparently collected private information on more than 80 million FB users. FB has taken several steps to address privacy concerns including the suspension of Cambridge Analytica from the platform and the introduction of a centralized system for users to control privacy and security settings.

1Q 2018 Transaction Summary

Sector Allocation Changes

- Increase in Consumer Staples
- Decrease in Materials

Purchased

- Air Products and Chemicals, Inc. (APD) - Materials

Sold

- PepsiCo, Inc. (PEP) - Consumer Staples

Purchased

Air Products and Chemicals, Inc. (APD) is the world's largest supplier of hydrogen and has built positions in other markets including helium and natural gas liquefaction. APD has completed a major restructuring and is focused on profitable growth through acquisitions, purchasing customer's existing facilities, and expansion into large industrial projects around the world. APD expects an uptick in volume as the energy and chemical end markets recover.

Sold

PepsiCo, Inc. (PEP) is a leading global food and beverage company with a portfolio of brands including Frito-Lay, Gatorade, Pepsi-Cola, Quaker, and Tropicana. PEP is facing several headwinds including retail disruption, shift in consumer preference, and a push towards health and wellness. Over the past two quarters PEP's product innovation has disappointed and both earnings quality and cash flow have deteriorated.

Positioning

Investments are predicated on a company's future prospects rather than economic or market cycles. We seek companies with strong fundamentals, emphasizing earnings growth consistency, free cash flow, and solid balance sheet metrics. There was one purchase and one sale during the quarter, and this is reflective of this philosophy. These combined transactions essentially increased the Consumer Staples weighting and reduced the Materials weighting.

Outlook

The economy had been under repair since the financial crisis before a more consistent path was developed last year. A strong domestic structure is now supported by an accelerating global economy partially fueled by aggressive policies of the European and Japanese central banks.

While we believe growth will accelerate, some caution is warranted. The Tax Cuts and Jobs Act, signed by President Trump last December, has positive ramifications for lower and middle-class tax payers and businesses. U.S. companies will be more competitive on a global stage and a significant number of large employers have promised to share savings with their employees. Tax cuts stimulate the economy, but it is unusual for the federal government to pass a meaningful tax cut during periods of economic expansion. As such, there is a risk of heightened inflation in future years should productive capacity not increase to offset any demand pressures.

Ironically, one of Congress' few acts of bipartisanship could also generate concern down the road. Washington has little inclination to live by a budget and the recently passed spending bill destroys any hope for a balanced budget in the intermediate term. The Treasury reported that our national debt exceeded $21 trillion, up $1 trillion over the past six months and about equal to the size of our economy. That debt level is a record, both in absolute terms and relative to our economy, other than in war time. This trend bears watching.

There is a third potential risk – tariffs. President Trump has announced two distinct tariff proposals. Economic nationalism sells well across the political spectrum but comes with serious negative consequences that cannot be measured by pure numbers. The $50 billion tariff centered on China would, if enacted, cost far more to our economy as retaliatory measures would offset any supposed gain. We suspect the tariff trial balloons are just that and will be used to negotiate more defined trading agreements.

We remain sanguine regarding the stock market and prefer stocks to bonds notwithstanding the recent volatility and the acrimonious political drumbeat. The unbridled enthusiasm that greeted equity investors in January has been tempered even as the economy remains on solid footing. Inflation, a potential future risk, remains contained. Earnings growth measured nearly 15% during the 4th quarter of 2017. We expect earnings to increase double digits in 2018 as well, supporting current valuations.

Information is as of 3/31/2018

Congress Asset Management Co. Large Cap Growth Composite 1/1/1985 - 3/31/2018

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Russell 1000 Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P 500 3-Yr annualized ex-post St Dev (%)	Russell 1000 Growth 3-Yr St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
YTD	3.0	2.9	-0.8	1.4	n/a	n/a	n/a	83	n/a	112	7,427	10,727
2017	27.2	26.6	21.8	30.2	9.9	9.9	10.5	78	0.58	111	7,272	10,546
2016	5.6	5.1	12.0	7.1	10.7	10.6	11.2	81	0.43	98	5,693	8,139
2015	2.8	2.2	1.4	5.7	11.1	10.5	10.7	28	0.49	65	5,941	7,094
2014	10.1	9.5	13.7	13.1	10.1	9.0	9.6	30	0.47	89	6,328	7,449
2013	30.5	30.0	32.4	33.5	12.5	11.9	12.2	35	0.50	233	6,489	7,467
2012	11.9	11.5	16.0	15.3	15.2	15.1	15.7	39	0.40	302	6,755	7,498
2011	3.5	3.1	2.1	2.6	17.0	18.7	17.8	45	0.66	463	6,329	7,014
2010	11.8	11.3	15.1	16.7				50	0.31	537	6,416	6,678
2009	28.0	27.4	26.5	37.2				57	0.79	495	5,263	5,463
2008	-34.3	-34.6	-37.0	-38.4				51	0.53	383	4,292	4,371
2007	12.4	11.9	5.5	11.8				85	0.63	710	5,812	5,846
2006	9.1	8.1	15.8	9.1				88	0.49	597	5,464	5,469
2005	6.4	5.3	4.9	5.3				82	0.36	477	4,750	4,751
2004	14.2	13.1	10.9	6.3				17	0.55	375	3,844	3,844
2003	19.5	18.3	28.7	29.8				17	0.57	396	3,697	3,697
2002	-17.3	-18.1	-22.1	-27.9				18	0.43	295	3,312	3,312
2001	-14.5	-15.3	-11.9	-20.4				17	0.57	296	3,147	3,147
2000	-5.5	-6.4	-9.1	-22.4				18	1.29	329	3,183	3,183
1999	25.8	24.6	21.1	33.2				18	1.02	428	3,002	3,002
1998	26.3	25.0	28.6	38.7				16	1.23	364	2,496	2,496
1997	31.8	30.5	33.4	30.5				23	1.61	470	1,970	1,970
1996	25.5	24.2	23.0	23.1				18	1.05	361	1,512	1,512
1995	35.0	33.7	37.6	37.2				8	1.36	231	1,308	1,308
1994	2.9	1.9	1.3	2.7				8	0.98	111	1,041	1,041
1993	6.8	5.8	10.1	2.9				8	1.03	93	956	956
1992	5.4	4.3	7.6	5.0				≤5	n/a	65	926	926
1991	34.1	32.9	30.5	41.2				≤5	n/a	65	691	691
1990	5.3	4.3	-3.1	-0.3				≤5	n/a	46	632	632
1989	36.7	35.5	31.7	35.9				≤5	n/a	46	629	629
1988	7.0	6.0	16.6	11.3				≤5	n/a	55	577	577
1987	8.0	6.9	5.3	5.3				≤5	n/a	23	464	464
1986	22.8	21.7	18.7	15.4				≤5	n/a	25	415	415
1985	49.1	47.7	31.7	32.9				≤5	n/a	4	205	205

#The "Total Firm Assets" column is provided as supplemental information and also 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 – 6/30/17. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Large Cap Growth Composite has been examined for the periods 1/1/96 – 12/31/16. 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 Advisors 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 Large Cap Growth Composite was created on January 1, 1993 and the inception date of the composite is January 1, 1985 which reflects the first full month in which an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary accounts with a value over $100 thousand (US dollars) managed in the large cap growth style for a minimum of one full month. The large cap growth strategy invests in the equity of high quality companies with market capitalizations greater than $5 billion exhibiting consistent earnings growth. The strategy may also invest from time to time in equity securities with capitalizations between $1 billion and $5 billion. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $500 thousand (US dollars). Prior to September 1, 2005 the composite did not include taxable accounts, private client accounts, or accounts with less than $1 million. The primary composite benchmark is the S&P 500 Index. The secondary benchmark is the Russell 1000 Growth 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 complete list and description of all firm composites is available upon request.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Monthly composite performance is calculated as an asset-weighted return using the aggregate method. This method aggregates market values and cash flows for all accounts and treats the composite as if it were one account. Monthly composite returns are geometrically linked to produce a time-weighted annual return. Beginning June 1, 2015, composites are valued daily. Prior to that date, the composite was re-valued on each date that a cash flow exceeded 10% of the total market value of the composite. 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 the highest management fee in the Large Cap Growth composite, which was 1.00%. 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. The standard deviation is not presented for 1985 through 2010 as it is not required for periods prior to 2011. Prior to January 1, 1998 the equity returns of eligible balanced accounts were carved out and included in composite returns. These carveout returns were calculated by splitting each balanced account, extracting the equities data along with a pro-rata share of each cash transaction. Prior to January 1, 1993 the composite is not in compliance with GIPS.

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 portfolios, calculating performance, and preparing compliant presentations 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.