CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

1Q 2021

Mid Cap Growth

Market Review

After a year of pandemic induced restrictions, the U.S. economy is primed to accelerate to levels not seen in decades. Europe may be a few months behind, but parts of Asia are already humming. Inoculations combined with naturally occurring antibodies are bringing population immunity close to the tipping point. Government initiatives through monetary and fiscal policies provided a bridge to span the year-long morass and will continue to fuel the economy into the foreseeable future.

The financial markets spent the last quarter recalibrating to a year that promises enhanced growth opportunities with an anticipated bout of heightened inflation. Bond yields have risen reflecting higher inflation expectations that usually accompany high growth prospects. The S&P 500 has trended up but that masks the sometimes violent swings between both perceived reopening plays and pandemic beneficiaries as well as large capitalization companies versus smaller companies.

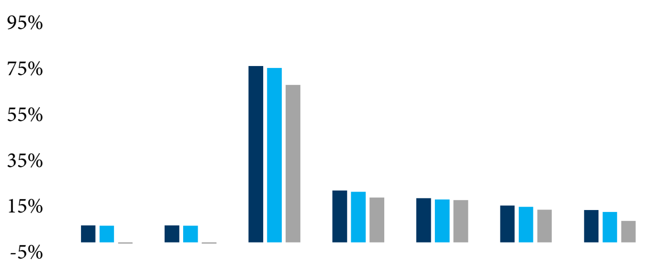
Portfolio repositioning impacts were felt in the commodities markets as well with energy products and copper notably rising. Bitcoin and "meme" driven, relatively illiquid stocks, have captured traders' imaginations but longer term present more risk than reward for the average investor.

Performance Overview

The Congress Mid Cap Growth Portfolio ("the Portfolio") returned 7.54% (gross of fees) during the 1st Quarter, outperforming the Russell Midcap Growth Index ("the Index"), which returned -0.57%.

The Portfolio benefited from security selection in Information Technology, Consumer Discretionary, Industrials, Health Care, and Financials. However, security selection in Real Estate, Communication Services and Consumer Staples detracted from relative performance during the quarter.

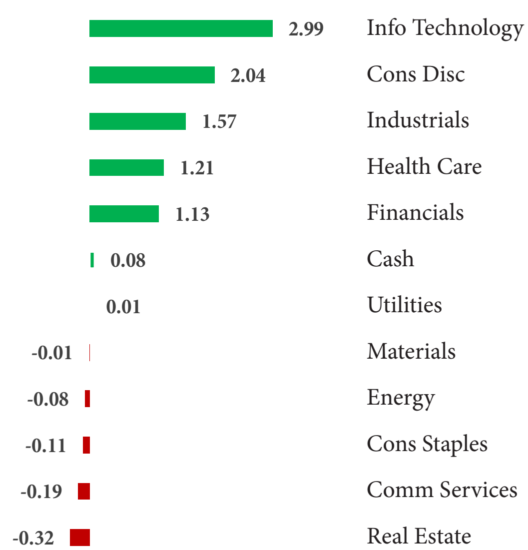
Average Annualized Performance % as of 3/31/2021



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/1/1999
Mid Cap Growth (Gross)	7.5	7.5	77.2	22.6	19.2	16.0	14.0
Mid Cap Growth (Net)	7.4	7.4	76.3	22.0	18.7	15.4	13.2
Russell Midcap Growth*	-0.6	-0.6	68.6	19.4	18.4	14.1	9.3

Performance is preliminary and subject to change at any time

% Total Effect Portfolio vs. Index[1] (12/31/2020 - 3/31/2021)



Q1 2021 Attribution Highlights

Overall Contributors

- Security selection in Information Technology, Consumer Discretionary, Industrials, Health Care & Financials

Overall Detractors

- Security selection in Real Estate, Communication Services & Consumer Staples

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Williams-Sonoma, Inc.	3.40	2.01
Generac Holdings Inc.	3.13	1.18
Zebra Technologies Co. Class A	3.21	0.80
Raymond James Financial, Inc.	2.57	0.67
Horizon Therapeutics Plc	2.77	0.65

Bottom 5 Contributors/Detractors

Stock	Avg. Weight%	Detraction%
Paycom Software, Inc.	2.61	-0.55
Take-Two Interactive Software, Inc.	2.51	-0.44
Copart, Inc.	2.42	-0.42
Qualys, Inc.	1.71	-0.26
ResMed, Inc.	2.19	-0.22

Williams-Sonoma, Inc. (WSM) is a consumer retail company that sells home and kitchenware products through its online platform and retail stores. WSM continues to benefit from a combination of housing tailwinds, operational initiatives, and its ability to successfully manage supply chain challenges. WSM reported very strong fourth quarter results with same store sales momentum across all brands and significant operating margin expansion. Fiscal year 2021 financial guidance was also well ahead of expectations.

Generac Holdings, Inc. (GNRC) is a leading global designer and manufacturer of a wide range of power generation equipment. Generac reported excellent fourth quarter results and provided fiscal year 2021 guidance that exceeded expectations. Generac continues to benefit from the increased awareness and adoption of home standby generators resulting from a combination of utility shutoffs and an active hurricane season. Generac is also showing growth in shipments of its PWRcell energy storage system.

Zebra Technologies, Corp. (ZBRA) is a global leader in the Automatic Identification and Data Capture (AIDC) and Enterprise Asset Intelligence (EAI) markets. Its products include mobile computing, data capture, radio frequency ID devices, barcode printing, and other automation products and services that help improve operational efficiency. Headwinds from COVID-19 have eased, which resulted in a material reacceleration in growth from small businesses combined with continued large deal volumes. In addition, management recently cited several expanded use cases and new vertical markets for the company's technologies coming out of the pandemic. This should have positive implications for future demand and supports the recent strength in order backlog.

Raymond James Financial, Inc. (RJF) is an investment banking company that provides financial services to individuals, businesses, and municipalities. RJF reported steady quarterly results with its capital markets business driving the upside, along with benefits from an improving credit profile and expense management. The rising interest rate environment is also beneficial to RJF.

Horizon Therapeutics, Plc (HZNP) is a specialty pharmaceutical company that produces medicines used to treat rare and rheumatic diseases. Horizon reported a solid fiscal fourth quarter with positive results across product lines and initiated fiscal year 2021 guidance that exceeded expectations. The market also gained confidence that the Tepezza production disruption that occurred at the end of 2020 will be resolved in the second quarter of this year.

Paycom Software, Inc. (PAYC) provides cloud-based human capital and payroll management solutions. While underlying demand and deal activity continue to be robust, the negative impact on revenue growth from unemployment continues to persist. In addition, PAYC has been caught up in the market rotation away from expensive technology stocks that outperformed in 2020.

Take-Two Interactive Software, Inc. (TTWO) is a leading developer and publisher of interactive video, computer, and mobile games. Engagement levels are expected to come down as vaccines roll out and year over year comps become tougher, while valuations remain at a premium to peers. Management is also suggesting that this will be the second consecutive year without a significant game launch.

Copart, Inc. (CPRT) provides vehicle sellers with services to process and sell vehicles via internet auctions. Vehicles are often sold to dismantlers, rebuilders, and used car dealers. Copart's business trends remain strong, yet the stock lagged as investors are concerned about the pandemic's continued impact on driving activity. Copart has offset declining unit volumes with increased average selling price increases as fewer automobiles are being totaled due to the lower driving volumes.

Qualys, Inc. (QLYS) is a leader in the fragmented cyber vulnerability management market. QLYS offers a cloud-oriented platform of integrated solutions that automate the lifecycle of asset discovery, security assessments, and compliance management for an organization's IT infrastructure. Recent quarterly results were weak as top-line growth continued to deteriorate. Management also provided more insight into pending increases in sales and marketing, which revealed some structural inadequacies and chronic underinvestment in prior years. Finally, the company's CEO took a leave of absence and eventually stepped down from his post.

ResMed, Inc. (RMD) develops medical solutions and products used to treat and manage obstructive sleep apnea and central sleep apnea. ResMed reported solid quarterly results with strong mask growth. However, device growth slowed and management pointed to seasonality weighing on device growth next quarter. ResMed expects device growth to subsequently improve as sleep clinics reopen.

1Q 2021 Transaction Summary

Sector Allocation Changes

- Increase in Consumer Discretionary
- Decrease in Consumer Staples

Purchased

- Asbury Automotive Group, Inc. (ABG) - Consumer Discretionary

Sold

- Lamb Weston Holdings, Inc. (LW) - Consumer Staples

Purchased

Asbury Automotive Group, Inc. (ABG) is one of the largest automotive retailers in the United States. ABG's stores offer a range of products and services including new and used vehicles, parts and service, and finance and insurance products. ABG's growth drivers include industry consolidation, consumer migration to dealerships for repairs as vehicles become more complex technologically, and continued strong demand for used vehicles. The company also recently announced the rollout of its innovative online digital sales tool Clicklane, which is the next step in its omnichannel strategy.

Sold

Lamb Weston Holdings, Inc. (LW) is a leading global producer, distributor, and marketer of value-added potato products, primarily french fries. The company has experienced sales declines and margin contraction over the past year as COVID-19 has significantly impacted restaurant traffic. The pace of sales and margin recovery is likely to be challenged by restaurant closures and operational challenges at LW's plants. Industry pricing has been rational to date but remains a risk.

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 in the Portfolio during the quarter, and this is reflective of this philosophy. These combined transactions essentially increased the Portfolio's Consumer Discretionary weighting, while reducing its Consumer Staples weighting.

Outlook

From an economic perspective, we have entered uncharted territory. Never has the global economy, let alone the U.S. economy, experienced this much fiscal or monetary stimulus. The Federal Reserve (Fed) continues to increase the money supply by purchasing $120 billion of bonds monthly. The Fed also reaffirmed their intent to leave short term rates unchanged into 2023 or at least until inflation averages 2% and the economy achieves full employment. This is breaking new ground as the Fed is anticipating signs of inflation as fleeting and not deleterious. In addition, the Fed strayed from its nonpartisan approach by supporting Congress's fiscal stimulus plans.

Congress took the Fed's cue and passed the fifth major stimulus package, the American Rescue Plan (ARP) in March. Included in the $1.9 trillion plan was $1400 for qualifying individuals, sure to boost savings and spending as spring progresses. On its own the ARP represents about 10% of our annual economic output. All told, fiscal stimulus enacted over the past two years totaled $5.1 trillion, dwarfing the stimulus enacted in response to the great financial crisis over a decade ago and representing a much larger part of our economy.

Simultaneous monetary and fiscal packages of these sizes are unprecedented. Even with that, the packages have not alleviated the struggles and suffering of many. Our education system and service industries continue to search for stable ground. The long-term consequences of school closures may be with us for another decade. Many restaurants and small businesses will never reopen. Yet, green shoots have sprouted. Enterprising entrepreneurs have begun to fill the void. Manufacturers are struggling to meet pent up demand. Consumers will likely soak up restaurant and hotel capacity as quickly as it appears.

In the aggregate, measures of consumers' financial health are remarkable given the travails of the past year. Income is above pre-pandemic levels and savings are elevated due in part to a partially shuttered economy. Savings and rising real estate and equity values have driven consumer net worth up 10% since last year, likely rising to 20% after the ARP funds are distributed.

Government programs have proven successful as a stopgap, but a sustained expansion needs a better labor market. Notably, Wal-Mart and Amazon have raised wages and continued to hire. Yet our economy is still 10 million jobs short of pre-pandemic levels. There is progress though, job openings have begun to improve, reflecting the reopening of our service led economy.

The U.S. economy is clearly expanding at an accelerating rate, in our view, with little chance of retreat. Europe is trailing by at least a month. The intermediate term threat is not COVID, but is instead inflation. Inflation is a monetary phenomenon that has been a non-event for decades. Now, the Fed has succeeded in growing the monetary base, which has risen 25% over the past year, and is willing to let the economy run hot and inflation high. In addition, consumer and business demand for goods is very strong. Supply shortages are ubiquitous from semiconductors to automobiles to paper goods. Retailers are increasingly competing more on product availability than price. Supply chain challenges are unlikely to be resolved quickly and were further inflamed with the recent grounding of the Ever Given container ship in the Suez Canal.

As the immediacy of the pandemic stresses ease later this year, investor attention is likely to focus on the financial aftermath – what we do about our ever-increasing public debt. Our debt level is now larger than the size of our economy, an arbitrary level but one rarely breached in peace time. The debt burden is mitigated by the current low interest rate environment. Interest on public debt stands at 1% of gross domestic product but will trend towards about 3% in the next decade. Interest rates fluctuate, however and we are likely to see higher long term rates next year, not lower.

The political path of least resistance for ensuring proper debt service is tax increases. We anticipate the tax discussion to take center stage concurrent with the next infrastructure package and that some increases are inevitable. The degree and form of tax increases matters a great deal. A bipartisan plan would likely do a better job of managing the impact of higher taxes on future growth. As in all tax discussions, substance will matter more than rhetoric.

After the astounding stock market recovery from the March 23, 2020 pandemic lows, investors are understandably nervous. Market rotations

Information is as of 3/31/2021

have been violent as higher interest rates and broadening growth opportunities have deflated some pockets of speculative froth. Over time, however, the stock market reacts to corporate earnings. The economy is providing a solid base for earnings to grow, supporting stocks albeit with more mundane returns than those experienced over the past year. Bonds will likely tread water as market interest rates trend slowly upward.

Congress Asset Management Co.
Mid Cap Growth Composite
1/1/2010 - 12/31/2019

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Russell Mid Cap Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell Mid Cap Growth 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 Assets End of Period # ($ millions)
2019	35.8	35.2	35.5	12.9	13.9	558	0.49	954	8,445	12,528
2018	-3.5	-3.9	-4.8	12.2	12.8	506	0.45	850	7,102	10,234
2017	17.7	17.2	25.3	10.8	10.9	447	0.65	763	7,272	10,546
2016	13.9	13.3	7.3	12	12.2	105	0.54	431	5,693	8,139
2015	1.9	1.4	-0.2	11.4	11.3	50	0.42	221	5,941	7,094
2014	13	12.4	11.9	10.8	10.9	41	0.51	145	6,328	7,449
2013	37.9	37.3	35.7	13.2	14.6	35	0.38	84	6,489	7,467
2012	10.4	9.8	15.8	17	17.9	26	0.46	43	6,755	7,498
2011	12.7	12.1	-1.7	19.1	20.8	22	0.67	30	6,329	7,014
2010	40.2	39.4	26.4			15	0.65	20	6,416	6,678

#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 – 12/31/19. 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 Mid Cap Growth Composite has been examined for the periods 10/1/99 – 12/31/19. 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 Mid Cap Growth Composite was created on October 1, 1999. This inception date 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 mid cap growth style for a minimum of one full month. The mid cap growth strategy invests in the equity of high quality companies with market capitalizations between $800 million and $15 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 $500 thousand (US dollars). Prior to September 1, 2005 the composite did not include private client accounts or accounts with less than $1 million. The primary composite benchmark is the Russell Midcap 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. The % of the composite represented by non-fee paying accounts at annual period end was 100% 1999-2001, 36% in 2002, 20% in 2003, 15% in 2004, 13% in 2005, 22% in 2006 and 18% in 2007. 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 the composite is 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 Mid 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. It is not presented for 2010 as it is not required for periods prior to 2011.

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.