CONGRESS ASSET MANAGEMENT COMPANY

1Q 2021

Portfolio Commentary

Small 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.

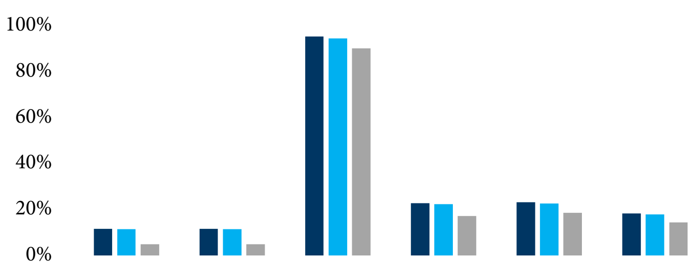
Portfolio repositioning impacts were felt in the commodities markets as well with energy products and copper notably rising. Bitcoin and "meme" driven, relatively illiquid stocks, have captured traders' imaginations but longer term present more risk than reward for the average investor.

Performance Overview

The Small Cap Growth Portfolio ("the Portfolio") returned 11.62% (gross of fees) during the first quarter, while the Russell 2000 Growth Index ("The Index") returned 4.88%.

The Portfolio benefited from security selection in Health Care and Information Technology, and an overweight allocation to Industrials. However, security selection in Consumer Staples, Financials, and Consumer Discretionary detracted from relative performance during the quarter.

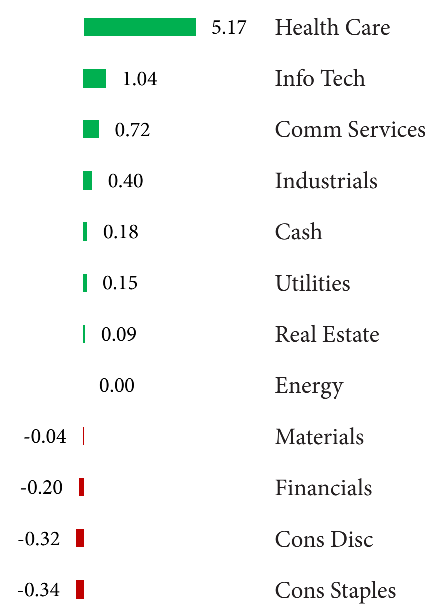
Average Annualized Performance % as of 3/31/2021



		QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception 7/1/2013
Small Cap Growth (Gross)	■	11.6	11.6	95.3	22.9	23.2	18.3
Small Cap Growth (Net)	■	11.5	11.5	94.5	22.4	22.7	17.9
Russell 2000 Growth *	■	4.9	4.9	90.2	17.2	18.6	14.4

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 Health Care & Information Technology
- Overweight allocation to Industrials

Overall Detractors

- Security selection in Consumer Staples, Financials & Consumer Discretionary

Top 5 Stock Contributors and Detractors

*Purchased during the quarter

**Sold during the quarter

Contributors

Stock	Avg. Weight%	Contribution%
Digital Turbine, Inc.	3.71	1.49
InMode Ltd.	3.55	1.44
Boot Barn Holdings, Inc.	3.22	1.17
Lantheus Holdings, Inc.*	2.67	1.09
Saia, Inc.	3.63	0.91

Detractors

Stock	Avg. Weight%	Detraction%
Mercury Systems, Inc.	1.91	-0.47
Qualys, Inc.	2.26	-0.33
Cohen & Steers, Inc.	1.93	-0.26
SPS Commerce, Inc.	3.06	-0.25
Simulations Plus, Inc.**	2.06	-0.20

Digital Turbine, Inc. (APPS) is a software platform serving the advertising market for mobile app downloads. Its marketing platforms offer a more effective and cost-efficient alternative to the traditional app store. Quarterly results continue to benefit from accelerating device count, growing media partnerships and increasing revenue per mobile device from robust mobile advertiser demand. Margins continue to improve with impressive operating leverage to sales growth.

InMode Ltd. (INMD) is a leading global medical aesthetics company; its devices enable minimally invasive procedures using radio frequency (RF) technology. Despite the pandemic, INMD delivered record quarterly results highlighted by global demand for its products and the successful launch of hands-free product lines. Guidance reflects the continued adoption of RF technology, with the product pipeline opportunities in new categories like OB-GYN, ophthalmology, and dermatology.

Boot Barn Holdings, Inc. (BOOT) is a differentiated retailer specializing in western lifestyle and work-related footwear and apparel. Despite the pandemic same-store sales grew and accelerated to double-digit growth in January. Admirable execution drove healthy profitability, continuing to benefit from strong pricing and an increasing mix of private brands. A reopening economy and rebounding Texas energy industry could further accelerate growth in 2021.

Lantheus Holdings, Inc. (LNTH) is a leading provider of diagnostics medical imaging solutions focused on cardiac and cancer imaging. Quarterly results were better than expected, as demand for LNTH's imaging enhancing agents began to recover from pandemic headwinds. Revenue growth is expected to accelerate in the second half of 2021. There is also incremental optimism towards near term FDA approval of LNTH's PyL imaging agent for the enhanced visualization of prostate cancers.

Saia, Inc. (SAIA) is a freight transportation company with a top ten position in the fragmented market of less-than-truckload (LTL) shipping, primarily operating in the South and Midwest regions. Expansion initiatives and share gains continue to drive results above expectations. Profit margins are at record levels driven by pricing and accelerating volume growth in the improving macro environment.

Mercury Systems, Inc. (MRCY) is a defense electronics company providing critical sensors and systems for use onboard military aerospace platforms. Although quarterly results were better than expected, new bookings were disappointing for the second consecutive quarter due to delays in US defense budget and political uncertainty. Management continues to see solid new business opportunities, but is also leaning heavier on M&A for growth.

Qualys, Inc. (QLYS) is a leading provider of cloud-based security software focused on vulnerability management for an organization's IT infrastructure. Top-line growth continues to slow, and management indicated 2021 will be an investment year, requiring sales and marketing investments to sell a broader product portfolio and reaccelerate growth. Additionally, the CEO took a leave of absence, eventually stepping down from his post due to health reasons.

Cohen & Steers, Inc. (CNS) is a differentiated investment manager specializing in liquid real assets including real estate, infrastructure, commodities, natural resources, and preferred securities. Although quarterly flows and assets under management were robust, CNS did see some slowdown in organic growth for February driven by the rising outlook for interest rates during the quarter.

SPS Commerce, Inc. (SPSC) provides supply chain management solutions through an online software suite to retailers, suppliers, and logistics customers. Quarterly results and guidance reflect continued growth in demand for fulfillment solutions, critical for its diversified base of customers as they digitize supply chains. Despite positive results, the stock underperformed due to a broader market rotation out of Software stocks.

Simulations Plus, Inc. (SLP) provides modeling and simulation software and consulting services to pharmaceutical companies, non-profit research, and regulatory bodies. Organic growth continues to be weak as software license clients and consulting service contracts have closed deals at a slower pace due to the impact of COVID.

1Q 2021 Transaction Summary

Sector Allocation Changes	Purchased	Sold
• Increase in Industrials & Financials • Decrease in Information Technology & Consumer Staples	Valmont Industries, Inc. (VMI) - Industrials Lantheus Holdings, Inc. (LNTH) - Health Care Onto Innovation, Inc. (ONTO) - Information Technology GrafTech International Ltd. (EAF) - Industrials Ameris Bancorp (ABCB) - Financials Integer Holdings Corporation (ITGR) - Health Care	HMS Holdings Corp. (HMSY) - Health Care CyberArk Software Ltd. (CYBR) - Information Technology Brooks Automation, Inc. (BRKS) - Information Technology Glu Mobile Inc. (GLUU) - Communication Services Digital Turbine, Inc. (APPS) - Information Technology Simulations Plus, Inc. (SLP) - Health Care

Purchased

Valmont Industries, Inc. (VMI) is a market leader in the manufacture of engineered metal products for infrastructure and agricultural markets. Its Utility Structures benefit from investment in the electric grid and strengthening demand for renewable energy sources. Its Engineered Structures enjoy tailwinds from 5G communications and transportation infrastructure. While revenue growth in recent years has been limited by a cyclical downturn for its Irrigation equipment, this segment has returned to growth with increasing visibility from large international projects. Accelerating growth, balanced across business lines, should enhance VMI's consistent margin profile and cash generation.

Lantheus Holdings, Inc. (LNTH) is a leading provider of diagnostics medical imaging solutions focused on cardiac and cancer imaging. LNTH's ultrasound enhancing agent, DEFINITY, has an 80% market share in the U.S., together with its nuclear imaging agents should provide predictable revenue and cash flow. Substantial new growth opportunities could result from its deep product pipeline including its PyL imaging agent for enhanced visualization of prostate cancers, which is currently pending FDA approval.

Onto Innovation, Inc. (ONTO) provides semiconductor fabrication equipment including process control, metrology, and lithography systems and software used by semiconductor wafer and advanced packaging device manufacturers. Demand for its systems has been driven by the increasing complexity of equipment required for wafer fabrication from advanced foundry/logic and NAND flash. Its advanced packaging business is seeing an uplift from new and complex device architectures. The recent acquisition of Rudolph Technologies has provided new market opportunities, customer breadth, and cost synergies.

GrafTech International Ltd. (EAF) is a leading manufacturer of highly engineered graphite electrodes which are used in electric arc furnaces for steel production. Electric arc furnace production should continue to grow at the expense of blast furnaces given its environmental advantages and the steelmaking industry's heavy carbon footprint, with significant new EAF capacity expansions planned for the coming years. GrafTech's electrodes are consumables, supported by long-term take or pay contracts and its vertically integrated production model mitigates volatility in input costs, delivering visible revenue streams with exceptional margins and cash flow.

Ameris Bancorp (ABCB) is a regional bank headquartered in Atlanta, GA, with 170 locations in GA, AL, FL, and SC. Its expanding footprint, recruitment efforts, and position within the fast-growing Southeast region has delivered consistent above-market growth. The bank is well capitalized and well provisioned for potential COVID related losses. Profitability is consistently above peers despite growth investments and, unlike many peers, investment in technology and recruitment continued through the downturn positioning the bank for stronger growth ahead.

Integer Holdings Corporation (ITGR) is one of the largest providers of outsourced manufacturing for medical devices, serving a broad range of devices including cardiac, neuromodulation, orthopedics, vascular, and surgical. Despite industry disruption from the pandemic, favorable trends which have delivered above-market growth for ITGR remain. These include outsourcing of production, consolidating towards the largest vendors, and ITGR's investments in high growth devices. ITGR's sales recovery should come with strong operating leverage, and long term targets call for growth 2% above the market, with growth in operating profit twice the rate of sales growth.

Sold

HMS Holdings Corp. (HMSY) is the leading provider of cost containment solutions in the U.S. healthcare marketplace. The stock was removed from the Portfolio after the company agreed to be acquired by private equity-backed Gainwell Technologies.

CyberArk Software Ltd. (CYBR) is a leading provider of cyber security software primarily in the area of privileged access management. The stock was removed from the Portfolio after it exceeded the Portfolio's market cap guidelines.

Brooks Automation, Inc. (BRKS) is a leading provider of automation solutions for semiconductor manufacturing and sample-based services and solutions for the life sciences industry. The stock was removed from the Portfolio after it exceeded the Portfolio's market cap guidelines.

Glu Mobile Inc. (GLUU) is a leading global developer of mobile games, the fastest growing subset of the video game market. The stock was removed from the Portfolio after the company agreed to be acquired by Electronic Arts.

Digital Turbine, Inc. (APPS) is a software platform serving the advertising market for mobile app downloads. Its marketing platforms offer a more effective and cost-efficient alternative to the traditional app store. The stock was removed from the Portfolio after it exceeded the Portfolio's market cap guidelines.

Simulations Plus, Inc. (SLP) provides modeling and simulation software and consulting services to pharmaceutical companies, non-profit research, and regulatory bodies. Organic growth has been disappointing in recent quarters; new software license clients and consulting service contracts continue to close at a slower than the historical pace due to COVID impact.

Information is as of 3/31/2021

With the slowdown likely prolonged and the stock's valuation multiple near historical highs, it was sold in favor of more attractive opportunities.

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 were six purchases and six sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Industrials and Financials sector weightings in the Portfolio while decreasing the Information Technology and Consumer Staples weightings.

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 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.
Small Cap Growth Composite
7/1/2013 - 12/31/2019

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 account	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2019	22.9	22.5	28.5	16.9	16.4	128	0.9	41	<1%	8,445	12,528
2018	2.1	1.7	-9.3	17.4	16.5	103	0.69	30	<1%	7,102	10,234
2017	22.4	22	22.2	14.8	14.6	69	0.62	25	<1%	7,272	10,546
2016	17.3	16.9	11.3	16.2	16.7	15	n/a	9	1%	5,693	8,139
2015	3	2.8	-1.4	n/a	n/a	≤5	n/a	1	n/a	5,941	7,094
2014	6.1	5.9	5.6	n/a	n/a	≤5	n/a	0.6	n/a	6,328	7,449
6/30/13 – 12/31/13	23	22.9	22	n/a	n/a	≤5	n/a	0.6	n/a	6,489	7,467

#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. The verification report is available upon request. 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 Small Cap Growth Composite has been examined for the periods 1/1/18 – 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 Small Cap Growth Composite was created on July 1, 2013. This inception date reflects the first full month 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 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. 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 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. 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

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.