Portfolio Commentary

2Q 2018

Mid Cap Growth

Market Review

For much of the last ten years, the U.S. economic expansion has been notable for its lack of sizzle. Even the stock market, which has done well, has been unremarkable relative to other expansions. That is about to change. We have shed the "two steps forward, one step back" readings of economic data.

What's changed? The continued development of our job market. May's unemployment reading reached a new low for this cycle at 3.8%. We currently have more jobs available than workers to fill them. Like a ball rolling downhill, we've picked up steam.

The momentum caused some volatility in financial markets, especially for bonds. Interest rates rose with the ten-year U.S. Treasury yield broaching the psychologically important 3% yield mark before falling back. Many bond market indices remain negative for the year. In contrast, stocks quelled some of the first quarter unease as the S&P 500 returned close to 3% for the quarter. Small stocks fared even better returning close to 8%.

The momentum exhibited in the second quarter is well grounded and likely to continue. The trickle of growth has become a torrent and expanded beyond the affluent. Lower income Americans are finally benefitting from tight labor markets and lower taxes resulting in higher confidence. This is captured in May's retail sales increase of 5.9% over last year.

After some delay, the benefits of the expansion are spreading to millennials and younger demographic cohorts, who came of age during the financial crisis. Back then, weak job prospects and record student debt weighed on their confidence and ability to spend. Things are better now. Today, millennials are forming new households at a solid pace, bolstering spending on housing and other big-ticket items.

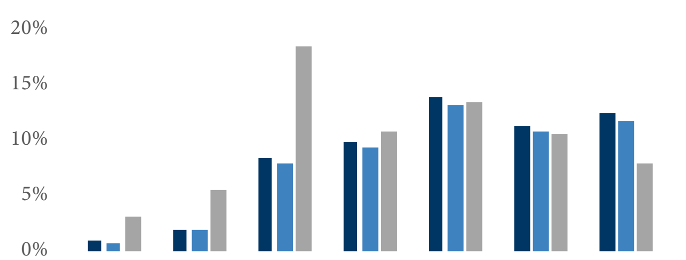
Corporate America continues to fare well. Record low interest rates, low inflation, tax cuts, and a large available work force resulted in strong 25% earnings growth in the first quarter. Small business trends are better now as optimism has risen with the improving profits outlook. To top it off, Federal spending was up 6% in May. This fiscal stimulus is sure to add fuel to the economic fire.

Performance Overview

The Congress Mid Cap Growth Portfolio returned 0.91% (gross of fees) during the second quarter of 2018 while the Russell Midcap Growth Index® (the Index) returned 3.16%.

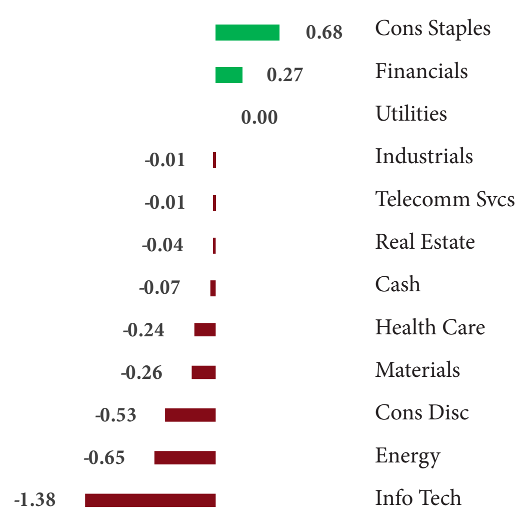
The Portfolio benefited from security selection in Consumer Staples, Industrials, and Financials. However, security selection in Information Technology, Consumer Discretionary, and Energy detracted from relative performance during the quarter.

Average Annualized Performance % as of 6/30/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Mid Cap Growth (Gross)	0.9	2.0	8.3	9.9	13.8	11.2	12.5
Mid Cap Growth (Net)	0.8	1.8	7.8	9.4	13.3	10.7	11.7
Russell Midcap Growth®	3.2	5.4	18.5	10.7	13.4	10.5	7.8

% Total Effect Portfolio vs. Index (3/31/2018 - 6/30/2018) (bps)



Information is as of 6/30/2018. Sources: Congress Asset Management, Factset, Russell Investments 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 not annualized. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

Q2 2018 Attribution Highlights

Overall Contributors

- Security selection in Consumer Staples, Industrials & Financials

Overall Detractors

- Security selection in Information Technology, Consumer Discretionary & Energy

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight	Contribution
Lamb Weston Holdings, Inc.	2.63%	0.43%
Monolithic Power Systems, Inc.	2.84%	0.42%
Burlington Stores, Inc.	2.93%	0.38%
Texas Roadhouse, Inc.	2.80%	0.35%
STERIS plc.	2.63%	0.32%

Detractors

Stock	Avg. Weight	Detraction
MKS Instruments, Inc.	2.34%	-0.39%
RPC, Inc.*	1.41%	-0.32%
Cognex Corporation	1.92%	-0.29%
LCI Industries	1.87%	-0.28%
Cambrex Corporation*	1.47%	-0.25%

*sold during the quarter

Lamb Weston Holdings, Inc. (LW) is a leading global producer, distributor, and marketer of value-added frozen potato products, primarily french fries. Lamb Weston reported a very strong quarter with revenue upside and well-balanced growth from both price/mix and volume gains. LW is also benefiting from incremental growth due to increased production capacity from a new plant and product innovation. Industry dynamics are favorable as french fry penetration is increasing globally and production is limited.

Monolithic Power Systems, Inc. (MPWR) is a leading provider of power solutions for systems found in industrial applications, telecom infrastructure, cloud computing, automotive, and consumer applications. The company continues to benefit from increased demand and new design wins in its attractive market verticals which has increased fab utilization and continued to drive upward margin momentum. Management commentary regarding inventory builds was positive, noting that increases were justified to meet elevated levels of demand.

Burlington Stores, Inc. (BURL) is an off-price apparel and home product retailer, with product lines including sportswear, menswear, coats, footwear, baby furniture, and home décor. BURL reported a very strong quarter with 4% comparable store sales growth and superior productivity from newly opened stores. Burlington continues to experience both gross margin and operating margin expansion in its business. Finally, the company is benefiting from initiatives in inventory management and merchandising improvement.

Texas Roadhouse, Inc. (TXRH) is a full-service casual dining restaurant chain. TXRH reported a very strong quarter with 4.9% same store sales growth and indicated that 2nd quarter comps were off to a solid start. While the company continues to experience margin pressures, it is reluctant to raise prices as it continues to drive guest count growth with its superior value proposition.

STERIS plc. (STE) is a leading provider of infection prevention and procedural products and services, focused primarily on the critical markets of Health Care, pharmaceutical and research and medical devices. Overall, its end-markets are strong, particularly biopharma where the spending environment appears poised for continued growth. This favorable environment should fuel continued organic and recurring revenue growth.

MKS Instruments, Inc. (MKSI) is a global provider of critical instruments, subsystems, and process control solutions to semiconductor capital equipment suppliers and other industries. Quarterly results were largely positive as growth appeared to be well-balanced across its semi and non-semi segments and management highlighted gains in the Laser and RF Power businesses. Overall, the longer-term outlook for wafer fab equipment spending remains positive among industry participants. However, near term-memory shipment delays and China trade war concerns have pressured the semiconductor space recently.

RPC, Inc. (RES) provides a broad range of specialized oilfield services and equipment, primarily to independent and major oil and gas companies engaged in the exploration, production, and development of oil and gas properties. The company reported a weak quarter due to increased competition in its Pressure Pumping business, which will likely impact future pricing. RPC continues to struggle with transitioning from focusing on spot work to highly complex frac work.

Cognex Corporation (CGNX) is a provider of vision systems, software, and other products used to analyze visual information to automate tasks, primarily in manufacturing processes. Recent financial results pressured the stock as the company's outlook for its Consumer business deteriorated due to lower investment in product launches and organic light-emitting diode (OLED) capacity. Additionally, concerns about profitability have weighed on the stock as CGNX continues to invest heavily in next generation growth drivers in the 3-D, logistics, and automotive markets.

LCI Industries (LCII) supplies a broad array of components for the leading original equipment manufacturers of recreational vehicles (RV) and adjacent industries. Financial results have been negatively impacted by weaker margins due to the combination of inflated labor and raw material expenses. Questions surrounding manufacturers potentially taking content out of RVs have also surfaced. Finally, the stock has suffered from RV industry-wide concerns around inventory levels, the impact of unfavorable weather, and rising interest rates.

Cambrex Corporation (CBM) is a contract manufacturer of active pharmaceutical ingredients (APIs) for biopharmaceutical companies. Recent operational issues have magnified longer term concerns regarding capacity utilization and declining Gilead hepatitis C virus drug volumes. This has resulted in margin degradation and an uncertain growth profile going forward.

2Q 2018 Transaction Summary

Sector Allocation Changes

- Increase in Information Technology
- Decrease in Energy & Industrials

Purchased

- Littelfuse, Inc. (LFUS) - Information Technology
- Qualys, Inc. (QLYS) - Information Technology
- Xylem, Inc. (XYL) - Industrials
- Jazz Pharmaceuticals plc. (JAZZ) - Health Care

Sold

- RPC, Inc. (RES) - Energy
- Masco Corporation (MAS) - Industrials
- WABCO Holdings Inc. (WBC) - Industrials
- Cambrex Corporation (CBM) - Health Care

Purchased

Littelfuse, Inc. (LFUS) is a leading supplier of circuit protection products for the electronics, automotive, and electrical industries. The company has posted consistent mid-single digit organic growth along with margin expansion over the last several years driven by a broad set of end markets. Management continues to describe market strength as differentiated compared to past cycles in that growth isn't tethered to a key product category or end market. This supports its view of accelerated organic growth to mid-single to high-single digit levels as content proliferates.

Jazz Pharmaceuticals plc. (JAZZ) is a biopharmaceutical company focused on developing drugs in the areas of sleep and hematology/oncology. Its key drug is Xyrem, an oral solution for the treatment of cataplexy and excessive daytime sleepiness. Management expects accelerating growth driven by returning Xyrem volumes, approvals in Europe, and steady growth from emerging and pipeline drugs.

Xylem, Inc. (XYL) is a leading global water technology company that designs, manufactures, and services highly engineered solutions across applications in the water and oil and gas sectors. Xylem has seen strong organic growth, supporting its mid-single digit growth guidance as it expands offerings in both China and India and sees signs of improved orders from domestic utilities. Strong execution should drive solid margin expansion from a combination of volume leverage, productivity improvements, pricing, and cost-out initiatives.

Qualys, Inc. (QLYS) offers a singular Cloud-oriented platform encompassing an integrated suite of solutions that automates the lifecycle of asset discovery, security assessments, and compliance management for an organization's IT infrastructure. QLYS is the market share leader in the fragmented market for vulnerability management, an area of increased spending by organizations, and has a unique opportunity to gain wallet share through new product introductions and a shift to security-as-a-service.

Sold

Cambrex Corporation (CBM) is a contract manufacturer of active pharmaceutical ingredients (APIs) and other intermediates for biopharmaceutical companies. Recent operational issues have magnified longer term concerns regarding capacity utilization and declining Gilead hepatitis C virus drug volumes. This has resulted in margin degradation and an uncertain growth profile going forward.

WABCO Holdings Inc. (WBC) is a leading global supplier of electronic, mechanical, electro-mechanical and aerodynamic products for the world's major manufacturers of commercial trucks, buses, and passenger cars. The sales outlook for the company is at risk due to slowing growth in its China business, supply chain bottlenecks, and softer new business wins. The margins are also at risk of deterioration due to raw material cost inflation and additional pension expenses.

RPC, Inc. (RES) is an oil and gas services company that provides a broad range of specialized oilfield services and equipment to independent and major oilfield companies engaged in the exploration, production and development of oil and gas properties. RPC has seen increased competition in its Pressure Pumping business as more capacity comes online, likely driving future pricing lower. Permian Basin market dynamics are likely to remain difficult well into 2019 as completions are deferred. RPC missed the last two quarters of earnings estimates as it struggles with transitioning from a business focused on spot work to highly complex frac work.

Masco Corporation (MAS) is a global leader in the design, manufacture, and distribution of branded home improvement and building products. Its margins are being challenged by increasing commodity prices, strategic growth initiatives, and the company's enterprise resource planning implementation. The Cabinetry business has been a consistent drag on sales performance and the Plumbing business exhibited sales weakness in the most recent quarter. Finally, Masco recently acquired L.D. Kichler at a premium valuation and will look to extend their operational expertise into a new business line.

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 four purchases and four sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Information Technology sector weighting while reducing the weighting in Industrials and Energy.

Outlook

Ironically, the fiscal stimulus should be considered one of the risks to our outlook. Fiscal stimulus in a period of strong economic growth often results in inflation as government competes with business for limited resources. Indeed, the Federal Reserve (Fed) raised short term rates in June and hinted at more increases both this year and next year. Even with inflation still below the Fed's preferred 2% rate, it has continued to decrease its bond holdings, effectively taking money out of the system. Often criticized for being behind, the Fed appears to be anticipating inflation.

While domestic growth continues unabated, Europe and many emerging markets have stalled. The synchronized global expansion is now relying

Information is as of 6/30/2018

mainly on the U.S. and China to propel the next leg of growth. In this vein, the nascent trade war with China takes on increased importance.

President Trump is clearly putting his stamp on our trade policies by implementing new tariffs. Over time, tariffs reduce trade and increase costs. Undoubtedly, Chinese actors continue to steal proprietary technologies and new protections in that realm are long overdue. As currently constructed, however, the new tariffs are as hurtful to Canada and Mexico as they are to China.

The tariffs themselves are not significant enough on their own to cause major concern but they do set a tone and act as a harbinger of what may come. As the U.S. has indicated more tariffs will follow, this has led to fears of a full-blown trade war.

The tailwind from lower corporate taxes enacted late last year are now being offset by these tariff concerns, resulting in companies delaying capital projects and taking a more conservative view of the future. This has been less of a concern for small companies that produce and sell in the domestic market. That could change, however, as investors recognize that even small companies are indirectly tied to global markets.

Other than trade policy, most of the potential negative economic stimuli have offsetting positives. For instance, the European Central Bank remains accommodative and has indicated it is likely to remain so throughout this year. Low European interest rates should help keep U.S. rates lower than they otherwise may be. Also, the Japanese economy appears to be stronger than it has been in decades and, along with China, provides meaningful opportunities for growth in Asia.

The U.S. economy enters the summer firing on all cylinders. The two primary risks in our view are: unforeseen inflation and a tariff induced slow down. The Fed is doing its part on inflation. As for tariffs, we believe cooler heads will prevail as the importance of global trade has been acknowledged by the administration even as the sabre rattling has intensified.

The foundation built over the last decade remains intact and strong enough to weather the current storm. An economy in full employment can withstand many challenges. That and accelerating growth keep us positively disposed to equities. Bond volatility may continue but the ten-year treasury at 3% appears attractive.

Congress Asset Management Co.
Mid Cap Growth composite
10/1/1999 - 6/30/2018

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	% of composite represented by non fee paying account	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
YTD	2.0	1.8	5.4	n/a	n/a	537	n/a	878	n/a	7,444	10,862
2017	17.7	17.2	25.3	10.8	10.9	447	0.65	763	n/a	7,272	10,546
2016	13.9	13.3	7.3	12.0	12.2	105	0.54	431	n/a	5,693	8,139
2015	1.9	1.4	-0.2	11.4	11.3	50	0.42	221	n/a	5,941	7,094
2014	13.0	12.4	11.9	10.8	10.9	41	0.51	145	n/a	6,328	7,449
2013	37.9	37.3	35.7	13.2	14.6	35	0.38	84	n/a	6,489	7,467
2012	10.4	9.8	15.8	17.0	17.9	26	0.46	43	n/a	6,755	7,498
2011	12.7	12.1	-1.7	19.1	20.8	22	0.67	30	n/a	6,329	7,014
2010	40.2	39.4	26.4			15	0.65	20	n/a	6,416	6,678
2009	25.7	25.1	46.3			11	0.85	11	n/a	5,263	5,463
2008	-43.9	-44.2	-44.3			9	0.55	7	n/a	4,292	4,371
2007	24.8	24.3	11.4			12	0.81	16	18%	5,812	5,846
2006	7.7	6.6	10.7			7	0.28	13	22%	5,464	5,469
2005	10.7	9.6	12.1			7	0.43	20	13%	4,750	4,751
2004	14.7	13.5	15.5			≤5	n/a	15	15%	3,844	3,844
2003	26.0	24.8	42.7			≤5	n/a	10	20%	3,697	3,697
2002	-10.6	-11.5	-27.4			≤5	n/a	4	36%	3,312	3,312
2001	9.5	8.5	-20.2			≤5	n/a	2	100%	3,147	3,147
2000	35.4	34.1	-11.8			≤5	n/a	2	100%	3,183	3,183
4Q '99	19.9	19.6	39.5			≤5	n/a	1	100%	3,002	3,002

#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 – 12/31/17. 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 Mid Cap Growth Composite has been examined for the periods 10/1/99 – 12/31/17. 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 Mid Cap 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 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. The standard deviation is not presented for 1999 through 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.