CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

2Q 2019

Mid Cap Growth

Market Review

The U.S. economy continues to grow and is likely stronger than recent headlines imply, providing a level of comfort for domestic investors. There are, however, two fault lines underneath the global economy: slowing momentum in Europe, China, and the United States; and rising trade tensions. The two lines are interdependent and in combination add an increasing level of uncertainty to economic prognosticators.

The financial markets felt the effects of increasing uncertainty in the second quarter. Bond yields fell to about 2% for the U. S. Treasury 10-year note, a level not seen since 2017. Stocks gyrated, particularly in May as trade tensions spiked, yet finished the quarter up about 3%. Oil prices collapsed only to stabilize late in the quarter. The most significant of these moves may be the bond yields themselves.

A few months ago, it appeared that global central banks were set to end their decade long experiment in quantitative easing by decreasing their own balance sheets and raising rates. As recently as December, the Federal Reserve (Fed) hiked short-term rates in the U.S. As the quarter progressed, it became clear that both domestic and global momentum had slowed, precipitating a U-turn by central banks. Interest rate increases are now on hold and balance sheets are as likely to expand as they are to shrink.

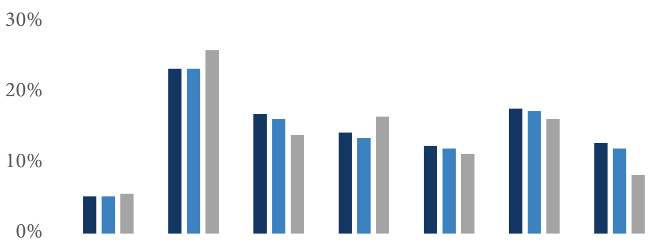
The Fed and other central banks have the ability (and it appears the inclination) to react to weakening indicators because of subdued inflation readings. To be sure, developed economies world-wide remain in a systemically low inflation environment. Rarely have we experienced this phenomenon. The implications are far ranging and include negative interest rates in Europe and low rates elsewhere, adversely effecting both pensioners and investors.

Performance Overview

The Congress Mid Cap Growth Portfolio ("the Portfolio") returned 5.2% during the 2nd Quarter, underperforming the Russell Midcap Growth Index ("the Index"), which returned 5.4%.

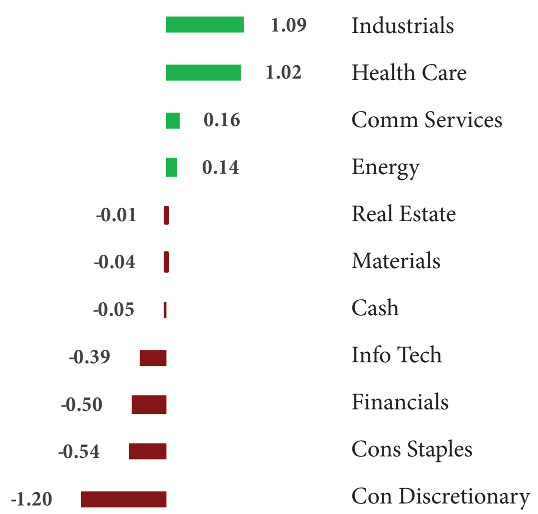
The Portfolio benefited from security selection in the Industrial, Health Care, and Communication Services sectors. However, security selection in the Consumer Discretionary, Consumer Staples, Information Technology, and Financial sectors detracted from relative performance during the quarter.

Average Annualized Performance % as of 6/30/2019



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/1/1999
Mid Cap Growth (Gross)	5.2	23.5	16.8	14.2	12.4	17.8	12.7
Mid Cap Growth (Net)	5.1	23.2	16.3	13.7	11.9	17.2	12.0
Russell Midcap Growth*	5.4	26.1	13.9	16.5	11.1	16.0	8.1

[1]% Total Effect Portfolio vs. Index (3/31/2019 - 6/30/2019)



Information is as of 6/30/2019. 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. 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. 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.

[1]The information shown is for a representative account as of 6/30/2019. Actual client account holdings and sector allocations may vary.

2Q 2019 Attribution Highlights

Overall Contributors

- Security selection in Industrials, Health Care & Communication Services

Overall Detractors

- Security selection in Consumer Discretionary, Consumer Staples, Information Technology & Financials

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Generac Holdings, Inc.	2.51	0.80
RBC Bearings, Inc.	2.21	0.64
Paycom Software, Inc.	3.22	0.60
Copart, Inc.	2.69	0.59
STERIS Plc	3.14	0.51

Bottom 5 Contributors

Stock	Avg. Weight%	Detraction%
PVH Corp.	1.89	-0.51
Lamb Weston Holdings, Inc.	2.16	-0.40
*HD Supply Holdings, Inc.	1.51	-0.39
Rollins, Inc.	2.28	-0.32
SS&C Technologies Holdings, Inc.	3.16	-0.32

*purchased during the quarter

Generac Holdings, Inc. (GNRC) is a leading global designer and manufacturer of a wide range of power generation equipment. First quarter results were strong as GNRC continued to see momentum in residential business, driven by increased awareness in the home standby category as well as demand from recent storm activity. Commercial sales were also strong, fueled by telecom companies spending on backup power solutions. Additionally, Generac has made acquisitions in energy data monitoring solutions and analytics, where management is optimistic regarding the size of the market opportunity.

RBC Bearings, Inc. (ROLL) is an international manufacturer of highly-engineered precision bearings and components. RBC reported a strong fiscal fourth quarter with better than expected organic growth and margin performance. The Aerospace business experienced an acceleration in organic growth due to increased build rates and new content at the major airframe and engine producers. RBC is also on track to bring additional capacity online within the year. Margin performance is strong as gross margins are at historical peaks and management sees opportunities for further operating margin improvement.

Paycom Software, Inc. (PAYC) provides comprehensive cloud-based human capital and payroll management solutions. This quarter highlighted continued strength in recurring revenue driven by new business wins, but also further elevated operating expense spending on R&D. Management has more recently focused their strategy (and spending) on increasing engagement in their solutions at the employee level of its customers. Over time, there are material margin benefits and the opportunity to take price as engagement levels rise.

Copart, Inc. (CPRT) provides vehicle suppliers with various services to process and sell salvage vehicles through auctions. Fiscal third quarter earnings were strong, driven by growth in both service and purchased vehicle sales. Service revenue continues to be driven by organic growth, market wins in insurance and non-insurance markets, and ancillary services. Purchased vehicle sales are benefiting from expansion in Germany. Operating margin experienced expansion from the strong top line and moderate general and administrative expense growth.

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. Its end markets seem healthy, with customer demand driving organic growth of almost double-digits in the most recent quarter and margins grinding higher despite labor cost pressure and tariff impacts. Ongoing investments in more profitable areas should continue to drive margin opportunities as the business scales.

PVH Corp. (PVH) engages in the design and marketing of apparel and accessories, primarily through the Tommy Hilfiger and Calvin Klein brands. The stock was under pressure as the wholesale apparel industry has broadly struggled with slowing retail trends and the impact of tariffs. Q1 reported results were generally in line with expectations, but with weakening same store sales. Management also spoke to slowing business trends in China and lowered their full year Calvin Klein revenue guidance.

Lamb Weston Holdings, Inc. (LW) is a leading global producer, distributor, and marketer of value-added frozen potato products, primarily french fries. The company once again reported a strong quarter with robust organic growth and margin expansion. However, the stock struggled due to concerns about industry capacity additions, the quality of the North America potato crop because of a later planting season, and pricing for new contracts negotiated with large restaurant chains.

HD Supply Holdings, Inc. (HDS) is one of the largest industrial distributors in North America with leading positions in two distinct markets – Maintenance, Repair & Operation (MRO) and Specialty Construction (SC). Leading up to its Q1 close, the investment community began to voice concerns about the potential negative impact of the cold/wet spring on business results for the quarter. This was confirmed when HDS reported results in June and lowered guidance for the full year. In addition, continued impacts from vendor software issues, a calendar shift, and tariffs contributed to the weak results and outlook.

Rollins, Inc. (ROL) is an international pest and termite control provider to both residential and commercial customers via leading brands like Orkin. The company posted weak Q1 results, which it blamed mostly on the cold/wet weather experienced during the quarter and a lack of operating leverage. The company noted that business began to improve in April and management expects increased demand into the summer in geographic areas with significant moisture.

SS&C Technologies Holdings, Inc. (SSNC) is a producer of sophisticated software products and software-enabled services that allow financial service providers to automate complex business processes and effectively manage information processing requirements. The company is highly levered from last year's acquisitions and is now seeing decelerating organic growth as it digests the deals. It is also becoming more apparent that recently acquired businesses may have some operational and structural characteristics that aren't meshing as well with legacy SSNC as originally thought. This could mean that margins take longer to return to peak levels.

2Q 2019 Transaction Summary

Sector Allocation Changes

- Increase in Industrials
- Decrease in Consumer Discretionary

Purchased

- HD Supply Holdings, Inc. (HDS) - Industrials

Sold

- Texas Roadhouse, Inc. (TXRH) - Consumer Discretionary

Purchased

HD Supply Holdings, Inc. (HDS) - is one of the largest industrial distributors in North America with leading positions in two distinct markets – Maintenance, Repair & Operations and Specialty Construction. The company offers roughly 650,000 SKUs to 500,000 customers through its company owned network of 270 branches and 44 distribution centers. Over the years HDS has built deep relationships with its customers based on differentiated service, product breadth, knowledge, and support reliability, enabling it to grow 3% faster than the industry rate of 3%-4%. The company also has been able to rapidly pay down debt, which should allow it to allocate capital towards better opportunities and expand market share beyond 5%-6% in a ~$85B TAM.

Sold

Texas Roadhouse, Inc. (TXRH) - is a full-service, casual dining restaurant chain offering cooked to order hand-cut steaks. Texas Roadhouse has experienced margin pressure as it invests in labor initiatives and is impacted by rising wage rates. Management has implemented more aggressive price increases in recent quarters to help offset the pressure. TXRH's first quarter saw it miss earnings expectations due to margin contraction, guide to higher labor inflation growth for FY '19, and note slower same store sales to start Q2.

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 they are reflective of this philosophy. These combined transactions essentially increased the Industrials weighting while reducing the Consumer Discretionary weighting in the Portfolio.

Outlook

The U.S. is not immune to economic lethargy. Spending on capital equipment has slowed and manufacturers are facing their own perfect storm: tariff-induced higher component costs, a strong dollar affecting overseas sales, and the anniversary of tax incentives, which pulled orders into 2018. Farmers in the corn belt are facing a trying year hindered by a wet planting season and curtailed exports. The bond market has noticed. While we do not face negative rates, part of the yield curve has inverted with some short-term bonds in the unusual position of yielding more than longer term bonds, indicating a recession could be in the offing. That inversion would likely disappear should the Fed lower rates as expected in July.

The current economic malaise represents more a pause in activity than a trend. Low interest rates act as both a warning to investors and a stimulant. The combined effect of low foreign rates and the Fed intimating a policy change has had the effect of lowering mortgage and loan rates. Lower rates will work through the economy over time and will increase home affordability and could foster investment in long lived assets, benefiting consumers and businesses.

May's headline job growth was weak, but it appears to be an outlier as other measures of employment remained strong and workers' compensation continues to improve. In a positive development, productivity rose over 3%, the highest level this cycle, with positive implications for efficiency, profitability, and inflation.

Whether consumer spending, backed by strong employment metrics, will be enough to offset sluggish business spending and keep the economy on a growth path remains to be seen. A decade of recovery after the financial crisis has left the consumer in a strong position, though. Consumer debt burden is very manageable, household net worth is at its highest level and continues to grow, and the savings rate at over 6% suggests that the consumer can support the economy in the face of business uncertainty.

To a large extent, the challenges facing the economy and markets now result from uncertainties caused by a significant change in our trade policies. Global trade has been espoused and endorsed by most countries for decades as a source of growth and the best method to improve their standards of living. Laws and business practices had adapted to encourage the flow of goods and services. Brexit and tariff concerns have changed this global view. Trade policies are in flux with no clear end game in sight. Stock markets are likely to react to every pronouncement, positive or negative, with the unintended effect of increased market volatility.

Restrictive trade policies will affect growth to some degree but are unlikely in themselves to cause a recession. By July, the U.S. expansion will have reached the ten-year mark and will have become the longest domestic expansion on record. More than 20 million jobs have been created in the last decade, unemployment is at 50-year lows, and inflation remains benign. Economic momentum is strong enough to withstand the current round of trade friction.

Financial markets are understandably jittery given the ever-changing trade environment. Bond yields are low by historical standards but provide an attractive return relative to other developed nations. Stocks are likely to be more volatile as investors digest how trade dynamics will affect future earnings. Longer term, stocks remain the preferred asset class.

Information is as of 6/30/2019

Congress Asset Management Co. Mid Cap Growth Composite

1/1/2009 - 12/31/2018

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)	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
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	12.0	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	13.0	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	17.0	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
2009	25.7	25.1	46.3			11	0.85	11	5,263	5,463

#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 – 12/31/18. 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 – 12/31/18. 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 2009 and 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.