Portfolio Commentary

All-Cap Opportunity

Market Review

Contradictory forces seem to be at play in the domestic markets. On the one hand bonds rallied during the quarter with the ten-year yield falling to 2.15%, down from 2.40% in late March. The fall in yields would seem to indicate concerns for our economic vitality. On the other hand, stock returns indicate a more robust view of the future with the S&P 500 continuing to climb, up about 3% for the quarter. Movements in both markets merit comment.

In part, the bond rally likely reflects the subdued inflation readings reported over the past two months. Yet, the rally comes in the face of the Federal Reserve's fourth interest rate hike since December 2015 and confirmation that it is likely to begin shrinking its balance sheet later in the year. By shrinking the balance sheet, the Fed will start to unwind its quantitative easing programs. In so doing, it will also increase the inventory of government bonds available to investors… So why such a strong bond rally?

The world is still hunting for yield. A recent survey of sovereign debt indicated that the bonds of 13 countries sported negative yields out to five years. Argentina—a country that has defaulted seven times in 200 years—experienced robust demand for a recent 100-year bond issue. This hunt is driving foreign investors to U.S. shores for both yield and safety. According to Bloomberg, foreign central bank holdings of U.S. Treasuries stand at close to $3 trillion.

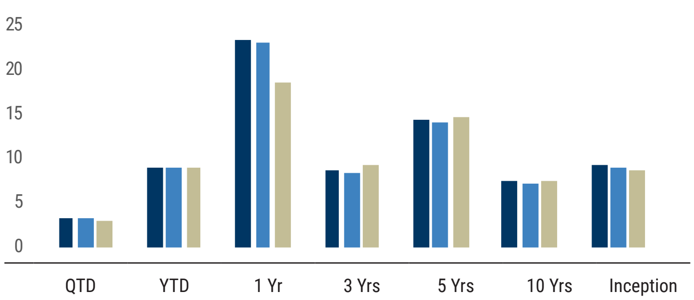
In contrast to bonds, the stock market eschewed economic concerns and rallied, once again with limited volatility. Corporate profits were up 12% over the prior year, which provided heft and supported the rise. The rally was broader than just the big tech companies, too. In fact, bolstered by the still expansionary policies of many central banks, stocks rallied globally with Europe up 18%, Japan up 22%, and emerging markets up 24%.

The hunt for yield drives down the cost of U.S. debt and indirectly supports the stock market as investors unhappy with low-yield options willingly take on more capital risk in an effort to increase their own capital base. For more than a year, stock market investors have been spreading their funds around and driving up global stock markets as a result. The coordinated efforts of the world's central banks may have finally hit the tipping point. The United States, Europe, and Asia appear to be growing at modest yet sustainable rates.

Performance Overview

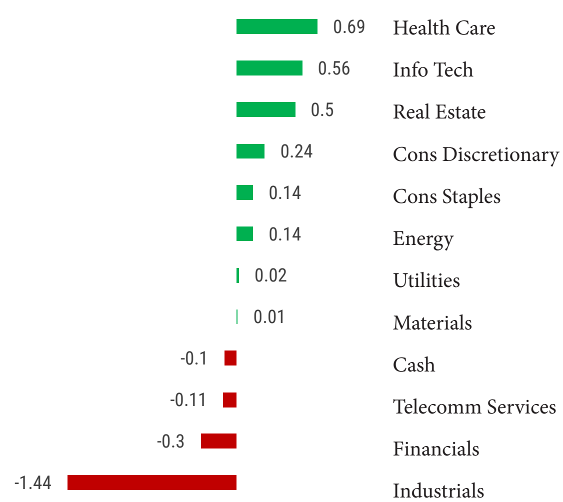
For the quarter ending June 30, 2017, the All Cap Opportunity strategy outperformed its benchmark, the Russell 3000 Index©. The portfolio returned +3.32% gross of fees while the index returned +3.02% for the quarter. Relative performance was aided by security selection in the Health Care, Real Estate, and Information Technology sectors. Relative performance was negatively impacted by security selection in the Industrial and Financial sectors as well as an overweight allocation to the Telecommunication Services sector.

Average Annualized Performance % as of 6/30/2017



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Congress ACO (Gross)	3.3	8.9	23.3	8.6	14.3	7.5	9.2
Congress ACO (Net)	3.2	8.8	22.9	8.2	13.9	7.3	8.9
Russell 3000®	3.0	8.9	18.5	9.1	14.6	7.3	8.5

% Total Effect Portfolio vs. Index (3/31/2017 - 6/30/2017) (bps)



Information is as of 6/30/2017. 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 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 2017 Attribution Highlights

Overall Contributors

- Security Selection in Health Care
- Security Selection in Information Technology
- Security Selection in Real Estate

Overall Detractors

- Security Selection in Industrials
- Security Selection in Financials
- Allocation to Telecommunication Services

Top Stock Contributors and Detractors

Contributors

Stock	Ticker	Contribution
NVIDIA Corporation	NVDA	1.46%
Zoetis, Inc. Class A	ZTS	0.70%
ABIOMED, Inc.	ABMD	0.60%

Detractors

Stock	Ticker	Detraction
United Rentals, Inc.	URI	-0.47%
NCR Corporation	NCR	-0.43%
Carlisle Companies Inc.	CSL	-0.36%

NVIDIA Corporation (NVDA) designs and manufactures computer graphics chips for use in personal computers. NVDA was up 32.9% for the second quarter after posting positive, broad-based operating results. Its Data Center segment had a particularly strong quarter, posting revenue growth that was almost triple the size of similar figures reported one year ago.

Zoetis, Inc. (ZTS) develops and manufactures animal health medicines and vaccines for both livestock and companion animals. ZTS stock increased by 17.3% after the company saw strong growth in its Companion Animal segment, reporting that revenues for the segment grew 12% on a year-over-year basis. ZTS has also shown to have some modest pricing power, which it expects to continue to express over the remainder of the year.

Interxion Holding NV (INXN) engages in the provision of carrier and cloud neutral colocation data center services. Demand for data center access and colocation services continues to grow, propelling INXN's business forward and pushed the company's shares up 15.7% over the quarter. The company continues to invest for future growth via both acquisition and expansion avenues

United Rentals (URI) is the largest equipment rental company in the world. URI stock fell 9.9% over the quarter as the company saw its rental volumes increase but at the expense of lower rental rates. The company's end markets continue to show good supply/demand balance, giving hope that rental rates will firm up over the remainder of the fiscal year.

NCR Corporation (NCR) offers software, hardware, and a portfolio of services across the financial, retail, hospitality, travel, telecommunications, and technology industries. NCR reported good revenue growth in their first quarter but management's forecast for their second quarter fell just short of analysts' expectations. NCR stock lost 10.6% on the disappointing forecast. At the same time, the company raised its guidance for the full fiscal year based on lower foreign exchange headwinds, offering a positive outlook for future quarters.

Carlisle Cos., Inc. (CSL) manufactures and markets a wide range of products that serve a diverse array of markets including commercial roofing, energy, agriculture, mining and construction equipment, aerospace and electronics, dining and food delivery, and healthcare. CSL stock fell 10.0% over the quarter after the company revealed disappointing results, with two of its larger segments reporting lower year-over-year revenues. The company continues to be active in seeking out acquisition opportunities to bolster its product lineup.

Q2 2017 Transaction Summary

Purchased

- Orbital ATK, Inc. (OA) - Industrials

Sold

- General Electric Company (GE) - Industrials

Purchased

Orbital ATK, Inc. (OA) is a global aerospace and defense systems company that designs, builds, and delivers space, defense, and aviation-related systems. The company recently put a minor accounting problem behind it and looks to benefit from a more defense-oriented fiscal budget. OA's flight systems segment is its fastest growing and highest margin business, which should enable OA to benefit from continued expansions in governmental aerospace and defense bookings.

Sold

General Electric Co. (GE) is a technology and financial services company. Its assorted products and services include aircraft engines, power generation, water processing, security technology, medical imaging, business and consumer financing, media content, and industrial products. GE continued to show weakness among many of its business units and lacked any type of strong driver for its results. The lack of a near-term catalyst prompted our sale of the shares.

Outlook

The stock market's measured return so far this year highlights that the remnants of the financial crisis are receding at a quickening pace. The Fed's balance sheet reduction can be interpreted as a signal that the world's largest central bank is prepared to partially return the economic reins to consumers and businesses thus allowing more rational investing, spending, and savings decisions. The timing is propitious. Corporate earnings are growing at a reasonable rate, inflation is in check, and the consumer is in solid economic shape with good job prospects. The U.S. stock market remains the preferred asset class.

Congress Asset Management Co. All-Cap Opportunity Composite 6/1/2005 - 6/30/2017

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Russell 3000 Return % (dividends reinvested)	Composite Gross 3-Yr St Dev (%)	Russell 3000 3-Yr 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	8.9	8.8	8.9	n/a	n/a	263	n/a	128	n/a	6,261	9,122
2016	12.9	12.5	12.7	14.4	10.9	256	1.67	123	n/a	5,693	8,139
2015	-3.5	-3.8	0.5	12.0	10.6	76	1.40	70	n/a	5,941	7,094
2014	15.1	14.7	12.6	10.7	9.3	71	0.96	82	n/a	6,328	7,449
2013	30.9	30.4	33.6	14.8	12.5	69	0.73	75	n/a	6,489	7,467
2012	16.2	15.8	16.4	17.5	15.7	52	0.46	46	n/a	6,755	7,498
2011	4.8	4.5	1.0	21.4	19.3	36	n/a	30	n/a	6,329	7,014
2010	19.9	19.5	16.9			≤5	n/a	3	n/a	6,416	6,678
2009	25.5	25.4	28.3			≤5	n/a	1	n/a	5,263	5,463
2008	-35.7	-35.7	-37.3			≤5	n/a	1	100%	4,292	4,371
2007	11.2	11.2	5.1			≤5	n/a	1	100%	5,812	5,846
2006	15.1	15.1	15.7			≤5	n/a	1	100%	5,464	5,469
5/31/05 – 12/31/05	7.0	7.0	6.4			≤5	n/a	1	100%	4,750	4,751

#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 – 12/31/16. 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 All Cap Opportunity Composite has been examined for the periods 4/1/13 – 12/31/16. The verification and performance examination reports are available upon request.

Firm Information: Congress Asset Management Co. (CAM) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Registration does not imply a certain level of skill or training. CAM manages a variety of public equity, private equity, fixed income and ETF managed portfolios for private and institutional clients. CAM acquired Prelude Asset Management, LLC on March 15, 2010. CAM merged with Congress Capital Partners, LLP on June 30, 2015.

Composite Characteristics: The All Cap Opportunity Composite was created on December 31, 2005 and has an inception date of May 31, 2005. This inception date reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. As of March 31, 2011 the Corporate Recovery Composite was renamed the All Cap Opportunity Composite. The composite includes all fully discretionary accounts with a value over $100 thousand (US dollars) managed in the all cap opportunity style for a minimum of one consecutive month. The all cap opportunity strategy's investment premise is that market efficiencies exist between fixed income and equity valuation techniques. We seek to uncover these efficiencies, and identify equity investment opportunities in order to pursue long term capital appreciation. We employ a combination of formal quantitative screening followed by bottom up fundamental analysis, unconstrained by market cap and style that results in a high conviction, go anywhere strategy. The strategy is opportunistic and unconstrained, providing management flexibility to focus on securities and industries that are often under researched and believed poised to experience earning growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $500 thousand (US dollars). The composite benchmark is the Russell 3000 Index. Effective January 1, 2009 the All Cap Opportunity benchmark was changed retroactively from the S&P 500 Index to the Russell 3000 Index due to closer correlation of returns and market cap allocation. 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. The firm uses the Modified Dietz formula to calculate monthly returns and links these returns geometrically to produce an accurate time-weighted rate of return. The composite is also revalued intra-month in cases where cash flows in excess of 10% of the composite's value occur. Composite returns are asset-weighted. 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 fixed income and equity securities are included in calculations. A maximum of 20% of the portfolio may be invested in the ADR's of foreign companies. 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 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 2005 through 2010 as it is not required for periods prior to 2011. Beginning June 1, 2011 carve-outs were introduced to the All Cap Opportunity composite. The all cap opportunity data is carved out of each eligible balanced account and managed as a separate account with a separate cash balance.

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: From inception until mid-2009 the All Cap Opportunity Composite included one non-fee paying account (which was the only account in the composite). The annual percentage of the composite comprised of non-fee paying assets is listed in the table above. 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.