CONGRESS ASSET MANAGEMENT COMPANY

4Q 2018

Portfolio Commentary

Large Cap Growth

Market Review

Fear and uncertainty gripped the financial markets as 2018 drew to a close. The litany of concerns seemed to grow longer as the quarter progressed. Investors reacted to repeated interest rate increases enacted by the Federal Reserve, trade policy negotiations, uncertainties over the federal government shut down, and foreign policy by de-risking their portfolios.

As we witnessed, global stock markets fell with the S&P 500 recording its worst quarter in a decade, down 13.5%. Oil was another casualty, dropping to lows not seen in four years. The bond market provided some solace as intermediate bond prices rose and the ten-year Treasury yield ended the year close to where it began, around 2.8%.

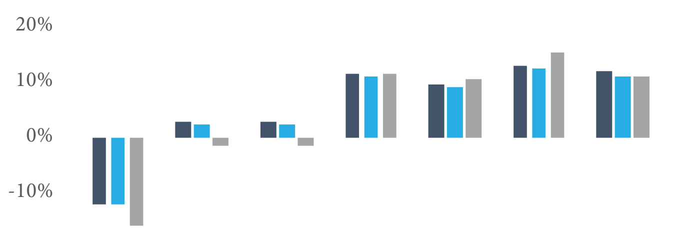
The depth of the 4th quarter swoon would suggest that the economy was stumbling into a recession. In our view, this is not the case. The case for economic Armageddon ignores strong employment trends, increasing capital investment, low inflation rates, and the benefits of de-regulation.

Performance Overview

The Congress Large Cap Growth Portfolio ("The Portfolio") returned -11.95% (gross of fees) during the Fourth Quarter, while the Russell 1000 Growth Index ("The Index") returned -15.89%.

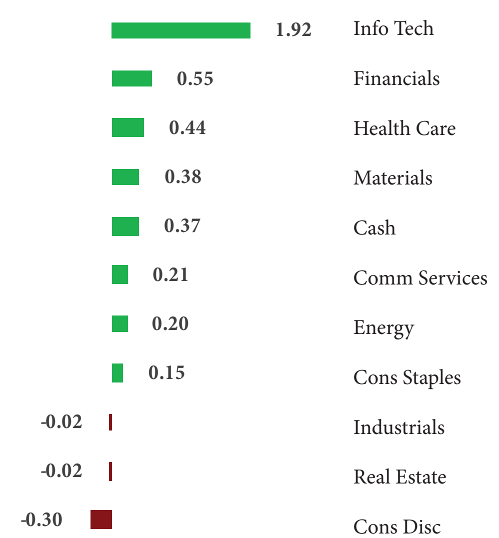
The Portfolio benefited from security selection within Information Technology, Health Care, Energy, and Financials. However, security selection within Consumer Discretionary detracted from relative performance. In addition, overweight allocations for the Portfolio in Energy and Industrials slightly detracted from relative performance during the quarter.

Average Annualized Performance % as of 12/31/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 1/1/1985
Large Cap Growth (Gross)	-12.0	2.5	2.5	11.3	9.3	12.9	11.8
Large Cap Growth (Net)	-12.0	2.1	2.1	10.7	8.7	12.4	10.9
Russell 1000 Growth©	-15.9	-1.5	-1.5	11.2	10.4	15.3	10.7

% Total Effect Portfolio vs. Index (9/30/2018 - 12/31/2018)



4Q 2018 Attribution Highlights

Overall Contributors

- Security selection in Information Technology, Health Care, Energy & Financials
- Cash Allocation

Overall Detractors

- Security selection in Consumer Discretionary
- Overweight allocations to Energy & Industrials

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
CME Group Inc. Class A	3.04	0.29
Xilinx, Inc.	2.82	0.19
The Clorox Company	2.42	0.05
*Abbott Laboratories	0.50	0.03
*Dollar General Corporation	1.82	0.00

*Purchased during the quarter.

Detractors

Stock	Avg. Weight%	Detraction%
Apple Inc.	3.16	-1.04
Amazon.com, Inc.	3.38	-0.96
Adobe Inc.	3.26	-0.55
Northrop Grumman Corporation	2.08	-0.53
TJX Companies Inc.	2.67	-0.53

CME Group, Inc. (CME) provides electronic trading, offering the broadest range of global benchmark products across all major asset classes including futures and options. With elevated market volatility in the quarter, trading volumes on CME platforms followed suit. Operationally, the company executed with solid expense control and further with its closing on an acquisition of NEX Group in November.

Xilinx, Inc. (XLNX) designs and manufactures field programmable gate arrays (FPGAs), integrated circuits designed to be configured by a customer after manufacturing. Despite a weak macro backdrop, the company is benefiting from diverse end-market exposures. In addition, XLNX's strategy to shift to a flexible platform as well as new product launches are leading to total addressable market (TAM) expansion.

The Clorox Company (CLX) is a leading multinational manufacturer and marketer of consumer and professional products. The company markets some of the most trusted and recognized consumer brand names including its namesake bleach and cleaning products, Pine-Sol cleaners, Liquid-Plumr clog removers, Fresh Step cat litter, and Glad bags, wraps, and containers. The stock's outperformance was driven by a combination of solid organic growth in the latest quarter as well as market volatility, as investors looked for more defensive stocks.

Abbott Laboratories (ABT) engages in the discovery, development, manufacture, and sales of a broad, diversified line of health care products. It operates through four business segments: Established Pharmaceutical Products, Nutritional Products, Diagnostic Products, and Medical Devices. The company reported solid quarterly results with organic growth of 9.8% in Medical Devices, primarily due to successful new product launches.

Dollar General Corporation (DG) operates over 14,600 stores located in across 44 states, offering consumables, seasonal items, home products, and apparel with an Everyday Low-Price strategy. The company reported better than expected quarterly same store sales growth that was driven by an increase in average transaction amount. With a customer base skewed toward lower income families the current unemployment rates, lower energy costs, and higher tax refunds should benefit DG customers to a greater degree.

Apple, Inc. (AAPL) is the world's third largest information technology company. Its core products are the iPhone, iMac, and the iPad. The company has also built a sizable software and service business through its App Store. The stock was pressured due to management's negative preannouncement for the upcoming quarter as well as industry data that implied weaker than expected sales for the company's iPhone XR, specifically in China.

Adobe, Inc. (ADBE) offers software and services that help its customers create and deliver the most compelling content and web applications in a streamlined workflow as well as optimize those experiences and marketing activities for a greater return on investment. The stock was pressured on lower Creative Cloud growth in the most recent quarter. As Creative Cloud has been ADBE's biggest growth driver over the last several years, there were concerns regarding the company's ability to sustain growth at recent levels.

Amazon.com, Inc. (AMZN) is the world's leading online retailer, operating as both a direct seller of goods and as a platform for third-party sellers to distribute their products. AMZN also provides web infrastructure services to business customers through its Amazon Web Services (AWS). Investors have wanted the company to demonstrate margin expansion for years. This finally occurred in the most recent quarter. However, revenue growth appears to be slowing down.

Northrop Grumman Corporation (NOC) is a global aerospace and defense technology company. The stock's underperformance was primarily due to concerns regarding a pension account, FAS non-service benefit, which is expected to decline from previous expectations resulting in a non-cash earnings per share headwind.

TJX Companies, Inc. (TJX) is the leading off-price apparel and home fashion retailer operating through the following segments: Marmaxx, HomeGoods, TJX Canada, and TJX Europe. Despite reporting strong same store sales growth of +7% on a consolidated basis, the company delivered disappointing margin performance and expects this trend to continue in the upcoming quarter and next fiscal year. Like many retailers, wage and freight costs are squeezing margins and negatively impacting EPS expectations.

4Q 2018 Transaction Summary

Sector Allocation Changes	Purchased	Sold
• Increase in Consumer Discretionary & Health Care	• ANSYS, Inc. (ANSS) - Information Technology	• Intercontinental Exchange, Inc. (ICE) - Financials
• Decrease in Financials	• Dollar General Corp. (DG) - Consumer Discretionary	• Analog Devices, Inc. (ADI) - Information Technology
	• Verisk Analytics, Inc. (VRSK) - Industrials	• Rockwell Automation, Inc. (ROK) - Industrials
	• Abbott Laboratories (ABT) - Health Care	

Purchased

Ansys, Inc. (ANSS) is an engineering simulation software company. Ansys applications are used by a wide range of industries to predict how product designs will behave in real-world environments. The company is experiencing increasing average contract value, backlog growth over 20% for the last seven quarters, and strong organic growth to complement strategic acquisitions. Management expects the simulation software industry (which ANSS has quietly helped consolidate) to grow as customers face increasing complexity and shrinking product cycles.

Dollar General Corp. (DG) is a general merchandise retailer headquartered in Goodlettsville, Tennessee. DG operates 15,000 stores offering discount consumables, seasonal items, home products, and apparel. The company offers stable top line growth from a combination of new store openings and consistent positive same store sales growth. DG's competitive positioning is strong and store execution is excellent. Capital allocation has been solid, and valuation is favorable.

Verisk Analytics, Inc. (VRSK) is a leading data analytics provider serving customers in insurance, natural resources, and financial services. VRSK provides predictive analytics and decision support solutions used in fraud prevention, insurance coverages, and other fields. The company's strong portfolio of proprietary data and analytics has enabled it to outgrow its end markets in Property & Casualty insurance. In addition, VRSK's business model is very attractive with low capital intensity, subscription-based contracts (which account for 80% of total revenue), and incremental margin expansion.

Abbott Laboratories (ABT) is a leading provider of healthcare products. It operates through four business segments: Established Pharmaceutical Products, Nutritional Products, Diagnostics Products, and Medical Devices. The company has leading market share in many of its product categories. ABT's organic growth is accelerating, driven by new product launches in diabetes care, diagnostics, and cardiovascular devices. The combination of increasing organic growth, margin improvement from new product launches, and synergies from recent acquisitions help support EPS growth of over 10%.

Sold

Intercontinental Exchange, Inc. (ICE) is a leading global operator of regulated exchanges, clearing houses, and listings venues as well as a provider of data services for commodity, fixed income, and equity markets. ICE was sold as the company faces increasing uncertainties surrounding its ability to push pricing following an unfavorable Securities and Exchange Commission ruling.

Analog Devices, Inc. (ADI) is a leading global high-performance analog technology company. ADI designs, manufactures, and markets a broad portfolio of solutions including integrated circuits, algorithms, software, and subsystems that leverage high-performance analog and digital signal processing technologies. Cyclical and macro issues have plagued ADI as well as the entire semiconductor industry.

Rockwell Automation (ROK) is a leader in industrial automation and information, enabling its customers to be more productive through manufacturing efficiencies. ROK was sold after concerns mounted surrounding the company's ability to reach its financial targets in the face of decelerating global capital expenditures and higher costs from tariffs.

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 4 purchases and 3 sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Consumer Discretionary and Health Care weightings, and decreased the weighting in Financials.

Outlook

We remain in the midst of the longest economic expansion on record led by the salutary effects of full employment. More people are working in our country than ever before. Jobs are plentiful – we have more jobs available than unemployed people to fill them. Wages and benefits are rising steadily, putting money in consumers' pockets. On an annual basis, income, spending, and savings all increased more than 4% in November,

Information is as of 12/31/2018

an unusual trifecta. Early indications of holiday spending suggest a robust season for retailers and gift recipients alike.

The consumer is supported by business spending. Through November, broad measures of economic health remained in expansionary territory. The Institute for Supply Management's two main readings remain solidly above 50. Business investment has been bolstered by last year's tax cuts and overseas cash repatriation. This is likely to continue as strong corporate profits and the tight labor market combine to encourage corporate spending, in turn enhancing productivity. Companies may be nervous regarding uncertain trade policies but the need to invest outweighs the rhetoric around tariffs. Forward looking measures, such as the leading Economic Index are at cycle highs.

Strong statistics aside, it is not difficult to discern the reasons for investors' confusion. Front and center are the actions, and in some cases commentary, from the Federal Reserve. Inflation, one of the Fed's two primary objectives, remains under 2%, and with oil prices falling, is unlikely to reach that mark in the near term. Still, the Fed forecasts more interest rate increases in 2019, potentially curtailing consumer and business spending as investment costs increase. The housing and automobile markets, both reliant on low interest rates, have already slowed.

Another proximate cause of market unrest is the ongoing negotiations to our trade policies. Bi-lateral agreements are taking precedence over broader, regional agreements. Negotiations with China are dominating the news and are as much about intellectual property protections as they are about tariff rates. The seminal movement to global trade began after World War 2 and accelerated with China's admittance into the World Trade Organization (WTO) in 2001. Increasingly, China has flaunted WTO guidelines and rulings to pilfer intellectual property at the expense of the U. S. and its allies. By introducing new trade restrictions now, the U.S., with the support of many allies, is forcing Beijing's hand to level the playing field. As the world's second largest economy, China is being held to its commitments. China's growth has clearly slowed, and a resolution would ease concerns about a broader global economic slowdown.

We are cognizant of the extreme volatility experienced in the financial markets. After a long bull market in stocks, investors are skittish. The economy remains on a solid path, however, and much of the consternation can be tied to policy uncertainty. But, as with most policy changes: trade, tax, fiscal stimulus packages, or interest rates, American businesses' will adapt and respond. The current expansion is unlikely to be derailed by headlines. Volatility will not go away but the consumer is stronger financially than at any other time this century and strong business trends should continue. Stocks are reasonably valued while bond rates offer a real return over inflation.

Congress Asset Management Co. Large Cap Growth Composite 1/1/2009 - 9/30/2018

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Russell 1000 Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	S&P 500 3-Yr annualized ex-post St Dev (%)	Russell 1000 Growth 3-Yr St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ milions)	Total Firm Assets End of Period # ($ millions)
2018	2.5	2.1	-4.4	-1.5	10.5	10.8	12.1	80	0.30	136	7,102	10,234
2017	27.2	26.6	21.8	30.2	9.9	9.9	10.5	78	0.58	111	7,272	10,546
2016	5.6	5.1	12.0	7.1	10.7	10.6	11.2	81	0.43	98	5,693	8,139
2015	2.8	2.2	1.4	5.7	11.1	10.5	10.7	28	0.49	65	5,941	7,094
2014	10.1	9.5	13.7	13.1	10.1	9.0	9.6	30	0.47	89	6,328	7,449
2013	30.5	30.0	32.4	33.5	12.5	11.9	12.2	35	0.50	233	6,489	7,467
2012	11.9	11.5	16.0	15.3	15.2	15.1	15.7	39	0.40	302	6,755	7,498
2011	3.5	3.1	2.1	2.6	17.0	18.7	17.8	45	0.66	463	6,329	7,014
2010	11.8	11.3	15.1	16.7				50	0.31	537	6,416	6,678
2009	28.0	27.4	26.5	37.2				57	0.79	495	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 – 6/30/18. 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 Large Cap Growth Composite has been examined for the periods 1/1/96 – 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 Large Cap Growth Composite was created on January 1, 1993 and the inception date of the composite is January 1, 1985 which 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 large cap growth style for a minimum of one full month. The large cap growth strategy invests in the equity of high quality companies with market capitalizations greater than $5 billion exhibiting consistent earnings growth. The strategy may also invest from time to time in equity securities with capitalizations between $1 billion and $5 billion. 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 taxable accounts, private client accounts, or accounts with less than $1 million. The primary composite benchmark is the S&P 500 Index. The secondary benchmark is the Russell 1000 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, composites are 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 Large 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. Prior to January 1, 1998 the equity returns of eligible balanced accounts were carved out and included in composite returns. These carveout returns were calculated by splitting each balanced account, extracting the equities data along with a pro-rata share of each cash transaction. Prior to January 1, 1993 the composite is not in compliance with GIPS.

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.