

# Large Cap Growth Strategy

**STRATEGY:** The strategy invests in a portfolio of 35-45 established growth companies. Investments are predicated on a company's future prospects rather than economic or market cycles. We value consistent profitable growth versus a growth now, profits later approach.

**APPROACH:** We employ a bottom up fundamental process to identify investments in companies with improving fundamentals, emphasizing earnings growth consistency, free cash flow, and solid balance sheet metrics.

**BENEFIT:** Investing in companies positioned for growth coupled with risk management techniques seek to provide the foundation to build a high conviction portfolio with consistent return generation and lower realized volatility.

## Company Snapshot as of 6/30/2020

Company Assets	\$13.2 b
Founded	1985

## Investment Committee

Company Tenure

Dan Lagan, CFA Committee Chair	1989
Matt Lagan, CFA Committee Co-Chair	2003
Lanny Thorndike	2017
Martine Elie, CFA	1999
John O'Reilly, CFA	2001
Nancy Huynh	1998

## Portfolio Construction

35-45 Holdings

2.5% Initial Weighting

5/15% max. allowance to security weight and industry, respectively.

Standard Deviation < Benchmark

Realized Beta < 1

## Average Annualized Performance % as of 6/30/2020

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 1/1/1985
Large Cap Growth (gross)	24.3	5.9	14.0	18.3	14.1	15.3	12.4
Large Cap Growth (net)	24.2	5.7	13.5	17.8	13.6	14.7	11.5
Russell 1000 Growth <sup>*</sup>	27.8	9.8	23.3	19.0	15.9	17.2	11.4
S&P 500	20.5	-3.1	7.5	10.7	10.7	14.0	11.0

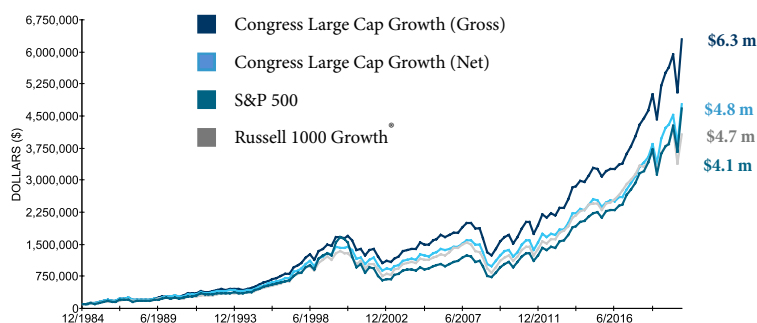
Performance is preliminary and subject to change

Information is as of 6/30/2020. 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. <sup>1</sup>The information shown is for a representative account as of 6/30/2020. Actual client account holdings and sector allocations may vary.

<sup>1</sup> Characteristics	Large Cap Growth	Russell 1000 Growth Index <sup>*</sup>	S&P 500
Total Assets	\$3.5 b	-	-
Number of Equity Holdings	40	435	505
YTD Turnover%	17.1	-	-
Active Share %	68.3	-	-
P/E - Trailing 12 Months	31.7x	32.5x	21.5x
Price/Book	7.3x	11.1x	3.5x
Yield %	0.83	0.92	1.87

Risk Return 1/1/1985 - 6/30/2020	Large Cap Growth	Russell 1000 Growth Index <sup>*</sup>	S&P 500
Standard Deviation %	15.94	18.83	16.31
Beta	0.80	1.00	0.83
Sharpe Ratio	0.57	0.43	0.47
Alpha	2.26	--	0.77
Upside Capture %	89.4	100.0	87.8
Downside Capture %	75.4	100.0	84.0

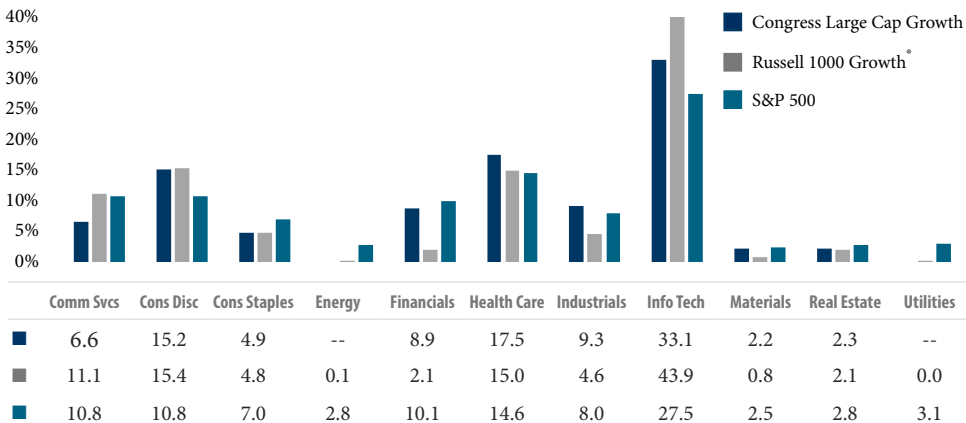
## Growth of \$100,000 Inception 1/1/1985 through 6/30/2020



<sup>1</sup>Top 10 Holdings % as of 6/30/2020

PayPal Holdings Inc	4.8
Amazon.com, Inc.	4.7
Adobe Inc.	4.6
Apple Inc.	3.7
Dollar General Corporation	3.2
Visa Inc. Class A	3.2
Thermo Fisher Scientific Inc.	3.1
Microsoft Corporation	3.1
Progressive Corporation	2.9
Lululemon Athletica Inc	2.8
<b>Total:</b>	<b>36.2</b>

<sup>1</sup>GICS Sector Allocation % ex Cash as of 6/30/2020



Definitions: **S&P 500 Index** is a market-capitalization weighted index, which measures price movements of the common stock of 500 large U.S. companies within leading industries. **Russell 1000 Growth Index** measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. **Standard Deviation** measures historical volatility **Beta** measures the volatility of a portfolio in comparison to an index **Sharpe Ratio** uses standard deviation and excess return to determine reward per unit of risk **Alpha** compares the risk-adjusted performance of a portfolio to an index **Upside Capture Ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark **Downside Capture Ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark.

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Congress Asset Management Co. Large Cap Growth Composite 1/1/2010 - 12/31/2019

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 (\$ millions)	Total Firm Assets End of Period (\$ millions)
2019	34.4	33.9	31.5	36.4	11.5	11.9	13.1	114	0.82	207	8,445	12,528
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

#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. 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 - 12/31/19. 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 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 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 carved out 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.