

# 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 3/31/2017

Company Assets	\$8.7 b
Founded	1985

## Investment Committee

### Company Tenure

Dan Lagan, CFA Committee Chair	1989
John O'Reilly, CFA	2001
Martine Elie, CFA	1999
Gregg O'Keefe, CFA	1986
Nancy Huynh	1998
Matt Lagan, CFA	2003

## Portfolio Construction

35-45 Holdings

2.5% Initial Weighting

5/15/30% max. allowance to security weight, industry, and sector respectively

Standard Deviation < Benchmark

Realized Beta < 1

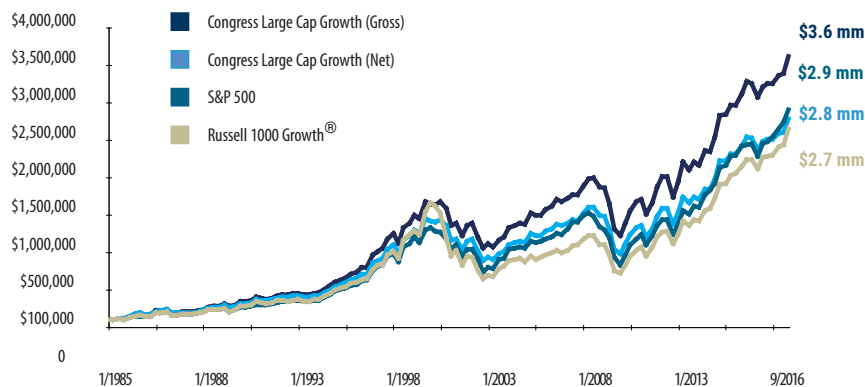
## Annualized Returns % as of 3/31/2017

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 1/1/1985
Large Cap Growth (gross)	7.0	7.0	11.5	8.3	10.4	7.4	11.8
Large Cap Growth (net)	6.8	6.8	10.9	7.8	9.9	6.9	10.9
Russell 1000 Growth <sup>®</sup>	8.9	8.9	15.8	11.3	13.3	9.1	10.7
S&P 500	6.1	6.1	17.2	10.4	13.3	7.5	11.0

Characteristics	Large Cap Growth	Russell 1000 Growth Index <sup>®</sup>	S&P 500
Total Assets	\$2.1 b	-	-
Number of Equity Holdings	40	609	505
Annual Turnover%	28.6	-	-
Active Share %	75.5	100	-
P/E - Trailing 12 Months	25.0x	21.7x	20.0x
Price/Book	5.0x	5.9x	3.1x
Yield %	1.38	1.51	1.91

Risk Return 1/1/1985 - 3/31/2017	Large Cap Growth	Russell 1000 Growth Index <sup>®</sup>	S&P 500
Standard Deviation %	15.47	18.47	15.90
Beta	0.79	1.00	0.83
Sharpe Ratio	0.54	0.39	0.48
Alpha	2.31	-	1.35
Upside Capture %	88.9	100	89.5
Downside Capture %	73.7	100	81.1

## Growth of \$100,000 Inception 1/1/1985 through 3/31/2017

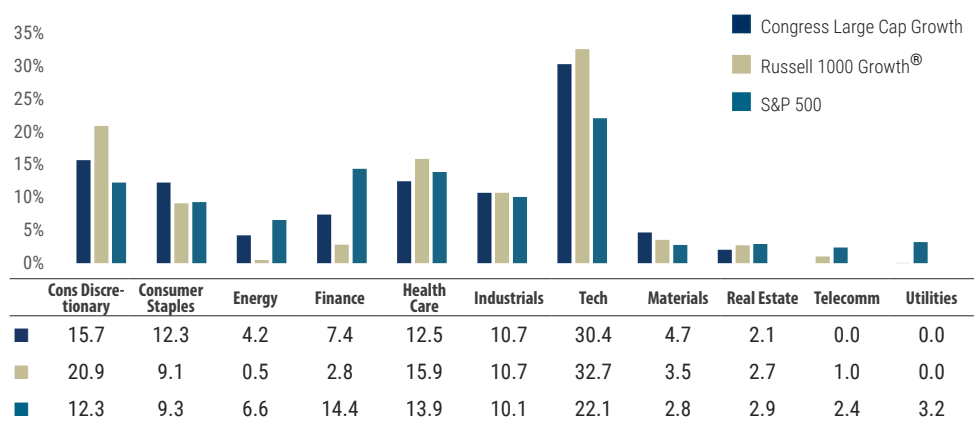


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Top 10 Composite Holdings % as of 3/31/2017

Adobe Systems Inc	3.5
Apple Inc	3.2
Rockwell Automation Inc	3.1
Analog Devices Inc	3.0
UnitedHealth Group Inc	3.0
Home Depot Inc	3.0
Illinois Tool Works Inc	3.0
Visa Inc	3.0
TJX Companies Inc	2.8
Facebook Inc	2.7
<b>Total:</b>	<b>30.2</b>

GICS Sector Allocation % ex Cash as of 3/31/2017



Calendar Year Composite Returns %

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>LCG (Gross)</b>	12.4	-34.3	28.0	11.8	3.5	11.9	30.5	10.1	2.8	5.6
<b>LCG (Net)</b>	11.9	-34.6	27.4	11.3	3.1	11.5	30.0	9.5	2.2	5.1
<b>R1000 Growth<sup>®</sup></b>	11.8	-38.4	37.2	16.7	2.6	15.3	33.5	13.1	5.7	12.0
<b>S&amp;P 500</b>	5.5	-37.0	26.5	15.1	2.1	16.0	32.4	13.7	1.4	7.1

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<sup>®</sup> 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.

Congress Asset Management Co. Large Cap Growth Composite 1/1/1985 - 3/31/2017

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Return % (dividends reinvested)	Russell 1000 Return % (dividends reinvested)	Composite Gross Dev (%)	S&P 500 3-Yr St Dev (%)	Russell 1000 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)
YTD	7.0	6.8	6.1	8.9	n/a	n/a	n/a	82	n/a	106	5,976	8,668
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	50	0.31	537	6,416	6,678
2009	28.0	27.4	26.5	37.2	57	0.79	495	57	0.79	495	5,263	5,463
2008	-34.3	-34.6	-37.0	-38.4	51	0.53	383	51	0.53	383	4,292	4,371
2007	12.4	11.9	5.5	11.8	85	0.63	710	85	0.63	710	5,812	5,846
2006	9.1	8.1	15.8	9.1	88	0.49	597	88	0.49	597	5,464	5,469
2005	6.4	5.3	4.9	5.3	82	0.36	477	82	0.36	477	4,750	4,751
2004	14.2	13.1	10.9	6.3	17	0.55	375	17	0.55	375	3,844	3,844
2003	19.5	18.3	28.7	29.8	17	0.57	396	17	0.57	396	3,697	3,697
2002	-17.3	-18.1	-22.1	-27.9	18	0.43	295	18	0.43	295	3,312	3,312
2001	-14.5	-15.3	-11.9	-20.4	17	0.57	296	17	0.57	296	3,147	3,147
2000	-5.5	-6.4	-9.1	-22.4	18	1.29	329	18	1.29	329	3,183	3,183
1999	25.8	24.6	21.1	33.2	18	1.02	428	18	1.02	428	3,002	3,002
1998	26.3	25.0	28.6	38.7	16	1.23	364	16	1.23	364	2,496	2,496
1997	31.8	30.5	33.4	30.5	23	1.61	470	23	1.61	470	1,970	1,970
1996	25.5	24.2	23.0	23.1	18	1.05	361	18	1.05	361	1,512	1,512
1995	35.0	33.7	37.6	37.2	8	1.36	231	8	1.36	231	1,308	1,308
1994	2.9	1.9	1.3	2.7	8	0.98	111	8	0.98	111	1,041	1,041
1993	6.8	5.8	10.1	2.9	8	1.03	93	8	1.03	93	956	956
1992	5.4	4.3	7.6	5.0	≤5	n/a	65	≤5	n/a	65	926	926
1991	34.1	32.9	30.5	41.2	≤5	n/a	65	≤5	n/a	65	691	691
1990	5.3	4.3	-3.1	-0.3	≤5	n/a	46	≤5	n/a	46	632	632
1989	36.7	35.5	31.7	35.9	≤5	n/a	46	≤5	n/a	46	629	629
1988	7.0	6.0	16.6	11.3	≤5	n/a	55	≤5	n/a	55	577	577
1987	8.0	6.9	5.3	5.3	≤5	n/a	23	≤5	n/a	23	464	464
1986	22.8	21.7	18.7	15.4	≤5	n/a	25	≤5	n/a	25	415	415
1985	49.1	47.7	31.7	32.9	≤5	n/a	4	≤5	n/a	4	205	205

Congress Asset Management claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Congress Asset Management has been independently verified for the periods 12/31/95 – 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 Large Cap Growth Composite has been examined for the periods 12/31/95 – 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 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 consecutive 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. 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. Prior to 2007 net of fees returns are calculated by reducing gross returns by the highest management fee in the Large Cap Growth composite, which is 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. A maximum of 5% 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 1985 through 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.

#The "Total Firm Assets" column is provided as supplemental information and also includes unified managed account (UMA) assets