CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

2Q 2020

Mid Cap Growth

Market Review

It is easy to forget that just a few months ago the U. S. economy was stronger than it had been in a lifetime. Finding qualified employees was a challenge for most businesses. Restaurants were full and air travel had never been stronger. Most people commuted to work complaining about traffic and public transportation. Our actions to curtail the spread of COVID-19 have turned the economy on its head. Now, market strategists eagerly search for snippets that indicate the economy is recovering from the constraints while hesitantly reading about new cases. Optimism abounds in the stock market while caution prevails in the bond market. As is often the case, the truth probably lies in the middle.

Since the pandemic first arrived on our shores, most everything related to our economy has reacted at hyper-speed. Restrictive economic measures squelched a robust jobs market resulting in a jump in unemployment from a generations-low 3.5% in December to 13.3% in May. Consistent gross domestic product (GDP) readings of 2-3% evaporated as the shut-down intensified. First quarter GDP measured -5.0%, with far worse readings expected for the second quarter.

The scale of the contraction is alarming and points to the aggressive response by the Federal Reserve (Fed). It also demonstrates the importance of the federal government stimulus. The Fed's actions continue and are meant to provide financial market liquidity and support, and to bolster companies until we can fully re-open. But the Fed can't force people to spend or increase aggregate demand. The federal stimulus packages, on the other hand, were set up to get money into consumers' hands directly. Precision was sacrificed for speed, resulting in quick and substantial pay outs with little regard for effectiveness or oversight.

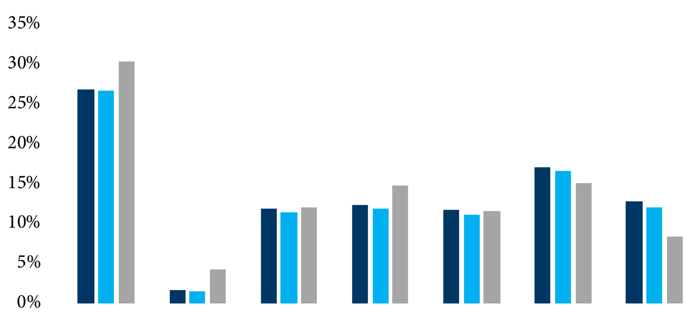
The maelstrom has upended the typical economic indicators which are backward looking and distorted by the shut down and related policy reactions. Hence, the collapse in GDP. Consumers, on the other hand, were forced to re-trench and dramatically reduced spending. At the same time, the stimulus payments bolstered April income levels. Savings soared, an unusual occurrence during a recession. The massive stimulus did much to protect the consumer in April and May. Whether job growth can recover and support the consumer in the summer months remains to be seen.

Performance Overview

The Congress Mid Cap Growth Portfolio ("the Portfolio") returned 26.8% (gross of fees) during the Second Quarter, underperforming the Russell Midcap Growth Index ("the Index"), which returned 30.3%.

The Portfolio benefited from security selection in the Consumer Discretionary sector. However, security selection in Health Care and Industrials detracted from performance, as did an overweight allocation to Industrials and an underweight allocation to Consumer Discretionary.

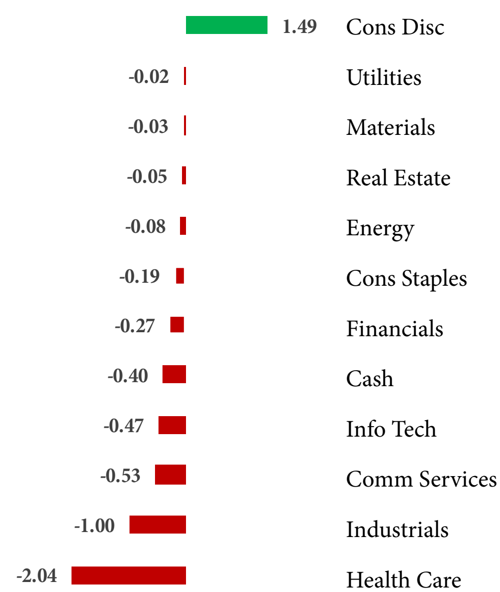
Average Annualized Performance % as of 6/30/2020



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/1/1999
Mid Cap Growth (Gross)	26.8	1.7	11.8	12.2	11.6	17.1	12.7
Mid Cap Growth (Net)	26.6	1.4	11.3	11.8	11.1	16.5	11.9
Russell Midcap Growth*	30.3	4.2	11.9	14.8	11.6	15.1	8.3

Performance is preliminary and subject to change

[1]% Total Effect Portfolio vs. Index (3/31/2020 - 6/30/2020)



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

2Q 2020 Attribution Highlights

Overall Contributors

- Security selection in Consumer Discretionary

Overall Detractors

- Security selection in Health Care & Industrials
- Overweight allocation to Industrials
- Underweight allocation to Consumer Discretionary

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Etsy, Inc.	2.50	2.70
Synopsys, Inc.	3.23	1.45
Cintas Corporation	2.84	1.34
Monolithic Power Systems, Inc.	3.66	1.29
Paycom Software, Inc.	2.91	1.23

Bottom 5 Contributors

Stock	Avg. Weight%	Detraction%
Genpact Limited*	0.13	-0.18
Xylem Inc.*	1.64	-0.06
Horizon Therapeutics Plc**	0.14	-0.03
Huntington Ingalls Industries, Inc.	2.13	-0.03
West Pharmaceutical Services Inc.**	0.08	0.05

*Sold during the quarter. **Purchased during the quarter.

Etsy, Inc. (ETSY) manages an online global marketplace for unique and creative goods such as shoes, clothing, bags, and accessories. Etsy saw an acceleration in business in April as consumers gravitated to its marketplace for masks and other products, such as home furnishings. Etsy is focused on retaining these new customers and expanding its already strong seller and buyer networks. The company provided solid second quarter guidance and expects continued tailwinds from the sale of COVID-19 related products.

Synopsys, Inc. (SNPS) is a leader in the electronic design automation (EDA) industry. Synopsys reported positive first quarter results, highlighted by revenue growth and adjusted operating margin expansion despite concerns about the semiconductor industry supply chain. Synopsys is seeing a resilient demand for EDA software, which is consistent with prior economic downturns. Management reiterated their full year guidance, noting that the company's non-cancellable backlog continues to experience growth.

Cintas Corp. (CTAS) provides corporate identity uniforms through rental and sales programs. In its mid-May update, CTAS reported a stabilization in the decline rates of its business following a COVID-19 related slowdown. The update also noted that strength in its health care verticals, continued positive free cash flow generation, and reduced variable expenses helped to offset the decline in uniform rental revenues.

Monolithic Power Systems, Inc. (MPWR) is a semiconductor company that designs, develops, and markets high-performance power solutions. Monolithic reported 17% revenue growth in the fiscal first quarter as the semiconductor industry saw broad-based end-market strength, and MPWR once again outgrew the industry significantly. Despite COVID-19 related concerns, it has not experienced any production issues or major demand disruption and expects to experience a clean inventory channel.

Paycom Software, Inc. (PAYC) provides cloud-based human capital and payroll management solutions. Paycom stock had been negatively impacted early in the quarter by concerns about small business employment levels and interest rates. However, Paycom's reported first quarter showed recurring revenue growth of 21%, new client additions, lead volumes, and gross margin expansion. Paycom noted it saw a sharp improvement in booking levels after transitioning to a remote sales model.

Genpact, Ltd (G) provides integrated process management and information technology outsourcing solutions. It couples deep process knowledge with focused IT/digital capabilities, targeted analytics, and pragmatic reengineering solutions. The company is facing a more muted growth and margin expansion outlook and it was sold from the Portfolio as a result.

Xylem Inc. (XYL) is a leading global water technology company that designs, manufactures, and services highly engineered solutions across applications in the water and oil and gas sectors. Xylem's reported first quarter showed an 8% organic revenue decline and significant margin deterioration as a result of broad-based weakness across businesses and geographies. The position was sold from the Portfolio.

Horizon Therapeutics Plc (HZNP) is a biopharmaceutical company with a history of acquiring underperforming or underappreciated assets and successfully executing turnarounds. It has shown positive progress recently with its Krystexxa and Tepezza products. The position was purchased during the quarter and was held for a short time.

Huntington Ingalls Industries, Inc. (HII) is the largest military shipbuilding company in the United States. Huntington reported a strong fiscal first quarter with a 6% growth in shipbuilding and margin expansion. However, HII is currently facing production challenges due to reduced workforce attendance at its shipyards. During the quarter, the Navy also announced it had selected a competitor for its newest surface combatant program.

West Pharmaceutical Services, Inc (WST) is a leading manufacturer of containment and delivery systems for injectable drugs and other healthcare products. West was purchased in the Portfolio during the quarter, as such, it was held for a short time during which the stock posted a positive return. The company has recently experienced organic growth in the low double digits driven by its Proprietary Products and Contract Manufacturing segments.

2Q 2020 Transaction Summary

Sector Allocation Changes

- Increased allocation to Health Care & Consumer Discretionary
- Decreased allocation to Industrials

Purchased

- Fortinet, Inc. (FTNT) - Information Technology
- Williams Sonoma, Inc. (WSM) - Consumer Discretionary
- Horizon Therapeutics Plc (HZNP) - Health Care
- West Pharmaceutical Services, Inc. (WST) - Health Care

Sold

- Genpact, Ltd. (G) - Information Technology
- Jazz Pharmaceuticals plc (JAZZ) - Health Care
- Xylem, Inc. (XYL) - Industrials

Purchased

Fortinet, Inc. (FTNT) is the market leader in unified threat management (UTM). The company provides network security solutions and a single source for threat management for most of the Fortune 100 companies. Driven by demand for SD-WAN and Security Fabric, among other solutions, its business has shifted from heavily cyclical licensed-based product revenue to recurring subscription and services. This has made a positive impact on growth stability and margins.

Williams Sonoma, Inc. (WSM) is a consumer retail company that sells home and kitchenware products through its online platform and retail outlets. Williams Sonoma is benefiting from prior investments in its e-commerce and supply chain as they have experienced a sharp acceleration in its online business as quarantined consumers have gravitated to high quality home furnishings. The company has executed well despite stores being closed and remains a strong allocator of capital.

Horizon Therapeutics Plc (HZNP) is a biopharmaceutical company. The company has a history of acquiring underperforming or underappreciated assets and successfully executing turnarounds. Its two biggest current opportunities, Teprotumumab (treatment for rare thyroid eye disease) and Krystexxa (treatment of uncontrolled gout), will drive growth and continue to transition the company away from its legacy business towards the more defensible and profitable orphan and rheumatology segments.

West Pharmaceutical Services, Inc. (WST) is a leading manufacturer of containment and delivery systems for injectable drugs and other healthcare products. WST has a defensive business model with consistent recurring revenues. Innovative drugs being developed by the biotechnology industry are increasingly becoming injectable rather than oral, and therefore more likely to use WST's solutions. WST has a long runway of growth for its high value products, which both strengthen WST's relationship with the drug manufacturers and have a significantly better margin profile.

Sold

Genpact, Ltd. (G) provides integrated process management and information technology outsourcing solutions. It couples deep process knowledge with focused IT/digital capabilities, targeted analytics, and pragmatic reengineering solutions. The company is facing a more muted growth and margin expansion outlook as it is lapping very strong comparisons to prior year performance during a time of limited access to client sites.

Jazz Pharmaceuticals plc (JAZZ) is a biopharmaceutical company focused on developing drugs used to treat sleep disorders and hematology/oncology. The company has had issues executing on recently acquired assets, namely Vyxeos and Erwinaze, which does not bode well for its Lurbinectiden acquisition. Management has also indicated that they have an additional appetite for M&A outside of their area of expertise. Erwinaze continues to be supply constrained, Vyxeos and Defitelio need significant investment to grow sales, and its key asset Xyrem could face novel competition before the expected patent cliff.

Xylem, Inc. (XYL) is a leading global water technology company that designs, manufactures, and services highly engineered solutions across applications in the water and oil and gas sectors. The company has experienced fundamental struggles over the past year as its short-cycle business has experienced a significant slowdown and margin pressure. COVID-19 will serve to accelerate the declines in its business and utility stocks such as XYL did not prove as defensive as hoped.

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 four purchases and three sales in the Portfolio during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Health Care and Consumer Discretionary allocations, while reducing its allocation to Industrials.

Outlook

To better measure the current economic environment analysts have turned to non-traditional, high frequency indicators that offer an accelerated snapshot, albeit with less rigor than traditional measures. Consumer engagement with restaurants and traditional shopping venues is increasing. Pent up demand, better weather, and restlessness

Information is as of 6/30/2020

are driving people outdoors. Activities deemed "safe" are drawing attention while activities deemed "risker," such as air travel, remain lackluster.

Companies are wading deeper into re-opening. Corporate spending focused on improving communication tools such as networks and collaborative software continued throughout the lock down period. Spending on safety equipment and measures to allow re-opening are now accelerating. Bolstered by the Fed and government support and strong credit markets, companies are flush. The strong cash position should support the necessary corporate investment that allows firms to stay relevant in our competition driven system. Undoubtedly, some entertainment and travel activities will take longer to return preventing a full recovery until safety is more assured.

While difficult to see at this moment, some habits and practices developed in response to the pandemic may be laying the groundwork for future technologies and growth. Telemedicine, for example, may be a cost effective alternative to traditional doctor's visits. Video conferencing and remote work arrangements may be cost efficient and environmentally friendly.

Even as consumer and business spending begins to improve, challenges remain for state and municipal governments where shrunken tax receipts are beginning to bite. We anticipate another fiscal stimulus program to help localities weather the storm. In this charged political environment, however, the size and timing remain uncertain.

The scope and severity of the economic collapse continues to demand Fed attention. The Fed initiated or expanded nine programs over the past few months. One result: the Federal Reserve balance sheet will likely reach $9 trillion by year end, more than double its size during the Financial Crisis. The expanded balance sheet supports financial assets by directly buying bond issues and improving stocks comparative risk adjusted return. The Fed actions have also enlarged the money supply by close to 25% over the past year. These assets are parked in bank accounts and money market funds that the Fed hopes will either be spent or invested as consumers and businesses feel more comfortable.

Combined, the effects of the federal government stimulus plans and the Federal Reserve actions will have long-term consequences for taxes, spending, inflation, and other government policies. The current low level of interest rates, however, mitigates the immediate concerns. Inflation, a key driver of interest rates, remains subdued and is unlikely to rise materially as energy prices and wage pressures have subsided.

The stock market's recovery from its March lows was exceptionally fast. Similar to the post 2008 financial crisis, the recovery was spurred by the Fed when it backstopped the markets by claiming new financial powers, forcing investors to re-interpret risk and re-engage with stocks. Today is similar, except the Fed has expanded its powers and become a larger force. Investors, recognizing the uniqueness of the situation, are looking past 2020 earnings and looking for consistent progress in the re-opening process. Regional spikes of infections or a second wave could alter the market's path.

The pandemic and our comprehensive response have tested our country's mettle. But COVID-19 is a global experience, sparing no country or market. The U.S. response was not perfect, and in many cases we failed to protect our most vulnerable. We are great at self-criticism, however, and in the long run our abilities to adopt and change will be to our collective benefit. To be sure, our domestic financial markets are the most liquid, fair, and safe in the world. COVID-19 will pass in time and the U.S. economy will recover. Maintaining a three to five year time horizon is more important now than ever.

Information is as of 6/30/2020

Congress Asset Management Co. Mid Cap Growth Composite

1/1/2010 - 12/31/2019

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)
2019	35.8	35.2	35.5	12.9	13.9	558	0.49	954	8,445	12,528
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

#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 Mid Cap Growth Composite has been examined for the periods 10/1/99 – 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 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 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.