CONGRESS ASSET
MANAGEMENT COMPANY

Portfolio Commentary

3Q 2020

Mid Cap Growth

Market Review

In New England, the inevitable change of seasons is upon us. We are three months closer to a vaccine, but the pandemic's shadow is long, casting shade on the economy. The final stretch of the most contentious presidential election in generations adds to the uncertainty, and for some, a feeling of despondency and exhaustion. The financial markets appear to have ignored it all with stocks staging a frantic rally since March and bond yields anchored near historic lows.

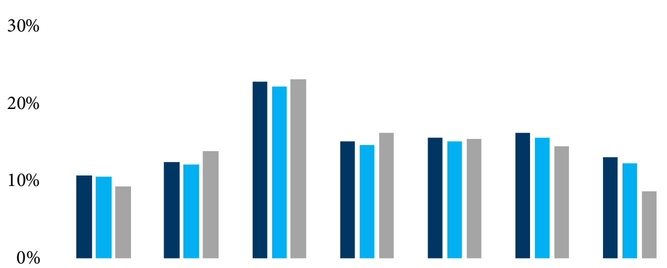
The incongruity of the strong stock market and the uneven, tenuous economic recovery stands out. Investors ignored the pandemic's path and relied instead on the massive stimulus thrown at economies globally since March. The packages were intended to provide both a cushion and path to a stronger economy in 2021. The virus, however, is not deterred by monetary programs and cannot simply be willed away. The anticipated autumn recurrence has arrived accompanied by the now familiar debates about defining essential activities and mustering additional fiscal relief to offset the economic effects of the shutdowns. The path forward is never certain but is unusually precarious now.

Performance Overview

The Congress Mid Cap Growth Portfolio ("the Portfolio") returned 10.7% (gross of fees) during the Third Quarter, outperforming the Russell Midcap Growth Index ("the Index"), which returned 9.4%.

The Portfolio benefitted from security selection in Health Care and Industrials, as well as an underweight allocation to Information Technology and an overweight allocation to Industrials. However, security selection in Information Technology and Consumer Discretionary and an underweight to Communication Services detracted from performance.

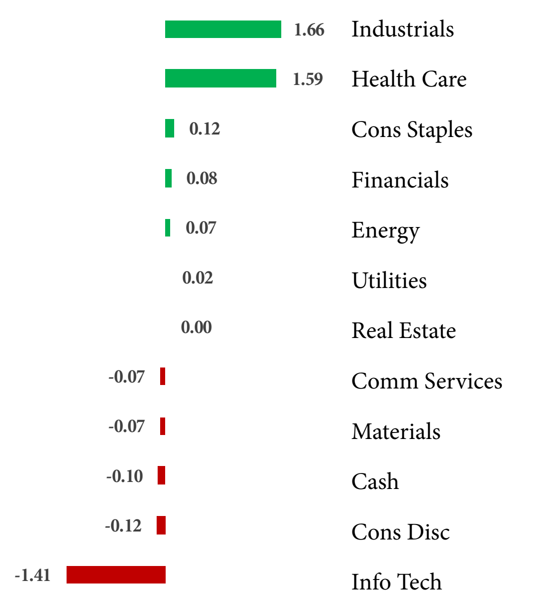
Average Annualized Performance % as of 9/30/2020



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 10/1/1999
Mid Cap Growth (Gross)	10.7	12.6	22.9	15.2	15.7	16.3	13.1
Mid Cap Growth (Net)	10.6	12.2	22.3	14.7	15.2	15.7	12.3
Russell Midcap Growth*	9.4	13.9	23.2	16.2	15.5	14.6	8.7

Performance is preliminary and subject to change

[1]% Total Effect Portfolio vs. Index (6/30/2020 - 9/30/2020)



Information is as of 9/30/2020. 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. 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. 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.

[1]The information shown is for a representative account as of 9/30/2020. Actual client account holdings and sector allocations may vary.

3Q 2020 Attribution Highlights

Overall Contributors

- Security selection in Health Care & Industrials
- Underweight allocation to Information Technology & Overweight allocation to Industrials

Overall Detractors

- Security selection in Information Technology & Consumer Discretionary
- Underweight allocation to Communication Services

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Generac Holdings Inc.	3.88	1.77
Horizon Therapeutics Plc	3.13	1.03
Charles River Laboratories Inc.	3.59	0.98
Varian Medical Systems, Inc.*	2.35	0.85
Copart, Inc.	2.74	0.65

Bottom 5 Contributors

Stock	Avg. Weight%	Detraction%
Ciena Corporation	2.91	-0.75
Neurocrine Biosciences, Inc.**	1.82	-0.54
Huntington Ingalls Industries, Inc.	1.78	-0.35
Fortinet, Inc.	2.14	-0.32
ResMed Inc.	2.55	-0.25

*sold during the quarter **purchased during the quarter

Generac Holdings, Inc. (GNRC) is a leading global designer and manufacturer of a wide range of power generation equipment. Generac reported very strong second quarter results and suggested continued strength in the second half of the year. The company continues to benefit from the increased awareness and adoption of home standby generators driven by a combination of utility shutoffs, COVID-19 concerns, an active hurricane forecast, and West Coast wildfires.

Horizon Therapeutics, Plc (HZNP) is a specialty pharmaceutical company whose medicines are used to treat rare and rheumatic diseases. HZNP's fiscal second quarter was highlighted by an earnings estimate beat and guidance raise due to strong sales results from its two key drugs. Management also raised the peak annual sales estimate for Tepezza from $1 billion to $3 billion.

Charles River Laboratories International, Inc. (CRL) provides products and services used to expedite the discovery, early-stage development, and safe manufacture of novel drugs and therapeutics. A robust funding environment is driving increased demand for CRL's services. The pandemic has also demonstrated to current customers, and potential customers, the value of outsourcing pre-clinical work.

Varian Medical Systems, Inc. (VAR) manufactures medical devices and software used to treat cancer and other medical conditions. In August, the company announced that it had entered a definitive agreement to be acquired by Siemens Healthineers in an all cash transaction valued at $16.4 billion, a 24% premium to the previous closing price.

Copart, Inc. (CPRT) provides vehicle sellers with services to process and sell vehicles via internet auctions. The company delivered better than anticipated service revenues during its most recent quarter, as trends in driving activity have improved since the April lows. CPRT is also benefitting from an increase in total loss frequency which is resulting in higher average selling prices. Both trends have continued into the company's new fiscal year.

Ciena Corp. (CIEN) is a global supplier of telecommunications networking equipment, software, and services. Company management noted slowing order momentum in its quarterly earnings results announcement, particularly from service provider customers who are opting to be more conservative with budgets and are temporarily delaying capacity expansion initiatives. Given the timing of CIEN's quarter-end, many peers had yet to see similar dynamics unfold.

Neurocrine Biosciences, Inc. (NBIX) is a biopharmaceutical company that discovers, develops, and commercializes drugs used for the treatment of neurological and endocrine related diseases and disorders. Despite relatively solid fiscal second quarter results, the stock has traded down in subsequent months as management mentioned lower revenue and patient trends at an investor conference and provided worse than expected pricing data. Also, the phase 3 trial design for its next blockbuster drug was released and analysts are concerned about its structure.

Huntington Ingalls Industries, Inc. (HII) is the largest military shipbuilding company in the U.S. HII reported weak second quarter results due to lower shipyard worker attendance because of COVID-19. The company also made unfavorable catch-up adjustments in excess of $150 million due to updated cost and schedule assumptions across all programs. Accordingly, 2020 guidance was lowered, and management spoke to a delay in margin improvement until 2021.

Fortinet, Inc. (FTNT) is a cybersecurity company that provides products and services such as firewalls, anti-virus software, intrusion prevention, and endpoint security. Fortinet reported more muted fiscal second quarter results, characterized by a deceleration in billings growth relative to the pandemic-fueled "rush" seen earlier in the year.

ResMed, Inc. (RMD) is a developer of medical solutions and products used to treat and manage sleep disordered breathing, such as obstructive sleep apnea and central sleep apnea. In early August, the company announced disappointing fiscal fourth quarter earnings. Management mentioned core device sales that slowed due to sleep lab closures and a fall-off in COVID-related ventilator demand. Further, mask sales were negatively impacted by a lack of resupply programs outside the U.S.

3Q 2020 Transaction Summary

Sector Allocation Changes

- Increased allocation to Information Technology
- Decreased allocation to Materials

Purchased

- Entegris Inc. (ENTG) - Information Technology
- Neurocrine Biosciences, Inc. (NBIX) - Health Care

Sold

- Varian Medical Systems, Inc. (VAR) - Health Care
- Avery Dennison Corp. (AVY) - Materials

Purchased

Entegris Inc. (ENTG) is a leading developer, manufacturer, and supplier of micro-contamination control products, specialty chemicals, and advanced materials handling solutions used in semiconductor and other high-tech manufacturing processes. As new semiconductor technologies and applications have emerged, the manufacturing processes have become increasingly complex, requiring more materials and consumables. This transition to greater intensity is still unfolding, which should continue to drive demand for ENTG's solutions.

Neurocrine Biosciences, Inc. (NBIX) is a biopharmaceutical company that develops and commercializes drugs for the treatment of neurological and endocrine related diseases and disorders. The company's highly experienced management team is focused on building the company's pipeline through internal development and focused M&A. Growth in the near term will be driven by further penetration of the Tardive Dyskinesia market from its Ingrezza drug, and the launch of Ongentys to treat Parkinson's Disease.

Sold

Varian Medical Systems, Inc. (VAR) manufactures medical devices and software used to treat cancer and other medical conditions. In August, the company announced that it had entered a definitive agreement to be acquired by Siemens Healthineers in an all cash transaction valued at $16.4 billion, a 24% premium to the previous closing price.

Avery Dennison Corp. (AVY) is a materials company that specializes in the design and manufacturing of adhesive labeling and packaging products. Avery is aggressively pursuing cost savings through restructuring. Despite these measures, it has experienced weakness in most of its business. The company withdrew earnings guidance while indicating greater revenue declines for 2020.

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 two purchases and two sales in the Portfolio during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Information Technology weighting and decreased the Materials weighting.

Outlook

Much about the virus and reactions to it have been politicized and will remain so through the election. The financial markets, however, are weighing the intensity of the virus's second wave with the stronger than anticipated summer economic reports. New case clusters appear overwhelmingly to be affecting younger cohorts as schools and colleges are reopening to mixed success. However, the strain on hospitals and the medical system is being better managed and we are doing a better job protecting the vulnerable. Moreover, housing, consumer net worth, retail sales, and durable goods orders all indicate an economy expanding off deep lows.

Absent a severe virus resurgence, the economy should continue to gradually heal. The recovery's foundation was laid by the dual response of the Federal Reserve Bank (Fed) and the federal stimulus packages enacted in the spring. Most Fed programs are slow acting and are intended as long-term stimulus and fiscal programs target short-term impacts. To help bolster confidence and provide clarity, Federal Reserve Chairman Powell announced plans to keep short term rates anchored at under 0.25%, possibly through 2023. This unprecedented signaling should embolden long term investment as intermediate term interest rates are below inflation.

The housing market has emerged as an area of strength. The pandemic has altered how people use their homes and the value they place on personal space. This behavioral shift combined with historically low interest rates and a secular trend of increased household formation has resulted in robust housing demand. Home sales are up double digits over last year with 70% of existing homes sold within a month of listing. Along with home sales comes furnishings, paint, and re-modeling. This trend is unlikely to fade until interest rates rise.

Inflation remains non-existent and is unlikely to appear until the employment market improves. The official unemployment rate has improved to about 9%, a far cry from the heady pre-pandemic reading of under 4%. Through September the recently unemployed had been bolstered by federal stimulus packages, which helped keep consumer spending at levels consistent with last year. That extra support has now waned. While the combination of low interest rates with negligible inflation should sustain the recovery at current rates, an expanded recovery demands a better labor environment. Both presidential aspirants have promised stimulus packages to address employment issues.

Information is as of 9/30/2020

This presidential election is notable for the level of vitriol it has engendered. But we are faced with uncertain agendas every four years. This is not unusual. Both candidates appear to recognize the uniqueness of the pandemic and its effects on our economy. Both will push new stimulus plans once elected. Voters have a clear choice in temperament, tax policy, domestic priorities, and international relations but primary for both candidates is enhancing growth as soon as possible. As happens after every presidential election, U.S. companies will adjust. Our process, often messy, forces companies to adapt and respond to incentives. In this sense, 2020 is little different from other presidential election cycles.

On the whole, 2020 is unique because of the pandemic that indirectly caused a rare synchronized, global recession. A full recovery including large social gatherings and care-free travel is unlikely until vaccines are approved and widely available. In the U.S. alone there are four large scale, stage three vaccine trials underway. Wide scale adoption is likely in the first half of 2021.

The economic recovery remains tenuous and in the U.S. is driven by the consumer who has shifted spending habits. Manufacturing has been slower to recover but inventories have been drawn down to unsustainably low levels suggesting replenishment should be additive over the next few quarters. This unspectacular economic trend will be supported over the longer term by the Fed programs. Most likely, more fiscal stimulus is also on the way, although its magnitude and timing are uncertain. Stocks remain the preferred asset class given low bond yields and the potential of a stronger economy in 2021.

Information is as of 9/30/2020

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.