Portfolio Commentary

Market Review

For almost six months investors, not to mention the general public and politicians, have been trying to discern what President Trump's election means for the markets and both US domestic and foreign policies. Rarely have we seen such an ambitious agenda without a clear path forward. The transition to the new administration has not been smooth. Transitions though are temporary and as the days pass, investors and others will adjust.

While our economy is driven by a combination of consumer, corporate, and government activities, our financial markets are more fickle and susceptible to headlines and emotions. With that in mind, the stock market continued its post Trump Election Day rally into 2017. The S&P 500 Index proved remarkably resilient throughout the quarter gaining more than 6%. At one point, the market experienced over 100 consecutive days without moving more than 1%, a feat last witnessed in the mid 1980's.

Bonds, normally more staid than stocks, have demonstrated more volatility since the election. Ten year bond yields rose from 1.8% to 2.6%, only to later fall to 2.4% after the failed health care reform vote. Some observers believe that the ten year bond yield changes telegraph President Trump's approval ratings.

All new administrations come with their own agendas. The Trump administration has proffered ambitious plans for fiscal stimulus, trade policy, tax reform, and healthcare. To the extent that the stock market rally represents only a Trump policy premium, the stock market could be ahead of itself. Fortunately, there is more that drives the market than just the expected passage of complex policy legislation.

Our economy is stronger than the winds that blow through Washington. The steady, albeit unspectacular growth since the nadir of the 2008 financial crisis continues apace. Strengthening growth prospects will determine the intermediate and longer term performance of both the stock and bond markets.

We are optimistic that the economy's momentum is picking up. Vagaries of monthly economic data fog a clear view, yet key underpinnings are strengthening. Job growth reaccelerated in February with over 235,000 jobs created. Importantly, participation in the key 25-54 year age group is close to 82% and is in a multi-year uptrend. College graduates are also finding jobs. Years of consistent job growth have lowered the unemployment rate below 5% while wages have steadily risen since 2014.

There are hints now that capital spending and manufacturing may finally be strengthening. The US oil and gas rig count has doubled over the past year. This has the dual effect of supporting capital spending while dampening oil prices even as demand for energy ticks higher. In addition, industrial production and durable good shipments are also improving. Could the long awaited awakening of our industrial base finally be taking root?

Housing remains a stalwart. In spite of higher mortgage rates since November, housing affordability remains at constructive levels. Household debt service as a percent of disposable income is down 25% from its peak just before the financial crisis. Years of underinvesting in new housing construction has contributed to pent up demand. While notoriously volatile, house prices were up 7% in February. That is unlikely to turn around abruptly.

Performance Overview

The Multi-Cap Growth Portfolio underperformed the Russell 3000 Growth Index® during the first quarter with a return of 6.59% versus the Russell 3000 Growth Index® return of 8.63%.

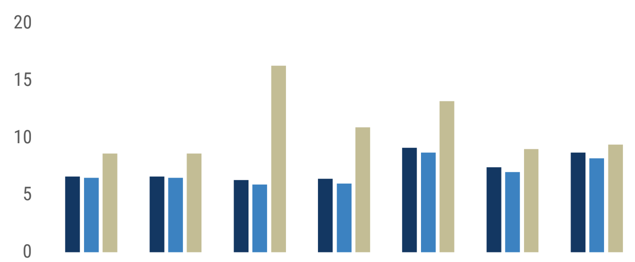
The Portfolio benefited from security selection within the Materials sector (+18 bps). Underweight allocations to the Telecommunication Services (+15 bps) and Consumer Staples (+5 bps) sectors also helped.

Security selection in Consumer Discretionary (-53 bps) and Information Technology (-40 bps) detracted from performance. Sector allocation detracted 93 basis points from performance, largely attributable to an overweight position to the Energy sector (-82 bps).

In absolute terms, the holdings that had the highest contribution to the Portfolio's quarterly performance were Skyworks Solutions, Inc. (SWKS +61 bps), Illumina, Inc. (57 bps), and Apple Inc. (AAPL +55 bps). In addition, both Facebook, Inc. (+48 bps) and Align Technology, Inc. (+44 bps) delivered healthy quarterly returns.

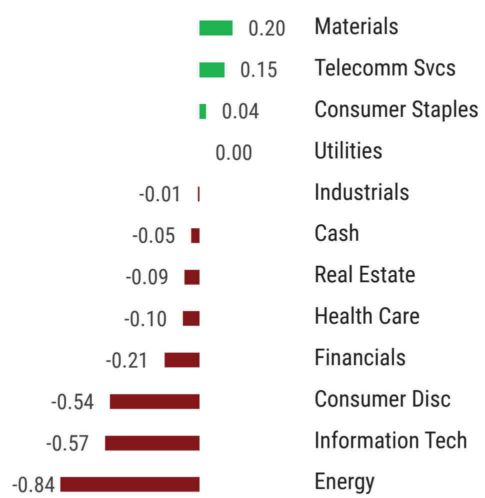
The holdings that detracted the most from the Portfolio's absolute performance were Helmerich & Payne, Inc. (-23 bps), Acuity Brands, Inc. (-23 bps), and HollyFrontier Corp. (-17 bps).

Annualized Returns % as of 3/31/2017



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Multi-Cap Growth (Gross)	6.6	6.6	6.3	6.4	9.1	7.4	8.7
Multi-Cap Growth (Net)	6.5	6.5	5.9	6.0	8.7	7.0	8.2
Russell 3000 Growth®	8.6	8.6	16.3	10.9	13.2	9.0	9.4

% Total Effect Portfolio vs. Index (12/31/2016 - 3/31/2017) (bps)



Q1 2017 Attribution Highlights

Overall Contributors

- Security selection in Materials
- Allocation to Telecommunication Services

Overall Detractors

- Allocation to Energy
- Security selection in Consumer Discretionary
- Security selection in Information Technology

Contributors and Detractors to Active Return

Contributors

Stock	Ticker	Contribution
Skyworks Solutions, Inc.	SWKS	0.61%
Illumina, Inc.	ILMN	0.57%
Apple, Inc.	AAPL	0.55%

Detractors

Stock	Ticker	Detraction
Helmerich & Payne, Inc.	HP	-0.23%
Acuity Brands, Inc.	AYI	-0.23%
HollyFrontier Corporation	HFC	-0.17%

Top 3 Contributors and Detractors

Skyworks Solutions, Inc. (SWKS) produces semiconductors for wireless handsets that are used to enable wireless connectivity. SWKS finished with a return of more than 31% during the quarter. SWKS shares were up 13% by mid-January when it was announced that both revenue and earnings per share were well ahead of first quarter consensus expectations. SWKS also initiated a new $500 million share repurchase plan that will replace the nearly exhausted, current repurchase program. Additionally, company management provided second quarter guidance that was ahead of expectations. Broad-based design wins with Netgear, Arris, Comcast, and Tesla will all support future growth. Highlights from the quarter also included meaningful content gains on Samsung's GS8 smartphone platform and the depletion of any excess inventory of Apple components.

Illumina, Inc. (ILMN) provides sequencing and array-based solutions for genetic analysis. ILMN was another strong performer and increased more than 33% over the quarter. ILMN shares advanced significantly following management's presentation at the JPM Healthcare Conference in January. The presentation included ILMN's fourth quarter revenue estimates that were above consensus expectations. ILMN's full year 2017 guidance was also better than expected with double digit revenue growth and earnings per share. In addition, ILMN announced a new instrument (NovaSeq) that will be used for the ultra-high-throughput sequencing market.

Apple Inc. (AAPL) engages in the design, manufacture, and marketing of mobile communication, media devices, personal computers, and portable digital music players. Information Technology was the strongest sector within the Russell 1000 Growth Index and AAPL increased more than 24%. In January, AAPL announced their first quarter results with better than expected revenue and earnings per share led by much stronger than expected iPhone shipments. Both Mac and Services revenue was better than expected, while iPad revenue missed expectations. AAPL management cited a supplier shortage issue for the shortfall in iPads. Services continues to deliver strong margins led by the App Store's significant and continued revenue growth.

Helmerich & Payne, Inc. (HP) is engaged in contract drilling of oil and gas wells. Energy was the weakest sector of the Russell 3000 Growth Index declining more than 9%, and HP declined more than 13% during the quarter. Most of the weakness came immediately after HP announced its first quarter results despite reporting better than expected revenue and earnings per share. HP management noted that the outlook has been improving in the U.S. land drilling market, resulting in a significant increase in activity levels and market share over the last few months. HP's second quarter guidance also noted that land activity is expected to increase 30% to 35% while offshore and international land activity are both expected to be weak.

Acuity Brands, Inc. (AYI) designs, produces, and distributes lighting solutions, components, and services for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and international markets. In January, AYI reported disappointing first quarter results with both revenue and earnings per share coming in less than expected. AYI traded down 12% on the first quarter report and struggled to gain any traction for the remainder of the quarter. AYI cited weaker than expected sales volume, short term production issues related to new product introductions, and expected wage and benefit cost increases as being the main causes of the poor results. On a positive note, sales did increase 16% year over year and volume increased 10% led by strong LED sales. The company warned that first quarter weakness could linger into the second quarter.

HollyFrontier Corp (HFC) is an independent petroleum refiner that owns and operates five refineries serving the Rockies, midcontinent, and Southwest with a total crude oil throughput capacity of 443,000 barrels per day. It also has a 39% ownership stake in Holly Energy Partners, which owns and operates petroleum product pipelines and terminals principally in the Southwestern United States. Energy was the weakest sector of the Russell 3000 Growth Index, and HP declined more than 12%. HFC has been working through a challenging environment with weak refining margins and the rising costs of Renewable Fuel Standards. In February, HFC completed the acquisition of the high-margin Petro-Canada lubricant business which should help boost HFC margins and profits.

Information is as of 3/31/2017

Q1 2017 Transaction Summary

Sector Allocation Changes	Purchased	Sold
• None	• None	• None

Purchased

None

Sold

None

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.

Outlook

The Federal Reserve seems to have recognized the budding momentum with two interest rate increases in the past few months. Inflation is closing in on the Fed's target inflation rate of 2%. Yet market interest rates have not risen as some anticipated. Europe and Japan are still mired in low to negative rate policies, creating demand for US fixed income in spite of increases in short term rates.

Federal Reserve monetary policy requires further mention. The Fed has now raised short term rates three times in slightly over a year. In all likelihood, this is the start of a longer "normalization" process in which the Fed begins to shrink its own balance sheet by not reinvesting its maturing bonds. The end of so called quantitative easing will be gradual and likely well telegraphed. The Fed's aggressiveness throughout the financial crisis provided liquidity for the bond market, and in that vein can probably be viewed as a success. It also likely contributed to distorted valuations for both bonds and stocks earlier in the expansion. We view the Fed pull back, when it happens, as distinctly positive for both stocks and bonds.

There is always noise surrounding the markets. In the past few years investors have experienced numerous events that would not have been on their radar a decade prior: a government sequester, quantitative easing, and the Affordable Care Act to name a few. Companies adapted to these challenges. And while not all have flourished, the resiliency of our system has shown through. Cash flows and balance sheets remain strong. The stock market has persevered with remarkably low volatility while interest rates remain conducive for investment.

The noise surrounding the markets now is more political than economic. President Trump's sweeping agenda, which includes taxes, trade, fiscal policy, and regulatory easing, is far more ambitious than most new administrations. Investors have factored in some level of pro-growth legislation. Policy overhauls however are complex and usually result in some unanticipated consequences. In addition, consumers and businesses need clarity in order to evaluate capital and spending decisions. So far, investors have been patient reflecting expectations of some success in establishing pro-growth policies.

We are confident that the economy's foundation is strong enough to withstand the uncertainty derived from political changes. Over the intermediate and longer term, stocks will respond to earnings growth in conjunction with interest rates and inflation levels. We expect the momentum experienced over the last eight years will accelerate as this year progresses and that under-utilized capacity will keep inflation in check. Stocks remain the preferred asset class although ten year Treasury bond yields in the 2.5% range are also attractive.

Sources: Congress Asset Management (CAM) PSN and Factset. The views expressed in this document are as of publication date and are subject to change at any time due to changes in market or economic conditions.

Information is as of 3/31/2017

Congress Asset Management Co. Multi-Cap Growth composite 7/1/2003 - 3/31/2017

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Russell 3000 Growth % (dividends reinvested)*	S&P500 Return % (dividends reinvested)	Composite Gross 3-Yr St Dev(%)	Russell 3000 Growth 3-yr St Dev (%)	S&P 500 3-Yr St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	% of composite represented by non-fee paying account	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
YTD	6.6	6.5	8.6	6.1	n/a	n/a	n/a	22	n/a	184	n/a	5,976	8,668
2016	0.5	0.1	7.4	12.0	11.4	11.3	10.6	6	n/a	131	n/a	5,693	8,139
2015	2.7	2.3	5.1	1.4	10.8	10.8	10.5	≤5	n/a	135	n/a	5,941	7,094
2014	7.0	6.6	12.4	13.7	10.4	9.7	9.0	≤5	n/a	134	n/a	6,328	7,449
2013	31.2	30.7	34.2	32.4	12.6	12.5	11.9	≤5	n/a	127	n/a	6,489	7,467
2012	15.9	15.5	15.2	16.0	16.7	16.0	15.1	≤5	n/a	100	n/a	6,755	7,498
2011	1.8	1.5	2.2	2.1	18.2	18.2	18.7	≤5	n/a	87	n/a	6,329	7,014
2010	14.1	13.7	17.6	15.1				≤5	n/a	82	n/a	6,416	6,678
2009	34.9	34.4	37.0	26.5				≤5	n/a	72	n/a	5,263	5,463
2008	-35.5	-35.7	-38.4	-37.0				≤5	n/a	54	1%	4,292	4,371
2007	14.3	13.9	11.4	5.5				≤5	n/a	83	n/a	5,812	5,846
2006	8.0	7.4	9.5	15.8				≤5	n/a	103	n/a	5,464	5,469
2005	2.9	2.3	5.2	4.9				≤5	n/a	100	n/a	4,750	4,751
2004	16.6	15.8	6.9	10.9				≤5	n/a	89	n/a	3,844	3,844
2H '03	16.9	16.6	15.4	15.2				≤5	n/a	56	n/a	3,697	3,697

#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 12/31/95 – 6/30/16. The verification report is available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation.

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 Multi-Cap Growth Composite was created on July 1, 2003. This inception date reflects the first full month 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 multi cap growth style for a minimum of one consecutive month. The multi-cap growth strategy invests in the equity of high quality companies with market capitalizations over $500 million 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). The primary composite benchmark is the Russell 3000 Growth and the S&P 500 is a supplemental index. Effective January 1, 2008 the Multi-Cap Growth benchmark was changed retroactively from the S&P 500 and S&P MidCap 400 indices to the Russell 3000 Growth index in order to better represent the investable universe. The returns for the S&P MidCap 400 were 20.7% for the 2H'03, 16.5% for 2004, 12.6% for 2005, 10.3% for 2006 and 8.0% for 2007. 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 Multi-Cap Growth composite, which is 0.63%. 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 2003 through 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.