Market Review

When train passengers pull into Boston's South Station, they are greeted by a large sign draped along a tractor-trailer advertising jobs available at the adjacent Post Office. Why is this important? It is visual evidence that job creation, perhaps the most important engine of economic growth and financial mobility, remains robust. Indeed, the economy grew at a 2.9% pace in the fourth quarter following readings of greater than 3% in the prior two quarters.

The building blocks put in place over the past few years, employment growth, low inflation, and stable energy prices have been joined by business and consumer optimism. In fact, a 3% growth rate is above the Federal Reserve's (Fed) estimate for long term potential growth of 1.8%. However, as March ended, it was difficult to remain focused on the positive economic background. News originating in Washington was focused on White House turnover, the potential negative consequences of two distinct tariff announcements, Facebook's mishandling of user data, and salacious gossip.

The bumpy end to the quarter erased all of January's stock market gains. Additionally, the staid bond market was down in January and February, an unusual occurrence that reflects inflation fears and uncertainty around the Fed's new management group. The U. S. ten-year bond now yields around 2.80% compared with 2.41% at year end. The S&P 500 was down about 1% during the quarter.

It appears that stock market volatility has returned, more than two years after the Fed first began raising interest rates. One under-reported cause may be the Fed's diminished role in the financial markets as it curtails quantitative easing measures. For an economy based on capitalism, this is positive and a return to normal market behavior. Over time the Fed's diminished role is more important than short lived Washington headlines, albeit less interesting.

It is the right time for the Fed to lessen its role. Employment is the most vital of economic data. By almost every measure, employment continues to strengthen from levels not seen in a generation. Unemployment claims, for instance, are hovering near 50-year lows reflecting record job openings.

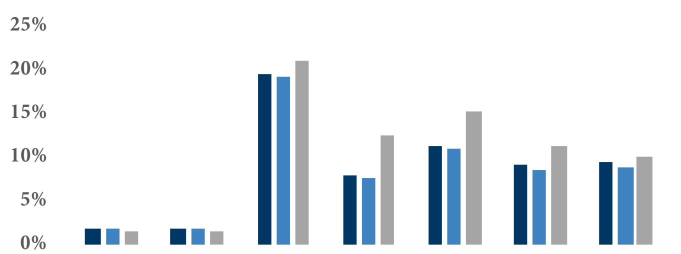
Performance Overview

The Congress Multi-Cap Growth Portfolio returned 1.80% (gross of fees) during the first quarter of 2018 while the Russell 3000 Growth Index© (the Index) returned 1.48%.

The Portfolio benefitted from security selection in Health Care and Industrials, as well as a lack of exposure to Real Estate, as the sector returned -3.8% during the quarter.

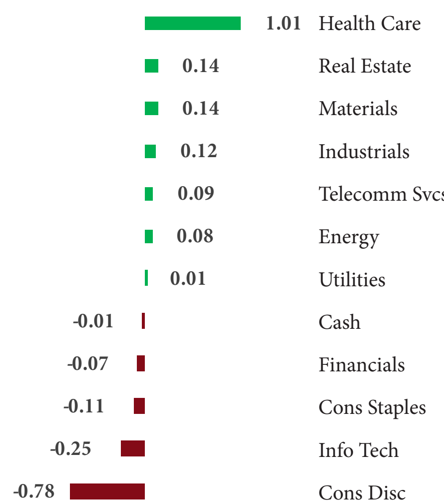
However, security selection in Consumer Discretionary and Financials detracted from performance, as did a relative underweight allocation to Information Technology.

Annualized Returns % as of 3/31/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 7/1/2003
Multi-Cap Growth (Gross)	1.8	1.8	19.7	7.9	11.4	9.1	9.4
Multi-Cap Growth (Net)	1.7	1.7	19.3	7.5	11.0	8.7	8.9
Russell 3000 Growth®	1.5	1.5	21.1	12.6	15.3	11.3	10.1

% Total Effect Portfolio vs. Index (12/31/2017- 3/31/2018) (bps)



1Q 2018 Attribution Highlights

Overall Contributors

- Security selection in Health Care
- Security selection in Industrials
- Allocation to Real Estate

Overall Detractors

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

Top 3 Contributors and Detractors

Contributors

Stock	Ticker	Contribution
Amazon.com, Inc.	AMZN	0.48%
Edwards Lifesciences Corp.	EW	0.39%
Mastercard Incorporated	MA	0.36%

Detractors

Stock	Ticker	Detraction
Thor Industries, Inc.	THO	-0.49%
CEVA, Inc.	CEVA	-0.35%
Mohawk Industries, Inc.	MHK	-0.29%

Amazon.com, Inc. (AMZN) is the world's leading online retailer, operating as both a direct seller of goods and as a platform for third-party sellers to distribute their products. The company also provides web infrastructure services to business customers through its Amazon Web Services (AWS). AMZN continues to demonstrate its dominant market position in eCommerce and web services as the company reported a very strong quarter driven by solid revenue growth and operating margin expansion. AWS was particularly strong with revenue growth of over 40% and operating margin expansion of 30 basis points.

Edwards Lifesciences Corporation (EW) is a global leader in patient-focused medical innovations used to treat structural heart disease and enable critical care monitoring. EW increased 24% during the quarter as it reported solid results driven by strong performance of its transcatheter aortic valve (TAVR) both in the U.S. and Europe, with stable pricing. EW raised their 2018 revenue guidance to the high end of its previous guidance with half of the upside coming from better TAVR performance.

Mastercard Incorporated (MA) provides technology used by the global payments industry to connect consumers, financial institutions, merchants, governments, digital partners, businesses, and other organizations worldwide, enabling them to use electronic forms instead of cash and checks. MA continues to benefit from the long term global shift to electronic payments.

Thor Industries, (THO) manufactures a wide range of recreational vehicles (RVs) in the U.S. and sells them primarily in the U.S. and Canada. THO declined 23% in the quarter amid concerns that the RV industry is at a cyclical peak. Despite these concerns, the industry should continue to benefit from the baby boomers and millennials purchasing RVs, as well as low long-term interest rates and healthy consumer sentiment.

CEVA, Inc., (CEVA) licenses its technology to semiconductor manufacturers. While its current royalty base primarily serves handset baseband demand, new licensing has broadened the opportunity in non-handset applications. Weak global smartphone trends are impacting CEVA's near term royalty stream. However, licensing revenues increased 35% in 2017, and should be predictive of long term growth.

Mohawk Industries, Inc. (MHK) is a leading global flooring manufacturer. MHK weakness was primarily attributed to its guidance that fell short of consensus estimates. MHK did not commit to total operating margin expansion which may be a result of incremental start-up costs in 2018. MHK continues to be well positioned to drive industry leading growth due to recent capacity expansion.

1Q 2018 Transaction Summary

Sector Allocation Changes

- Increase in Information Technology
- Increase in Materials
- Decrease in Consumer Staples

Purchased

- Air Products and Chemicals, Inc. (APD) - Materials
- Ametek, Inc. (AME) - Industrials
- Marriott International, Inc. (MAR) - Consumer Discretionary
- Varonis Systems, Inc. (VRNS) - Information Technology

Sold

- Apogee Enterprises, Inc. (APOG) - Industrials
- Newell Brands, Inc. (NWL) - Consumer Discretionary
- PepsiCo, Inc. (PEP) - Consumer Discretionary

Purchased

Air Products and Chemicals, Inc. (APD) is the world's largest supplier of hydrogen and has built positions in other markets including helium and natural gas liquefaction. APD has completed a major restructuring and is focused on profitable growth through the acquisitions, purchasing customer's existing facilities, and expansion into large industrial projects around the world. APD expects an uptick in volume as the energy and the chemical end markets recover.

Ametek, Inc. (AME) is a leading global manufacturer of electronic instruments and electromechanical devices with operations in North America, Europe, Asia, and South America. AME's acquisition strategy seeks growth in niche markets that offer the ability to expand margins through pricing power and operational improvements. Innovation is central to AME's organic growth as research and development accounts for nearly 5% of sales. AME has historically delivered consistent earnings growth and is shareholder friendly. AME deploys their free cash flow towards share repurchase and dividend payments.

Marriott International, Inc. (MAR) is a worldwide operator, franchisor, and licensor of hotel, residential, and timeshare properties. MAR's collection of assets and brands is unmatched in North America. MAR is a clear beneficiary of the continued trend of directing discretionary spending on "experiences" over "things". MAR is experiencing nearly 5% room growth as well as steady revenue per available room (RevPAR) trends. MAR expects continued operating margin expansion led by continued synergies associated with the Starwood acquisition.

Varonis Systems, Inc. (VRNS) provides data security and analytics through various product offerings. VRNS is focused on internal defense, the most frequently stolen content from enterprises and governments. Over 80% of VRNS' new customers sales were to customers that didn't have an existing system for managing unstructured data. VRNS is positioned to benefit from the European Unions' General Data Protection Rules (GDPR), legislation that is intended to force organizations to implement more stringent data protection measures.

Sold

Apogee Enterprises, Inc. (APOG) designs and develops distinctive value-added glass solutions for enclosing commercial buildings and framing art. APOG has reported disappointing earnings and increased competition within its primary glass business. APOG has also experienced market share losses during the last two quarters. We decided to exit the stock for better growth opportunities.

Newell Brands, Inc. (NWL) is a global marketer of consumer and commercial products with notable brands including Paper Mate Sharpie, Coleman, Elmer's, Yankee Candle, Calphalon, Rubbermaid, and Marmot. NWL has experienced difficulties navigating through a rough retail environment and has reported sales weakness due to inventory overhang and softness in category growth. NWL's 2018 outlook portends continued margin pressure due to pricing and product mix so we exited the stock for better growth opportunities.

PepsiCo, Inc. (PEP) is a leading global food and beverage company with a portfolio of brands including Frito-Lay, Gatorade, Pepsi-Cola, Quaker, and Tropicana. PEP is facing several headwinds including retail disruption, shift in consumer preference, and a push towards health and wellness. Over the past two quarters PEP's product innovation has disappointed and both earnings quality and cash flow have deteriorated.

Positioning

Investments are predicated on a company's future prospects rather than economic or market cycles. We seek companies with strong fundamentals and emphasize earnings growth consistency, free cash flow and solid balance sheet metrics. There were four purchases and three sales during the quarter, and they are reflective of this philosophy. These combined transactions effectively increased the Information Technology and Materials sector weightings while decreasing the Consumer Staples weighting in the Portfolio.

Outlook

The economy had been under repair since the financial crisis before a more consistent path was developed last year. A strong domestic structure is now supported by an accelerating global economy partially fueled by aggressive policies of the European and Japanese central banks.

While we believe growth will accelerate, some caution is warranted. The Tax Cuts and Jobs Act, signed by President Trump last December, has positive ramifications for lower and middle-class tax payers and businesses. U.S. companies will be more competitive on a global stage and a significant number of large employers have promised to share savings with their employees. Tax cuts stimulate the economy, but it is unusual for the federal government to pass a meaningful tax cut during periods of economic expansion. As such, there is a risk of heightened inflation in future years should productive capacity not increase to offset any demand pressures.

Ironically, one of Congress' few acts of bipartisanship could also generate concern down the road. Washington has little inclination to live by a budget and the recently passed spending bill destroys any hope for a balanced budget in the intermediate term. The Treasury reported that our national debt exceeded $21 trillion, up $1 trillion over the past six months and about equal to the size of our economy. That debt level is a record, both in absolute terms and relative to our economy, other than in war time. This trend bears watching.

There is a third potential risk – tariffs. President Trump has announced two distinct tariff proposals. Economic nationalism sells well across the political spectrum but comes with serious negative consequences that cannot be measured by pure numbers. The $50 billion tariff centered on China would, if enacted, cost far more to our economy as retaliatory measures would offset any supposed gain. We suspect the tariff trial balloons are just that and will be used to negotiate more defined trading agreements.

We remain sanguine regarding the stock market and prefer stocks to bonds notwithstanding the recent volatility and the acrimonious political drumbeat. The unbridled enthusiasm that greeted equity investors in January has been tempered even as the economy remains on solid footing. Inflation, a potential future risk, remains contained. Earnings growth measured nearly 15% during the 4th quarter of 2017. We expect earnings to increase double digits in 2018 as well, supporting current valuations.

Congress Asset Management Co. Multi-Cap Growth Composite 7/1/2003 - 3/31/2018

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 annualized ex-post St Dev (%)	Russell 3000 Growth 3-Yr annualized ex-post St Dev (%)	S&P 500 3-Yr annualized ex-post 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	1.8	1.7	1.5	-0.8	n/a	n/a	n/a	26	n/a	220	n/a	7,427	10,727
2017	25.4	24.9	29.6	21.8	10.3	10.6	9.9	23	0.51	215	n/a	7,272	10,546
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 1/1/96 – 6/30/17. 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. CAM acquired certain strategies of Century Capital Management, LLC on September 15, 2017.

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 full 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. 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 Multi-Cap Growth composite, which was 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. 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. 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.