CONGRESS ASSET MANAGEMENT COMPANY

Portfolio Commentary

4Q 2019

Multi-Cap Growth Portfolio

Market Review

Rarely is there such dramatic change in one quarter. The fourth quarter of 2019 was the exception, with major policy developments in several arenas providing at least partial relief from the tensions festering in the summer. Domestically, the Federal Reserve Board (Fed) reduced its federal funds rate by one quarter of one percent during October, the third reduction since July, cementing the reversal of its raise one year prior. The Fed also committed to reflating its balance sheet once again, allaying fears of a credit crunch in short term investment funding circles. The uncharacteristically bold actions by the Fed signaled that they understood clearly the threats to the financial markets from higher rates and economic slowdowns in Europe and China.

The relaxation of trade tensions signaled that both the United States and China realized spiraling trade restrictions dampen sentiment and elevate uncertainty, hindering capital investment. Whether the détente lasts through the new year remains to be seen but a spirit of cooperation broke out in North America with the recently passed USMCA trade deal between the U.S., Mexico, and Canada.

Foreign governments and central banks took their cues from the Fed. To combat the economic pause experienced in 2019, central banks began expanding their balance sheets again, pumping money into the banking system to induce more investment. In addition, over the past few months, over 60 central banks cut interest rates including Mexico, Russia, Turkey, and Brazil. Interest rate and short-term funding arrangements are perceived to be the quickest method to shore up sagging economies.

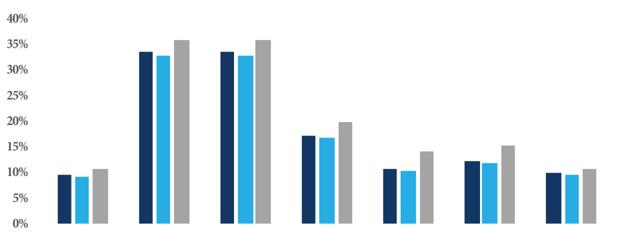
The uncoordinated policies had a salutary effect on U.S. markets. Stocks and bonds had their biggest simultaneous gains in over two decades. The S&P 500 returned about 30% for the year and bond prices rose, pushing the yield on the benchmark 10-year Treasury to under 2%. Oil and gold also returned over 10% for the year.

Performance Overview

The Congress Multi-Cap Growth Portfolio (the Portfolio) returned 9.4% gross of fees during the quarter, while the Russell 3000 Growth Index ("the Index") returned 10.7%.

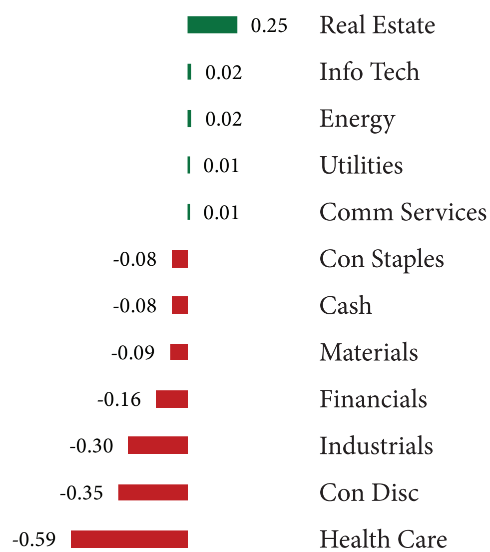
The Portfolio benefited from security selection in Information Technology and Industrials, as well as a lack of exposure to Real Estate. However, security selection in Health Care and Consumer Discretionary detracted from performance. An overweight to Industrials and an underweight to Information Technology combined to detract from performance.

Annualized Returns % as of 12/31/2019



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 7/1/2003
Multi-Cap Growth (Gross)	9.4	33.4	33.4	17.3	10.8	12.1	9.9
Multi-Cap Growth (Net)	9.3	32.9	32.9	16.9	10.4	11.7	9.4
Russell 3000 Growth*	10.7	35.9	35.9	19.9	14.2	15.1	10.8

[1]% Total Effect Portfolio vs. Index (9/30/2019 - 12/31/2019)



[1]The information shown is for a representative account as of 12/31/2019. Actual client account holdings and sector allocations may vary.

4Q 2019 Attribution Highlights

Overall Contributors

- Security selection in Information Technology & Industrials
- Underweight allocation to Real Estate

Overall Detractors

- Security selection in Health Care & Consumer Discretionary
- Overweight allocation to Industrials & underweight allocation to Information Technology

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
Skyworks Solutions, Inc.	1.89	0.86
Apple Inc.	2.75	0.79
UnitedHealth Group, Inc.	2.36	0.75
Align Technology, Inc.	1.51	0.66
Varonis Systems, Inc.	2.25	0.62

Detractors

Stock	Avg. Weight%	Detraction%
Grubhub, Inc.	0.94	-0.19
HEICO Corporation	2.28	-0.19
CEVA, Inc.	1.52	-0.18
Church & Dwight Co., Inc.	1.97	-0.15
Home Depot, Inc.	2.33	-0.13

Skyworks Solutions, Inc. (SWKS) designs, manufactures, and distributes high performance analog semiconductor chips that support wired and wireless connectivity. SWKS' fourth quarter fiscal results indicated improving growth from its mobile business due to 5G content gains and more constructive iPhone production data. The stock also benefited from the broad rally in the semiconductor sector during the quarter.

Apple Inc. (AAPL) is the world's largest information technology company. Its core products are the iPhone, iMac, and the iPad. The company has also built a sizable software and service business through its App Store. In the most recent quarter, iPhone revenue growth improved steadily driven by robust demand for newer models of the smartphone. Other areas showed strong sales, such as Apple's wearable products where total addressable market penetration is still low.

UnitedHealth Group Inc. (UNH) provides health care coverage, software, and data consultancy services through the following business segments: UnitedHealthcare, OptumHealth (provides health services to various marketplaces), OptumInsight (software and information services), and OptumRX (pharmacy benefits manager). The stock's outperformance was due to solid quarterly results as well as positive commentary around the fiscal year 2020 outlook.

Align Technology, Inc. (ALGN) is a global medical device company engaged in the design, manufacture, and marketing of Invisalign clear aligners and iTero intraoral scanners. The company reported better than expected quarterly results driven by higher case volumes and average selling prices. In addition, growth in China accelerated to over 30% from 26% the previous quarter.

Varonis Systems (VRNS) provides data security and analytics products. The company focuses on internal defense, the source of the most frequently stolen content from enterprises and governments. VRNS continues to show solid momentum in subscription adoption, as subscription revenue accounts for 74% of total revenue, up from 56% the previous quarter. As a result of this strong momentum, management raised full year guidance for the subscription mix.

GrubHub, Inc. (GRUB) is the leading online and mobile platform for restaurant pick-up and delivery orders. GRUB connects over 80,000 local restaurants with hungry diners in over 1,600 cities across the U.S. and is focused on transforming the takeout experience. The stock's underperformance was driven by very weak quarterly results due to increased competition and a slowdown in industry growth. As a result, management significantly lowered fourth quarter and full year results.

HEICO Corporation (HEI) is a manufacturer of Federal Aviation Administration (FAA) approved jet engine and aircraft component replacement parts. The company reported better than expected quarterly results and raised their semi-annual dividend. However, revenue growth forecast was below the street estimate.

CEVA, Inc. (CEVA) licenses its technology to semiconductor manufacturers while its current royalty base primarily serves handset baseband demand. The company has benefited from strong iPhone sales with its enabled Intel modems supporting 100% share of the builds. However, Apple will move some of its new iPhones to Qualcomm-enabled 5G devices in 2020, presenting a headwind for CEVA.

Church & Dwight Co., Inc. (CHD) develops, manufactures, and markets a broad range of consumer household, personal care, and specialty products. The company's third quarter results were highlighted by continued steady organic growth and margin expansion. However, its Consumer Domestic business experienced volume declines in OxiClean laundry and Arm & Hammer cat litter products. CHD also lowered full year total revenue guidance as the recently acquired Flawless brand will experience slower growth than previously expected in the second half of the year due to lower orders from a key customer, the delay in a product launch, and the timing of inventory purchases.

Home Depot, Inc. (HD) is the world's largest home improvement specialty retailer with over 2,200 retail stores in North America. HD delivered a subpar quarter as internal missteps forecasting the benefits of its strategic initiatives and higher shrink (employee theft, etc.) led to a reduction in revenue and same store sales guidance.

4Q 2019 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 and emphasize earnings growth consistency, free cash flow and solid balance sheet metrics.

Outlook

In our opinion the outlook for equities is positive. After a strong 2019 however, it is not difficult to postulate a decline in equity values. At the very least a corrective phase seems a reasonable expectation, and inflammatory headlines constantly offer a rationale for things going dreadfully wrong. Headlines make very poor investment strategy. The gain in stock values in recent years reflects fundamental developments, many of them positive for equity valuations. These include the declines in interest rates and inflation, the best job market since the 1960s, technology induced capacity increases and productivity gains, and an improving housing market. Stock values will increasingly follow their individual company and industry fortunes within a generally favorable overall environment for financial investments.

As we view the worldwide financial condition, we find the view of some that the rise in the price of financial assets represents a bubble about to burst, improbable. At virtually full employment, with rising real income wages, stable interest rates, and placid inflation conditions, the forces underpinning the rise are impressive. Despite political controversies, the United States remains an island of stability and a paragon of growth and opportunity in a destabilized world. This does not mean the coming year will be free of crises and just as in the past three years, sudden and steep corrections will occur. A focus on fundamental and a longer-term horizon will serve investors best in this environment.

Congress Asset Management Co. Multi-Cap Growth Composite 1/1/2010 - 12/31/2019

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 nnualized ex-post St Dev (%)	Russell 3000 Growth 3-Yr nualized ex-post St Dev (%)	S&P 500 3-Yr nualized 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	33.4	32.9	35.9	31.5	13.4	13.2	11.9	27	0.80	242	8,445	12,528
2018	-3.4	-3.8	-2.1	-4.4	12.4	12.3	10.8	23	0.32	187	7,102	10,234
2017	25.4	24.9	29.6	21.8	10.3	10.6	9.9	23	0.51	215	7,272	10,546
2016	0.5	0.1	7.4	12.0	11.4	11.3	10.6	6	n/a	131	5,693	8,139
2015	2.7	2.3	5.1	1.4	10.8	10.8	10.5	≤5	n/a	135	5,941	7,094
2014	7.0	6.6	12.4	13.7	10.4	9.7	9.0	≤5	n/a	134	6,328	7,449
2013	31.2	30.7	34.2	32.4	12.6	12.5	11.9	≤5	n/a	127	6,489	7,467
2012	15.9	15.5	15.2	16.0	16.7	16.0	15.1	≤5	n/a	100	6,755	7,498
2011	1.8	1.5	2.2	2.1	18.2	18.2	18.7	≤5	n/a	87	6,329	7,014
2010	14.1	13.7	17.6	15.1				≤5	n/a	82	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. 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. The % of the composite represented by non-fee paying accounts at annual period end was 1% in 2008. 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. 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.