Portfolio Commentary

Small 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.

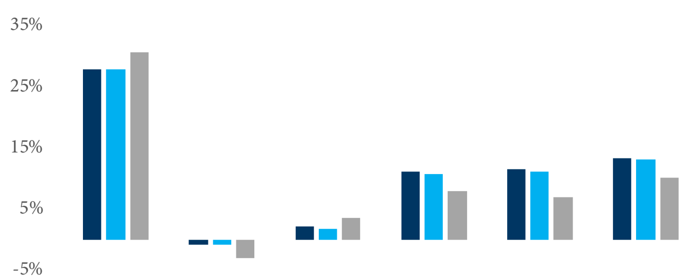
The maelstrom has upended the typical economic indicators which are backward looking and distorted by the shut down and related policy reactions. Hence, the collapse in GDP. Consumers, on the other hand, were forced to re-trench and dramatically reduced spending. At the same time, the stimulus payments 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 Small Cap Growth Portfolio ("the Portfolio") returned 27.9% (gross of fees) during the Second quarter, while the Russell 2000 Growth Index ("The Index") returned 30.6%.

The Portfolio benefited from security selection in Health Care and underweight allocations to Real Estate and Utilities. However, security selction in Industrials, Consumer Staples, and Materials detracted from performance.

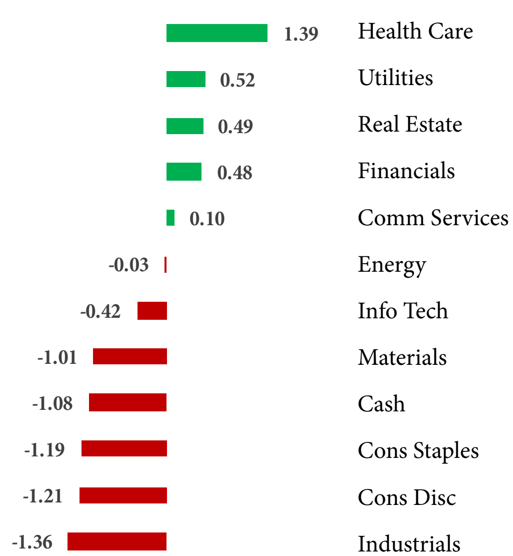
Average Annualized Performance % as of 6/30/2020



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception 7/1/2013
Small Cap Growth (Gross)	27.9	-0.8	2.1	11.1	11.6	13.3
Small Cap Growth (Net)	27.8	-1.0	1.8	10.7	11.2	13.0
Russell 2000 Growth *	30.6	-3.1	3.5	7.9	6.9	10.0

Performance is preliminary and subject to change

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



Information is as of 6/30/2020. 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. Actual holdings may vary by client. 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. Performance returns of less than one year are not annualized. 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 6/30/2020. Actual client account holdings and sector allocations may vary.

2Q 2020 Attribution Highlights

Overall Contributors

- Security selection in Health Care
- Underweight allocations in Real Estate & Utilities

Overall Detractors

- Security selection in Industrials, Consumer Staples & Materials
- Cash position

Top 5 Stock Contributors and Detractors

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

Contributors

Stock	Avg. Weight%	Contribution%
Quidel Corporation	4.97	4.66
Simulations Plus, Inc.	3.17	1.90
Fox Factory Holding Corp.	2.57	1.87
Trex Company, Inc.	3.04	1.68
SPS Commerce, Inc.	2.93	1.55

Detractors

Stock	Avg. Weight%	Detraction%
AMN Healthcare Services, Inc.	2.17	-0.76
Cubic Corporation*	0.39	-0.39
South State Corporation	0.28	-0.35
Vectrus Inc.**	0.90	-0.31
J2 Global, Inc.	2.27	-0.31

Quidel Corporation (QDEL) is a leader in diagnostic healthcare solutions. Favorable business trends have been enhanced by Quidel's development of diagnostic tests for the COVID-19 pandemic. These tests include the first antigen test approved by the FDA, a rapid point of care test which within weeks could boost COVID testing capacity in the U.S. by one million tests per week and accelerate the adoption of QDEL's instrument platform.

Simulations Plus, Inc. (SLP) provides modeling and simulation software and consulting services to pharmaceutical companies, non-profit research, and regulatory bodies. Adoption of SLP's modeling and simulation offerings comes with substantial recurring revenues. First quarter results were highlighted by organic growth of 22% which remains above the high end of targets, solid execution in the face of COVID disruption, and the acquisition of Lixoft which is additive to SLP's European presence and consulting opportunity.

Fox Factory Holding Corp. (FOXF) is a manufacturer of high-performance suspension products for mountain bikes and powered vehicles. The stock outperformed as COVID fears receded with optimism towards economic recovery and the reopening of its OEM customer manufacturing operations. Evidence of a shift in consumer spending away from travel and benefiting outdoor recreation could enhance demand for FOXF's premium products in off-road vehicles and mountain bikes.

Trex Company, Inc. (TREX) is the world's largest manufacturer of wood-alternative decking and railing products. Quarterly results and guidance showed resilience in the face of COVID shutdowns. New product launches and distribution channels are complementing favorable trends in home improvement, outdoor living, and conversion from wood decking. Profit margins were particularly impressive having recovered recent manufacturing inefficiencies, revealing the profit potential of its new product lineup.

SPS Commerce, Inc. (SPSC) provides supply chain management solutions through an online software suite to retailers, suppliers, and logistics customers. Quarterly results and guidance imply sustained growth in recurring revenues and margin expansion as its fulfillment solutions are critical for its diversified base of supplier customers. Longer-term, the pandemic highlights the need for upgraded supply-chain solutions to support the shift to online purchasing.

AMN Healthcare Services Inc (AMN) provides healthcare workforce solutions and staffing services in the United States. Travel Nursing and Locum Tenens placements are expected to decline as COVID-19-related activity slows; shutdowns have left health care facilities underutilized with depressed demand for staffing until units reopen and utilization normalizes.

Cubic Corporation (CUB) is a market leading global provider of integrated solutions for government agencies in the areas of transportation and defense. CUB's next generation transit technologies were expected to generate sustained growth and elevate its margin and cash flow profile. However, the pandemic is delivering an unprecedented blow to CUB's historically stable transit agency customers, where technology upgrades are unlikely to be prioritized. The stock was removed from the Portfolio.

South State Corporation (SSB) is a regional commercial bank in the Southeast U.S. SSB has been in the Portfolio since early June following the all stock acquisition of former Portfolio holding CenterState Bank (CSFL). During June, regional bank weakness was driven by concerns of a second wave of the pandemic including new outbreaks within SSB's geographic footprint.

Vectrus Inc (VEC) is a leading operator of facilities, supply chains, and IT networks for the U.S. military and intelligence agencies. The stock was added to the Portfolio at the end of May; its holding period does not reflect the outsized gains the Portfolio experienced during the April and May market recovery.

J2 Global, Inc. (JCOM) is a technology company offering internet services through two platforms, Business Cloud Services and Digital Media. The sharp recession has impacted the advertising market, creating the expectation for revenue declines in J2's digital media segment, while COVID shutdowns and restrictions have delayed M&A growth.

2Q 2020 Transaction Summary

Sector Allocation Changes

- Increased allocation to Real Estate, Consumer Discretionary, Information Technology & Communication Services
- Decreased allocation to Industrials

Purchased

- EastGroup Properties, Inc. (EGP) - Real Estate
- 1-800-FLOWERS.COM, Inc. (FLWS) - Consumer Discretionary
- Vectrus Inc. (VEC) - Industrials
- Digital Turbine, Inc. (APPS) - Information Technology
- Glu Mobile Inc. (GLUU) - Communication Services

Sold

- Cubic Corporation (CUB) - Industrials
- RBC Bearings Incorporated (ROLL) - Industrials

Purchased

EastGroup Properties, Inc. (EGP) is a REIT focused on multi-tenant industrial spaces that provide for last mile e-commerce and shallow-bay industrial distribution. In recent years, Industrial REITS have enjoyed some of the strongest fundamentals in the sector bolstered by demand from e-commerce and supply chain investment, both should see sustained tailwinds following the pandemic. EGP's urban locations remain supply constrained, and its prudent development strategy and financial profile are outstanding among peers.

1-800-FLOWERS.COM, Inc. (FLWS) is an e-commerce gifting company focused on gourmet food and floral arrangements; FLWS is a leader in the floral industry gaining share from its larger competitors and is a consolidator in the gourmet gift space. Social distancing should provide substantial benefit to e-commerce gifting in the near term, as well as the potential for long term benefits from a broadened customer base and shifting consumer habits towards e-commerce.

Vectrus Inc. (VEC) is a leading operator of facilities, supply chains, and IT networks for the US military and intelligence agencies. Organic growth has accelerated, and large contract awards have driven rapid backlog growth, validating the company's differentiated offering of enhanced technological capabilities. These wins also demonstrate VEC's ability to both grow share with existing customers and penetrate new customer bases to create a broader, larger scale platform. Long contract backlogs offer high visibility towards growth, with margin expansion from improving execution.

Digital Turbine, Inc. (APPS) is a software platform serving the advertising market for mobile app downloads. Its marketing platforms offer a more effective and cost-efficient alternative to the traditional app store. Above market growth from market penetration, new products, and new partnerships together with global secular trends towards mobile advertising, mobile app usage, and device proliferation should support an elevated growth profile for this highly scalable business model.

Glu Mobile Inc. (GLUU) is a leading global developer of mobile games, the fastest growing subset of the video game market. New management has effectively refocused the company towards consistent growth, profitability, and free cash generation by transitioning away from celebrity licenses, towards core game monetization and engagement, and a consolidated studio footprint. Successful new game introductions and a robust launch pipeline are expected to result in a larger, diversified slate of growth games and elevated margins.

Sold

Cubic Corporation (CUB) is a market leading global provider of integrated solutions for government agencies involved in transportation and defense. CUB's next generation transit technologies were expected to generate sustained growth and elevate its margin and cash flow profile. However, the pandemic is delivering an unprecedented blow to CUB's historically stable transit agency customers, as technology upgrades are unlikely to be prioritized.

RBC Bearings Incorporated (ROLL) is an international manufacturer of highly engineered precision bearings and components. Commercial airline travel, depressed indefinitely by the pandemic and recession, should result in weak demand for ROLL's aerospace parts. This will compound already weak organic growth in its Industrial segment and ongoing demand challenges from Boeing's 737 MAX struggles.

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 five 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 Real Estate, Consumer Discretionary, Information Technology, and Communication Services sector weightings, while decreasings its Industrials weighting.

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 are driving people outdoors. Activities deemed "safe" are drawing attention

Information is as of 6/30/2020

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.

Congress Asset Management Co.
Small Cap Growth Composite
7/1/2013 - 12/31/2019

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Russell 2000 Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell 2000 Growth 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)
2019	22.9	22.5	28.5	16.9	16.4	128	0.90	41	<1%	8,445	12,528
2018	2.1	1.7	-9.3	17.4	16.5	103	0.69	30	<1%	7,102	10,234
2017	22.4	22.0	22.2	14.8	14.6	69	0.62	25	1%	7,272	10,546
2016	17.3	16.9	11.3	16.2	16.7	15	n/a	9	1%	5,693	8,139
2015	3.0	2.8	-1.4	n/a	n/a	≤5	n/a	1	n/a	5,941	7,094
2014	6.1	5.9	5.6	n/a	n/a	≤5	n/a	0.6	n/a	6,328	7,449
6/30/13 - 12/31/13	23.0	22.9	22.0	n/a	n/a	≤5	n/a	0.6	n/a	6,489	7,467

#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. The Small Cap Growth Composite has been examined for the periods 1/1/18 – 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 Small Cap Growth Composite was created on July 1, 2013. 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 small cap growth style for a minimum of one full month. The small cap growth strategy invests in the equity of high quality companies with market capitalizations between $300 million and $4 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 $50 thousand (US dollars). The primary composite benchmark is the Russell 2000 Growth. The benchmark returns are not covered by the report of the 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. 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 prior to 2016 because 36-month returns were not available.

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.