

Market Review

Ten years after the financial crisis, the United States economy is the strongest it has been since 2004. Gross domestic product was revised up for the second quarter to 4.2%, the strongest reading in about 4 years. The expansion has been driven by a robust labor market, low inflation, and more recently, tax cuts and deregulation.

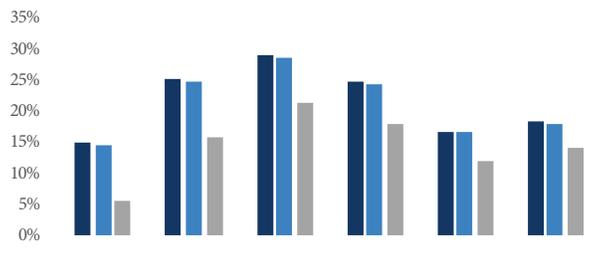
The domestic financial markets have noticed. Bolstered by strong corporate earnings reports, the S&P 500 returned 7.7% during the third quarter. Two stalwarts, Apple and Amazon, both eclipsed \$1 trillion in market capitalization. Bond investors have been more recalcitrant. Fearing growth-induced inflation, ten-year treasury bond yields fluctuated throughout the quarter, ending near their high of 3.10%.

The summer months exposed the divergent paths of the U.S. economy and those of the major European countries. The U.S. continues to accelerate while France, Germany, Italy, and the U.K. stagnate. China's official growth rate remains above 6%, but its stock market, along with many in emerging economies, has struggled this year.

Performance Overview

The Small Cap Growth Portfolio ("the Portfolio") returned 14.70% (gross of fees) during the Third Quarter, while the Russell 2000 Growth Index ("the Index") returned 5.52%. The Portfolio benefited from security selection within the Consumer Discretionary, Health Care, Industrials, and Information Technology sectors.

Average Annualized Performance % as of 9/30/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception 7/1/2013
Small Cap Growth (Gross)	14.7	25.0	29.0	24.6	16.8	18.3
Small Cap Growth (Net)	14.6	24.6	28.5	24.2	16.4	17.9
Russell 2000 Growth	5.5	15.8	21.1	18.0	12.1	14.1

% Total Effect Portfolio vs. Index (6/30/2018 -9/30/2018) (bps)



Information is as of 9/30/2018. 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.

Q3 2018 Attribution Highlights

Overall Contributors

- Security selection in Consumer Discretionary, Health Care, Industrials & Information Technology

Overall Detractors

- Cash allocation

Top 5 Stock Contributors and Detractors

Contributors

STOCK	AVG. WEIGHT	CONTRIBUTION
Trade Desk, Inc. - Class A	3.01%	1.46%
SodaStream International Ltd.	2.67%	1.44%
Fox Factory Holding Corp.	3.11%	1.32%
Integrated Device Technology, Inc.	2.72%	1.08%
Five Below, Inc.	3.53%	1.02%

Trade Desk, Inc. (TTD) provides buyers of advertising with a self-service, cloud-based platform to optimize its digital ad campaigns across formats and devices. Second quarter results beat expectations and full year guidance was raised significantly, now anticipating 48% growth and strong profitability, as adoption of its programmatic trading platform strengthens.

SodaStream International Ltd. (SODA) is the global market leader in home sparkling water makers & flavorings. Second quarter results beat expectations and full year guidance was raised significantly, driven by accelerating machine & refill unit growth, confirming the prior quarter's weakness as transitory. Subsequently, SODA agreed to be acquired by PepsiCo for an 11% premium.

Fox Factory Holding Corp. (FOXF) is a manufacturer of high-performance suspension products for the mountain bike and powered vehicle end-markets. Second quarter results beat expectations and full year guidance was raised significantly after the company delivered 15% organic growth in mountain bikes and 47% growth in powered vehicles sales. Market share gains are the result of expanded relationships with OEM's and new product launches, driving upside to both sales and margins.

Integrated Device Technology, Inc. (IDTI) designs and manufactures a broad range of low-power, high performance mixed-signal semiconductor solutions for computing, communications, consumer, and industrial/automotive end markets. During the quarter, IDTI agreed to be acquired by Renesas Electronics.

Five Below, Inc. (FIVE) is a niche specialty retailer catering to kids and their parents with merchandise priced at \$5 or less. Second quarter results beat expectations and full year guidance was raised after the company posted 23% sales growth, including an impressive 2.7% comp, lapping the prior year's 9.3% record (fidget-spinner driven) quarter with ease. Meanwhile, freight and labor headwinds are being mitigated nicely by FIVE's increased scale and growth.

Detractors

STOCK	AVG. WEIGHT	DETRACTION
*SiteOne Landscape Supply, Inc.	1.70%	-0.32%
Littelfuse, Inc.	2.37%	-0.32%
Power Integrations, Inc.	2.04%	-0.26%
Neogen Corporation	2.96%	-0.25%
AMN Healthcare Services, Inc.	2.29%	-0.14%

*Purchased during the quarter

SiteOne Landscape Supply, Inc. (SITE) is the only national wholesale distributor of landscape supplies in the US. Rising interest rates and the potential impact on housing activity impacted the stock in September.

Power Integrations, Inc. (POWI) is a leading designer of semiconductor components used in power converters and the market leader in integrated circuit-based power supplies. POWI's outlook for the third quarter was weaker than expected, largely due the impact of trade tariffs on the appliance end market. Also, semiconductor stocks broadly underperformed during the quarter due to cyclical concerns.

Neogen Corporation (NEOG) provides products and services dedicated to food and animal safety, including test kits and sanitary systems that protect the food supply chain and animal health and control products. Quarterly results were weaker than expected, a result of challenging conditions in the Animal Safety segment as tariffs exacerbated an oversupply condition in the animal protein market, disrupting customers' buying activity.

Littelfuse, Inc. (LFUS) is a leading supplier of circuit protection products for the electronics, automotive, and electrical industries. Despite some pressures in its Electronics and European Auto segments, LFUS reported a decent quarter with underlying demand showing signs of strength. The stock has since traded down on rising concerns about the auto and industrial cycles as well as potential further impact from tariffs.

AMN Healthcare Services, Inc. (AMN) is a leading provider of healthcare workforce solutions and staffing services to hospitals, health centers, and other healthcare settings. Second quarter results were strong due to elevated strike-related demand, but third quarter guidance disappointed on flat travel nursing demand and disruption in the Locum Tenens business from a technology transition.

3Q 2018 Transaction Summary

Sector Allocation Changes	Purchased	Sold
<ul style="list-style-type: none"> Increase in Industrials & Health Care Decrease in Consumer Discretionary & Consumer Staples 	<ul style="list-style-type: none"> SiteOne Landscape Supply, Inc. (SITE) - Industrials HMS Holdings Corp. (HMSY) - Health Care Repligen Corp. (RGEN) - Health Care 	<ul style="list-style-type: none"> Pool Corporation (POOL) - Consumer Discretionary J&J Snack Foods Corp. (JJSF) - Consumer Staples

Purchased

SiteOne Landscape Supply, Inc. (SITE) is the only national wholesale distributor of landscape supplies in the U.S. The only consolidator in a highly fragmented industry, SITE is early in its consolidation opportunity, while strong free cash flow generation and attractive deal economics demonstrate the sustainability of the acquisition strategy. Steady organic growth is benefiting from marketing initiatives and demand from housing construction, home improvement, and commercial construction. Approximately 40% of sales are in maintenance products, and 20% repair & upgrade, lending stability to results. Over the long term, profitability improvement should result from the benefits of scale as well as recent supply chain investments.

Repligen Corporation (RGEN) is a leading provider of advanced bioprocessing technology and solutions used in the process of manufacturing biologic drugs. Its leading technologies increase biopharmaceutical manufacturing efficiency and flexibility and benefit from the secular expansion of the global biologics market. These products are embedded in the manufacturing workflow and are focused on consumables, resulting in a highly visible and recurring revenue stream. The company's commitment to R&D is driving acceleration in its core business, while its strong balance sheet allows supplemental growth from bolt-on acquisitions.

HMS Holdings Corp. (HMSY) is the leading provider of cost containment solutions in the U.S. healthcare marketplace using technology, data, and analytics to help healthcare payers recover billions of dollars from improper payments and improve clinical outcomes. Its strong growth track record has benefited from diversification into the faster growing and higher margin commercial payer base while its more mature state payer business grows with Medicaid spending and exhibits high retention rates. HMS's scalable business model produces high incremental margins, which should improve with recent technology investments and process improvement. The company's entry into total population management leverages HMS's robust proprietary data to help payers improve care, clinical outcomes and cost, representing a significant cross selling opportunity and growth accelerant.

Sold

Pool Corporation (POOL) is the world's largest wholesale distributor of swimming pool supplies, equipment, and related products. The stock was sold after it reached the Portfolio's \$5 B market cap limit.

J&J Snack Foods, Corp. (JJSF) manufactures and distributes snack foods and frozen beverages to the food service and retail supermarket industries. Profitability has been disappointing: a combination of labor, manufacturing, and distribution challenges. Also, in the near term, management's emphasis on increasing price more aggressively poses an additional risk to sales growth in a competitive environment.

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 three purchases and two sales during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Industrials and Health Care weightings, while reducing the Consumer Discretionary and Consumer Staples weightings.

Outlook

The strength in employment supports long term growth, spending, and consumer confidence. Yet, the saving rate at 6% is elevated given the strong job market. This may reflect the caution younger workers have given the depth of the last recession and the difficulty they experienced in finding jobs. It may also act as an economic cushion and provide an impetus for future spending.

Somewhat tempering our enthusiasm are moderating housing and automobile markets. Mortgage rates have ticked up, coinciding with lower levels of home sales. At the same time, domestic and global auto sales may have peaked for this cycle. Both housing and automobiles have broad influence and affect spending across the economy.

It appears that businesses will make up for any slack on the consumer side. Small business optimism is close to record highs and applications for new Employer Identification Numbers indicate that entrepreneurial drive is not

dead and is in fact flourishing. Orders for capital goods continue to improve while the ISM Manufacturing Index is solidly in expansionary territory. In response to the tax changes enacted this year, companies are repatriating cash and investing in capital equipment. Regulatory relief is deflationary and over time encourages new business investment and fosters competition.

The technology sector has been an outsized recipient of business spending as the digital economy is transforming work flow and information gathering. Data now has value and how organizations store, analyze, and use data will continue to transform our economy for many years. Technology companies are the natural beneficiaries of this trend. The productivity benefits also accrue to technology users who can experience enhanced efficiencies amongst other ancillary benefits.

Both the stock and bond markets have done well over the past decade. The risks to both are vastly different than they were ten years ago. Inflation, for one, has started to percolate. The Fed remains concerned about inflation's erosion of asset values. In response, the Fed raised short term rates in September and suggested they will maintain a course of gradual increases over the next year. At current levels, U. S. interest rates remain an attractive alternative to interest rates available in many other developed nations. Therefore, it is difficult to predict how either the stock or bond market responds to Fed initiated short term rate hikes.

Of considerable concern to markets is the fluidity of U.S. trade policy. Negotiations with our North American partners are largely complete. Talks with China, however, have stalled, and it is unclear whether the issues are about trade policy or the protection of intellectual property rights. In the short term, trade uncertainty weighs on exporters and those that source product from China. Longer term, tariffs are generally considered inflationary and hinder growth. However, organizations eventually adapt to policy changes and predicting winners and losers is not as obvious as it may appear.

As the fourth quarter progresses, we look for the economic momentum to continue. The U.S. economy's potential is greater now than it was a few years ago allowing for stronger, non-inflationary growth. Consumers and businesses should both continue to fare well. Treasury yields at greater than 3% are attractive, but stocks remain the preferred asset class.

Congress Asset Management Co.
Small Cap Growth Composite
7/1/2013 - 9/30/2018

Year	Total Return Gross of Fees %	Total Re- turn Net of Fees %	Russell 2000 Growth Return % (dividends reinvested)	Com- posite Gross 3-Yr an- nualized ex-post St Dev (%)	Russell 2000 Growth 3-Yr annualized ex-post St Dev (%)	Number of Portfo- lios	Gross Disper- sion %	Total Com- posite Assets End of Period (\$ millions)	% of composite represented by non fee paying account	Total Firm Discretion- ary Assets End of Period (\$ millions)	Total Firm Assets End of Period # (\$ millions)
YTD	25.0	24.6	15.8	n/a	n/a	116	n/a	55	n/a	7,900	11,524
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 – 12/31/17. 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 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. The standard deviation 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.