Portfolio Commentary

Small Cap Growth

Market Review

In New England, the inevitable change of seasons is upon us. We are three months closer to a vaccine, but the pandemic's shadow is long, casting shade on the economy. The final stretch of the most contentious presidential election in generations adds to the uncertainty, and for some, a feeling of despondency and exhaustion. The financial markets appear to have ignored it all with stocks staging a frantic rally since March and bond yields anchored near historic lows.

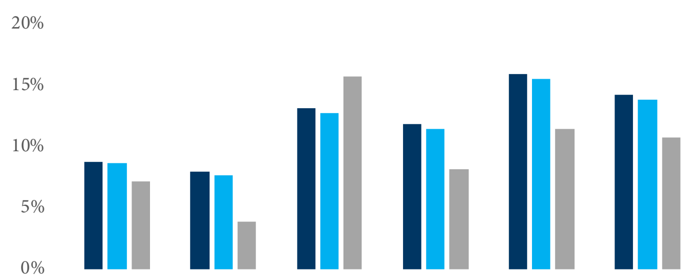
The incongruity of the strong stock market and the uneven, tenuous economic recovery stands out. Investors ignored the pandemic's path and relied instead on the massive stimulus thrown at economies globally since March. The packages were intended to provide both a cushion and path to a stronger economy in 2021. The virus, however, is not deterred by monetary programs and cannot simply be willed away. The anticipated autumn recurrence has arrived accompanied by the now familiar debates about defining essential activities and mustering additional fiscal relief to offset the economic effects of the shutdowns. The path forward is never certain but is unusually precarious now.

Performance Overview

The Small Cap Growth Portfolio ("the Portfolio") returned 8.7% (gross of fees) during the Third quarter, while the Russell 2000 Growth Index ("The Index") returned 7.2%.

The Portfolio benefited from security selection in Information Technology and Health Care. An overweight allocation to Industrials and an underweight allocation to Health Care also aided performance. However, security selection in Industrials, Consumer Discretionary, and Financials detracted from performance.

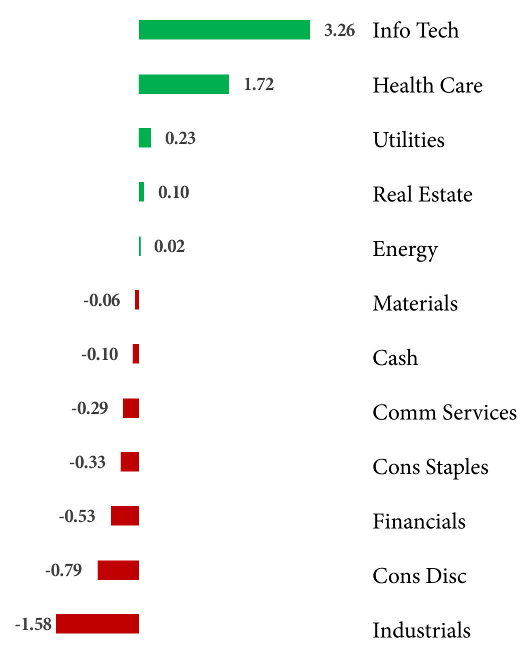
Average Annualized Performance % as of 9/30/2020



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception 7/1/2013
Small Cap Growth (Gross)	8.7	7.9	13.1	11.8	15.9	14.2
Small Cap Growth (Net)	8.6	7.6	12.7	11.4	15.5	13.8
Russell 2000 Growth *	7.2	3.9	15.7	8.2	11.4	10.7

Performance is preliminary and subject to change

% Total Effect Portfolio vs. Index[1] (6/30/2020 - 9/30/2020)



[1]The information shown is for a representative account as of 9/30/2020. Actual client account holdings and sector allocations may vary.

3Q 2020 Attribution Highlights

Overall Contributors

- Security selection in Information Technology & Health Care
- Overweight to Industrials & Underweight to Health Care

Overall Detractors

- Security selection in Industrials, Consumer Discretionary & Financials

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
Digital Turbine, Inc.	4.45	4.19
Simulations Plus, Inc.	2.71	0.73
Medpace Holdings, Inc.	3.43	0.63
Repligen Corporation	3.38	0.63
1-800-FLOWERS.COM, Inc. Class A	2.43	0.55

Detractors

*Sold during the quarter.

Stock	Avg. Weight%	Detraction%
HMS Holdings Corp.	2.13	-0.59
Cohen & Steers, Inc.	2.42	-0.48
Vectrus Inc.	1.80	-0.47
Inter Parfums, Inc.*	1.63	-0.38
Glu Mobile Inc.	1.93	-0.34

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. Quarterly results revealed accelerating trends despite COVID-disrupted new device activations. Revenues nearly doubled and margin expansion demonstrated both pricing strength and the scalability of the model. Its revenue streams are rapidly diversifying with new partnerships, geographies, and products driving a more sustainable and predictable model.

Simulations Plus, Inc. (SLP) provides modeling and simulation software and consulting services to pharmaceutical companies, non-profit research, and regulatory bodies. The adoption of SLP's modeling and simulation offerings comes with substantial recurring revenues. Second quarter organic growth of 18% was towards the high end of targets benefiting from its large project, recurring revenue focus, and sustained momentum in its customer base amid the pandemic.

Medpace Holdings, Inc. (MEDP) is a contract research organization (CRO) providing outsourced clinical development services to the biotech, pharma, and medical device industries. Second quarter results were resilient despite the disruption of clinical trials by the pandemic. Management reinstated full-year guidance higher than expectations, bolstered by new bookings success which includes new COVID-related clinical trials. Elevated funding levels for its biotech customer base are supportive of activity in the quarters ahead.

Repligen Corporation (RGEN) is a leading provider of advanced bioprocessing technology and solutions used in the process of manufacturing biologic drugs. Momentum has accelerated as growth in antibody and gene therapy activity continues unabated, now complemented by a ramp in COVID vaccine and therapeutic related activity. Based on current order rates, management now expects organic growth of about 20% vs. the prior forecast of about 12%.

1-800-FLOWERS.COM, Inc. (FLWS) is an e-commerce company focused on gifting, including gourmet food and floral gifts for various occasions in the United States. Quarterly results revealed 54% organic growth as social distancing has provided substantial benefit to e-commerce gifting, with potential for lasting long term benefits from a broadened customer base and shifting consumer habits towards e-commerce. Improved profitability is benefiting from operating leverage inherent to the model.

HMS Holdings Corp. (HMSY) is the leading provider of cost containment solutions in the U.S. healthcare marketplace. Second quarter results were disappointing, and guidance lowered as COVID had a greater than expected impact from low healthcare utilization and a pause in hospital audits during the crisis. While the pipeline of new business is robust, third quarter sales will see a continued headwind, and near-term visibility is poor, as it's reliant on the course of the pandemic.

Cohen & Steers, Inc. (CNS) is a differentiated investment manager specializing in liquid real assets including real estate, infrastructure, commodities, natural resources, and preferred securities. CNS stock underperformed along with asset manager peers during the quarter. Organic growth has strengthened, benefiting from superior performance and distribution together with low interest rates driving interest in yield products, but elevated compensation and distribution expenses are limiting the profit upside.

Vectrus Inc. (VEC) is a leading operator of facilities, supply chains, and IT networks for the US military and intelligence agencies. Full-year guidance was lowered to incorporate the impact of contract adjustments as well as the ongoing impact of COVID. Travel restrictions and limited access to facilities are delaying program startups, now expected to defer $65 million of revenue out of 2020.

Inter Parfums, Inc. (IPAR) manufactures, markets, and distributes a wide array of prestige fragrances and fragrance related products. Sales have stalled with global travel and retail store closures due to COVID-19. While visibility has improved to the point that 2020 guidance could be reintroduced, management's intention to proceed with an ambitious slate of product launches in 2021 brings further uncertainty towards a margin recovery.

Glu Mobile Inc. (GLUU) is a leading global developer of mobile games, the fastest growing subset of the video game market. Second quarter bookings grew abetter than expected at 79%, with strength across its franchise games. The stock was pressured by management's decision to increase user acquisition spend, which tempers the near-term outlook for profits, and the delayed the launch of its new Deer Hunter game.

3Q 2020 Transaction Summary

Sector Allocation Changes

- Increased allocation to Health Care
- Decreased allocation to Consumer Staples & Financials

Purchased

- InMode Ltd. (INMD) - Health Care
- Progyny, Inc. (PGNY) - Health Care
- Brooks Automation, Inc. (BRKS) - Information Technology
- FTI Consulting, Inc. (FCN) - Industrials

Sold

- US Ecology, Inc. (ECOL) - Industrials
- Quidel Corporation (QDEL) - Health Care
- Rogers Corporation (ROG) - Information Technology
- South State Corporation (SSB) - Financials
- Inter Parfums, Inc. (IPAR) - Consumer Staples

Purchased

InMode Ltd. (INMD) is a leading global medical aesthetics company, its devices enable minimally invasive procedures using radio frequency (RF) technology. Product innovation has driven rapid growth and outstanding profitability as INMD's proprietary RF technology enables a variety of tissue remodeling applications throughout the body, providing additional revenue streams for physicians, at a sustainable cost advantage vs. laser-based peers. Its financial strength has allowed investment through the downturn for the benefit of future growth, to be enhanced by its pipeline of new products and global expansion.

Progyny, Inc. (PGNY) is a benefits manager specializing in carved-out fertility benefits. PGNY's differentiated, data-driven approach to benefits plan design, member support, and provider network management has demonstrated improvement in patient outcomes. As a result, PGNY's customer base of self-insured employers realize significant value in medical costs and employee productivity. With PGNY's scalable business model, continued penetration into this large and growing market should allow for significant margin improvement ahead.

Brooks Automation, Inc. (BRKS) is a leading provider of automation solutions for semiconductor manufacturing and sample-based services and solutions for the life sciences industry. Broadly applied in semiconductor manufacturing, BRKS's precision handling systems are used throughout processes and across semiconductor types, positioning BRKS to benefit from increasingly complex manufacturing processes. The Life Sciences business adds diversity and stability to growth, with meaningful opportunities within sample management in the developing market for biologic drugs.

FTI Consulting, Inc. (FCN) is a consulting company specializing in restructuring, forensic & litigation, and communications consulting. Organic growth has been reinvigorated in recent years following leadership changes, opportunistic hiring, and strong execution supporting broad double-digit growth; its increasing global scale has driven elevated profitability and cash flow. These trends are likely to be enhanced by COVID-19 driven disruption in the corporate sphere as soaring debt levels meet subdued end markets. Restructuring, disputes, and litigation activity are likely on the rise, while low interest rates support client M&A activity.

Sold

US Ecology, Inc. (ECOL) is a provider of environmental services surrounding the treatment, disposal, and recycling of hazardous and radioactive waste. The acquisition of NRC Global in late 2019 has been disappointing, a persistent headwind to profits as weak E&P end markets betrayed management's optimistic expectations.

Quidel Corporation (QDEL) is a leader in diagnostic solutions for the point of care; its primary markets are in the physicians' office, hospital, clinical, and reference labs. The stock was sold after exceeding the Portfolio's market cap guidelines.

Rogers Corporation (ROG) manufactures high performance specialty materials and components for applications in the communications, computer, imaging, consumer, and transportation markets. The nascent buildout of 5G infrastructure is a primary growth opportunity and margin lever for ROG's communications business. This opportunity has begun to erode as base station manufacturers shift towards less complex (lower content) designs.

South State Corporation (SSB) is a regional commercial bank in the Southeast US. Slowing industry loan growth, profitability squeezed by low interest rates, and increasing loss provisions have created a dim and clouded outlook. While delayed by the crisis response, ultimate loss rates in this cycle are uncertain. SSB's geographical footprint is seeing elevated pandemic pressure and tax increases could be on the horizon.

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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 four purchases and five sales in the Portfolio during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Health Care weighting, while reducing its Consumer Staples and Financials weightings.

Information is as of 9/30/2020

Outlook

Much about the virus and reactions to it have been politicized and will remain so through the election. The financial markets, however, are weighing the intensity of the virus's second wave with the stronger than anticipated summer economic reports. New case clusters appear overwhelmingly to be affecting younger cohorts as schools and colleges are reopening to mixed success. However, the strain on hospitals and the medical system is being better managed and we are doing a better job protecting the vulnerable. Moreover, housing, consumer net worth, retail sales, and durable goods orders all indicate an economy expanding off deep lows.

Absent a severe virus resurgence, the economy should continue to gradually heal. The recovery's foundation was laid by the dual response of the Federal Reserve Bank (Fed) and the federal stimulus packages enacted in the spring. Most Fed programs are slow acting and are intended as long-term stimulus and fiscal programs target short-term impacts. To help bolster confidence and provide clarity, Federal Reserve Chairman Powell announced plans to keep short term rates anchored at under 0.25%, possibly through 2023. This unprecedented signaling should embolden long term investment as intermediate term interest rates are below inflation.

The housing market has emerged as an area of strength. The pandemic has altered how people use their homes and the value they place on personal space. This behavioral shift combined with historically low interest rates and a secular trend of increased household formation has resulted in robust housing demand. Home sales are up double digits over last year with 70% of existing homes sold within a month of listing. Along with home sales comes furnishings, paint, and re-modeling. This trend is unlikely to fade until interest rates rise.

Inflation remains non-existent and is unlikely to appear until the employment market improves. The official unemployment rate has improved to about 9%, a far cry from the heady pre-pandemic reading of under 4%. Through September the recently unemployed had been bolstered by federal stimulus packages, which helped keep consumer spending at levels consistent with last year. That extra support has now waned. While the combination of low interest rates with negligible inflation should sustain the recovery at current rates, an expanded recovery demands a better labor environment. Both presidential aspirants have promised stimulus packages to address employment issues.

This presidential election is notable for the level of vitriol it has engendered. But we are faced with uncertain agendas every four years. This is not unusual. Both candidates appear to recognize the uniqueness of the pandemic and its effects on our economy. Both will push new stimulus plans once elected. Voters have a clear choice in temperament, tax policy, domestic priorities, and international relations but primary for both candidates is enhancing growth as soon as possible. As happens after every presidential election, U.S. companies will adjust. Our process, often messy, forces companies to adapt and respond to incentives. In this sense, 2020 is little different from other presidential election cycles.

On the whole, 2020 is unique because of the pandemic that indirectly caused a rare synchronized, global recession. A full recovery including large social gatherings and care-free travel is unlikely until vaccines are approved and widely available. In the U.S. alone there are four large scale, stage three vaccine trials underway. Wide scale adoption is likely in the first half of 2021.

The economic recovery remains tenuous and in the U.S. is driven by the consumer who has shifted spending habits. Manufacturing has been slower to recover but inventories have been drawn down to unsustainably low levels suggesting replenishment should be additive over the next few quarters. This unspectacular economic trend will be supported over the longer term by the Fed programs. Most likely, more fiscal stimulus is also on the way, although its magnitude and timing are uncertain. Stocks remain the preferred asset class given low bond yields and the potential of a stronger economy in 2021.

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.