Portfolio Commentary

Small Cap Growth

Market Review

Fear and uncertainty gripped the financial markets as 2018 drew to a close. The litany of concerns seemed to grow longer as the quarter progressed. Investors reacted to repeated interest rate increases enacted by the Federal Reserve, trade policy negotiations, uncertainties over the federal government shut down, and foreign policy by de-risking their portfolios.

As we witnessed, global stock markets fell with the S&P 500 recording its worst quarter in a decade, down 13.5%. Oil was another casualty, dropping to lows not seen in four years. The bond market provided some solace as intermediate bond prices rose and the ten-year Treasury yield ended the year close to where it began, around 2.8%.

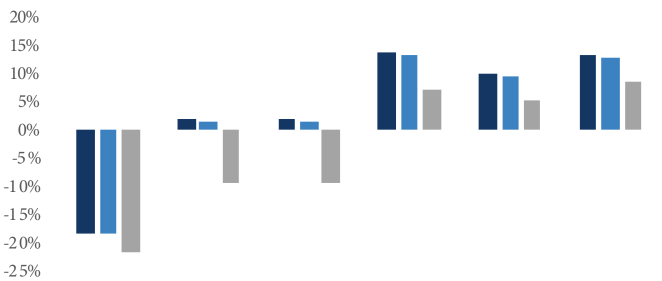
The depth of the 4th quarter swoon would suggest that the economy was stumbling into a recession. In our view, this is not the case. The case for economic Armageddon ignores strong employment trends, increasing capital investment, low inflation rates, and the benefits of de-regulation.

Performance Overview

The Small Cap Growth Portfolio ("the Portfolio") returned -18.30% (gross of fees) during the Fourth Quarter, while the Russell 2000 Growth Index ("The Index") returned -21.65%.

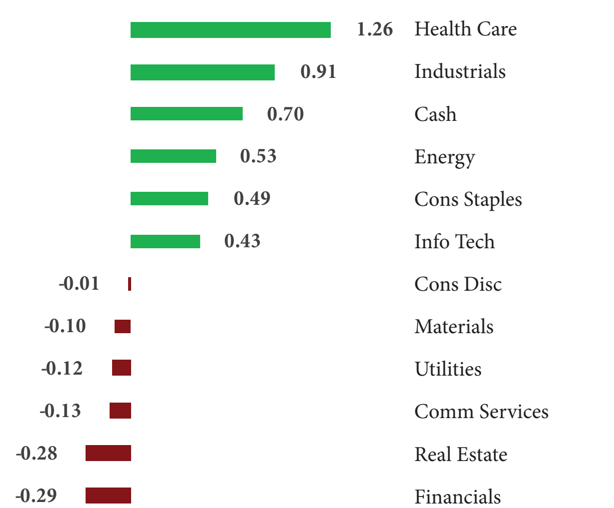
The Portfolio benefited from security selection within Health Care and Industrials. In addition, the Portfolio's cash allocation and lack of exposure to Energy contributed to relative performance for the quarter. However, security selection within Financials and Materials, as well as a lack of exposure to Real Estate detracted from relative performance.

Average Annualized Performance % as of 12/31/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception 7/1/2013
Small Cap Growth (Gross)	-18.3	2.1	2.1	13.6	9.9	13.1
Small Cap Growth (Net)	-18.4	1.7	1.7	13.2	9.6	12.8
Russell 2000 Growth*	-21.7	-9.3	-9.3	7.2	5.1	8.5

% Total Effect Portfolio vs. Index (9/30/2018 -12/31/2018)



Information is as of 12/31/2018. 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.

Q4 2018 Attribution Highlights

Overall Contributors

- Security selection in Health Care & Industrials
- Allocation to Cash & underweight allocation to Energy

Overall Detractors

- Underweight allocation to Real Estate
- Security selection in Financials & Materials

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight%	Contribution%
Inter Parfums, Inc.	3.02	0.15
Integrated Device Technology, Inc.	3.24	0.09
AMN Healthcare Services, Inc.	2.44	0.09
*SodaStream International Ltd.	2.37	-0.02
ESCO Technologies, Inc.	2.44	-0.06

*Sold during the quarter

Detractors

Stock	Avg. Weight%	Detraction%
Ligand Pharmaceuticals, Inc.	2.48	-1.74
Inogen, Inc.	2.25	-1.39
Standex International Co.	1.91	-0.80
Rogers Corporation	2.24	-0.79
Trade Desk, Inc. Class A	3.15	-0.76

Inter Parfums, Inc. (IPAR) develops and markets a wide array of branded fragrances. 3Q results showed continued strong execution despite no major product launch during the quarter. 2018 sales growth has been strong across IPAR's 3 largest markets: North America (+18%), Western Europe (+9%), and Asia (+22%). The initial outlook for 2019 of 9% growth ex-currency could prove conservative with planned product launches across its major brands.

Integrated Device Technology, Inc. (IDTI)is a leading supplier of advanced mixed-signal semiconductor solutions for computing, communications, consumer, and industrial/automotive end markets. IDTI has agreed to be acquired by Renesas Electronics Corporation.

AMN Healthcare Services, Inc. (AMN) provides healthcare workforce solutions and staffing services in the United States. 3Q results offered some visibility into growth reacceleration. Recent headwinds around premium rate placements have stabilized, and the operational challenges driving declines in the Locum Tenens business are transitory, which could allow organic growth to reaccelerate in 2019.

SodaStream International Ltd. (SODA)is the global market leader in home sparkling water makers & flavorings. SODA was acquired by PepsiCo in December.

ESCO Technologies, Inc. (ESE) is a multi-industrial producing engineered products and systems from a portfolio of businesses towards utility, industrial, aerospace, and commercial applications. ESE reported record 4Q earnings exceeding expectations, with impressive sales growth and profitability across businesses. A lower cost structure and operational improvements are also driving stronger than expected margins, enhancing the long-term outlook.

Ligand Pharmaceuticals, Inc. (LGND) licenses its drug technology platform to its partners to enable their drug development efforts and receives royalties upon drug commercialization. LGND underperformed as stocks in the small cap Biotech industry came under pressure during the quarter. However, Ligand raised full year guidance with its 3Q results, introduced 2019 guidance above street estimates, and drug pipeline updates were positive.

Inogen, Inc. (INGN) manufactures portable oxygen concentrators used in the delivery of supplemental long-term oxygen to patients with chronic respiratory conditions. 3Q sales growth of 38% again outpaced expectations but the stock came under pressure on the lower magnitude of the beat and the earnings outlook which was lowered to include incremental investments in sales and marketing.

Standex International Corporation (SXI) is a diversified industrial manufacturer focused on niche markets in foodservice equipment, engraving, engineering technologies, electronics, and hydraulics. Fiscal 1Q earnings missed expectations, sparking concerns of a slowdown at semi-conductor equipment customers as well as weaker Engraving sales. Investor disappointment was compounded by the planned divestiture of SXI's underperforming Cooking Solutions business, not to include the Commercial Refrigeration business as well.

Rogers Corporation (ROG) manufactures high performance specialty materials and components for applications in the communications, computer, imaging, consumer, and transportation markets. The stock underperformed with the technology sector, compounded by gross margin challenges for the third consecutive quarter, this time due to market weakness in 4G LTE and Advanced Driver Assistance Systems applications.

Trade Desk, Inc. (TTD) provides buyers of advertising with a self-service, cloud-based platform for buyers to optimize their digital ad campaigns across ad formats and across devices. While customer adoption remains very strong as quarterly revenues and earnings both grew 50%, TTD's beat and raise quarter was less impressive than recent history, and it remains to be seen how customer spending on programmatic trading holds up in a softer macro environment.

4Q 2018 Transaction Summary

Sector Allocation Changes	Purchased	Sold
• Increase in Consumer Staples	• Helen of Troy Corp. (HELE) - Consumer Staples	• CEVA, Inc. (CEVA) - Information Technology
• Decrease in Consumer Discretionary & Financials	• Novanta, Inc. (NOVT) - Information Technology	• SodaStream International Ltd. (SODA) - Consumer Discretionary
	• Qualys, Inc. (QLYS) - Information Technology	• LCI Industries (LCII) - Consumer Discretionary
	• BJ's Restaurants, Inc. (BJRI) - Consumer Discretionary	• Power Integrations, Inc. (POWI) - Information Technology
		• LendingTree, Inc. (TREE) - Financials

Purchased

Helen of Troy Limited (HELE) is a leading global consumer products company with 7 Leadership Brands: OXO, Honeywell, Braun, PUR, Hydro Flask, Vicks, and Hot Tools. HELE enjoys solid brand positioning, strong free cash flow generation and balance sheet, and a relatively stable margin profile. Steady organic growth has gained momentum with management's heightened focus on brands and innovation, effective e-commerce strategies, as well as an improved operating environment for its retail partners.

Novanta, Inc. (NOVT) is a leading global supplier of technological components to OEM's in the advanced industrial and medical end-markets. NOVT's focus on high growth, less cyclical end markets within photonics, vision, and precision motion should lead to a more consistent organic growth profile than its peers. Meanwhile, profitability continues to improve as a result of growth, increased productivity, and lean manufacturing initiatives.

Qualys, Inc. (QLYS) offers cloud based security software focused on vulnerability management for an organization's IT infrastructure. QLYS is the market share leader in the fragmented market for vulnerability management, an area of increased spending by organizations due to recent high profile security breaches and government regulation. Strong double-digit billings growth is coming from new customer wins, customer adoption of additional products, and international expansion.

BJ's Restaurants, Inc. (BJRI) owns and operates approximately 200 restaurants in 26 states, primarily BJ's Restaurant & Brewhouse, a differentiated concept within casual dining. Sales momentum is improving and appears sustainable, a result of company specific menu and marketing initiatives. These sales initiatives, together with improved expense management, should enhance unit economics and ultimately reinvigorate new restaurant opening in the coming years.

Sold

CEVA, Inc., (CEVA) licenses its technology to semiconductor manufacturers. While its licensing revenues for non-handset applications continue to be strong and should be predictive of long term growth of CEVA's royalty streams, near term trends continue to slow. CEVA's core royalty base is generated from the global communications market, particularly smartphones for emerging markets where disappointing demand threatens CEVA's outlook for growth.

SodaStream International Ltd. (SODA) is the global market leader in home sparkling water makers & flavorings. SODA was acquired by PepsiCo in December.

LCI Industries (LCII) is a leading supplier of components for original equipment manufacturers of recreational vehicles (RV) and adjacent industries. Financial results have disappointed as lower orders for RVs suffer from excess dealer inventory. Production costs have risen due to steel and aluminum price inflation and higher labor costs. Meanwhile, its aggressive acquisition strategy has taken the company further away from its core business.

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 growth, already weakened due the impact of trade tariffs on their appliance end market, is increasingly uncertain as broader semiconductor demand has deteriorated and the trade war has escalated.

Lending Tree, Inc. (TREE) operates a web platform that matches consumers with multiple lenders who can provide them with competing quotes. Rising interest rates are a growing threat to lending activity on TREE's platform as well as the value that lenders will ascribe to LendingTree's customer lead generation. The stock was removed from the model portfolio in favor of more attractive opportunities.

Information is as of 12/31/2018

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 during the quarter, and they are reflective of this philosophy. These combined transactions essentially increased the Portfolio's Consumer Staples weighting while decreasing the weightings in Consumer Discretionary and Financials.

Outlook

We remain in the midst of the longest economic expansion on record led by the salutary effects of full employment. More people are working in our country than ever before. Jobs are plentiful – we have more jobs available than unemployed people to fill them. Wages and benefits are rising steadily, putting money in consumers' pockets. On an annual basis, income, spending, and savings all increased more than 4% in November, an unusual trifecta. Early indications of holiday spending suggest a robust season for retailers and gift recipients alike.

The consumer is supported by business spending. Through November, broad measures of economic health remained in expansionary territory. The Institute for Supply Management's two main readings remain solidly above 50. Business investment has been bolstered by last year's tax cuts and overseas cash repatriation. This is likely to continue as strong corporate profits and the tight labor market combine to encourage corporate spending, in turn enhancing productivity. Companies may be nervous regarding uncertain trade policies but the need to invest outweighs the rhetoric around tariffs. Forward looking measures, such as the leading Economic Index are at cycle highs.

Strong statistics aside, it is not difficult to discern the reasons for investors' confusion. Front and center are the actions, and in some cases commentary, from the Federal Reserve. Inflation, one of the Fed's two primary objectives, remains under 2%, and with oil prices falling, is unlikely to reach that mark in the near term. Still, the Fed forecasts more interest rate increases in 2019, potentially curtailing consumer and business spending as investment costs increase. The housing and automobile markets, both reliant on low interest rates, have already slowed.

Another proximate cause of market unrest is the ongoing negotiations to our trade policies. Bi-lateral agreements are taking precedence over broader, regional agreements. Negotiations with China are dominating the news and are as much about intellectual property protections as they are about tariff rates. The seminal movement to global trade began after World War 2 and accelerated with China's admittance into the World Trade Organization (WTO) in 2001. Increasingly, China has flaunted WTO guidelines and rulings to pilfer intellectual property at the expense of the U. S. and its allies.By introducing new trade restrictions now, the U.S., with the support of many allies, is forcing Beijing's hand to level the playing field. As the world's second largest economy, China is being held to its commitments. China's growth has clearly slowed, and a resolution would ease concerns about a broader global economic slowdown.

We are cognizant of the extreme volatility experienced in the financial markets. After a long bull market in stocks, investors are skittish. The economy remains on a solid path, however, and much of the consternation can be tied to policy uncertainty. But, as with most policy changes: trade, tax, fiscal stimulus packages, or interest rates, American businesses' will adapt and respond. The current expansion is unlikely to be derailed by headlines. Volatility will not go away but the consumer is stronger financially than at any other time this century and strong business trends should continue. Stocks are reasonably valued while bond rates offer a real return over inflation.

Congress Asset Management Co.
Small Cap Growth Composite
7/1/2013 - 12/31/2018

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)
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 – 6/30/18. 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. 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.