CONGRESS ASSET MANAGEMENT COMPANY

1Q 2019

Portfolio Commentary

SMid Core Opportunity[1]

Market Review

As negative economic reports increased over the first quarter, U.S. employment belied the trends and remained robust. The strongest employment economy in a generation is a powerful elixir for the slowdown in business investment. Low unemployment is a central reason we are confident that the U.S. consumer will continue to drive the economic expansion as 2019 progresses.

The consumer represents 70% of domestic spending and is now the primary growth driver of the U.S. economy and the global economy. The employment situation remains the most important element for consumers. Job openings breached the 7.5 million mark in the latest report. Wage growth is hovering around 3.5% which helped create a new high in personal savings. Consumer debt relative to incomes is at lows not seen since the early 2000's. While consumer spending patterns can be inconsistent, the supporting data indicate that the consumer has the financial wherewithal to spend as the year progresses.

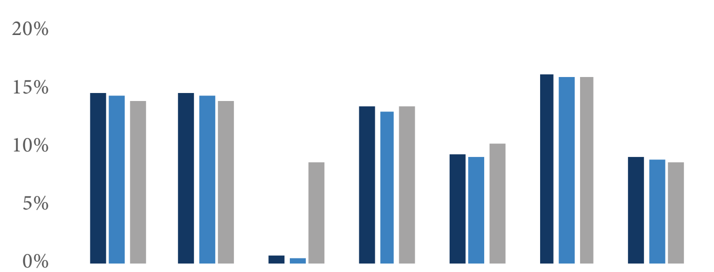
Indeed, the stock market's remarkable first quarter recovery likely reflects the strong employment trends and the Federal Reserve's (Fed) recent pivot in strategy. After raising short term rates in December, the Fed has deferred further rate increases and announced a more gradual plan to shrink its balance sheet. The new path indicates the Fed is concerned about the strength of the economy. In addition, inflation remains stubbornly below the Fed's preferred 2% target. The lack of inflation is noteworthy – it implies that the Fed has leeway to keep rates lower for longer, even if we are at full employment.

Performance Overview

For the quarter ending March 31, 2019, the SMid Core Opportunity Portfolio ("the Portfolio") outperformed its benchmark, the Russell 3000 Index ("the Index"). The Portfolio returned 14.54% gross of fees while the Index returned 14.04% for the quarter.

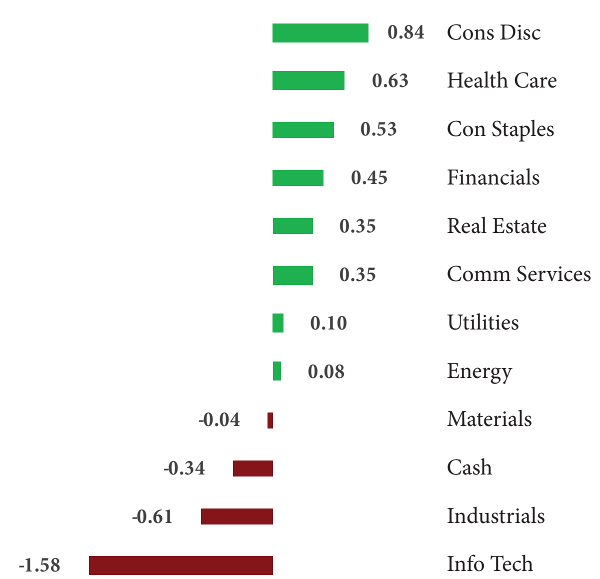
Relative performance was aided by security selection in the Health Care, Consumer Discretionary, and Consumer Staples sectors as well as an underweight allocation to Financials. However, relative performance was negatively impacted by security selection in the Information Technology and Industrials sectors as well as an overweight allocation to the Health Care sector.

Average Annualized Performance % as of 3/31/2019



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 6/1/2005
SMid Core Opp[1] (Gross)	14.5	14.5	0.7	13.5	9.4	16.3	9.2
SMid Core Opp[1] (Net)	14.5	14.5	0.4	13.1	9.1	16.0	8.9
Russell 3000®	14.0	14.0	8.8	13.5	10.4	16.0	8.8

% Total Effect Portfolio vs. Index (12/31/2018 - 3/31/2019)



[1]Prior to March 31, 2018, the Portfolio was known as the Congress All Cap Opportunity Strategy.

[2]On March 31, 2018, the Portfolio's stated investment strategy was updated to reflect its focus of investing in publicly traded stocks of U.S. small and mid capitalization companies with either growth or value characteristics.

1Q 2019 Attribution Highlights

Overall Contributors

- Security selection in Health Care, Consumer Discretionary & Consumer Staples
- Underweight allocation to Financials

Overall Detractors

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

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Norwegian Cruise Line Holdings	3.90	1.07
Interxion Holding N.V.	4.73	1.06
Fortinet, Inc.	5.20	1.03
*Horizon Pharma Plc	3.00	1.03
Performance Food Group Company	4.63	1.02

Bottom 5 Detractors/Contributors

Stock	Avg. Weight%	Detraction%
**Arlo Technologies, Inc.	0.50	-1.04
XPO Logistics, Inc.	2.30	-0.48
ABIOMED, Inc.	4.83	-0.47
*STAAR Surgical Company	1.93	-0.13
**Albemarle Corporation	0.85	0.10

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

Norwegian Cruise Lines Holdings (NCLH) is a leading global cruise company which operates the Norwegian Cruise Line, Oceania Cruises, and Regent Seven Seas Cruises brands. NCLH stock gained over the quarter as strong demand for bookings continued into the new year. The company reported during its earnings release that it was at record book position and record pricing while still absorbing new capacity.

Interxion Holding NV (INXN) engages in the provision of carrier and cloud neutral colocation data center services. INXN saw its stock rise in the quarter as the company continues to add capacity across multiple geographies through both existing site expansions and new builds. Pan-European demand for connectivity and colocation drove results, solidifying the supply/demand balance, which appears to be in mid-cycle.

Fortinet, Inc. (FTNT) provides network security solutions, integrated network security architecture, and a single source for threat management. FTNT stock increased after posting very good earnings results, highlighted by better than expected forward guidance for its next fiscal year. The company is benefiting from an enterprise refresh cycle, supported by growing concern over assuring adequate cybersecurity measures from a multitude of corporations.

Horizon Pharma plc (HZNP) is a biopharmaceutical company engaged in the research, development, and marketing of pharmaceutical products. The company's stock gained after it was added to the Portfolio, a period where it announced that a promising drug to treat Thyroid Eye Disease called Teprotumumab showed excellent results in a Phase 3 clinical trial. These positive trial results should allow HZNP to apply for FDA approval to manufacture and sell the drug within the year.

Performance Food Group Company (PFGC) is the third largest broadliner in foodservice distribution and the largest distributor to casual dining chains. PFGC stock rose in the first quarter as its earnings report exceeded expectations, boosted by its Vistar segment. The Vistar segment, which has been surprising to the upside, distributes candy, snacks, and beverages to multiple channels.

Arlo Technologies, Inc. (ARLO) manufactures smart network connected devices such as cameras, advanced baby monitors, security lights, and audio doorbells. ARLO stock fell for the portion of the quarter it was held in the Portfolio. During this time the company announced that its end markets slowed significantly, negatively impacting its growth expectations for the fiscal year. The resulting inventory build up and growth decline no longer supported a premium valuation, causing street analysts to slash estimates and price targets.

XPO Logistics, Inc. (XPO) is a logistics and transportation company serving North America and Europe. The company announced the loss of a major customer, purportedly Amazon, in its important last mile delivery segment. This customer loss was deemed irrecoverable, leaving investors perplexed at the sudden disclosure and the stock struggled to maintain its valuation.

ABIOMED, Inc. (ABMD) engages in the research, development, manufacture, and sale of cardiac support, recovery, and replacement devices. ABMD saw its stock retreat in the first quarter with most of the decline occurring over the last two weeks of the quarter. Earnings were fine, but suspicions of future competition combined with a premium valuation were perhaps what caused investors to sell the stock.

STAAR Surgical Company (STAA) designs, develops, manufactures, and sells implantable lenses for the eye and systems used to deliver the lenses into the eye. STAA stock fell slightly after it was purchased by the Portfolio midway through the quarter, dropping modestly below its year-to-date peak. Earnings had been previously released and conformed with preannounced figures from January. We suspect that the stock came under mild pressure at the end of the quarter in concert with some insider stock sales.

Albemarle Corporation (ALB) is a chemicals company that specializes in the production, manufacturing, and marketing of lithium, bromine, and refining catalysts. ALB stock rose while it was held in the Portfolio and the stock did not have any large moves over the period. The company's primary commodity, lithium, remained in high demand despite increasing global supply. Unfortunately, ALB shares did not also participate in the improving commodity environment.

1Q 2019 Transaction Summary

Purchased

- Arlo Technologies, Inc. (ARLO) - Information Technology
- Horizon Pharma plc (HZNP) - Health Care
- STAAR Surgical Company (STAA) - Health Care
- TechnipFMC Plc (FTI) - Energy

Sold

- Albemarle Corporation (ALB) - Materials
- NVIDIA Corporation (NVDA) - Information Technology
- Arlo Technologies, Inc. (ARLO) - Information Technology
- XPO Logistics, Inc. (XPO) - Industrials

Purchased

Arlo Technologies, Inc. (ARLO) manufactures smart network connected devices such as cameras, advanced baby monitors, security lights, and audio doorbells. These devices enable users to monitor their environments and engage in real-time communication with their families and businesses from any location with a Wi-Fi or a cellular network internet connection. ARLO was spun out of its former parent NETGEAR, Inc. (NTGR).

Horizon Pharma plc (HZNP) is a biopharmaceutical company engaged in the research, development, and marketing of pharmaceutical products. Its medicines treat arthritis, inflammation, and orphan diseases, focusing on rheumatology and metabolic diseases. HZNP is shifting away from its primary care drugs to focus on higher margin orphan drugs.

STAAR Surgical Company (STAA) designs, develops, manufactures, and sells implantable lenses for the eye and systems used to deliver the lenses into the eye. The company is a leading manufacturer of lenses used worldwide in corrective or "refractive" surgery and also makes lenses for use in surgery that treats cataracts. STAA's corrective products are not yet approved for use in the U.S. and the company is awaiting FDA approval to enter this massive marketplace.

TechnipFMC Plc (FTI) provides solutions for the production and transformation of oil and gas, primarily through its Subsea, Onshore and Offshore, and Surface Technologies segments. The company is the result of the merger of FMC Technologies and Technip S.A. that was completed in January 2017. We expect FTI to continue to win major global contracts based on its ability to improve the speed and reduce the costs of LNG and oil projects.

Sold

Albemarle Corporation (ALB) is a chemicals company that specializes in the production, manufacturing and marketing of lithium, bromine, and refining catalysts. Despite earning most of its revenues from the mining and sale of the very sought-after lithium, the stock was not reacting to the company's fundamental results. Instead, the stock appeared to trade on expectations of the future supply/demand dynamic, in some cases looking ahead more than 5 years, which ultimately soured the Committee from continuing to hold the stock.

NVIDIA Corporation (NVDA) is a visual computing company, connecting people through computer graphics. It is engaged in creating graphics chips, which are used in personal computers. The company had been a high-flying stock until issues with inventories of chips used for cryptocurrency mining dragged down its results. Repeated inventory missteps caused the Committee to sell the stock as the recovery period began to take on a long-term time frame.

Arlo Technologies, Inc. (ARLO) manufactures smart network connected devices such as cameras, advanced baby monitors, security lights, and audio doorbells. These devices enable users to monitor their environments and engage in real-time with their families and businesses from any location with a Wi-Fi or a cellular network internet connection. Expectations were wildly different than reality for ARLO as it had inventory problems from the start of its publicly traded life. Management seemed ill prepared for a market slowdown that boosted inventory and compressed margins, giving the Committee little choice but to sell the stock.

XPO Logistics, Inc. (XPO) is a logistics and transportation company serving North America and Europe. The company dropped a bombshell in its quarterly earnings release when they announced it had lost a significant "last mile" customer. There were rumors from analysts that the customer was Amazon and that the business would not be coming back. This was a serious blow and knocked aside one of our main reasons for holding the stock, prompting a sale.

Outlook

Economic expansions typically grow at inconsistent rates. What is unique to the current expansion is its length of 10 years and its relatively subdued level of growth. Notably, we have yet to experience robust growth in consecutive years. With the Great Recession still in our short-term memory, investor sentiment is fragile. Recognizing this, the Fed acted quickly and decisively, assuaging investor concerns.

Government support for the economy extends beyond the Fed. Federal government spending is up 9% over this time last year. This fiscal stimulus, while not as efficient as private sector spending, should help boost economic growth. However, it is deficit financed, demonstrated by the government outspending tax receipts by 30% in the current fiscal year, a large amount that seems to increase each year. The bi-partisan nature of federal spending suggests that this practice will continue pushing payment to future generations.

The decline in market interest rates (the yield on the ten-year Treasury has fallen to around 2.5%) reflects the lack of inflation, tempered growth expectations, and negative yields in much of Europe. U.S. fixed income securities offer rates and safety not available elsewhere. We view the low rates as an inducement to invest in U.S. assets more than a sign of an imminent economic collapse. The quadruple combination of a strong consumer, a responsive Fed, increased government spending, and low interest rates should help the economy overcome this global slowdown.

The U.S. remains the preferred investment destination as growth, albeit slower than a year ago, is faster than most of the developed world. Stocks are valued near historical averages with interest rates and inflation at generational lows. The fits and starts aspect of the global economy is likely to continue, but U.S. companies have proven to be agile and are poised to respond as the economy regains momentum.

Congress Asset Management Co. SMid Core Opportunity Composite 1/1/2009 - 12/31/2018

Year	Total Return Gross of Fees %	Total Return Net of Fees %	Russell 3000 Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell 3000 3-Yr annualized ex-post St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period ($ millions)	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
2018	-10.2	-10.5	-5.2	16.3	11.2	224	0.80	85	7,102	10,234
2017	24.0	23.6	21.1	13.9	10.1	254	1.50	135	7,272	10,546
2016	12.9	12.5	12.7	14.4	10.9	256	1.67	123	5,693	8,139
2015	-3.5	-3.8	0.5	12.0	10.6	76	1.40	70	5,941	7,094
2014	15.1	14.7	12.6	10.7	9.3	71	0.96	82	6,328	7,449
2013	30.9	30.4	33.6	14.8	12.5	69	0.73	75	6,489	7,467
2012	16.2	15.8	16.4	17.5	15.7	52	0.46	46	6,755	7,498
2011	4.8	4.5	1.0	21.4	19.3	36	n/a	30	6,329	7,014
2010	19.9	19.5	16.9			≤5	n/a	3	6,416	6,678
2009	25.5	25.4	28.3			≤5	n/a	1	5,263	5,463

#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. 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 SMid Core Opportunity Composite has been examined for the periods 4/1/13 – 12/31/17. 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 SMid Core Opportunity Composite was created on December 31, 2005 and has an inception date of May 31, 2005. This inception date reflects the first full month an account was fully invested in the strategy and met the inclusion criteria. As of March 1, 2018 the All Cap Opportunity Composite was renamed the SMid Core Opportunity composite. The composite includes all fully discretionary accounts with a value over $100 thousand (US dollars) managed in the SMid core opportunity style for a minimum of one full month. The SMid core opportunity strategy's investment premise is that market efficiencies exist between fixed income and equity valuation techniques. We seek to uncover these efficiencies, and identify equity investment opportunities in order to pursue long term capital appreciation. We employ a combination of formal quantitative screening followed by bottom up fundamental analysis. We focus on stocks with market capitalizations between $300 million and $40 billion (at the time of purchase). The strategy is opportunistic, providing management flexibility to focus on securities and industries that are often under researched and we believe poised to experience earning growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016 the composite minimum was $500 thousand (US dollars). The composite benchmark is the Russell 3000 Index. Effective January 1, 2009 the SMid Core Opportunity benchmark was changed retroactively from the S&P 500 Index to the Russell 3000 Index due to closer correlation of returns and market cap allocation. The benchmark returns are not covered by the report of independent verifiers. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The % of the composite represented by non-fee paying accounts at annual period end was 100% 2005-2008. A complete list and description of all firm composites is available upon request.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Monthly composite performance is calculated as an asset-weighted return using the aggregate method. This method aggregates market values and cash flows for all accounts and treats the composite as if it were one account. Monthly composite returns are geometrically linked to produce a time-weighted annual return. Beginning June 1, 2015 the composite is valued daily. Prior to that date, the composite was re-valued on each date that a cash flow exceeded 10% of the total market value of the composite. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated using actual management fees. From inception until mid-2009 the SMid Core Opportunity Composite included one non-fee paying account (which was the only account in the composite). The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for fixed income and equity securities are included in calculations. Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not presented for 2009 and 2010 as it is not required for periods prior to 2011.

Fee Schedule: The firms' individual account fee schedule is as follows: 1.00% for first $1 million, 0.80% for next $4 million, 0.60% for next $5 million. Management fees for individual accounts with assets under management exceeding $10 million, and for institutional accounts are negotiated. The individual account fee schedule may be subject to negotiation where circumstances warrant. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross account performance. For example, an account earning a 10% annual gross return with a 1% annual fee deducted quarterly would earn an 8.9% annual net return due to compounding.

Other Disclosures: Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.