Portfolio Commentary

SMid Core Opportunity[1]

Market Review

For much of the last ten years, the U.S. economic expansion has been notable for its lack of sizzle. Even the stock market, which has done well, has been unremarkable relative to other expansions. That is about to change. We have shed the "two steps forward, one step back" readings of economic data.

What's changed? The continued development of our job market. May's unemployment reading reached a new low for this cycle at 3.8%. We currently have more jobs available than workers to fill them. Like a ball rolling downhill, we've picked up steam.

The momentum caused some volatility in financial markets, especially for bonds. Interest rates rose with the ten-year U.S. Treasury yield broaching the psychologically important 3% yield mark before falling back. Many bond market indices remain negative for the year. In contrast, stocks quelled some of the first quarter unease as the S&P 500 returned close to 3% for the quarter. Small stocks fared even better returning close to 8%.

The momentum exhibited in the second quarter is well grounded and likely to continue. The trickle of growth has become a torrent and expanded beyond the affluent. Lower income Americans are finally benefitting from tight labor markets and lower taxes resulting in higher confidence. This is captured in May's retail sales increase of 5.9% over last year.

After some delay, the benefits of the expansion are spreading to millennials and younger demographic cohorts, who came of age during the financial crisis. Back then, weak job prospects and record student debt weighed on their confidence and ability to spend. Things are better now. Today, millennials are forming new households at a solid pace, bolstering spending on housing and other big-ticket items.

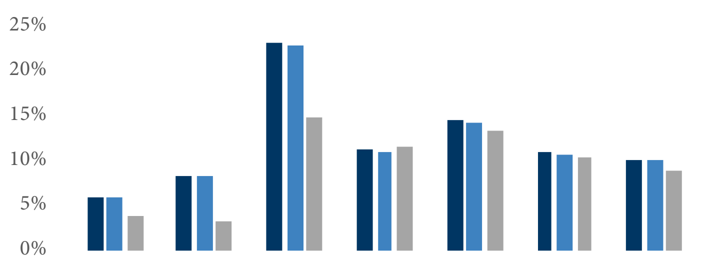
Corporate America continues to fare well. Record low interest rates, low inflation, tax cuts, and a large available work force resulted in strong 25% earnings growth in the first quarter. Small business trends are better now as optimism has risen with the improving profits outlook. To top it off, Federal spending was up 6% in May. This fiscal stimulus is sure to add fuel to the economic fire.

Performance Overview

For the quarter ending June 30, 2018 the SMid Core Opportunity Portfolio ("the Portfolio") outperformed its benchmark, the Russell 3000 Index© ("the Index"). The Portfolio returned 6.02% gross of fees while the Index returned 3.89% for the quarter.

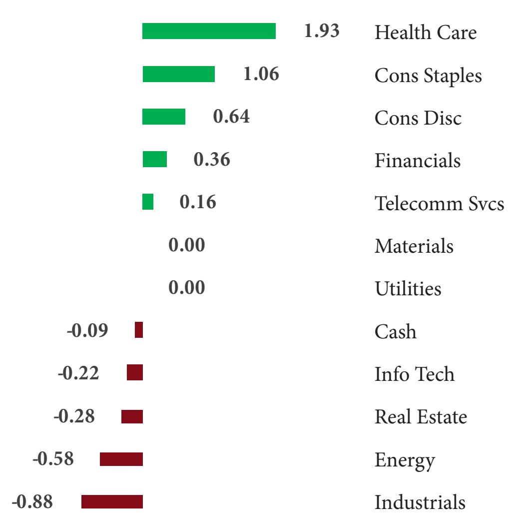
Relative performance was aided by security selection in the Health Care, Consumer Staples, and Consumer Discretionary sectors and asset allocation in the Financial sector. However, relative performance was negatively impacted by asset allocation in the Industrials and Energy sectors and by security selection in the Real Estate sector.

Average Annualized Performance % as of 6/30/2018



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 5/2005
SMid Core Opp[1] (Gross)	6.0	8.3	23.3	11.3	14.6	10.9	10.2
SMid Core Opp[1] (Net)	5.9	8.1	22.9	10.9	14.3	10.6	9.9
Russell 3000*	3.9	3.2	14.8	11.6	13.3	10.2	8.9

% Total Effect Portfolio vs. Index (3/31/2018 - 6/30/2018) (bps)



[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.

Q2 2018 Attribution Highlights

Overall Contributors

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

Overall Detractors

- Allocation to Industrials & Energy
- Security selection in Real Estate

Top 5 Stock Contributors and Detractors

Contributors

Stock	Avg. Weight	Contribution
ABIOMED, Inc.	6.51%	2.24%
Darden Restaurants, Inc.	3.65%	0.86%
Performance Good Group Co.	3.93%	0.83%
Vail Resorts, Inc.	3.70%	0.80%
Fortinet, Inc.	4.66%	0.73%

Detractors

Stock	Avg. Weight	Detraction
United Rentals, Inc.	4.28%	-0.64%
Norwegian Cruise Line Holdings	3.67%	-0.41%
Builders FirstSource, Inc.	4.14%	-0.32%
Bank of the Ozarks	3.63%	-0.22%
American Tower Co.	0.19%	-0.13%

ABIOMED, Inc. (ABMD) engages in the research, development, manufacture, and sale of cardiac support, recovery, and replacement devices. ABMD stock moved higher for the second quarter as its products are being adopted on a wider basis by physicians and hospitals both domestically and internationally. The company witnessed excellent growth outside the US in the quarter, increasing expectations for future growth prospects abroad.

Darden Restaurants, Inc. (DRI) owns and operates full service dining restaurants Olive Garden, LongHorn Steakhouse, Capital Grille, Yard House, Bahama Breeze, Seasons 52, Eddie V's Prime Seafood, Wildfish Seafood Grille, and Cheddar's Scratch Kitchen. DRI stock price rose last quarter as restaurant traffic was much stronger than expected by analysts. Despite fewer promotions the company garnered higher traffic, pushing up operating margins, and allowing for a new stock buyback program and an increased quarterly dividend.

Vail Resorts, Inc. (MTN) is a global mountain resort operator that caters to high-end vacation travelers. The company acquires resorts and builds new resorts to entice vacationers to purchase season passes and join MTN's loyalty program. MTN saw its stock rise in the quarter as the company overcame a slow start to the North American winter season. In addition to posting better than expected results, MTN announced the acquisition of resorts in New England, the Pacific Northwest, and Japan, further diversifying its geographic footprint.

Performance Food Group Company (PFGC) is the third largest broadliner in foodservice distribution and the largest distributor to casual dining chains. PFGC stock was reinvigorated over the quarter, and posted strong gains. Overall revenues were below analysts' estimates yet margins improved and earnings outpaced expectations as it reduced costs and passed on food inflation increases to its customers.

Fortinet, Inc. (FTNT) provides network security solutions, integrated network security architecture, and a single source for threat management. FTNT stock rose last quarter after the company reported continued excellent operating results highlighted by higher volume growth. The company is still focused on claiming large enterprise wins, but has been able to balance this with capturing medium and small sized business wins.

United Rentals (URI) is the largest equipment rental company in the world. URI's shares decreased over the second quarter after a mixed earnings report and concerns over potential tariffs impacting its business arose. While operating margins missed analyst's expectations URI maintained its full year guidance, pushing shares lower early in the quarter. Later in the quarter shares came under pressure once again, this time due to fears that tariffs would subdue its business and increase the cost of equipment purchases.

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 fell over the last quarter. Despite strong bookings that are now pushing out to two years ahead, concerns from rival Carnival Corporation's report of steeper fuel costs impacted NCLH stock. In addition, worries over future oversupply of vessels also appeared to weigh on the company's shares.

Builders FirstSource, Inc. (BLDR) engages in the supply and manufacture of building materials, manufactured components, and construction services to professional contractors, sub-contractors, and consumers. BLDR stock drifted lower over the quarter, falling in sympathy with other home builders. For the second quarter these stocks fell on a macroeconomic news report of lower than expected mortgage loan applications.

Bank of the Ozarks (OZRK) is an insured depository institution with offices located in Arkansas, Texas, Georgia, Florida, North Carolina, South Carolina, and Alabama. OZRK's shares retreated in the last quarter along with other banking stocks as the Federal Reserve raised short-term interest rates in June. The interest rate hike flattened the yield curve, which threatens to diminish a bank's net interest margin, or the difference between interest earned and interest paid out.

American Tower Corporation (AMT) is a real estate investment trust, which owns, operates, and develops multitenant communications real estate. AMT witnessed its stock drop slightly as news over a potential Sprint Corp and T-Mobile US, Inc merger brewed. Mergers among tower company customers tend to have negative short-term implications but over time are considered beneficial.

2Q 2018 Transaction Summary

Purchased	Sold
• MasTec, Inc. (MTZ) - Industrials	• American Tower Corporation (AMT) - Real Estate
• NETGEAR, Inc. (NTGR) - Information Technology	• Booz Allen Hamilton Holding Corporation (BAH) - Industrials

Purchased

MasTec, Inc. (MTZ) is an infrastructure construction company that operates in the U.S. and Canada through four major segments: Communications, Oil and Gas, Electrical Transmission, and Power Generation and Industrial. The end markets for MTZ's largest two segments, Communications and Oil and Gas, are very strong and should propel the company's growth.

NETGEAR, Inc. (NTGR) designs, develops, and sells networking and Internet connected products to consumers and growing businesses, operating in three segments: Arlo, Connected Home, and Small and Medium Business. Its core business (WiFi and switches, networks) is a slow grower but its Arlo business is a fast growing, high margin business and will be spun out as a standalone business. We view the two businesses as being undervalued with the Arlo spin being a catalyst.

Sold

American Tower Corporation (AMT) is a real estate investment trust, which owns, operates, and develops multitenant communications real estate. AMT was facing multiple headwinds across its business. As a REIT it is susceptible to damaging higher interest rates and the potential merger of Sprint and T-Mobile would be a near term distraction. Further, its international segment was hampered by consolidating customers on a such a large scale that overall growth was contracting. These combined factors convinced the Committee to sell the stock.

Booz Allen Hamilton Holding Corporation (BAH) offers management and technology consulting services. BAH had a weaker earnings release than expected in February that highlighted management's intent to increase headcount dramatically, which would forestall growth until those new hires could be fully onboarded, trained, and begin billing. An overhanging Department of Justice investigation into its billing practices began to impact its finances as the company began reserving for initial legal costs. Ultimately the unknowns surrounding the DOJ investigation proved overwhelming, moving the Committee to sell the name.

Outlook

Ironically, the fiscal stimulus should be considered one of the risks to our outlook. Fiscal stimulus in a period of strong economic growth often results in inflation as government competes with business for limited resources. Indeed, the Federal Reserve (Fed) raised short term rates in June and hinted at more increases both this year and next year. Even with inflation still below the Fed's preferred 2% rate, it has continued to decrease its bond holdings, effectively taking money out of the system. Often criticized for being behind, the Fed appears to be anticipating inflation.

While domestic growth continues unabated, Europe and many emerging markets have stalled. The synchronized global expansion is now relying mainly on the U.S. and China to propel the next leg of growth. In this vein, the nascent trade war with China takes on increased importance.

President Trump is clearly putting his stamp on our trade policies by implementing new tariffs. Over time, tariffs reduce trade and increase costs. Undoubtedly, Chinese actors continue to steal proprietary technologies and new protections in that realm are long overdue. As currently constructed, however, the new tariffs are as hurtful to Canada and Mexico as they are to China.

The tariffs themselves are not significant enough on their own to cause major concern but they do set a tone and act as a harbinger of what may come. As the U.S. has indicated more tariffs will follow, this has led to fears of a full-blown trade war.

The tailwind from lower corporate taxes enacted late last year are now being offset by these tariff concerns, resulting in companies delaying capital projects and taking a more conservative view of the future. This has been less of a concern for small companies that produce and sell in the domestic market. That could change, however, as investors recognize that even small companies are indirectly tied to global markets.

Other than trade policy, most of the potential negative economic stimuli have offsetting positives. For instance, the European Central Bank remains accommodative and has indicated it is likely to remain so throughout this year. Low European interest rates should help keep U.S. rates lower than they otherwise may be. Also, the Japanese economy appears to be stronger than it has been in decades and, along with China, provides meaningful opportunities for growth in Asia.

The U.S. economy enters the summer firing on all cylinders. The two primary risks in our view are: unforeseen inflation and a tariff induced slow down. The Fed is doing its part on inflation. As for tariffs, we believe cooler heads will prevail as the importance of global trade has been acknowledged by the administration even as the sabre rattling has intensified.

The foundation built over the last decade remains intact and strong enough to weather the current storm. An economy in full employment can withstand many challenges. That and accelerating growth keep us positively disposed to equities. Bond volatility may continue but the ten-year treasury at 3% appears attractive.

Information is as of 6/30/2018

Congress Asset Management Co. SMid Core Opportunity Composite 6/1/2005 - 6/30/2018

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)	% of composite represented by non fee paying account	Total Firm Discretionary Assets End of Period ($ millions)	Total Firm Assets End of Period # ($ millions)
YTD	8.3	8.1	3.2	n/a	n/a	267	n/a	150	n/a	7,444	10,862
2017	24.0	23.6	21.1	13.9	10.1	254	1.50	135	n/a	7,272	10,546
2016	12.9	12.5	12.7	14.4	10.9	256	1.67	123	n/a	5,693	8,139
2015	-3.5	-3.8	0.5	12.0	10.6	76	1.40	70	n/a	5,941	7,094
2014	15.1	14.7	12.6	10.7	9.3	71	0.96	82	n/a	6,328	7,449
2013	30.9	30.4	33.6	14.8	12.5	69	0.73	75	n/a	6,489	7,467
2012	16.2	15.8	16.4	17.5	15.7	52	0.46	46	n/a	6,755	7,498
2011	4.8	4.5	1.0	21.4	19.3	36	n/a	30	n/a	6,329	7,014
2010	19.9	19.5	16.9			≤5	n/a	3	n/a	6,416	6,678
2009	25.5	25.4	28.3			≤5	n/a	1	n/a	5,263	5,463
2008	-35.7	-35.7	-37.3			≤5	n/a	1	100%	4,292	4,371
2007	11.2	11.2	5.1			≤5	n/a	1	100%	5,812	5,846
2006	15.1	15.1	15.7			≤5	n/a	1	100%	5,464	5,469
5/31/05 – 12/31/05	7.0	7.0	6.4			≤5	n/a	1	100%	4,750	4,751

#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. 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. 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 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. The standard deviation is not presented for 2005 through 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: 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 annual percentage of the composite comprised of non-fee paying assets is listed in the table above. 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.