CONGRESS ASSET MANAGEMENT COMPANY

2Q 2020

Portfolio Commentary

SMid Core Opportunity[1]

Market Review

It is easy to forget that just a few months ago the U. S. economy was stronger than it had been in a lifetime. Finding qualified employees was a challenge for most businesses. Restaurants were full and air travel had never been stronger. Most people commuted to work complaining about traffic and public transportation. Our actions to curtail the spread of COVID-19 have turned the economy on its head. Now, market strategists eagerly search for snippets that indicate the economy is recovering from the constraints while hesitantly reading about new cases. Optimism abounds in the stock market while caution prevails in the bond market. As is often the case, the truth probably lies in the middle.

Since the pandemic first arrived on our shores, most everything related to our economy has reacted at hyper-speed. Restrictive economic measures squelched a robust jobs market resulting in a jump in unemployment from a generations-low 3.5% in December to 13.3% in May. Consistent gross domestic product (GDP) readings of 2-3% evaporated as the shut-down intensified. First quarter GDP measured -5.0%, with far worse readings expected for the second quarter.

The scale of the contraction is alarming and points to the aggressive response by the Federal Reserve (Fed). It also demonstrates the importance of the federal government stimulus. The Fed's actions continue and are meant to provide financial market liquidity and support, and to bolster companies until we can fully re-open. But the Fed can't force people to spend or increase aggregate demand.

The federal stimulus packages, on the other hand, were set up to get money into consumers' hands directly. Precision was sacrificed for speed, resulting in quick and substantial pay outs with little regard for effectiveness or oversight.

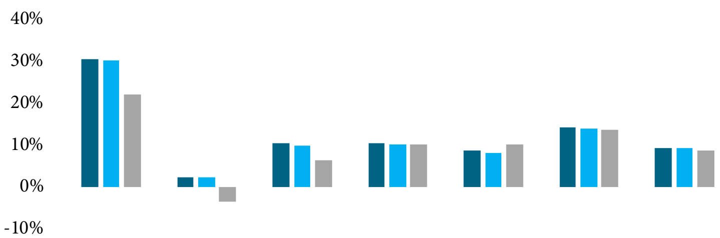
The maelstrom has upended the typical economic indicators which are backward looking and distorted by the shut down and related policy reactions. Hence, the collapse in GDP. Consumers, on the other hand, were forced to re-trench and dramatically reduced spending. At the same time, the stimulus payments bolstered April income levels. Savings soared, an unusual occurrence during a recession. The massive stimulus did much to protect the consumer in April and May. Whether job growth can recover and support the consumer in the summer months remains to be seen.

Performance Overview

For the quarter ending June 30, 2020, the SMid Core Opportunity Portfolio ("the Portfolio") outperformed its benchmark, the Russell 3000 Index ("the Index"). The Portfolio returned 30.4% (gross of fees) while the Index returned 22.0% for the quarter.

The Portfolio benefited from security selection in Health Care and Information Technology, as well as a lack of exposure to Financials and Utilities. However, an overweight allocation to Health Care and security selection in Consumer Discretionary detracted from performance.

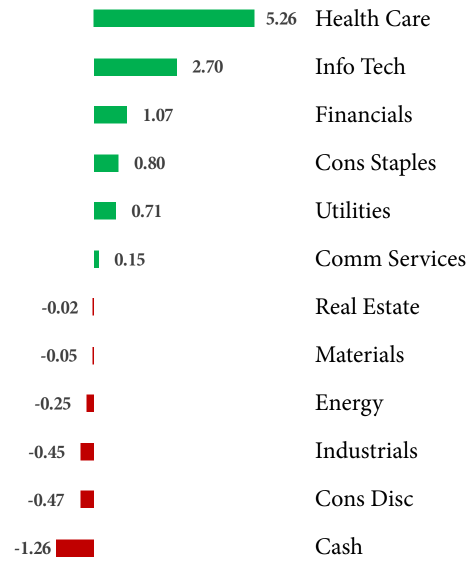
Average Annualized Performance % as of 6/30/2020



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception 6/1/2005
SMid Core Opp[1] (Gross)	30.4	2.4	10.4	10.6	8.6	14.2	9.4
SMid Core Opp[1] (Net)	30.3	2.2	10.0	10.2	8.3	13.8	9.2
Russell 3000®	22.0	-3.5	6.5	10.0	10.0	13.7	8.8

Performance is preliminary and subject to change

[3]% Total Effect Portfolio vs. Index (3/31/2020 - 6/30/2020)



[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.

[3]The information shown is for a representative account as of 6/30/2020. Actual client account holdings and sector allocations may vary.

2Q 2020 Attribution Highlights

Overall Contributors

- Security selection in Health Care & Information Technology
- Underweight allocation to Financials & Utilities

Overall Detractors

- Cash allocation
- Overweight allocation to Health Care
- Security selection in Consumer Discretionary

Top 5 Contributors

Stock	Avg. Weight%	Contribution%
Horizon Therapeutics Plc	5.65	4.15
DexCom, Inc.	6.23	3.06
Autodesk, Inc.	5.58	2.57
SPS Commerce, Inc.	4.64	2.46
Ciena Corporation	5.23	1.98

Bottom 5 Detractors/Contributors

Stock	Avg. Weight%	Detraction%
FTI Consulting, Inc.*	1.09	-0.36
Carlisle Companies Inc.	3.19	-0.25
Aerojet Rocketdyne Holdings, Inc.*	1.75	-0.06
Performance Food Group Co.	3.10	0.49
Penumbra, Inc.	4.59	0.61

*Purchased during the quarter

Horizon Pharma plc (HZNP) is a biopharmaceutical company. The company's stock shot up as its Tepezza (f.k.a. Teprotumumab) drug is now F.D.A. approved and actively marketed, ahead of its expected launch date. The drug boosted the company's sales over 25% on a year-over-year basis and indications are that demand will continue to ramp up as the year continues.

DexCom, Inc. (DXCM) designs, develops, and markets continuous glucose monitoring systems for ambulatory use. Shares of DXCM rose over the quarter as its products were approved for use with patients suffering from COVID-19 in hospital settings. Sales growth through its pharmacy channel was also quite good as the company has seen success both domestically and internationally.

Autodesk, Inc. (ADSK) is a maker of design software that addresses multiple end markets and is best known for its AutoCAD program. The company's reported revenues were stronger than expected and operating margins increased significantly compared to last year. Autodesk's products benefited as its users were less impacted by the pandemic and construction, the primary end use of its design software, has generally continued despite economic shutdowns.

SPS Commerce, Inc. (SPSC) provides supply chain management services that make it easier for retailers, suppliers, grocers, distributors, and logistics firms to orchestrate the management of item data, order fulfillment, inventory control, and sales analytics. SPSC stock increased in the second quarter as the company has benefited from expanded e-commerce and direct product shipping to end customers. SPSC issued tentative guidance, but analysts' expectations surpassed these figures and fueled a late quarter improvement in the stock.

Ciena Corporation (CIEN) provides hardware, software, and services that support the transport, switching, aggregation, service delivery, and management of video, data, and voice traffic on communications networks. The company's stock price moved upwards after the company posted modest results but better than expected prospects for future margin growth. CIEN is benefiting from both the buildout of datacenters and networks as well as a prolonged ban of Huawei products in the U.S.

FTI Consulting Inc. (FCN) helps organizations manage change, mitigate risk, and resolve disputes through financial, legal, operational, political and regulatory, reputational, and transactional practices. The company's stock fell as the economic slowdown reduced the demand for its services. Some investors were unwilling to look ahead to a leveling off of the economy and an increase in future demand.

Carlisle Cos., Inc. (CSL) manufactures and markets a wide range of products that serve a diverse array of markets including commercial roofing, energy, agriculture, mining, and construction equipment, aerospace and electronics, dining and food delivery, and healthcare. CSL stock dropped slightly after it reported good results in its roofing segment but worse than expected results in the commercial aerospace segment. Investors are already cautious about the aerospace sector and Carlisle's tepid guidance did not assuage those fears.

Aerojet Rocketdyne Holdings, Inc. (AJRD) is a leading supplier of specialized propulsion systems for defense and space applications. The stock suffered a slight downturn during the quarter, as investors recognized a slight slowdown in the company's revenue growth. At the same time, AJRD's backlog remains quite high with over $3.3 billion recognized as funded.

Performance Food Group Company (PFGC) is the third largest broadliner in foodservice distribution and the largest distributor to casual dining chains. PFGC stock increased in the second quarter as the benefits of acquisitions began to impact its results. Future results are expected to be positive despite the difficult environment, although future acquisitions are likely on hold.

Penumbra, Inc. (PEN) manufactures and markets medical devices that are designed to address ischemic stroke, hemorrhagic stroke, and various peripheral vascular conditions that can be treated through thrombectomy and embolization procedures. Shares of PEN rose during the quarter despite elective procedures being delayed due to COVID-19, which reduced the usage of its products. The company did a good job of cost-cutting and making operational adjustments in reaction to the decreased volume.

2Q 2020 Transaction Summary

Purchased	Sold
• Aerojet Rocketdyne Holdings, Inc. (AJRD) - Industrials • FTI Consulting, Inc. (FCN) - Industrials	

Purchased

Aerojet Rocketdyne Holdings, Inc. (AJRD) is a leading supplier of specialized propulsion systems for defense and space applications. The company also owns a large real estate property of over 3,900 acres in Sacramento, California. We believe that AJRD is positioned to take advantage of renewed interest in space exploration, supported by its well-established defense channel.

FTI Consulting, Inc. (FCN) helps organizations manage change, mitigate risk, and resolve disputes through financial, legal, operational, political and regulatory, reputational, and transactional practices. FCN offers services designed to assist clients across the business cycle, from proactive risk management to rapid response to unexpected events and dynamic environments. We expect the company to benefit from the current environment where its skills in restructuring, litigation, economic consulting, and crisis management will be in demand.

Sold

none

Outlook

It is easy to forget that just a few months ago the U. S. economy was stronger than it had been in a lifetime. Finding qualified employees was a challenge for most businesses. Restaurants were full and air travel had never been stronger. Most people commuted to work complaining about traffic and public transportation. Our actions to curtail the spread of COVID-19 have turned the economy on its head. Now, market strategists eagerly search for snippets that indicate the economy is recovering from the constraints while hesitantly reading about new cases. Optimism abounds in the stock market while caution prevails in the bond market. As is often the case, the truth probably lies in the middle.

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Congress Asset Management Co. SMid Core Opportunity Composite 1/1/2010 - 12/31/2019

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)
2019	29.3	28.9	31.0	15.0	12.2	199	1.19	104	8,445	12,528
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

#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. 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 – 12/31/18. 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 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.