The View from Decatur — January 2017

Chart 1: DCM Large Cap Growth Composite Trailing Performance January 31, 2017

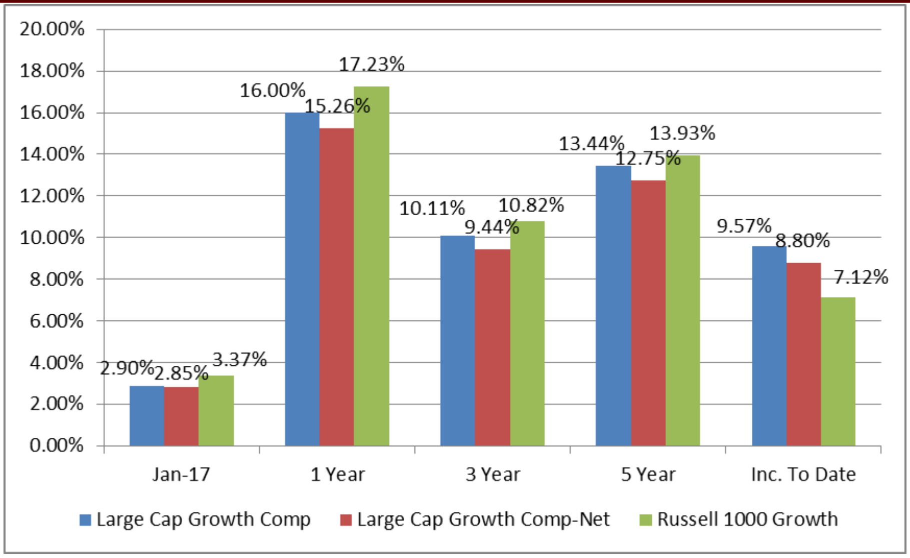


Chart 2: January 2017 Sector Attribution

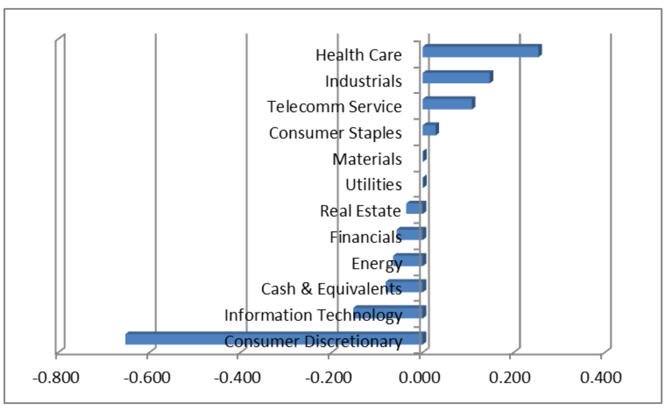
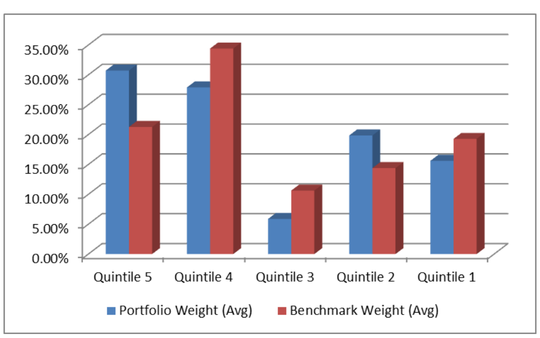


Chart 3: January 2017 Earnings Surprise Attribution



1. Portfolio characteristics are similar to the benchmark, the Russell 1000 Growth index.
2. Portfolio results reflect the deduction of advisory fees, trading commissions and expenses that a client would have paid during the period.
3. The investment strategy of the composite has not changed during the investment period.
4. This table reflects weights in a representative portfolio, and actual client portfolios may have differing weights.
5.. Past performance does not represent future results and current returns may be higher or lower than return data depicted.

DCM Strategy: U.S. Large Cap Growth

Decatur Capital's strategy is focused on finding companies whose earnings momentums are accelerating with positive EPS estimate revisions, accelerating EPS growth and consistent EPS surprises.

Portfolio Manager Commentary

Our performance for January, net-of-fees, U.S. Large Cap Growth Strategy was 2.85% (unaudited), compared to the Russell 1000 Growth Index return of 3.37%.

Sector Allocation Analysis

Within-sector selection in the healthcare sector contributed to positive relative performance for the month. In particular, our stocks within the healthcare equipment and supplies, pharmaceutical, and biotechnology industries experienced strong excess performance. The majority of the companies underlying these stocks experienced increased earnings expectations stemming from the earnings announcements made in January. Notably, our healthcare equipment and supplies holdings recovered in January from the lows experienced following the election. Immediately after the election, market sentiment held that equipment and supplies firms would be negatively impacted by the repeal of the Affordable Care Act. However, the reality is that the promised health care changes will be slower to arrive than expected, and the extent of the change is unknown. Additionally, promising pipelines for our pharmaceutical and biotech holdings drove price appreciation for those stocks.

Our multi-line retail and media industry holdings in the consumer discretionary sector resulted in negative relative performance during the month. The multi-line retail holdings are facing stiff competition from various specialty retail stores, such as supermarkets, wholesale clubs, and drug stores. Thus, our multi-line retail holdings' revenues are projected to experience flat or declining revenues for 2017.

Likewise, our media industry holdings lagged behind the benchmark's holdings. One company failed to obtain a wireless provider to increase the distribution of the firm's content, which will constrain revenues. Our major network holding lagged due to increased competition from other broadcast stations, cable television networks and motion picture studies.

Factor Analysis

Over the past 17 years, the factor that has been the most consistent in influencing stock returns has been the earnings surprise factor. The earnings surprise factor (SUE) compares a company's actual quarterly earnings to the forecasted earnings, scaled by the range of forecasted earnings. Historically, when the actual earnings reported is higher than the forecasted earnings, this positive surprise is typically followed by positive abnormal returns.

The Chart 3 breaks down the Russell 1000 Growth benchmark into quintiles, with an equal number of stocks in each quintile. Quintile 5 represents those firms in the benchmark with the highest SUE, while quintile 1 contains the firms with the lowest SUE. Chart 3 also shows the breakdown of our portfolio, using the same five quintiles to determine the SUE attribution for our portfolio. We note that 58% of our portfolio's stocks are in the two highest two quintiles, compared to the benchmark's 56%. Also, we found that the highest returns occurred in the quintiles 4 and 5.

While the overall relationship is strong, aberrations do occur; our largest January underperformance relative to the benchmark occurred in quintile 4. This underperformance in quintile 4 stemmed from two stocks. First, we sold Anthem (ANTM), a healthcare provider, during the month due to declining signals from our model; however, the stock recovered during the latter half of the month. A second stock, Tesoro (TSO), an energy refinery firm, was in quintile 4, but still experienced a price decline.

Outlook

Earnings surprises continue to influence stocks prices. We are beginning to see our model shift toward higher momentum and larger stocks, while there is not yet a clear preference for either growth or value firms. Also, dispersion among stocks is beginning to increase as we begin the first quarter.

Note: Returns are measured in U.S. dollars net of fees. Decatur Capital Management, Inc. (DCM) is a registered investment advisor specializing in quantitative growth oriented investment management. The benchmark is the Russell 1000 Growth which is designed to measure the large cap growth firms within the U.S.. The benchmark is market cap weighted. DCM claims compliance with the Global Investment Performance Standards (GIPS). Returns are measured in US dollars net of fees and includes the reinvestment of all income. To receive a list of composite descriptions of DCM and/or presentation that complies with the GIPS standards, contact Ralph J. Bryant, CPA at (404) 270-9838 or ralphb@decaturcapital.com or write to DCM, 250 E Ponce De Leon Avenue, Suite 325, Decatur, GA 30030.