The View from Decatur

July 2016

Chart 1: DCM Large Cap Growth Composite Trailing Performance July 31, 2016

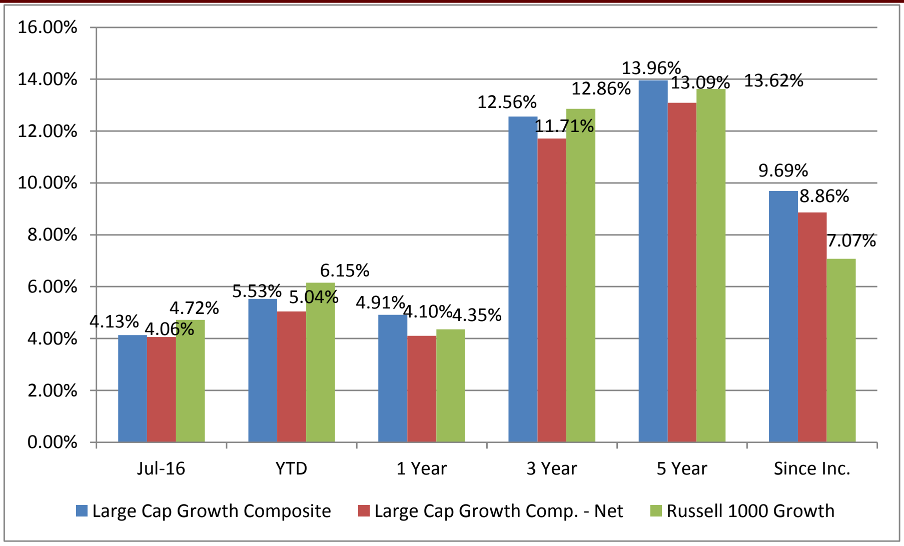


Chart 2: 2016 Year to Date Sell Context Analysis

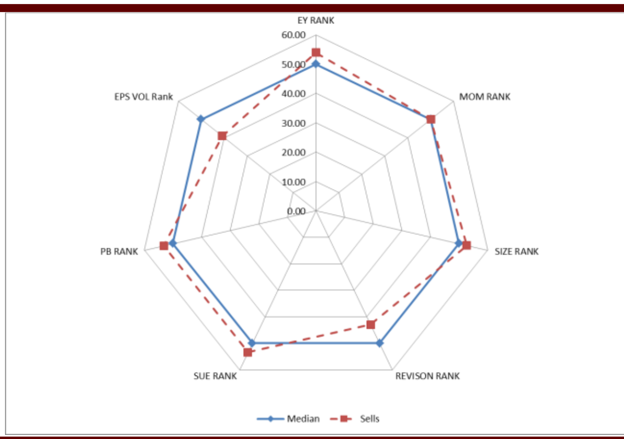
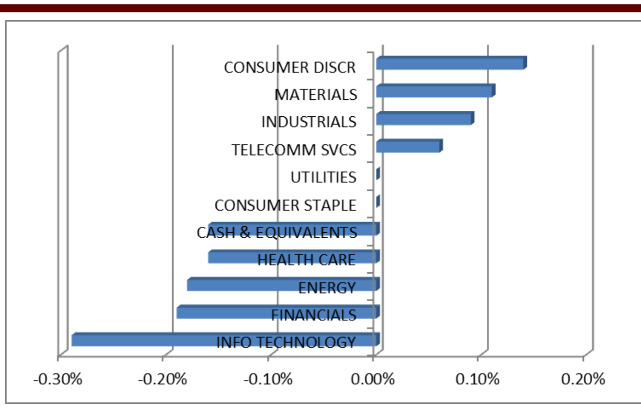


Chart 3: July 2016 Sector Attribution



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

The performance in July, net-of-fees, of our U.S. Large Cap Growth Strategy was 4.06% (unaudited), compared to the Russell 1000 Growth Index return of 4.72%. The performance for the year to date, net-of-fees, was 5.04%, compared to the benchmark of 6.15%.

Factor Analysis

We evaluated our year to date sell process with the sell context plot shown in Chart 2. This sell context plot is a graphical depiction that focuses on seven of our key stock attributes and compares the sector-specific averages of our stock sales over the past year to our universe's sector-specific medians for these seven attributes. The red broken line indicates the sector-specific equal-weighted average for our stock sales; using equal weighting in calculating the average of our stock sales is consistent with the portfolio's generally equal weighting of the various stocks. The blue solid line reflects the universe's sector-specific medians for the attributes.

As the chart depicts, the largest tilts of our sells are with the earnings revisions and earnings volatility attributes, both are lower than the median (50^{th} percentile) stock in our universe. Specifically, the stocks that we sold year to date scored in the 43^{th} percentile for the earnings revisions factor and 41^{st} percentile for the earnings volatility.

We typically strive to sell stocks as their earnings outlook begins to stall, and the results of this analysis are consistent with this practice. In a similar analysis (not shown) for the year to date on our stock purchases, the earning volatility of our purchases was in the 37th percentile. Therefore, we were, on average over the year, buying stocks in the 37th percentile and selling stocks in the 41^{st} percentile of earnings volatility; that is, we generally are selling stocks as their uncertainty of earnings is increasing.

This type of sell context analysis is a very useful way for us to step back and observe an overall picture of our trading activity and to ensure that our trading practice is indeed consistent with our model-driven beliefs and expectations.

Sector Allocation Analysis

The consumer discretionary sector contributed the most positive performance during the month.

Within the consumer discretionary sector, specialty and multi-line retail led in performance. We have maintained an active overweight in specialty retail for the majority of the 2016. During the second quarter of 2016, we observed an increase of multi-line retailers on our buy list, which is an indication that the stocks, as a group, were exhibiting favorable characteristics for excess performance. Indeed, these stocks did not disappoint, as our holdings in these industries experienced positive earnings revisions and rewarded investors with positive earnings surprises and price appreciation.

The information technology sector detracted from performance during the month.

Within the technology sector, IT services and hardware/storage detracted the most from performance. In particular, the lack of exposure to mega cap firms in the IT services industry resulted in lagging performance for the month. Also, one of our holdings in hardware/storage disappointed investors with a reduced outlook for future quarters and declined sharply on the last trading day of the month.

Outlook

Based on our models, we are forecasting that growth stocks that experience positive earnings surprises will continue to provide excess returns.

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.