The View from Decatur

2nd Quarter June 2017

Chart 1: DCM Large Cap Growth Composite Trailing Performance June 30, 2017

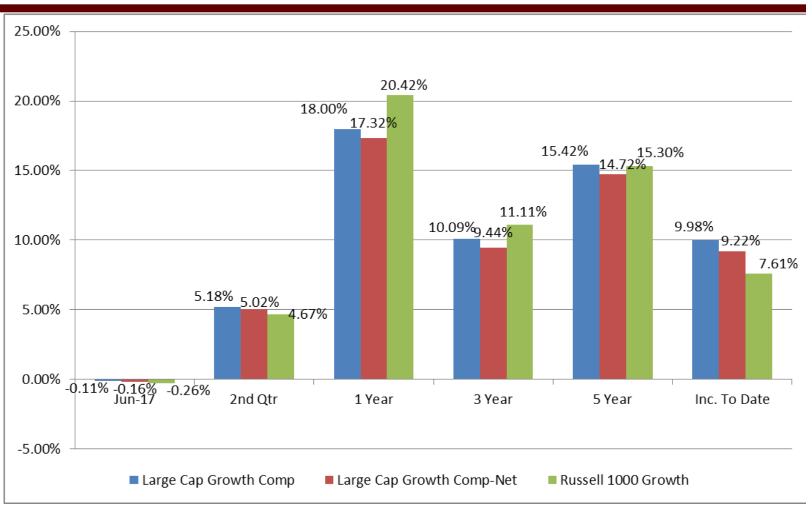


Chart 2: Attribute Context Analysis 2017 Q2

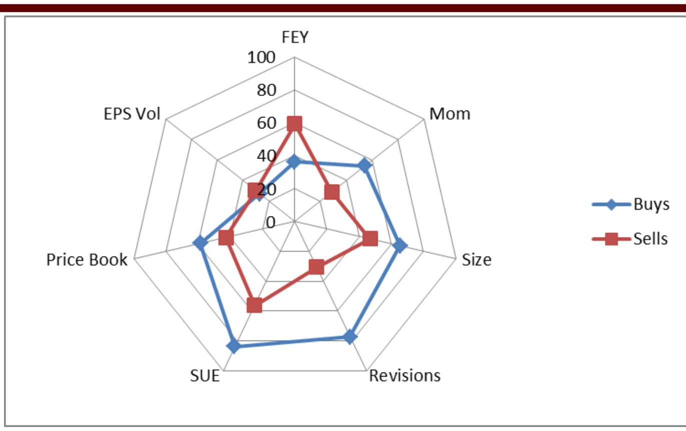
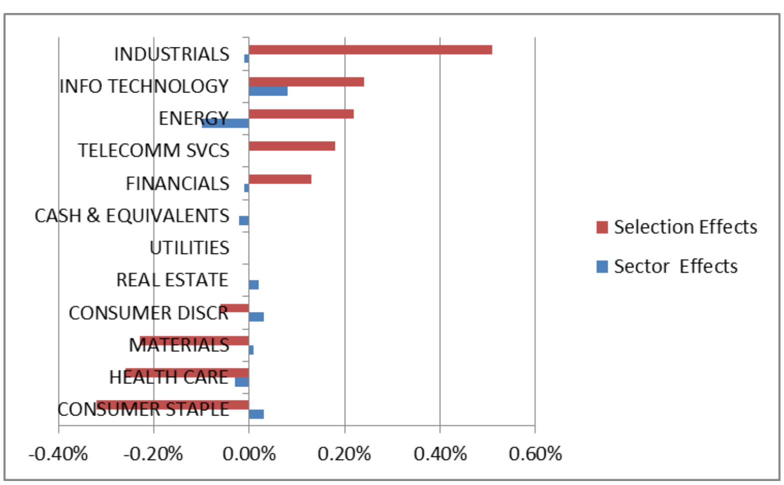


Chart 3: 2017 Q2 Sector Attribution



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

Our performance for June, net-of-fees, U.S. Large Cap Growth Strategy was -0.16% (unaudited), compared to the Russell 1000 Growth Index return of -0.26%. The performance for the 2nd quarter, net of fees, was 5.02% compared to the Russell 1000 Growth Index return of 4.67%.

Factor Analysis

Chart 2 represents a context analysis of the 13 buy and 16 sell decisions during 2017 Q2 for seven of the attributes we use in our models. In this analysis, for each stock purchased (sold) during the past quarter, we ranked each of the seven exposures associated with that stock relative to that stock's economic sector within the U.S. large cap universe. For instance, suppose a stock that we purchased during the quarter had a surprise exposure (SUE) that was higher than 84 percent of the stocks in its sector at the time it was purchased, then that stock received an SUE percentile score of 84.

As shown in Chart 2, during the quarter, our buys exhibited higher earnings surprise, earnings revisions, and momentum compared to our sells. The price to book, size, and forecasted earnings volatility characteristics of the buys and sells were similar during the quarter. The forward earnings yield factor was noticeably lower in our buys, 36th percentile, compared to 59 percentile for the sells. This indicates that on average we purchased firms that had a growth tilt compared to the firms that we sold.

Next, we separated the quarter's purchases into two categories: winners and losers. Winners are defined as those stocks that have a positive relative sector return by 6/30/2017; in other words, these stocks beat the benchmark sector return for the quarter. Losers are those stocks that had a negative relative sector return by the end of the quarter.

During 2017 Q2, the purchases that exhibited positive relative performance had slightly higher SUE, revisions, and momentum percentiles on the purchase date.

Sector Allocation Analysis

During the quarter, we maintained +/-200 bps weighting to each of the major economic sectors. The overall management of our sector allocation decision detracted 5 bps from performance, which was due primarily to our energy weighting. While our 112 bps position in one energy stock exceeded the benchmark's allocation of 50 bps, the selection effect associated with this one position was positive, and the net contribution of our energy holding was 12 bps. Historically, our outperformance has been driven by stock selection; therefore, we are now managing the portfolio to reduce the historically negative impact of the sector allocation decisions on our performance.

The stock selection impact was 40 bps, with a majority of the positive performance resulting from the industrial selections. Our three holdings within industrials in aerospace, airlines and machinery exhibited the attributes that we discussed earlier. All three of these stocks had increasing earnings revisions during the quarter and positive momentum. Two of the three experienced positive earnings surprise during quarter.

Outlook

We benefited from our tilt to firms with increasing earnings revisions, positive price momentum, and positive earnings surprises during the second quarter. Also, we reduced the negative impact of sector allocation decisions on performance by intentionally managing the sector allocations. We will continue to focus the firm's stock selection process and reducing the areas of risk.

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, 150 E Ponce De Leon Avenue, Suite 430, Decatur, GA 30030.