The View from Decatur — May 2016

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

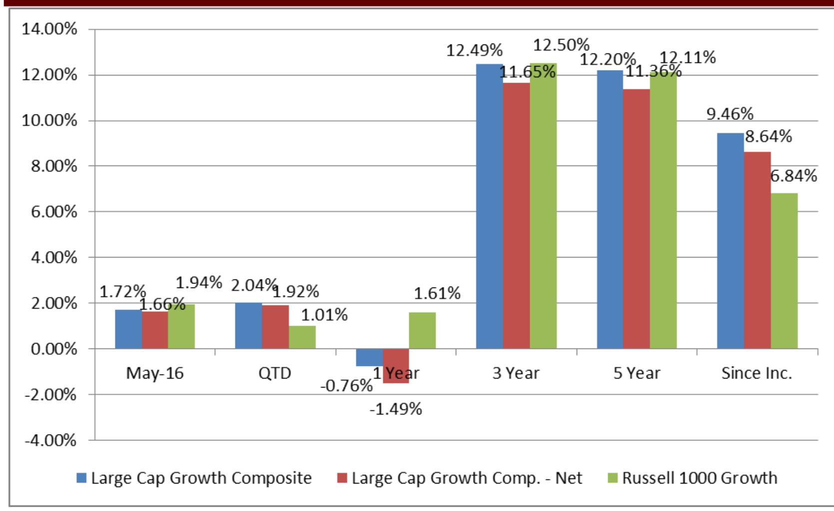


Chart 2: Validation Step: Fundamental Score Long – Short Analysis 2003-2015

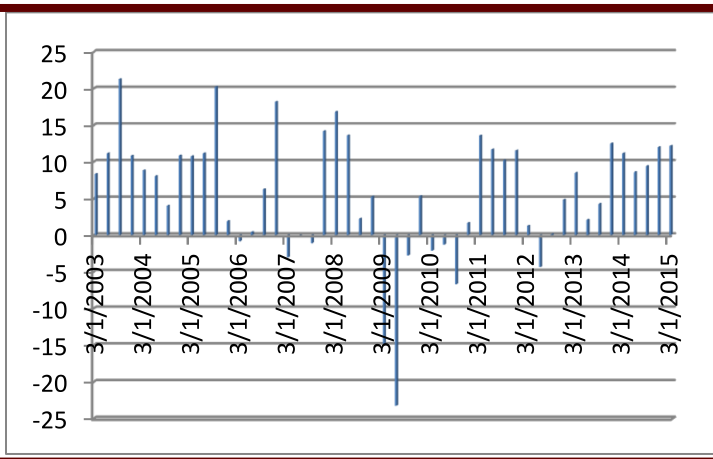
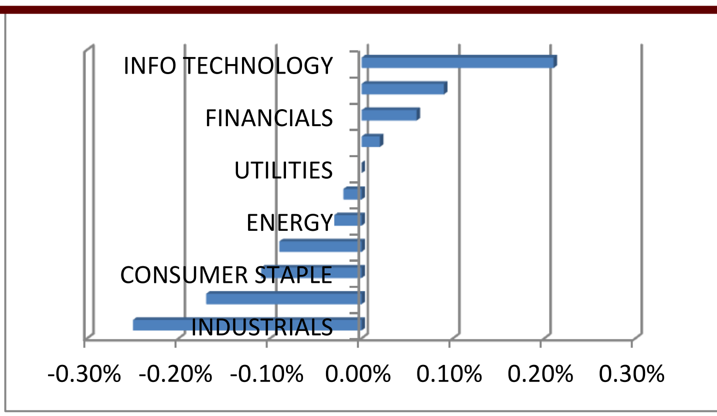


Chart 3: May 2016 Sector Attribution



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

Our performance for May, net-of-fees, U.S. Large Cap Growth Strategy was 1.66% (unaudited), compared to the Russell 1000 Growth Index return of 1.94%. The performance for the quarter to date, net-of-fees, was 1.92%, compared to the benchmark of 1.01%.

Factor Analysis

One way we validate our stock selection is by using a fundamental-analysis scoring model on each underlying company. This model focuses on three areas: profitability, sources of funds, and operating efficiency. The result of the model is an overall company fundamental score – the F Score – associated with the stock.

This type of analysis has proven to provide a powerful measure of the fundamental quality levels of the companies, and it has helped us avoid companies that are financially weak, which could lead to future diminished stock performance. This particular model is not useful for financial or utilities stocks, and we use an alternative quality measure for the financial and utilities sectors.

Chart 2 presents the results of a long-short analysis based on the F Scores from 2003 through 2015 on the large cap universe, less the financial and utilities sectors. Since the fundamental score uses quarterly balance sheet information, it has a longer term impact on a stock's performance. Therefore, the analysis represented in the chart shows the one year holding period returns of the top third of stocks for quality (as measured by the F Score) less the bottom third of stocks. The blue lines above zero represent periods when the returns on the stocks in the top third (higher quality) exceed the returns of the bottom third; that is, the higher quality stocks are outperforming the lower quality stocks.

During most periods, higher quality stocks outperformed lower quality stocks. The period that experienced the longest series of lower quality stocks outperforming higher quality stocks was during 2009. This was during the so-called 'junk stock rally' that followed the financial crisis. The general trend, though, since 2013 has been to reward those stocks with higher quality scores.

Sector Allocation Analysis

The sectors that most aided the portfolio's performance during the month were technology, telecommunications, and financials. The drag on performance was the industrial sector.

The technology sector's performance was driven by our overweight to the IT services industry, particularly payment systems. All of our IT services holdings that have reported have beaten earnings expectations, which resulted in favorable returns during the month. Likewise, we experienced strong performance from the technology hardware exposure in our storage and semiconductor holdings during the month.

In contrast, our industrials sector was a drag on performance. Our airline stocks declined due to increasing competition and the impact of a pending acquisition. The two areas of concern for the airline stocks are passenger per available seat mile (PRASM) and labor. The PRASMs have declined year over year, which has arguably significantly impacted the airlines' stock prices. Also, the majority of the airline employees are represented by unions, and ongoing union contract negotiations could adversely impact service and revenue.

Outlook

The market is rewarding stocks that have promising earnings expectations and higher quality stocks, which validates core components of our overall investment thesis.

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.