The View from Decatur — 3rd Quarter 2016

Chart 1: DCM Large Cap Growth Composite Trailing Performance September 30, 2016

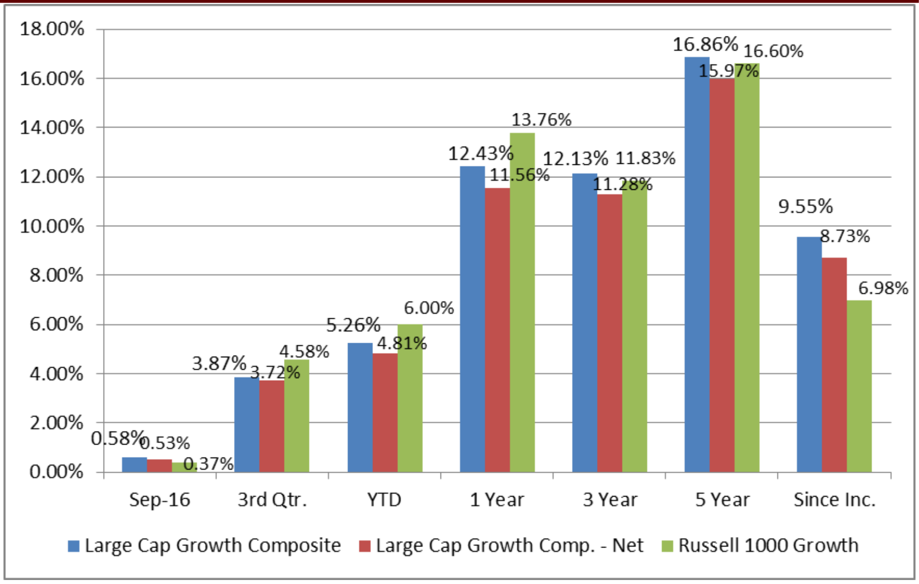


Chart 2: 3rd Quarter Sector and Stock Attribution

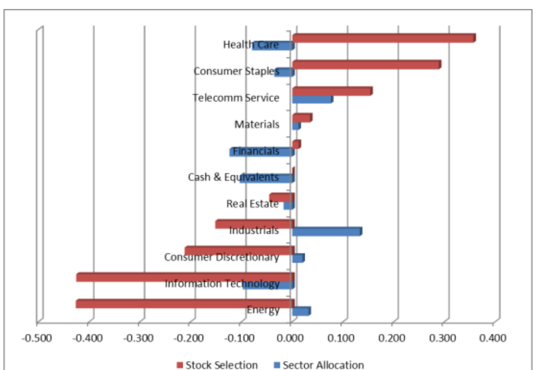
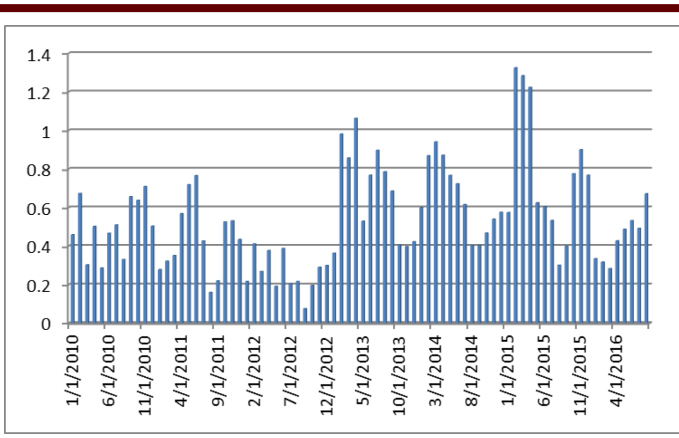


Chart 3: Earnings Surprise Factor Weights Jan. 2010 – Sep. 2016



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 September, net-of-fees, of our U.S. Large Cap Growth Strategy was 0.53% (unaudited), compared to the Russell 1000 Growth Index return of 0.37%. The performance for the year to date, net-of-fees, was 4.81%, compared to the benchmark of 6.00%.

Sector Analysis

Chart 2 shows the attribution by sector allocation and with-in-sector stock selection. As we discussed last month, the majority of our historical performance can be attributed to our with-in-sector stock selection, as opposed to our allocation to various sectors.

Our stock selections within the healthcare sector led performance for the quarter. The pharmaceutical industry generally declined, due to increased competition and research setbacks in several different drugs. However, our selection of one mega cap pharmaceutical firm, Pfizer (PFE), avoided the overall sharp decline in the industry during the month. This stock's performance was boosted by a recent acquisition that has been accretive to the firm's earnings and resulted in a positive surprise during the quarter.

The stock selection within the information technology sector was a major detractor from performance during the quarter. Within the IT sector, our IT services and hardware/storage holdings detracted the most from performance. In particular, the lack of exposure to mega cap firms within the IT services industry resulted in lagging performance for the month. Also, one of our holdings in hardware/storage, Western Digital (WDC), disappointed investors with a reduced outlook for future quarters and declined sharply.

Factor Analysis

In our set of factors, the surprise factor has historically been the most persistently positive factor. The surprise factor reflects the magnitude of the difference between the actual quarterly earnings and the analysts' consensus earnings expectation.

This factor captures the post earnings announcement drift anomaly, which posits that stock prices will either increase (decrease) in relation to the magnitude of their positive (negative) earnings surprise. This anomaly has been well documented in the academic literature but seemingly has not yet been arbitraged away; we continue to consistently observe that the typical firm that beats the analysts' earnings estimates will experience subsequent strong performance.

In contrast, the factor that has been negative for most of the year is the earnings yield factor. This indicates that those stocks with lower forward earnings yields have tended to be the strongest performers. Typically, these stocks have a growth tilt.

Outlook

We are not expecting any sudden changes: stocks with positive surprises will continue to fare well, and stocks with a growth tilt will continue to lead in performance.