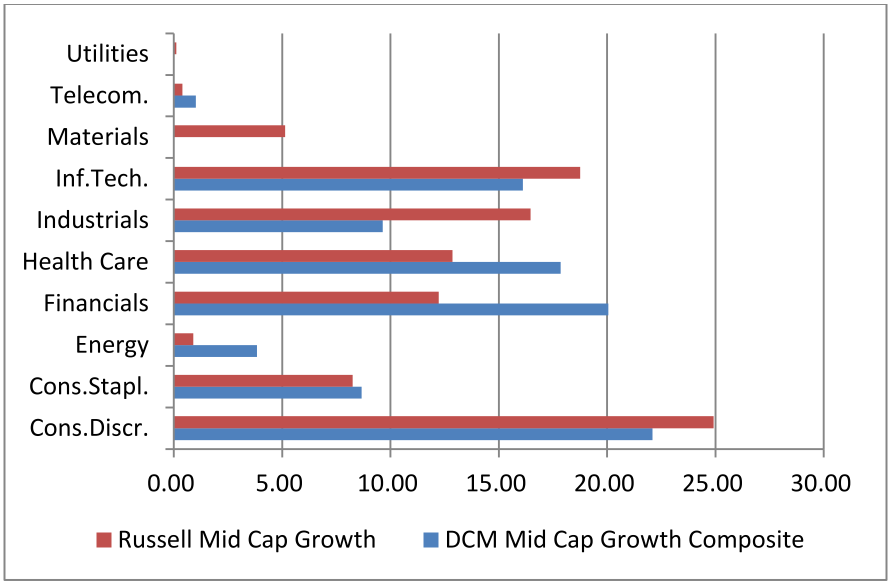
The View from Decatur - Mid-Cap Growth

April 2016

Portfolio Sector Allocation – April 2016



Mid-Cap Growth Performance (Composite Returns)

	MTD	YTD	1 Year	3 Year	Inception
DCM Mid-Cap Growth (Gross)	0.28%	0.70%	-6.84%	6.87%	11.46%
DCM Mid-Cap Growth (Net)	0.21%	0.43%	-7.64%	6.01%	10.59%
Russell Mid-Growth Index	-0.06%	0.52%	-4.13%	10.43%	13.64%

Decatur Capital Mid-Cap Growth - Top Ten Holdings

Company	Ticker	Weight
Zimmer Biomet Holdings	ZBH	4.1%
Hasbro	HAS	3.8%
Electronic Arts	EA	3.8%
Mead Johnson Nutrition	MJN	3.7%
Crown Castle International	CCI	3.6%
Tegna	TGNA	3.6%
Synchrony Financial	SYF	3.5%
Paypal Holdings	PYPL	3.3%
CBOE Holdings	CBOE	3.3%
Gray Television	GTN	3.3%
Total		**36.0%**

Disclosures

1. Portfolio characteristics are similar to the benchmark, the Russell Midcap 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.

Mid-Cap Growth Strategy

Decatur Capital's Mid-Cap Growth strategy focuses on stocks with positive EPS estimate revisions, accelerating EPS growth and EPS surprises. Portfolio holdings range between 40-60 stocks.

Portfolio Commentary

The Mid-Cap Growth Composite gross TR was 0.28% compared to the Russell Mid-Cap Growth's TR of -0.06% in April 2016.

We sold AON (AON) and Newfield Exploration (NFX) after they attained our price targets, and purchased new positions in Colfax (CFX), Knowles (KN), Starz (STRZA), Hertz (HTZ) and Verisk (VRSK) during April.

FleetCor Technologies (FLT) has recovered from a downdraft in January-February after a collapse in crude oil and a consequent crash in gas prices at the pump pressured the stock. However, only ~15% of FLT's revenues are directly linked to the absolute level of pump prices.

FLT is a transaction processing network, much like Visa and Mastercard. FLT issues payment cards to customers, usually business or government entities that own vehicle fleets. By using FLT's cards, fleets can better manage and control their drivers' spending patterns. FLT's selling point to fleet customers is that fuel cards can reduce fuel expenses by roughly 15% per year through fraud prevention by switching away from cash payments, and the pitch to gas station chains is that cards can increase customer traffic and fuel volumes.

Global commercial fuel volumes are estimated to be 230bn gallons and FLT only processes ~3% of that total, although it has 6% of US fuel volumes. FLT's revenues are roughly 50:50 split between fleet customers and merchant, with minimal credit risk. As fleet drivers switch from cash to cards in the EU and US, there's a long runway of growth for FLT.

FLT acquired Brazilian toll processor Sem Parar (STP) in March for $1.05bn. STP is the market leader with over 800mn transactions annually via 99% of Brazilian toll roads and 240 parking lots, and is growing at 12-15%. This will be a 90% debt-financed transaction with an all-in cost of ~200bps from FLT's credit line. Apart from the immediate earnings accretion, STP can be a growth engine for FLT with increased penetration of toll roads in Brazil and better pricing over time.

FLT is one of very few businesses that operate consistently on negative working capital. With no inventory to finance, FLT only pays vendors after it's paid by customers. Negative working capital is a compelling advantage that compounds over time. FLT's balance sheet is clean with $460mn in cash against $2.3bn in total debt, and net debt is a manageable 3x TTM OCF of $755mn. FLT's 42% FCF margins are not too far from Visa's 52%. FLT generated a cumulative $1.38bn in net income over the last 5 years, but an even more impressive $2.03 bn cumulative FCF.

Note: Returns are measured in U.S. dollars net of fees. Decatur Capital Management, Inc. (DCM) is a registered investment advisor specializing in growth oriented investment management. The benchmark is the Russell Mid Cap Growth which is designed to measure the mid 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.