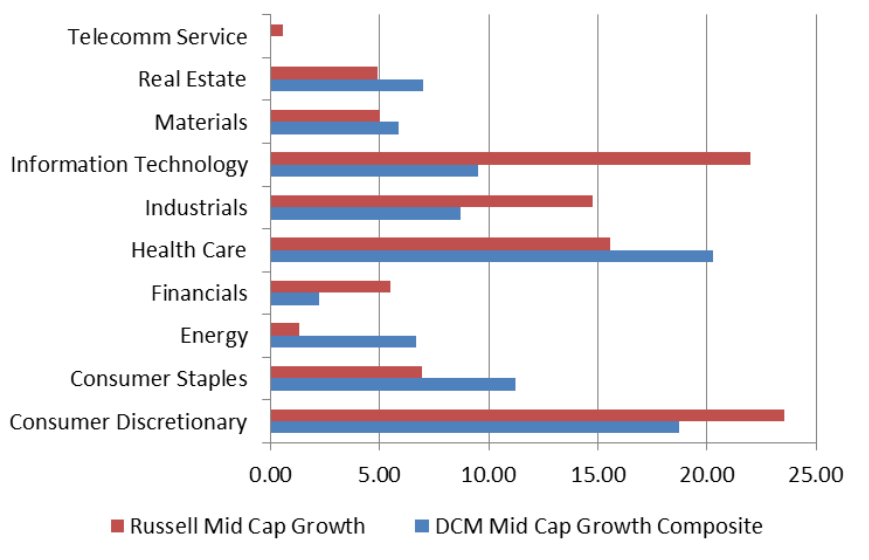


Portfolio Sector Allocation – April 2017



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's gross TR was -0.06% compared to the Russell Mid-Cap Growth's TR of 1.48% in April 2017.

We were relatively inactive in terms of portfolio movement in April, but did sell out of a number of positions for fundamental and valuation reasons. We sold FMC, despite the fact that the asset swap with DuPont and the consequent scaling up of FMC's agri-chemical business was done at very attractive valuations. While the deal itself is earnings-accretive, we thought the risk of FMC's business model had increased and an exit was warranted. Murphy USA (MUSA) was sold when we detected signs of far lower retail gasoline spreads than what the consensus expected. In the consumer sector, we exited Norwegian Cruise Lines (NCLH) and Hasbro (HAS) where recent positive operating momentum had pushed their valuations to the upper ends of their historical ranges. We also sold Illumina (ILMN) and SS&C Technologies (SSNC) for the same reasons.

We repurchased Holly Frontier (HFC) after the post-election RIN deregulation euphoria wore off, and AmerisourceBergen (ABC) as we grew more confident that we were closer to the end of the generic drug deflation scare that had beset the sector for the last 18 months.

YUM China Holdings (YUMC) is the largest franchisee operation in the world and the largest Western QSR operation in China with over 7,500 KFC and PH stores in 1,100 cities and towns. YUMC is still recovering from a food quality scandal from a few years ago, and average sales per outlet are \$500k below the peak of \$1.6mn in '12. However, sales are slowly improving, especially in Tier 3 and Tier 4 cities.

The earnings cycle at YUMC is to get back to \$1.3-\$1.4mn in outlet sales and RLMs of 14-15%. YUMC's management believes that it could have 20k outlets at maturity and cash-on-cash economics on new outlets are still 25%-40%. YUMC has a net-cash balance sheet with \$900mn in cash. YUMC reported a strong 1Q, beating consensus by 6c, and F1 estimates have moved from \$1.32 to \$1.41.

Mid-Cap Growth Performance (Composite Returns)

	MTD	YTD	1 Year	3 Year	Inception
DCM Mid-Cap Growth (Gross)	-0.06%	3.35%	8.21%	6.04%	10.78%
DCM Mid-Cap Growth (Net)	-0.13%	3.07%	7.34%	5.19%	9.90%
Russell Mid-Growth Index	1.48%	8.48%	15.83%	8.95%	14.09%

Decatur Capital Mid-Cap Growth - Top Ten Holdings

Company	Ticker	Weight
Edgewell Personal Care	EPC	3.7%
Perrigo Company	PRGO	3.4%
Cabot Oil & Gas	COG	3.1%
Regeneron Pharmaceuticals	REGN	3.1%
Yum Brands	YUM	3.0%
Molson Coors Brewing Co.	TAP	3.0%
Liberty Global Class A	LBTYA	2.9%
JC Penney	JCP	2.9%
Kansas City Southern	KSU	2.8%
Rite-Aid Corp	RAD	2.7%
Total		30.5%

Disclosures

1. Mid Cap Growth Composite is comprised of 40-60 equity securities with a minimum market capitalization of \$1 Billion and a maximum portfolio average not to exceed 150% of the benchmark. The strategy focuses on growth of earnings and key valuation metrics. The benchmark is the Russell Mid Cap Growth Index. The Russell Mid Cap Growth Index represents the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values. As of November 2015, the minimum account size for this composite is \$1,000,000. Prior to November 2015, the minimum account size for this composite is \$1,000,000.
2. Portfolio characteristics are similar to the benchmark, the Russell Midcap Growth index.
3. Performance is presented gross and net of management fees. Net of fee performance was calculated using the highest management fee 0.80% as noted in the composite fee schedule.
4. The investment strategy of the composite has not changed during the investment period.
5. This table reflects weights in a representative portfolio, and actual client portfolios may have differing weights.
6. Past performance does not represent future results and current returns may be higher or lower than return data depicted.
7. The Mid Cap Growth Composite was created on June 30, 2012.