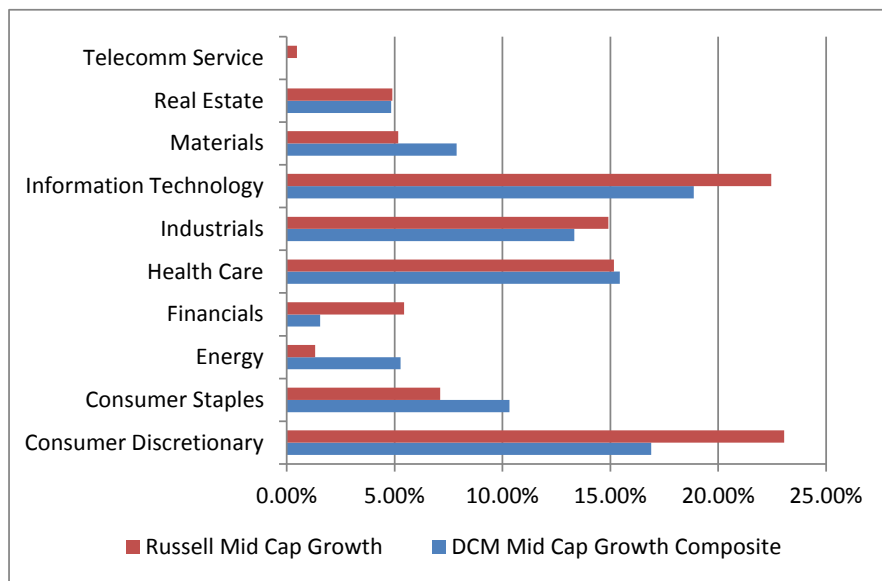


**Portfolio Sector Allocation – February 2017**



**Mid-Cap Growth Performance (Composite Returns)**

	MTD	QTD	1 Year	3 Year	Inception
DCM Mid-Cap Growth (Gross)	2.34%	4.26%	16.54%	3.82%	11.40%
DCM Mid-Cap Growth (Net)	2.27%	4.13%	15.59%	2.98%	10.51%
Russell Mid-Growth Index	2.88%	6.31%	21.54%	7.01%	14.13%

**Decatur Capital Mid-Cap Growth - Top Ten Holdings**

Company	Ticker	Weight
Zimmer Biomet Holdings	ZBH	4.4%
Edgewell Personal Care	EPC	3.8%
PayPal Holdings	PYPL	3.2%
Tegna	TGNA	2.9%
Rite-Aid	RAD	3.3%
Perrigo Company	PRGO	3.9%
Liberty Global Class	LBTYA	3.7%
Cabot Oil & Gas	COG	3.0%
Gray Television	GTN	3.6%
Hasbro	HAS	2.4%
<b>Total</b>		<b>31.4%</b>

**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 \$100,000. 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.

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](mailto:ralphb@decaturcapital.com) or write to DCM, 250 E Ponce De Leon Avenue, Suite 325, Decatur, GA 30030.

**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 2.34% compared to the Russell Mid-Cap Growth's TR of 2.88% in February 2017.

We were significantly more active in February than the preceding month, as the 4Q earnings season kicked off. Corporate earnings in our investable universe, as a whole, were better than our initial expectations with Hanesbrands (HBI) being the only clear breakdown of an earnings cycle – we sold the stock. We also sold Southwest Airlines (LUV) after we saw early signs of the return of the airline industry's perennial plague (overly optimistic capacity additions), and Royal Caribbean Cruise (RCL) and Cigna (CI) after they reached our price targets. We also sold Hershey (HSY), Scripps Interactive (SNI), Maxim Integrated (MXIM), Celanese (CE) and MarketAxess Holdings (MKTX) for valuation reasons. We purchased new positions in Fastenal (FAST), Mosaic Company (MOS), Oshkosh (OSK), Baxter (BAX), Alkermes (ALKS), Synaptics (SYNA), MolsonCoors (TAP), Life Storage (LSI), Murphy USA (MUSA), Liberty Global (LBTYA) and Regeneron Pharmaceutical (REGN).

We added to our position in FMC Corp (FMC), a storied chemical producer that has transformed itself into an agricultural chemical and food/nutrition additives business, with a fast-growing lithium unit. The ag chemicals business, the largest of FMC's 3 units at ~\$2.3bn in annual sales, has been plagued by the erratic nature of the end-market, and a variety of operating issues ranging from sluggish Latin American demand and inventory de-stocking in Europe and Asia-Pac markets. However, we consider these to be transient issues that can be worked through after a few months of tepid sell-through, not permanent afflictions. At its recent cyclical peak, Ag Solutions generated ~25% operating margins and we see no reason why it cannot recapture those margins once sales improve and operating leverage kicks in. Health & Nutrition is also a stable line with 25%+ margins but, in our opinion, the Lithium business is the most interesting part of FMC. Lithium has grown rapidly in the last 2 years and is now a 30%+ operating margin business that generates ~10% of FMC's revenues and over 15% of consolidated EBIT. FMC is boosting production capacity with a 10k tpa lithium hydroxide plant being commissioned by midyear, and 30k tpa lithium hydroxide capacity by 2019.