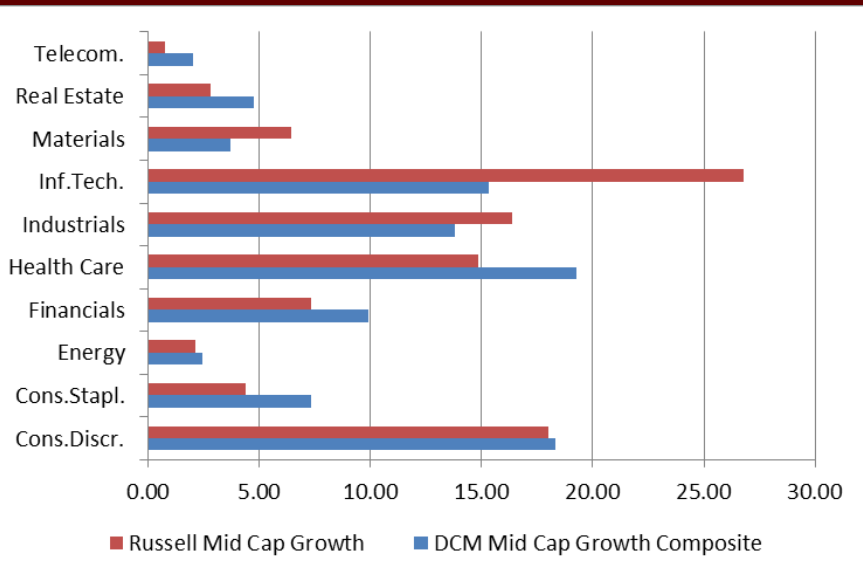


Portfolio Sector Allocation – July 2017



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 0.32% compared to the Russell Mid-Cap Growth's TR of 1.67% in July 2017.

July's returns were hurt by the poor performance of our Tech holdings, notably Twitter (TWTR). Most of our July trading was centered in the Industrial and Healthcare sector where we reconfigured exposures as stock prices bumped up against our price targets. In Healthcare, we sold INC Research (INCR) as the earnings accretion from a recent deal was reflected in the price, exited Baxter (BAX), and trimmed Alexion (ALXN) and Regeneron Pharma (REGN) on strength. In the Industrial sector, we purchased new positions in Fortive (FTV), Roper Technologies (ROP) and Allison Transmission (ALSN).

We have built a position in Cars.com (CARS) following its spinoff from Tegna. CARS is a digital automotive marketplace that connects vehicle shoppers with automotive dealers and OEMs. The dealer network is ~22k dealers with 4.7mn vehicles in advertised inventory. The digital automotive advertising market is estimated at \$16bn and, with only a 4% market share, CARS has an ample runway for growth. Over time, we expect a larger portion of the \$30bn in total automotive advertising to gravitate to digital avenues. There are approximately 18,000 untapped U.S. dealers, and only ~50% of CAR's current 22,000 dealers subscribe to more than the basic product. 80% of CAR's dealer revenues are subscription-based, giving it excellent visibility into trends.

CARS also sells to the dealer channel via affiliates at a 40% discount to direct ASPs. Bringing this channel inhouse will be a significant growth driver as affiliate agreements (4 out of 6) expire in 2019. Insourcing affiliate customers will increase subscription rates to full price, reduce affiliate marketing expenses, and improve cross-selling. As befits an asset-lite business model with 79-80% Gross Margins and minimal working capital, CARS generates copious FCF. CARS currently trades at a FCF yield of 5.5% but we expect this FCF yield to grow at 20%+ in future years.

Mid-Cap Growth Performance (Composite Returns)

	MTD	QTD	1 Year	3 Year	Inception
DCM Mid-Cap Growth (Gross)	0.32%	0.32%	5.80%	5.36%	10.70%
DCM Mid-Cap Growth (Net)	0.25%	0.25%	4.96%	4.51%	9.83%
Russell Mid-Growth Index	1.67%	1.67%	13.39%	9.53%	14.31%

Decatur Capital Mid-Cap Growth - Top Ten Holdings

Company	Ticker	Weight
Edgewell Personal Care	EPC	3.6%
Yum Brands	YUM	3.4%
AmerisourceBergen	ABC	3.2%
Koninklijke Philips N.V	PHG	3.1%
Liberty Global Class A	LBTYA	2.7%
Molson Coors Brewing	TAP	2.7%
CNA Financial	CNA	2.1%
Extra Space Storage	EXR	2.1%
Centene	CNC	2.1%
Aramark	ARMK	2.1%
Total		27.1%

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.