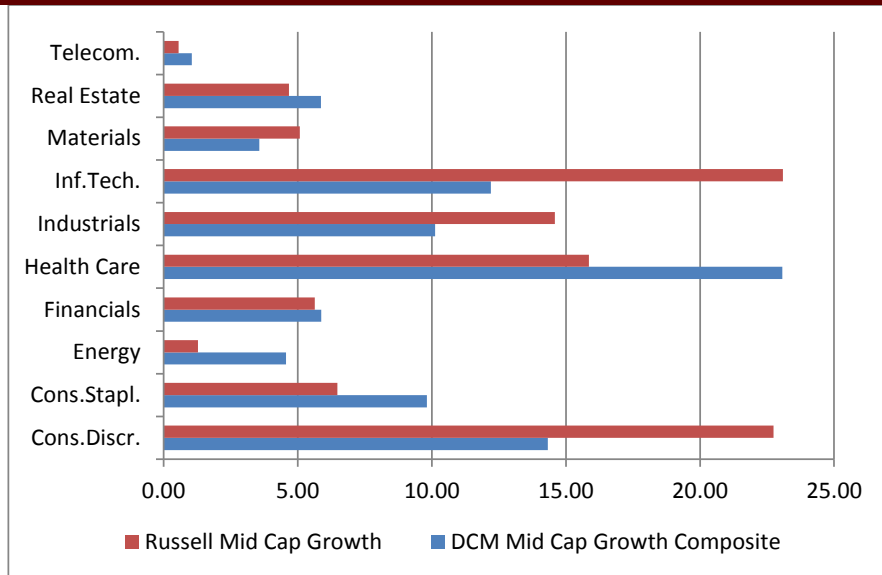


**Portfolio Sector Allocation – June 2017**



**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 1.28% compared to the Russell Mid-Cap Growth's TR of 0.30% in June 2017.

The Energy sector came under pressure during June due to declining prices, and we reconfigured our exposure by trimming Cabot Oil (COG) and swapping HollyFrontier (HFC) for Tenaris (TS). We increased the Consumer Discretionary weight by buying more Cars.com (CARS) and Tegna (TGNA), and purchased a new position in Best Buy (BBY). Restaurant Brands (QSR) was also purchased to round out our existing restaurant exposure, YUM and YUMC. Coach (COH) was sold in June – while we approve of the Kate Spade acquisition, COH's valuations incorporate a great deal of optimism about the eventual success of their marriage. We also trimmed the Technology weight as a ferocious spring rally carried stocks past their target valuations – Marvell Tech (MRVL), Micron (MU) and NetApp (NTAP) were sold, replaced by Canon (CAJ).

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

	MTD	QTD	1 Year	3 Year	Inception
DCM Mid-Cap Growth (Gross)	1.28%	1.84%	9.07%	4.57%	10.81%
DCM Mid-Cap Growth (Net)	1.21%	1.63%	8.82%	3.76%	9.95%
Russell Mid-Growth Index	0.30%	4.21%	17.05%	7.83%	14.19%

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

Company	Ticker	Weight
Edgewell Personal Care	EPC	3.9%
Regeneron Pharmaceuticals	REGN	3.8%
Yum Brands	YUM	3.3%
AmerisourceBergen	ABC	3.2%
Koninklijke Philips N.V	PHG	3.0%
Molson Coors Brewing	TAP	2.6%
Liberty Global Class A	LBTYA	2.6%
Baxter International	BAX	2.5%
Aramark	ARMK	2.5%
Extra Space Storage	EXR	2.1%
<b>Total</b>		<b>29.1%</b>

Signature Bank (SBNY) is a bank with a focus on NYC multi-family housing lending (45% of the loan book) within 75 miles of its HQ in Manhattan. Commercial real estate is ~30% while C&I is ~11% of lending.

SBNY's ROE has declined to below 13% as the NIM compressed ~15bps from higher funding costs and increased provisioning for the taxi medallion book in the last 2 years. While we are cognizant of the long-term threat from Uber etc. to the taxi industry, SBNY's provisioning for the medallion exposure (only 2% of the loan book) is conservative and we believe the worst of the pain is over. SBNY's core business is NYC real estate lending and we believe that its ability to cherry-pick opportunities in that market is intact due to its deep relationships with landlords and developers, even with NYC property prices cooling from the torrid levels that were seen prior to 2015. SBNY reported a strong 1Q, beating consensus by 5c, and F1 estimates have moved from \$9.12 to \$9.25.

- 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.