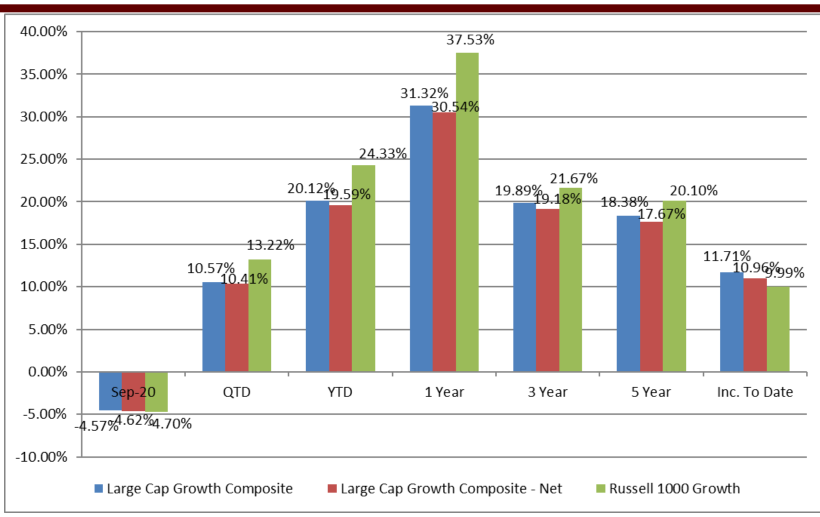
The View from Decatur — Third Quarter 2020

Chart 1: DCM Large Cap Growth Composite Trailing Performance September 30, 2020



1. Large Cap Growth Composite is comprised of 40-60 equity securities with market capitalization of $5 Billion or more that pass our quantitative selection process and can be acquired at a reasonable price. The strategy focuses on growth of earnings and key valuation metrics. The benchmark is the Russell 1000 Growth Index. The Russell 1000 Growth Index represents the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The minimum account size for this composite is $1,000,000.
2. Portfolio characteristics are similar to the benchmark, the Russell 1000 Growth index.
3. Returns are presented gross and net of management fees and include the reinvestment of all income. Performance prior to 7/31/12 is shown net of other fees including custody fees. Performance post October 2012 is shown gross of other fees. Net of fee performance was calculated using the highest management fee as noted in the composite fee schedule. Performance was calculated using a highest fee of 0.75% prior to July of 2011 and 0.60% as of July 2011.
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 Large Cap Growth Composite was created on February 28, 2002.

Chart 2: Decatur Quarterly Sector Attribution

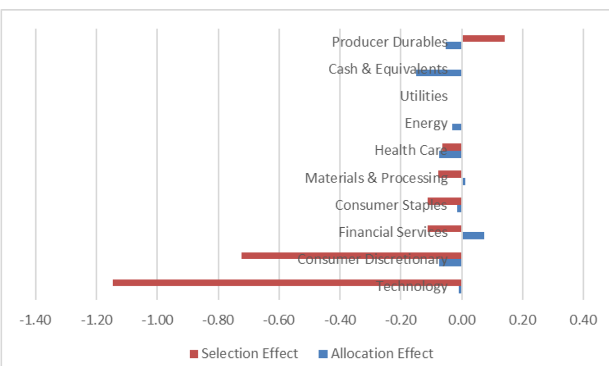
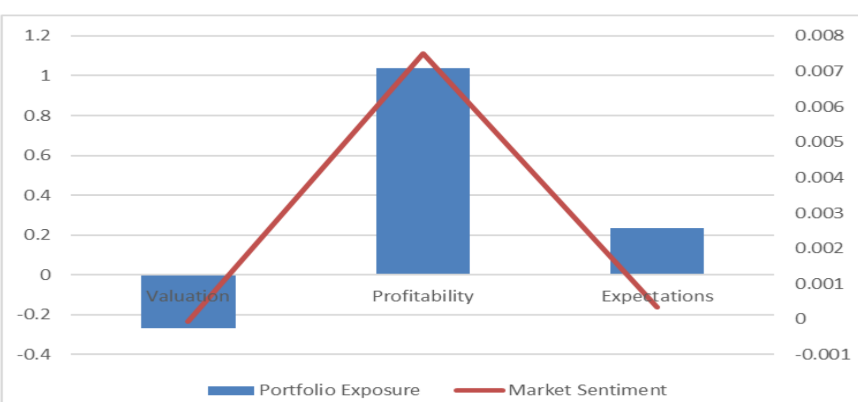


Chart 3: Decatur Portfolio Exposures and Market Sentiment



DCM Strategy: U.S. Large Cap Growth

Decatur Capital's strategy is focused on finding companies in the U.S. whose characteristics meet our quantitative selection process.

Portfolio Manager Commentary

Our performance for the quarter, net-of-fees, U.S. Large Cap Growth Strategy was 10.41% (unaudited), compared to the Russell 1000 Growth Index return of 13.75%.

Performance Analysis

Our quarterly underperformance was primarily due to stocks in the technology and consumer discretionary sectors for which we did not have exposure (see Chart2). For example, Tesla (TSLA) – which we did not hold – surged approximately 98% during the quarter, which accounted for a third of the quarterly underperformance.

During times of underperformance, we carefully scrutinize our process to identify what we missed in evaluating certain stocks. The core of our quantitative modeling is the generation of an alpha rank for each stock based on the effects of key profitability, expectations, and valuation characteristics on long-term stock returns. In addition, we validate our investment decisions by evaluating the stocks' corporate responsibility reports (CSR) and public sentiment from micro analyzing print media.

Based on our quantitative process, Tesla was not a strong candidate for inclusion in our portfolio. Tesla was in the bottom decile for profitability, while profitability was being strongly rewarded in the market. In TSLA's favor, it was growth oriented, while growth was being rewarded in the market. And Tesla's market expectations measures were generally also increasing, while the market rewarded expectations in this period. On net, though, based on our modeling process, we were not buyers during the quarter.

Chart 3 shows our portfolio exposures (blue bars) to the valuation, profitability and expectations factors. We have generally found that tilting the portfolio toward firms with high profitability, such as return on invested capital, provides positive returns. The red line shows that the market sentiment was positive for firms with high profitability.

Our portfolio holding, Nvidia (NVDA), performed well and achieved a 42% gain during the quarter. We purchased NVDA in October 2017, and the stock represents our approach of identifying attractive stocks for the long term. NVDA exhibits top decile profitability metrics, which has been consistently rewarded in the market. In addition, our review of NVDA's CSR report and public sentiment indicates that the firm scores well in all categories, including business innovation, social capital, and the environment. NVDA is expanding their artificial intelligence business by moving into green data centers and investing in startups.

Outlook

The volatility in the market will continue, and we have found that taking the long-term view provides the best outcomes. We continue, though, to evaluate the impact of shorter-term characteristics such as public sentiment on our stock selection process.

Note: Returns are measured in U.S. dollars net of fees. Decatur Capital Management, Inc. (DCM) is a registered investment advisor specializing in quantitative growth oriented investment management. The benchmark is the Russell 1000 Growth which is designed to measure the large cap growth firms within the U.S. The benchmark is market cap weighted. DCM claims compliance with the Global Investment Performance Standards (GIPS). 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, 150 E Ponce De Leon Avenue, Suite 430, Decatur, GA 30030.