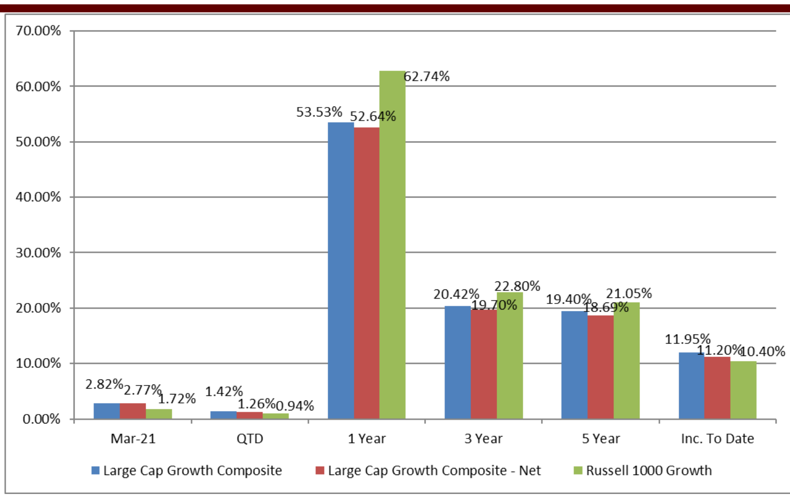
The View from Decatur — First Quarter 2021

Chart 1: DCM Large Cap Growth Composite Trailing Performance March 31, 2021



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: Cumulative Factor Returns, 4th Quarter 2020 and 1st Quarter 2021

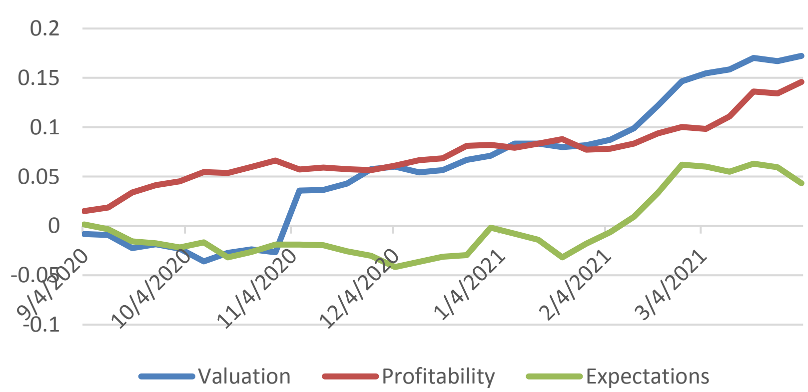
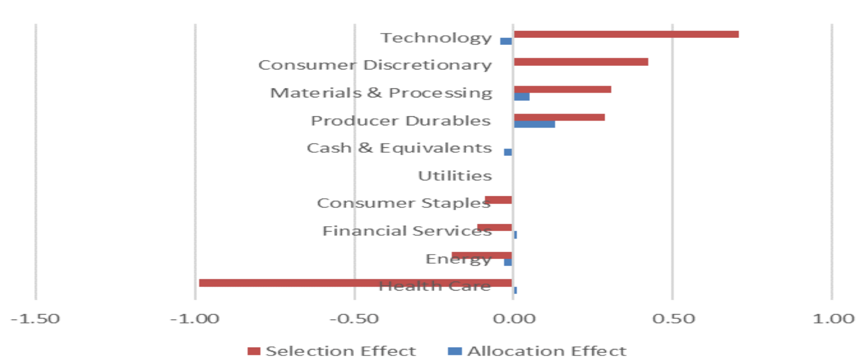


Chart 3: Performance Attribution by Economic Sectors, 1st Quarter 2021



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

The net-of-fees performance for the quarter ending March for the U.S. Large Cap Growth Strategy was 1.26% (unaudited), compared to the Russell 1000 Growth Index return of 0.94%.

Performance Analysis

Chart 2 shows the cumulative factor returns for the last two quarters. Late in the fourth quarter of 2020, the valuation factor group – which consists of a set of sector-specific measures such as last 12 months operating cash flows divided by market price – started to have a positive impact on market performance. As this trend continued into first quarter 2021, we began to shift our focus to stocks with higher valuation exposures by reducing our exposure to aggressive growth technology stocks and increasing our allocation to 'reopen' stocks and technology stocks trading at a reasonable price.

This shift worked well on an overall basis in the first quarter. The quarter started with an extended risk-on period (12/31/2020 – 2/12/2021), which was led by the technology and more aggressive growth stocks. After this initial period, though, the market went into a slight correction period (2/13/2021 – 3/8/2021), and our portfolio positioning was rewarded. As Chart 2 shows, by the end of the first quarter, the valuation factor group had become the dominant factor group over this period.

Chart 3 presents the results of a quarterly portfolio performance attribution based on economic sectors. Sector allocation, as represented by the blue bars, added about 11 basis points to the portfolio during the quarter. Within-sector selection, as represented by the red bars, added about 34 basis points for the quarter, with the largest addition coming from stock selection within the technology sector. On the other side of the ledger, stock selection in the health care sector cost the portfolio nearly 99 basis points during the semester.

A top contributor in the technology sector was Texas Instruments (TXN), which we evaluate as a growth-at-a-reasonable-price technology firm. From a factor perspective, TXN's valuation factor exposure ranked in the top decile based on our models, and, as noted above, the market generally rewarded firms with high valuation factors during this period. Also, Texas Instrument's profitability factor group exposure was in the top decile. The profitability factor group is comprised of several sector-specific measures that generally focus on the quality and consistency of profitability, such as the standard deviation of earnings per share. As shown in Chart 2, the market generally rewarded firms with high profitability exposures. Texas Instruments also benefited from increased demand for semiconductor chips for the expanding number of internet-of-things applications.

The lagging performance in the healthcare sector was driven by Pacific Bioscience of California (PACB), which is within the biotechnology industry. This biotech firm focuses on an innovative gene sequencing approach to treat various diseases; however, the shares became very volatile during the market's pullback in February, and we sold our position in March 2021 due to this increased volatility.

Outlook

Decatur is cautiously optimistic on the outlook for equities during 2021. However, we may encounter some slight pullbacks to the market based on the inflation outlook and other macroeconomic events such as resurgence of COVID outbreaks, etc. We are positioning the portfolio with a continuing focus on companies that are profitable with reasonable prices, positive expectations, and sound sustainability practices and reputations.

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.