



Quarterly Market Summary and Outlook Q3 2025

Past Quarter Summary

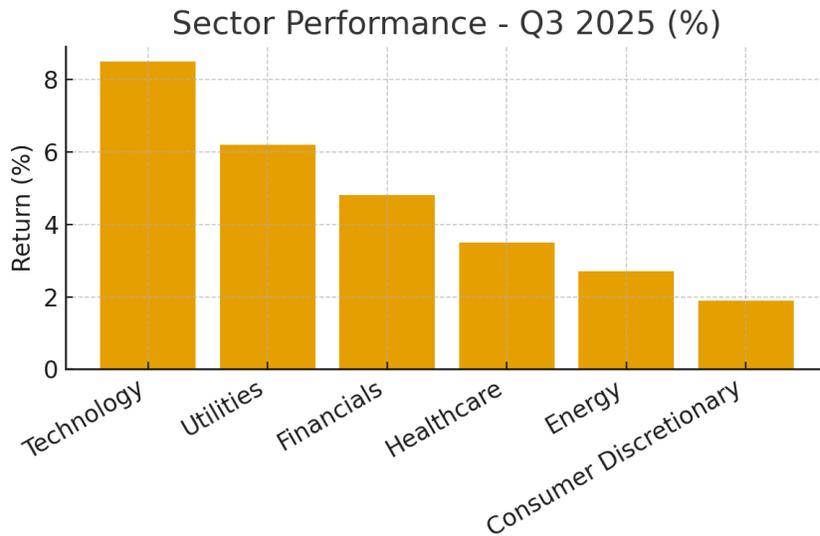
The third quarter of 2025 was characterized by mixed equity performance across global markets. The U.S. economy continued its gradual deceleration, with inflation trending lower but still above the Federal Reserve's long-term target. Equities posted moderate gains as rate cut expectations offset slower growth signals. Within portfolios, technology and quality income themes were the primary drivers of returns.

| Strategy | Performance Drivers | Key Themes |
|---------------------|---------------------------------------------|---------------------------------------------|
| US Quality Dividend | Outperformed; REITs strong; Consumer lagged | Dividend Compounders, Quality Income |
| Decatur LCG | Modest beat; Tech leadership sustained | Platform Tech Leaders, Consumer Powerhouses |
| Focused Growth | Outperformed; Tech and Healthcare strong | AI, Healthcare Innovation |
| ADR International | Beat benchmark; Financials and EMs led | Financial Digitization, Global Quality |

Source: Decatur Quarterly Reports , 3Q2025.

Macro and Market Context

The Federal Reserve initiated its first rate cut of the cycle in September 2025, with policymakers signaling two additional cuts by year-end. Inflation prints remain delayed due to temporary data interruptions, but headline and core trends continue moderating. Corporate earnings growth remains positive, with improved breadth across sectors beyond the mega-cap cohort. Utilities and energy names benefitted from rising data-center power demand and resilient commodity pricing.



Source: FactSet, Schwab Sector Outlook, October 2025.

Outlook for the Next 6–12 Months

We anticipate a partial market rotation from concentrated mega-cap leadership toward a broader set of sectors. Easing monetary policy, stable inflation, and improving earnings breadth create conditions for diversified market participation.

| Theme | Investment Implication | Example Beneficiaries |
|--------------------------|---------------------------------------------------|-----------------------|
| AI & Digital Platforms | Remain core allocation; selective additions | AAPL, NVDA, MSFT |
| Powering AI / Utilities | Increase exposure to electricity & infrastructure | NEE, DUK, CEG |
| Financial Digitalization | Focus on EM banks & payments platforms | NU, ICICI, BBVA |
| Healthcare Innovation | Maintain positions in visible catalyst names | HALO, DOX, CDNS |
| Quality Dividend Income | Steady compounders in REITs and Industrials | SPG, CAT, IBM |

Source: Decatur Capital Management, FactSet, Schwab, and Fed communications



Discipline Approach

We realize that there could be risks that we simply cannot plan for. We address these risks by staying true to our investment discipline. We continue to focus on companies that will survive catastrophic events based on the firms' leadership and competitive advantage. So, sticking to our mantra of profitability, expectations of stable or growing earnings, and valuation is how we manage these unknown risks.