



Quarterly Market Summary and Outlook
Q4 2025

Past Quarter Summary

The fourth quarter of 2025 reminded investors that markets rarely move in straight lines. After a strong run earlier in the year, equities paused to digest gains as interest-rate volatility resurfaced and investors reassessed the pace of earnings growth. While benchmarks posted mixed results, dispersion across strategies widened—rewarding select themes while testing patience in others.

| Strategy | 4Q2025 Performance Drivers | Key Themes |
|---------------------------------------|---|--|
| U.S. Quality Dividend | Outperformed benchmark; strength from Real Estate and Dividend Compounders offset weakness in Financials and select Consumer names | Real Estate & Income Assets, Dividend Compounders, Financial Stability |
| Decatur Large Cap Growth (LCG) | Modest underperformance; Technology and Financials provided support while Healthcare and Consumer Discretionary detracted | Platform Technology Leaders, Financial & Market Services, Quality Growth |
| Focused Growth | Underperformed; Communication Services (Alphabet) contributed positively but Technology (Oracle) and Consumer Disruptors detracted | Emerging Technology, Early Inflection Growth, Healthcare Innovation |
| ADR International | Strong absolute performance; Financials led while Technology (TSM) detracted due to macro-driven multiple compression | Financial & Market Services, Global Technology, Emerging Market Growth |

Source: Decatur Capital Management, Inc.

What Worked

International equities proved resilient. ADR International benefited from continued strength in Financial & Market Services, where improving loan growth, easing rate expectations, and digital banking adoption supported banks and financial platforms—most notably BBVA. Global



technology also contributed positively despite pockets of volatility, reinforcing the value of diversified geographic exposure as global growth paths diverged.

Within U.S. portfolios, communication services stood out. Alphabet delivered strong performance as advertising demand exceeded expectations and AI-driven monetization gains became increasingly visible, underscoring that select digital platforms continue to translate innovation into earnings growth.

What Didn't

The quarter was more challenging for Focused Growth, which lagged as valuation-sensitive technology holdings faced near-term pressure. Oracle detracted amid elevated investment spending and cautious guidance tied to cloud and AI infrastructure expansion. Consumer-oriented growth and select healthcare names also weighed on results as investors rotated away from higher-multiple areas following earlier strength. Importantly, these headwinds reflected timing and normalization rather than deteriorating fundamentals.

Looking Ahead to 2026

As we turn the page, the backdrop is shifting. Monetary conditions are stabilizing, earnings breadth is improving, and valuations in several growth areas have reset. Emerging Technology remains a key opportunity as AI commercialization matures from investment phase to revenue and margin realization. Healthcare innovation offers idiosyncratic growth potential, while financial services—both domestic and international—stand to benefit from normalized capital markets and expanding credit activity.

In short, 4Q2025 was about consolidation. The setup for 2026 looks less about chasing what worked yesterday and more about positioning for the next leg of earnings-driven growth with discipline, diversification, and patience firmly in focus.