



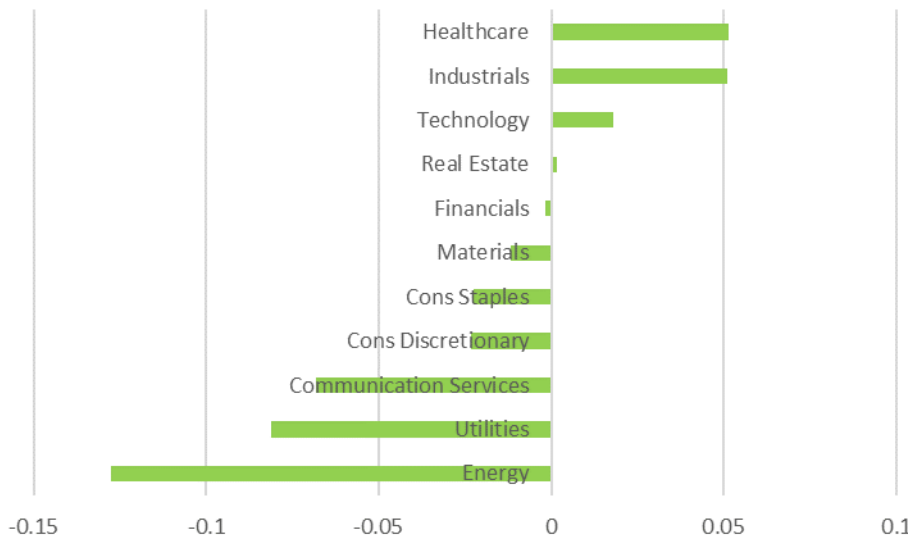
Decatur View –Outlook for March 31, 2024

We will continue to identify the drivers that will impact the capital markets.

Expectations: Net Earnings Revisions

Chart 1 shows the average US net earnings revisions normalized, which provides a measure of market sentiment on the direction of earnings. The net analysts' revisions measure the number of analysts that are making positive changes to their earnings estimates compared to the number of analysts that are making negative changes to their estimates, scaled by the number of analysts. We normalized these values to measure the distance from the market net earnings revisions.

Chart 1: US 1 Year Net Earnings Revisions Normalized, March 31, 2024



The outlook for the healthcare, technology, and industrials sectors are positive for increasing earnings. These sectors' earnings revisions provide guidance that these sectors may continue to perform. Healthcare and Industrials did not have strong stock performance during 2023; however, there are several tailwinds. The advancement of various medical treatments in the biotech and pharmaceutical industries, specifically weight loss treatments, is a tailwind for healthcare. The increasing infrastructure investments and onshoring of manufacturing facilities will be positive for industrials. Also, improving supply chain will be an additional benefit to industrials. We believe that technology will continue to perform well based on the tailwinds of artificial intelligence.

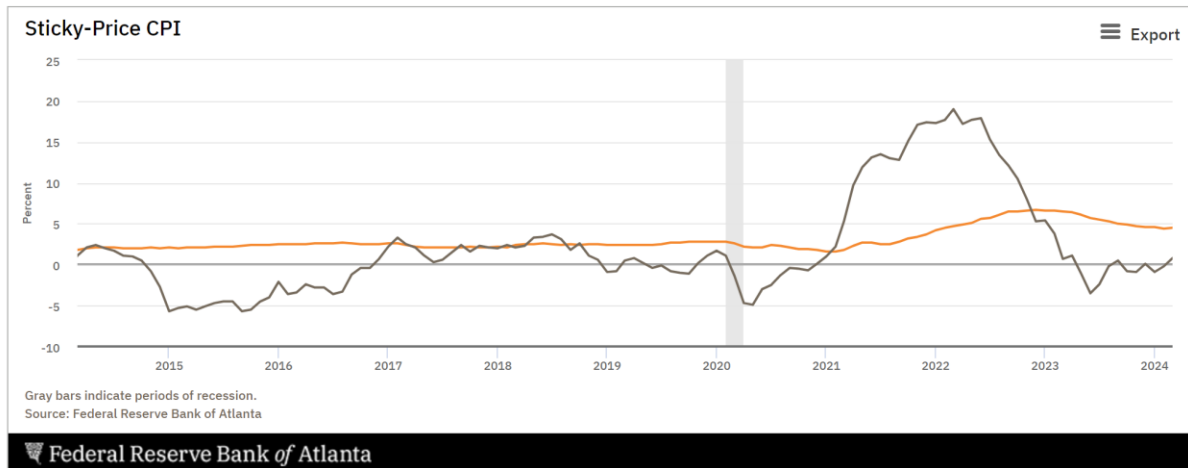


We continue to see lowering of revisions within several sectors such as utilities and energy. Both of these sectors have the headwinds of declining energy related commodity prices.

The Federal Reserve and Inflation

Federal Reserve (Fed) will remain resolute in controlling inflation. Chart 2 shows the two aspects of inflation, the sticky and flexible consumer price index. The orange line represents the sticky price CPI, which as the name implies is hard to get rid of and sticks around, such as rents and medical care. The grey line represents the flexible CPI. The flexible CPI includes those costs that may rocket up as inflation builds but are more easily controlled by the Fed, such as hotel rooms costs, entertainment tickets and eating out.

Chart 2: Sticky and Flexible Price CPI 12 month Rolling



The recent inflation data indicates that the sticky CPI (4.5%) remains difficult to control and that easing of rates may not occur until fourth quarter 2024. The Fed is targeting the sticky CPI to be in a range of 2.5% and this decline may be very difficult. For equity portfolios, we are seeing a pullback because the potential of easing rates may not occur during second quarter. For our fixed income clients, we continue to employ maturity ladders that will benefit from the Fed's interest rate policy.

Geopolitical Challenges

The third driver will be geopolitical challenges, which includes Israel - Hamas Conflict, Russia - Ukraine War and the U.S. presidential elections. Based on the UN forecasts, we expect that economic growth will slow in 2024 and 2025. The slowing economies will be due to the impact of interest rate increases, geopolitical tensions and limited fiscal strategies.



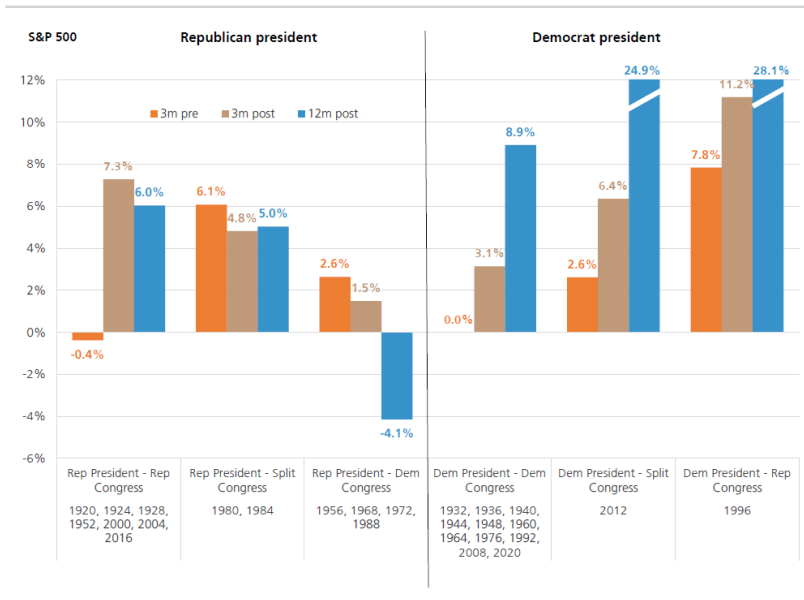
The recent escalation of Israel and Iran is resulting in expansion of the conflict. Our thesis is that:

- 1. Israel will attack strategic targets inside Iran as a point of deterrence.
2. It is difficult to forecast Iran's reaction to possible retaliation attacks.
3. We forecast that other countries will not join Iran in military action against Israel.
4. There is no impact on global markets.

Likewise, the Russia-Ukraine War is not having an impact on global markets. Our global outlook is positive because both conflicts have been contained to regions with minimal markets impact.

The U.S. presidential election may have the most impact on markets in the short term. Chart 3 shows over the past 100 years, the impact of various election outcomes. Interestingly, most scenarios have relatively low annual returns 3 month prior to the elections. It is very possible that we may be in a trading range leading up to the election. After the election, the markets will probably get greater insight on Fed's easing and direction of U.S. fiscal policy, which may result in a fourth quarter rally.

Chart 3: 100 years of U.S. Presidential and Congress Impacts on Markets: 3 month Pre-Election, 3 month Post-election, and 12 month Post Election



Source: Bloomberg, UBS.



To be Determined

I will reserve the fourth driver to be determined – that unknown unknown event that we could not have foreseen.

Disciplined Approach

We realize that there could be risks that we simply cannot plan for. Conflict in the Middle East, such as the recent Iran attack on Israel, is one such risk. 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.

Important Disclosure: The views expressed are those of the authors, Degas Wright, CFA, as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be a forecast of future events or a guarantee of future results. These views may not be relied upon as investment advice. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the authors on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is for informational purposes and should not be construed as a research report. If you are interested in additional information regarding Decatur Capital Management please refer to the firm's website, www.decaturocapital.com.