



Quarterly Market Summary and Outlook 3Q 2026

Past Quarter Summary

The third quarter reminded us that equity market leadership can change quickly, even when the underlying earnings outlook remains constructive. Technology continued to benefit from favorable revisions and investor momentum, while strength in industrials began to moderate. International markets offered a mixed picture: European holdings contributed, while Canadian exposure detracted. Our Global Strategy benefited from consumer discretionary selections but faced headwinds in technology. Across Decatur's strategies, the lesson was consistent: business quality matters, valuation matters, and thoughtful stock selection remains essential.

Strategy	Performance Drivers	Key Themes
U.S. Quality Dividend	Healthcare selection and allocation helped; technology detracted.	Dividend income, quality and defensive positioning
Large Cap Growth	Industrials contributed; energy positioning had a small drag.	Technology revisions, durable competitive advantages
Focused Growth	Consumer discretionary helped; technology selection lagged.	Selective technology, earnings momentum and valuation
ADR International	European exposure helped; Canada and materials detracted.	Regional selectivity, revisions and market recognition
Global Strategy	Consumer discretionary selection helped; technology detracted.	Global selectivity, earnings revisions and market recognition
U.S. Small Cap Growth	Industrials contributed; financials detracted.	Technology and healthcare opportunities; quality and conviction

Source: Decatur Capital Management, Inc., 3Q 2026 Strategy Views.

What Worked?

Our strongest results came from owning the right businesses in the right parts of the market. Industrial selections contributed to Large Cap and Small Cap Growth, while consumer discretionary holdings helped both Focused Growth and Global Strategy. Healthcare supported Quality Dividend, and European exposure benefited ADR International. In many cases, the common thread was improving earnings expectations paired with catalysts that investors were beginning to recognize.

What Didn't?

The quarter also reinforced an important distinction: a favorable outlook for a sector does not mean every stock in that sector will perform well. Technology selections detracted from Focused Growth, Global Strategy, and Quality Dividend, despite constructive broader sector trends. Financials weighed on Small Cap Growth, while materials and Canadian holdings challenged ADR International. We also saw industrial momentum soften and energy earnings revisions outpace investor enthusiasm. Those gaps call for patience and disciplined security selection.

What's Next?

Looking toward the fourth quarter and into 2027, we continue to find selective opportunities in technology, particularly where earnings and sales revisions support the investment case. We are also watching healthcare among smaller companies and consumer discretionary opportunities globally. Energy and industrials deserve attention, but we want to see improving fundamentals confirmed by stronger market recognition before becoming more constructive. In financials, we will remain selective as expectations evolve. Our focus has not changed: own businesses with durable competitive advantages, improving profitability, and valuations that offer a reasonable margin for error. Over time, we believe that discipline—not chasing the market's latest favorite—creates the best opportunity for lasting results.

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