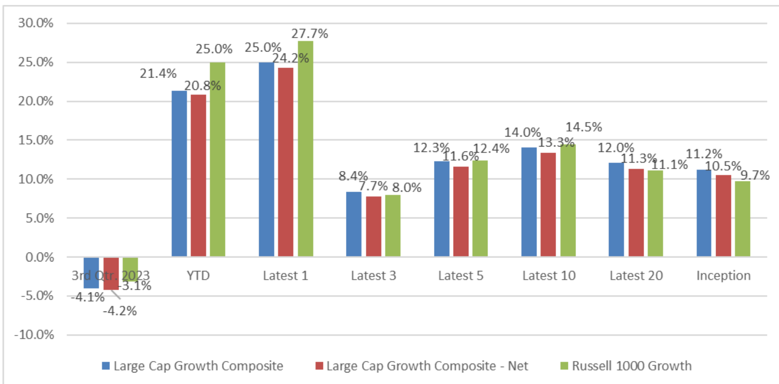
The View from Decatur — 3rd Qtr. 2023

Chart 1: DCM Large Cap Growth Composite Trailing Performance September 30, 2023



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: Performance Attribution by Economic Sectors, 3rd Qtr. 2023

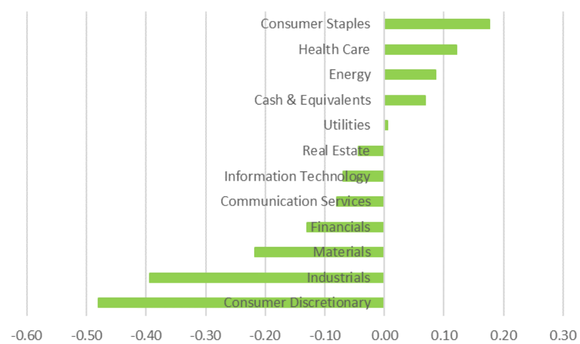
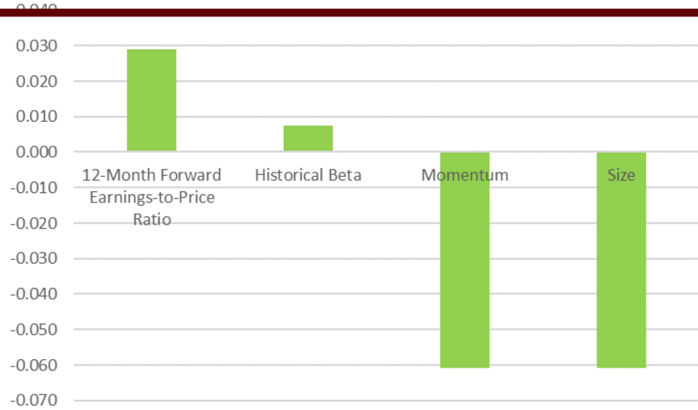


Chart 3: Active Exposure by Factor Group, 3rd Qtr 2023



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 of the U.S. Large Cap Growth Strategy was -4.23% (unaudited), compared to the Russell 1000 Growth Index return of -3.13%.

Performance Analysis

Chart 2 presents the results of the quarterly portfolio performance attribution based on economic sectors. Our selections in the consumer staples sector provided positive returns while our selections in consumer discretionary negatively impacted performance during the quarter.

The positive performance in consumer staples was due to our stock selection in Costco (COST). COST experienced positive returns during the quarter. COST has top decile profitability with a cash ROIC of 19%. Also, analysts are increasing earnings and revenue estimates for the upcoming quarter placing COST in the top decile within the sector. The increase in estimates is mainly driven by the consistency of its 127 million members subscription base and growth of locations. The valuation for COST is ranked slightly below average with a free cash flow yield of 2.7%. Overall, COST continues to be ranked in the top decile for performance among consumer staples stocks.

The performance lag occurred in the other consumer sector due to Tapestry's (TPR) sharp decline based on acquisition news. TPR announced that it was buying Capri Holdings. The acquisition results in a global luxury firm, but investors reacted negatively because of the significant assumed debt to complete the transaction. While we have a positive view of the stock, we do not anticipate a catalyst to change the market sentiment and we sold our position.

Factor Analysis

Chart 3 reflects active factor by major factor group. The largest negative active exposures relative to the benchmark are momentum and size. The market is being driven by market sentiment focusing on mega tech firms (size) and many investors reduced their holdings during the semester (momentum). Also, our strategy tends to be tilted to quality. The valuation measure, forward earnings to price ratio, captures the quality difference. The quarter was marked with different factor groups leading and continues to remain in a trading range.

Outlook

We continue to forecast that expectations will be the leading factor for stock selection into the fourth quarter. Obviously, the Fed's focus on controlling interest rates remains front and center. The Fed has paused and they are evaluating the data. Banks are increasing loan requirements and this could result in a credit contraction. The Israel – Hamas War is a human tragedy and will increase the geopolitical effect on inflation. Also, some of the recent data indicates that inflation is still hotter than anticipated. Therefore, we are forecasting that the market will remain in a broad trading range to the end of the year.

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, 160 Clairemont Avenue, Suite 200, Decatur, GA 30030.