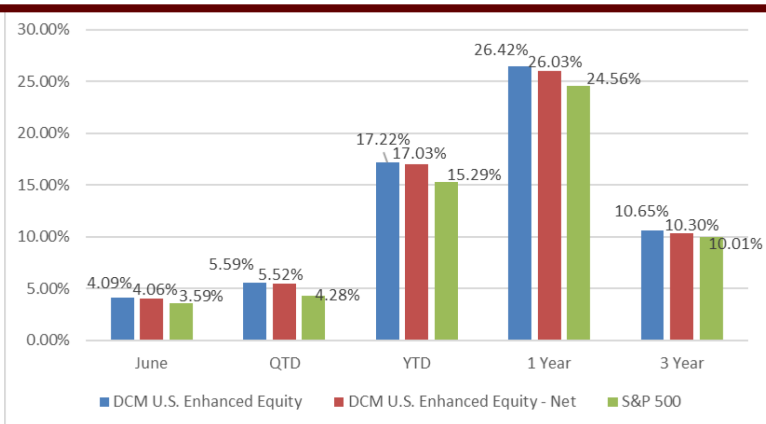
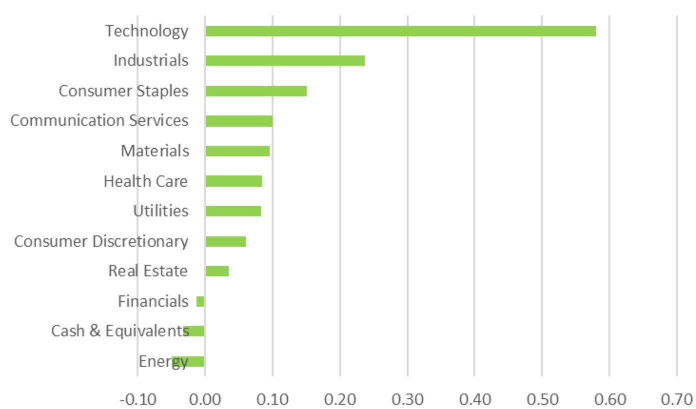
# The View from Decatur 2nd Qtr. 2024

## Chart 1: DCM US Enhanced Composite Trailing Performance June 30, 2024

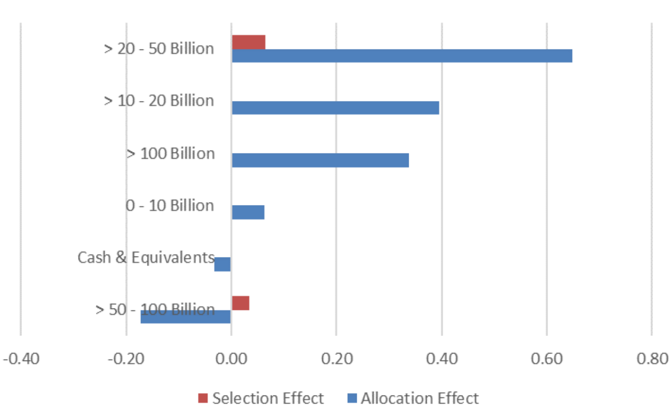



1. U.S. Enhanced Equity is comprised of 200-3-- equity securities with market capitalization of $5 Billion or more that pass our quantitative selection process and can be acquired at a reasonable price. The strategy has a positive allocation to those firms with higher profitability, valuation and expectations characteristics. The minimum account size for this composite is $100,000.
2. Portfolio characteristics are similar to the benchmark, the S&P 500 index.
3. Returns are presented gross and net of management fees and include the reinvestment of all income. As of October 31, 2023, the ESG Rank, which used ESG sentiment analysis to rank stocks, was replaced with the Decatur Alpha Rank that uses quantitative modeling of profitability, valuation, and expectations with the same allocation methodology.4. The investment strategy of the composite has not changed during the investment period.
5. As of October 31, 2023, the US. ESG Enhanced Composite was renamed the U.S. Enhanced Equity Composite.
6. Past performance does not represent future results and current returns may be higher or lower than return data depicted.
7. The U.S. Enhanced Equity Composite was created on March 2019 and a complete listing and description of all composites is available on request.

## Chart 2: Performance Attribution by Economic Sectors, 2nd Qtr. 2024




## Chart 3: Market Capitalization Attribution, 2nd Qtr 2024




## DCM Strategy: U.S. Enhanced

*The DCM U.S. Enhanced composite is comprised of 200-300 equity securities with market capitalization similar to the S&P 500 Index and uses the Decatur Alpha Rank allocation methodology. The strategy has a positive allocation to those firms with higher profitability, valuation and expectations characteristics.*

**Portfolio Manager Commentary**

For the quarter, U.S. Enhanced return, net of fees, was 5.52% compared to the S&P 500 of 4.28%. For the year to date, U.S. Enhanced return, net of fees was 17.03% compared to the index return of 15.29%

**Performance Analysis**

Our allocation and selections within the majority of sectors resulted in positive performance. The model allocated 34.1% to technology compared to the benchmark allocation at 32.5%. In technology, the big winner was Nvidia (NVDA) with a strategy weight of 7.6% compared to the benchmark at 6.6%, an overweight of 100 basis points. NVDA continues to reward investors with positive returns.

The sectors that lagged in performance were financials, energy sectors and cash. The strategy's energy allocation was 3.9% compared to the benchmark at 3.6%. This allocation and selection weighting resulted in -0.05% performance. The model allocation to Schlumberger (SLB), an global energy company, was 0.32% compared to the benchmark weighting of 0.15%, a slight overweight. SLB slightly lagged behind the market.

**Factor Analysis**

Chart 3 shows the market capitalization attribution for the enhanced strategy. The allocation decision accounted for 93% of the positive performance during the quarter. The two categories that contributed to most of the upside are the midcap companies ($10B-$50B) and the mega cap category (>$100B), while the large cap category ($50B-$100 B) was a drag on performance. Could this be indicating a shift to midcap stocks – we will continue to monitor!

**Outlook**

The surge in growth stocks continues. The Atlanta Federal Reserve's Sticky Consumer Price Index (CPI) tracks costs such as housing and medical expenses. This measure continues to be at 4.3% which is above the Federal Reserve's target of 2%-2.5%. The Fed will eventually ease rates, possibly in 2025 as the Sticky CPI declines. Also, the global elections, to include the U.S., may impact markets.

We continue to be positive concerning the market.
Our enhanced model performed well during both the surge in performance and the recent pullback. The reason for the positive performance during the quarter is due to the allocation methodology based on the model's quality, valuation and expectations factors.

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.