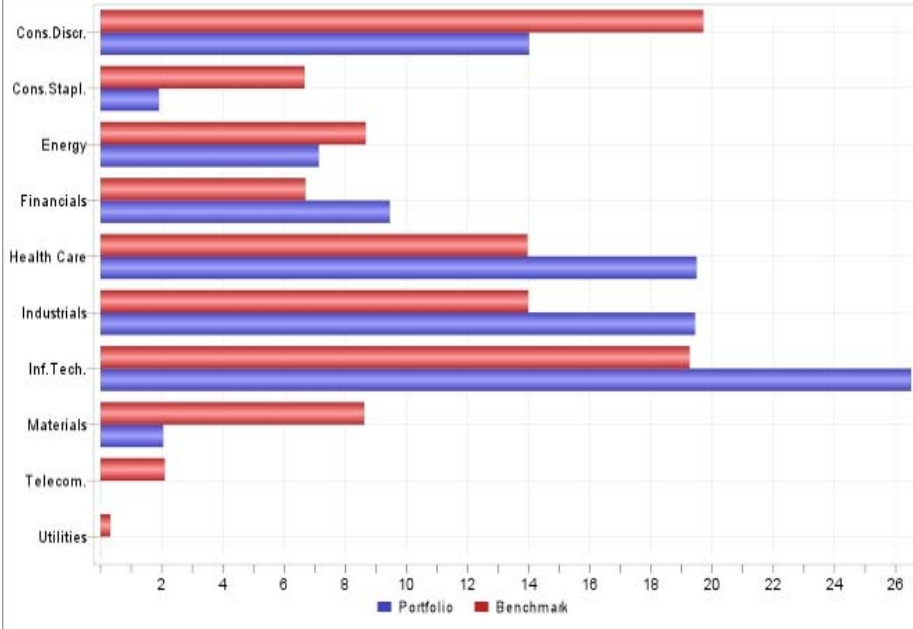


Decatur Capital MidCap Growth Monthly Sector Allocation



Strategy

Decatur Capital's Midcap Growth strategy is focused on finding companies whose earnings momentums are accelerating with positive EPS estimate revisions, accelerating EPS growth and consistent EPS surprises.

Portfolio Commentary

The DCM Midcap Growth Portfolio returned **17.55%** compared to the Russell Midcap Growth's TR of **13.48%** in October 2011. The Portfolio's return is **-5.50%** compared to the Russell Midcap Growth's TR of **-5.47%** for YTD 2011.

After a surprisingly robust 3Q earnings season, investor fears of a rampaging US recession have now subsided. Our "house view" at DCM is that a tentative economic recovery will be the norm for the next two-three years as the US consumer continues the deleveraging of household balance sheets after a decade of excess. Furthermore, signs of slowing in China and India continue to roll in and, while that will haircut global GDP growth, it will positively recalibrate the enormous imbalances in capital and consumption flows over the next few years.

In terms of portfolio moves during October, PPDI was taken over by a PE consortium for a 26% return on cost. We sold out Synchronoss (SNCR) after it became clear that the EPS impact of the iPhone 4S would be much less than previous generations of iPhones. Our opportunistic buys in energy, consumer discretionary and industrial sectors during the dark days of July-August have paid off handsomely and one of them, Wabco (WBC) is discussed below.

WBC is the leader in truck/car/bus braking systems with 18 plants and a sales presence in 31 countries. WBC's revenues are being driven by two powerful factors – higher dollar-content on new vehicle platforms, and increasing safety regulations around braking systems in Asia and the EU. Unlike most of its low-margin ancillary competitors, WBC operates with a pristine net-cash balance sheet, double-digit margins, and copious cashflows which are being redeployed through an ongoing \$400mn share buyback. F1 EPS estimates have increased from \$4.51 to \$4.73 over the last 90 days, and we expect 12-14% growth over this level for 2012.

Performance (Net of Fees)

	MTD	QTD	YTD
DCM MIDG	17.55%	17.55%	-5.50%
RMG Index	13.48%	13.48%	-5.47%

Decatur Capital MidCap Growth Model Top Ten Holdings

Ticker	Company	Market Cap (\$Mil)	Port %
ERTS	Electronic Arts Inc	\$7,952	4.60
KSU	Kansas City Southern	\$7,141	3.90
DGX	Quest Diagnostics Inc	\$9,119	3.80
HTZ	Hertz Global Holdings Inc	\$5,065	3.60
ROK	Rockwell Automation Inc	\$10,181	3.60
PFGE	Principal Financial Group Inc	\$8,458	3.40
BCR	Bard C R Inc	\$7,608	3.10
KLAC	KLA-Tencor Corp	\$7,886	3.00
DOV	Dover Corp	\$10,914	2.90
CAH	Cardinal Health Inc	\$15,693	2.90
	Total		34.80

Disclosures:

- 1.) Model characteristics are similar to its comparison benchmark, the Russell MidCap Growth Index.
- 2.) Model results reflect the deduction of advisory fees, commissions, and other expenses that a client would have paid during the period.
- 3.) Model results do not reflect the reinvestment of dividends and other earnings.
- 4.) The investment strategy of the model has not changed during the investment period.
- 5.) The inherent limitations of model results are that they may not represent actual trading and other material factors related to actually managing clients' accounts.

An investor should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. To receive a complete list and description of the firm's composites and/or a presentation that adheres to the GIPS standards, contact Shayne John, CMA, CFM at 404-270-9838 or e-mail shaynejohn@decaturcapital.com

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