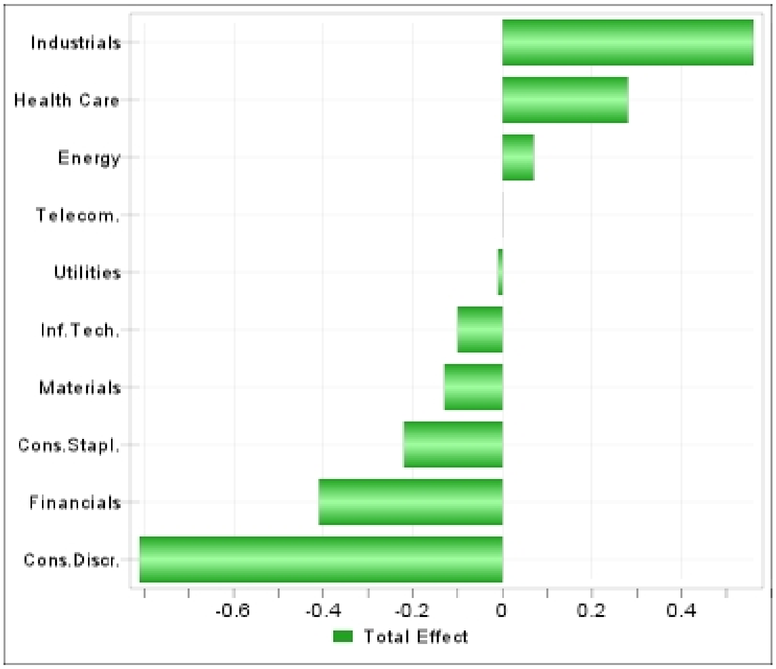
# The View from Decatur - Model MidCap Growth

June 30, 2011

## Decatur Capital MidCap Growth Monthly Sector Attribution




## Performance (Net of Fees)

| | MTD | QTD | YTD |
|---|---|---|---|
| DCM MIDG | -2.05% | -1.31% | 0.81% |
| RMG Index | -1.60% | 1.61% | 3.26% |

*Please note that this is a model portfolio and is not yet funded.*

## Decatur Capital MidCap Growth Model Top Ten Holdings

| Tickers | Company | Weight% |
|---|---|---|
| ERTS | Electronic Arts Inc. | 4.51 |
| CAH | Cardinal Health Inc. | 3.78 |
| DGX | Quest Diagnostics Inc | 3.72 |
| PFG | Principal Financial Group | 3.49 |
| KSU | Kansas City Southern | 3.34 |
| HTZ | Hertz Global Holdings, Inc. | 3.18 |
| ROK | Rockwell Automation Inc | 3.13 |
| GR | Goodrich Corp. | 2.99 |
| PAYX | Paychex, Inc. | 2.96 |
| H | Hyatt Hotels Corporation | 2.86 |
| | Total | 33.96 |

## Strategy

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

**Portfolio Commentary**

The DCM Midcap Growth Portfolio declined, net of fees, **-2.05** % compared to the Russell Midcap Growth Index's TR of **-1.60**% in June, 2011. The Portfolio returned, net of fees, **-1.31**% compared to the Russell Midcap Growth's TR of **+1.61**% for the 2nd quarter 2011.

Equity markets continued to react negatively to soft economic data from Asia, but recovered strongly in the last week of the quarter. We expect muted performance for the next few months until investors are assured that China is not headed for a hard landing. We sold Tractor Supply (TSCO) after it hit valuation targets, and Lorillard (LO) after the FDA took a more aggressive stance in regulating menthol cigarettes.

We purchased a new position in Green Dot (GDOT), the market leader in prepaid cards for the non-banked population. GDOT issues Mastercard/Visa prepaid debit cards (through Synovus Bank) and its own MoneyPak "reloadable" prepaid cards for transactions. We believe that there is a growth opportunity in prepaid cards as US banks are retreating from no-fee checking accounts, and the addressable market is ~80mn consumers. The company sells through 55,000 locations and has over 4.3mn cards activated. GDOT has a close relationship with Wal-Mart (WMT) which owns 5% of GDOT's equity.

GDOT's business model is simple no credit risk. GDOT makes money through fees (reloading fees, interchange fees) and the "float" from investing the cash on each card between the time of loading and actual use by the card-holder. GDOT's operating leverage is attractive - we expect GDOT to generate ~10% net margin on ~ $490mn in 2011 revenues, and 14% margins on ~$1bn in 2014 revenues. EPS estimates are headed higher with '11 consensus at $1.57 from $1.53 over the last 60 days.


***Decatur Capital Management, Inc.***
***250 East Ponce De Leon Avenue, Suite 325***
***Phone: 404-270-9838 Fax: 404-270-9840***
***www.decaturcapital.com***