October 2017

Addressing the topic of "risk" in the midst of an incessant bull market is a bit of a killjoy [cue the sad trombone's three descending notes] but it is especially important during these headier times that our investors understand the lens through which we analyze and manage risk. Definitions of risk can vary from stock volatility to underperformance to high tracking error. For Mar Vista, it is clearly defined as the probability and magnitude of permanent capital loss.

Analyzing Risk

Unless you get lucky and sell to a greater fool, the surest path to permanent capital loss is paying a price that exceeds the value received. We spend an equal amount of time understanding the impact damaging scenarios might have on intrinsic value as we do on the upside in positive scenarios. Only through analyzing a holistic range of potential outcomes are skewed risk-reward opportunities revealed.

Mar Vista's balanced approach certainly does not inoculate us from making analytical or predictive errors; we know that we will be wrong on our fair share of investments. However, if we can anticipate and monitor the key risks, we may also limit their damage. In our experience, the following errors commonly result in permanent capital loss:

Overestimate the durability of competitive advantages
All things being equal, the earnings multiple for a business with only a five-year competitive advantage period should be a fraction of a business with a twenty-year advantage. While both companies may enjoy similar growth over the first five years, the value created in the ensuing fifteen years by the latter company demands a much different valuation. It follows that judging a business' moat and reinvestment opportunities, not near-term earnings trends, are among the most critical, but also difficult, investment factors.

Misjudge management's capital allocation skills
The higher a business' returns on capital and the longer one's investment horizon, the more management's capital deployment strategies will influence per share intrinsic value growth. Warren Buffett gives the simple example that, over a decade, the CEO of a business that retains earnings equal to 10% of book value will be responsible for 60% of all the capital deployed in the business. We spend significant time understanding how capital allocation decisions align with a management's strategy to enhance competitive advantages, not just maximize near-term growth. Still, value-destroying decisions can happen despite management's incentives and best intentions.

Overpay due to shortfalls in unit growth, price and margins
Sometimes, as Forrest Gump would say, "It happens." New products or services may not pan out as projected. Prices or margins fall short of expectations. Capital investments are higher and fail to generate the required returns. Only with hindsight does an investor realize the cash flows required to justify the price paid were overly optimistic.

Incorrectly assess the probability and impact of key macroeconomic factors
A business whose growth depends on external variables, such as interest rates or commodity prices, is inherently riskier than one with more controllable growth drivers, such as margin expansion or market share gains. We know our highest error rate will typically come from predicting the growth of businesses with high correlation to macroeconomic drivers.

Managing Risk

Knowing the potential source of negative surprises means little if the risks are not adequately controlled. Below are highlights of how our process optimizes for reward relative to the risk incurred.

Mandating a discount to fair value provides room for error
Buying stock at a price below our scenario-weighted estimate of fair value should lead to both better returns and reduced losses in the event our projections are too optimistic. The opportunity set for discounted prices varies as optimism or pessimism drives stock prices. Today, we are finding smaller discounts to fair value than is typical.

Position sizes optimize for multiple factors, not just the highest upside
Managing position sizes is critical to controlling risk in high-conviction strategies. Investors commonly put the most capital behind ideas that have the largest upside if their thesis is right. Our approach is different in that we emphasize downside protection as much as upside potential. Multiple factors influence an investment's weight: our edge versus consensus, expected intrinsic value growth, confidence in the size and durability of the moat, and the range of potential outcomes.

Think like private equity investors in the business, not traders of the stock.
We are students of behavioral finance and the common cognitive errors that cause investors to lose sight of rationality. Over the millennia, greed, envy and the fear of missing out ("FOMO") have caused enormous capital destruction. Simple heuristics are poor indicators of value; low multiples do not mean stocks are cheap and high multiples do not mean stocks are expensive. Thinking like owners, not traders, keeps our emotions in check and limits the influence of an irrationally euphoric or depressed market.

Concentrate capital in asymmetric opportunities (heads we win, tails we do not lose much)
We believe the hallmark of successful multi-generational investment managers is superior capital protection in the down markets, not thrilling performance in the bull markets. The power of compounding works against investors on the downside just as it works in their favor on the upside. A manager's outsized returns during a long bull market may provide psychic income but the risk embraced to generate those returns is masked. Investment returns are geometric so many years of terrific returns followed by one nasty year can result in a highly unpleasant outcome.

While identifying durable skill at analyzing and managing risk is difficult, especially in the midst of an extended bull market, the compendium of risk metrics below demonstrates, we believe, the value of Mar Vista's balanced approach to investing:

Risk Statistics

Strategic Growth vs. Russell 1000® Growth Index

		Inception	Peak-to-Peak	5 Years
Risk	Beta	0.84	0.85	0.92
	Standard Deviation	13.4	15.5	7.9
	Std Dev R1000®G	14.7	16.8	8.1
	Down Market Capture (%)	75.5	79.6	85.2
	Up Market Capture (%)	88.4	89.5	96.8
Correlation	Tracking Error	5.79	6.34	2.86
	R Squared	0.85	0.86	0.88
	Correlation Coefficient	0.92	0.93	0.94
Risk/Reward	Alpha	1.85	1.87	0.99
	Information Ratio	0.08	0.09	-0.10
	Sharpe Ratio	0.62	0.62	1.88
	Sharpe Ratio R1000®G	0.53	0.54	1.87
	Sortino Ratio	0.99	0.98	6.25

Strategic Growth vs. S&P 500® Index

		Inception	Peak-to-Peak	5 Years
Risk	Beta	0.89	0.89	0.96
	Standard Deviation	13.4	15.5	7.9
	Std Dev S&P500®	14.3	16.5	7.6
	Down Market Capture (%)	79.8	80.5	82.2
	Up Market Capture (%)	95.1	97.3	102.9
Correlation	Tracking Error	4.45	4.97	3.08
	R Squared	0.90	0.91	0.85
	Correlation Coefficient	0.95	0.95	0.92
Risk/Reward	Alpha	1.95	2.67	1.31
	Information Ratio	0.25	0.39	0.24
	Sharpe Ratio	0.62	0.62	1.88
	Sharpe Ratio S&P500®	0.50	0.47	1.85
	Sortino Ratio	0.99	0.98	6.25

Performance is annualized for periods over 1 year. Peak-to-Peak represents the period from 1/1/08-9/30/17. Past performance is no guarantee of future results. Gross performance is net of all transaction costs and performance results do not reflect the deduction of investment advisory fees. A client's returns will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account. The investment advisory fees are described in Part 2A of Form ADV. Information provided for the periods prior to 12/01/07 represents the performance of accounts managed by Silas Myers and Brian Massey while employed by Roxbury Capital Management, LLC. See full performance disclosure, including a description of the indices on page 21. This information is being provided as supplemental to the Strategic Growth GIPS® compliant presentations. Source: eVestment 10/4/17. Inception date: 12/31/03

Portfolio Changes

We purchased two new businesses during the quarter and had two complete sales.

Buy: First Republic Bank (FRC)

First Republic's unique banking, client service and cultural advantages, as well as substantial share gain opportunities, should drive superior intrinsic value growth over our investment horizon. With a relatively narrow focus on high-touch lending and wealth management services to high net worth households, we believe First Republic's growth runway is longer than the current valuation implies while the risk exposures, primarily credit and interest rate risk, are more muted compared to those of the typical bank.

Jim Herbert, founder and CEO, has imprinted his style and personality on First Republic's culture. The bank's deep customer relationships and deferred incentive compensation remain essential to remarkably low write-offs (cumulative net loan losses of 0.20% since 1985), customer attrition (2% annually vs. 10% for industry) and banker turnover (the originator on 90% of all loans since 1985 is still with the bank). Maintaining these metrics will be critical to future stock performance.

Buy: Dollar Tree (DLTR)

Dollar Tree is a superbly managed single-price-point retailer with over 14,000 stores in the U.S. and Canada. The company delivers value to lower income consumers by selling merchandise at bargain prices in small convenient retail formats. Dollar Tree uses its low-cost operating model and economies of scale to create cost advantages that are difficult for other retailers to replicate. While many retailers are under duress from e-commerce growth, Dollar Tree remains well insulated from its effects. The company's single-price-point products are simply too low to sell online profitably.

Dollar Tree's stock price declined over 25% during the past year due to the controversial acquisition of Family Dollar. Many investors are disappointed with the pace of Family Dollar's financial turnaround. We think integrating assets of Family Dollar's size is a marathon and not a sprint. Under Dollar Tree's ownership, management has appropriately spent the past two years restructuring Family Dollar's operations to create distribution and purchasing synergies for the combined company. Our variant perception is that strong execution at legacy Dollar Tree and operational improvements at Family Dollar can deliver approximately 30% more earnings power over the next three years. We think the combination of proficient capital allocation and inexpensive equity valuation (<13x free cash flow) is a prelude to mid-teen returns over our time horizon.

Sold: TJX Companies (TJX) and Nike (NKE)

The rapid rise in e-commerce is causing generational changes in consumer behavior. As a result, we sold our investments in Nike and TJX Companies. Digital marketplaces are quickly replacing consumers' dependency on physical stores and brands. This shopping revolution is simultaneously disrupting numerous consumer industries. Nike and TJX Companies will be two of the disruption survivors. However, both companies' economic models will be tested over the near-term. The new consumer paradigm and premium valuation motivated us to sell both investments early in the quarter.

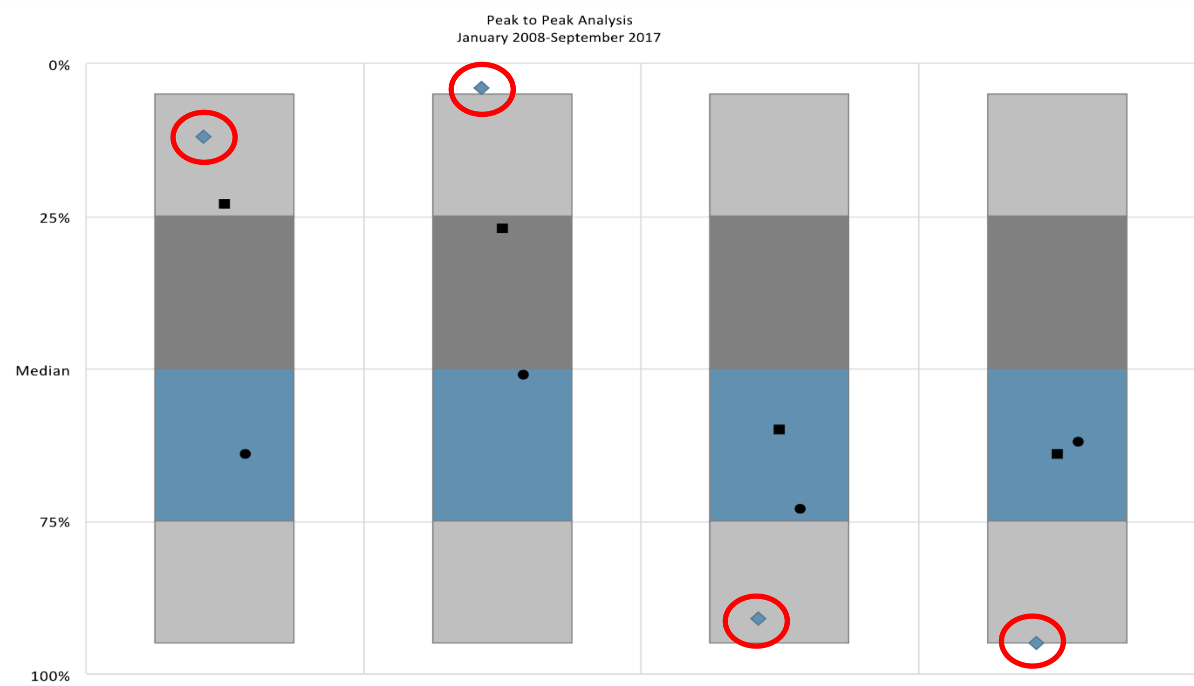
3rd Quarter 2017 and Year-To-Date Results

Mar Vista's Strategic Growth portfolio returned, net of fees, +3.7% for the third quarter and +18.0% for the first nine months of the year. Comparatively, the Russell 1000® Growth Index and S&P 500® Index returned +5.9% and +4.7% for the quarter and are up +20.7% and +14.2% for the year, respectively.

Positive stock selection and outperformance in financials (*Markel, Berkshire Hathaway, Moody's*) and consumer discretionary (*Dollar Tree*) contributed to the quarter's results. Pressuring relative performance was our significant underweight in technology, which was the benchmarks' best performing sector at +9%, and our position in Allergan, which declined by 15%.

Differentiated Pattern of Long-term Outcomes

Judging whether our, or any manager's, returns are due to skill or luck is a challenging task. Over shorter periods, returns are largely a random walk. Over the longer term, the road to positive alpha generation is bumpy and typically marked by extended periods of underperformance. However, a manager's skill should be more evident over a full market cycle, which we would define as "peak-to-peak." The chart below is an unambiguous report card of Mar Vista's peer ranking for each of the key components of our outcomes since the prior market peak: Total Returns, Alpha (returns relative to the level of risk incurred), Beta (volatility relative to the market) and Down Market Capture (measure of protecting capital):



Universe: eVestment US Large Cap Growth Equity

	Returns	Rk	Annualized Alpha[1]	Rk	Beta[1]	Rk	Downside Market Capture[1]	Rk
5th percentile	10.68		1.54		1.22		122.89	
25th percentile	9.29		0.10		1.08		111.83	
Median	8.53		-0.88		1.02		103.57	
75th percentile	7.57		-1.98		0.95		96.12	
95th percentile	5.85		-3.67		0.82		80.20	
# of Observations	173		173		173		173	
Strategic Growth	9.97	12	1.87	4	0.85	91	79.62	95
Russell 1000 Growth	9.41	23	0.00	27	1.00	60	100.00	64
S&P 500	8.01	64	-0.90	51	0.95	73	100.51	62

Results displayed in USD.

[1]Russell 1000 Growth

The risk-return profile over the 9¾ year "peak-to-peak" cycle is consistent with the goals of Mar Vista's process: generate value for our investors (Alpha = +1.87, 4th percentile) through superior compounding of capital (Absolute Annualized Returns = +10.0% gross of fees, 12th percentile) while incurring less risk (Beta = 0.85, 91th percentile) and better capital protection (Down Market Capture = 79.6%, 95th percentile).

Portfolio Outlook

The favorable macro environment is fostering incessant stock appreciation that is largely outpacing the growth of underlying business values and elevated expectations leave little room for disappointment, in our estimate. A broad swath of economic data continues to support a synchronized global economic recovery. Job growth, industrial production and inflation statistics generally remain in the “Goldilocks” zone helping interest rates, credit spreads and volatility remain remarkably subdued and creating a favorable environment for most risk assets.

Over time, the expected returns of our portfolio should reflect two components: (1) the compounding nature of our businesses and (2) the discount we are paying relative to fair value. There will be times when the sentiment pendulum swings towards optimism; portfolio returns exceed the underlying intrinsic value growth, and margins of safety contract. Conversely, fear, skepticism and lower stock prices provide opportunities for both higher expected returns and less risk. Judged by our relatively narrow average margin of safety, or discount to intrinsic value, we think the pendulum sits on the more optimistic side of the scale. The 7% portfolio average discount continues to be at the extreme low end of the last decade and the number of stocks that are trading below our estimate of fair value is smaller than is typical.

Our team claims no special skill in predicting the market’s direction but, in the fullness of time, we believe a patient, high-conviction portfolio comprised of competitively advantaged serial compounders with stock prices that represent an appropriate margin of safety will generate excess risk-adjusted returns. In an environment with growing optimism, we will remain diligent, conservative and patient as we deploy capital within our wide-moat universe.

Mar Vista’s Commitment to Our Investors

Though there are never guarantees in investing results, the Mar Vista team remains committed to the foundations of our success:

- Focus on the process, not the outcomes
- Emphasize capital protection as much as upside potential
- Think like rational business analysts first, not traders of individual stocks
- Identify good capital allocators that think and act like *Outsiders*
- Exploit the manic-depressive nature of Wall Street
- Take concentrated positions when the expected returns relative to the risks are favorable
- Expand our circle of competence and latticework of mental models
- Align our economic incentives with our investors

As always, we appreciate the trust you have instilled in us as stewards of your capital. Our role as fiduciary is paramount to everything we do and open communication about how we are managing your capital is an important part of that responsibility.

Please let us know of any questions, comments or concerns you have. We look forward to the opportunity to discuss our investment philosophy and thoughts with you through these updates, conference calls and personal meetings. You can reach us by phone at 310.917.2800, via email at info@marvistainvestments.com or visit our website at www.marvistainvestments.com.

All the best,
The Mar Vista Investment Team

Strategic Growth Annualized Returns as of September 30, 2017

	Net	S&P 500®	Alpha	R1000®G	Alpha
1 Year	17.3%	18.6%	2.94	22.0%	-2.13
3 Years	11.1%	10.8%	1.75	12.7%	0.40
5 Years	14.7%	14.2%	1.31	15.3%	0.99
10 Years	9.1%	7.4%	2.66	9.1%	1.62
Since Inception	9.1%	8.4%	1.95	9.0%	1.85
"Peak-to-Peak"	9.7%	8.0%.	2.67	9.4%	1.87

** Peak-to-Peak represents returns generated January 1, 2008 through September 30, 2017.*

Focus Annualized Returns as of September 30, 2017

	Net	S&P 500®	Alpha	R1000®G	Alpha
1 Year	17.8%	18.6%	3.17	22.0%	-3.43
3 Years	11.7%	10.8%	1.75	12.7%	0.23
5 Years	14.2%	14.2%	1.31	15.3%	0.48
10 Years	9.1%	7.4%	2.66	9.1%	1.45
Since Inception	10.5%	9.6%	2.29	10.3%	1.90
"Peak-to-Peak"	9.8%	8.0%.	2.88	9.4%	1.87

** Peak-to-Peak represents returns generated January 1, 2008 through September 30, 2017.*

Global Annualized Returns as of September 30, 2017

	Net	MSCI World Net®	Alpha
1 Year	11.4%	18.2%	-6.30
3 Years	6.5%	7.7%	0.95
5 Years	9.2%	11.0%	0.58
Since Inception	10.4%	11.9%	1.25

Investors in Mar Vista's Strategic Growth, Focus or Global strategies acknowledge and agree that (I) any information provided by the Firm is not a recommendation to invest in the strategy and that the Firm is not undertaking to provide any investment advice to the investor (impartial or otherwise), or to give advice to the investor in a fiduciary capacity in connection with an investment in the strategy and, accordingly, no part of any compensation received by the Firm is for the provision of investment advice to the investor and (II) Mar Vista has a financial interest in the investor's investment in the strategy on account of the fees and other compensation the Firm expects to receive from the client.

Mar Vista Investment Partners, LLC, a Delaware limited liability company, offers investment advisory services to individuals, pension and profit sharing plans, trusts, estates, corporations, as well as other institutional clients. For purposes of compliance with GIPS®, Mar Vista has defined itself to not include bundled/WRAP fee accounts in the firm's assets. Mar Vista maintains a complete list and description of firm composites, which is available upon request.

Mar Vista claims compliance with the Global Investment Performance Standards (GIPS®).

The Strategic Growth Composite was created 12/01/07, with an inception date of 12/31/03. All returns are based in U.S. dollars and are computed using a time-weighted total rate of return. The composite is defined to include all fully discretionary, fee paying portfolios with no minimum or maximum account value, managed in accordance with Mar Vista's Strategic Growth strategy, and that paid for execution on a transaction basis. Prior to 1/01/06, the composite was defined to include only taxable portfolios with no minimum or maximum value. One non-fee paying portfolio is included in the composite for the following periods: 0.2% of the composite's assets for year end 2008; 0.1% of the composite's assets for 2009; and 0.1% of the composite's assets for 2010; and 0.1% of the composite's assets for the period ending 9/30/11. Beginning 10/1/11 there are no longer any non-fee paying accounts in the composite. The results in the column marked Net of Fees for the periods 8/01/08 through the present, include a standard management fee applied to any non-fee paying portfolio for performance calculation purposes.

The Focus composite was created 12/01/07, with an inception date of 12/31/02. All returns are based in U.S. dollars and are computed using a time-weighted total rate of return. The composite is defined to include all fully discretionary, fee paying, taxable and tax-exempt portfolios with no minimum or maximum account value, managed in accordance with Mar Vista's Focus strategy, which is a concentrated portfolio invested in 15 to 20 equities, and that paid for execution on a transaction basis. Effective 10/1/05, portfolios with directed commissions were excluded from the composite. Prior to 4/1/04 the composite was defined to include tax-exempt portfolios with a minimum portfolio value of $500,000. From 12/31/02 forward, the composite includes portfolios without restrictions and also portfolios with minor restrictions that affect up to a maximum of 5% of the portfolio's value based on the cost of the restricted securities at the time of purchase by other similarly managed portfolios. One non-fee paying portfolio is included in the composite for the following periods: 16% of the composite's assets for year end 2004; 100% of the composite's assets for year end 2005 and 2006. Three non-fee paying portfolios are included for the following periods: 42% of the composite's assets for year end 2007; 17% of the composite's assets for year end 2008; 19% of the composite's assets for 2009; 0.1% of the composite's assets for 2010; 0.1% of the composite's assets for 2011; 0.1% of the composite's assets for 2012; 0.1% of the composite's assets for 2013; 0.1% of the composite's assets for 2014; 0.1% of the composite's assets for 2015; 0.1% of the composite's assets for 2016; 0.1% of the composite's assets for 3Q 2017. The results in the column marked net of fees for the periods 4/01/04 through the present, include a standard management fee applied to any non-fee paying portfolio for performance calculation purposes.

The primary benchmark is the Russell 1000® Growth Index, defined as an unmanaged, capitalization weighted index of those Russell 1,000 companies with higher price-to-book ratios and higher forecasted growth values. Index returns include dividends and/or interest income and, unlike composite returns, do not reflect fees or expenses. In addition, unlike the composite, which periodically maintains a significant cash position, the Russell 1000® Growth Index is fully invested. Investors cannot directly invest in an index. The secondary benchmark is the S&P 500® Index, defined as an unmanaged, capitalization weighted index of the common stocks of 500 major U.S. corporations. Index returns include dividends and/or interest income and, unlike composite returns, do not reflect fees or expenses. In addition, unlike the composite, which periodically maintains a significant cash position, the S&P 500® Index is fully invested. Investors cannot directly invest in an index. The dispersion in composite returns shown herein was measured using an asset-weighted standard deviation formula. Gross performance is net of all transaction costs, and net performance is net of any transaction costs, applicable performance-based fees and actual management fees, but before any custodial fees. All returns are calculated net of withholding taxes on dividends and interest. Actual results may differ from composite results depending upon the size of the portfolio, investment objectives and restrictions, the amount of transaction and related costs, the inception date of the portfolio and other factors. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The firm's Strategic Growth and Focus fee schedule is as follows: First $25 million – 0.75%; Next $25 million - 0.60%; Next $50 million – 0.50%; Over $100 million - Negotiable. Special circumstances may cause fees to vary from this schedule and Mar Vista reserves the right to negotiate fees with clients. Fees are payable quarterly in arrears or advance based on 1/4th of the annual rate.

The Global Equity composite was created in 2012, with an inception date of 12/31/11. All returns are based in U.S. dollars and are computed using a time-weighted total rate of return. The composite is defined to include all fully discretionary, fee paying, taxable and tax-exempt portfolios with no minimum or maximum account value, managed for at least one month in accordance with Mar Vista's Global Equity strategy, which is a portfolio invested in 15-30 equities, and that paid for execution on a transaction basis. The benchmark is the MSCI World Index. Two non-fee paying portfolios are included in the composite for the following periods: 100% of the composite's assets for 2012; 100% of the composite's assets for 2013; 100% of the composite's assets for 2014; 100% of the composite's assets for 2015; 100% of the composite's assets for 2016; 100% of the composite's assets for 3Q 2017. The results in the column marked Net of Fees for the periods 1/01/12 through the present, include a standard management fee applied to any non-fee paying portfolio for performance calculation purposes. The benchmark is the MSCI World Index, defined as a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. In addition, unlike the composite, which periodically maintains a cash position, the MSCI World Index is fully invested. Investors cannot directly invest in an index. The dispersion in composite returns shown herein was measured using an asset-weighted standard deviation formula. Gross performance is net of all transaction costs, and net performance is net of any transaction costs, applicable performance-based fees and actual management fees, but before any custodial fees. All returns are calculated net of withholding taxes on dividends and interest. Three non-fee paying accounts are net down by the maximum fee. Actual results may differ from composite results depending upon the size of the portfolio, investment objectives and restrictions, the amount of transaction and related costs, the inception date of the portfolio and other factors. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future results. Not FDIC insured, no bank guarantee, may lose value.

A complete list of portfolio holdings and specific securities transactions for the investment strategy during the preceding 12 months, the top contributors and underperformers calculation methodology and a list of every holding's contribution to the overall performance during the period is available upon request and a presentation that complies with GIPS® for each strategy mentioned are available upon request by contacting Mar Vista directly at (310) 917-2800 or by emailing at info@marvistainvestments.com. The securities mentioned in this letter were held in the account of a Strategic Growth client that Mar Vista believes to be representative of the accounts that Mar Vista manages for this investment strategy during the period from June 30, 2017-September 30, 2017. Other Mar Vista clients managed with different investment objectives may hold different securities than those listed. The securities listed in this letter should not be considered a recommendation to purchase or sell any particular security. The reader should not assume that investments in the specific securities identified herein were or will be profitable. Risk data is being provided as supplemental to the Strategic Growth, Focus and Global Equity GIPS® performance presentations, which are available upon request. Past performance is no guarantee of future results. Not FDIC insured, no bank guarantee, may lose value.