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October 12, 2015

Polen Focus Growth
3rd Quarter 2015 Portfolio Commentary

Summary

- *During the third quarter of 2015, our Focus Growth Composite Portfolio (the "Portfolio") returned +0.97% gross of fees. Our positive return was in sharp contrast to the significant market decline during the quarter, with the Russell 1000 Growth and S&P 500 indices (the "Indices") returning -5.29% and -6.44%, respectively.*

- *During the twelve months ended September 30, 2015 the Portfolio returned +18.11% gross of fees, outperforming the Indices by an even wider margin and ranking the Portfolio as the top performer in our peer group*. The Russell 1000 Growth returned +3.17% and the S&P 500 returned -0.61% over the same period.*

- *As many factors have conspired to depress already modest underlying market growth during the trailing year, the strong and persistent earnings growth of our Portfolio has been more readily recognized.*

- *While we have certainly made some good adjustments to the Portfolio during the past year or so and are pleased that several of our highest conviction ideas and largest Portfolio weightings are among our leading contributors, we think the main driver of our significant outperformance during the past year was due to maintaining our investment discipline and focus on the fundamentals, even when the fundamentals did not seem to be driving the market.*

- *We believe that we have been able to outperform with such consistency over our 27-year history because owning a concentrated portfolio of the highest quality growth businesses drives stronger absolute earnings growth than the broader market can structurally deliver over the long term. Strong absolute earnings growth has driven strong absolute and relative returns for the Portfolio.*

Commentary

During the third quarter of 2015, our Focus Growth Composite Portfolio returned +0.97% gross of fees. Our positive return was in sharp contrast to the significant market decline during the quarter, with the Russell 1000 Growth and S&P 500 indices returning -5.29% and -6.44%, respectively. During the twelve months ended September 30, 2015, the Portfolio returned +18.11% gross of fees, outperforming the Indices by an even wider margin and ranking the Portfolio as the top performer in our peer group. The Russell 1000 Growth returned +3.17% and the S&P 500 returned -0.61% over the same period.

* *(eVestment Alliance Large Cap Growth Universe)*

As many factors have conspired to depress already modest underlying market growth during the trailing year the strong and persistent earnings growth of our Portfolio has been more readily recognized. Our firm and our Portfolios are singularly focused on protecting and growing our clients' assets, and we are proud that we have been able to achieve this once again in a period of high stock market volatility and poor industry returns.

The Indices have not posted negative returns in seven years, so it is worth taking the opportunity to provide some perspective on how the market tends to work during shorter periods, especially ones of exuberance, and to focus on why our investment discipline has worked very well over longer periods of time.

Only a little more than a year ago our trailing 3-year relative performance did not look all that impressive. Today, our 3-year relative performance is in the top quintile of our peer group*. We can say with equal confidence that we were neither significantly less smart a few years ago nor significantly smarter now. The market simply goes through cycles where expectations, or "what is working", drives stock prices rather than the fundamentals of the underlying businesses themselves. As the legendary investor Ben Graham said, "In the short run, the market is a voting machine but in the long run, it is a weighing machine." There have been periods - mostly shorter periods - when we have trailed the market, and there will be more, but when viewed in longer periods (i.e. 3-year, 5-year, 7-year) our Portfolio has significantly outperformed the Indices. In fact, on a rolling 3-year basis, the Portfolio has outperformed the Indices approximately 75% of the time; on a rolling 5-year basis, approximately 87% of the time; and on a rolling 7-year (or longer) basis the Portfolio has outperformed the Indices 100% of the time. We believe these powerful statistics demonstrate that it is only over longer periods of time that the earnings power of businesses truly compounds, and then over these longer periods the market eventually "weighs" those earnings appropriately, just as Ben Graham said. In the short term, the market remains a mere voting machine. Earnings growth may be influenced by the economy or an industry cycle, but over time it is easier to see which companies have persistent earnings growth driven by some unique competitive advantage. Our expertise is not in predicting short-term movements in stock prices. We have a discipline of identifying and constructing a portfolio of only the most competitively advantaged businesses with wide open opportunities, and nothing less. We also have the patience that is required to let those companies do what they do – compound earnings and returns, usually for a very long time.

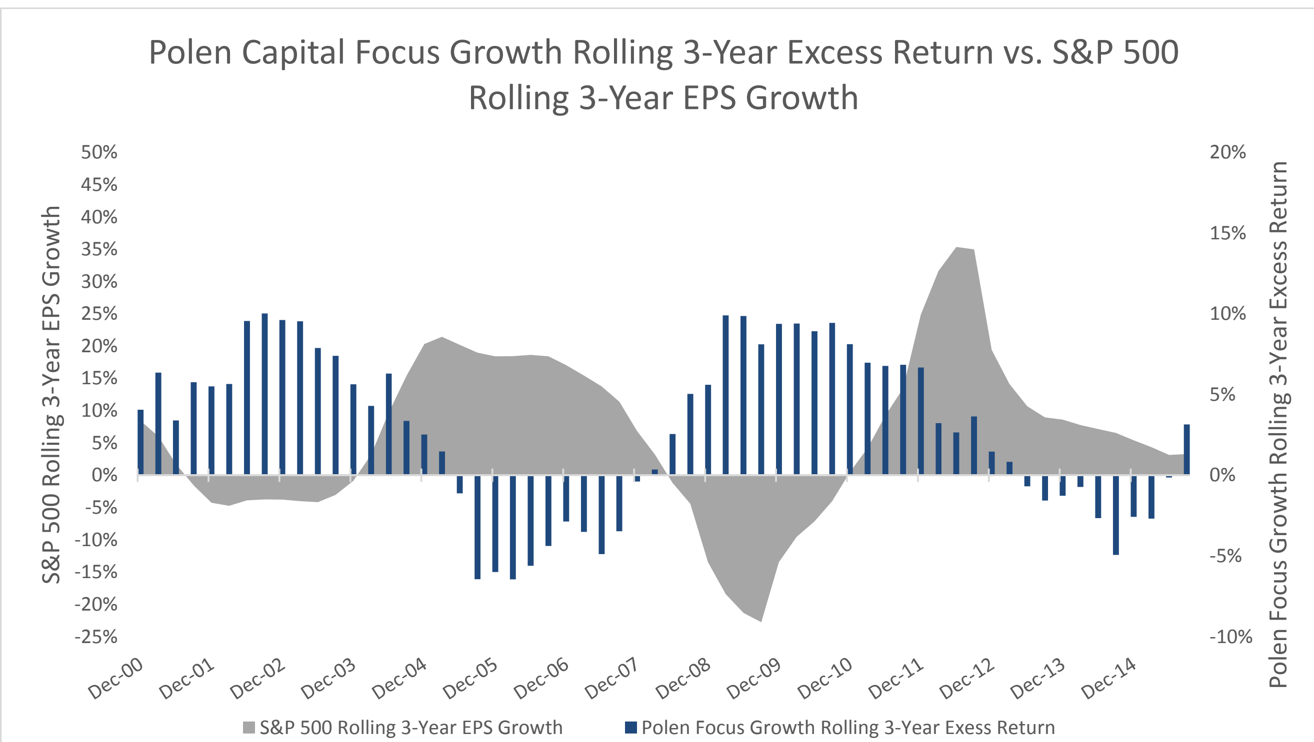
We believe that we have been able to outperform with such consistency over our history because owning a concentrated portfolio of the highest quality growth businesses drives stronger absolute earnings growth than the broader market can structurally deliver over the long-term. Strong absolute earnings growth has in turn driven strong absolute and relative returns for the Portfolio.

Over long periods of time the market typically delivers roughly 6-7% nominal earnings per share growth (highly correlated with nominal GDP growth). Dividends paid and reinvested contribute another 2-3 percentage points which, when added to the earnings growth, total to an annualized return of approximately 9-10% over most long-term time horizons. Since the inception of our product on January 1, 1989, the Russell 1000 Growth and S&P 500 indices have compounded annual returns at 9.67% and 9.87%, respectively. Our Portfolio has compounded a 14.40% annual return gross of fees since inception, driven primarily by consistent and sustained double-digit underlying earnings per share growth, and complemented by a roughly 1% dividend yield and a very small benefit from multiple expansion. In essence, our Portfolio has outperformed so consistently over the long-term because it has sustainably delivered stronger earnings growth than the Indices.

* *(eVestment Alliance Large Cap Growth Universe)*

While the market swings around (sometimes erratically) during shorter periods, we visualize the market compounding annual returns at that 9-10% rate and our Portfolio compounding on a higher plane. We believe a portfolio that is able to sustainably compound earnings per share 12-15% annually over the long-term will outperform the market because the broader market simply cannot deliver that level of earnings growth. This is because “the market” is made up of both exceptional and poor companies, and everything in between, so what you get is more or less a cross section of the economy. Simply stated, by weeding out the average-to-poor companies and only focusing on exceptional businesses with durable advantages and growth, we believe the Portfolio will continue to significantly outperform over longer periods.

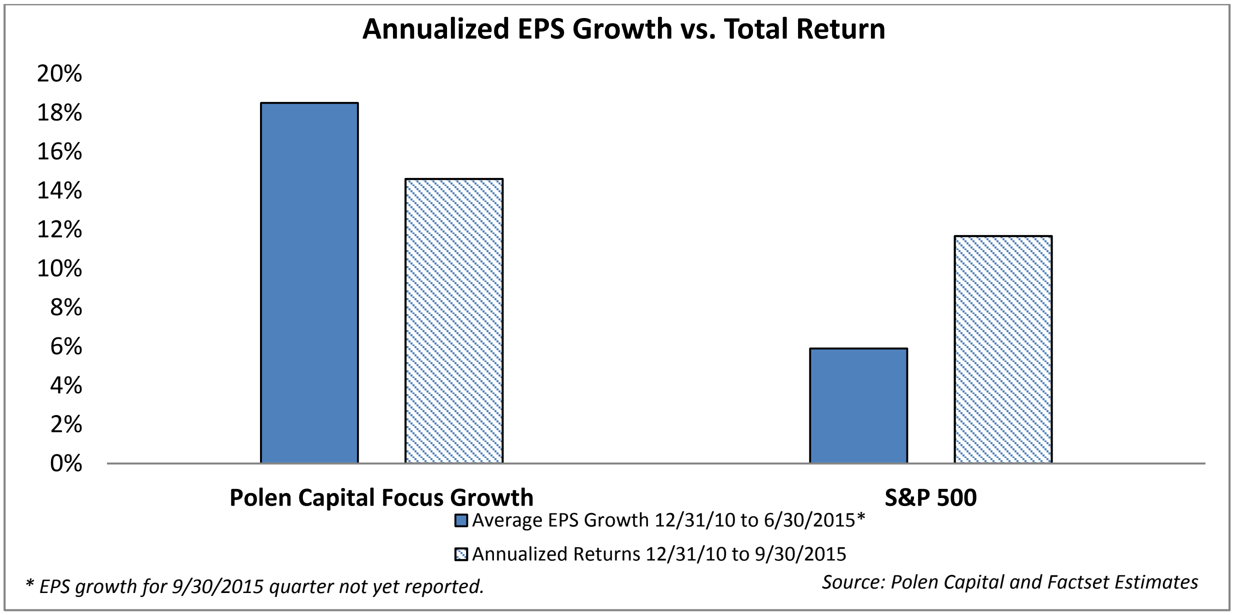
The chart below shows the S&P 500 rolling 3-year earnings per share (EPS) growth set against our Portfolio’s rolling 3-year excess returns during the past fifteen years. Keeping in mind that since inception we have outperformed the S&P 500 about 75% of time on a rolling 3-year basis, you can see that we underperformed the index during periods that followed or coincided with periods of above-average earnings growth for the S&P 500. Most of the time a portfolio sustainably delivering 12-15% EPS growth looks pretty darn good; to us, it almost always looks good. But during periods when people believe that the market or other “trades” will produce even stronger growth, a sort of self-fulfilling cycle begins and works…until it doesn’t. And when it stops working, the underlying business fundamentals are weighed more carefully and valuations return to a more sensible balance, which is why *over time* share price performance closely reflects underlying EPS growth. The S&P 500’s earnings are highly cyclical, with 20%+ EPS growth in economic expansion years and -20% or more EPS declines in recessions. Over time, though, 6-7% is the average. Our Portfolio’s earnings growth has been north of 10% in every year since inception and averages out to approximately 13% over time. We believe many “investors” put too much emphasis on the short-term growth of companies or the market and forget about regression to the mean and the downturns that inevitably happen. By only owning the most financially superior and competitively advantaged businesses, we end up with only businesses that have their own unique demand profiles and can sustain growth regardless of what is going on in the economy or particular industry cycles.



Source: Polen Capital and Standard & Poors

Please reference the supplemental information to the composite performance which accompanies this commentary.

We have noted on many occasions during the past several years that broad market values were rising faster than the underlying fundamentals would support. While our Portfolio managed to keep pace with the rising market due to the continued strong earnings per share growth of our holdings (as seen in the chart below), it was a relatively difficult environment for our Portfolio to outperform the Indices during much of this period given our fundamental focus and strict adherence to only investing in the most financially sound and competitively advantaged businesses. The near zero percent interest rate environment, as described in more detail in our **2014 Mid-Year Investment Perspectives**, favored risk taking and more leveraged businesses, but we remained steadfast in our belief that owning a portfolio of only the highest quality businesses that collectively deliver sustainable mid-teens earnings per share growth will outperform over the longer term.



While we have certainly made some favorable adjustments to the Portfolio during the past year or so, and are pleased that several of our highest conviction ideas and largest Portfolio weightings are among our leading contributors, we think the main driver of our significant outperformance during the past year was due to maintaining our investment discipline and focus on the fundamentals, even when the fundamentals did not seem to be driving the market. We know the underlying earnings growth drives value in the long term and the market eventually gets it right. As we described in the **Fiscal 2015 Polen Growth Fund Annual Letter**, it seems that "investing gravity" has simply taken hold during the past year.

Portfolio Performance & Activity

Google, Nike and Starbucks, all long-term holdings and among our largest positions, were the leading contributors during the quarter. Google (now Alphabet, Inc.) reported strong second quarter results with advertising revenue growth accelerating, margins improving and free cash flow increasing significantly as capital expenditures receded after a period of heavy investment. The new CFO, Ruth Porat, offered several additional insights about desktop and mobile search monetization and the trajectory of YouTube, which helped provide some clarity on the overall health of the core business. She also shared her agenda, which includes greater transparency and strong expense and investment discipline. During the fourth quarter of 2014, Google shares had been lagging the market materially despite continued strong execution by the company. We used the opportunity to raise our position to our largest (roughly an 8.5% weighting) as we felt the tremendous competitive advantages and still excellent growth prospects were significantly underappreciated, with the shares trading at only a slight premium to the average U.S. company. The shares have appreciated approximately 19% since we added to the position, but earnings have also grown by a similar amount (excluding currency changes), so we believe our investment today is just as compelling as it was last year. Today, we have just under a 10% position in Alphabet.

Both Nike and Starbucks have continued to see amazing revenue and earnings growth despite the fact that each is already a large and dominant player in its respective industry. The innovation and consumer experience of both companies are clearly resonating globally. Even in markets with little economic growth (Europe) or decelerating growth (China), Starbucks and Nike are bucking trends and posting strong (and in some cases accelerating) growth.

Abbott Labs, Apple and Oracle were the leading detractors to our return in the quarter. Any company with heavy emerging markets exposure has had a rough go of it in the stock market recently, and with more than half of its revenue generated in emerging markets, Abbott's stock was caught in the downdraft. Currency headwinds from emerging markets are, and will likely continue to be, a headwind for the company, but the constant-currency operations are not only healthy but actually accelerating. We expect the currency issues to neutralize over time, and more importantly Abbott has an extremely stable healthcare franchise.

Apple also came under pressure due to its exposure to the Chinese market, which is currently about 20% of the company's total revenue. We believe Apple possesses a very strong brand and ecosystem in China, and with millions of mobile broadband subscribers being added in the country every year Apple should continue to see robust growth in that market. With a single-digit price-to-earnings multiple excluding cash, Apple continues to be valued as a declining franchise. We do not believe this to be the case.

Oracle is in the midst of a transition toward more of a cloud-based, subscription business model from its traditional on-premise, upfront license-plus-maintenance model. This transition tends to depress revenue and profits in the short term, but adds quite a bit more in the long run. We are still in the early stages of this transition when growth is anemic, but our analysis points to a much higher net present value of a cloud subscription versus an on-premise license, so we continue to hold Oracle for the better times coming. We expect the current fiscal year to be the nadir for revenue growth and profit margins, and twelve months from now there should be significant improvements.

In the third quarter, we did not add any new holdings to the Portfolio and only eliminated one, W.W. Grainger.

We continue to believe Grainger's business has robust long-term growth opportunities and a large competitive advantage, but we believe management's recent capital allocation decisions are sub-optimal. Industrial distribution companies like Grainger have strong economies of scale as they grow. This is a fairly low-margin business with very high fixed costs and, as such, the more volume you can handle allows more revenue to be spread over the same fixed cost base, which increases margins. With only 5% market share in North America and big competitive advantages, we believe Grainger should focus capital allocation and management bandwidth on the North American market. Unfortunately, management seems committed to acquisitions overseas to develop a more global business. We do not believe the national economies of scale for distributors like Grainger extend across oceans. The new business is not spread over the existing infrastructure but instead requires additional infrastructure. This sub-optimal capital allocation, especially at a time of difficult market conditions, made it difficult for us to continue owning Grainger. We determined that we had better places to invest the capital.

We utilized the proceeds of our Grainger sale to increase our weightings in Nestle and ADP, two strong businesses that we had smaller allocations to previously. Both companies have also seen their valuations come down recently, prompting our increased weightings.

Attribution

The top three contributors (Portfolio average weight multiplied by return) for the third quarter of 2015 were Google (1.34%), Nike (0.92%), and Starbucks (0.40%). The three largest detractors were Abbott Labs (-1.09%), Apple (-0.49%) and Oracle (-0.48%).

Investment Team

With the seasoning of our investment team and the addition of Julian Pick to manage our Global Growth strategy, we now have the strongest investment team that we have ever had. We plan to continue to add selectively to the team in the coming years and are also pleased to announce that we have promoted Todd Morris to the newly created role of Director of Research. During the past five years Todd has demonstrated exceptional research skills, a clear understanding of and adherence to our investment discipline, and he has also proven skillful in recruiting and mentoring new members to our team. While the way we operate today will not change meaningfully, we believe it is prudent to have a Director of Research who is focused on managing our process as our team increases in size and continues to research businesses across the globe. We are confident that, with Todd in this role, our team will be even stronger in the future.

Thank you for your interest in Polen Capital and please feel free to contact us with any questions or comments.

Sincerely,

Dan Davidowitz, CIO & Portfolio Manager

Damon Ficklin, Portfolio Manager & Analyst

Historical Performance

Polen Focus Growth Performance Update - September 30, 2015				
	PCM (Gross)	PCM (Net)	R1000G	S&P 500
3Q15	0.97%	0.84%	-5.29%	-6.44%
YTD	7.20%	6.77%	-1.54%	-5.29%
1 Year	18.11%	17.48%	3.17%	-0.61%
3 Years	15.55%	14.91%	13.61%	12.40%
5 Years	16.24%	15.53%	14.47%	13.34%
7 Years	13.67%	12.89%	11.73%	9.75%
10 Years	11.08%	10.27%	8.09%	6.80%
15 Years	7.78%	6.93%	2.20%	3.96%
20 Years	12.10%	11.14%	7.49%	8.14%
25 Years	14.21%	13.17%	9.50%	9.90%
Since Inception (1/1/89)	14.40%	13.34%	9.67%	9.87%

*Returns are trailing through 9/30/15. Annualized returns are presented for periods greater than 1 year.

GIPS Disclosure

Polen Capital Management
Large Capitalization Equity Composite-Annual Disclosure Presentation

		UMA	Firm	Composite Assets		Annual Performance Results					3 Year Standard Deviation**		
Year End	Total (millions)	Assets (millions)	Assets (millions)	U.S. Dollars (millions)	Number of Accounts	Composite Gross	Composite Net	S&P 500	Russell 1000 Growth	Composite Dispersion	PCM Gross	S&P 500	Russell 1000 Growth
2015*	6,235	1,690	4,545	2,212	308	7.20%	6.77%	-5.29%	-1.54%	0.2%	9.78	9.74	10.14
2014	5,366	1,374	3,992	2,019	257	17.58%	16.95%	13.69%	13.05%	0.2%	10.66	9.10	9.73
2013	5,017	1,197	3,820	1,887	256	23.77%	23.05%	32.39%	33.48%	0.3%	11.91	12.11	12.35
2012	4,522	891	3,631	1,571	357	12.43%	11.75%	16.00%	15.26%	0.1%	16.01	15.30	15.88
2011	2,366	562	1,804	596	185	9.03%	8.24%	2.11%	2.64%	0.2%	15.97	18.97	18.01
2010	1,185	322	863	337	129	15.65%	14.69%	15.06%	16.71%	0.2%	20.16	22.16	22.42
2009	624	131	493	235	127	39.73%	38.49%	26.46%	37.21%	0.3%	16.99	19.91	20.01
2008	266	10	256	152	121	-27.82%	-28.43%	-37.00%	-38.44%	0.2%	15.26	15.29	16.63
2007	682	-	682	504	152	10.78%	9.87%	5.49%	11.81%	0.2%	8.36	7.79	8.66
2006	730	-	730	533	224	15.00%	14.05%	15.80%	9.07%	0.1%	7.27	6.92	8.43
2005	1,849	-	1,849	986	430	-0.53%	-1.43%	4.91%	5.26%	0.2%	8.10	9.17	9.67
2004	2,017	-	2,017	1,160	693	8.73%	7.76%	10.88%	6.30%	0.2%	10.09	15.07	15.66
2003	1,617	-	1,617	969	570	17.72%	16.67%	28.68%	29.75%	0.6%	12.98	18.32	22.98
2002	970	-	970	544	420	-6.69%	-7.54%	-22.06%	-27.88%	0.4%	13.15	18.81	25.58
2001	703	-	703	417	305	-4.61%	-5.50%	-11.93%	-20.42%	0.6%	13.58	16.94	25.56
2000	622	-	622	363	239	-3.50%	-4.45%	-9.10%	-22.42%	0.5%	16.52	17.67	23.11
1999	640	-	640	385	233	23.89%	22.63%	21.04%	33.16%	0.6%	18.27	16.76	19.27
1998	418	-	418	266	205	31.61%	30.20%	28.58%	38.71%	0.7%	17.95	16.23	18.15
1997	252	-	252	147	160	37.14%	35.64%	33.36%	30.49%	0.9%	13.17	11.30	12.80
1996	140	-	140	94	125	31.95%	30.43%	22.96%	23.12%	0.7%	10.16	9.72	10.49
1995	70	-	70	46	63	48.08%	46.34%	37.58%	37.18%	1.1%	9.72	8.34	9.26
1994	32	-	32	18	28	10.11%	8.94%	1.32%	2.62%	1.6%			
1993	24	-	24	16	27	13.07%	11.85%	10.08%	2.87%	2.9%			
1992	16	-	16	11	24								

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.
**Performance represents partial period (January 1, 2015 through September 30, 2015), assets and accounts are as of 9/30/15. ** 2015 3 Year Standard Deviation is as of 9/30/15.*

GIPS Disclosure

The Large Capitalization Equity Composite created on January 1, 2006 contains fully discretionary large cap equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against the S&P 500 and the Russell 1000 Growth indices. Polen Capital invests exclusively in a portfolio of high quality large cap and liquid companies.

Polen Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Polen Capital Management has been independently verified by Ashland Partners & Company LLP for the periods April 1, 1992 through December 31, 2014.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Large Capitalization Equity Composite has been examined for the periods April 1, 1992 through December 31, 2014. The verification and performance examination reports are available upon request.
Polen Capital Management is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. In July 2007, the firm was reorganized from an S-corporation into an LLC and changed names from Polen Capital Management, Inc. to Polen Capital Management, LLC.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. As of July 1, 2002, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash outflow of 10% or greater of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite the first full month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request. Past performance is not indicative of future results.
The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The management fee schedule is as follows:
Institutional: Per annum fees for managing accounts are 75 basis points (.75%) on the first $50 Million and 55 basis points (.55%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 150 basis points (1.5%) of the first $500,000 of assets under management and 100 basis points (1.0%) of amounts above $500,000 of assets under management. Actual investment advisory fees incurred by clients may vary.

Past performance is not necessarily indicative of future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross of management fees and have been calculated after the deduction of all transaction costs and commissions. Polen Capital is a SEC registered investment advisor and its investment advisory fees are described in its Form ADV Part 2A. The advisory fees will reduce client's returns. The chart below depicts the effect of a 1% management fee on the growth of one dollar over a 10 year period at 10% (9% after fees) and 20% (19% after fees) assumed rates of return.

The S&P 500® Index is a widely recognized, unmanaged index of 500 common stocks which are generally representative of the U.S. stock market as a whole.
The Russell 1000® Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

The information provided in this document should not be construed as a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain the composite or that the securities sold will not be repurchased. The securities discussed do not represent the composite's entire portfolio. Actual holdings will vary depending on the size of the account, cash flows, and restrictions. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of our past specific recommendations for the last year is available upon request.

Return	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
10%	1.1	1.21	1.33	1.46	1.61	1.71	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.3	1.41	1.54	1.68	1.83	1.99	2.17	2.39
20%	1.2	1.44	1.73	2.07	2.49	2.99	3.58	4.3	5.16	6.19
19%	1.19	1.42	1.69	2.01	2.39	2.84	3.38	4.02	4.79	5.69