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January 19, 2016

Polen Focus Growth
4th Quarter and Full-Year 2015 Commentary

Summary

- *During the fourth quarter of 2015, our Focus Growth Composite Portfolio (the "Portfolio") returned 8.10% gross of fees. The Russell 1000 Growth and S&P 500 indices (the "Indices") returned 7.32% and 7.04%, respectively.*

- *During the full year of 2015, the Portfolio returned 15.88% gross of fees, outperforming the Indices by a wide margin and ranking the Portfolio in the top 1% of our peer group.* The Russell 1000 Growth returned 5.67% and the S&P 500 returned 1.38% over the same period.*

- *As the strong dollar, declining commodity markets and tepid economic growth outside the U.S. (particularly in emerging markets) all weighed on already modest underlying economic growth, it seemed that fundamentals were more in focus during 2015.*

- *Our Portfolio's mid-teens earnings per share growth, despite aforementioned headwinds, clearly contrasted with the sales and earnings decline of the broader market. We calculate that on a trailing 12-month basis nearly half of the companies in the S&P 500 had reported earnings decline during the trailing year.*

- *Broad based strength would be the best way to characterize the performance of our Portfolio during both the fourth quarter and full-year 2015. Nineteen of the twenty-three companies that we owned during the year had share price gains, with roughly half rising more than 10% and a quarter of our holdings appreciating more than 25% in a market that was up modestly.*

- *While our Portfolio has outperformed meaningfully this year, we think it is important to realize that the overall performance of the Portfolio was supported by the underlying earnings growth of the Portfolio holdings and that the fundamental outperformance of our Portfolio versus the broader market was even greater than the outperformance of our investment returns.*

Commentary

During the full year of 2015, our Portfolio returned 15.88% gross of fees, outperforming the Indices by a wide margin and ranking in the top 1% of our peer group.* The Russell 1000 Growth and S&P 500 indices were up 5.67% and 1.38%, respectively, during the year. Our Portfolio also had positive returns every quarter of the year, including the third quarter when the market declined significantly.

*eVestment Alliance Large Cap Growth Universe

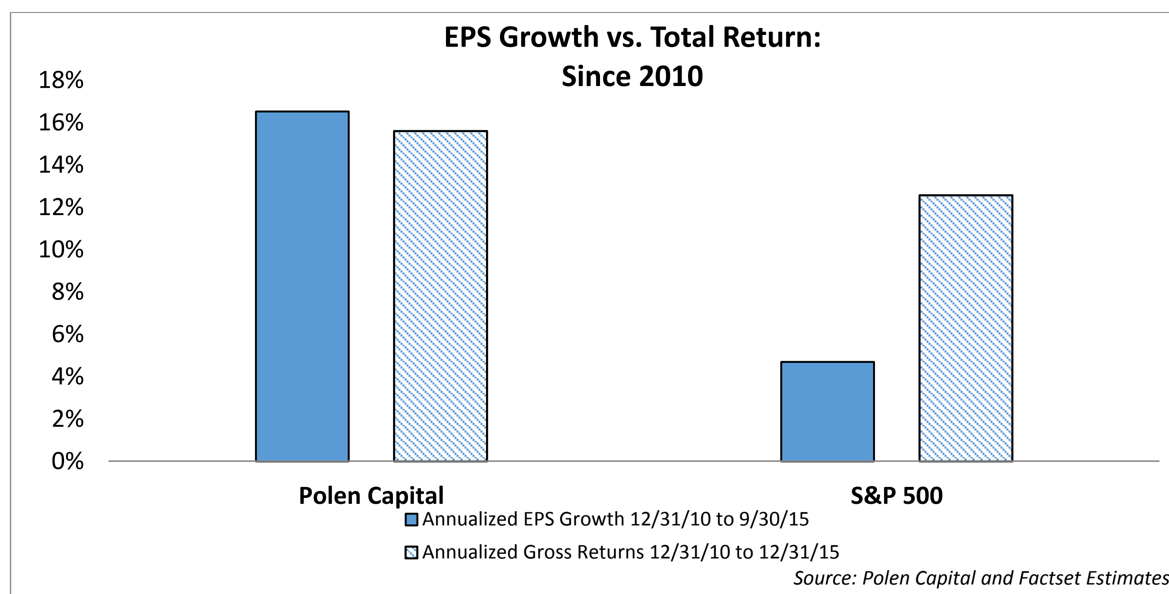
Calendar year 2015 was the seventh straight year of positive market returns, but those gains were modest compared to the strong returns that have been commonplace during most of this period. In fact, were it not for a strong rebound during the fourth quarter, the market would have ended the year down for the first time since 2008. During the fourth quarter, the Russell 1000 Growth and S&P 500 returned 7.32% and 7.04%, respectively. Our Portfolio was up 8.10% during the fourth quarter.

Although the market managed to finish the year in positive territory, 2015 was a distinctly different year than the many years preceding. As the strong dollar, declining commodity markets and tepid economic growth outside the U.S. (particularly in emerging markets) all weighed on already modest underlying economic growth, it seemed that fundamentals were more in focus during the year. That certainly played to our advantage as the mid-teens earnings per share growth of our Portfolio, despite the aforementioned headwinds, clearly contrasted with the sales and earnings *decline* of the broader market. S&P 500 revenues and earnings fell during both the fourth quarter and the full year of 2015 and we calculate that on a trailing 12-month basis nearly half of the companies in the S&P 500 had earnings decline during the trailing year.

At the risk of sounding like a broken record, we believe that we have been able to outperform the market so consistently over our 27-year history because owning a concentrated portfolio of the highest quality growth companies drives stronger absolute earnings growth than the broader market can structurally deliver over the long term. This stronger absolute earnings growth ultimately drives stronger absolute and relative returns.

As described in more detail in our **3rd Quarter 2015 Focus Growth Commentary**, which we would encourage you to read again, the market goes through short-term cycles where "what is working" drives stock prices rather than the earnings growth of the underlying businesses. But *over time* the market, we believe, weighs the underlying earnings and the relationship between earnings growth and returns becomes much clearer. That is why we have consistently done so well over longer time periods and why we tend to do well in years like 2015, when "investing gravity" is taking hold.

We have noted on many occasions during the past several years, probably in the most detail in our **2014 Mid-Year Investment Perspectives**, that the near zero percent interest rate environment favored risk taking and more leveraged businesses and was driving up market values at a rate that was well above underlying earnings growth. As you can see in the chart below, during the past five years the S&P 500 annualized total return of nearly 13% greatly outpaced its underlying earnings growth of roughly 5%. You can also see that our Portfolio has delivered considerably stronger underlying earnings growth, which supported our Portfolio's return over this period. This is a big part of the reason that we have remained confident in our Portfolio's prospects while growing less sanguine about the broader market.



Portfolio Performance & Activity

Broad-based strength would be the best way to characterize the performance of our Portfolio during both the fourth quarter and full-year 2015. Nineteen of the twenty-three companies that we owned during the year had share price gains, with roughly half rising more than 10% and a quarter of our holdings appreciating more than 25% in a market that was up modestly. It also helped that several of our highest conviction investments (largest portfolio weights) were among our top contributors.

The leading contributors for the full year were Alphabet Inc. (formerly Google), Starbucks Corporation and Nike, Inc. Alphabet has been a large position in our Portfolio for many years now. Since our initial investment in April of 2008, Alphabet shares have appreciated more than 200%, or at a roughly 17% compound annual growth rate. The underlying earnings per share have compounded at a very similar annualized rate during that period. Alphabet's earnings growth has waned and strengthened slightly from year to year, affected to some degree by the economy and by new product and investment cycles, but the overall consistency of this business has been notable in our view. While the annualized return has essentially matched the earnings per share growth during our investment, the year-to-year share price appreciation has been much more variable. The shares appreciated modestly during three of the seven full calendar years that we have owned Alphabet (2010, 2011, 2012), they declined one year (2014) and they appreciated significantly during the other three (2009, 2013, 2015). This could be a case study of how the market works. *Over time* the underlying earnings per share, we believe, is the primary driver of return, but from year to year all sorts of factors can influence share prices.

Alphabet was a big winner for us in 2015 because we remained focused on the business and its fundamentals. At the end of 2014, the year that the shares declined, Alphabet was trading at roughly a market multiple despite the fact that it was clearly a much better than average business that had consistently delivered, and we believe will continue to deliver, mid- to high-teens earnings per share growth. Although Alphabet was already a large position in our Portfolio, we took advantage of the share price weakness and made it an even larger position at 8.5% of the portfolio. In 2015, Alphabet's constant currency revenue growth accelerated due to strong mobile search growth (with improving monetization) and the accelerating growth of YouTube, both of which were on top of a stable desktop search business that is still growing. Management has also exhibited good expense and capital spending

discipline, is increasing transparency by separating "Other Bets" from the core Google businesses and announced its first share repurchase plan during the fourth quarter of the year. All of these shareholder- friendly actions and positive results led to strong returns during 2015.

Starbucks and Nike have also been impressive multi-year growth investments for us that had particularly strong years in 2015. We initially invested in Starbucks in July 2010 and the company has compounded earnings per share at greater than 20% per year during that time. Our investment in Starbucks has appreciated even more given our attractive entry point. During Starbucks' fiscal year 2015 (ended September 30, 2015), organic revenues grew in the low double-digits, global comparable store sales increased 7% and earnings per share increased 19% despite heavy investments into people and technology, which is earning a high return on investment and is quickly producing a recognizable benefit. Starbucks same store sales (and traffic growth) accelerated every quarter of the year, rising 8% in the most recently reported quarter. This acceleration and overall level of same store sales growth is impressive, particularly at Starbucks' scale, and it clearly stands out from the crowd. Management also increased its guidance for same store sales growth to be "somewhat above" mid-single digits in fiscal 2016, underscoring its confidence that the strong business momentum is set to continue.

While we have owned Nike previously, we re-initiated our current position in June 2012. During the past 10 years Nike has compounded revenues and earnings per share at roughly 8% and 13%, respectively. Since our investment, Nike has compounded earnings per share at roughly 16%. During Nike's fiscal 2015 (ended May 31, 2015), constant currency revenue and earnings per share increased 14% and 25%, respectively, and growth has been very similar during the first half of fiscal 2016. These statistics paint a clear picture of accelerating growth for Nike, which is why the company's price-to-earnings multiple has expanded and our investment return has outpaced the underlying earnings growth. The company has also demonstrated exceptionally strong pricing power as it is driving (and consumers are demanding) a greater mix of premium priced product. Strong growth from some of its highest margin business like direct-to-consumer retail and China also are driving margin expansion, which we expect to continue. With management reporting 20% constant currency growth in futures orders in the most recently reported quarter, we think business momentum remains strong.

The leading detractors for the full year were Oracle Corporation, Fastenal Company and W.W. Grainger, Inc. We have shared our thoughts on each of these businesses in our prior commentaries as well. The bottom line with Oracle is that the business is in the midst of a transition to selling more cloud-based software. It is not easy or fast to turn a ship of this size, but we believe that Oracle is making notable progress. Cloud revenues have been growing at more than 30% for the past year and are set to accelerate due to even stronger bookings growth. As we have noted before, a cloud subscription produces much less revenue than an on-premise software license sale during the first year, which initially depresses revenue growth and margins. But cloud subscription revenues are larger than maintenance revenues in year two and beyond and as the cloud subscriptions stack up over the years, revenue growth should re-accelerate and margins recover. This transition has weighed on Oracle's shares during 2015, but we continue to believe in the company's longer-term prospects and expect to see improvements in revenue growth and margins in the not-too-distant future.

Grainger and Fastenal also detracted from the Portfolio during the year. These businesses are more economically sensitive than our other holdings and both have grown slower than their historical averages during 2015, owing to the very difficult industrial backdrop. The management teams of all the major businesses in this space have flatly stated that the U.S. industrial market is in a recession. While we take a long-term view and believe that both of these businesses have considerable scale and service advantages over the much smaller regional or mom-and-pop competitors that still dominate this highly

fragmented market, we did not feel that Grainger management was making the best capital allocation decisions or executing as well as we expected. On the other hand, we believe Fastenal management has been doing all of the right things to manage through a tough period and come out the other side even stronger. So we exited our position in Grainger during the year and increased our position in Fastenal slightly. While we are confident in Fastenal for the long-term, our current 3.5% weighting is less than our previous combined weighting as we have not been in a hurry to increase it further given the still tough industrial backdrop.

Portfolio turnover was just above 10% during the entire year, and we did not make any changes to the Portfolio during the fourth quarter. Since we have laid out the reasons that we exited FactSet Research Systems Inc. and Grainger in prior commentaries, as well as the reasons that we added Adobe Systems Inc. and Facebook, Inc. during the year, we are not going to repeat them here. We do think that it is interesting to highlight, however, that we had an outstanding year without making many adjustments to the Portfolio. Furthermore, most of our biggest contributors are businesses that we have owned for many years and that have delivered strong earnings growth year after year. We often express that our investment approach is not to generate returns through trading activity, but rather to identify approximately 20 of the best growth businesses for the next five or more years, make and maintain investments in those businesses for the long-term and let the underlying earnings growth of the portfolio holdings drive our performance over time. 2015 seems to provide a nice proof statement.

Attribution

The top three contributors (Portfolio average weight multiplied by return) for full-year 2015 were Alphabet (3.60%), Starbucks (2.51%), and Nike (1.98%). The three largest detractors were Oracle (-1.05 %), Fastenal (-0.41%) and W.W. Grainger (-0.32%).

The top three contributors for the fourth quarter of 2015 were Alphabet (2.13%), Visa Inc. (0.84%), and Regeneron Pharmaceuticals, Inc. (0.79%). The three largest detractors were Apple Inc. (-0.15%), Nestle S.A. Sponsored ADR (-0.03%) and TJX Companies, Inc. (-0.01%).

Looking Ahead

We spend very little energy trying to predict what the economy, the market or our Portfolio will do over the next 12 months, but we are invariably asked what our "outlook" is for our Portfolio. That question seems to be asked even more frequently after significant periods of outperformance. While our Portfolio has outperformed meaningfully this year, we think it is important to realize that the overall performance of the Portfolio was supported by the underlying earnings growth of the Portfolio holdings and that the *fundamental* outperformance of our Portfolio versus the broader market was even greater than the outperformance of our investment returns. Stated another way, we believe our Portfolio remains reasonably valued. Our Portfolio typically trades at a valuation premium to the market given its stronger and more consistent growth profile and our current valuation premium remains within our historical range, albeit at the higher end of that range.

While it would seem quite natural to think that it may be difficult for a portfolio that has outperformed by more than 1,000 basis points to continue to outperform going forward, we would submit that it really depends on why you have outperformed. If the outperformance was due to holding a portfolio of stocks that had risen to speculative and unsustainable levels, then that line of thought is quite sound. That is not, however, how we would characterize our outperformance in 2015 or prior periods of significant outperformance. While one could argue that a couple of our holdings are trading at slightly above average valuations, we do not invest in the speculative class of securities.

When we have outperformed by a significant amount (1,000+ basis points during a one year period), it has typically been due to the strong fundamental earnings growth of our Portfolio providing ballast during a period of more moderate corporate earnings growth. This is what occurred in 1990, 2000-02, 2008 and again in 2015. When we look back at performance immediately *after* the rolling 1-year periods that our Portfolio outperformed by 1,000+ basis points, we find that we *outperformed* in the subsequent 1- and 3-year periods approximately 60% and 75% of the time, respectively. This is not a complete surprise to us given that since inception we have outperformed the Indices roughly 60% and 75% of *all* 1- and 3-year rolling periods, respectively. It does, however, show that our strongest 1-year periods of outperformance have not impaired our ability to outperform during subsequent years. We believe this is because our Portfolio is outperforming for fundamental earnings-driven reasons, rather than speculative stock market reasons. We will certainly underperform again at some point, and it may well be soon, but we do not think it is correct to assume that our strong past performance is necessarily indicative of poor future returns.

When we think about the strength of the businesses that we own, the earnings growth that we expect them to deliver and the overall valuation of our Portfolio, we feel good about our prospects during the next several years. Strong earnings growth has been the driver of our Portfolio's strong absolute and relative returns during the past 27 years and we expect that to remain the case long into 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

The commentary is not intended as a guarantee of profitable outcomes. Any forward-looking statements are based on certain expectations and assumptions that are susceptible to changes in circumstances.

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

Historical Performance

Polen Focus Growth Monthly Performance Update - December 31, 2015				
	PCM (Gross)	PCM (Net)	R1000G	S&P 500
4Q15	8.10%	7.96%	7.32%	7.04%
1 Year	15.88%	15.26%	5.67%	1.38%
3 Years	19.03%	18.37%	16.83%	15.13%
5 Years	15.63%	14.94%	13.53%	12.57%
7 Years	18.80%	18.01%	17.11%	14.81%
10 Years	11.88%	11.07%	8.53%	7.31%
15 Years	8.67%	7.82%	4.33%	5.00%
20 Years	12.15%	11.20%	7.63%	8.19%
25 Years	14.03%	12.99%	9.35%	9.82%
Since Inception (1/1/89)	14.59%	13.53%	9.86%	10.05%

*Returns are trailing through 12/31/15. 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	7,451	2,125	5,326	2,469	352	15.88%	15.26%	1.38%	5.67%	0.2%	10.92	10.62	10.85
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.

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