POLEN | CAPITAL

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July 18, 2016

Polen Focus Growth
2nd Quarter 2016 Commentary

Summary

- *During the second quarter of 2016, the Polen Focus Growth Composite Portfolio (the "Portfolio") returned -2.62% gross of fees. The Russell 1000 Growth and S&P 500 indices (the "Indices") returned 0.61% and 2.46%, respectively.*

- *The market has been basically flat for the past year and a half now with periodic bouts of volatility (swoons and recoveries). Given the strong preceding returns that followed the financial crisis and greatly outpaced the underlying earnings growth during that period, we are not surprised to see the market going sideways and consolidating a bit.*

- *We believe that most investors' approach is to create returns through their activity. We take great comfort in the fact that we are not trying to time the market or speculate in any way and we hope that you do too.*

- *We think it is important to realize that short-term market movements tell you a lot more about what people are thinking and what they are doing to create returns than what the underlying fundamentals support or what is actually going to produce the best return over time.*

- *Although it has been a more macro-driven environment since the financial crisis, which is not the best environment for our fundamentally driven strategy, we have managed to outperform by owning the best growth companies for the long-term.*

Commentary

During the second quarter of 2016, our Portfolio returned -2.62% gross of fees. The Russell 1000 Growth and S&P 500 indices returned 0.61% and 2.46%, respectively. While not customary, this is not the first quarter that our Portfolio has declined while the Indices rose and it's not likely to be the last. The surprise vote for Britain to exit the European Union sparked a precipitous decline late in the quarter, but the market quickly recovered and finished up modestly for the full quarter. The market reaction to Brexit was not all that dissimilar to the reaction to slowing growth in China at the beginning of the year, although that decline was a little deeper and the recovery took a little longer. Widening the lens a bit, the market has been basically flat for the past year and a half now with periodic bouts of volatility (swoons and recoveries). Given the strong preceding returns that followed the financial crisis and greatly outpaced the underlying earnings growth during that period, we are not surprised to see the market going sideways and consolidating a bit. Unfortunately, this type of environment can invite greater uncertainty, which tends to incite even more trading activity.

We believe that most investors' approach, whether they admit it to themselves or not, is to create returns through their activity. They try to divine the direction of the market or identify the investment themes or individual investment ideas that they believe will generate the highest returns in the coming year or perhaps an even shorter time period. While events like slowing growth in China or Brexit probably have very modest fundamental impact over any meaningful period, the markets often react strongly as many market participants reevaluate their views on the direction of the market or what trades they think are going to produce the best near-term returns and they reposition their portfolios in order to take advantage of their new views. When the market does not continue to support their new views, they revert back to their original views or create even newer views that they then act upon. It is this very behavior that causes the market to fluctuate. If this sounds more like trading or speculating than investing, that's because it is. While it is quite possible to get it right from time to time, whether by luck or by skill, we believe that setting up an investment practice with the goal of correctly predicting the market's direction and picking the themes that are going to work the best in that hypothesized environment makes you very vulnerable to the whims of the market.

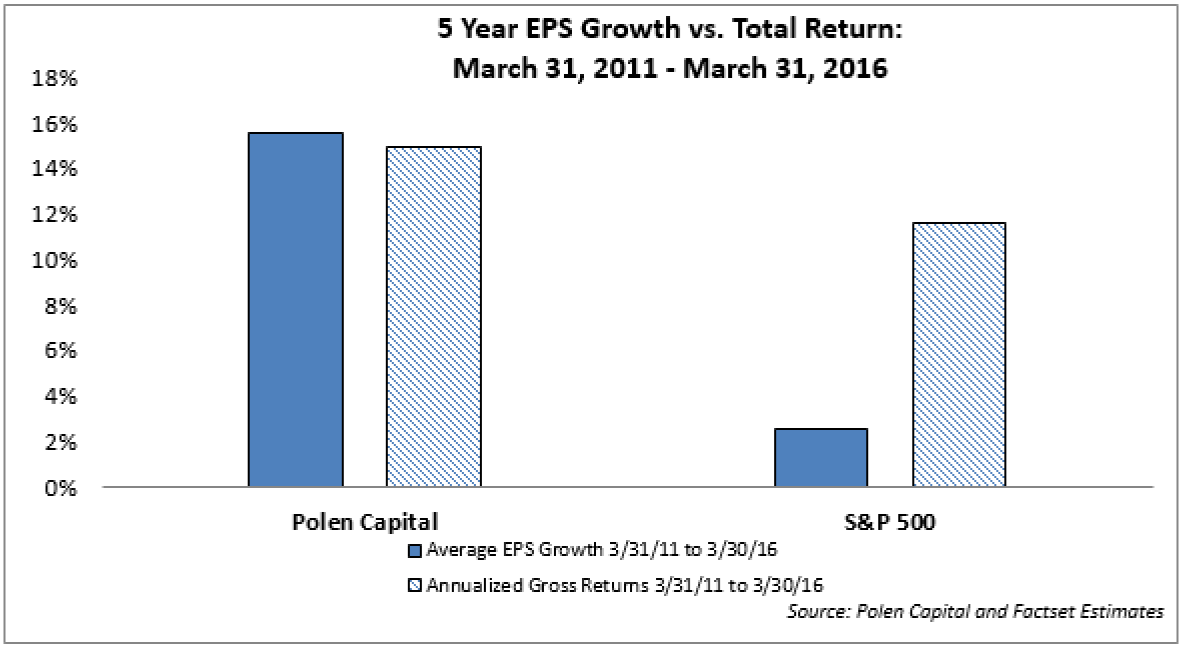
We take great comfort in the fact that we are not trying to time the market or speculate in any way and we hope that you do too. We have a disciplined process designed to study great businesses, to identify and invest in about twenty of the best of the best, and to own them for the long term. We have actually structured our investment discipline to prevent us from doing the wrong things. While our short-term results can and will be out of step with the market during shorter periods, for better or for worse, that is because we are investing for the long-term and we maintain an investor perspective even when other factors are driving the market. We have a clear investment discipline and a clear compass, and we only need to make modest adjustments most of the time.

Year to date it seems that many believe that selling the stocks that have performed the best recently and buying those that have lagged is going to produce the best near-term results and enough have made that trade to make it true, for a time. If you are trying to generate short-term returns in a sideways market, there is certainly some logic to that thinking. The fact that energy and utilities were the best performing sectors and telecom companies were among the leading contributors during the quarter illustrates the point. These commoditized, highly regulated, capital-intensive businesses are simply not the best growth businesses and they do not make our cut.

Given that we owned so many of the best performers during 2015 and we continue to own them, this has been a relative performance headwind for us so far in 2016. The significant share price decline of our biotech holdings on pricing concerns has also been a meaningful headwind. We think it is important to realize, however, that short-term market movements tell you a lot more about what people are thinking and what they are doing to create returns than what the underlying fundamentals support or what is actually going to produce the best return over time. Unlike most, we don't try to predict what is going to happen near-term and we certainly do not try to create our returns through activity. We believe that we will outperform the market *over time* by identifying the best growth companies, paying fair values for those businesses, maintaining our investments like a true investor and letting the businesses compound earnings. This has been our belief since inception and sticking to it is what has produced the exceptional results.

Although it has been a more macro-driven environment since the financial crisis, which is not the best environment for our fundamentally driven strategy, we have managed to outperform by owning the best growth companies for the long-term. As you can see in the chart below, our Portfolio's mid-teens earnings per share growth has greatly exceeded the market's growth and has fully supported the strong performance of our Portfolio. While there have not been many down periods since the financial crisis in

2008, our downside capture ranks in the top quintile of our peer group during the trailing year and the top decile over the trailing 3-year, 5-year, 7-year and all longer time periods.



Portfolio Performance & Activity

The leading contributors to the Portfolio during the quarter were **Gartner, Inc.**, **Nestlé S.A.** and **Align Technology, Inc.** The only notable theme behind these particular holdings is that they are either very small benchmark weights or not included in our benchmark indices at all. In that sense, they are pure active share investments in our Portfolio. Each company delivered solid results and outperformed the Indices during the quarter to our benefit.

Gartner reported its fiscal first quarter 2016 results in May and they were stronger than expected across all key metrics, prompting management to raise its guidance for the full fiscal year. Revenues were up 21% in constant currency. Gartner's smaller Events business saw significant growth due to a bolus of events during the quarter and acquisitions lifted overall revenue growth a bit as well, but the core Research business revenues were up a solid 14% organically. Total contract value was up 14% in constant currency too, indicating that there is strong and steady growth to come. Gartner's operating margins also improved, driving very strong earnings per share growth during the quarter. Management now expects earnings per share to grow about 16% for the fiscal year. Gartner is the world's leading Information Technology research and advisory company and we think its value proposition is only getting stronger as businesses seek the insights needed to intelligently implement cloud, digital and mobile capabilities. We think the company is exceptionally well positioned and, given its still modest market penetration, we believe it has a very long runway of strong, profitable growth ahead.

Nestlé continues to deliver very respectable results in a difficult global environment. Organic sales growth was about 4% during the most recent quarter, driven by 5.6% growth in emerging markets and 2.5% growth in developed markets. While this is slightly below management's aspiration of 5-6%

organic sales growth, the company is gaining share in most categories. Moreover, volume growth of 3% was an acceleration from prior quarters and accounted for the majority of Nestlé's organic growth, which we think is healthy. Modest price growth is a key reason that revenue growth is currently below management's long-term aspiration, but realizing even 1% price gains in the low inflation or even deflationary environment in many regions speaks to the strength of Nestlé's brands. Management has also made real progress recently improving the performance in North American frozen foods, an area that has been underperforming for a while. While there are always going to be a few products or geographies that are not firing on all cylinders when you sell roughly 8,000 products into 200 countries, we appreciate management's proven ability to take a long-term view and patiently execute when those businesses can be fixed. Nestlé is never going to be the fastest grower in our Portfolio, but it plays a role and we believe it continues to play that role well.

Align Technology, Inc. is a recent addition to the Portfolio. We highlighted our initial purchase and some key thoughts on the business in our **1st Quarter 2016 Focus Growth Commentary**. We think the company's invisible orthodontics product, Invisalign, is better than traditional braces and ripe for significant growth in the coming years. Invisalign is a well-recognized brand that consumers ask for by name and despite the fact that it is already the dominant invisible orthodontic solution it is only used in about 10% of the cases that it can treat. The addressable market also continues to expand as management introduces new technology innovations. Clear aligner shipments were up more than 25% in the most recently reported quarter with international shipments up 34%. Excluding the impact of currency and the additional aligner policy put in place last year, earnings per share increased about 30%. The additional aligner policy allows dentists and orthodontists to make final treatment adjustments (add a few aligners) at no additional cost to them or the patient. This requires additional revenues to be deferred rather than recognized, but it is a very customer friendly policy that makes a lot of business sense as well. We've only owned Align for a short while, but all signs are positive that the business is right on the track that we expected. We think this business can be multiples larger over time.

The leading detractors from the Portfolio during the quarter were **Alphabet Inc.**, **NIKE, Inc.** and **Apple Inc.** With regards to Alphabet and NIKE, both stocks have given back a little bit of the strong gains realized during 2015. From a fundamental standpoint, Alphabet continues to do very well. Total revenues were up 23% in constant currency with search growing even faster. Earnings per growth of 16% was negatively impacted by some non-operating items (lower gains on marketable securities, etc.), but operating income increased 21% despite significant ongoing investments in people and R&D. In our **4th Quarter and Full-Year 2015 Focus Growth Commentary** we chronicled the business and stock performance of Alphabet (previously Google) since our original investment in early 2008. Despite the consistency of the business, the company's share price appreciation has varied widely by year. There has been no meaningful change in the business's competitive position or growth trajectory this year and at less than 18x 2016 earnings, excluding excess cash, we think Alphabet is very attractively valued. It remains our largest position.

NIKE continues to deliver solid results as well. Revenue and earnings per share were up 12% and 17%, respectively, for the just completed fiscal 2016. Resetting its North American inventory has caused revenue growth to temporarily decelerate in the company's largest geography, but overall revenue was still up 9% in constant currency during the fiscal fourth quarter of 2016 demonstrating the breadth of NIKE's strength. Management said that excluding the inventory reset, North America would have grown mid-single digits, which is roughly in line with the overall market growth. NIKE has been growing faster than the market, but key competitors have been doing better in the U.S. recently and NIKE is cycling strong share gains in the prior year. With NIKE.com growing 40% in North America during the quarter and North America futures up 6%, the business remains quite healthy. All other key geographies, including China, Western Europe and Emerging Markets, delivered strong results. Overall futures were up 11% in constant currency and management maintained its full-year fiscal 2017 guidance.

Apple's most recently reported results are not likely to inspire, but given the strong influence that iPhone product cycles now have on year-over-year growth rates, we think it's more informative to look at the company's rolling 2-year growth rates. Despite reporting a 13% revenue decline in the most recently reported quarter, the company's 2-year revenue growth was about 8%. While this 8% growth rate is a deceleration versus prior growth rates, that is to be expected for a company of Apple's scale. Our investment thesis on Apple is that with high single-digit returns from dividends and share buybacks you really only need low-single digit revenue growth and stable margins to produce a double-digit investment return. While the growing product cyclicality of this business makes the year-to-year results more variable than we'd like, we do believe the franchise's stable, repeat customer base will provide a solid investment return over time.

We had very little activity in the Portfolio during the second quarter. In fact, turnover has only been about 5.5% year to date, which is very similar to the lower than average turnover that we had in 2015. This has largely been a function of being pleased with the positioning of the Portfolio and how the individual companies are performing and also consistent with the fact that we maintain a long-term investor perspective.

The two adjustments that we made during the second quarter were selling our remaining position in **Abbott Laboratories** and adding to our position in **Facebook, Inc. Class A**. We trimmed our position in Abbott a couple of times during the first quarter because we had some concerns regarding near-term growth prospects and we thought it was a good source of cash for other investment ideas. During the second quarter, management announced a $25 billion acquisition of St. Jude Medical that raised new concerns. We thought this acquisition was a pretty meaningful pivot in the strategy that management has been pursuing for several years now: buying more consumer-branded businesses with stronger long-term growth potential. While we have a lot of respect for this management team, from our point of view they took on considerable leverage to acquire a business that is going to decrease the company's long-term growth rate. We were not willing to stretch our leverage limits for a deal that seems neutral *at best* from a strategic point of view when we have more compelling places to invest capital.

We added to our position in Facebook during the quarter. The business continues to deliver exceptionally strong results and we decided that it should be a larger weight in the Portfolio. Ad revenues were up more than 60% in its most recently reported quarter, driven primarily by a 50% increase in impressions due to strong user growth, increasing engagement and a higher ad load. Ad pricing also increased about 5%. In addition to the strong revenue growth, operating margins were well above expectations on lower than expected expense growth. Even if top line growth decelerates through the remainder of this year and expenses increase (management has maintained its full-year expense guidance despite spending less in the first quarter), revenue and earnings per share are likely to grow more than 40% and 50%, respectively, during the year. The business is clearly in high-gear and is one of the winning platforms in the digital economy.

Attribution

The top three contributors (Portfolio average weight multiplied by return) for the second quarter of 2016 were Gartner, Inc. (0.30%), Nestlé S.A. (0.27%), and Align Technology, Inc. (0.16%). The three largest detractors were Alphabet Inc. Class A & C (-0.78 %), NIKE, Inc. Class B (-0.68%) and Apple Inc. (-0.43%).

Overall, we continue to be pleased with the underlying performance of the Portfolio, which continues to deliver double-digit earnings per share growth. While some of our strongest performing stocks during the past year or so have taken a breather or given back some gains recently, the underlying businesses continue to deliver strong fundamental results and are very reasonably valued. The market simply ebbs and flows during short periods. We wouldn't expect anything different in what has essentially been a sideways market for about a year and a half now. Our Portfolio is well positioned to continue to deliver strong ongoing earnings per share growth despite the challenged global macro environment. We believe this is the key long-term driver of performance.

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

Sincerely,

Dan Davidowitz & Damon Ficklin

Historical Performance

Polen Focus Growth Performance Update - June 30, 2016				
	Polen (Gross)	Polen (Net)	R1000G	S&P 500
2Q16	-2.62%	-2.77%	0.61%	2.46%
YTD	-2.60%	-2.87%	1.36%	3.84%
1 Year	6.31%	5.74%	3.02%	3.99%
3 Years	16.45%	15.81%	13.07%	11.66%
5 Years	13.35%	12.69%	12.35%	12.10%
7 Years	16.34%	15.59%	15.52%	14.92%
10 Years	11.72%	10.93%	8.78%	7.42%
15 Years	8.91%	8.08%	5.50%	5.75%
20 Years	11.31%	10.38%	7.09%	7.87%
25 Years	13.26%	12.24%	8.73%	9.40%
Since Inception (1/1/89)	14.20%	13.15%	9.73%	10.01%

*Returns are trailing through 06/30/16. 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
2016*	9,345	2,982	6,363	2,955	404	-2.60%	-2.87%	3.84%	1.36%	0.1%	11.67	11.25	11.75
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%	0.1%	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, 2016 through June 30, 2016), assets and accounts are as of 6/30/16. ** 2Q16 3 Year Standard Deviation is as of 6/30/16.*

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. From July 1, 2002 through April 30, 2016, 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 does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross and net 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