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Polen Focus Growth Portfolio
First Quarter 2017 Commentary

Summary

- *During the first quarter of 2017, the Polen Focus Growth Composite Portfolio (the "Portfolio") returned 9.23% gross of fees. The Russell 1000 Growth and the S&P 500 indices (the "Indices") returned 8.91% and 6.07%, respectively.*

- *The beginning of 2017 saw market leadership return to many of the sectors that were notable laggards in the fourth quarter and full year 2016. These included many areas where we have substantial exposure such as the healthcare, technology and consumer sectors.*

- *Share price performance has better tracked fundamental earnings growth so far in 2017 as compared to 2016, but after only one quarter it may be too soon to conclude that the "market" is now focused on fundamentals.*

- *Since the Financial Crisis, equity returns have been strong and highly correlated, with little dispersion. The same is true for valuations. In addition, volatility is at multi-year lows. These characteristics in combination are concerning, as it indicates a degree of complacency in the market. It doesn't seem to us that market risks are currently lower and we think that forward equity market returns are at risk if not backed up by real earnings growth.*

- *Our Portfolio's earnings grew at nearly 19% in 2016, a significant acceleration from 2015 and well above the nearly flat result for the broader market as measured by the S&P 500. In 2017, we expect S&P earnings to rebound as cyclical industries improve from highly depressed levels and some modest improvement in the broader economy provides added lift. We expect our Portfolio to again meet or exceed our long-term, mid-teens earnings growth target.*

Commentary

During the first quarter of 2017, the Polen Focus Growth Composite Portfolio (the "Portfolio") returned 9.23% gross of fees. The Russell 1000 Growth and the S&P 500 indices (the "Indices") returned 8.91% and 6.07%, respectively. The beginning of 2017 saw market leadership return to many of the sectors that were notable laggards in the fourth quarter and full year 2016. These included many areas where we have substantial exposure such as the healthcare, technology and consumer sectors. In our last quarterly commentary, we discussed the two sector rotations that occurred during 2016 that proved to be substantial headwinds to our absolute and relative performance. So far in 2017, share price performance has better tracked the fundamental earnings growth as compared to 2016, but we wouldn't conclude after one quarter that the "market" is now focused on fundamentals, especially as company size and style seemed to have a big impact on first quarter returns (i.e. large cap stocks outperformed mid and small cap and growth indices significantly outpaced value). That said, our

Portfolio's fundamental earnings growth and share price performance year-to-date reflects broad-based strength.

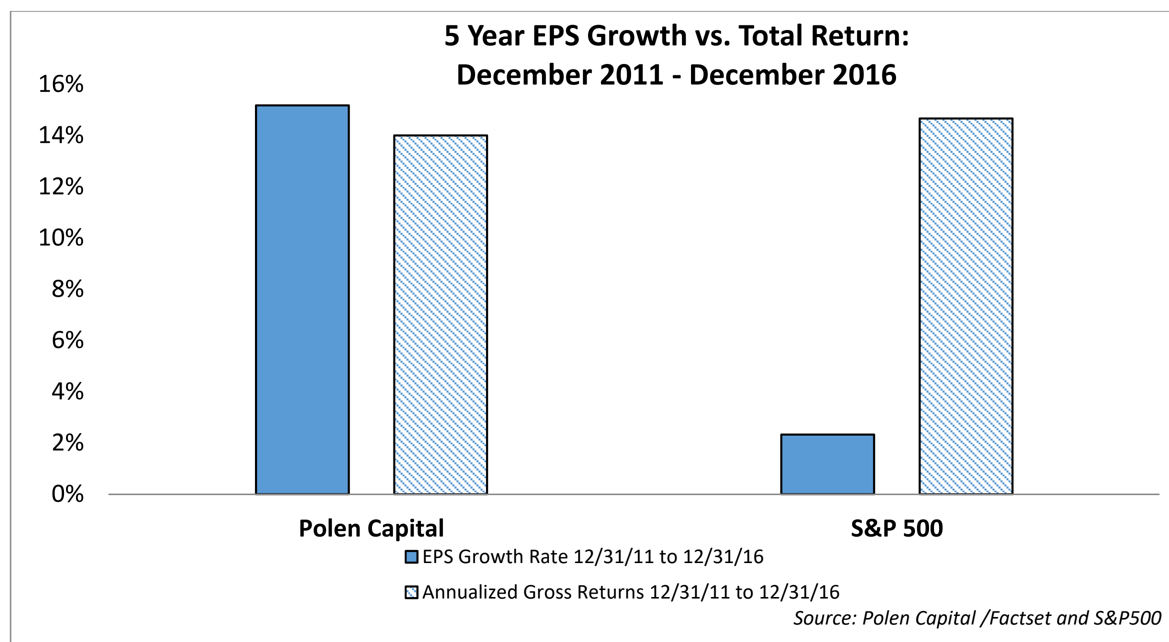
Looking back over the longer horizon, we have seen some interesting dynamics that we think are worth pointing out. First, we have seen overall volatility in the market come way down. Whether you look at an index like the VIX or to the standard deviation of the S&P 500 return, the story is the same. Volatility has come way, way down. We have noticed the same of our Portfolio. Another interesting point is the beta of our Portfolio which is typically much lower than the S&P 500 (0.72 since inception) has been creeping up over the years to nearly 1.0 today. This wouldn't be surprising if we had changed the way we invest over time, but this is not the case. We have not changed our high hurdles at all, we have not changed portfolio construction, nor the types of business we invest in. In fact, the Portfolio's financial characteristics such as debt to total capital, free cash flow to earnings, return on equity, long-term earnings growth and valuation metrics are all essentially in line with our long-term history. Our number of holdings and concentration are also similar to our long history, and if anything, portfolio turnover is slightly lower. Also, our relative rankings (versus our peers) on all volatility metrics remain similar to the long-term rankings. We don't think we have changed, but the market has. In fact, we have seen something like this happen before. In the late 1990s our Portfolio's beta was actually 1.04. The bull market of the 1990s was a period of sustained positive equity returns that had decoupled from the underlying fundamentals (at least in some specific parts of the market like technology and other growth stocks). But eventually the "gravity" of earnings came calling and the tech bubble burst. Despite our relatively high beta, the Polen Focus Growth Portfolio protected significant capital due to our disciplined process of only investing in the companies with big balance sheets, wide moats, and persistent earnings growth at acceptable prices. Intriguingly, back then the standard deviation of the S&P 500 was also very low just like it is now, belying the volatility that was soon to come.

Since the Financial Crisis more than eight years ago stocks have been marching persistently upward. Simply looking at the Morningstar 5-year returns by size and style we can see that every single category has appreciated at a double-digit annualized rate for the last five years. U.S. Midcap Value was the best performing asset class with a 16.06% annualized return while U.S. Midcap Growth was the worst with a still impressive 10.93% annualized return. The S&P 500 returned 13.30%. When you drill down by sector you see almost the same thing with all but one sector posting double-digit annualized returns over the last five years. The only real laggard was the energy sector, which still managed to eke out a roughly 2% annualized return even though that sector hit a virtual depression in the middle of the period!

This high correlation of 5-year returns has been coupled with low volatility and little dispersion. Statistics from S&P suggest that volatility and dispersion are at the lowest point in at least ten years. This means that overall stocks are moving up more closely together with less differentiation regardless of earnings growth, company stability, financial strength or valuation. Of course, strong returns are only a problem if they are not supported by strong fundamentals. This is what concerns us. The S&P's 13.30% annualized return occurred during a 5-year period when earnings growth was only about 2.3% annualized and the dividend yield was about the same. We believe this decoupling of returns from fundamentals is worth noting, especially as we are a full eight years into an economic upcycle and interest rate cycle. High correlation and low volatility and dispersion of stocks suggest either complacency in the market or some external force or both.

There have been many articles written about what could be causing this dynamic ranging from the large and accelerating move to passive from active equities, the tremendous liquidity tailwind provided by central banks globally, trend-following trading strategies, portfolio insurance-like product proliferation, and on and on. It may just be that market participants truly believe that equities are the only liquid place to have the chance of a decent return over the next decade but nobody knows for sure. There are so many complexities with market dynamics that it is impossible to answer definitively. So why bring it up? Because we think it has become a big enough issue that we should bring it to our clients' attention and let them know what we are doing about it. In short, we need to do very little. This is because the complacency has caused the most risk to be present in businesses that have not had fundamental earnings growth support their share price appreciation. Fortunately for us, our returns over almost any time frame you pick are at or slightly lower than the earnings growth of the Portfolio. This fact does not mean our Portfolio will be immune if there is market turbulence, but it does give us confidence that the valuations in our Portfolio are very reasonable and comfortable, especially considering we believe that most of our companies will likely produce double-digit earnings growth for many years into the future regardless of the economic environment. In fact, at the end of 2016, our Portfolio was trading at nearly the lowest relative P/E multiple versus the S&P that we have seen in the last 15 years (25% premium versus a 15-year range of 20% to 45%).

Our fundamental belief is that over the long term, earnings growth (and dividends) drive share prices. There have been times when returns decouple from those fundaments for quite some time, but over the long term, returns are highly correlated and mean reverting to earnings growth and dividends. Indeed, this has also been the case for our Portfolio as we have been prone to say often. Since inception in 1989, our long-term return gross of fees (14%+ annualized return) tracks very closely to our long-term Portfolio earnings growth (approximately 15% annually). Every quarter for a few years now we have shown the chart below that highlights how close our return has been to the underlying earnings growth of the Portfolio. It has also shown how wildly the earnings growth and the return of the S&P 500 have decoupled. We have been and remain heartened that our returns have been substantiated by earnings growth, but the discussion above regarding high correlation and low volatility and dispersion in the stock market makes us wonder if it was somewhat incidental that our recent returns have tracked our Portfolio's earnings growth. It seems that everything has appreciated at a double-digit pace over the last five years. It does not truly matter if the market priced our companies correctly or if all stocks simply rose. What matters is that when something does disrupt this market complacency, earnings will matter and our Portfolio has been delivering. With markets today trading at lofty valuations coupled with high geopolitical risks in our view, we do not think it is prudent to be taking any undue risks. Robust and sustainable earnings in addition to strict adherence to our extremely disciplined philosophy and process should be an advantage as we look forward to the next 5-10 years.



Portfolio Performance & Activity

We had zero Portfolio activity in the first quarter. We have been very pleased with the fundamental performance of the companies we own as most of the competitive advantages and growth prospects are well within our expectations. That said, having no Portfolio activity in a quarter is a bit unusual. We will have some turnover during the year, but if we do our research well, it should remain relatively low for years to come, as it has historically.

The Portfolio did see broad-based strength in returns during the first quarter of 2017. All but two companies posted positive returns. The largest contributors to performance in the quarter were **Facebook Inc.**, **Adobe Systems Incorporated** and **Visa Inc.**

All three of these companies operate in spaces with tremendous secular growth and little to no competition. Facebook dominates display digital advertising globally much like Alphabet's Google does in search advertising. In its recently reported quarter Facebook grew revenue 51% and EPS 78%. Even with less contribution from increasing ad load going forward, we still expect Facebook's earnings to grow north of 20% per year for the next five years. Advertisers will certainly experiment with other social media platforms but there is no other social platform with the kind of consumer reach/engagement, segmentation ability and return on investment that Facebook provides. Additionally, we think Facebook's valuation is highly attractive. With a next 12-month P/E multiple of only 25x, the company is essentially being valued like a business with less than half of its growth profile. In fact, it trades at a significant discount to slow and steady companies like Church & Dwight and Ecolab as well as highly cyclical and slow growers like Caterpillar and Schlumberger.

Adobe dominates the market for digital creative software and is a market leader in digital marketing. The company has elegantly transitioned itself to a cloud-based subscription revenue model at the same time the world needs more digital content and the tools to measure the effectiveness of that content. Adobe is the only player that can do both of these things and the

company's growth indicates that they are distancing themselves from the pack. Revenue and EPS grew 22% and 42%, respectively, in Adobe's most recent quarter and we expect Adobe's EPS growth to remain well above 20% for years to come.

Visa operates in a global duopoly with Mastercard (another Portfolio holding). The long-term move to debit and credit from cash and check has been well in motion for nearly half a century in the United States but it is still much more nascent abroad. The company believes only 15% of personal consumption expenditures have moved to digital forms of payment indicating there is much growth left. Our work indicates digital payment penetration is closer to 30% of what can eventually convert, but even at that level there is much runway to go. Additionally, Visa's recent purchase of its European counterpart, Visa Europe, should allow for accelerating earnings growth over the next few years as Visa raises its prices in Europe closer to company average rates that are nearly 3x higher. These rates were below market when Visa Europe was owned by a consortium of banks that were also its customers. We expect high-teens earnings per share growth from Visa in the coming five years, slightly ahead of its smaller peer Mastercard.

The two main detractors to performance in the quarter were **Dollar General Corporation** and **O'Reilly Automotive, Inc.**, both of which were down slightly in the quarter. Dollar General has been seeing some pressure due to food cost deflation that they pass through to their customers as well as a reduction in food stamp benefits across many states in the last year (Dollar General's customers are disproportionately reliant on these benefits versus other retailers). There have been some concerns about a price war in consumable products related mostly to Wal-Mart, but we have not seen any impact of that company's pricing strategy on Dollar General. In fact, Dollar General stores located closest to Wal-Marts are not seeing any differential performance versus those that are farther away. The stores that are underperforming the chain are mostly those in areas where food stamp benefits have been reduced. Food deflation and government assistance rollbacks do create temporary headwinds for Dollar General, but we should see these impacts greatly reduced in the next couple of quarters as they annualize. Dollar General is highly advantaged in that it has the best combination of convenience and price for customers that need to stretch a dollar. There is significant room for growth in the store base, and when combined with modest same-store-sales growth, we believe the company should grow earnings at roughly a 10% rate over the long term with stability and countercyclicality.

O'Reilly Automotive has been growing at a torrid pace for some time. We think of the business as "healthcare for cars." This means that if something needs to be fixed on your car, you fix it. About half of the company's revenue comes from selling to professional mechanics where proximity and parts availability are the most important reasons for selecting a supplier. O'Reilly has spent decades slowly building out an advantaged distribution and logistics infrastructure to literally be closer to their customers than anyone else. We see the company continuing to take market share not only from small local and regional players that cannot provide the unmatched service and support of the bigger chains but also from other national players who do not have the same optimized distribution system. We also believe that Dollar General and O'Reilly Automotive are two of the more difficult retail businesses to try to replicate online.

Attribution

The top three contributors (Portfolio average weight multiplied by return) for the first quarter of 2017 were Facebook (1.46%), Adobe Systems (1.24%) and Visa Inc. (1.09%).

The three largest detractors were Dollar General (-0.16%), O'Reilly Automotive (-0.13%) and **Automatic Data Processing, Inc.** (-0.01%).

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

Sincerely,

Dan Davidowitz & Damon Ficklin

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.

Historical Performance

Polen Focus Growth Performance - March 31, 2017				
	Polen (Gross)	Polen (Net)	R1000G	S&P 500
1Q 2017	9.23%	9.10%	8.91%	6.07%
1 Year	10.90%	10.37%	15.76%	17.17%
3 Years	14.51%	13.93%	11.27%	10.37%
5 Years	12.58%	11.98%	13.32%	13.30%
7 Years	14.45%	13.77%	13.68%	12.94%
10 Years	11.60%	10.85%	9.13%	7.51%
15 Years	9.56%	8.75%	7.21%	7.09%
20 Years	11.50%	10.60%	7.31%	7.86%
25 Years	13.17%	12.19%	8.73%	9.52%
Since Inception (1/1/89)	14.32%	13.29%	10.00%	10.25%

**Returns are trailing through 03/31/17. Annualized returns are presented for periods greater than 1 year.*

***Benchmark performance from eVestment, Inc.*

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

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
1Q17*	13,145	5,412	7,733	3,691	477	9.23%	9.10%	6.07%	8.91%	0.1%	11.00	10.41	11.03
2016	11,158	4,648	6,510	3,246	454	1.54%	1.04%	11.96%	7.08%	0.2%	11.34	10.74	11.31
2015	7,451	2,125	5,326	2,469	352	15.88%	15.26%	1.38%	5.67%	0.1%	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.
**Performance represents partial period (January 1, 2017 through March 31, 2017), assets and accounts are as of 03/31/17. ** 1Q2017 3 Year Standard Deviation is trailing through 03/31/17.*

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, 2015.

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, 2015. 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 required 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 occurred at the beginning of the month in which the significant cash flow occurred and the account re-entered the composite the first full month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request. For the year 2015, the number of accounts in the Large Capitalization Equity Composite was updated from 257 to 352 to properly reflect the number of accounts in the composite at December 31, 2015.

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