POLEN | CAPITAL
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July 10, 2013

2nd Quarter 2013 Portfolio Commentary

Polen Capital's Large Cap Growth Model Portfolio (the "Portfolio") returned -2.19% for the 2nd quarter versus 2.06% for the Russell 1000 Growth Index (the "Russell 1000 Growth") and 2.91% for the S&P 500 Index (the "S&P 500").

The primary drivers of our underperformance this quarter were:

1) Continued market rotation toward big dividend payers and lower quality companies;
2) exogenous issues with two Portfolio holdings: Cognizant Technologies and Allergan; and
3) modest revenue and earnings growth deceleration across our owned companies.

This quarter brought a continuation of the trend in which the market's appreciation for slower growing, higher yielding stocks trumped faster growing firms like those in which we typically invest. Given the share price appreciation amidst low earnings growth, the multiple of this cohort has expanded dramatically during the last 12 months. This has resulted in certain "safe" sectors of the market trading at historically high valuations. The table below shows the performance of Brown-Forman and Proctor & Gamble (not currently owned by us) versus Qualcomm (which we currently own). This is a microcosm of the valuation disparities we currently see among the companies that we cover. Both P&G and Brown-Forman possess tremendous competitive advantages, but we did not find their valuations attractive relative to their growth prospects. During the past two years, that gap has widened making them even less attractive to us.

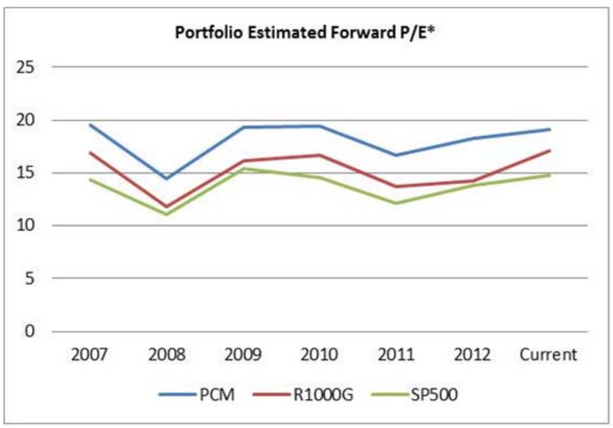
Company	Two year share price change	Projected current year sales growth	Projected current year EPS growth	Forward P/E multiple	Dividend yield
Brown-Forman	35.7%	5.0%	8.0%	22.7x	1.5%
Proctor & Gamble	21.1%	3.0%	7.2%	19.2x	3.0%
QUALCOMM	7.6%	22.6%	22.4%	13.4x	2.3%

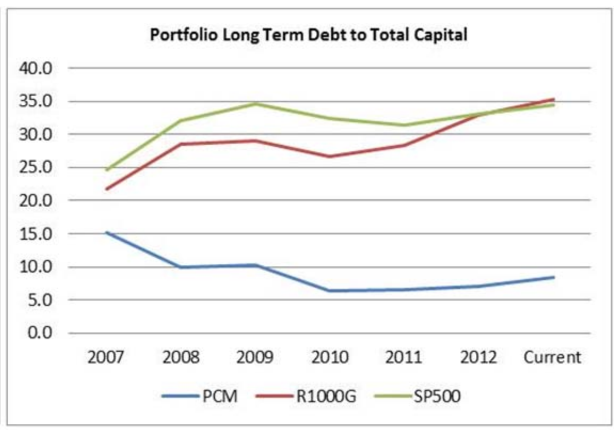
Interestingly, lower quality companies with highly levered balance sheets are also doing quite well. Many of these highly levered companies have received a boost to their earnings power as they refinance high interest debt with very low rates yielding lower interest expense and thus higher net income (see link to a recent New York Times article discussing this topic). Cash-rich, high-quality companies on the other hand, have had their earnings penalized by lower interest income on their cash balances. Central bank manipulation of the debt markets has much to do with the outperformance of both highly levered and high dividend yielding companies. We do not believe this trend will prove sustainable in the long run.

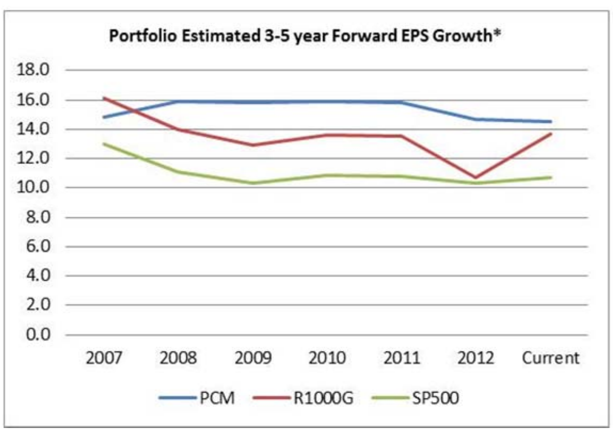
In addition to the rotation toward lower quality and big dividend payers, our recent performance has also been negatively impacted by exogenous issues with two of our Portfolio holdings (see discussion of Cognizant Technologies and Allergan below) and a modest growth deceleration across the Portfolio. Most of the companies in our coverage universe and in the Portfolio operate globally and we have heard a consistent story of slower economic growth that appears to be more pronounced in Europe and Asia, but also an issue across most sectors in North America.

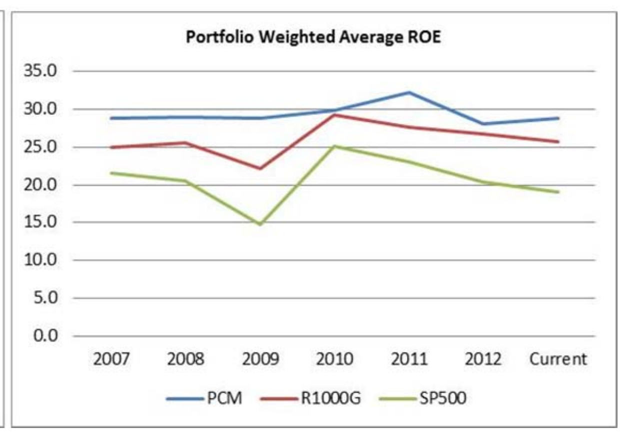
Despite these short-term issues we remain steadfast in our belief that the most important driver of our long-term investment return has been, and will always be, the underlying earnings growth of the Portfolio companies. Our aim as investors is to assemble a concentrated portfolio of competitively advantaged businesses that will grow earnings at a mid-teens rate and thus drive our long-term investment returns.

We remain disciplined in the application of our proprietary investment methodology. The best way for investors to track this is to monitor the key characteristics of the Portfolio including its forward P/E, debt-to-total capital ratio, estimated long-term earnings growth, and the return on equity (ROE). The charts below tell a consistent story. As usual, we only own what we deem to be financially superior, competitively advantaged businesses at acceptable prices. Today, consistent with the past, the Portfolio is characterized by companies with better balance sheets (extremely low debt to capital ratios), higher profitability (higher ROEs), and higher growth (estimated long-term EPS growth) than both the S&P 500 and Russell 1000 Growth indexes. We do pay a modest premium for these companies, which is also consistent with our past experience. The portfolio is constructed for long-term appreciation driven by the underlying earnings growth of the individual companies over time, by which we mean the next 5-10 years.









* Forward EPS estimates and P/E ratios are based on FactSet consensus estimates

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Portfolio Activity

In the 2nd quarter, we added eBay to the Portfolio and increased our positions in Visa and Grainger. We sold Cognizant out of the Portfolio and trimmed our positions in Varian Medical, FactSet and Starbucks.

eBay is a leading e-commerce network that historically focused on selling used goods through online auctions, but has emerged as a true electronic retailing platform selling primarily new goods at fixed prices to a global user base of 112 million strong. Management has spent the past few years cleaning up the site to enhance and simplify the user experience for buyers and sellers alike. eBay also owns PayPal, a rapidly growing electronic payment network which provides a secure means of payment for more than 123 million active users on the internet today. We believe eBay's newly improved Marketplaces business is now well positioned in the fast-growing e-commerce market and its payments business should continue growing at greater than 20% going forward. Together these should enable steady earnings growth and fuel investor returns.

Cognizant has remained compellingly valued, but we were forced to sell the stock after the 'Gang of Eight' Senators introduced a comprehensive immigration bill containing a particularly onerous provision targeted directly at Indian IT outsourcing firms including Cognizant. The legislation's "outplacement" provision aims to severely restrict the use of visa-carrying foreign nationals working on site at client firms. We believe there is less than a 50% chance that the outplacement provision finds its way into the final law in the currently proposed form, but if it were to pass the provision would be quite damaging to Cognizant's current business model and growth prospects. The bill recently passed through the Senate and is now subject to debate and political maneuvering within the House of Representatives. We do not feel comfortable subjecting our investors to even the remote risk that this provision becomes law, so we fully exited our Cognizant position during the quarter.

Allergan was our biggest drag on performance in the quarter for two reasons. Firstly, in May the company said it was delaying the development of a potential blockbuster drug to combat wet Age-related Macular Degeneration (wet AMD). This news in no way impacted current sales or earnings for Allergan. Specifically, the drug candidate's trials are being reconfigured and will run over a longer time horizon which will delay any realization of sales and earnings from this drug. It should be noted that we did not have significant expectations for this drug factored into our outlook for Allergan as it was still unproven. Secondly, in June the FDA decided to lower the bar for competitors to develop and market generic equivalents to Allergan's chronic dry eye treatment Restasis. This regulatory shift was unforeseen as FDA officials had previously indicated, as recently as 2010, that extensive clinical trials would be required before a generic equivalent of this drug would be approved. Restasis accounts for roughly 15% of Allergan's earnings and the news of the FDA's reversal hit shares immediately. The company's management remains focused on execution and continues to plough 16.5% of sales into new drug discovery and development. We believe Allergan's business should continue to grow earnings and cash flow at a healthy double-digit rate despite these setbacks, and we now find the stock exceptionally well valued relative to that earnings growth potential.

Contributors and Detractors

The top three contributors (portfolio weight multiplied by return) in the second quarter were Starbucks (+0.85%), Google (+0.76%) and Nike (+0.59%). The bottom three contributors to the Portfolio were Allergan (-1.77%), Cognizant (-0.97%) and QUALCOMM (-0.55%).

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Throughout our more than 24 year history we have seen stretches of short-term underperformance, but our strategy has consistently outperformed over the long run. Since inception we have produced a compounded annualized return that is more than 400 basis points higher than that of both the S&P 500 and the Russell 1000 Growth indexes, which approximates the difference between the average earnings growth of our Portfolio and those benchmarks.

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

Sincerely,

PCM Investment Team

GIPS Disclosure

Polen Capital Management
Large Capitalization Equity Composite-Annual Disclosure Presentation

Year	Total	UMA Assets	Firm Assets	Composite Assets		Annual Performance Results					3 Year Standard Deviation**		
End	(millions)	(millions)	(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
2013*	4,564	1,034	3,530	1,478	337	3.96%	3.66%	13.82%	11.80%	0.1%	14.04	13.57	14.11
2012	4,527	889	3,638	1,584	359	12.37%	11.70%	16.00%	15.26%	0.1%	15.77	15.66	15.09
2011	2,374	563	1,812	596	185	9.17%	8.38%	2.11%	2.64%	0.2%	15.74	18.71	17.76
2010	1,182	322	860	332	127	15.66%	14.73%	15.06%	16.71%	0.2%	19.88	21.85	22.11
2009	624	131	493	235	127	39.73%	38.49%	26.46%	37.21%	0.3%	16.75	19.63	19.73
2008	266	10	256	152	121	-27.84%	-28.44%	-37.00%	-38.44%	0.3%	15.05	15.08	16.40
2007	682	-	682	504	152	10.73%	9.82%	5.49%	11.81%	0.2%	8.24	7.68	8.54
2006	730	-	730	533	224	15.07%	14.12%	15.80%	9.07%	0.1%	7.17	6.82	8.31
2005	1,849	-	1,849	986	430	-0.51%	-1.42%	4.91%	5.26%	0.2%	7.98	9.04	9.53
2004	2,017	-	2,017	1,160	693	8.76%	7.78%	10.88%	6.30%	0.2%	9.95	14.86	15.45
2003	1,617	-	1,617	969	570	17.72%	16.67%	28.68%	29.75%	0.6%	12.80	18.07	22.66
2002	970	-	970	544	420	-6.69%	-7.54%	-22.06%	-27.88%	0.4%	12.96	18.55	25.22
2001	703	-	703	417	305	-4.61%	-5.50%	-11.93%	-20.42%	0.6%	13.39	16.71	25.21
2000	622	-	622	363	239	-3.50%	-4.45%	-9.10%	-22.42%	0.5%	16.29	17.42	22.79
1999	640	-	640	385	233	23.89%	22.63%	21.04%	33.16%	0.6%	18.02	16.52	19.00
1998	418	-	418	266	205	31.61%	30.20%	28.58%	38.71%	0.7%	17.70	16.01	17.90
1997	252	-	252	147	160	37.14%	35.64%	33.36%	30.49%	0.9%	12.99	11.14	12.62
1996	140	-	140	94	125	31.95%	30.43%	22.96%	23.12%	0.7%	10.46	9.58	10.34
1995	70	-	70	46	63	48.08%	46.34%	37.58%	37.18%	1.1%	9.58	8.22	9.13
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								

*Performance represents partial period (January 1, 2013 through June 30, 2013), assets and accounts are as of 6/30/13. ** 2012 3 Year Standard Deviation is as of 6/30/13.

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, 2011.

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, 2011. 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.