2700 N. Military Trail, Suite 230 • Boca Raton, FL 33431 • (561) 241-2425 • (800) 358-1887 • Fax (561) 241-6651

Polen
Capital
Management
LLC

January 10, 2013

4th Quarter and Full-Year 2012 Portfolio Commentary

Year-end 2012 marks the completion of the twenty-fourth year of our track record managing the PCM Large Cap Growth product. For the full-year, our Large Cap Growth Model Portfolio (the "Portfolio") returned 12.37% versus 15.26% for the Russell 1000 Growth Index (the "Russell 1000 Growth") and 16.00% for the S&P 500 Index (the "S&P 500"). For the fourth quarter, our Portfolio returned -1.10% versus -1.32% for the Russell 1000 Growth and -0.38% for the S&P 500.

After vigorous double-digit gains in the first quarter, our Portfolio and respective benchmark indices finished the full year in roughly similar territory. The strong first quarter returns were followed by a drawdown and recovery in the second and third quarters, respectively, and then a modest decline in the fourth quarter. The relatively quiet close to the year was in contrast to the ongoing volatility seen over the past several years. While Congress managed to strike an initial deal on tax rate changes as the year ended, it has yet to address the much larger issue of where to make the spending cuts needed to put the U.S. on a sustainable fiscal path. Congressional wrangling in the U.S., ongoing sovereign debt issues in Europe, and uneven economic growth in China and other emerging markets seem likely to continue to dominate the headlines in the coming year.

In managing our Portfolio, we remain heads down focused on the businesses that we own. We spend our time studying the businesses and evaluating how they are performing, rather than trying to predict the near-term trajectory of the economy or "the market." We firmly believe — and it is our experience over the past 24 years — that over the long-term share prices follow earnings growth. We construct a concentrated portfolio of companies that we believe can collectively deliver mid-teens earnings per share growth over the long term and then we monitor those holdings closely. As long as the companies are performing to our expectations, we typically maintain our positions and let the businesses do the hard work of compounding earnings over time. The portfolio returns follow.

During the fourth quarter we increased our position in Nike and added a new position in W.W. Grainger. We also trimmed our positions in Accenture and Oracle near the end of the year.

We took an initial position in Nike during the second quarter of the year and then added to the position in the third and fourth quarters. While reported sales growth in China slowed fairly materially after our initial purchase in June, Nike's overall business continues to grow at a strong double-digit pace in constant currency. We also concluded that while it will take some time to make merchandising adjustments and work down excess inventory in China, the growth opportunity there (as in many other emerging markets) remains quite significant. Nike has the brand, the balance sheet and all of the operational capabilities needed to drive solid sales and earnings growth all around the world.

We purchased a new position in W.W. Grainger, which is the leading provider of maintenance, repair and operating supplies in the North American industrial distribution industry. Grainger distributes product through multiple channels (catalogs, stores, internet), serving over two million customers with over one million items of inventory in stock, most of which can be delivered to customers within 24 hours. Grainger serves a very large and highly fragmented industry. We believe that management will be able to leverage its product breadth and scale to take market share from small and regional players for years to come. There is also substantial opportunity for growth outside the U.S., where Grainger has already established a presence.

Right at the end of the year, we trimmed back our positions in Oracle and Accenture. Both of these businesses performed quite well during the year, growing earnings per share at a low-teens rate despite fairly meaningful exchange rate headwinds for the international businesses. Oracle shares were up about 32% and ACN shares rose roughly 28% during 2012, making both top-three contributors to the portfolio during the year. Given the outperformance of the stocks and our heavy exposure to corporate IT (through investments in Oracle, Accenture, Cognizant and Microsoft), we decided to pair back the weightings a bit. We remain optimistic, however, about both businesses long-term prospects.

The top three contributors (portfolio weight multiplied by return) for full-year 2012 were Apple (3.20%), Oracle (1.59%) and Accenture (1.50%). The bottom three contributors were C.H. Robinson (-0.82%), Coach (-0.41), and W.W. Grainger (-0.03%).

The top three contributors for the fourth quarter of 2012 were Varian Medical (0.67%), Nike (0.55%), and Oracle (0.38%). The bottom three contributors were Apple (-2.01%), Microsoft (-0.54%), and Google (-0.46%).

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

		UMA	Firm	Composite Assets		Annual Performance Results					3 Year Standard Deviation*		
Year	Total	Assets	Assets	U.S. Dollars	Number of	Composite		S&P	Russell 1000	Composite	PCM	S&P	Russell 1000
End	(millions)	(millions)	(millions)	(millions)	Accounts	Gross	Net	500	Growth	Dispersion	Gross	500	Growth
2012	4,527	889	3,638	1,584	359	12.37%	11.70%	16.00%	15.26%	0.1%	15.97	15.84	15.36
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								

*2012 3 Year Standard Deviation is as of 9/30/12.

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.