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October 8, 2012

3rd Quarter 2012 Portfolio Commentary

Polen Capital's Large Cap Growth Model Portfolio (the "Portfolio") returned 5.29% for the 3rd quarter versus 6.11% for the Russell 1000 Growth Index ("Russell 1000 Growth") and 6.35% for the S&P 500 Index ("S&P 500").

The domestic equity markets resumed their upward climb for 2012 this quarter after the summer volatility. Despite decelerating economic growth in nearly all geographies, central banks across the globe continue to print money and keep interest rates artificially low. This in turn has led investors into higher yielding assets, helping buoy the stock market. This monetary manipulation punishes companies with strong balance sheets and no need to access capital just as it does individual savers. It also rewards those companies who require access to capital markets and are levered to commodity inflation. In the near term, this dynamic gives a boost to some companies that might otherwise wither, but over time we expect long-term business fundamentals to hold sway.

We continue to focus on identifying the most financially strong and competitively advantaged businesses that we can find. We have had little activity in the portfolio recently, as valuations on some of the companies we are interested in remain somewhat elevated. We have though, spent a great deal of time doing deeper research into both portfolio and coverage companies including in-person meetings with 8 different senior management teams during the past quarter.

In the 3rd quarter, we added to our positions in Abbott Labs, Intuit, Microsoft, and Nike. We trimmed our position in C.H. Robinson and sold Coach entirely.

We added to Intuit after meeting with the company's CFO and the heads of both the Tax and Small Business units. We already had a good idea of the company's competitive advantages and growth prospects, but learned a lot more about the company's culture and how they incentivize constant innovation. Intuit provides tremendous value to its customers at prices lower than the competition. This is true for tax, payroll, payments and many other areas. Most investors are well aware of the Intuit's stellar TurboTax franchise, but we believe the growth potential in the Small Business segment is underappreciated.

We sold Coach after we became concerned about the competitive environment as well as the company's strategic reaction to that competition. Coach has benefited over the years from tremendous brand loyalty from their customers but with well capitalized and aggressive new competition from Michael Kors and others it now appears that the customer loyalty is waning at least somewhat in the near term. At the same time, Coach has been moving away from couponing in their factory stores to everyday low prices. This has not resonated well with consumers and has seemingly accelerated the market share loss to competitors. The company has recently brought coupons back, possibly causing further confusion. Historically the North American market for handbags and accessories has grown at about a 10% annual rate with Coach growing faster. This past quarter, Coach's growth in that market was well below 10% and total comparable store sales grew less than 2%. We had trimmed our position earlier in the year based on our concerns that this might happen and after confirmation of the market share loss, we sold the rest.

The top three contributors (portfolio weight multiplied by return) in the third quarter were Google (+1.75%), Apple (+1.35%) and Cognizant Technology Solutions (+1.02%). The bottom three contributors to the portfolio were Intuitive Surgical (-0.65%), Coach (-0.47%) and Starbucks (-0.25%).

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*	4,523	894	3,629	1,590	338	13.63%	13.10%	16.44%	16.80%	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								

*Performance represents partial period (January 1, 2012 through September 30, 2012), assets and accounts are as of 9/30/12. **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 March 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 March 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.