



July 13, 2010

2nd Quarter 2010 Portfolio Commentary vs. Russell 1000 Growth

Polen Capital's Large Cap Growth Model Portfolio ("the Portfolio") returned -12.45% for the three month period ended 6/30/10, versus the -11.74% return from the Russell 1000 Growth ("the Index").

The market rally that had been in place for over a year abruptly ended this quarter as heavy selling and volatility returned. Similar to the fourth quarter of 2008, the selling this quarter has been indiscriminate, hitting good and bad companies alike. In fact, large cap growth companies were particularly hard hit. In reality, concerns today about the pace of GDP growth in the U.S. and abroad, sovereign debt problems, among others are not new issues. They are part of the continuum that led to the credit crisis and the subsequent liquidity infusions by governments, both here and in Europe.

The typical retail investor is not buying equities, even as the market rallied tremendously in 2009 and early 2010. The evidence for this is in the mutual fund flow data which has shown persistent outflows from domestic equity funds for well over a year now. The market trading volumes are being dominated by those with a short-term mindset and as such, it seems that more attention is being paid to the daily headlines than to long-term business prospects. This myopic thinking can lead to big swings in stock prices on very little real news and create large gaps between market prices and the intrinsic value of businesses. This is not all bad though, as we hope to get more opportunities to buy great businesses for the long run that others may be selling for short-term reasons.

During the 2nd quarter we only made one trade and that was to eliminate Visa from the portfolio. The recent financial reform bill being finalized in Washington has a particular clause in it that could present a real risk to Visa in particular as it aims to increase competition for debit processing in the U.S. This new risk, while politically motivated, was enough for us to decide that we did not need to own both Visa and MasterCard going forward. Our Visa investment was successful, returning approximately 30% over the year and half that we owned it versus a decline for the overall market. MasterCard shares have recently been pressured by the same bill, but the U.S. debit business is less than 10% of MasterCard's revenue and we see little threat to the company from the legislation. In fact, it may be an opportunity to increase its market share in the U.S. at Visa's expense. MasterCard's franchise, growth, and financial position continue to improve and we are maintaining our current position.

Apple was a stellar outperformer again this quarter due to its unique and tremendous demand for Macs, iPhones, and now the iPad. We continue to see a lot of growth for each of these products in the years to come. In addition, the company has a fortress-like balance sheet with over \$40 billion in cash and no debt. To put that in perspective, Apple's cash position alone is bigger than the market capitalization of all but the largest 80 or so companies traded in the U.S.

Google has declined mostly due to its retrenchment from the China market on censorship issues as we mentioned last quarter. We believe that Google has plenty of growth potential even without China and the competitive advantages that the company possesses are getting even more difficult for others to overcome. The innovation engine at Google is humming as witnessed by the tremendous uptake of the Android operating system on smartphones. Google and Apple are running away with the smartphone operating system market at the expense of the incumbent companies. Mobility and web-based computing will increasingly be the way that we interact with information and media and Google is extremely well positioned, as are Apple and Qualcomm.

Qualcomm's recent results have been mediocre, but we believe most of the issues there are transient in nature. Selling prices for wireless handsets (which affects Qualcomm's royalty income) and baseband semiconductor chips have been declining at an above normal rate, offsetting the volume benefits that the company has been getting from market share gains. We believe the long term secular growth of Qualcomm's markets is still firmly intact and that selling price declines should moderate in the near future allowing strong revenue and earnings growth to shine through.

The top three contributors to the portfolio for the quarter (in basis points of performance) were Apple (+52 bps), C.H. Robinson (0 bps), and Alcon (-29 bps).

The bottom three contributors were MasterCard (-170 bps), Google (-159 bps), and Qualcomm (-129 bps).

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
David Polen

POLEN CAPITAL MANAGEMENT
LARGE CAPITALIZATION EQUITY COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

	Total Firm	Composite Assets		Annual Performance Results				
Year	Assets	U.S. Dollars	Number of	Composite		S&P	Russell 1000	Composite
End	(millions)	(millions)	Accounts	Gross	Net	500	Growth	Dispersion
2010*	531	202	126	-9.75%	-10.17%	-6.65%	-7.65%	0.3%
2009	493	235	127	39.73%	38.49%	26.46%	37.21%	0.3%
2008	268	152	121	(27.84%)	(28.44%)	(37.00%)	(38.44%)	0.3%
2007	682	504	152	10.73%	9.82%	5.49%	11.81%	0.2%
2006	730	533	224	15.07%	14.12%	15.80%	9.07%	0.1%
2005	1,849	986	430	(0.51%)	(1.42%)	4.91%	5.26%	0.2%
2004	2,017	1,160	693	8.76%	7.78%	10.88%	6.30%	0.2%
2003	1,617	969	570	17.72%	16.67%	28.68%	29.75%	0.6%
2002	970	544	420	(6.69%)	(7.54%)	(22.06%)	(27.88%)	0.4%
2001	703	417	305	(4.61%)	(5.50%)	(11.93%)	(20.42%)	0.6%
2000	622	363	239	(3.50%)	(4.45%)	(9.10%)	(22.42%)	0.5%
1999	640	385	233	23.89%	22.63%	21.04%	33.16%	0.6%
1998	418	266	205	31.61%	30.20%	28.58%	38.71%	0.7%
1997	252	147	160	37.14%	35.64%	33.36%	30.49%	0.9%
1996	140	94	125	31.95%	30.43%	22.96%	23.12%	0.7%
1995	70	46	63	48.08%	46.34%	37.58%	37.18%	1.1%
1994	32	18	28	10.11%	8.94%	1.32%	2.62%	1.6%
1993	24	16	27	13.07%	11.85%	10.08%	2.87%	2.9%
1992	16	11	24					

*Additionally, as of 6/30/10 Polen Capital manages \$182 million in Unified Managed Account (“UMA”) assets.

Large Capitalization Equity Composite contains fully discretionary large cap equity accounts that are not managed within a wrap fee structure. For comparison purposes the composite is measured against the S&P 500 and the Russell 1000 Growth indices.

Polen Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

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. Additional information regarding the policies for calculating and reporting returns is available upon request.

The management fee schedule is as follows:

Institutional: Per annum fees for managing accounts are 100 basis points (1.0%) on the first \$10 Million, 75 basis points (.75%) on the next \$40 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.

The Large Capitalization Equity Composite was created January 1, 2006. Polen Capital Management's compliance with the GIPS standards has been verified for the period April 1, 1992 through December 31, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Large Capitalization Equity Composite beginning April 1, 1992. A copy of the verification report is available upon request.