POLEN | CAPITAL

Polen Global Growth
1st Quarter 2015 Portfolio Commentary

April 13, 2015

Summary

- *The Polen Global Growth Portfolio (the "Portfolio") was launched on 31st December, 2014 with the objective of preserving and growing clients' capital over time.*

- *We intend to achieve the Portfolio's objective through concentrated investments in high-quality growth businesses around the world.*

- *Despite U.S. Dollar strength, the Portfolio's holdings delivered high-teens earnings per share growth in the calendar fourth quarter of 2014 (results reported in the first quarter 2015). We expect mid-teens earnings per share growth over the next five years.*

- *Low portfolio turnover in the quarter is consistent with our long-term approach to identifying and investing in best-of-breed growth businesses.*

- *For the first quarter of 2015 and the first quarter since the inception of the strategy, the Polen Global Growth Portfolio returned 2.99% gross of fees. This compares to 2.43% for Portfolio's benchmark, the MSCI All Country World Index.*

Introduction

On 31st December, 2014, we launched the Polen Global Growth Portfolio, the second product in Polen Capital's 26-year history, with investments in 29 companies based in nine countries around the world. Like Polen's flagship Focus Growth Portfolio, our Global strategy aims to preserve and grow our clients' capital over time by making long-term investments in relatively few high-quality growth businesses. Our core belief is that we offer clients a superior risk-adjusted return by avoiding large amounts of the investment universe consisting of commoditized, cyclical, and leveraged industries, including many mediocre and some merely 'good' businesses. Instead we hold fewer, higher quality businesses for longer. In both strategies, we use the same disciplined approach to researching and selecting investments, employing similar investment criteria and limiting holdings to the relatively few businesses able to sustain above-average compound growth in earnings.

The inception of the Global Growth Portfolio is a natural progression. We are, in effect, removing the constraints on what has worked well at Polen for more than a quarter of a century, opening up our investible universe and going wherever we find the best growth businesses. Today, the United States remains home to the majority of the most innovative businesses we know. The U.S. sets a high bar with structural advantages for quality-minded investors and we expect the U.S. to remain a meaningful commitment of the Portfolio's assets going forward. But as trade, capital and people move more freely and market forces erode the relevance of international borders, we see an increasing number of best-of-breed businesses based elsewhere. Several large and well-known U.S. companies make more money in the rest of the world than at home and prioritize capital spending and other investments the same way. As a result, the earnings power of U.S. companies is de-coupling from the U.S. economy, with around 40% of revenues of S&P 500 companies coming from the rest of the world. With the launch of our Global strategy, we are free to exploit a growing opportunity set using Polen's proven investment philosophy, applying the same criteria with the same unvarying commitment to high-quality investing.

Our Global strategy is unconstrained by geography but also highly disciplined on quality. This combination, we find, offers some unique advantages. A good example is the simplicity and clarity this approach brings to investment decisions. We include a business in the portfolio because it demonstrably meets all the investment criteria we apply, regardless of where it is located or the business model it employs. Not only does this approach assist in maintaining consistency across the Portfolio, it brings a degree of transparency which encourages participation and input and fits well with the collaborative culture we foster across the investment team. Another advantage of our strategy may be less obvious: the world shrinks quickly when you know what you looking for and you are always looking for the same thing. The Portfolio's benchmark, the MSCI All Country World Index, consists of almost 2,500 listed companies and $37 trillion market capitalization across both developed and developing markets – a large and disparate group of companies, where the largest constituent accounts for less than 2% of the index. By applying our investment criteria, which focus on earnings power supported by competitive and financial strengths, we find the 'true' universe shrinks down to less than 150 businesses at any point in time. We hold approximately 30 of these businesses in our clients' Portfolio. 30 - 40 candidates for investment are 'on the shelf' - businesses we are waiting to own, where valuation is typically our sticking point. An additional 30 - 60 are investment candidates that we prioritize for further research. This, we believe, sets up healthy competition for space within the Portfolio with at least three candidates vying for every one in which we ultimately invest.

Going forward, we will be using the same discipline to build on the strengths of the existing Portfolio. Although we expect to hold investments in the current Portfolio for at least the next five years, there will inevitably be opportunities to further upgrade current holdings.

Portfolio Commentary

The Portfolio consists of almost 30 leading growth businesses, selected for what we believe to be sustainable and above-average earnings growth, with a strong bias toward larger capitalization and globally competitive businesses. Holdings with a range of growth rates are included, from resilient, low double-digit growth among more stable and mature businesses to faster growth rates in the range of 20% - 30% over the next five years – reflecting in some cases leading and ground-breaking businesses that are driving change across industries and affecting the lives of hundreds of millions of consumers. We believe this range of growth rates provides balance and durability to the Portfolio with the caveat that each holding individually meets each investment criteria. Overall we expect the Portfolio's holdings will generate mid-teens, cash-adjusted earnings growth over time at stable to increasing margins, with high cash flow relative to earnings, sustainably high return on capital and little or no debt.

For those holdings reporting earnings for the December calendar quarter, weighted average earnings per share growth was 19% in U.S. Dollars, above the mid-teens rate we expect long-term. Despite U.S. Dollar strength, the fourth quarter featured a few above-trend earnings reports from companies including Apple Inc. and Facebook Inc. in the United States, and Tencent Holdings Ltd. – based in China and listed in Hong Kong. We are making no adjustments to our longer-term earnings forecasts so far in 2015. And we continue to anticipate at least double-digit earnings growth across the Portfolio this year.

Turning from *business* performance to short-term *investment* performance, the Portfolio returned 2.99% gross of fees during the quarter, compared to 2.43% for MSCI ACWI Index.

Looking beneath overall investment performance in some detail, we conclude neither sectors nor regions were very relevant performance factors during the past quarter and we note that performance was positive across most holdings. While it is a non-trivial task to isolate the true effect of currency, the strong U.S. Dollar had a clearly negative impact on reported earnings per share; not all companies disclose currency impacts, but a 2% - 5% earnings headwind was typical in many cases. The overall impact of the strong dollar was mitigated though by the measures we take to insulate the effects of currency volatility. Although we do not hedge currency, the Portfolio's strong bias to multi-national and globally competitive businesses provides a degree of diversification and cushion because some companies hedge currency internally while others enjoy natural hedges. We also avoid investment candidates in countries where we see increasing risks to economic, political or currency stability. Our intention is to prevent the wrong macro forces and headwinds getting in the way of the right businesses. During the last quarter we avoided investment candidates in Brazil, Russia, South Africa and all frontier markets. We will be following the same approach to mitigating country and currency risk going forward.

Contributors to investment performance included Tencent Holdings Ltd., Starbucks Corporation and AIA Group Limited. We believe continued strong business performance explains most of stock appreciation in each case. Tencent is in the early stages of monetizing its immensely strong social and messaging networks in mainland China. Tencent's Weixin (WeChat) platform now has 500 million active users encompassing most of China's smartphone population. The core service is free but with very strong network effects, which has enabled Tencent to achieve something of a holy grail, integrating social media, messaging, online games, news and other content, online shopping and online payments into a single app and monetizing these services with subscription, advertising and shared revenues. The result is a very positive, seamless and convenient experience for users and we believe most smartphone users in the West would be delighted if similar integrated offering was available to them. In effect, Weixin integrates features we are used to from Facebook (social networking), Twitter (news and information), WhatsApp (messaging), Amazon (online shopping), PayPal (online payments), Uber (online car service) and others into a single app while revenues per user remain about half the level we would expect based on comparable businesses in the U.S. We have been cautious on the company's desktop games business which currently generates the lion's share of revenues and this explains the below average weight in the Portfolio. While we continue to expect slowing growth from this segment going forward, the desktop games business remains resilient with strong revenue growth across loyal gamers. The company reported particularly strong earnings in 2014 with almost 45% growth in like-for-like revenues and cash-adjusted earnings. Going forward, we expect longer-term top and bottom line growth in the region of 20% - 25% as the smartphone population in China continues to grow, connectivity improves, users become increasingly active and Tencent derives growing subscription and advertising revenue streams.

Among contributors, AIA Group is unusual in that it is a business within the financial services sector – a sector that is typically unattractive for us – that very clearly meets out investment criteria. Industry classifications sometimes conceal strong business models and AIA is case in point. Based in Hong Kong, AIA is the largest life insurance company in Asia outside Japan. But it is better understood as a trusted distribution franchise with a dedicated premier agency salesforce across 17 faster-growing and urbanizing markets in the region. We believe the company is meeting an unmet need as more Asian households look to private insurers like AIA to fill a protection gap which reflects a lack of government social spending. The company continues to build a highly recurring and profitable book of business with a tail of cash flows, earning profit margins from the protection it provides rather than earning a spread from mis-matching assets and liabilities. Long established in the region, the company competes from a positon of trust and financial strength with a cushion of excess capital. We see AIA as one of the most predictable businesses in the Portfolio, currently growing new business around 12% per year at increasing margins.

Detractors from short-term performance included Fastenal, the industrial supply business based in the U.S. – which we discuss in our **Polen Focus Growth 1st Quarter 2015 Portfolio Commentary** - and

Baidu, Inc. the Chinese language online search company. Baidu reported very strong revenue growth of more than 50% in 2014. This growth rate reflects Baidu's dominant positon as a provider of online and mobile search, with more than 80% of mobile search traffic, and the nascent stage of media spending in China – where media advertising spending is approximately $45 per capita, or less than 10% of spending in the U.S. Baidu is a company valued at more than $70 billion by the stock market and dominant competitively, yet it is at the early stage of its life cycle. This explains the willingness of the management team to make large and continuing investments back into the business, both to reinforce its leading competitive position in mobile search and to extend its capabilities in search into adjacent services including online content and location based services such as taxis and food delivery services. 2014 was an investment year and investments are likely to continue into 2015 creating a significant drag on margins. Investment spending is likely to limit earnings growth to a range of 'only' 20% - 30% over the next several quarters. Deferring earnings or deferred gratification of any kind rarely delights the stock market, but given Baidu's dominance within general purpose search, superior location based technology and the nascent stage of the internet in China, we believe re-investment today will result in more durable earnings growth going forward. A key consideration is the way investments are focused in and around the core business. We remain patient and look ahead to years of strong earnings delivery from the company.

We expect muted activity and turnover in the Portfolio quarter-to-quarter and our first quarter was no exception. We made one change to the Portfolio's holdings by adding to our small initial position in Alibaba Group Holdings. Through its online marketplaces, Alibaba dominates online shopping in China, reporting $400 billion of sales (gross merchandise volume) in calendar 2014. The company's IPO was greeted with waves of excitement and enthusiasm and was perhaps the most widely and hotly anticipated initial public offering since the global financial crisis. Although the company reported a 'noisy' calendar fourth quarter we found much to confirm our investment thesis in the report, including 45% growth in the number of buyers using Alibaba's marketplaces and strong growth in mobile shopping at increasing take rates. E-Commerce revenues failed to match unit growth, however, partly reflecting the adverse mix effect of more mobile shopping. Overall, Alibaba's seasonally best quarter did not clearly exceed consensus expectations. The company also flagged a seasonally slower quarter to come and reminded investors of the commitment to reinvest in the business. All of this proved to be a catalyst for a retracement in the stock price, which is currently trading near a post-IPO low. It was hardly surprising to see the excitement and hype around the IPO evaporate. We were happy to see a more rational entry point in the stock and have added to our position with the expectation that Alibaba will continue to enable and drive online shopping and the consumer economy in China.

Attribution

The top three contributors (Portfolio average weight multiplied by return) for the first quarter of 2015 were Tencent (0.76%), Starbucks (0.57%), and AIA Group (0.57%). The three largest detractors were Alibaba (-0.52%), Baidu (-0.40%), and Fastenal (-0.31%).

We will be patient while looking for additional opportunities to deploy cash and further strengthen the Portfolio's holdings going forward. Thank you for your investment in the Polen Global Growth Portfolio. Please do not hesitate to reach out to us with any questions or comments.

Sincerely,

Julian Pick, CFA

Historical Performance

Polen Capital Global Growth Performance Update - March 31, 2015			
	PCM (Gross)	PCM (Net)	MSCI ACWI
Mar-15	-0.33%	-0.33%	-1.49%
Since Inception (1/1/15)	2.99%	2.99%	2.43%

*Returns are trailing through 3/31/15.

GIPS Disclosure

Polen Capital Management
Global Growth 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	MSCI ACWI	Composite Dispersion	Polen Gross	MSCI ACWI
2015*	5,875	1,521	4,354	$0.31	1	2.99%	2.78%	2.43%	0.0%	-	10.63

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.
**Performance disclosures are located on the following page.*

GIPS Disclosure

**Performance represents partial period (January 1, 2015 through March 31, 2015), assets and accounts are as of 3/31/15. ** 2015 3 Year Standard Deviation is as of 3/31/15 for MSCI ACWI. 3 Year Standard Deviation is not available for the composite due to the composite's January 1, 2015 creation date.*

The Global Growth Composite created on January 1, 2015 contains fully discretionary global growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI. Polen Capital invests exclusively in a portfolio of high quality 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 September 30, 2014. The verification is available upon request.

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. Verification does not ensure the accuracy of any specific composite presentation.

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. 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 85 basis points (0.85%) on the first $50 Million and 65 basis points (0.65%) 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 is not necessarily indicative of future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross 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 MSCI ACWI Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

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