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July 13, 2015

2nd Quarter 2015 Focus Growth Commentary

Summary

- *For the second quarter of 2015, our Focus Growth Composite Portfolio (the "Portfolio") returned 2.38% gross of fees versus 0.12% and 0.28% for the Russell 1000 Growth and S&P 500 indices, respectively.*

- *Second quarter performance was broad-based with strong fundamental earnings growth from our holdings. 16 of our 22 holdings outperformed the market, many by a healthy margin, and there were no significant detractors.*

- *Despite strong currency headwinds, we expect our Portfolio to deliver double-digit earnings per share growth in 2015. This is considerably stronger than the low single-digit earnings growth expected from the broader market this year.*

- *We only made a couple of adjustments to the Portfolio during the second quarter. We sold our remaining position in FactSet because we felt the valuation was becoming stretched after the shares rose almost 50% during the past year, while growth remains below our expectations.*

- *We added Facebook back to the Portfolio after taking a fifteen month sabbatical. While the stock appreciated about 15% since we sold the position, the underlying earnings per share have increased roughly 70% during the same period, making the valuation much more reasonable.*

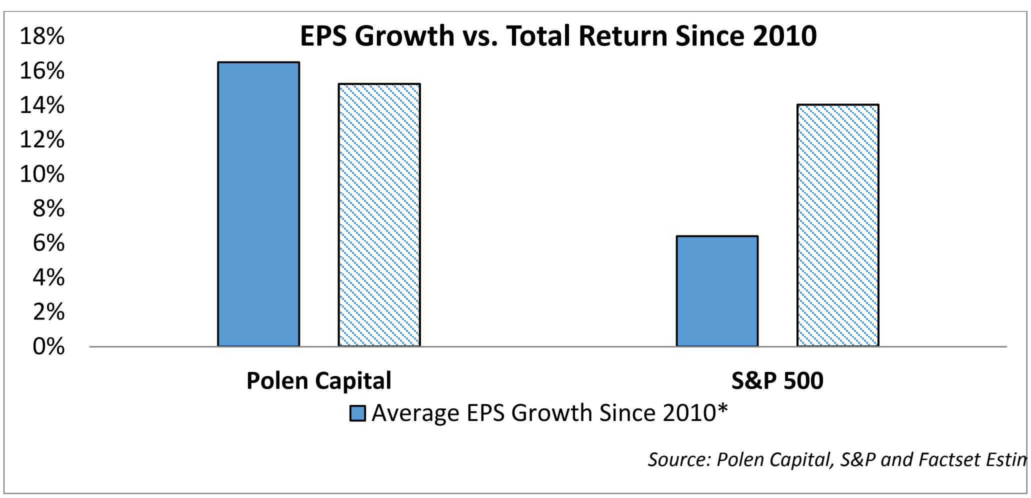
Commentary

During the second quarter of 2015, our Focus Growth Composite Portfolio (the "Portfolio") returned 2.38% gross of fees. This outperformed both the Russell 1000 Growth and the S&P 500 indices, which were basically flat during the quarter, returning 0.12% and 0.28%, respectively. As was the case during the first quarter of the year, there were no broad "macro" themes that had a meaningful impact on the Portfolio's relative performance during the second quarter. The best way to characterize the Portfolio's performance this quarter is broad-based performance driven by the strong fundamental earnings growth from our holdings. During the second quarter, 16 of our 22 holdings outperformed the market, many by a healthy margin, and there were no real significant detractors. The leading detractors were down 5-6% in a flat market and we remain confident in these businesses for the long term.

The strong broad-based performance from the Portfolio during the quarter and the trailing year seems to denote a renewed appreciation for fundamentals recently. We have noted on many occasions during the past several years, and probably in the most detail in our **2014 Mid-Year Investment Perspectives**, that the zero percent interest rate environment was stimulating risk taking and share prices, particularly those of more leveraged companies. That was a clear headwind for us given our discipline of owning only the highest quality and most financially sound businesses. We have now outperformed the Russell 1000 Growth in three of the last four quarters and the S&P 500 in all four, which is a clear reversal of the trend experienced during the prior couple of years where the Portfolio trailed the indices during most quarters despite the fact that it was delivering much stronger underlying earnings growth throughout.

We described the idea of "investing gravity" in the **Polen Growth Fund Annual Letter** whereby share prices can be out of sync with underlying earnings growth for a while, but that ultimately share price appreciation has to be a function of fundamental earnings growth. We remain steadfast in the belief that maintaining a Portfolio of the highest quality businesses that collectively deliver stronger earnings growth than the market will outperform over time. After an extended period of the market rising much faster than underlying earnings it seems that investing gravity may be starting to take hold. Given that the Portfolio has delivered the underlying earnings growth to support our performance and continues to deliver much stronger growth than the market, we feel that we are very well positioned. Even with currency headwinds due to the strong U.S. dollar, we expect the Portfolio to deliver double-digit earnings per share growth in 2015 which is considerably stronger than the low single-digit earnings growth expected from the broader market this year. Without the impact of the strong U.S. dollar, we would have been expecting mid-teens EPS growth from our Portfolio this year.

As you can see in the historical performance disclosures presented at the end of this commentary, we have outperformed the indices by a wide margin during the trailing 1 year period (PCM up 19.04% gross of fees versus 10.56% and 7.42% for the R1000 Growth and S&P 500, respectively). While we are still slightly below the indices on the trailing 3 years and only slightly ahead of the indices on the trailing 5 years, the underlying performance of the Portfolio has been much stronger than reflected in our relative performance results. If you look at the underlying earnings per share (EPS) growth of the Portfolio versus the market since 2010 (after the market bounced back from the Great Financial Crisis), the underlying performance difference is quite stark. As you can see in the chart below, the Portfolio's average EPS growth since 2010 has been about 16% versus roughly 6% for the S&P 500.



Please reference the information regarding the composite performance which accompanies this commentary.

Portfolio Performance & Activity

Starbucks, Regeneron and Nike were the leading contributors during the second quarter. Starbucks and Nike continue to deliver exceptional growth for businesses of their scale. Nike reported 13% constant currency revenue growth and 26% earnings per share growth in its most recently completed fiscal fourth quarter. Full fiscal year results were very similar with strength across all key channels, product categories and most geographies. Nike's 13% constant currency worldwide futures orders growth suggests that top line growth will remain robust into the coming fiscal year. The company also continues to realize strong pricing power and show solid margin gains, which we believe will continue given that some of its highest margin business units like direct-to-consumer retail, China and Converse are also posting the highest sales growth rates.

Starbucks delivered 18% sales and earnings per share growth in its most recently reported fiscal second quarter. While sales growth is currently being boosted by the consolidation of its Japanese business which was previously a licensing joint venture, underlying sales growth is in the double-digits driven by continued store growth and strong comparable store sales gains. The company reported 7% global comparable store sales growth in its fiscal second quarter, which is exceptional for a business of its scale, particularly given the less-than-robust consumer environment. With a strong lineup of new beverages and food, as well as the roll-out of new store innovations and mobile-order-and-pay, we think Starbucks remains well positioned to drive solid same store sales growth, which drives its operating leverage and strong earnings per share growth.

Regeneron continues to deliver strong sales and earnings growth and its pipeline of future growth opportunities is developing briskly. U.S. sales of its key eye drug Eylea grew 50% during the first quarter, with similar growth in end-market sales outside the U.S. through its partner Bayer. This prompted management to raise its full-year U.S. Eylea sales guidance to 30-35% growth. It is great to have its leading product growing robustly as they prepare to launch Praluent, a new cholesterol-lowering drug that we believe has multi-billion dollar sales potential as well. We expect the FDA to approve Praluent in the coming month given the compelling clinical data included in the application and the generally positive feedback provided by the FDA Advisory Panel in June. Regeneron will also file for approval of its rheumatoid arthritis drug Sarilumab by the end of this year and additional products are on the horizon soon after. The company will have 5 drugs in late-stage development by year-end and currently has 16 drugs in various stages of clinical development.

While none of the portfolio companies were down significantly, Google, Oracle and TJX Companies were the leading detractors during the second quarter. Google continues to grow at a robust pace with total revenues up 17% in the first quarter in constant currency. Google Websites revenues, which includes core search revenues, were up more than 19% in constant currency. Actual search revenue, which is not explicitly broken out, was likely up somewhere between 17-19%. Growth has decelerated slightly versus prior years, but has been pretty stable during the past few quarters. It is possible that core search is growing a little slower than we estimate, but that would mean that YouTube (the other significant business included in Google Websites) was even larger and growing faster than estimated, which would not be a bad outcome. Management was pretty clear that mobile search is growing robustly and as we noted in our **4th Quarter and Full-Year 2014 Portfolio Commentary**, we believe that mobile growth and improvement in mobile monetization present significant ongoing growth opportunities.

Oracle's recently reported fiscal fourth quarter results required some deciphering. New license sales, which are typically seasonally strong in its fiscal fourth quarter, and operating margins came in below expectations. The key culprits were poor execution in Europe and stronger-than-expected growth in cloud subscription sales. Management hit a couple of bumps while realigning its European sales force to promote cloud sales versus its traditional focus of on-premise new license sales. We believe this will be corrected in relatively short order. With regard to stronger cloud growth, even though this can create short-term pressure on new license sales, overall revenue growth and operating margins, we view this as a long-term positive. A cloud subscription produces less revenue than a new license sale in year one, but generates more revenues than the traditional maintenance stream in years two and beyond. Near-term margins are also pressured since the same sales commission is paid in both cases, but the long-term economics are very similar. We think Oracle is still moving in a positive direction overall and is clearly picking up steam in the cloud, which is good for the long-term.

TJX Companies delivered strong results in its most recently reported fiscal first quarter. Net sales were up 9% in constant currency on a 5% increase in same store sales that was driven almost entirely by traffic. This is considerably better than the overall apparel industry and department store growth, which indicates that TJX continues to take market share. Back in February, management guided to more modest earnings per share growth in Fiscal 2016 due to currency headwinds and increased wages and pension costs. But fiscal first quarter earnings per share were up 11% in constant currency—stronger than expected—and management raised their full year earnings per share guidance. TJX shares were a detractor from performance during the quarter, but the business is doing quite well.

Portfolio activity was very low in the second quarter. We feel good about the underlying performance of the businesses that we own and the overall positioning of the Portfolio. The only actions taken during the quarter were to exit our position in FactSet and to add Facebook back to the Portfolio after a fifteen month sabbatical. As explained in more detail in the **1st Quarter 2015 Focus Growth Commentary**, we trimmed our position in FactSet because we felt the valuation was becoming a little stretched after the stock had appreciated about 50% during the trailing year. We also had some concern that growth was not accelerating further after many years of very strong equity market returns (generally a catalyst for FactSet's customers to spend more) and that all three of FactSet's top executives were stepping down from their leadership roles. Since we initially trimmed the position the stock has appreciated further and we did not feel any differently about the noted issues, so we decided to exit the position.

We added Facebook back to the Portfolio during the second quarter because the business has continued to deliver strong growth and the valuation has become more reasonable. We initially invested in Facebook in July 2013, then sold the position just seven months later in February 2014. This was an uncharacteristically short holding period for us, but the stock had appreciated over 100% in that very short period of time. This pushed the valuation up considerably and made us less certain that we would realize the desired investment return going forward. The roughly $20 billion acquisition of WhatsApp at that time also gave us some pause. While the WhatsApp acquisition was aggressive, we appreciate that it is a unique asset and we do not expect recurring acquisitions of this magnitude. And importantly, given Facebook's strong underlying performance and more reasonable valuation, we believe we will earn a good investment return without even ascribing any future value to WhatsApp. While Facebook shares have appreciated about 15% since we sold them, earnings estimates have increase about 70% during that period. Facebook is an exceptional business with significant growth potential and we are happy to have it in the Portfolio again.

Attribution

The top three contributors (Portfolio average weight multiplied by return) for the second quarter of 2015 were Starbucks (0.73%), Regeneron (0.60%), and Nike (0.49%). The three largest detractors were Google (-0.35%), Oracle (-0.33%) and TJX Companies (-0.28%).

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

The commentary is not intended as a guarantee of profitable outcomes. Any forward-looking statements are based on certain expectations and assumptions that are susceptible to changes in circumstances.

Please reference the information regarding the composite performance which accompanies this commentary.

Historical Performance

Polen Focus Growth Monthly Performance Update - June 30, 2015				
	PCM (Gross)	PCM (Net)	R1000G	S&P 500
2Q15	2.38%	2.25%	0.12%	0.28%
YTD	6.17%	5.88%	3.96%	1.23%
1 Year	19.04%	18.40%	10.56%	7.42%
3 Years	17.17%	16.52%	17.99%	17.31%
5 Years	19.39%	18.65%	18.59%	17.34%
7 Years	12.98%	12.19%	10.50%	9.42%
10 Years	11.13%	10.31%	9.10%	7.89%
15 Years	7.67%	6.81%	2.19%	4.36%
20 Years	12.70%	11.72%	8.25%	8.91%
25 Years	13.72%	12.67%	9.01%	9.54%
Since Inception (1/1/89)	14.51%	13.44%	9.99%	10.24%

*Returns are trailing through 6/30/15. Annualized returns are presented for periods greater than 1 year.

Please reference the supplemental information to the composite performance which accompanies this commentary.

GIPS Disclosure

Polen Capital Management
Large Capitalization Equity 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	S&P 500	Russell 1000 Growth	Composite Dispersion	PCM Gross	S&P 500	Russell 1000 Growth
2015*	5,894	1,549	4,345	2,193	282	6.17%	5.88%	1.23%	3.96%	0.1%	9.24	8.55	8.88
2014	5,366	1,374	3,992	2,054	271	17.59%	16.95%	13.69%	13.05%	0.2%	10.66	9.10	9.73
2013	5,017	1,197	3,820	1,901	261	23.77%	23.04%	32.39%	33.48%	0.3%	11.91	12.11	12.35
2012	4,522	891	3,631	1,581	358	12.43%	11.75%	16.00%	15.26%	0.1%	16.01	15.30	15.88
2011	2,366	562	1,804	596	185	9.02%	8.23%	2.11%	2.64%	0.2%	15.97	18.97	18.01
2010	1,185	322	863	337	129	15.65%	14.69%	15.06%	16.71%	0.2%	20.16	22.16	22.42
2009	624	131	493	235	127	39.73%	38.49%	26.46%	37.21%	0.3%	16.99	19.91	20.01
2008	266	10	256	152	121	-27.84%	-28.44%	-37.00%	-38.44%	0.2%	15.26	15.29	16.63
2007	682	-	682	504	152	10.73%	9.82%	5.49%	11.81%	0.2%	8.36	7.79	8.66
2006	730	-	730	533	224	15.07%	14.12%	15.80%	9.07%	0.1%	7.27	6.92	8.43
2005	1,849	-	1,849	986	430	-0.51%	-1.42%	4.91%	5.26%	0.2%	8.10	9.17	9.67
2004	2,017	-	2,017	1,160	693	8.76%	7.78%	10.88%	6.30%	0.2%	10.09	15.07	15.66
2003	1,617	-	1,617	969	570	17.72%	16.67%	28.68%	29.75%	0.6%	12.98	18.32	22.98
2002	970	-	970	544	420	-6.69%	-7.54%	-22.06%	-27.88%	0.4%	13.15	18.81	25.58
2001	703	-	703	417	305	-4.61%	-5.50%	-11.93%	-20.42%	0.6%	13.58	16.94	25.56
2000	622	-	622	363	239	-3.50%	-4.45%	-9.10%	-22.42%	0.5%	16.52	17.67	23.11
1999	640	-	640	385	233	23.89%	22.63%	21.04%	33.16%	0.6%	18.27	16.76	19.27
1998	418	-	418	266	205	31.61%	30.20%	28.58%	38.71%	0.7%	17.95	16.23	18.15
1997	252	-	252	147	160	37.14%	35.64%	33.36%	30.49%	0.9%	13.17	11.30	12.80
1996	140	-	140	94	125	31.95%	30.43%	22.96%	23.12%	0.7%	10.16	9.72	10.49
1995	70	-	70	46	63	48.08%	46.34%	37.58%	37.18%	1.1%	9.72	8.34	9.26
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								

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.
**Performance represents partial period (January 1, 2015 through June 30, 2015), assets and accounts are as of 6/30/15. ** 2015 3 Year Standard Deviation is as of 6/30/15.*

GIPS Disclosure

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, 2014.

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, 2014. 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.

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 S&P 500® Index is a widely recognized, unmanaged index of 500 common stocks which are generally representative of the U.S. stock market as a whole.
The Russell 1000® Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

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