POLEN | CAPITAL

POLEN GLOBAL GROWTH STRATEGY

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Summary

- During the second quarter of 2018, the Polen Global Growth Composite Portfolio (the "Portfolio") returned +7.24% gross of fees versus +0.53% for the MSCI All Country World Index (the "Index"), outperforming the benchmark by 671 basis points during the quarter. Year to date, the Portfolio has returned 10.73% gross of fees versus -0.44% for the Index.

- Since inception on January 1, 2015, the Portfolio has delivered an annualized investment return of 15.11% compared to 7.78% annualized return from the Index. Thus, the Portfolio has on average outperformed the Index by 733 basis points per year since inception.

- Volatility declined during the quarter, but started climbing again in June, likely reflecting renewed concerns over a potential trade war. Rising U.S. interest rates and the recent strengthening of the U.S. dollar also seem to be introducing challenges for emerging markets, which were the weakest performers during the quarter. Despite these concerns, the strong fundamentals of the businesses within the Portfolio drove strong stock performance.

- From a geographic perspective, our significant outperformance within North America was the biggest contributor to our strong absolute and relative returns during the quarter, but strong stock selection in Europe and Asia also contributed meaningfully. From a sector perspective, our greater exposure to information technology and healthcare, as well as our outperformance within both of these sectors, contributed the most to our positive returns during the quarter.

- We achieved strong outperformance during the quarter despite one of our largest holdings, **Tencent Holdings Ltd.**, being among our leading detractors and having no exposure to energy, which was the best performing sector during the quarter. We believe this illustrates the strength of our aggregate Portfolio and supports our comfort with investing in only our best ideas even if that means having no exposure to certain sectors.

Commentary

During the second quarter of 2018, the Polen Global Growth Composite Portfolio (the "Portfolio") returned +7.24% gross of fees versus +0.53% for the MSCI All Country World Index (the "Index"), outperforming the benchmark by 671 basis points during the quarter. Since inception on January 1, 2015, the Portfolio has delivered an annualized investment return of +15.11% compared to 7.78% annualized return from the Index. Thus, the Portfolio has on average outperformed the Index by 733 basis points per year since inception.

Volatility declined during the quarter, but started climbing again in June, likely reflecting renewed concerns over a potential trade war. While uncertainties over geopolitical dynamics, trade posturing and central bank decisions around the world are likely to result in continued uncertainty and volatility, underlying earnings growth remains healthy. Our Portfolio's earnings growth in particular remains quite strong, exceeding our goal of mid-teens growth by a widening margin. We would expect broad-based earnings growth to moderate next year, given that we will be lapping the initial benefits of U.S. tax reform and growing over more challenging comparisons globally. We're also mindful of rising U.S. rates and the recent strengthening of the U.S. dollar, which will result in lower U.S. dollar denominated earnings growth if current exchange rates hold. Nevertheless, we expect our portfolio to continue to deliver solid earnings growth next year and well beyond.

From a geographic perspective, our significant outperformance within North America was the biggest contributor to our strong absolute and relative returns during the quarter, but strong stock selection in Europe and Asia also contributed meaningfully. North America was the only super region to deliver positive returns for the Index during the second quarter, so our higher weighting and significant outperformance within the region both helped. While Europe and Asia posted negative returns for the Index during the quarter, our European and Asian holdings were both up in the aggregate. Emerging markets, many of which are affected by the strengthening U.S. dollar, were the worst performing regions during the quarter, but this had little impact on our Portfolio given our limited direct emerging market exposure. While our Chinese holdings taken as a whole detracted slightly from our performance during the quarter, they were down less than the broader Chinese market.

From a sector perspective, our greater exposure to information technology and healthcare, as well as our outperformance within both of these sectors, contributed the most to our positive returns during the quarter. The consumer discretionary sector, to which we also have greater exposure, outperformed the broader market as well. While we had positive returns from our consumer discretionary holdings in the aggregate, we trailed the Index in this sector as our investments in **Starbucks Corporation** and **adidas AG** were both down during the quarter. Both are highlighted in the upcoming section, as they represent two of our leading detractors for the quarter.

It is also worth noting our strong outperformance during the quarter came despite one of our largest holdings, **Tencent Holdings Ltd.**, being among our leading detractors and having no exposure to energy, which was the best performing sector during the quarter. We believe this illustrates the strength of our overall Portfolio and supports our comfort with investing in only our best ideas, even if that means having no exposure to certain sectors. Tencent, among our leading detractors, is also highlighted in the next section.

Year to date through the end of the second quarter, the Portfolio is up more than 10% while the Index is down. This is nearly identical to the full-year results of 2015, demonstrating again the resilience of the Portfolio during periods of uncertainty. As noted in the 1st Quarter 2018 Global Growth Commentary, while we do not expect our Portfolio to be up in down markets, we do expect that our Portfolio will continue to show resilience during times of stress in the markets. This resilience, as reflected in the low downside capture of the Portfolio since inception and in our overall investment strategy for nearly 30 years, is a function of the fact that we focus on owning only what we believe are the highest-quality businesses with sustainable earnings growth. We believe it is the durability of these high-quality businesses and our discipline in sticking with a proven philosophy and process that has delivered these results for our clients. Our discipline will remain unchanged and, as a result, we expect that the resilience of our Portfolio will persist well into the future.

Portfolio Overview

The Portfolio is a high-conviction portfolio that is typically invested in 25 to 35 of what we believe are the best businesses in the world. We only invest in businesses that we believe have sustainable competitive advantages and that can deliver above-average earnings and free cash flow growth over the long term. While we expect some of our holdings to compound faster and some slower, we aim for the Portfolio to generate mid-teens earnings per share growth in the long term. We take a long-term approach to investing and typically expect to hold our investments in companies for many years. Most of the companies that we invest in operate in several countries, and often benefit from natural or financial hedges that help to alleviate policy, country and currency risk. The Portfolio also tends to be concentrated in sectors such as technology, consumer and healthcare where we believe we find the highest-quality earnings and more sustainable growth. The geographic exposure of the Portfolio is based on where we find the highest quality. Fifteen of our holdings are currently based in the United States and 13 in various countries around the world. The revenue breakdown, which is the way we like to look at geographic exposure, reveals that roughly 40% of revenues come from the United States currently, about 55% is from a range of other countries, and the balance is the residual cash holding. While we are unlikely to invest in companies domiciled in any frontier markets and expect to have limited direct investment in most emerging markets, we currently have nearly 30% emerging market exposure through the revenues that our multinational holdings derive from these markets. We believe this is often a more prudent way to gain such exposure.

Portfolio Performance & Activity

The Portfolio delivered strong results for the second quarter with earnings per share growth, which was up more than 25% during 2017, continuing to outperform our long-term, mid-teens target.

The leading contributors to returns were **Align Technology, Inc.**, **Adobe Systems, Inc.**, and **Facebook, Inc.**

We have written about Align and Adobe quite a lot since they were both leading contributors during 2017 and the first quarter of 2018. Both businesses continue to strengthen.

In our view, Adobe's most recent quarter showcased its strength and CEO Shantanu Narayen's capital allocation prowess. Year-to-date revenues have increased about 24% with operating margins of 40%, up from roughly 25% when it was initially purchased in the Portfolio. While the revenue growth is certainly appreciated, the quality of growth is always an important consideration. Adobe now enjoys 90% of its revenue from recurring sources, which is up from 12% in 2012 and 74% in 2015, which we believe highlights the success of the company's cloud transition. In May of this year, Adobe acquired e-commerce platform Magento. Prior to this acquisition, Adobe did not have an organic way for customers to "check out" at the end of a transaction. Although the company is providing leading edge software and expertise to help companies through a digital transformation, nearly everything was offered except an ability to seamlessly transact through e-commerce. It was the missing piece of the puzzle to become a fully end-to-end solution. Magento provides this capability for digital and physical goods as well as business to business and business to customer solutions. We believe this acquisition will make Adobe, which is already a difficult company to compete with, even stronger.

Align held an investor day during the second quarter which we attended. The presentations and increased long-term guidance only reaffirmed our confidence in the business. The company has multiple competitive advantages that are difficult for new entrants to compete with, their innovation is allowing them to address a greater percentage of orthodontic cases, and their solid value proposition is disrupting and displacing braces. Despite revenue and case shipment growth greater than 40% and 30%, respectively, the company still only serves approximately 10% of today's addressable market of 12 million annual case starts. We expect Invisalign's penetration to increase over time and we also expect the number of annual case starts to increase due to growth and interest in China, a rise in vanity worldwide, and a larger acceptance of clear aligners globally.

Facebook was also a leading contributor this quarter, after being a leading detractor last quarter. Given that not much has changed with Facebook's underlying performance year to date, this is a good example of how share prices can swing around more than the underlying value of the business during short periods. Over two billion people continue to visit Facebook at least once a month, and greater than 65% of these people visit every day, where they post billions of pieces of content. This creates a virtuous cycle whereby that content attracts new users, who create more content, which attracts new users. Despite the fallout from Cambridge Analytica and other self-inflicted wounds around data privacy and security, the company grew both monthly and daily active users during the past quarter. We believe that Facebook's ability to serve ads to these new and current users should further drive monetization. While we will continue to monitor the regulatory environment and measures taken by the company carefully, we believe it continues to have strong growth prospects.

Leading detractors for the second quarter were Starbucks, Tencent and adidas.

Starbucks' brand continues to represent high quality and coffee continues to see growth globally. Additionally, we support the recent deal with Nestle to establish a global coffee alliance whereby Nestle will obtain rights to market and distribute Starbucks packaged coffee and tea at all at-home and away-from-home channels. We believe the deal is a "win-win" for both companies. It gives Nestle access to the North American market, where they are underpenetrated, and gives Starbucks access to Nestle's global distribution network. With that said, Starbucks is experiencing headwinds in two key markets – the United States and China. Newly appointed CEO Kevin Johnson recently provided expectations that global comparable same-store sales growth would be roughly 1% next quarter. This is due to slower growth in the United States, with China expected to be flat as well due to adjustments related to third party delivery challenges. The company is accelerating underperforming store closures in the United States and focusing heavily on digital initiatives to increase Rewards membership and overall store traffic. CEO Kevin Johnson took over for founder Howard Schultz less than one year ago and has large shoes to fill. The tough task of achieving what he terms "growth at scale" will be highly dependent upon improving performance in both the United States and China. The company has been through this before in the United States and China continues to be an underpenetrated market with vast opportunity. While we continue to do our research, we remain believers in the quality, culture and innovation of Starbucks.

Tencent Holdings, one of our largest positions, was also a detractor during the quarter. We maintain our conviction in Tencent due to its multi-layered competitive advantages and ability to grow sustainably. Tencent's messaging applications, Weixin and WeChat, which are more like operating systems for Chinese society, recently reported monthly active users (MAUs) of more than 1 billion people, which is more than three times the entire population of the United States. With that said, management was clear that 2018 would be a year of investment, which will hinder near-term profit growth. Capital allocation initiatives in 2018 consist of investments in video, mobile payments, cloud, artificial intelligence, and

"Smart Retail." We believe these are all sensible areas to allocate capital, as they are seemingly logical adjacencies to Tencent's core capabilities with the potential to make Tencent's business that much stronger if successful. Tencent is currently number one in terms of daily active users and video subscribers, is a market leader in payments with Tenpay, and is vying for leadership in each of the other investment areas as well. "Smart Retail" is Tencent's response to what Alibaba has termed "New Retail." Both concepts are similar, in that they are blurring the lines between online and offline. In fact, they are merging the two. These initiatives expand both companies' addressable markets and, if successful, will further embed their products into the lives of the Chinese and southeast Asian populations.

Contrary to the example of Facebook, adidas went from a leading contributor in the first quarter to a leading detractor in the second quarter. From our perspective, adidas continues to perform strongly, with double-digit revenue growth in constant currency, margin expansion and mid-teens earnings growth in the most recently reported quarter. While NIKE's recent return to growth in North America may have led shorter-term investors to shift capital from adidas to NIKE, we take a longer-term approach. We are quite happy with the company's performance and with our investment in both companies. Like NIKE, adidas remains one of the world's most recognizable brands, and this is supported and strengthened each year by heavy reinvestment. History suggests to us that it is very difficult for regionally known brands to make the leap to globally known brands. This is primarily because they are fighting an uphill battle. NIKE and adidas spend roughly \$3 billion and €2 billion, respectively, on endorsements and marketing every year, making it very difficult for companies with significantly less scale to compete. The next largest athletic shoe and apparel competitor has less than \$6 billion in total revenue, with most competitors considerably smaller than that. We continue to like adidas' long-term growth prospects and applaud CEO Kasper Rorsted's focus on capital allocation and returns on capital.

Trading activity during the quarter was modest, which is consistent with our philosophy of holding companies for a long period of time. During the quarter we purchased **Industria de Diseno Textil, S.A. ("Inditex")** and **SAP SE**. We eliminated **Check Point Software Technologies Ltd**, added to our position in **Microsoft Corporation** and trimmed our position in **Nestle S.A**.

Headquartered in Spain, Inditex is the largest retail apparel company in the world. It is a vertically integrated fast fashion company known for high-quality apparel. It has a growing global retail footprint and a fast growing and fully integrated e-commerce business. Inditex operates eight separate brands, but is most well-known for Zara. We believe the company has multiple competitive advantages and has incrementally improved upon its unique business model for decades. This unique model allows it to produce quality goods faster than peers and to successfully enter new markets without large upfront investments. Its e-commerce business, which now accounts for about 10% of total revenue and is growing roughly 40% per year, only strengthens its ability to enter new markets and to compete within existing markets more efficiently. The company's centralized distribution and integrated information technology system, that includes RFID tags on each article of clothing, creates a constant feedback loop of continual communication between what is being manufactured and what the customer is buying, eliminating most fashion risk from the company's concepts. While each of the company's advantages are strong in isolation, it's the fact that they work so well in concert that makes Inditex such a structurally advantaged business in our view. We believe the company will continue to gain an increasing share of the highly-fragmented \$1 trillion global retail market for many years to come.

SAP SE was also added to the Portfolio during the quarter. SAP is one of the world's leading enterprise software and software-related services providers. The company's Enterprise Resource Planning (ERP) software and related Business Suite applications enable businesses with complex supply chains, operations, inventory and manufacturing needs to thrive in a world that is becoming more digital and more complex. The company offers a fully integrated suite consisting of many best of breed point solutions, and is highly customizable. This ability to customize is not only why customers typically choose SAP, but also provides a level of customer captivity arguably on par with Oracle. The business is undergoing a cloud transition that we believe will lead to further customer captivity and better economics. The company expects most if not all customers to upgrade to its latest ERP suite, S4/HANA, while it simultaneously grows a suite of cloud applications that are complementary rather than cannibalistic to its core ERP offering. We believe that this approach will lead to a smoother transition financially, as revenue should not be as impacted as Oracle's, Microsoft's and Adobe's during their transitions. SAP has continued to deliver solid sales growth as it transitions to the cloud and the company is finally starting to see margin benefits from the transition as well. We believe it is well positioned to drive double-digit earnings growth for the long term.

We sold Check Point Software Technologies Ltd. from the Portfolio during the quarter. While the company continues to be the leading provider of IT security software, offering products that are consistently rated as superior by third party organizations like Gartner, the sales force has not been able to capitalize on this recently. Execution has been subpar for a while now with the company losing share in the United States. Despite poor sales execution, management is now embarking on a strategy that is new to the industry and will demand even more of their salesforce. Historically, enterprises have been sold point solutions with the IT department making the final purchase decision. Moreover, enterprises typical employ multiple products for different solutions to avoid concentration risk. Check Point's new strategy, however, is to promote a full suite offering called Infinity that provides all of the company's products within one bundle. Infinity will also be sold with a different pricing structure than anyone is used to and will be sold into a different channel. The legacy sales force and new hires will now be targeting the executive suite, which will likely be the final decision maker if they buy Infinity. While selling a suite solution does makes sense and this presents an attractive opportunity if done successfully, given recent salesforce execution issues and the uncertainty around this new strategy we find other investment opportunities to be more compelling at this time.

We trimmed Nestle S.A. to a smaller position within the Portfolio. We appreciate CEO Ulf Mark Schneider's move to create a global alliance with Starbucks and believe it will strengthen both companies' positions globally given that the agreement complements each of their respective strengths and weaknesses. With that said, we also recognize and acknowledge the difficulty Nestle continues to experience as global retail channels continue to shift rapidly. Although we believe Nestle and its management team is doing a prudent job of navigating these headwinds, we believe a smaller position is appropriate at this time.

After adding Microsoft to the Portfolio last quarter, we added to the position this quarter. Microsoft's business continues to strengthen and we believe it merits a larger position within the Portfolio. The company continues to execute very well with a focus on the long term. Microsoft is benefiting from a transition to the cloud in both its server business with Azure, which is similar to Oracle's transition, and with the shift of its Office franchise from a license to subscription business, which is similar to Adobe's transition. Both transitions have better economics, smoother and more recurring revenue streams and greater customer captivity. The Office franchise, the server business (Windows Server and Sequel Server) and the Windows operating system are all competitively advantaged and in the aggregate are currently delivering well above our long-term expectations of mid-single digit revenue and low-double digit earnings per share growth.

Our exposure to enterprise software and companies transitioning to the cloud bears noting. Our U.S. flagship portfolio has owned Oracle since 2005, and we have learned a lot from owning it for such a long period of time. In fact, it was studying the economics of Oracle's cloud transition in 2013 that led us to purchase Adobe, which has benefitted meaningfully from its own transition to the cloud, as highlighted above. Enterprise software companies with economies of scale and customer captivity appear to become much better and much stronger businesses after their transition to the cloud. Their customer captivity seemingly strengthens under a subscription revenue model, which leads to higher levels of recurring revenue, which leads to smoother and more predictable earnings over time. They also continue to benefit from the fact that within enterprise software the full suite of products usually wins out over best of breed point solutions. This is a not-so-subtle advantage enjoyed by Oracle, SAP, Adobe and Microsoft. An added benefit of their value proposition and moat is that each typically also possesses the best point solutions within their respective full suite offerings. In brief, for scaled software companies already in a position of strength, we believe the cloud transition locks their customers in deeper, making them even harder to compete with and, thus, better businesses in our view.

The top three contributors (Portfolio average weight multiplied by return) for the second quarter were Align Technology (1.50%), Adobe (0.86%) and Facebook (0.83%).

The three largest detractors in the second quarter were Starbucks (-0.45%), adidas (-0.30%) and Tencent Holdings (-0.26%).

In summary, the Portfolio continued to deliver solid positive returns during the second quarter despite very little growth from the Index. While we continue to expect the Portfolio's earnings per share growth, which continues to increase at a rate over 20%, to trend back toward our long-term, midteens target over time, we believe the competitive advantages that enable solid and sustained growth will continue to provide resilience during challenging periods.

Thank you for your investment in the Global Growth portfolio. Please feel free to contact us with any questions or comments.

Sincerely,
Damon Ficklin & Jeff Mueller

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Historical Performance

Polen Global Growth (SMA) Composite as of 06-30-2018			
	Polen (Gross)	**Polen (Net)**	**MSCI ACWI-ND**
Jun-18	1.08	1.08	-0.54
3 Month	7.24	7.04	0.53
YTD	10.73	10.19	-0.44
1 Year	23.59	22.48	10.71
3 Year	15.97	14.97	8.18
Since Inception (1/1/15)	15.11	14.11	7.78

Source: Archer
Returns are trailing through: June 30, 2018
Annualized returns are presented for periods greater than 1 year.

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

Polen Capital Management
Global Growth Composite-Annual Disclosure Presentation

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation	
						Composite					
Year End	Total (millions)	Assets (millions)	Assets (millions)	U.S. Dollars (millions)	Number of Accounts	Gross	Net	MSCI ACWI	Composite Dispersion	Polen Gross	MSCI ACWI
2017	17,422	6,954	10,468	4.16	2	32.66%	31.55%	23.96%	N/A	10.27	10.51
2016	11,158	4,648	6,510	0.33	1	1.21%	0.34%	7.86%	N/A	-	11.21
2015	7,451	2,125	5,326	0.33	1	10.07%	9.14%	-2.36%	N/A	-	10.94

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.

GIPS Disclosure

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. Prior to October 18, 2016, the benchmark for the Global Growth Composite was the MSCI ACWI variant with gross dividends. As of October 18, 2016, the benchmark was changed to the MSCI ACWI variant with net dividends, to more accurately reflect the Global Growth Composite's strategy. Polen Capital invests exclusively in a portfolio of high-quality 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 ACA Performance Services, LLC for the periods January 1, 2016 through December 31, 2016. A verification covering the periods from April 1, 1992 through June 30, 2016 was performed by Ashland Partners & Company LLP, which was acquired by ACA Performance Services, LLC, whose report expressed an unqualified opinion thereon. 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. Effective January 1, 2018, accounts must be fully invested at the market open on the first business day of the month, in order to be included in that month's composite.

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 does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross and net of management fees and have been calculated after the deduction of all transaction costs and commissions. Polen Capital is an SEC registered investment advisor and its investment advisory fees are described in its Form ADV Part 2A. The advisory fees will reduce clients' 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 in 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