Polen Capital Management

PORTFOLIO APPRAISAL

City of Ormond Beach General Employees' Pension Plan

Regions Morgan Keegan Trust #3250000570

PCM # 2962

June 30, 2013

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
COMMON STOCK								
5,605	ABT	Abbott Labs	31.55	176,812	34.88	195,502	5.2	1.6
2,685	ACN	Accenture Plc	64.06	172,001	71.96	193,213	5.1	2.3
2,496	AGN	Allergan Inc	96.51	240,889	84.24	210,263	5.6	0.2
303	AAPL	Apple Inc	585.10	177,285	396.08	120,012	3.2	3.1
1,576	CHRW	C.H. Robinson	60.76	95,760	56.31	88,745	2.4	2.5
2,934	EBAY	Ebay Inc	52.17	153,066	51.72	151,746	4.0	0.0
1,280	FDS	Factset Research	103.48	132,454	101.94	130,483	3.5	1.4
1,540	FAST	Fastenal	49.79	76,684	45.85	70,609	1.9	2.2
1,409	IT	Gartner Inc	52.11	73,427	56.99	80,299	2.1	0.0
343	GOOG	Google Inc	615.75	211,201	880.37	301,967	8.0	0.0
3,129	INTU	Intuit Inc	57.91	181,187	61.03	190,963	5.1	1.1
262	ISRG	Intuitive Surgical Inc	575.50	150,781	506.58	132,724	3.5	0.0
4,546	NKE	Nike Inc Cl B	50.30	228,686	63.68	289,489	7.7	1.3
5,470	ORCL	Oracle Corp	28.87	157,919	30.72	168,038	4.5	1.6
3,890	QCOM	Qualcomm Inc	63.38	246,544	61.08	237,601	6.3	2.3
3,162	SBUX	Starbucks Corp	59.44	187,961	65.49	207,079	5.5	1.3
3,390	TROW	T. Rowe Price Group	63.18	214,180	73.15	247,979	6.6	2.1
1,712	VAR	Varian Medical	69.79	119,480	67.45	115,474	3.1	0.0
1,479	V	Visa Inc Cl A	168.98	249,925	182.75	270,287	7.2	0.7
611	GWW	W.W. Grainger Inc	227.58	139,050	252.18	154,082	4.1	1.5
				3,385,293		3,556,557	94.4	1.2
CASH AND EQUIVALENTS								
	divacc	Dividend Accrual		955		955	0.0	0.0
	999990484	Regions Trust Cash Sweep		209,312		209,312	5.6	?
				210,267		210,267	5.6	0.0
TOTAL PORTFOLIO				**3,595,560**		**3,766,824**	**100.0**	**1.1**

Polen Capital Management

PERFORMANCE HISTORY

GROSS OF FEES

City of Ormond Beach General Employees' Pension Plan

Regions Morgan Keegan Trust #3250000570

PCM # 2962

From 04-25-12 to 06-30-13

Time Period	Percent Return Per Period: Portfolio	Percent Return Per Period: S&P 500 Total Return	Percent Return Per Period: Russell 1000 Growth Total Return	Cumulative TWR Basis = 100: Portfolio	Cumulative TWR Basis = 100: S&P 500 Total Return	Cumulative TWR Basis = 100: Russell 1000 Growth Total Return
04-25-12				100.00	100.00	100.00
04-25-12 to 06-30-12	-6.03	-1.62	-3.34	93.97	98.38	96.66
06-30-12 to 09-30-12	4.87	6.35	6.11	98.54	104.63	102.57
09-30-12 to 12-31-12	-0.32	-0.38	-1.32	98.23	104.23	101.21
12-31-12 to 03-31-13	6.47	10.61	9.54	104.59	115.29	110.87
03-31-13 to 06-30-13	-2.23	2.91	2.06	102.25	118.64	113.16
Date to Date						
04-25-12 to 06-30-13	2.25	18.64	13.16			
Annualized	1.90	15.58	11.04			

POLEN | CAPITAL

2700 N. Military Trail, Suite 230 • Boca Raton, FL 33431 • Tel:561-241-2425 • www.polencapital.com

July 10, 2013

2nd Quarter 2013 Portfolio Commentary

Polen Capital's Large Cap Growth Model Portfolio (the "Portfolio") returned -2.19% for the 2nd quarter versus 2.06% for the Russell 1000 Growth Index (the "Russell 1000 Growth") and 2.91% for the S&P 500 Index (the "S&P 500").

The primary drivers of our underperformance this quarter were:

1) Continued market rotation toward big dividend payers and lower quality companies;
2) exogenous issues with two Portfolio holdings: Cognizant Technologies and Allergan; and
3) modest revenue and earnings growth deceleration across our owned companies.

This quarter brought a continuation of the trend in which the market's appreciation for slower growing, higher yielding stocks trumped faster growing firms like those in which we typically invest. Given the share price appreciation amidst low earnings growth, the multiple of this cohort has expanded dramatically during the last 12 months. This has resulted in certain "safe" sectors of the market trading at historically high valuations. The table below shows the performance of Brown-Forman and Proctor & Gamble (not currently owned by us) versus Qualcomm (which we currently own). This is a microcosm of the valuation disparities we currently see among the companies that we cover. Both P&G and Brown-Forman possess tremendous competitive advantages, but we did not find their valuations attractive relative to their growth prospects. During the past two years, that gap has widened making them even less attractive to us.

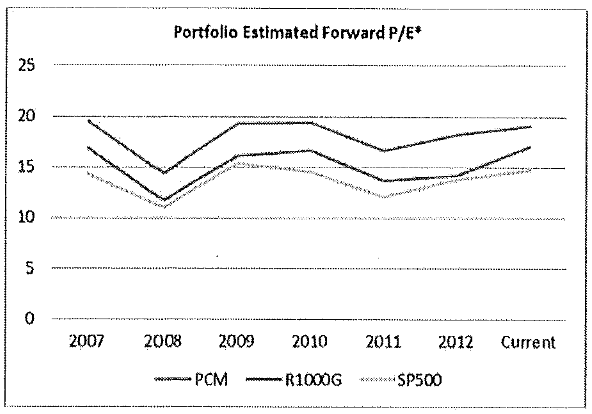
Company	Two year share price change	Projected current year sales growth	Projected current year EPS growth	Forward P/E multiple	Dividend yield
Brown-Forman	35.7%	5.0%	8.0%	22.7x	1.5%
Proctor & Gamble	21.1%	3.0%	7.2%	19.2x	3.0%
QUALCOMM	7.6%	22.6%	22.4%	13.4x	2.3%

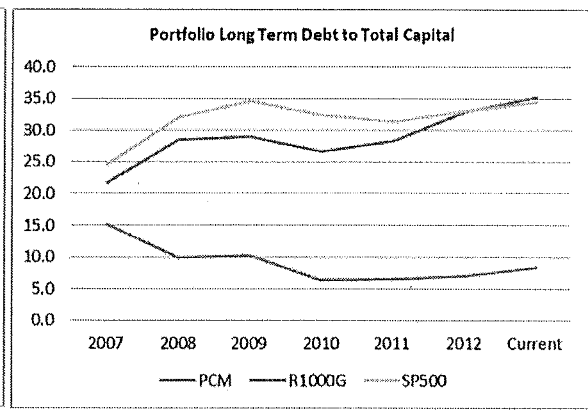
Interestingly, lower quality companies with highly levered balance sheets are also doing quite well. Many of these highly levered companies have received a boost to their earnings power as they refinance high interest debt with very low rates yielding lower interest expense and thus higher net income (see link to a recent New York Times article discussing this topic). Cash-rich, high-quality companies on the other hand, have had their earnings penalized by lower interest income on their cash balances. Central bank manipulation of the debt markets has much to do with the outperformance of both highly levered and high dividend yielding companies. We do not believe this trend will prove sustainable in the long run.

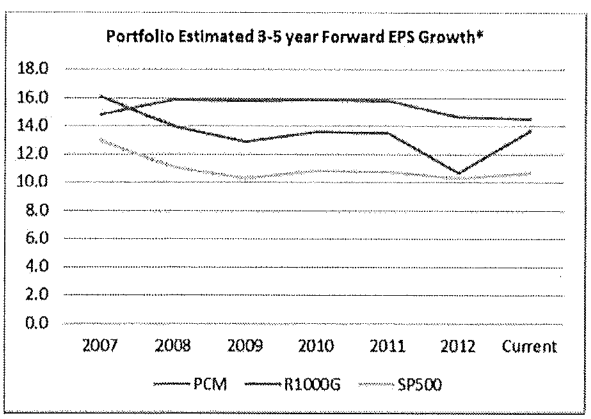
In addition to the rotation toward lower quality and big dividend payers, our recent performance has also been negatively impacted by exogenous issues with two of our Portfolio holdings (see discussion of Cognizant Technologies and Allergan below) and a modest growth deceleration across the Portfolio. Most of the companies in our coverage universe and in the Portfolio operate globally and we have heard a consistent story of slower economic growth that appears to be more pronounced in Europe and Asia, but also an issue across most sectors in North America.

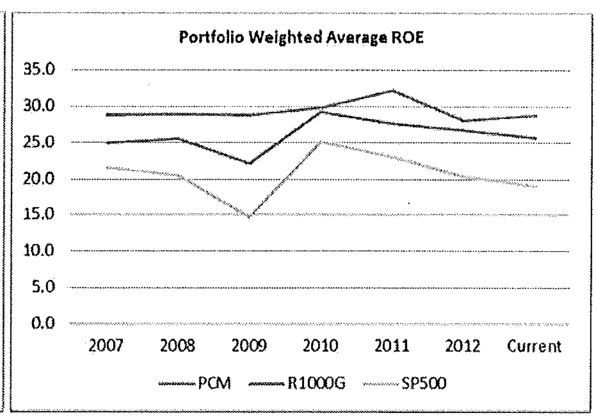
Despite these short-term issues we remain steadfast in our belief that the most important driver of our long-term investment return has been, and will always be, the underlying earnings growth of the Portfolio companies. Our aim as investors is to assemble a concentrated portfolio of competitively advantaged businesses that will grow earnings at a mid-teens rate and thus drive our long-term investment returns.

We remain disciplined in the application of our proprietary investment methodology. The best way for investors to track this is to monitor the key characteristics of the Portfolio including its forward P/E, debt-to-total capital ratio, estimated long-term earnings growth, and the return on equity (ROE). The charts below tell a consistent story. As usual, we only own what we deem to be financially superior, competitively advantaged businesses at acceptable prices. Today, consistent with the past, the Portfolio is characterized by companies with better balance sheets (extremely low debt to capital ratios), higher profitability (higher ROEs), and higher growth (estimated long-term EPS growth) than both the S&P 500 and Russell 1000 Growth indexes. We do pay a modest premium for these companies, which is also consistent with our past experience. The portfolio is constructed for long-term appreciation driven by the underlying earnings growth of the individual companies over time, by which we mean the next 5-10 years.









* Forward EPS estimates and P/E ratios are based on FactSet consensus estimates

* * * * *

Portfolio Activity

In the 2nd quarter, we added eBay to the Portfolio and increased our positions in Visa and Grainger. We sold Cognizant out of the Portfolio and trimmed our positions in Varian Medical, FactSet and Starbucks.

eBay is a leading e-commerce network that historically focused on selling used goods through online auctions, but has emerged as a true electronic retailing platform selling primarily new goods at fixed prices to a global user base of 112 million strong. Management has spent the past few years cleaning up the site to enhance and simplify the user experience for buyers and sellers alike. eBay also owns PayPal, a rapidly growing electronic payment network which provides a secure means of payment for more than 123 million active users on the internet today. We believe eBay's newly improved Marketplaces business is now well positioned in the fast-growing e-commerce market and its payments business should continue growing at greater than 20% going forward. Together these should enable steady earnings growth and fuel investor returns.

Cognizant has remained compellingly valued, but we were forced to sell the stock after the 'Gang of Eight' Senators introduced a comprehensive immigration bill containing a particularly onerous provision targeted directly at Indian IT outsourcing firms including Cognizant. The legislation's "outplacement" provision aims to severely restrict the use of visa-carrying foreign nationals working on site at client firms. We believe there is less than a 50% chance that the outplacement provision finds its way into the final law in the currently proposed form, but if it were to pass the provision would be quite damaging to Cognizant's current business model and growth prospects. The bill recently passed through the Senate and is now subject to debate and political maneuvering within the House of Representatives. We do not feel comfortable subjecting our investors to even the remote risk that this provision becomes law, so we fully exited our Cognizant position during the quarter.

Allergan was our biggest drag on performance in the quarter for two reasons. Firstly, in May the company said it was delaying the development of a potential blockbuster drug to combat wet Age-related Macular Degeneration (wet AMD). This news in no way impacted current sales or earnings for Allergan. Specifically, the drug candidate's trials are being reconfigured and will run over a longer time horizon which will delay any realization of sales and earnings from this drug. It should be noted that we did not have significant expectations for this drug factored into our outlook for Allergan as it was still unproven. Secondly, in June the FDA decided to lower the bar for competitors to develop and market generic equivalents to Allergan's chronic dry eye treatment Restasis. This regulatory shift was unforeseen as FDA officials had previously indicated, as recently as 2010, that extensive clinical trials would be required before a generic equivalent of this drug would be approved. Restasis accounts for roughly 15% of Allergan's earnings and the news of the FDA's reversal hit shares immediately. The company's management remains focused on execution and continues to plough 16.5% of sales into new drug discovery and development. We believe Allergan's business should continue to grow earnings and cash flow at a healthy double-digit rate despite these setbacks, and we now find the stock exceptionally well valued relative to that earnings growth potential.

Contributors and Detractors

The top three contributors (portfolio weight multiplied by return) in the second quarter were Starbucks (+0.85%), Google (+0.76%) and Nike (+0.59%). The bottom three contributors to the Portfolio were Allergan (-1.77%), Cognizant (-0.97%) and QUALCOMM (-0.55%).

* * * * *

Throughout our more than 24 year history we have seen stretches of short-term underperformance, but our strategy has consistently outperformed over the long run. Since inception we have produced a compounded annualized return that is more than 400 basis points higher than that of both the S&P 500 and the Russell 1000 Growth indexes, which approximates the difference between the average earnings growth of our Portfolio and those benchmarks.

Thank you for your interest in Polen Capital and please feel free to contact us with any questions or comments.

Sincerely,

PCM Investment Team