Mar Vista Investment Partners, LLC
Strategic Growth
June 30, 2013

The 2nd quarter of 2013 will be remembered as the start of a new chapter in the Federal Reserve's widely followed playbook. After several chapters that tracked a similar narrative - weak data in the spring followed by ever more monetary expansion (see QE1, 2, and 3) - this new chapter revealed a different storyline. Economic growth, while still anemic, proved resilient as housing prices rebounded and employment statistics strengthened giving the Fed enough confidence to suggest the economy might be ready to stand, not necessarily on its own, but at least with a smaller dose of its support. This new chapter will be a page-turner as we will likely discover the answers to questions such as: Can the markets withstand even the *suggestion* of less Federal Reserve support? Will the housing recovery continue without artificially low mortgage rates? Can economic growth strengthen without inciting rapid inflation? What will be the unintended consequences from accommodative central bank policies around the globe?

Despite the drama from the evolving storyline, and with a not-so-gentle nudge from highly stimulative monetary policy, the US stock market continued to climb the proverbial "wall of worry." The Russell 1000® Growth Index and the S&P 500® Index posted positive returns for the quarter, up 2.1% and 2.9%, respectively. The strongest performing sectors in the Russell 1000® Growth Index during the quarter were consumer discretionary, healthcare and industrials while energy and information technology sectors detracted from the index return.

Mar Vista's Strategic Growth portfolio outperformed the Russell 1000® Growth Index and slightly underperformed the S&P 500® Index, with a return of 2.4% net of fees. Strong stock selection in energy, consumer discretionary and industrials contributed positively to performance, while stock selection within consumer staples and information technology detracted from returns for the quarter. So far this year, the Mar Vista Strategic Growth portfolio has gained 12.9%, net of fees, while the Russell 1000® Growth Index has advanced 11.8%, the S&P 500® Index 13.8% and the average large-cap growth manager, according to Morningstar®, has returned 11.0%.

On a cumulative trailing five year basis, the metric on which we judge ourselves, our Strategic Growth portfolio is up 54.8%, net of fees, compared to 43.4% for the Russell 1000® Growth Index and 40.3% for the S&P 500® Index. Just as importantly, we have incurred less volatility and better down capture compared to the benchmarks while generating our excess returns.

As one would expect in a global economy that is growing well below potential, an investor must look deeper to find both the secular growth opportunities and the wide-moat companies that are positioned to benefit from them. At the same time, we myopically search for businesses whose capital generation and allocation opportunities are not appropriately understood and valued by the market.

While we are purely bottom-up investors, our research has identified several disruptive secular trends that are highly likely to occur regardless of the macroeconomic pressures and are well represented in our portfolio: the rapid penetration of electronic commerce (*eBay, Visa, Google*), continued proliferation of wireless devices and data (*American Tower, Qualcomm, Apple*), expanding opportunities to monetize digital media (*News Corp, Disney*), booming demand for aerospace supply (*TransDigm, Boeing, Honeywell, United Technologies*), growing demand for healthcare services by an aging global population (*Covidien, Thermo Fisher, Johnson & Johnson*) and the enormous demand for global brands by the emerging consumer class in developing markets (*Budweiser, Nike, Pepsi*). None of these longterm trends will develop in a straight line but we believe our companies, whose stocks are at an appropriate margin of safety, are well positioned to compound intrinsic value at superior rates.

Market volatility is a friend of the patient investor and we embrace the opportunity to invest in a business whose stock price has dislocated from its intrinsic value. With the return of dramatic swings in investor sentiment, we reallocated capital from stocks that had little, if any, margin of safety towards stocks with larger discounts without sacrificing on the portfolio's quality. As a result, our average margin of safety increased from 12% to 17% during the quarter which is still below our historical norms. Nonetheless, we are encouraged by the secular opportunities that lie ahead for our businesses and the potential for attractive stock returns over our five year investment horizon.

Annualized Returns:

	Gross	Net	Russell 1000 Growth Index	S&P 500 Index
1 Year	**19.81%**	**19.48%**	**17.06%**	**20.59%**
3 Years	**16.54%**	**16.18%**	**18.68%**	**18.45%**
5 Years	**9.13%**	**8.79%**	**7.47%**	**7.01%**

Mar Vista Investment Partners, LLC ("Mar Vista") is an investment adviser registered with the SEC. Performance presentations compliant with the requirements of GIPS® standards can be obtained by calling 800-993-1070. Mar Vista claims compliance with the Global Investment Performance Standards (GIPS). On 7/12/07, Silas Myers and Brian Massey formed Mar Vista to manage various large-cap equity strategies. On 12/1/07, all of the assets under their management at Roxbury transitioned to Mar Vista through a sub-advisory arrangement. Information provided for the period from January 2004 through November 2007 represents the performance of portfolios managed by Mr. Myers and Mr. Massey while employed by Roxbury. Mar Vista has been independently verified for the periods 12/01/07 through 6/30/13. The Strategic Growth composite has been examined for the periods 12/31/03 through 6/30/13. The verification and performance examination reports are available upon request. For the entire period presented, Mr. Myers and Mr. Massey have been substantially responsible for the all the investment decisions of the large-cap equity strategies. Performance prior to 12/01/07 meets GIPS® portability requirements.

The Strategic Growth Composite was created 12/01/07, with an inception date of 12/31/03. All returns are based in U.S. dollars and are computed using a time-weighted total rate of return. The composite is defined to include all fully discretionary, fee paying portfolios with no minimum or maximum account value, managed in accordance with Mar Vista's Strategic Growth strategy, and that paid for execution on a transaction basis. Prior to 1/01/06, the composite was defined to include only taxable portfolios with no minimum or maximum value. One non-fee paying portfolio is included in the composite for the following periods: 0.2% of the composite's assets for year end 2008; 0.1% of the composite's assets for 2009; and 0.1% of the composite's assets for 2010; and 0.1% of the composite's assets for the period ending 9/30/11. Beginning 10/1/11 there are no longer any non-fee paying accounts in the composite. The results in the column marked Net of Fees for the periods 8/01/08 through the present, include a standard management fee applied to any non-fee paying portfolio for performance calculation purposes. The primary benchmark is the Russell 1000® Growth Index, defined as an unmanaged, capitalization weighted index of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The secondary benchmark is the S&P 500® Index, defined as an unmanaged, capitalization weighted index of the common stocks of 500 major U.S. corporations. Index returns include dividends and/or interest income and, unlike composite returns, do not reflect fees or expenses. In addition, unlike the composite, which periodically maintains a significant cash position, the Russell 1000® Growth Index and the S&P 500® Index are fully invested. Investors cannot directly invest in an index. Net performance is net of any applicable performance fees and net of transaction costs and actual management fees, but before any custodial fees. All returns are calculated net of withholding taxes on dividends and interest. One non fee paying account is net down by the maximum fee. Actual results may differ from composite results depending upon the size of the portfolio, investment objectives and restrictions, the amount of transaction and related costs, the inception date of the portfolio and other factors. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

A complete list of portfolio holdings and specific securities transactions for the investment strategy during the preceding 12 months, the top contributors and underperformers calculation methodology and a list of every holding's contribution to the overall performance during the period is available upon request. The securities mentioned in this letter were held in the account of a Strategic Growth client that Mar Vista believes to be representative of the accounts that Mar Vista manages for this investment strategy during the period from March 31, 2013-June 30, 2013. Other Mar Vista clients managed by a different portfolio manager or with different investment objectives may hold different securities than those listed. The securities listed in this letter should not be considered a recommendation to purchase or sell any particular security. The reader should not assume that investments in the specific securities identified herein were or will be profitable. Past performance is no guarantee of future results. Not FDIC insured, no bank guarantee, may lose value.