



Polen Focus Growth Strategy

Preliminary Strategy AUM as of March 31, 2024: \$52.5 billion*

Monthly Attribution – March 31, 2024

Performance Statement

U.S. large cap growth equities faltered a little in March as the strong start to 2024 came face-to-face with the realization that any rate cuts by the U.S. Federal Reserve ("Fed") would likely be fewer in number than expected and further away, with the first cut now priced in, realistically, for July. This was driven by a persistently strong U.S. economy and stubborn inflation data. Bond yields trended higher, lending support to the U.S. dollar, while value equities outperformed their growth counterparts. Oil hit a high for the year on OPEC+ production cuts remaining in place alongside expectations for a stronger-than-expected U.S. economy.

For March 2024, the Polen Capital Focus Growth Portfolio (the "Portfolio") returned -0.31% gross of fees and -0.35% net of fees. The S&P500 Index (the "Index") returned 3.22%.

Attribution Summary

Sector allocations were negative over the month with the overweight to the Consumer Discretionary sector and the zero weighting to Energy both detracting. At a stock selection level the zero weightings to Apple and Tesla were the first and third largest contributors to relative returns respectively as both companies continue to face challenging fundamentals. The overweight to Alphabet also benefitted performance. The zero weighting to Nvidia was a negative as the stock price continued to outperform the broader market, appreciating by 14% in March. The overweights to Zoetis and Adobe were also relative detractors, with both companies seeing unusually negative reactions to solid results.

*Asset figures include discretionary as well as nondiscretionary assets



Top/bottom relative contributors/detractors

- The top three relative contributors were Apple, Alphabet, and Tesla.
- The bottom three relative detractors were Zoetis, Nvidia, and Adobe.

Top/bottom absolute contributors/detractors

- The top three absolute contributors to performance were Alphabet, Amazon, and Airbnb.
- The bottom three absolute detractors were Zoetis, Adobe, and Accenture.

Trades

- New Positions: none
- Additions: ThermoFisher, Zoetis (both on valuation grounds)
- Trims: none
- Sells: PayPal (the company has once again delayed the rollout of its new payment interface and will likely continue to lose share until it is launched)

Quarterly Attribution – March 31, 2024

Performance statement

Despite slowing a little in March, U.S. growth equities had a strong first quarter, with the largest quarterly differential between equities and bonds since early 2020. Rate expectations have continued to exert a marked influence over equity markets although by quarter-end, expectations for Fed rate cuts had been pushed out most likely to July. The U.S. economy has proven markedly resilient and inflation, although falling, has remained higher than expectations. Bond yields have trended higher, lending support to the U.S. dollar, while growth equities outperformed their value counterparts. Oil appreciated by over US\$12 in the quarter with OPEC+ production cuts affecting supply and the resilient U.S. economy driving demand.

For the first quarter of 2024, the Polen Capital Focus Growth Portfolio (the "Portfolio") returned 8.29% gross of fees and 8.09% net of fees. The S&P500 Index (the "Index") returned 10.56%.



Attribution Summary

Sector allocations were flat over the period with the negative impact of the Consumer Discretionary overweight offset by the Information Technology overweight and zero allocation to Real Estate. At a stock selection level the zero weighting to Apple and Tesla were the first and third largest contributors to relative returns respectively as both companies continue to see weakening fundamentals. The overweight to Amazon also benefitted performance. The zero weighting to Nvidia was a negative as the stock price continued to outperform the broader market, appreciating by 83% in the quarter. Overweights to Adobe and Zoetis were also relative detractors, with an unusually negative reaction to solid results late in the quarter.

Top/bottom relative contributors/detractors

- The top three relative contributors were Apple, Amazon, and Tesla.
- The bottom three detractors from relative returns were Nvidia, Adobe, and Zoetis.

Top/bottom absolute contributors/detractors

- The top three absolute contributors were Amazon, Netflix, and Microsoft.
- The bottom three absolute detractors were Adobe, Zoetis, and Nike.

Trades

- New Positions: none
- Additions: Abbott Laboratories, Nike, Visa, ThermoFisher, Zoetis (all on valuation grounds)
- Trims: Adobe, ServiceNow (both on valuation grounds)
- Sells: PayPal (the company has once again delayed rollout of its new payment interface and will likely continue to lose share until it is launched)

Outlook

Our long-term returns have historically correlated well with the Portfolio's underlying earnings growth. As such, we were pleased to see solid earnings growth in 2023, which we view as directly tied to our results, contributing to our second-highest absolute return year. As we look forward, we feel the Polen Focus Growth strategy is well-positioned to continue to deliver mid-teens or better earnings per share growth that should provide the necessary engine for future returns.



DISCLOSURES

Past performance does not guarantee future results and profitable results cannot be guaranteed. Returns are presented gross and net of management fees and have been calculated after the deduction of all transaction costs and commissions, and include the reinvestment of all income. Net of fee performance was calculated using actual management fees.

This information is being provided at your specific request, is for informational purposes only and should not be construed as a recommendation to purchase, hold or sell any particular security. There is no assurance that any securities discussed herein will remain in the Portfolio or that the securities sold will not be repurchased. Holdings are subject to change without notice. The securities discussed do not represent the entire Portfolio. 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.

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The volatility and other material characteristics of the index referenced may be materially different from the performance achieved by an individual investor. In addition, an investor's holdings may be materially different from those within the index. Indices are unmanaged and one cannot invest directly in an index.

The **S&P 500® Index** is a market capitalization-weighted index that measures 500 common equities that are generally representative of the U.S. stock market. The index is maintained by S&P Dow Jones Indices.

EPS (earnings per share): The portion of a company's income available to shareholders and allocated to each outstanding share of common stock.

All sectors are based on GICS (Global Industry Classification Standard).

Sources: Bloomberg, Polen Capital.

Contribution to relative return is a measure of a security's contribution to the relative return of a portfolio versus its benchmark index. The calculation can be approximated by the below formula, taking into account purchases and sales of the security over the measurement period.

Contribution to relative return of Stock A = (Stock A portfolio weight (%) - Stock A benchmark weight (%)) x (Stock A return (%) - Aggregate benchmark return (%)).