



Polen Global Growth Strategy

Preliminary Strategy AUM as of March 31, 2024: \$5.6 billion*

Monthly Attribution – March 31, 2024

Performance statement

Global large cap growth equities faltered a little in March as the strong start to the year came face-to-face with the realization that any rate cuts by the U.S. Federal Reserve were likely to 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. Value equities, which had lagged year-to-date, outperformed their growth counterparts in March. Overall, regional markets posted solid total returns, with the U.K. the best performer and China the laggard as skepticism remains over the government's ability to stimulate domestic equity markets. 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 Global Growth Portfolio (the "Portfolio") returned 0.70% gross of fees and 0.62% net of fees. The MSCI ACWI Index (the "Index") returned 3.14%.

Attribution Summary

Sector allocation was a negative over the month driven by the zero weightings in the Energy and Materials sectors. 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 overweight to Adobe was the most significant relative detractor, with the company seeing an unusually negative reaction to solid results. Overweights to Workday and Abbott Laboratories also detracted.

*Asset figures include discretionary as well as nondiscretionary assets.

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Going beyond.



Top/bottom relative contributors/detractors (relative contribution to return)

- The top three relative contributors were Apple, Alphabet, and Tesla.
- The bottom three relative detractors were Adobe, Workday, and Abbott Laboratories.

Top/bottom absolute contributors/detractors (contribution to return)

- The top three absolute contributors were Alphabet, Novo Nordisk, and Aon.
- The bottom three absolute detractors were Adobe, Workday, and Accenture.

Trades

- New Positions: none
- Additions: Globant (due to attractive relative value)
- Trims: Accenture (we identified better relative value in Globant); ICON, Siemens, Healthineers (small reductions to raise cash for a new opportunity)
- Sells: none

Quarterly Attribution – March 31, 2024

Performance statement

Despite slowing a little in March, global growth equities had a strong first quarter of 2024, with the largest quarterly differential between equities and bonds since early 2020 seen in the U.S. Rate expectations have continued to exert a marked influence over equity markets although by quarter-end expectations for U.S. Federal Reserve 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. Japan was the standout regional performer with the equity market appreciating by nearly 19% and hit a landmark with the benchmark Nikkei 225 Index finally breaching its previous high of late 1989. Despite government intervention mid-period to strengthen domestic equity markets, China was the weakest performer at -2.1% and the only major market in negative territory. 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 Global Growth Portfolio (the "Portfolio") returned 8.10% gross of fees and 7.81% net of fees. The MSCI ACWI Index (the "Index") returned 8.20%.



Attribution Summary

Sector allocation was positive over the quarter with the overweight to Information Technology and the zero weightings in Energy and Materials all contributing. At a stock selection level the zero weighting to Apple was the biggest contributor to relative returns as the company continues to see weakening fundamentals while overweights to SAP and Amazon also benefitted performance. The overweight to Adobe was a relative detractor, with an unusually negative reaction to solid results late in the quarter, while the Workday allocation also detracted. The zero weighting to Nvidia was a negative as the stock price continued to outperform the broader market, appreciating by 83% for the quarter.

Top/bottom relative contributors/detractors (relative contribution to return)

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

Top/bottom absolute contributors/detractors (contribution to return):

- The top three absolute contributors were Amazon, SAP, and Microsoft.
- The bottom three absolute detractors were Adobe, Globant, and L'Oreal.

Trades

- New Positions: Airbnb (robust business model, large addressable market, talented leadership); Sage Group (UK provider of accounting and financials to SMEs with, what we viewed as stronger fundamentals and growth prospects compared to Nestle)
- Additions: Globant (attractive relative value)
- Trims: Accenture (we saw better relative value in Globant); ICON and Siemens Healthineers (small reduction to raise cash for a new opportunity)
- Sells: Nestle (expectations of slower growth prospects)

Outlook

While the market remains dynamic, we are confident that the Portfolio is well-positioned to deliver continued robust EPS growth in 2024 and beyond. We focus on secular growth companies offering differentiated products and services that we believe will perform well over time, regardless of the economic environment. While valuations have recovered this year, the Portfolio's fundamentals remain sound. Our long-term earnings growth expectations remain largely unchanged, and we plan to take advantage of volatility and potential pricing anomalies to build a more concentrated portfolio of our best investment ideas for the next five-plus years.



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.

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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 **MSCI ACWI** Index is a market capitalization weighted equity index that measures the performance of large and mid-cap segments across developed and emerging market countries. The index is maintained by Morgan Stanley Capital International. It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes.

Sources: Bloomberg, European Central Bank and 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. Please note this calculation does not take into account transactional costs and dividends of the benchmark, as it does for the portfolio.

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