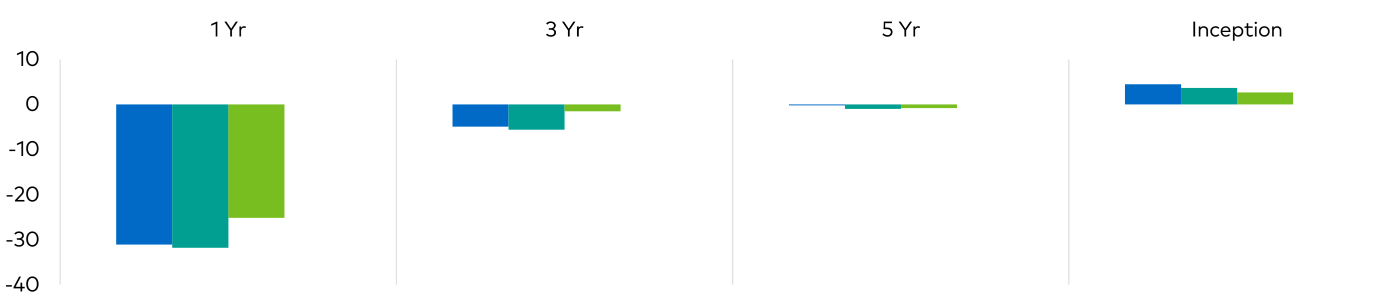
Polen International Growth

Portfolio Manager Commentary – September 2022

Summary

- Market strength in July gave way to weakness through August and September as markets gained momentum to the downside into the quarter's end, sparing no sectors.
- The International Growth Composite Portfolio (the "Portfolio") outperformed the MSCI ACWI ex-USA Index (the "Index"), as an underweight to financials and industrials and a zero-weighting in materials contributed to relative performance, while the healthcare sector was the primary laggard.
- The most significant contributors to performance on an absolute basis over the third quarter were MercadoLibre, Globant, and Experian. The most significant absolute detractors from performance over the quarter were Adidas, ICON, and Tencent.
- During the quarter, we added to our existing positions in Kering, SAP, and Evolution, where we believe the fundamental outlook remains robust and recent share price declines offer attractive entry prices for long-term investors.
- While uncertain and volatile markets can signal slower near-term economic growth, the divergence between business fundamentals and stock prices has created attractive entry points for investment in companies with outsized long-term return potential.

Seeks Growth & Capital Preservation (Performance (%) as of 9-30-2022)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
Polen International Growth (Gross)	-8.97	-35.34	-31.08	-4.92	-0.21	4.48
Polen International Growth (Net)	-9.26	-35.92	-31.77	-5.61	-0.98	3.67
MSCI ACWI (ex-USA)	-9.91	-26.50	-25.16	-1.52	-0.81	2.66

The performance data quoted represents **past performance and does not guarantee future results.** Current performance may be lower or higher. Periods over one-year are annualized. Performance figures are presented gross and net of fees and have been calculated after the deduction of all transaction costs and commissions, and include the reinvestment of all income. Please reference the GIPS Report which accompanies this commentary.

The commentary is not intended as a guarantee of profitable outcomes. Any forward-looking statements are based on certain expectations and assumptions that are susceptible to changes in circumstances. Opinions and views expressed constitute the judgment of Polen Capital as of the date herein, may involve a number of assumptions and estimates which are not guaranteed, and are subject to change.

All company-specific information has been sourced from company financials as of the relevant period discussed.

Commentary

In prior letters, we have discussed a global trend toward shrinking financial liquidity as central banks have become more restrictive.

> **This trend towards diminishing liquidity is still in motion today, making it especially important to maintain exposure to companies that provide ballast in the Portfolio.**

By this, we are referring to an emphasis on durable businesses that persistently grow earnings and cash flows. Such companies often sport lower valuations than the rest of the Portfolio, and in the next paragraph, we'll get into one sector that we view as a source of ballast.

Healthcare holdings comprise ~25% of the Portfolio. With aging developed-market demographics, rising middle-class consumption in emerging markets, and numerous drug discovery programs globally, the Portfolio's healthcare companies enjoy persistent global demand for their products and services. To that end, the Portfolio's overweight to companies in the healthcare sector throughout the quarter and year is intended to deliver stable growth.

However, despite our views and market volatility in the third quarter of 2022, our healthcare exposure did not help the Portfolio for the period. By contrast, our healthcare holdings represented the Portfolio's foremost lagging sector from a share price performance perspective. Despite these recent experiences, our view around the role of these holdings remains unchanged, and we see market behavior as being generally indiscriminate of fundamental business performance. Should volatility persist into the fourth quarter, the Portfolio's healthcare exposure could work in its favor. This view stems from continued positive commentary from Portfolio holdings in the healthcare sector and, importantly, a view that each enjoys durable competitive advantages.

Portfolio Performance & Attribution

The Polen International Growth Composite Portfolio (the "Portfolio") outperformed the MSCI ACWI (ex-US) Index (the "Index") in the third quarter by 0.65%, net of fees. The Portfolio returned -8.97% and -9.26% gross and net of fees versus the Index's -9.91% return. Market strength in July gave way to weakness through August and September as markets gained momentum to the downside into the quarter's end. Widespread market weakness often spares few sectors, and the third quarter was no exception.

During the period, the Portfolio was helped by an underweight to the financials and industrials sectors and by a zero-weight exposure to materials, as these sectors contributed to weaker relative performance of the Index.

Our most significant contributors to performance on an absolute basis over the third quarter were **MercadoLibre**, **Globant**, and **Experian**.

MercadoLibre, a leading e-commerce marketplace and payments platform in Latin America, delivered better-than-expected results amidst a challenging backdrop. These results highlighted particularly robust results in their fintech segment, Mercado Pago, which surpassed $30 billion in total payment volume. Management has struck the right balance between being disciplined on margins given the macro backdrop, but also investing where appropriate as the company is in a much better financial position than many competitors, based on our research. We believe structural tailwinds like the transition to e-commerce and digital payments will continue to drive growth long term.

Globant, a leading IT consulting company based in Argentina, reported attractive results in the period. In the current environment, where businesses everywhere need help digitally transforming, Globant is seeing strong demand for its services. We expect this demand to persist for years to come and to drive earnings growth greater than 25%.

Experian, an information services business, and the leading credit bureau services operator, continues to execute well, delivering sound results across most business lines and geographies. Our research shows that the business enjoys significant scale advantages as the largest credit bureau operator in its markets, and further success in its Consumer Services segment could continue to drive long-term growth.

Our most significant absolute detractors from performance over the quarter were **Adidas**, **ICON**, and **Tencent**.

Adidas' struggles in the period can largely be attributed to weakness in its China business. Given the lockdowns around China's restrictive "Zero COVID" policies, Adidas has seen declining revenue growth in this segment for two consecutive quarters—50-60% of stores are in cities that are locked down in some way—while the rest of the business continues to perform well. These challenges are not limited to Adidas, however. While this is an unfortunate headwind in the short term, it does not change our positive long-term view around the company's innovative product developments and its shift from wholesale distribution to direct-to-consumer, which we believe should drive a significant margin benefit.

ICON is the world's leading clinical research organization ("CRO"), providing outsourced clinical development and commercialization services to the pharmaceutical and biotech industries. Amidst a backdrop of rising interest rates, the broader CRO industry has come under pressure, given concerns that biotech funding is slowing down and leading to project cancellations.

It is worth noting that ICON has comparatively low exposure to pre-revenue, early-stage biotech companies, accounting for only 15% of revenues.

Further, our research process affirmed that while the funding environment has changed, ample funding remains to support the continuation of projects. Additionally, most pre-revenue businesses with good ideas will be able to raise funding to drive operations for a few years.

Tencent, a leading Chinese internet and technology company, sold off in the latter part of the quarter in line with broader Chinese equities. The company has navigated a challenging set of economic conditions, supply chain challenges, and growth headwinds from the "Zero COVID" regulation. While this environment will likely continue to present difficulties for the company in the short to medium term, we continue to believe this is among one of the best businesses in the international universe over the long term.

Portfolio Activity

During the quarter, we added to our existing positions in **Kering**, **SAP**, and **Evolution**. As a general theme, with these additions, we believe the long-term fundamental outlook remains compelling, while the recent share price declines offer attractive entry prices for long-term investors

Kering is a French fashion house most known for luxury brands such as Balenciaga, Bottega Veneta, Gucci, Alexander McQueen, and Yves Saint Laurent. Despite delivering attractive business fundamentals, like pricing power where inflation works to its benefit, and no signs of wavering demand, the stock has continued to sell off. Though luxury goods are somewhat discretionary, and, therefore, could suffer some headwinds if the economy were to weaken significantly, evidence suggests that wealthy consumers—the core customer of luxury brands—are significantly less impacted by economic recessions than most. Given a more attractive valuation that appears to price in a material slowdown in demand, we added to our position. Our outlook over the long term remains very positive.

SAP is Europe's largest software company and the global leader in enterprise resource planning (ERP) software. ERP is a software category that is particularly critical to business functions, and, therefore, has high retention rates even in times of economic stress. For the past several years, SAP has been going through several transitions, including moving to cloud-based SaaS (Software as a service) solutions and an initiative to better integrate its various software solutions. In recent quarters, we have seen increasing evidence that both transitions are being successfully executed, and the result should be a faster-growing, more consistent, higher margin, and more advantaged business. As investment costs from these transition programs wane, and as the benefits of higher growth continue, we expect that earnings will grow at a double-digit rate from next year (2023) onwards. In light of this, we believe the valuation is very attractive for long-term investors.

Evolution is a B2B provider of online gaming content. It is the world's leader in live online gaming with over 60% global share. To complement live online gaming, it has also built a significant portfolio of online slot machine games. This portfolio gives it a complete online gaming offering, which it can cross-sell to customers. Evolution is benefitting from the large structural trend of gaming moving from offline to online, where it is more convenient and can provide richer experiences. Today, only about 10% of gaming happens online, with 90% still in land-based casinos, which we expect to flip over time. The pandemic has accelerated the adoption of online gaming, forcing regulators in many jurisdictions to reconsider their stance. In the U.S., six states have legalized online gaming, with four of those coming in the past two years. Over the medium term, we expect more states to regulate online gaming, opening up further growth to companies like Evolution.

Though online gaming is discretionary, and Evolution's revenues could prove somewhat cyclical, we expect that it will be able to grow earnings at greater than 20% in the coming five years.

At less than 20x next year's earnings, we think the valuation is very attractive.

Outlook

We continue to run the Portfolio with a focus on robust and profitable businesses that we believe are poised to grow their earnings at above-market rates over the next five years.

Our optimism also stems from competitively advantaged companies on our watch list that we currently do not own but could become more compelling options as valuations come in.

While uncertain and volatile markets can signal slower near-term economic growth, the divergence between business fundamentals and stock prices has created attractive entry points for investment in companies with outsized long-term return potential.

As ever, we are confident in the time-tested philosophy driving our growth investing approach.

Thank you for your interest in Polen Capital and the International Growth strategy. Please contact us with any questions.

Sincerely,

Todd Morris and Daniel Fields, CFA

Experience in High Quality Growth Investing

Todd Morris
Portfolio Manager & Analyst
13 years of experience

Daniel Fields, CFA
Portfolio Manager & Analyst
16 years of experience

GIPS Report

Polen Capital Management
International Growth Composite—GIPS Composite Report

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation	
Year End	Total ($Millions)	Assets ($Millions)	Assets ($Millions)	U.S. Dollars ($Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	MSCI ACWI ex USA (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI ACWI ex USA (%)
2021	82,789	28,884	53,905	60.41	2	7.10	6.67	7.82	N/A	14.67	16.79
2020	59,161	20,662	38,499	54.63	2	12.75	12.02	10.66	N/A	14.55	17.94
2019	34,784	12,681	22,104	0.41	1	27.88	26.81	21.50	N/A	10.92	11.34
2018	20,591	7,862	12,729	0.32	1	-4.60	-5.41	-14.19	N/A	N/A	N/A
2017	17,422	6,957	10,466	0.34	1	35.06	33.94	27.19	N/A	N/A	N/A

Performance % as of 12-31-2021:
(Annualized returns are presented for periods greater than one year)

	1 Yr	5 Yr	10 Yr	Inception
Polen International Growth (Gross)	7.10	14.75	-	14.75
Polen International Growth (Net)	6.67	13.93	-	13.93
MSCI ACWI (ex-USA)	7.82	9.60	-	9.60

[1]A 3 Year Standard Deviation is not available for 2017 and 2018 due to 36 monthly returns are not available. Total assets and UMA assets are supplemental information to the GIPS Composite Report. N/A - There are five or fewer accounts in the composite the entire year. While pitch books are updated quarterly to include composite performance through the most recent quarter, we use the GIPS Report that includes annual returns only. To minimize the risk of error we update the GIPS Report annually. This is typically updated by the end of the first quarter.

GIPS Report

The International Growth Composite created and incepted on January 1, 2017 contains fully discretionary international growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI (ex-USA). Effective January 2022, fully discretionary large cap equity accounts managed as part of our International Growth strategy that adhere to the rules and regulations applicable to registered investment companies subject to the U.S. Investment Company Act of 1940 and the Polen International Growth Collective Investment Trust were included into the International Growth Composite. The accounts comprising the portfolios are highly concentrated and are not constrained by EU diversification regulations. Polen Capital Management claims compliance with the Global investment

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 for the periods April 1, 1992 through December 31, 2021. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Polen Capital Management is an independent registered investment adviser. Polen Capital Management invests exclusively in equity portfolios consisting of high-quality companies but also has a subsidiary, Polen Capital Credit, LLC, that specializes in high yield securities and special situations investing. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, 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.

Effective January 1, 2022, composite policy requires the temporary removal of any portfolio incurring a client initiated significant net cash inflow or outflow of 10% or greater of portfolio assets. 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 either actual management fees or highest fees for fund structures. The annual composite dispersion presented is an asset-weighted standard deviation using returns presented gross of management fees calculated for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The separate account 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 160 basis points (1.60%) of the first $500,000 of assets under management and 110 basis points (1.10%) of amounts above $500,000 of assets under management. Actual investment advisory fees incurred by clients may vary.
The per annum fee schedule for managing the Polen International Growth Fund, which is included in the International Growth Composite, is 85 basis points (.85%). The total annual fund operating expenses are up to 135 basis points (1.35%). As of 4/30/2022, the mutual fund expense ratio goes up to 1.29%. This figure may vary from year to year. The per annum all-in fee* schedule for managing the Polen International Growth Collective Investment Trust, which is included in the International Growth Composite, goes up to 70 basis points (.70%). *The all-in fee (which is similar to a total expense ratio) includes all administrative and operational expenses of the fund as well as the Polen Capital management fee.

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. Portfolio returns are net of all foreign non-reclaimable withholding taxes. Reclaimable withholding taxes are reflected as income if and when received. 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 ex USA Index is a market capitalization weighted equity index that measures the performance of large and mid-cap segments across developed and emerging market countries (excluding the U.S). The index is maintained by Morgan Stanley Capital International.

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

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%	1.10	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	2.17	2.37
20%	1.20	1.44	1.73	2.07	2.49	2.99	3.58	4.30	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