Polen U.S. Small Company Growth

Portfolio Manager Commentary – March 2023

Summary

- In the first quarter, Polen U.S. Small Company Growth Composite Portfolio (the "Portfolio") returned 11.14% gross and 10.81% net of fees, respectively, compared to the 6.07% return of the Russell 2000 Growth Index (the "Index").

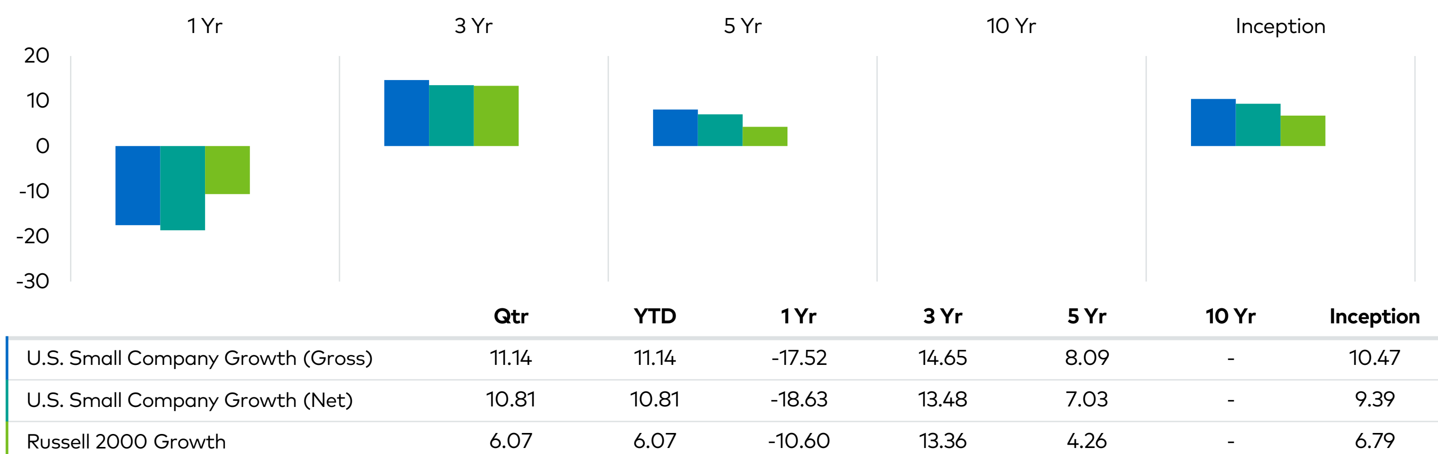
- The start to 2023 has proven no less volatile than the unprecedented, macro-driven environment we experienced in 2022. Markets initially embraced the growing possibility of a soft landing before stronger-than-expected economic data prompted concerns the Fed would continue to raise rates. Then, the collapse of Silicon Valley Bank and ensuing concerns over potential contagion introduced a new reality for the markets to contend with.

- The top contributors to the Portfolio's relative performance in the first quarter included Goosehead Insurance, Duck Creek Technologies and Altair Engineering. These were also the top contributors on an absolute basis. By contrast, the most significant detractors from the Portfolio's relative performance included Azenta, Warby Parker, and Bumble. On an absolute basis, the largest detractors were Azenta, Warby Parker, and AMN Healthcare.

- We initiated two new positions in high quality businesses, funded by three eliminated positions and some trims to existing holdings.

- While we can't predict when markets will recover, we believe that maintaining our focus on high-quality growth companies that are well positioned to drive cash flow and earnings growth over the next five years will generate attractive long-term performance.

Seeks Growth & Capital Preservation (Performance (%) as of 3-31-2023)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
U.S. Small Company Growth (Gross)	11.14	11.14	-17.52	14.65	8.09	-	10.47
U.S. Small Company Growth (Net)	10.81	10.81	-18.63	13.48	7.03	-	9.39
Russell 2000 Growth	6.07	6.07	-10.60	13.36	4.26	-	6.79

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

On the back of an unprecedented, macro-driven environment in 2022, the start of 2023 has proven no less volatile. In the outlook section of our last quarterly letter, we highlighted our expectation that the near term would continue to be highly uncertain. We referenced how if interest rates stabilized, it might be because economic growth is contracting or that if growth does, in fact, persist, there may be further uncertainty over interest rates. By chance, we happened to see both scenarios play out in the first quarter, with the bear market rally in stocks cut short by higher interest rate expectations. Then, as cracks emerged in the banking system, it made for a higher probability of normalizing interest rates but with a worsening economic outlook. To this last point, in recent weeks, we've witnessed a banking crisis unfold the likes of which we haven't experienced since the Global Financial Crisis ("GFC").

Having invested through the GFC and other crises, underscores why we invest the way we do, owning the highest quality growth businesses in our asset class that are not reliant on external capital to grow due to strong balance sheets that are not as influenced by interest rates, and that have the strong leadership to invest at high returns on capital. These are the hallmarks of our flywheel investment criteria. Our discipline, driven by our framework, allows us to cut through the noise and confidently deploy capital for the long term.

It's times like these that bring into sharp focus why we avoid banks, energy, and biotech companies. Over the last year, some of these lower-quality industries were perceived as a safe place to "hide" for quality growth managers, given the relative outperformance. We believed this was short-term thinking and stuck to the key tenants of our disciplined process. Over time these industries have shown themselves to be highly vulnerable to demand destruction, and a tightening of credit availability and/or a recessionary environment would be particularly challenging for these companies.

When we invest in a business, we orient ourselves with a five-plus-year investment horizon, making an evaluation on the long-term durability and sustainability of earnings growth.

Our concentrated approach allows us to invest only in businesses meant to withstand changes in the funding environment, tighter credit, and economic downturns. This does not mean that our businesses or any business will be immune to economic disruption. However, it gives us greater confidence that the trajectory of earnings, cash flow, and value-creating reinvestment will be superior to the broader small cap opportunity set. This has always been central to our investment philosophy, and we are not willing to compromise on this.

This remains an excellent time to be investing in small cap companies for those of us that are long-term oriented, patient, and discerning.

Portfolio Performance & Attribution

During the first quarter, the U.S. Small Company Growth Composite Portfolio (the "Portfolio") returned 11.14% gross and 10.81% net of fees, respectively, compared to the 6.07% return of the Russell 2000 Growth Index (the "Index").

The top contributors to the Portfolio's relative performance in the first quarter included **Goosehead Insurance, Duck Creek Technologies** and **Altair Engineering.** These were also the top contributors on an absolute basis. Goosehead and Duck Creek were two of our worst performers in 2022, despite strong fundamentals, highlighting the significant disconnect between stock prices and fundamental performance last year.

Goosehead Insurance, a personal line P&C insurance brokerage primarily focused on home and auto markets, has continued to deliver strong results despite weakness in the housing market. The company continues to show that they are among the best operators in a difficult macro environment, leaning into its value propositions around great customer service and a better agent experience and kicking off thoughtful, value-add strategic growth programs.

Duck Creek Technologies, a cloud-based provider of enterprise software for property and casualty (P&C) insurance companies, announced its intent to be acquired by a private equity firm at an acquisition price representing a 50% premium. The stock has since traded at close to the deal price, and we exited the position towards the end of the quarter.

Finally, **Altair Engineering**, a leading provider of simulation software across several different end markets, reported very strong results and a favorable 2023 outlook that speaks to the long runway for growth and the mission-critical role they play for their customer base. We trimmed our position due to valuation but continue to view Altair as a durable business with a high degree of visibility despite the uncertain macro environment.

The most significant detractors from the Portfolio's relative performance in the quarter included **Azenta, Warby Parker,** and **Bumble.** On an absolute basis, the largest detractors were Azenta, Warby Parker, and **AMN Healthcare.**

Azenta is a life sciences company with a diverse portfolio of products and services catering to the biotech industry. As a reminder, the company was carved out of Brooks Automation, a semiconductor equipment company, in late 2021. When we bought the business, we believed we had a clear view on the long-term growth and profitability and believed the company could return a significant amount of cash to shareholders after selling its semiconductor business. Since our investment, earnings have been significantly lower than expected, management's explanations have been convoluted, and we have less confidence in the company's ability to grow sustainably at an above-market rate. We exited the position in the first quarter and used the proceeds to add to existing holdings and build new positions.

Warby Parker is an omnichannel retailer of eyewear products with a unique vertically integrated direct-to-consumer business model. In recent quarters, the company has been adversely affected by post-pandemic changes in consumer behavior, which we believe are temporary. While the company reported weaker-than-expected results, it definitively outperformed its peers and continues to gain market share while improving profitability.

Finally, **Bumble**, a leading online dating app known for its strong, women-centric brand, was another detractor. We do not believe the stock's poor performance is driven by fundamentals, which have remained strong amidst an uncertain economic backdrop. As one measure of this, the Bumble app recently became the most downloaded dating app in key markets such as the US, Canada, Australia, the UK, and Germany—all without a commensurate increase in marketing spend. We believe the stock was weighed down by fears sparked by the poor performance of competitor Match Group, which is experiencing growth challenges as the Tinder platform matures, as well as a pickup in secondary activity from private equity owner selling. We used this volatility to add to our position in Bumble.

Portfolio Activity

The activity this quarter included two new initiations and three complete sales along with modest adds and trims to existing positions. New additions to the portfolio included **Alight** and **DocGo**.

Alight is a leading cloud-based provider of employee engagement tools and solutions for workplace benefits, payroll, administration, and wealth services. Alight was founded 25 years ago, and, in keeping with the flywheel, has a long history of consistently growing recurring revenue. Over the past several years, Alight has deployed capital towards several value-add acquisitions and towards developing a technology platform for what they call "business process as a service" or "BPaaS". This has only furthered Alight's unique positioning and opened up significant growth opportunities.To give a sense for their scale, they serve 15% of the US workforce and their solutions can be found in 50% of Fortune 500 companies. Alight's human capital BPaaS solutions combine Software as a Service ("SaaS") capabilities, artificial intelligence, automation, and data analytics to deliver superior outcomes for employees and employers across a comprehensive portfolio of services. We expect Alight to drive consistent growth on the back of upsell/cross-sell opportunities with existing clients, as well as from new customer wins, international expansion and M&A.

DocGo is an innovative healthcare company providing unique mobile healthcare solutions. The company is comprised of two segments: Transportation Solutions and Mobile Health Solutions. The Transportation business provides health systems with a reliable, accurate, and safe, Uber-like transportation experience for its patients and health systems upon discharge. The value proposition here is around time, as medical transportation allows the hospital to manage their bed space more efficiently. The Mobile Health Solutions business is essentially a doctor's office or urgent care facility on wheels. They leverage EMTs, paramedics, and/or license practical nurses to deliver in-home or curbside/in-van care to patients combined with an advanced practical nurse (APP) or physician's assistant on video. In short, the company has created a business model that we believe is a win-win-win for all constituents of the healthcare ecosystem, leading to rapid adoption. Healthcare professionals like EMTs and paramedics have the potential to upskill and earn more, healthcare providers and payers benefit from lower cost with better outcomes, patients experience better outcomes at greater convenience, in many cases society and government benefit from reaching the underserved, and DocGo does all this with a very compelling and simple revenue and profit model. Docgo has a powerful flywheel that we believe has the potential to drive durable, profitable growth over many years.

We exited three positions during the quarter: **Duck Creek Technologies, Azenta,** and **Olaplex.** Duck Creek and Azenta were discussed in the above section on top and bottom contributors, and we believe Olaplex highlights our willingness to change our mind when information changes, even with a new position.

Olaplex is a highly profitable and uniquely positioned prestige beauty brand focused on science-based hair care. When we first invested in Olaplex in the fourth quarter of last year, it was on the back of the stock re-rating lower as revenue growth decelerated from rapid growth to a more sustainable growth rate. We felt this re-rating represented a significant discount on the stock's long-term potential. In the short time since we became owners, a tail risk emerged related to a claim that the products cause hair loss and damage. At worst, this

presents an existential threat to the business and, in the best-case scenario, makes everything that they are trying to do today a lot harder. No longer comfortable with the significantly widened range of potential outcomes, we eliminated the position as we have investment alternatives of equal or better reward today with meaningfully less risk. While it is unusual for us to exit positions so quickly, sometimes this is necessary. Not only is it important to be open to changing one's mind quickly as new risks emerge—it is essential to protecting and preserving our clients' capital.

Outlook

The current environment continues to be highly uncertain. Small cap companies as an asset class are heavily discounted relative to history. Still, risks are also significant whether it be inflation and the path of interest rates, credit availability, or the economy. Despite the uncertainty, we operate with clarity and conviction. We believe that owning great businesses with durable growth and high returns on capital with a significant runway for reinvestment at high returns and further buying those businesses at a discount to their long-term valuation creation potential, will drive great returns for our clients.

This underscores why we stay focused on the long-term and why we stay focused on competitively advantaged, financially flexible businesses. We believe that always owning businesses with strong balance sheets and the ability to reinvest in any environment trumps short-term temptations to own lower quality businesses driven by interest rates, commodity prices, or leverage.

While the short-term view is heavily influenced by fear and uncertainty, the long-term picture is far clearer than the market would suggest (even at higher interest rates). By and large, our long-term view and conviction in our portfolio companies is unchanged. This allows us to confidently sift through the noise and take advantage of price dislocations.

> **Despite all the challenges, the opportunity set in small caps is attractive in terms of both valuation and the prospect for persistent growth.**

High-quality small cap companies have greater latent potential for growth relative to more mature businesses. The best small cap growth companies can quickly reduce spending and inflect profitability if needed, given their high starting levels of investment. We believe the best-of-the-best small cap companies will take advantage of adjacencies and have a better potential opportunity set for value-added acquisitions. Of course, many companies do not meet this high hurdle, which is why we hold a concentrated portfolio of companies that do not just offer growth and high returns, but also durability, robust financial models, the ability to self-fund growth, and what we believe to be superior management teams.

We believe great investing requires a clear and proven philosophy, a disciplined process, and conviction. It also requires great humility and a willingness to change your view when the evidence requires it. We look forward to keeping you updated on our views in future commentary.

Thank you for your interest in Polen Capital and the U.S. Small Company Growth Portfolio. Please contact us with any questions.

Sincerely,

Rayna Lesser Hannaway, CFA & Whitney Young Crawford

Experience in High Quality Growth Investing

Rayna Lesser Hannaway, CFA
Head of Team, Portfolio Manager & Analyst
27 years of experience

Whitney Young Crawford
Portfolio Manager, Director of Research & Analyst
16 years of experience

GIPS Report

Polen Capital Management
U.S. Small Company Growth Composite—GIPS Composite Report

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation[2]	
Year End	Total ($Millions)	Assets ($Millions)	Assets ($Millions)	U.S. Dollars ($Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	Russell 2000 G (%)	Composite Dispersion (%)	Polen Gross (%)	Russell 2000 G (%)
2022	55,011	18,053	36,959	89.27	40	-42.10	-42.86	-26.36	0.1	29.29	26.20
2021	82,789	28,884	53,905	83.89	156	18.67	17.69	2.83	0.6	23.54	23.08
2020	59,161	20,662	38,499	48.06	68	56.41	55.08	34.63	1.7	25.52	25.10
2019	34,784	12,681	22,104	8.28	8	22.73	21.62	28.50	0.1	N/A	N/A
2018	20,591	7,862	12,729	3.82	6	3.30	2.31	-9.29	0.0	N/A	N/A
2017[1]	17,422	6,957	10,466	5.65	4	20.74	19.82	18.22	N/A	N/A	N/A

Performance % as of 12-31-2022:
(Annualized returns are presented for periods greater than one year)

	1 Yr	5 Yr	10 Yr	Inception
U.S. Small Company Growth (Gross)	-42.10	6.38	-	8.95
U.S. Small Company Growth (Net)	-42.86	5.35	-	7.89
Russell 2000 Growth	-26.36	3.50	-	6.01

[1]Performance represents partial period (March 9, 2017 through December 31, 2017), assets and accounts are as of December 31, 2017.
[2]A 3 Year Standard Deviation is not available for 2017, 2018 and 2019 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 U.S. Small Company Growth Composite created on July 3, 2017 with inception date March 9, 2017 contains fully discretionary small company equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against Russell 2000 Growth. Effective January 2022, fully discretionary small company equity accounts managed as part of our U.S. Small Company Growth strategy that adhere to the rules and regulations applicable to registered investment companies subject to the U.S. Investment Company Act of 1940 were included into the U.S. Small Company 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 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 June 30, 2022. 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.

A material error in the 2017 annual performance for the Russell 2000 Growth was corrected as of April 17, 2020. 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 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 100 basis points (1.00%) on the first $50 Million and 85 basis points (0.85%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 175 basis points (1.75%) of the first $500,000 of assets under management and 125 basis points (1.25%) 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 U.S. Small Company Growth Fund, which is included in the U.S. Small Company Growth Composite, is 100 basis points (1.00%). 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 1.35%. This figure may vary from year to year.

Past performance does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross and net of fees and have been calculated after the deduction of all transaction costs and commissions. 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 Russell 2000® Growth Index is a market capitalization weighted index that measures the performance of the small-cap growth segment of the U.S. equity universe. It includes Russell 2000® Index companies with higher price/book ratios and higher forecasted growth values. The index is maintained by the FTSE Russell, a subsidiary of the London Stock Exchange Group.

The Global Financial Crisis (GFC) was a severe worldwide economic crisis. The National Bureau of Economic Research dates the recession around this crisis from Dec-2007 through Jun-2009.

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

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