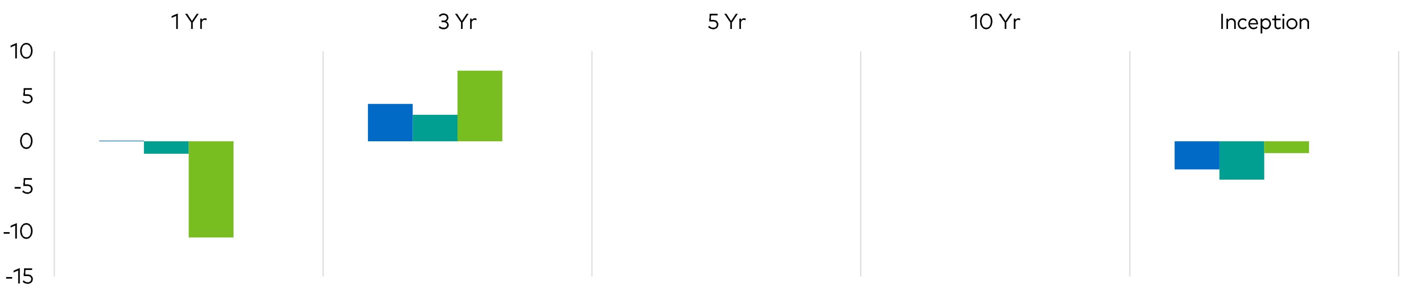
Polen Emerging Markets Growth

Portfolio Manager Commentary – March 2023

Summary

- During the first quarter of 2023, the Polen Global Emerging Markets Growth Composite Portfolio (the "Portfolio") returned 7.61% gross and 7.23% net of fees, respectively, versus the 3.96% return for the MSCI Emerging Markets Index (the "Index").
- Interest rate policy, developed market inflation, and turmoil in developed market banks were sources of volatility, causing sentiment to swing significantly in the period.
- The top contributors to relative returns over the quarter included Wizz Air, Momo.com, and MercadoLibre. These were also the top contributors on an absolute basis. The top relative detractors included NagaCorp, Mobile World, and Mr Price Group. On an absolute basis, the top detractors were the same.
- While we believe that share prices do not always reflect business fundamentals in the near term, we are confident in our Portfolio holdings' long-term prospects and excited about the opportunities we see in emerging markets.
- Despite the market's short-term preferences and gyrations, we remain focused on finding companies with competitive advantages that we believe can compound earnings and cash flows over the long term.

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



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Polen Emerging Markets Growth (Gross)	7.61	7.61	0.07	4.16	-	-	-3.13
Polen Emerging Markets Growth (Net)	7.23	7.23	-1.38	2.95	-	-	-4.25
MSCI Emerging Markets (Net)	3.96	3.96	-10.69	7.83	-	-	-1.32

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

It was again a volatile period for the emerging market universe, which saw the index gain close to 4% in USD for the quarter. This masks significant swings in the index performance over the period. At one point in late January, the index had gained over 10%. This peak was followed by a significant drop during February and into March, as sentiment turned notably negative on the back of the financial turmoil we witnessed in developed market (DM) banks.

In addition, a change in expectations around the Fed's interest rate policy—where the consensus had been that we were closer to peak rates and that the infamous "Fed Pivot" was not far away—also contributed to weaker sentiment. The market did end the quarter positively as some fears of contagion from DM banks diminished, and thoughts shifted again towards a more upbeat outlook for the coming months.

On an individual market basis, some of the more cyclical markets of Asia rose strongly, led by Taiwan and Korea. Elsewhere in Asia, China gained around 5%, driven by the end of COVID-19 restrictions. India was among the weakest performers in the period, with a nearly 7% decline—the big story of India related to the Adani Group.

In January, a short-seller hedge fund, Hindenburg Research, published a report about the Adani group raising several questions, primarily on governance, financial accounting, share price manipulation, and debt. This report was issued just before the company's follow-on public offering of 200 billion INR which they then decided to halt due to the volatility in the share price of the group companies.

There has been some commentary (leading to the souring of sentiment) that the event would somehow develop into a systemic problem for India. However, this is not a view we share. We believe these are group-specific issues that the company, regulators, and other stakeholders (debt and equity holders of Adani group companies) must resolve. Even though Adani is a large business conglomerate and has sizeable debt, in capital-intensive infrastructure-related sectors in which Adani operates, having leverage in the capital structure that can be supported by underlying cashflows is quite common.

Portfolio Performance & Attribution

Over the first quarter of 2022, the Portfolio returned 7.61% gross and 7.23% net of fees, respectively, outperforming the Index, which returned 3.96%.

Relative performance was primarily driven by security selections in the Consumer Discretionary, Industrial, and Financial sectors which outweighed a negative allocation impact from the Portfolio being underweight the Information Technology sector.

Among the most significant contributors to relative performance included **Wizz Air** (Eastern European ultra-low-cost airliner), **Momo.com** (Taiwan's dominant domestic e-commerce business), and **MercadoLibre** (dominant LatAm e-commerce platform). These were also the top contributors on an absolute basis.

Wizz Air gained close to 60% in the review period, extending the rally the stock had enjoyed in the final months of 2022. The recovery in the share price corresponded to a lower cost of energy and an improved operating environment, resulting in a pickup in passenger numbers for the carrier.

Momo.com gained over 40% in the period. The company's share price also benefited from a supportive rally in the space while the market received the company's most recent results positively, with guidance also taken favorably. Management guided that 2023 revenue should grow mid-to-high teens and 2023 operating margin to be similar to 2022 levels. They also noted that the competitive landscape has turned more friendly with further efficiency improvement initiatives from the company, including closing inefficient warehouses, adding more in-house fleets, and using automation and big data analysis to drive capacity utilization.

MercadoLibre saw a share price gain of over 50% in the period. The company generally benefited from a broader market rally in the e-commerce segment as sentiment shifted positively. The company also delivered a solid set of Q4 results which saw EBIT (Earnings Before Interest and Taxes) coming in well ahead of expectations, with management maintaining a positive profitability outlook.

The positions which detracted most from relative performance included **NagaCorp** (Cambodia casino operator), **Mobile World** (Vietnam Retailer), and **Mr Price Group** (South Africa fashion retailer). These were also the top detractors on an absolute basis.

NagaCorp operates Naga World, the largest integrated gaming and hotel resort in the Mekong region, located in Phnom Penh city in Cambodia. The business has been granted a monopoly license to operate casinos within a 200-kilometer radius of Phnom Penh until 2045. In addition, the company also received a casino license until 2065. The stock rallied in Q4 2022 on the expectation of a strong recovery of Chinese visitors due to loosening COVID-19 restrictions. This did not materialize at the scale that the market wanted, which caused many investors to sell.

Mobile World and **Mr Price Group** are both retailers in Vietnam and South Africa, respectively.

Portfolio Activity

We made some Portfolio rebalancing trades during the quarter to align portfolios across the strategy.

Outlook

As investors, we focus our attention on long-term fundamentals rather than market gyrations which can either work for or against the Portfolio in the short term. This is particularly true in emerging markets, where unique risks arise from time to time that can create bumps in the road. These headwinds are often difficult to predict in both timing and scale, so we focus our research on long-term structural themes that have the potential to prevail over multiple years, regardless of the near-term backdrop.

> **Our conviction in our businesses' competitive advantages, sustainability, and durability remains high, and we believe the Portfolio is well-positioned to navigate the future.**

In our view, external factors have been the main risks in the past few months for emerging markets rather than any significant structural internal risks. This is likely to be the case in the coming periods as the market continues to grapple with factors such as high global interest rates, the developed markets' banking stresses, and stubborn DM inflation.

EM growth should continue to be stronger than DM, with a reopening of China expected to gain further traction, which we hope will act as an additional tailwind for the space. In our view, valuations of high-quality growth companies within EM remain highly attractive and at a material discount to history and the broader EM universe.

Thank you for your interest in Polen Capital and the Global Emerging Markets Growth strategy. Please feel free to contact us with any questions.

Sincerely,

Rishikesh Patel, Damian Bird, and Dafydd Lewis

Experience in High Quality Growth Investing

Rishikesh Patel
Portfolio Manager & Analyst
19 years of experience

Damian Bird, CFA
Head of Team, Portfolio Manager & Analyst
14 years of experience

Dafydd Lewis, CFA
Portfolio Manager & Analyst
18 years of experience

GIPS Report

Polen Capital Management
Emerging Markets Growth Composite—GIPS Composite Report

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation[1]	
Year End	Total ($Millions)	Assets ($Millions)	Assets ($Millions)	U.S. Dollars ($Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	MSCI Emerging Markets (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI Emerging Markets (%)
2022	55,011	18,053	36,959	19.77	2	-20.66	-21.79	-20.09	N/A	20.37	20.26
2021	82,789	28,884	53,905	2.28	1	-8.97	-9.87	-2.53	N/A	N/A	N/A
2020	59,161	20,662	38,499	2.51	1	16.05	14.90	18.33	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
Polen Emerging Markets Growth (Gross)	-20.66	-	-	-5.71
Polen Emerging Markets Growth (Net)	-21.79	-	-	-6.78
MSCI Emerging Markets (Net)	-20.09	-	-	-2.69

Total assets and UMA assets are supplemental information to the GIPS Composite Report.
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.

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GIPS Report

The Emerging Markets Growth Composite created and incepted on January 1, 2020 contains fully discretionary emerging markets growth equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against the MSCI Emerging Markets Index. Effective January 2022, fully discretionary equity accounts managed as part of our Global Emerging Markets 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 Emerging Markets 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.

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 portfolios, calculating investments, 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 Global Emerging Markets Growth Fund, which is included in the Emerging Markets Growth Composite, is 100 basis points (1.00%). The total annual fund operating expenses are up to 150 basis points (1.50%). As of 4/30/2022, the mutual fund expense ratio goes up to 1.50%. 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. 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 Emerging Markets Index is a market capitalization weighted equity index that measures the performance of the large and mid-cap segments across emerging market countries. 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