Polen Global Growth

Portfolio Manager Commentary – June 2023

Summary

- Markets continued to demonstrate strength in the second quarter and are up robustly year to date.

- The environment remains dynamic, but we'd highlight three factors that we think have supported markets: a pause in rate hikes, an anticipated recession that has not materialized, and the hype around artificial intelligence (AI).

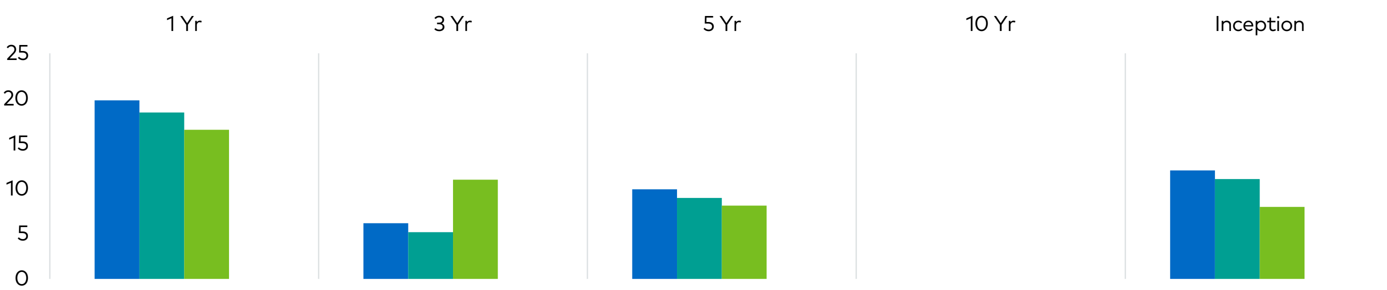
- The Global Growth Composite Portfolio (the "Portfolio") outpaced the MSCI ACWI Index in the second quarter and year to date.

- The Portfolio's largest relative and absolute contributors in the second quarter were Adobe, Amazon, and Microsoft. The largest relative detractors were NVIDIA (not owned), Thermo Fisher Scientific, and Apple (not owned), and the largest absolute detractors were Thermo Fisher Scientific, Autodesk, and CSL.

- During the quarter, we added a new position in Workday, quickly building it up to a full-sized position, and we added a small new position in Globant. We trimmed our holdings in Microsoft and Autodesk to help fund these additions.

- We are still mindful that rising rates could lead to slower economic growth or even a recession but also remain confident that our Portfolio is well positioned to deliver strong earnings per share (EPS) growth this year and beyond.

Seeks Growth & Capital Preservation (Performance (%) as of 6-30-2023)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Polen Global Growth (Gross)	9.65	22.46	19.78	6.15	9.92	-	12.03
Polen Global Growth (Net)	9.43	21.87	18.44	5.17	8.98	-	11.07
MSCI ACWI	6.18	13.93	16.53	10.99	8.10	-	7.97

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.

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Commentary

The Global Growth Composite Portfolio (the "Portfolio") increased 9.65% and 9.43 % gross and net of fees, respectively, in the second quarter of 2023 versus 6.18% for the MSCI ACWI (the "Index"). Year to date, the Portfolio is up 22.46% and 21.87%, gross and net of fees, respectively, versus 13.93% for the Index. Thus, the Portfolio outperformed by 325 bps during the quarter and 794 bps year to date, net of fees basis.

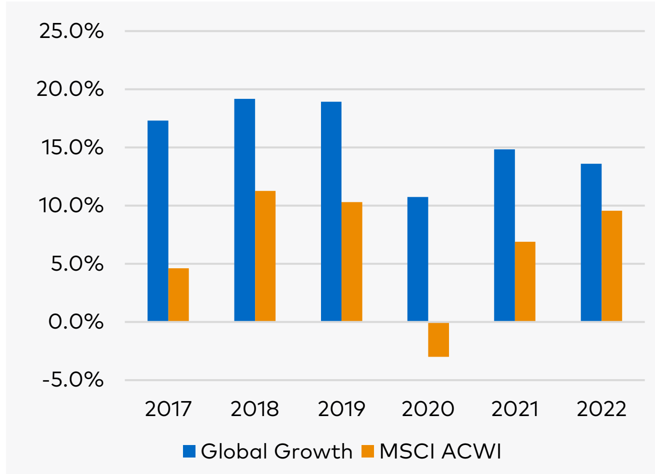
After a strong recovery in the first quarter of 2023, markets continued to demonstrate strength in the second quarter and are up robustly year to date. The environment remains dynamic from our point of view, but we'd highlight a few things that we think are more prominent factors behind the market's recent strength. First, after a rapid rate increase during the past year, the Federal Reserve decided to pause during its most recent session. While inflation remains well above target and Fed governor estimates predict additional rate increases, the pause conveys some sense of hope that we are closer to the end of this rate-raising cycle. The market correction in 2022, and that of our Portfolio, was largely driven by the rapidly shifting interest rate environment rather than poor fundamental results. So, it is not surprising to see some recovery given the expectation for some normalization.

The second factor that may be supporting a stronger market is that the global economy remains more resilient than many expected. It's been widely anticipated that we are heading toward a recession, given the rapid rise in interest rates during the past year, but that hasn't materialized yet. A recession is still possible, however, as higher rates work their way into the economy. Indeed, there are some signs of slowing and many indications of broader cautiousness, but consumer spending and overall economic growth have remained resilient to date.

> **We can't say we expected such a strong rebound across the market, but we aren't surprised to see our Portfolio performing well.**

As we shared last quarter, when you look at more significant periods of time (like the rolling three-year EPS growth rates seen in Figure 1), the Global Growth Portfolio has largely been on track and meeting our objective of growing EPS at a mid-teens rate over time. Despite the share price pressure seen in 2022, we think our Portfolio has performed well from a fundamental perspective, continues to perform well in 2023, and remains well positioned going forward, regardless of how the economic environment unfolds.

Figure 1: Portfolio EPS Growth vs. Index: 3-Yr Rolling Avg[2]



The third factor seems to be the hype around all things related to artificial intelligence (AI), which has hit a fever pitch recently. In the next section, we share some of our early thoughts on the hype versus reality in AI, how different businesses may be impacted, and why we think several of our holdings will be AI beneficiaries. While the AI factor may be the least impactful of the three topics highlighted above, it seems to have garnered the most investor attention. To be fair, AI will affect the fundamentals of some businesses, so we don't mean to discount it. As discussed more below, NVIDIA has seen a meaningful boost to revenues and profits from AI "investments," and its stock has been a leading contributor to market returns recently. For most businesses, however, the fundamental impact of AI has been de minimus.

Portfolio Performance & Attribution

The largest relative and absolute contributors to the Portfolio's performance in the second quarter were **Adobe**, **Amazon**, and **Microsoft**. The largest relative detractors to the Portfolio's performance during the second quarter were **NVIDIA** (not owned), **Thermo Fisher Scientific**, and **Apple** (not owned). The largest absolute detractors to the Portfolio's performance during the second quarter were **Thermo Fisher Scientific**, **Autodesk**, and **CSL**.

While **Adobe's** growth has moderated from high teens to low teens during the past couple of years, Adobe continues to deliver solid growth, and management raised its full-year guidance during the most recent quarter. The company also introduced some AI product enhancements, which seem to have helped shift the narrative from "AI is going to be bad for Adobe" to "AI is going to be good." Finally, the company continues to work towards the Figma acquisition.

[1] Source: U.S. Federal Reserve Summary of Economic Projections.
[2] Source: Polen Capital, Bloomberg. Earnings per share (EPS) methodology for Global Growth is consistent with EPS growth methodology for other index providers. Please contact Polen Capital for more details. There is no guarantee that performance will follow earnings growth. Please see Disclosures page for additional information.

It's still uncertain whether antitrust regulators will allow this acquisition to close. That said, the stock seems to have been recovering from the initial reaction that the pricey acquisition indicated something more troubling about Adobe's growth and competitive position. Solid ongoing fundaments have helped dispel that notion. We think it would be a big positive if the acquisition closes, but we remain confident in Adobe's business even if it doesn't.

In short, Adobe's shares have successfully climbed back up the wall of worry this year.

We raised our position in Amazon last quarter as we expected revenue growth to continue to accelerate while expense growth started to moderate. As detailed in our explanation last quarter, we felt that the revenue growth deceleration in 2022 (on the pandemic bolus) was temporary and that the rapid expense growth/over-investment that management made to address pandemic-related growth could be adjusted down and/or better absorbed by future growth. In short, that seems to be playing out so far this year. While this business has a few moving parts, we expect earnings growth to be robust in 2023 and continue at mid-teens or better rates well into the future.

Microsoft management has positioned itself as a beneficiary of AI through its partnership with OpenAI (the developer of ChatGPT). Most of the initial buzz, and Microsoft's message, was about how they could use generative AI to significantly improve its Bing search engine and challenge Google's search dominance. Looking deeper, our research indicates that the real AI opportunity for Microsoft will be across its entire technology stack. The most tangible application of AI to date is as a productivity enhancer—Microsoft has the most dominant productivity suite and one of the most comprehensive technology stacks serving enterprises across all needs, including Azure. The company already offers what it calls "co-pilot" products or enhancements across products, where AI can provide customers more value, and Microsoft can upcharge for that value. Management also noted that the quarter's 1% of Azure growth came from AI. It's still early days, but Microsoft's opportunity and path to monetization seem very real.

Thermo Fisher Scientific continues to deliver solid results, but its shares came under pressure after its recent investor day. Management continues to expect 7-9% annualized revenue growth and mid-teens EPS growth over the long term and reiterated their full-year 2023 guidance. Management also noted that if industry growth slowed near term, they would adjust guidance as appropriate. Thermo Fisher expects to grow faster than the industry regardless of the environment, but it isn't immune to the industry backdrop. While we've yet to see any notable slowdown in Thermo Fisher's business, some of its peers have reported less robust results recently. The recent share price decline seems to be anticipating a guidance reduction soon. Our view on the company is unchanged, and our focus on the longer term allows us to look beyond any minor near-term headwinds.

NVIDIA & Additional Thoughts on AI

NVIDIA was the largest relative headwind to the Portfolio as we do not own this "AI darling." NVIDIA shares increased over 50% in the second quarter after a 90% increase in the first quarter. NVIDIA supplies graphics processing units (GPUs), the preferred (and often necessary) semiconductors for machine learning and AI. On their recent earnings call, NVIDIA management announced that they expect a significant increase in GPU demand for datacenter customers beginning this quarter and lasting at least through the end of this year. NVIDIA's datacenter business, which was almost non-existent from a revenue perspective eight years ago, is now the company's most prominent and fastest-growing business. We think NVIDIA has substantial competitive advantages around its technology, but even more importantly, its full-stack solutions, including highly integrated hardware, software, networking equipment, and developer ecosystem. That said, with over a $1 trillion valuation, we believe all the obvious upside opportunities for the company are already priced in.

NVIDIA is seeing real demand for its AI chips as large cloud service providers and consumer internet companies must build their AI foundations, and GPUs are the foundation. In reality, though, real business and consumer applications utilizing AI are still in the very early stages. Companies know they need to build AI into their offerings, but most don't know exactly how or how much it will cost. According to Accenture (the world's largest technology consulting company and longtime Portfolio holding), roughly half of their large enterprise customers do not have the ability to meaningfully deploy AI because of the current architecture of their data and technology infrastructure. AI engagements account for less than 1% of Accenture's revenue today.

So, while NVIDIA is on the front end, supplying the chips that will do much of the computational hard work of AI, the rest of the world is still trying to figure out how to harness that power. With all the hype around AI, it is challenging to know how sustainable the demand for NVIDIA's technology will be. Clearly, NVIDIA has positioned itself as a significant and advantaged winner, but to what degree? The market is already assigning a much higher certainty of everything going right than we are willing to underwrite, given our research to date.

Our team believes that AI will indeed be transformational for businesses of all kinds, perhaps analogous to the internet and cloud computing.

However, we are still in the very early stages of this transformation. Understanding the opportunities and risks requires open-mindedness and diligence.

We do not dismiss the potential risks that AI could pose to businesses like Adobe or Alphabet (Google's parent company) if generative AI advances and enables new ways of generating creative content or makes searching more competitive, but we don't think this happens in a vacuum. ChatGPT recently brought the power and possibility of AI into the public domain. Still, the reality is that Adobe, Alphabet, and many other companies have been investing in and integrating AI into their efforts for many years. We think businesses with scale and incumbency advantages win over time; companies that can provide products or services built upon one unified data platform and have consistently invested in AI to create more value across their platform and services should be in a strong position. We think companies like Adobe, Alphabet, ServiceNow, Workday, and others are good examples.

While the opportunity surrounding AI may accelerate from here, we still think we are in the early days.

We're optimistic about the long-term prospects but also cautious about the hype that can be incorporated into valuations.

Portfolio Activity

During the quarter, we added a new position in **Workday**, quickly building it up to a full-sized position, and we added a small new position in **Globant**. We trimmed our holdings in **Microsoft** and **Autodesk** to help fund these additions.

Workday is a leading provider of enterprise cloud applications for human capital management (HCM) and finance, targeting globally scaled enterprises and, increasingly, small and medium businesses. With over 10,000 businesses as customers, nearly half use core HCM or finance products. Workday has consistently delivered strong results year after year since going public in 2012. We attribute this consistency to two primary dynamics: (1) the company's products are mission-critical. Businesses cannot operate without HCM or finance solutions, and (2) the company offers arguably the best cloud platform on the market for HCM and is increasingly one of the best cloud platforms for financials.

We did not own Workday in the past due to valuation and/or uncertainty around product or geographic expansion, but neither of those are issues today. As a percentage of total revenue, the Financials segment expanded from 7% in 2015 to nearly 25% in 2022, broadening its product diversification and adding a proven growth driver beyond HCM. Revenues generated outside the U.S., as a percentage of total revenues, have expanded from 16% in 2015 to nearly 25% in 2022, broadening its global reach. With shares trading for less than 30x free cash flow, which we expect to grow at a 20%+ rate for many years, we also think the valuation is attractive.

We also added a small new position in **Globant**, a cloud-native information technology (IT) company specializing in digital and cognitive technology. We have been following this business for years and believe it is trading for a fair price at roughly 27x EPS. One of its main points of differentiation is being a digitally native IT services firm that helps enterprises with their digital transformations. Globant specializes in AI, software development, cybersecurity, and blockchain. As long owners of Accenture, we understand the power of being a trusted provider of these services. Globant benefits from having no legacy businesses in secular decline. Their entire enterprise is serving what Accenture calls "The New." Globant describes its relationships with clients as a "digital journey" and positions itself as a true partner, not a one-time project consultant. Globant has worked with its largest client, Disney, for more than a decade. The business exceeds all our investment guardrails and participates in one of the largest total addressable markets. We expect Globant to deliver 20%+ EPS growth in the coming years.

We trimmed our positions in **Microsoft** and **Autodesk** to help fund the new purchases. While we remain confident in Microsoft, as evidenced by the still large weight, the position had become almost 10% of the Portfolio after appreciating nearly 40% year to date. We used the Autodesk proceeds to take an initial position in Workday, which we added to further during the quarter. We think Autodesk remains an advantaged business with a long runway of mid-teens EPS growth potential, but we felt that Workday presented even more compelling long-term return potential. Both businesses were trading at similar valuations, but we see Workday growing EPS faster for the next several years.

Outlook

While the market remains dynamic and we are still mindful of the possibility that rising rates will ultimately lead to slower economic growth or even a recession, we are confident that our Portfolio is well positioned to deliver strong EPS growth this year and beyond.

We concentrate the Portfolio in secular growth companies offering differentiated products and services, and we believe these businesses will perform well over time, regardless of the economic environment.

While valuations have recovered this year, the fundamentals of the Portfolio remain sound.

Team Update

Effective June 30, 2023, Bryan Power joined Jeff Mueller and me as co-portfolio managers of the Global Growth strategy. Jeff Mueller has decided to retire for family reasons and will relinquish his responsibilities on the Large Company Growth Team effective December 31, 2023. While saddened by his departure, we celebrate Jeff's decade-long contribution and commitment to Polen Capital. We also appreciate him supporting this transition through the end of the year. Given Bryan's strong analytical work and thought leadership on the team, he was promoted to the Director of Research on January 1, 2022, where he has been responsible for managing the Large Company Growth Team Analysts and our global research effort. Bryan will continue to serve as the Director of Research and is well prepared to succeed Jeff as co-portfolio manager for Global Growth.

We have built a deep bench of experienced talent on the Large Company Growth Team that allows us to adapt over time. Please join us in congratulating Bryan on his promotion and wishing Jeff and his family all the best.

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

Sincerely,

Damon Ficklin, Jeff Mueller, and Bryan Power

Experience in High Quality Growth Investing

Damon Ficklin
Head of Team, Portfolio Manager & Analyst
22 years of experience

Jeff Mueller
Portfolio Manager & Analyst
10 years of experience

Bryan Power, CFA
Portfolio Manager, Director of Research & Analyst
12 years of experience

Definitions:
Price-to-earnings (P/E) ratio: The price-to-earnings (P/E) ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

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

Free cash flow: Free cash flow (FCF) is the money a company has left over after paying its operating expenses and capital expenditures. The more free cash flow a company has, the more it can allocate to dividends, paying down debt, and growth opportunities.

GIPS Report

Polen Capital Management
Global 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 ACWI (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI ACWI (%)
2022	48,143	18,053	30,090	507.47	7	-30.53	-31.39	-18.35	0.0	20.39	19.86
2021	82,789	28,884	53,905	138.08	7	17.90	17.07	18.54	0.6	15.08	16.84
2020	59,161	20,662	38,499	39.14	3	25.01	24.13	16.27	N/A	16.16	18.13
2019	34,784	12,681	22,104	6.50	2	37.37	36.35	26.60	N/A	12.10	11.22
2018	20,591	7,862	12,729	4.77	2	3.14	2.22	-9.41	N/A	11.50	10.47
2017	17,422	6,957	10,466	4.16	2	32.66	31.55	23.96	N/A	10.12	10.36
2016	11,251	4,697	6,554	0.33	1	1.21	0.34	7.86	N/A	N/A	N/A
2015	7,451	2,125	5,326	0.33	1	10.07	9.14	-2.36	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 Global Growth (Gross)	-30.53	7.73	-	10.00
Polen Global Growth (Net)	-31.39	6.80	-	9.06
MSCI ACWI	-18.35	5.22	-	6.73

[1]A 3 Year Standard Deviation is not available for 2015 and 2016 due to 36 monthly returns are not available.
Some versions of this GIPS Report previously included assets of the Firm's wholly-owned subsidiary in the 2022 Firm Assets figure, in error. The figure above has been corrected to no longer count assets at the subsidiary level.
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 Global Growth Composite created and incepted on January 1, 2015 contains fully discretionary global growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI. Prior to October 18, 2016, the benchmark for the Global Growth Composite was the MSCI ACWI variant with gross dividends. As of October 18, 2016, the benchmark was changed retroactively to the MSCI ACWI variant with net dividends, to more accurately reflect the Global Growth Composite's strategy. Effective January 2022, fully discretionary large cap equity accounts managed as part of our Global 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 Global 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 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 Global Growth Fund, which is included in the Global 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 1.24%. 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 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 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.

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