Polen Global SMID Company Growth

Portfolio Manager Commentary – June 2023

Summary

- Over the second quarter of 2023, the Polen Global SMID Company Growth Composite Portfolio (the "Portfolio") returned -0.15% gross and -0.26% net of fees, respectively, versus the 3.34% return of the MSCI ACWI SMID Capitalization Index (the "Index").

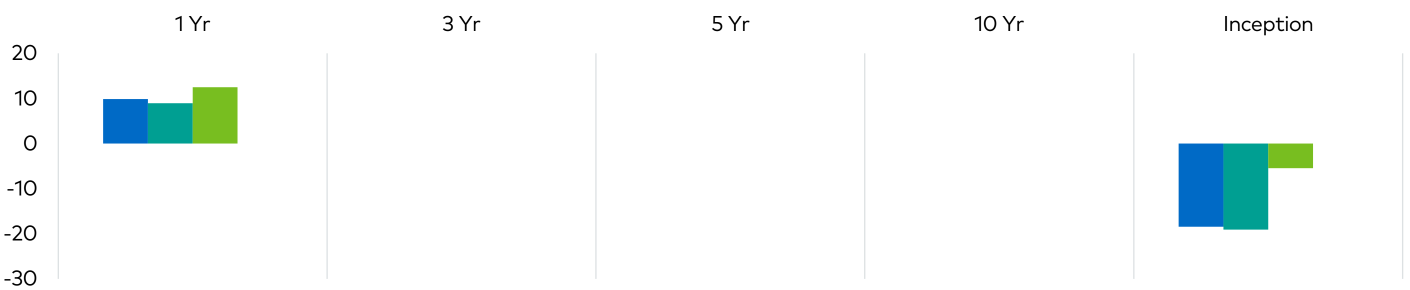
- Interest rates and the uncertain trajectory for global economic growth continued to weigh on sentiment, while enthusiasm surrounding generative AI boosted companies exposed to the technology.

- The top contributors to the Portfolio's relative performance over the first quarter included Dechra Pharmaceuticals, Goosehead Insurance, and Dynatrace. The most significant detractors from performance included Revolve Group, Keyword Studios, and Altus Group.

- We initiated four new positions and sold out of two holdings, largely due to changes in our risk/reward projections.

- We are still focused on our Portfolio companies' long-term value propositions, competitive advantages, growth opportunities, and potential earnings power.

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



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Polen Global SMID Company Growth (Gross)	-0.15	8.88	9.87	-	-	-	-18.44
Polen Global SMID Company Growth (Net)	-0.26	8.61	8.97	-	-	-	-19.06
MSCI ACWI SMID Net	3.34	7.76	12.49	-	-	-	-5.45

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 a first quarter, which continued to be dominated by macroeconomic headlines, volatility dampened in the second quarter.

While plenty of uncertainty remains, particularly surrounding economic growth, the trajectory of interest rates, and the subsequent impact on financial markets, global equity markets continued their positive course.

Equity markets were relatively flat through the first half of the quarter, ahead of the first quarter earnings season. Following the events of March, concerns lingered over further disruption in the banking system, with traditionally defensive sectors such as Health Care and Consumer Staples outperforming the broader market. Volatility continued to drop through May, despite impending U.S. debt ceiling negotiations, with fears of a government impasse leading to a potential default on outstanding U.S. Treasuries.

Meanwhile, the enthusiasm surrounding the explosion in generative AI boosted returns for businesses with exposure to this sector through hardware or software, boosting growth equities, particularly notable in the large-cap space. Lower-quality cyclical sectors finished the quarter compellingly, with Oil & Gas and Cruise companies posting strong returns.

All sectors posted a positive return over the quarter at the benchmark level, with Information Technology and Industrials leading the benchmark. Consumer Staples and Communication Services sectors posted the weakest returns.

Portfolio Performance & Attribution

Over the first quarter, the Portfolio returned -0.15% gross and -0.26% net of fees, respectively, versus the 3.34% return for the Index.

Portfolio underperformance was primarily driven by negative security selection. Security selection was most robust in the Health Care **(Dechra Pharmaceuticals, Align Technology)** and Financials **(Goosehead, TMX Group)** sectors. Still, it was outweighed by weaker selection in Information Technology **(Keyword Studios, Endava)** and Consumer Discretionary **(Revolve Group, Five Below)**.

Sector allocation, an outcome of our bottom-up selection process, contributed positively to relative returns. The positive impact of our overweight to Information Technology outweighed the negative impact of being underweight to Industrials.

From a style perspective, momentum, value, and size outperformed quality and growth. This kind of environment is generally not supportive for our relative performance.

We remain focused on finding companies with competitive advantages that we believe can compound earnings and cash flows over the long term, independent of commodity swings or economic cycles.

Our most significant individual contributors to performance over the first quarter were **Dechra Pharmaceuticals, Goosehead Insurance,** and **Dynatrace**.

Animal Health Care business, **Dechra Pharmaceuticals**, was the strongest performing name over the quarter. It was announced that the company would be taken private by Private Equity group EQT at approximately a 45% premium to the pre-announcement share price. While it is clearly a good short-term result for shareholders, we think it reflects the attractive unrealized value in the share price.

Goosehead Insurance, a personal line property and casualty insurance brokerage primarily focused on home and auto markets, rose over 20% over the quarter, bringing its YTD return to over 80%. Goosehead has continued executing its plan to clean up the corporate organization and return the company to its pre-COVID productivity metrics. Total revenue increased 40% year over year, but more importantly, core revenue grew 42%, and premiums, the best leading indicator of future revenue growth, increased 41%. Margins also showed healthy expansion.

Dynatrace, a software intelligence company that leverages AI to help organizations operate more efficiently, was boosted by the excitement surrounding AI. The company also reported quarterly results and raised guidance for the following year. We remain enthusiastic about Dynatrace's short, medium, and long-term fundamentals but trimmed our position as valuations increased.

Our most significant detractors from performance included **Revolve Group, Keyword Studios,** and **Altus Group**.

Revolve Group, a next-generation online retailer, sold off after posting disappointing quarterly results, be it against tough comparisons. The company posted its second-biggest "reopening" quarter last year, with revenues up almost 60% year-on-year. This year the company saw revenues down 3% over the 12 months, with operating margins also down.

We believe the share price reflects significant risk in the business and is now trading at lower levels than pre-pandemic, despite being a much stronger business, having almost doubled revenues, and grown annualized earnings at approximately 20%.

Keyword Studios, an outsourced video game production services company, has seen significant selling pressure due to concerns that AI could disrupt its business model. Many outsourced services it offers, such as language translation and video game artwork, could be done in-house using generative AI. Management has addressed these concerns, and while there is still some uncertainty, they are embracing AI and believe it could become more of an opportunity than a threat.

Ultimately, while there are still some unknowns, we have conviction in the management team, and risk is skewed to the upside given the significant correction in the share price.

Altus Group, a real estate software and intelligence company, was also weak after lowering expectations for the year, with margins expected to be impacted by new investments. Despite growing revenues by 14% year-over-year and margins expanding over the quarter, future expectations have been dampened by uncertainty in corporate real estate, which has negatively impacted customer decision-making.

Portfolio Activity

As expected during significant share price moves, we have been refining the Portfolio opportunistically. This includes initiating positions in companies with attractive risk-reward profiles and taking profits by trimming companies that have held up well and those that we believe have lower return expectations in the future.

Over the quarter, we initiated four new positions and sold out of two existing holdings.

We started a new position in **Alight Solutions**, a leading cloud-based provider of employee engagement tools and solutions for workplace benefits, payroll, administration, and wealth services. Their ubiquitous, mission-critical, one-stop platform serves 36 million employees and their family members (more than 15% of the U.S. workforce). It is a market leader already present in over 70% of the Fortune 100 and 50% of the Fortune 500. Its legacy benefits administration business has 97% revenue retention and multi-decade customer relationships, which we believe can support the expansion of its scalable, cloud-based holistic business process as a service ("BPaaS") offering to its broad footprint of existing clients and into new customer segments.

Markel is a U.S. headquartered insurance company with three drivers; specialty insurance; public investments; and private companies. The company is often described as a "mini-Berkshire Hathaway" and has done a terrific job for decades underwriting policies and investing the float to produce significant returns, in our belief. The company seeks market leadership in each pursuit, understanding the customer needs and providing quality products and services. We think its valuation is very attractive and expect a mid-teens rate of return over the next five years.

Shift is a Japanese-headquartered technology company that specializes in software testing. The market is vast, and an estimated 98% of the workload is handled in-house today, even though companies like Shift can deliver this service materially cheaper and more efficiently. The company has a strong track record of hiring, training, and retaining talented engineers. We expect the company to continue to deliver strong organic revenue growth for the foreseeable future. EBIT margins are also already strong but likely to increase, cash flows are abundant, and the balance sheet is net cash. This is a "flywheel" company that we believe can deliver compelling earnings growth in the future. While valuation is optically expensive based on the next 12 months' earnings, the total return potential remains very attractive over our investment time horizon.

Tomra is a Norwegian industrial company focused on recycling and sustainability. The business has three units – collection, recycling, and food. The common thread through all units is machines with corresponding software and services that help the world recycle more efficiently. The food business is a natural adjacent category where the company improves quality assurance. The secular tailwinds are clear for this business, particularly in Europe, and Tomra has an enviable market share in all three business units.

To fund these new positions, we sold positions in **Netcompany** and **Temenos.**

We sold **Netcompany** because the thesis has drifted, and we believe Markel is a superior alternative. Netcompany is a Danish IT consulting firm that we believe has done a terrific job helping the Danish government modernize various capabilities. That said, their ability to operate in markets outside of Denmark has had mixed success and, at its current valuation, is not the best idea.

We also sold out of our remaining holding in **Temenos**. We think it is a great company but are mindful of a broader range of outcomes given the uncertainty in its end markets (Banks), ongoing management changes, and in the context of our opportunity set.

Outlook

We continue to stay focused on the long-term value propositions, competitive advantages, ongoing initiatives, growth opportunities, and potential earnings power of our Portfolio companies. As a reminder, our investment time horizon is five years. This allows us to think and act like owners.

The markets continue to have a lot of uncertainty and general noise, but we believe that quality companies can weather the uncertainty and come out of the other side stronger.

We continue to take advantage of unique opportunities in the market, and as we have said in prior commentary, our pipeline of new potential investments remains attractive.

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

Sincerely,

Rob Forker

Experience in High Quality Growth Investing

Rob Forker
Portfolio Manager & Analyst
22 years of experience

GIPS Report

Polen Capital Management
Global SMID Company Growth Composite—GIPS Composite Report

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation²	
Year End	Total ($Millions)	Assets ($Millions)	Assets ($Millions)	U.S. Dollars ($Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	MSCI ACWI SMID (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI ACWI SMID (%)
2022	48,143	18,053	30,090	21.26	3	-41.32	-41.77	-18.72	0.0	N/A	N/A
2021*	82,789	28,884	53,905	13.20	2	4.12	3.61	2.81	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 SMID Company Growth (Gross)	-41.32	-	-	-27.94
Polen Global SMID Company Growth (Net)	-41.77	-	-	-28.54
MSCI ACWI SMID Net	-18.72	-	-	-11.67

* Represents partial period (July 1, 2021 through December 31, 2021), assets and accounts are as of December 31, 2022.
[2]A 3 Year Standard Deviation is not available for 2021 and 2022 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.
N/A - There are five or fewer accounts in the composite the entire year. 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.

GIPS Report

The Global SMID Company Growth Composite created and incepted on July 1, 2021 contains fully discretionary global SMID company growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI SMID Cap. Effective January 2022, fully discretionary SMID company equity accounts managed as part of our Global SMID 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 Global SMID 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.

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 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 SMID Company Growth Fund, which is included in the Global SMID Company Growth Composite, is 100 basis points (1.00%). The total annual fund operating expenses are up to 125 basis points (1.25%). As of 4/30/2022, the mutual fund expense ratio goes up to 1.25%. 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 SMID Cap is a market capitalization weighted equity index that measures the performance of the mid and small-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