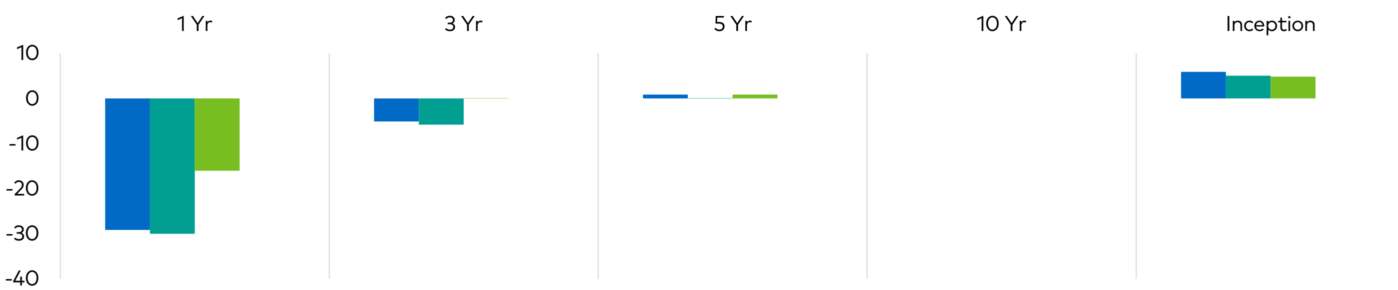
Polen International Growth

Portfolio Manager Commentary – December 2022

Summary

- Geopolitical uncertainty, persistently high inflation, rising rates, and concerns about slower global growth continued to be the main sources of volatility throughout the year.
- The International Growth Composite Portfolio (the "Portfolio") trailed the MSCI ACWI ex US during the quarter and the year as interest rate movements negatively impacted growth stocks across the Portfolio and our coverage universe.
- The top absolute contributors to the Portfolio's performance over the fourth quarter included SAP, AON, and Evolution AB. The most significant absolute detractors from performance included Tencent, Temenos, and Globant.
- We initiated a new position in HDFC Bank and added to existing positions in Unilever, Shopify, and Bunzl. By contrast, we eliminated two positions, Tencent and Shenzhou International, and trimmed Accenture.
- The Portfolio continues to hold a concentrated collection of quality companies. With valuations reset lower across the Portfolio, prospects for solid earnings growth over the coming three to five years are compelling.

Seeks Growth & Capital Preservation (Performance (%) as of 12-31-2022)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Polen International Growth (Gross)	9.56	-29.16	-29.16	-5.07	0.86	-	5.89
Polen International Growth (Net)	9.23	-30.00	-30.00	-5.78	0.06	-	5.05
MSCI ACWI (ex-USA)	14.28	-16.00	-16.00	0.07	0.88	-	4.85

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

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

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

Commentary

In the fourth quarter, Polen International Growth Composite Portfolio (the "Portfolio") returned 9.56% gross and 9.23% net of fees, respectively, compared to the 14.28% return of the MSCI ACWI ex US Index (the "Index"), underperforming the MSCI ACWI (ex-US). Over the full year, the Portfolio underperformed the Index as holdings in the healthcare, information technology, and consumer discretionary sectors all contributed to underperformance.

Strong inflationary pressures drove interest rates higher in many markets throughout 2022. Interest rate movements negatively impacted valuations for growth stocks across both the Portfolio and our coverage universe. Furthermore, inflation-sensitive and cyclically oriented sectors, to which the Portfolio is underexposed, were relative outperformers during the year. Though high versus historical averages, inflation appears to be coming off the boil in most markets globally. Tight labor markets continue to pressure policy rates higher, but commodities and goods provide real-time signs that cooling economic conditions in most markets are here. A broad consensus expects a global recession.

The Portfolio appears well positioned relative to the Index's broad cyclical exposures should a recession occur, stemming from durable balance sheets and more stable earnings trajectories supported by competitive advantages.

We typically expect to see resilience during challenging markets from a portion of our holdings, but there was no safe harbor for the Portfolio this year. This disappointing development is most apparent in our healthcare holdings, which were a leading detractor to performance for the year. The main culprit here, as elsewhere in the Portfolio, was multiple compression. We continue to believe our healthcare holdings represent a solid core for the Portfolio, which is capable of growing earnings predictably over time and at rates faster than the Index. Given re-ratings over the last 12 months, these holdings also trade at quite reasonable valuations.

Fundamental results reported by most holdings were solid throughout the year.

A few companies ran into execution issues or external factors, making them further underperform, but the central feature across the Portfolio remained multiple compression. With valuations reset lower across the Portfolio, prospects for solid earnings growth over the coming three to five years are compelling.

Portfolio Performance & Attribution

Global equity markets rallied in the first couple months of the fourth quarter before giving way to recessionary concerns in

December. Even with late-quarter weakness, the MSCI ACWI (ex-US) ended the quarter 14.28%. Much of this strong performance came in November on signs that inflation may be ebbing. Confronted with this news, markets assumed an optimistic stance that central banks would soon have to slow or altogether pause the rate hike cycle. Amidst this backdrop, the dollar weakened significantly versus a basket of currencies, turning what has been a headwind all year into a tailwind for international stocks.

The Portfolio underperformed the MSCI ACWI ex US in the fourth quarter. Underperformance came from an overweight to health care and information technology also had a negative impact.

Our most significant contributors to performance on an absolute basis over the fourth quarter were **SAP, AON**, and **Evolution AB**.

SAP is Europe's largest software company and the global leader in enterprise resource planning (ERP) software. SAP reported a very strong quarter despite a weaker macro environment, highlighting the mission-critical nature of their software. It appears they have reached a tipping point for their transition to a cloud-based software model, with everything going to plan as it relates to their long-term goals. The result should be a faster growing, more consistent, higher margin, and more advantaged business. As investment costs from these transition programs wane, and as the benefits of higher growth continue, we expect that earnings will grow at a double-digit rate in the coming year ('23) onwards.

Aon reported broad-based growth across business units and geographies. This growth was driven by solid new business wins, robust retention and renewals, and a "modest" boost from pricing due to inflation on asset values. In the wake of Hurricane Ian, the reinsurance unit continues to show their ability to flex their analytics muscle and create innovative solutions for insurance carrier clients looking to diversify and offload risk. Stepping back, we see Aon as a durable, highly cash flow generative business that is performing well in a difficult macro backdrop, as we would expect, and we maintain our positive view on the long-term potential of the business in the years ahead.

Evolution AB is a business-to-business provider of online gaming content and is the world's leader in live online gaming with over 60% global share. In the quarter, Evolution reported compelling results, particularly in Asia and North America. Though we have been monitoring the potential for a slowdown due to weakening macro, it still has not shown up in their operating performance.

Over the medium term, we expect more states to regulate online gaming, opening up further growth to companies like Evolution AB. Though online gaming is discretionary and Evolution's revenues could prove somewhat cyclical, we expect that the company will be able to grow earnings at greater than 20% in the coming five years.

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

Globant is a leading IT consulting company based in Argentina. In the most recent quarter, the company continued to deliver strong top-line growth, and management has reiterated its positive long-term outlook for digital transformation and IT services. With that said, the company did note some slowing in decision-making by clients, which can be a precursor to clients reassessing their IT budgets. Zooming out, it's clear that the economic slowdown is creeping into enterprise IT spending, as evidenced by the belt-tightening we are seeing at big U.S. tech companies. Recent tech industry layoff announcements could continue for a few quarters. However, in the medium term, these big tech layoffs could benefit Globant as the battle for talent should ease. More importantly, with a long-term lens, the secular tailwind from digital transformation is undeniable, in our opinion. While there may be periods of slowing growth along the way, we believe demand should persist for years to come and drive earnings growth greater than 25%.

Temenos is a Switzerland-based provider of digital banking, core banking, payments, fund management, and wealth management software products. The stock's underperformance comes on the back of slowing sales cycles as decision-makers are being more cautious, reconsidering projects, and freezing budgets for the time being. While there is no question that a deteriorating macro environment in the short term could cause delays and disruptions in deals, we believe the current price presents a very attractive risk/reward and moreover, believe Temenos has a durable competitive position in its key software solutions for banks and financial institutions.

Tencent, a leading Chinese internet and technology company, experienced weakness in the early part of the quarter. Ultimately, we eliminated the position in Tencent (along with our only other China-domiciled investment, Shenzhou International) in late October not for reasons fundamental to the business, but due to broader concerns over rising political, economic, and geopolitical risks in China. Both companies enjoy competitive advantages and could perform well in post-COVID recoveries. However, it is now harder to muster confidence that the communist party will pivot away from the structural model of the past to a freer, more consumer-led economic model which, we believe would help maintain economic prosperity and stability.

Wrenching economic policy changes in recent years, continued demographic headwinds, and geopolitical tension with trading partners further muddy the waters right now. We continue to research Chinese companies and will monitor the landscape for changes in some of the issues flagged here. For now, it seems best to access China's consumer class through foreign-headquartered companies selling into China.

Portfolio Activity

During the quarter, we initiated a new position in **HDFC Bank** and added to our existing positions in **Unilever, Shopify,** and **Bunzl**. By contrast, we eliminated two positions—**Tencent Holdings** and **Shenzhou International**—and trimmed our position in **Accenture**.

HDFC Bank is India's largest private-sector bank, responsible for ~9% of system-wide deposits and ~11% of bank loans. It is benefiting from three big structural tailwinds. First is the under-penetration of banking services in India, which we expect to shrink as the Indian economy continues to grow and mature. Second, public sector banks, which control 70% of system-wide deposits, are losing share to better-run private sector banks, a trend that has only accelerated over the past two decades. Third, India's economy has been one of the strongest in recent years, growing at ~ 7% annually. Structural attributes like good demographics, low levels of indebtedness, and rising productivity suggest this trend is sustainable. Finally, due to India's compelling growth profile, the Indian yield curve is positively sloped, providing a sound backdrop for banking activities.

HDFC Bank, based on our research, has durable competitive advantages in its scaled distribution and its well-regarded brand. It has the largest distribution of any private sector bank, having >6,000 branches nationwide. These branches help it acquire new customers and collect deposits, giving it a low cost of funding compared with other banks. Its respected brand name also helps it in customer acquisition. HDFC Bank built its brand name on a reputation for good service, being conservatively run, and having best-in-class asset quality.

Low-cost funding allows HDFC Bank to earn high returns without taking significant lending risk. These advantages have allowed HDFC Bank to outgrow its competitors and consistently take market share for decades. Over the next five years, we believe HDFC Bank can grow deposits and loans at a mid-teens rate while growing profits at a high teens rate in INR (Indian Rupee) terms. In USD terms, we expect low-teens to mid-teens compound growth in profits over the next five years.

As noted above, we eliminated our Chinese positions in **Tencent** and **Shenzhou International.** Please refer to our comments in the previous section for more detail on the rationale.

Outlook

Looking backwards, it's clear that international markets lagged U.S. indices on numerous time horizons. This is not always the case.

> **We believe a confluence of factors makes international allocations more compelling than at any time since the Global Financial Crisis.**

Bear markets can reset asset classes from a leadership standpoint. After years of subpar returns, international investors have voted with their feet. This point appears clear when looking at far lower valuations on offer ex-U.S. than in the U.S. Finally, given the sharp move higher in the greenback last year, we would not be surprised to see a persistent post-recession U.S. dollar weakening take hold if we do in fact experience a recession in 2023. We believe the Portfolio continues to hold a concentrated collection of quality companies poised to grow earnings at steady rates over the coming years.

Thank you for your interest in Polen Capital and the International Growth Strategy. Please feel free to contact us with any questions.

Sincerely,

Todd Morris and Daniel Fields, CFA

Experience in High Quality Growth Investing

Todd Morris
Portfolio Manager & Analyst
13 years of experience

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

GIPS Report

Polen Capital Management
International Growth Composite—GIPS Composite Report

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

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

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

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

GIPS Report

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

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

Polen Capital Management is an independent registered investment adviser. Polen Capital Management invests exclusively in equity portfolios consisting of high-quality companies but also has a subsidiary, Polen Capital Credit, LLC, that specializes in high yield securities and special situations investing. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. In July 2007, the firm was reorganized from an S-corporation into an LLC and changed names from Polen Capital Management, Inc. to Polen Capital Management, LLC.
Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

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

The separate account management fee schedule is as follows:
Institutional: Per annum fees for managing accounts are 85 basis points (0.85%) on the first $50 Million and 65 basis points (0.65%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 160 basis points (1.60%) of the first $500,000 of assets under management and 110 basis points (1.10%) of amounts above $500,000 of assets under management. Actual investment advisory fees incurred by clients may vary.
The per annum fee schedule for managing the Polen International Growth Fund, which is included in the International Growth Composite, is 85 basis points (.85%). The total annual fund operating expenses are up to 135 basis points (1.35%). As of 4/30/2022, the mutual fund expense ratio goes up to 1.29%. This figure may vary from year to year. The per annum all-in fee* schedule for managing the Polen International Growth Collective Investment Trust, which is included in the International Growth Composite, goes up to 70 basis points (.70%). *The all-in fee (which is similar to a total expense ratio) includes all administrative and operational expenses of the fund as well as the Polen Capital management fee.

Past performance does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross and net of management fees and have been calculated after the deduction of all transaction costs and commissions. Portfolio returns are net of all foreign non-reclaimable withholding taxes. Reclaimable withholding taxes are reflected as income if and when received. Polen Capital is an SEC registered investment advisor and its investment advisory fees are described in its Form ADV Part 2A. The advisory fees will reduce clients' returns. The chart below depicts the effect of a 1% management fee on the growth of one dollar over a 10 year period at 10% (9% after fees) and 20% (19% after fees) assumed rates of return.

The MSCI ACWI ex USA Index is a market capitalization weighted equity index that measures the performance of large and mid-cap segments across developed and emerging market countries (excluding the U.S). The index is maintained by Morgan Stanley Capital International.

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

The information provided in this document should not be construed as a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the composite or that the securities sold will not be repurchased. The securities discussed do not represent the composite's entire portfolio. Actual holdings will vary depending on the size of the account, cash flows, and restrictions. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of our past specific recommendations for the last year is available upon request.

Return	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
10%	1.10	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	2.17	2.37
20%	1.20	1.44	1.73	2.07	2.49	2.99	3.58	4.30	5.16	6.19
19%	1.19	1.42	1.69	2.01	2.39	2.84	3.38	4.02	4.79	5.69