# Polen U.S. Small Company Growth

**Portfolio Manager Commentary – June 2024**

## Summary

- Marking a shift from the first quarter's lower-quality and high price momentum style factors[1] driving performance, the second quarter reflected more of a flight to safety. Concerns around stubbornly high inflation dampened views on interest rate cuts following the exuberance in equities that started in October. Against this backdrop, the performance gap between small caps and large caps continued to widen, with small cap investors retreating to lower-volatility sectors and industries.

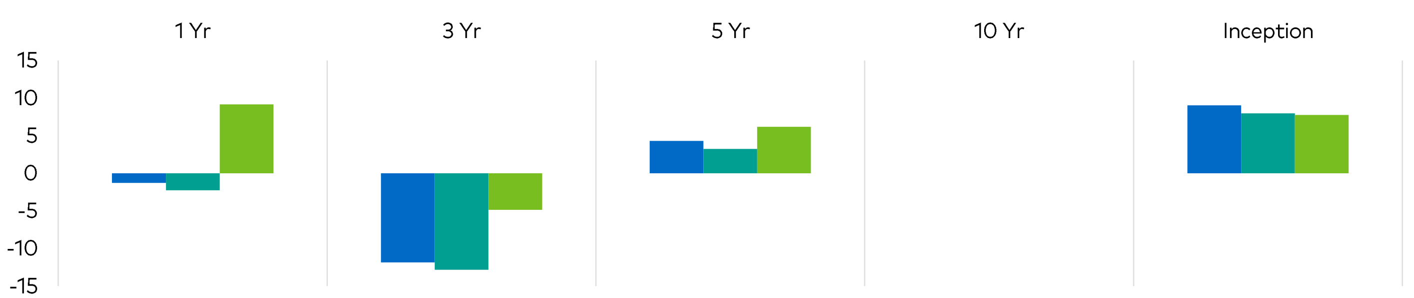
- As the market grappled with ongoing economic uncertainty, stock price movements broadly exhibited above-average volatility relative to recent periods, often despite little fundamental change. Our quality growth-oriented Polen Capital U.S. Small Company Growth Composite Portfolio (the "Portfolio") was not immune to the volatility. While some holdings benefited, most were adversely affected. In instances where we viewed stock prices as rising beyond what fundamentals justified, we right-sized positions and sourced funds to add to new and existing ideas with what we see as better risk-return profiles, reinforcing our opportunity cost mindset. This approach aims to ensure that capital is allocated to areas with what we view as the highest potential for long-term growth and return.

- During the quarter, we initiated six new positions in Option Care Health, AAON, Construction Partners, Applied Industrial Technologies, Installed Building Products, and Repligen. We exited four positions, including Wingstop, Helen of Troy, Xpel, and Endava. We also added to and trimmed existing positions.

- We favor businesses with robust free cash flow, persistent growth, and high returns on capital. We aim to own companies that we believe are undervalued relative to their long-term compounding potential. As always, we believe maintaining our focus on high-quality growth companies well-positioned to drive cash flow and earnings growth over the next five years will generate long-term performance.

[1] Momentum style factors indicate purchasing stocks trending upward and selling those trending down. Source: Bloomberg.

## Seeks Growth & Capital Preservation (Performance (%) as of 6-30-2024)




| | Qtr | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
|---|---|---|---|---|---|---|---|
| U.S. Small Company Growth (Gross) | -8.55 | -7.25 | -1.29 | -11.85 | 4.28 | - | 9.01 |
| U.S. Small Company Growth (Net) | -8.67 | -7.65 | -2.25 | -12.83 | 3.24 | - | 7.94 |
| Russell 2000 Growth | -2.92 | 4.44 | 9.14 | -4.87 | 6.16 | - | 7.74 |

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. Contribution to relative return is a measure of a securities contribution to the relative return of a portfolio versus its benchmark index. The calculation can be approximated by the below formula, taking into account purchases and sales of the security over the measurement period. Please note this calculation does not take into account transactional costs and dividends of the benchmark, as it does for the portfolio. Contribution to relative return of Stock A = (Stock A portfolio weight (%) - Stock A benchmark weight (%)) x (Stock A return (%) – Aggregate benchmark return (%)).

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

## Commentary

Marking a shift from the first quarter's lower-quality and high price momentum style factors[1] driving performance, the second quarter reflected more of a flight to safety. Concerns around stubbornly high inflation dampened views on interest rate cuts following the exuberance in equities that started in October. Against this backdrop, the performance gap between small caps and large caps continued to widen, with small cap investors retreating to lower-volatility sectors and industries.

As the market grappled with ongoing economic uncertainty, stock price movements broadly exhibited above-average volatility relative to recent periods, often despite little fundamental change. On one end of the spectrum, companies that exceeded guidance saw robust price gains, with valuations often becoming disconnected from their underlying fundamentals, in our view. Conversely, companies that missed expectations or provided measured outlooks experienced precipitous declines in their stock prices. These outsized reactions were further exacerbated by meaningful rotations in and out of sectors as shorter-term investors comprise a significant portion of daily trading volumes and have been continuously reassessing their positions amidst the uncertain economic backdrop. Amid all this, there remains considerable hype around companies perceived as Artificial Intelligence ("AI") beneficiaries and crowding into companies where growth is perceived as more certain. However, exceptions exist, with a notable example being Super Micro Computer, which lost some ground relative to first quarter results.

Our quality growth-oriented Portfolio was not immune to this exaggerated volatility; while some holdings benefited, most were adversely affected. In instances where we viewed stock prices as rising beyond what fundamentals justified, we right-sized positions and sourced funds to add to new and existing ideas with what we see as better risk-return profiles, reinforcing our opportunity cost mindset.

**Investing with an opportunity cost mindset aims to ensure that capital is allocated to areas with what we view as the highest potential for long-term growth and return.**

Despite the weight of a weak small cap market and the underperformance of many of our holdings, where we saw fundamentals as remaining healthy, we see meaningful latent growth and appreciation potential within the Portfolio. This heightened volatility and the resulting market dynamics have reinforced our commitment to maintaining a disciplined, long-term investment strategy, focusing on high-quality companies with robust fundamentals that we believe will thrive over the long term.

## Portfolio Performance & Attribution

In 2Q24, the Polen Capital U.S. Small Company Growth Composite Portfolio returned -8.55% gross and -8.67% net of fees compared to a -2.92% return for the Russell 2000 Growth Index (the "Index") and a -1.41% return for the S&P 600 Growth Index (we previously provided the S&P 600 Growth Index as we felt it was a more accurate reflection of the broad market; we have retained it here for reference purposes).

The top three contributors to the Portfolio's relative performance in the quarter were **SiTime**, **Super Micro Computer** (not owned), and **Hamilton Lane**. The top three absolute contributors were **SiTime**, **Warby Parker**, and **Hamilton Lane**.

**SiTime** is a semiconductor company that pioneered silicon micro-electromechanical systems for use in precision timing. The company has been impacted by inventory destocking over the last 12-18 months, a primary factor leading to the stock's volatility. Based on our analysis, amid weak results, the business' trajectory seems to have improved, and management's comments have been encouraging.[2] While we continue to believe SiTime is a structurally advantaged business with a long growth runway, we took advantage of the stock's significant appreciation over a brief timeframe and trimmed our position.

The second largest contributor to the Portfolio's relative performance was **Super Micro Computer**, a provider of high-performance, energy-efficient servers, which the Portfolio does not own. The stock declined notably in the quarter, providing a tailwind to relative performance. On a YTD basis, however, Super Micro is still our largest relative detractor, given its robust 1Q return.

The third largest contributor to relative performance was **Hamilton Lane**, a private markets fund manager and service provider. We think Hamilton Lane has displayed solid fundamental results over many quarters, and the stock continues to be a compelling performer with no significant change in our underlying expectations.

The Portfolio's top relative detractors were **Alight**, **Progyny**, and **Revolve**. The top absolute detractors were **Alight**, **Progyny**, and **Blackline**.

[2] Source: SiTime Corp Earnings Call, May 8, 2024.

**Alight** is a benefits administration outsourcing business serving large enterprise companies, including 70% of the Fortune 100.[3] Based on our analysis, the core business is a stable, low-churn, and generally sticky business, albeit more slowly growing. That said, over the last several years, this has evolved as the company has adopted a faster-growing software-enabled cloud strategy. Overall, we think the business is performing well despite headwinds from slower demand given the macro environment uncertainty. Earlier this year, the company announced the decision to sell its payroll and professional services business. While initially well received by the markets, this has ultimately created some uncertainty about the profile and growth of the core business. We trimmed our position while we continue to review the investment.

**Progyny** is the leading managed care provider specializing in fertility. The company provides a clear and differentiated value proposition that has led many employers to carve out fertility as a separate medical benefit. The company reported weaker 1Q24 results in May due to lower-than-expected benefit utilization. This was largely due to patients reassessing treatment after the Alabama Supreme Court ruling in February declaring embryos created through In vitro fertilization ("IVF") should be considered children. While Alabama accounts for little of Progyny's revenue, the headlines—particularly in conservative Christian groups—caused some patients with authorized procedures to delay the start of those cycles. What followed was a widespread cry to carve out legal exceptions for IVF, and Alabama passed legislation protecting IVF. Based on trends management observes, the incident appears to be a temporary blip. However, it appears persistent news headlines and uncertainty continue to weigh on the stock (along with disappointing guidance). We believe this is a near-term headwind, and our view of Progyny's long-term opportunity and competitive position is unchanged. Fertility benefits still have a long runway for potential growth, particularly as Progyny shows success penetrating new sectors and industries beyond the fertility benefits early adopters. While we believe news and political headlines may continue to weigh on the stock near-term, given our long-term view we believe the stock is attractively valued. We added to our position in March, before first quarter results were announced.

**Revolve Group** is an online fashion retailer targeting Gen Z women. The stock was one of our top performers early in the year but has retrenched over the past quarter largely due to increasing "risk-off" flight-to-safety market dynamics. Notably, the business fundamentals have inflected positively this year, leading us to believe that shifting market sentiment has an outsized impact on the stock price. Revolve Group is more economically sensitive over the near term as a consumer discretionary company, but earnings have bottomed after two tough years, and we continue to view Revolve as well-positioned to grow earnings at an accelerating rate over the near term, while the long-term outlook is intact.

## Portfolio Activity

There were six new additions to the Portfolio in the second quarter and four complete sales. We also added to and trimmed several existing positions.

The new Portfolio positions included **Option Care Health**, **AAON**, **Construction Partners**, **Applied Industrial Technologies**, **Installed Building Products**, and **Repligen**.

We initiated a new position in **Option Care Health**, a healthcare company that provides home and center-based infusions. Most infusions are hospital-based, with home infusions making up only 15% of the market; however, this part of the market is growing and expected to expand further as home and suite-based infusions take significant costs out of the healthcare system.[4] Option Care is the number one player in home infusions by a sizable margin. The company has been significantly expanding margins as it scales, with 90% of the payer mix commercial and only 10% fee-for-service Medicare and Medicaid (carrying the highest reimbursement risk). We believe revenue will continue growing at a low-teens rate, with margins expanding with scale. Optically, Option Care's returns on capital appear low due to amortization associated with the reverse merger it completed with Bio Script in 2019. However, tangible return on invested capital[5] is over 50%. Overall, we anticipate above-average compounding.

**AAON** is a leading producer of premium and state-of-the-art heating, ventilation, and air conditioning ("HVAC") systems for commercial and industrial indoor environments. Since its founding 35 years ago, the company's strategy has focused on making "semi-custom equipment," thereby making a premium product at a price that is growing increasingly competitive with larger competitors due to the secular trends of decarbonization and electrification. By way of illustration, commercial buildings make up 16% of the total carbon emissions in the U.S., with roughly 40% of those emissions related to building HVAC systems.[6] In 2021, the company acquired BASX Solutions, an Oregon-based manufacturer of custom, high-performance cooling solutions for the rapidly growing hyperscale data center market. We believe this move should provide a tailwind to organic growth for years to come. We believe AAON will continue to grow share in the multi-billion-dollar commercial HVAC market at high incremental operating margins and returns on capital for the long term.

[3] Source: Alight website, accessed June 30, 2024, https://www.alight.com/about.
[4] Source: Option Care Health investor presentation, March 31, 2024.
[5] Return on invested capital is an assessment of a company's efficiency in allocating capital to profitable investments. Calculated by dividing net operating profit after tax by invested capital.
[6] Source: AAON website, accessed June 30, 2024, https://www.aaon.com/sustainability.

**Construction Partners** is a provider of asphalt paving services and materials in the Southeast U.S. They service both public (roughly 2/3rds of revenues) and private (1/3rd of revenues) infrastructure projects, focused on highways, roads, bridges, airports, and commercial and residential properties. We see Construction Partners as unique relative to other construction service providers as they primarily conduct maintenance work with lower project duration and dollar risk relative to hundreds of millions or billions of dollar megaprojects. This maintenance work is "recurring" in that the same customers typically come to the market each year with stable to growing project budgets, of which Construction Partners win their fair share at robust margins. We believe the combination of unique project and customer exposure, as well as management's solid track record around vertical integration and geographic expansion make for a compelling investment case.

**Applied Industrial Technologies** is a leading industrial distributor of parts and services across a diversified set of end markets including manufacturing, food and beverage, oil and gas, life sciences, chemicals, cement, and transportation. AIT operates over 500 service centers across the U.S., providing value-added engineering and technical expertise in five product areas: Power Transmission, Bearings, Fluid Power, Flow Control, Advanced Automation, and General Maintenance, Repair, and Operations ("MRO"). The company has leveraged its scale and deep customer relationships to gain market share and expand into adjacent product areas. In our view, the company's robust operational and capital allocation track record combined with secular trends such as reshoring, infrastructure spending, and automation makes for a compelling addition to the Portfolio.

**Installed Building Products** sells insulation services to homebuilders. IBP purchases insulation directly from manufacturers and can provide materials and fast, expert installation at a lower cost than contractors would spend buying the materials alone. They are one of two leading players with national scale in an otherwise fragmented market. Long-term, we believe the business will be driven by new home construction as well as steady market share gains and an expanding portfolio of products beyond insulation. Additionally, environmental and energy regulations have steadily driven an increase in insulation content over time. We see IBP as a prudent capital allocator with a proven strategy for deploying capital toward purchasing small "mom-and-pop" players in the market. Its returns on capital are notable with a 20% cash flow return on invested capital, and we believe IBP will be a compounder through a business cycle.

**Repligen** is a leading provider of bioprocessing technologies that supports discovery, development, and manufacturing of biologic drugs. Over the past decade, Repligen has strategically acquired key assets across the complex bioprocessing workflow in filtration and process analytics. These assets enable their customers, biopharma, and contract development manufacturing organizations ("CDMO") to innovate and advance new therapeutics across various diseases. The last two years have brought its undue share of challenges for Repligen and the bioprocessing industry more broadly as pandemic-related sales declined materially. This led to an opportunity to invest in this uniquely positioned business that can potentially leverage its technical leadership and robust market position to gain additional share within the bioprocessing market, which we estimate at $12 billion globally.

We exited four positions during the quarter, including **Wingstop**, **Helen of Troy**, **Xpel**, and **Endava**.

**Wingstop** has been a highly successful investment and one of the largest contributors to Portfolio returns over many years. While we see nothing fundamentally wrong with the business, the recent stock price appreciation has been driven more by momentum than fundamentals[7], to the point where we have a hard time making sense of the valuation. We sold the position, deployed the capital towards new ideas, and added to existing holdings with what we view as better risk-reward profiles.

**Helen of Troy** is a consumer products business. Despite compelling attributes, it was negatively impacted by a confluence of factors post-pandemic, including large acquisitions at lofty prices in earlier years. While we were initially encouraged by the plan to get the business back on track, we have been disappointed by the lackluster longer-term growth prospects as management continues to reorganize its portfolio. As we had opportunities for more consistent and durable growth at as good or better returns, we sold the position.

We exited our position in **XPEL** during the quarter. A leading provider of automotive paint protection and window film solutions, XPEL specializes in manufacturing and distributing high-quality products that protect vehicles from damage caused by environmental and other factors. Over the last several quarters, the company has reported mixed results due to various issues. As we put the company under review and performed additional research, we determined that we misjudged the competitive intensity of the industry and the emergence of substitutes. Due to the changing competitive conditions, we decided to exit the position and redeploy capital to alternative ideas.

Finally, we sold our position in **Endava**. Broadly speaking, the IT services industry has been particularly hard hit by the slowdown in IT spending. Endava, in particular, didn't hold up as well as its peers; in our view, it is earlier in its life cycle, less diversified, and has significant exposure to the U.K. and Europe, which have fared worse. We still believe Endava is a fundamentally sound business and significantly undervalued, but we identified what we viewed as a better opportunity to redeploy the capital in Repligen.

[7] Momentum refers to the trend or direction of a stock's price momentum and can play a role in short-term price fluctuations, while fundamentals refer to a company's underlying financial performance and prospects including revenue, earnings, and growth potential..

During the quarter, we added to and trimmed existing holdings, largely reflecting our normal practices driven by an opportunity cost mindset. We added to positions with what we found to be better risk-reward profiles and stronger Flywheels[7] and trimmed positions largely due to valuation to fund new positions and add to existing holdings. During the quarter, we added to our existing CCC Intelligent Solutions position, and the new positions detailed above. We trimmed the following positions during the quarter: AppFolio, Alight, Doximity, RH, Hamilton Lane, and SiTime.

## Outlook

While we are cautiously optimistic that we are past peak interest rates, uncertainty persists. The largest obstacle has been shifting expectations around the timing and magnitude of rate cuts. We saw this firsthand with the shift in sentiment from optimism in the first quarter to pessimism in the second quarter as "higher for longer" expectations grew more pronounced. In our view, the gap between large and small reflects this—small cap continues to be highly sensitive to shifting rate expectations, while the leadership in large cap continues to be narrow and driven by momentum.

Looking ahead to the second half of the year and beyond, we are encouraged as we continue to find compelling investment opportunities. We seek to take advantage of volatility to invest in businesses at attractive values. In our view, high-quality small cap companies have great latent potential for growth with significantly below-average valuations, particularly relative to most of the market. We believe the highest-quality small cap companies will be more likely to take advantage of robust balance sheets and reinvestment to enhance their competitive position, tackle adjacencies, and make meaningful acquisitions. Given that so few companies meet this high hurdle, we aim to hold a concentrated portfolio of companies that offer what we see as not only potential for growth and high returns but also durability, robust financial models, and the ability to self-fund growth.

We believe great investing requires a clear and time-tested philosophy and the ability to stick to that philosophy and process with discipline in periods of uncertainty. It also requires great humility and a willingness to recognize when you are wrong and update your views—something we are always prepared to do. Although this continues to be a challenging environment for the approach and asset class more broadly, we are excited about the potential opportunities and remain confident in the resilience and growth prospects of our Portfolio holdings. We look forward to keeping you updated 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, and 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 & Analyst
16 years of experience

[7] The Flywheel framework is how we assess quality that supports sustainable growth. It is comprised of five self-reinforcing elements: 1) unique positioning; 2) a repeatable sales process; 3) a robust business model; 4) effective management; 5) value-creating reinvestment.

## Important Disclosures & Definitions:

Disclosure: This commentary has been prepared without taking into account individual objectives, financial situations or needs. As such, this commentary is for informational purposes only and is not to be relied on as, legal, tax, business, investment, accounting or any other advice. Recipients of this commentary should seek their own independent financial advice. Investing involves inherent risks and any particular investment is not suitable for all investors; there is always a risk of losing part or all of your invested capital. No statement herein should be interpreted as an offer to sell or the solicitation of an offer to buy any security. Unless otherwise stated in this commentary, the statements herein are made as of the date of this commentary. Certain information contained herein is derived from third parties beyond Polen Capital's control or verification and involves significant elements of subjective judgment and analysis. While efforts have been made to ensure the quality and reliability of the information herein, there may be limitations, inaccuracies, or new developments that could impact the accuracy of such information. Therefore, this commentary is not guaranteed to be accurate or timely and does not claim to be complete. Polen Capital reserves the right to supplement or amend the content container herein, but has no obligation to provide the recipient with any supplemental, amended, replacement or additional information. Any statements made by Polen Capital regarding future events or expectations are forward-looking statements and are based on current assumptions and expectations that are susceptible to change. Such statements involve inherent risks and uncertainties and are not a reliable indicator of future performance. 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. Statements regarding Polen Capital's research should be interpreted as either forward-looking statements or understood as Polen Capital's opinion. The commentary is not intended as a guarantee of profitable outcomes.

Source: All data is sourced from Bloomberg unless otherwise noted. All company-specific information has been sourced from company financials as of the relevant period discussed.

Definitions: Contribution to relative return is a measure of a security's contribution to the relative return of a portfolio versus its benchmark index. The calculation can be approximated by the below formula, taking into account purchases and sales of the security over the measurement period. Please note this calculation does not take into account transactional costs and dividends of the benchmark, as it does for the portfolio. Contribution to relative return of Stock A = (Stock A portfolio weight (%) - Stock A benchmark weight (%)) x (Stock A return (%) – Aggregate benchmark return (%)). All company-specific information has been sourced from company financials as of the relevant period discussed.

# 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 (%) |
| 2023 | 58,910 | 22,269 | 36,641 | 14.17 | 40 | 23.13 | 21.72 | 18.66 | 0.1 | 24.59 | 21.79 |
| 2022 | 48,143 | 18,053 | 30,090 | 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 12-31-2023:**
(Annualized returns are presented for periods greater than one year)

| | 1 Yr | 5 Yr | 10 Yr | Inception |
|---|---|---|---|---|
| U.S. Small Company Growth (Gross) | 23.13 | 10.18 | - | 10.92 |
| U.S. Small Company Growth (Net) | 21.72 | 9.08 | - | 9.82 |
| Russell 2000 Growth | 18.66 | 9.23 | - | 7.78 |

[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. 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 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 December 31, 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 maintains related entities which together invest exclusively in equity portfolios consisting of high-quality companies. 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, provided, however, if invoking this policy would result in all accounts being removed for a month, this policy shall not apply for that month. 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 9/1/2023, 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 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 |