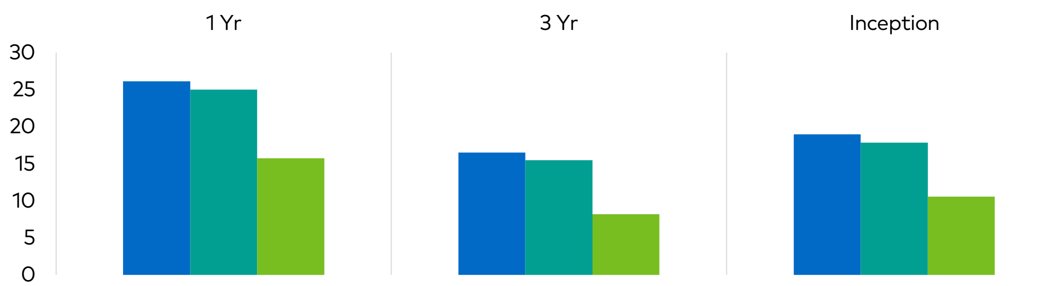
Polen U.S. Small Company Growth

Portfolio Manager Commentary – September 2020

Summary

- The Polen U.S. Small Company Growth Composite Portfolio (the "Portfolio") returned 4.57% gross of fees versus 7.17% for the Russell 2000 Growth Index. Year to date, the Portfolio has returned 21.12% gross of fees versus 3.88% for the Index.
- In terms of attribution, sector allocation contributed positively while stock selection contributed negatively to our relative performance during the quarter.
- From a company-specific perspective, Floor & Decor, Globant, and AMN Healthcare Services were the top contributors during the quarter while Appfolio, Goosehead Insurance, and Alarm.com Holdings were the top detractors based on relative contribution to return.
- During the quarter, we initiated positions in Goosehead Insurance and Malibu Boats, added to our positions in Qualys, Houlihan Lokey, WD40, and Blackline. We exited our positions in EPAM Systems, Five Below, Texas Roadhouse, and LeMaitre Vascular.
- We believe having conviction in the quality of our businesses and a focus on the long-term is paramount to navigating periods of heightened volatility. While COVID-19 has spurred significant change, we are confident in our portfolio companies' abilities to meet the challenge.

Seeks Growth & Capital Preservation (Performance (%) as of 9-30-2020)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
U.S. Small Company Growth (Gross)	4.57	21.12	26.12	16.51	-	18.95
U.S. Small Company Growth (Net)	4.33	20.33	25.00	15.45	-	17.85
Russell 2000 Growth	7.17	3.88	15.72	8.19	-	10.57

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.

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.

Commentary

The third quarter of 2020 started off strong. Investors seemed to focus on favorable economic data, the potential for a fast-tracked vaccine, the possibility of another fiscal stimulus package, and encouraging quarterly reports from companies suggesting that earnings had bottomed. But, after reaching all-time highs in early September, concerns about political, virus, and economic uncertainty set in. This drove a change in sentiment, an increase in market volatility, and the first down month since March. Without the above-mentioned risks abating in the near term, we expect further oscillations between defensive and offensive postures on behalf of market participants.

We have been pleased with our portfolio companies' results thus far in 2020. And, we are thrilled to report that we believe most of them are successfully turning the present crisis into an opportunity. Their ability to flexibly and successfully adjust to the new normal is a hallmark of the high-quality companies we emphasize, those that we think can "survive and thrive in any environment."

One year ago, it would have been hard to imagine today's conditions. This underlies our steadfast insistence on owning what we believe are the best businesses in our category.

We seek companies that benefit from long-term trends, are well-positioned in their respective market, have a strong business model that generates cash, and are run by superior management. These features are important to generating long-term returns and serve as protection when circumstances change. While COVID-19 has been a significant change and we do not have visibility into what the future of the pandemic holds, we are confident in our portfolio companies' abilities to meet the challenge. In this volatile and uncertain environment, we believe having conviction in the quality of our businesses and a focus on the long-term is paramount.

We continue to see significant dispersion across the small cap universe, reflecting a wide divide in companies' performance since the beginning of the COVID-19 pandemic. Plenty of opportunities for stock selection remain in this environment, especially in a concentrated portfolio like ours where each company can have a meaningful impact. That said, performance across companies, industries, and sectors this quarter seemed more reflective of style and changes in investor risk tolerance than underlying company fundamentals in our view.

Portfolio Performance & Attribution

The Polen U.S. Small Company Growth Composite Portfolio (the "Portfolio") returned 4.57% gross of fees versus 7.17% for the Russell 2000 Growth Index (the "Index"). Year to date, the Portfolio has returned 21.12% gross of fees versus 3.88% for the Index.

In the third quarter, the market rewarded companies in the most cyclical or COVID-19 depressed industries disproportionately. More cyclical businesses, companies with no earnings, and companies with high debt levels generally outperformed on a relative basis, reflecting optimism for a sharper economic rebound than was initially feared. Industries that had been leading the market for several months, like software and biotech, began to lose ground as investors shifted into more traditionally cyclical industries, like electrical equipment and building products, or those that have been hardest hit by the pandemic, such as hotels and restaurants.

In terms of attribution, sector allocation contributed positively while stock selection contributed negatively to our relative performance during the quarter. Using the consumer discretionary sector as an example, the Portfolio was heavily exposed to this category, which outperformed during the quarter. However, we did not own the most cyclical and/or COVID-19 depressed constituents within the sector. In the information technology sector, our largest sector exposure, we saw a similar but smaller effect.

Our meaningful outperformance in healthcare was largely a function of not owning biotechnology firms, which were weaker in the quarter. Like consumer discretionary, our meaningful underperformance in the industrials sector stems from our avoidance of the most cyclical industries, like electrical equipment. Many of these impacts mark a notable reversal from last quarter—stock selection drove outperformance in our consumer discretionary and technology allocations, and our lack of exposure to biotechnology drove considerable underperformance in healthcare.

From a style perspective, the impact of our active exposure to both growth and profitability during the quarter was mixed. Exposure to the growth factor was additive to performance, but exposure to profitability detracted. We believe this reflects investors' willingness for risk-taking in the quarter, with an emphasis on loss-making, lower-quality companies. We are not surprised that our prioritization of profitability was a headwind during the third quarter, as investors seemed willing to tolerate higher risk and lower-quality non-earners.

From a company-specific perspective, **Floor & Decor**, **Globant SA**, and **AMN Healthcare Services** were the top contributors during the quarter based on relative contribution to return.

Floor & Decor was our top contributor during the quarter. While the pandemic forced Floor & Decor to temporarily close stores or limit store traffic, customer demand has remained strong and sales growth has subsequently rebounded to pre-crisis levels as its stores fully re-opened.

The business has remained flexible and adapted to the current environment. It has pivoted to e-commerce and curbside pickup, more deeply engaged with customers digitally, and proactively worked with its top 'Pro' customers to ensure Floor & Decor meets their ongoing needs. Importantly, management has remained focused on all stakeholders throughout this period and we believe has taken many steps to further separate the company from competitors and drive long-term value.

Globant SA was another top contributor during the quarter. Globant helps clients with their digital transformation. The need to invest in digital transformation has accelerated as the pandemic has forced us all to conduct many aspects of our lives virtually. In fact, the company has seen its top customers deepen their relationship and spending with Globant. We view this as a proof statement that the services Globant provides are mission critical for its clients and believe the company is well positioned in the fast-growing digital strategy consulting services industry.

AMN Healthcare Services also contributed during the quarter. As a leading provider of healthcare workforce solutions and staffing services in the U.S., the business has experienced substantial dislocation because of COVID-19. Still, the company has adapted, adding services like telehealth and audio/video interpretation services, and deepened and expanded its relationships. While demand for its services remains depressed, order flows are beginning to resume. Over the long-term, we believe its competitive position along with secular tailwinds should continue to drive demand for the company's services and solutions.

From a company-specific perspective, **Appfolio**, **Goosehead Insurance**, and **Alarm.com Holdings** were the top detractors during the quarter based on relative contribution to return.

Appfolio, a software solutions provider for real estate and property management, was the top detractor in the quarter. COVID-19 has had a somewhat negative impact on the business, primarily due to interrupted sales and marketing activity. However, Appfolio has exhibited stable growth throughout the pandemic, and management continues to invest heavily in the business. This behavior shows a long-term strategic orientation that we believe will benefit the company for many years to come.

Goosehead Insurance, a new addition to the Portfolio, was also a top detractor in the period. We took advantage of the soft pricing and added to our initial position toward the end of the quarter, highlighting our enthusiasm for the opportunity ahead as Goosehead continues to disrupt a very large and dormant market in our view.

Alarm.com Holdings, a cloud-based home security and automation service provider, was also a top detractor in the period. Interestingly, in some ways, Alarm.com is a beneficiary of the pandemic as more people move to the suburbs and look to secure their assets. On the other hand, the company continues to see some weaknesses in its commercial and international businesses. Despite this, the company has continued to grow throughout the pandemic, which we view as a testament to its durable business model and innovative services. Management has continued to invest in the business from both a product innovation and a sales and marketing standpoint. They expect demand to rebound meaningfully as the economic environment normalizes. We remain enthusiastic about Alarm.com and expect that the value proposition it provides will continue to drive strong results going forward.

Portfolio Activity

During the quarter, we initiated positions in **Goosehead Insurance** and **Malibu Boats**. We added to our positions in **Qualys**, **Houlihan Lokey**, **WD40**, and **Blackline** and exited our positions in **EPAM Systems**, **Five Below**, **Texas Roadhouse**, and **LeMaitre Vascular**.

We started a new position in **Goosehead Insurance** during the quarter. Goosehead is a personal lines insurance broker with a unique franchise model and centralized customer service. Its business model is radically different than the industry status quo. Goosehead was designed to address two flaws management identified in the traditional personal lines brokerage model. First, the best brokers quickly became bogged down with back-office requirements as the many clients they acquired needed to be serviced. Second, the most successful personal lines brokers typically had a limited number of carriers whose product they could sell. This meant that even when those carriers were not the best option, brokers had to convince clients they were.

Goosehead addresses the first pain point by offloading nearly all the back-office requirements to a centralized service center with licensed brokers who can generally handle all client needs. This allows Goosehead's best salespeople to focus solely on building their business without compromising client service. In fact, Goosehead has a Net Promoter Score twice that of the industry average. On the second weakness, Goosehead leads the industry with >80 carriers on its platform. This allows brokers to provide clients with more options and find the best possible solution for their needs.

Goosehead is in the early stages of penetrating the personal lines insurance industry, which is estimated to have a total addressable market of $300B. Its franchising model leads to extremely high returns on capital and requires almost zero investment to grow the business. Management is laser-focused on capitalizing on its opportunity, and we expect the company to grow its value more than our mid-teens IRR hurdle for many years to come.

We also started a new position in **Malibu Boats**, a high-quality boat manufacturer, during the third quarter. We believe Malibu's competitive advantage stems from the strength of its brand, which is renowned for premium performance and attention to quality within the boating and ski/wake sports industries.

Malibu's products garner a premium price, have strong customer loyalty with high repeat purchases, and are widely recognized for their continued innovation, style, ease of use, and overall high performance.

In our view, management takes a very thoughtful and disciplined approach around every aspect of their business with a focus on driving long-term value creation. This includes how management reinvests back into Malibu's brands as well as its approach to M&A. Malibu has successfully acquired two other leading boat brands. Each had a dominant position in their respective categories but were previously undermanaged as family-owned and operated businesses. The business has a highly variable cost structure, generates incredibly strong returns on investment, and has a dominant and growing market share with high brand loyalty.

The pandemic has stimulated strong demand for Malibu's products, and we believe the company is well-positioned to exit this period stronger than its competitors.

We also opportunistically added to three newer positions of **Qualys**, **Houlihan Lokey**, and **WD40** over the quarter. We took advantage of price weakness, continuing to build these positions as we originally intended.

We exited our positions in **EPAM Systems**, **Five Below**, **Texas Roadhouse,** and **LeMaitre Vascular** over the quarter for market cap, risk management, and business-related reasons.

We sold out of the IT services provider **EPAM Systems** due to its high market cap. We believe this company remains fundamentally strong and has had solid business performance during the pandemic. However, its $18B market cap is more than triple the weighted average market cap of the Portfolio. We are committed to staying in the small cap category and chose to recycle the investment into smaller market cap companies like Goosehead and Malibu Boats. We have held EPAM since portfolio inception, and the company has been an outstanding performer. It has earned shareholders an over 300% return over a 3.5-year period, contributing to the strategy's strong relative results. We remain excited about the long-term prospects for the company and will continue to hold EPAM in the U.S. SMID Company Growth strategy.

We exited our positions in **Five Below** and **Texas Roadhouse**. We think COVID-19 related disruption remains a higher-than-average risk for both companies in the near and intermediate term. Both companies are examples of having to update our views because of the pandemic—the combination of disease headwinds, changes in the health of the consumer, and changes in consumer preferences and behaviors make the near, medium, and long-term prospects for each business more fragile than they were pre-pandemic.

Both companies also face longer-term headwinds in our view. For Five Below, the growth of e-commerce continues to accelerate, and the company has yet to demonstrate that its concept transitions well to an online environment. For Texas Roadhouse, the retail footprint of its "Texas Roadhouse" brand is relatively mature, and management, despite its efforts, has yet to develop a successful, second concept.

With both positions having gained back much of what was lost initially due to the pandemic, neither stock seems to be fully discounting these risks. We have held both companies since inception, and over 3.5-years Five Below and Texas Roadhouse have returned over 200% and 50% for shareholders, respectively.

Finally, we liquidated our position in **LeMaitre Vascular**, a holding for more than two years, after observing management behaviors that we believe conflict with our flywheel. The company has a business model selling products used in vascular surgeries that is highly repeatable, and it has shown strong profitability metrics for some time. We have always known management to act in the best long-term interests of the business and in alignment with the values of all stakeholders.

During the early stages of the crisis, we were concerned to see management immediately and dramatically reduce headcount to maintain profitability despite having cash on the balance sheet. It also chose to maintain the dividend the company pays out to shareholders, including its CEO who is the company's largest shareholder. We decided that cutting a significant portion of the workforce while keeping the CEO's dividend is not beneficial to the culture of the organization, nor is it in the best long-term interests of the business. As we have said on many occasions, we think the actions of leadership during a crisis like COVID-19 reveal how dedicated management teams are towards their strategy of long-term value creation. These short-term behaviors are a red flag for us.

Outlook

We continue to remain focused on what we believe to be high-quality companies that benefit from long-term trends, are well-positioned in their respective market, have a strong business model that generates cash, and are run by a superior management team. We believe these features are important to generating long-term returns and serve as protection when circumstances change.

The performance of certain segments of the market this quarter shows that investors are currently willing to take on more risk with rapidly growing technology and biotechnology companies without profits.

While we agree that COVID may have accelerated several of the long-term trends these companies are exposed to, we continue to believe the companies that will create the most value will typically have robust margins and cash flows to remain leaders should some or any of the variables change. Often, companies that grow rapidly through reliance on capital markets are generally surprised and ill-prepared for a period where financiers de-risk their exposures. We invest in companies that we think will benefit from long-term trends and have durable business models. We feel comfortable with our current portfolio holdings whether we are in a "risk on" or "risk off" market. We should not need to make changes to the portfolio if the variables change.

We are still very optimistic about the long-term prospects for smaller companies and will be offering more detailed insight on this thought to come.

> **We believe the future for smaller companies is bright, especially for those that use the digital infrastructure created by the tech giants to build brands, scale marketing, and attract, reach, and monetize customers.**

This creates opportunities for younger companies to compete on the global stage, generate recurring subscription revenues, and use of data to better deliver all kinds of services. These opportunities should be viewed on a multi-decade scale, and we think they are best seized with a long-term orientation.

Team Update

The Small Company Growth team is operating smoothly in the distributed work environment we find ourselves in today. Our highly collaborative process has not missed a beat, which has been supported by the integration of Microsoft Teams and Zoom into our workflows. Our IT team deserves much of the credit for enabling our seamless transition to a remote world.

We began a search for a full-time analyst at the beginning of October and are excited to find another great teammate. As a reminder, our investment team includes three Portfolio Managers and four Research Analysts. An ideal candidate will embody the intersection of our three key characteristics: cultural fit, skill, and cognitive flexibility. The posting is available on our website, and we will keep you updated in future letters about this position.
We pride ourselves on our collective commitment to continuous learning and continuous improvement. As such, we choose topics that challenge our views and seek evidence that may require us to update our mindset or frameworks. We tackle these subjects on a weekly basis and enrich our mental models with books, articles, and other modern mediums.

We recently spent a great deal of time researching and discussing the impacts of the increasingly intangible economy and its impact on traditional accounting metrics. This topic is broad and deep, not just its effects on an investor's view of digitally native businesses but also on public policy, globalization, and market structures. The high level of investment in intangible assets, which are expensed on the income statement, can be difficult to value with traditional accounting methods. Suffice it to say that we are still learning more about this topic, and it will continue to attract more attention in the years to come. For those that are interested, the book titled *Capitalism Without Capital* by Jonathan Haskel and Stian Westlake is a great resource. We believe that the book frames the subject well and allows for a deeper understanding of the issues and second order impacts.

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

Sincerely,

Tucker Walsh & Rayna Lesser Hannaway

Experience in High Quality Growth Investing

Tucker Walsh
Head of Team, Portfolio Manager & Analyst
29 years of experience

Rayna Lesser Hannaway
Portfolio Manager & Analyst
24 years of experience

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	Russell 2000 Growth Index (%)
3 Months	4.57	4.33	7.17
YTD	21.12	20.33	3.88
1 Year	26.12	25.00	15.72
3 Year	16.51	15.45	8.19
Since Inception (03-09-2017)	18.95	17.85	10.57

Returns are trailing through 9-30-2020. Annualized returns are presented for periods greater than one-year.
Source: Archer.

GIPS Disclosure

Polen Capital Management
U.S. Small Company Growth Composite—Annual Disclosure Presentation

		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 (%)
2019	34,784	12,681	22,104	8.28	8	22.73	21.62	28.50	0.1	-	16.60
2018	20,591	7,862	12,729	3.82	6	3.30	2.31	-9.29	0.0	-	16.69
2017[1]	17,422	6,957	10,466	5.65	4	20.74	19.82	18.22	N/A	-	14.80

[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.
Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.
N/A - There are five or fewer accounts in the composite the entire year.

GIPS Disclosure

The U.S. Small Company Growth Composite created on 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. Polen Capital invests exclusively in a portfolio of high-quality companies.

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 by ACA Performance Services, LLC for the periods January 1, 2016 through June 30, 2019. A verification covering the periods from April 1, 1992 through December 31, 2015 was performed by Ashland Partners & Company LLP, whose report expressed an unqualified opinion thereon. The verification reports are available upon request. Ashland Partners & Company LLP was acquired by ACA Performance Services, LLC. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Polen Capital Management is an independent registered investment adviser. The firm maintains a complete list and description of composites, which 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. Past performance is not indicative of future results. Effective January 1, 2018, accounts must be fully invested at the market open on the first business day of the month, in order to be included in that month's composite.

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 actual fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The 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.

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 measures the performance of those Russell 2000 companies with higher price/book ratios and higher forecasted growth values.

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