

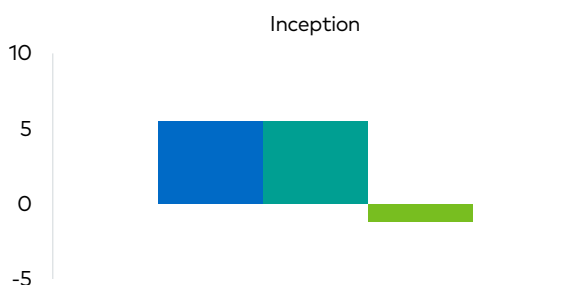
Polen Global SMID Company Growth

Portfolio Manager Commentary – December 2021

Summary

- Financial markets remained resilient in 2021 despite numerous concerns related to global supply chains, price inflation on various goods and services, regulatory uncertainty in China, and the continued spread of the Delta and Omicron COVID-19 variants.
- Over the fourth quarter of 2021, the Polen Global SMID Portfolio (the "Portfolio") returned -1.28% gross and -1.76% net of fees, versus the 3.29% return for the MSCI ACWI SMID Capitalization Index (the "Index").
- For the six-month period since inception, the Portfolio returned 4.12% and 3.61% gross and net of fees, respectively, versus a 2.08% return for the Index.
- The top absolute contributors to the Portfolio's performance since inception included Endava, Globant, and Benefit One. The most significant detractors from performance included Restoration Hardware (RH), Cybozu, and Revolve Group.
- We believe that our Portfolio will deliver earnings growth in excess of 20% annually over the next five years. This is only possible because our research shows that the companies we own are at the forefront of change in incredibly dynamic industries, which should allow them to deliver durable, profitable growth.

Seeks Growth & Capital Preservation (Performance (%) as of 12-31-2021)



	Qtr	Inception
Global SMID Company Growth (Gross)	-1.28	4.12
Global SMID Company Growth (Net)	-1.76	3.61
MSCI ACWI SMID Cap	3.29	2.08

Portfolio inception date is 07-01-2021.

Past performance does not guarantee future results and profitable results cannot be guaranteed. Returns are presented gross and net of management fees and have been calculated after the deduction of all transaction costs and commissions, and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Current performance may be lower or higher. Periods over one-year are annualized. 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.

Commentary

Global equity markets posted gains over both the fourth quarter and the full-year 2021, as companies continued to recover from the ongoing pandemic. Financial markets remained resilient despite numerous concerns related to global supply chains, price inflation on various goods and services, regulatory uncertainty in China, and the continued spread of the Delta and Omicron COVID-19 variants.

Over shorter periods of time, many factors can impact stock-price movements. It is our belief, however, that the underlying fundamentals of a company and its ability to grow its earnings and cash flow should drive positive stock performance over the long term. That is why we focus on attractive businesses that we believe have enduring competitive advantages. The companies we seek to own must fulfill our five guardrails:

- Real organic growth
- Stable-to-increasing profit margins
- High and/or expanding returns on equity and returns on invested capital
- Abundant free cash flow to reinvest in the business
- Strong balance sheet

Equally important, a company must satisfy our flywheel framework to be considered for the Portfolio. This framework ensures that we find durable, high-quality businesses with the potential to create a virtuous cycle of compounding.



While the flywheel may look simple, it is very difficult for management teams to execute on and sustain.

Portfolio Performance & Attribution

Over the fourth quarter of 2021, the Portfolio returned -1.28% and -1.76% gross and net of fees, respectively, versus a 3.29% return for the Index. Over the six-month period since inception, the Portfolio returned 4.12% and 3.61% gross and net of fees, respectively, versus a 2.08% return for the Index.

The Portfolio's outperformance since its inception on July 1, 2021, was driven by favorable stock selection. Style and, to a lesser degree, foreign currency both detracted from returns over the six-month period. On a sector basis, information technology (IT) was the most significant detractor from the Portfolio's relative performance, while the consumer staples and health care sectors contributed to performance.

The top absolute contributors to the Portfolio's performance for the fourth quarter were **Endava**, **Globant**, and **Thule**. Similarly, the top absolute contributors since inception were **Endava**, **Globant**, and **Benefit One**.

Demand for IT consulting firm **Endava's** digital product strategy and design expertise has accelerated, as the company's clients seek to improve its customers' and employees' digital experience. Endava is seeing solid organic growth across all regions and verticals with increasing demand from both existing and new clients. Endava's ability to attract, train, and retain talented engineers and consultants continues to impress as both recruitment and retention figures improved throughout the year.

Globant is a leading global IT service provider and the Portfolio's second-largest position. The company continues to report positive results, and we remain confident that it is positioned to continue to grow as it expands its capabilities, customer pipeline, and demand for its products and services.

Thule is a leading lifestyle brand of sports and outdoor products. The company benefited from another quarter of robust results, and has thoughtfully used its brand position, innovation, and manufacturing know-how, as well as retail partnerships, to expand into adjacent categories such as "active with kids" to build on the company's success.

Benefit One provides outsourcing services of benefit programs to companies in Japan. Its share price advanced on increased demand for its products along with its acquisition of JTB Benefit Service Inc.

Our most significant detractors from performance over the fourth quarter were **RH**, **Paycom**, and **Cybozu**. Similarly, our most significant detractors since inception were **RH**, **Cybozu**, and **Revolve**.

Upscale home-furnishings company **RH** underperformed over the quarter and the year amid rising costs that weighed on expectations and heightened concerns of reduced discretionary spending amid the ongoing pandemic. We expect the company to grow revenues as it rolls out additional galleries across the globe and thoughtfully expands into agencies like guest homes and design services. Along with steady margin growth through fixed-cost leverage, which the company has consistently shown it can achieve, we believe this expansion should lead to favorable cash earnings growth going forward.

Paycom underperformed, we believe, due to investor profit-taking following several months of solid performance. We remain positive on the long-term prospects of what we view as a great company.

Cybozu develops internet and intranet application software for businesses. It was a detractor over the fourth quarter and the year based on its lower profit outlook and uncertainty regarding its future performance due to the ongoing pandemic. As long-term investors, our thesis on the business goes beyond day-to-day market movements to company fundamentals, which remain favorable.

After several months of gains, **Revolve** may have underperformed given investor expectations for tougher comparisons to its past performance over the coming year. That said, we remain optimistic about the company's growth prospects and will continue to monitor its ability to deliver consistent growth over the longer term.

Portfolio Activity

During the quarter, we initiated a position in **Altus Group**, increased our positions in **Globant** and **Temenos**, and exited our position in **Helen of Troy**.

Altus Group is a leading integrated software, data analytics, and consulting services provider to the commercial real estate industry. The company has multi-year contracts and high customer retention rates, which result in high levels of recurring revenue.

Recent market volatility provided the opportunity to increase our weightings in both **Globant** and **Temenos**. We believe these are two great companies and we have high confidence in their business fundamentals. We also believe they have been trading at attractive levels.

We exited **Helen of Troy** as we believe the range of potential outcomes for the company has widened and would prefer to opportunistically add to our positions in other great businesses.

Outlook

As we look ahead to 2022 and beyond, we believe our opportunity set remains very compelling. Of the nearly 8,000 companies in our Index, our goal is to own what our research shows to be the best 25 to 35. We are incredibly selective. The vast majority of companies we research are just not good enough for this Portfolio. They either fail our guardrails, are missing components of our flywheel framework, or valuation does not allow for a compelling return over our investment horizon. Our goal is simple – we aim to own the best of the best.

We hope that 2022 marks the end of the pandemic and that geopolitical events are benign. What will actually happen is anyone's guess, but what we do know is that we will continue to research and invest in what we believe to be the world's best companies, thus providing our clients with long-term outperformance potential.

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

Sincerely,

Rob Forker

Experience in High Quality Growth Investing



Rob Forker

Portfolio Manager & Analyst
21 years of experience

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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 portfolio or that the securities sold will not be repurchased. 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 information performance of the securities discussed herein. A complete list of our past specific recommendations is available upon request.

MSCI ACWI SMID Cap Index captures mid and small cap representation across developed and emerging markets.