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POLEN INTERNATIONAL GROWTH STRATEGY

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Summary

- During the first quarter of 2019, the Polen International Growth Composite Portfolio (the "Portfolio") returned 12.51% gross of fees. The MSCI All Country World Index (ex-US) (the "Index") returned 10.32%.

- During the first quarter of 2019, our holdings in the Information Technology, Consumer Discretionary and Communications Services sectors contributed most to Portfolio returns. Holdings in the Industrials sector were a headwind.

Commentary

During the first quarter of 2019, the Polen International Growth Composite Portfolio (the "Portfolio") returned 12.51% gross of fees. The MSCI All Country World Index (ex-US) (the "Index") returned 10.32%. On a relative basis, holdings in the Information Technology, Consumer Discretionary and Communications Services sectors contributed most to Portfolio returns. Holdings within Industrials, which include two data services companies and a distribution business, and Health Care were headwinds to relative performance. Data Services and Health Care are defensive areas that held up well and contributed to the portfolio's outperformance in 2018. However, these sectors were out of favor in the first quarter.

International markets rallied strongly in the first quarter, a stark contrast to the prior quarter's downward movement. The change in investor sentiment between the fourth quarter of 2018 and the first quarter of 2019 seems to stand as a proof point for Ben Graham's famous observation about the short term, "In the short run, the market is a voting machine, but in the long run it is a weighing machine." In less than 90 days, "the herd" shed a decidedly negative outlook on equities in exchange for a more sanguine view. Observing such changes is an interesting spectacle. However, they offer an important reminder of why our firm's longstanding philosophy has often ignored short-term market noise. We act like business owners, not stock market operators. We have an eye toward each company's competitive advantages, corporate strategy and long-term earnings growth potential. These considerations force us to keep our heads down as markets gyrate. Our goal each quarter is to maintain a portfolio of high-quality companies, which in aggregate can drive earnings growth – the long-term driver of share price movements – in excess of the Index. As such, we made few changes to the portfolio over the last few quarters despite rather sharp swings in the markets.

Portfolio Performance & Activity

As of March 31, 2019, the Portfolio held 24 high-quality companies. During the first quarter, the leading contributors to performance were **Alibaba Group Holding Ltd.** (1.70%), **Accenture Plc** (1.16%), and **Tencent Holdings Ltd.** (0.97%).

After being among our laggards in 2018, Alibaba was the top contributor this quarter. Alibaba is China's leading e-commerce company, serving more than 635 million consumers annually. Alibaba's core e-commerce operations (primarily Taobao and T-mall) contribute 65% of revenues and 100% of operating profits.

It is a juggernaut within China's more than $1 trillion internet commerce market. Investor sentiment towards Alibaba varied widely over the last few quarters. The business continues to grow revenues at roughly 50%, including more than 25% revenue growth from well-established core operations. However, high growth rates from less profitable business lines and high levels of investment are dampening current fiscal year earnings growth. Non e-commerce business lines are broadening the reach of Alibaba's platform through offerings like expanded services to offline retailers, a growing e-commerce platform in Southeast Asia, logistics services that facilitate the delivery of goods purchased, internet-based video streaming, and cloud computing services for a litany of corporate applications. Each of these initiatives are large businesses and represent even larger opportunities. We believe Alibaba is capable of 25% earnings growth for the next three years.

The three bottom contributors for the quarter were **EssilorLuxottica SA** (-0.24%), **Medtronic Plc** (0.00%), and **Siemens Healthineers AG** (0.05%). Each of these companies were relative laggards for the period, but only EssilorLuxottica turned in negative absolute total returns.

French optical lens company, Essilor, recently completed a merger with Italian eyewear company, Luxottica. Complications with the merger have increased risks and decreased expected earnings growth for the newly combined company. This is unfortunate because we had been positive on the merger. Indeed, the combined group will be a vertically integrated industry powerhouse with dominant market share across the eyewear value chain. However, integrating two very different cultures is proving to be too difficult. More than two years have passed since the merger announcement, yet the combined business still lacks a common strategy or a finalized management team—a sign, in our view, that the problems are deep. In the most recent escalation, Leonardo Del Vecchio, former Chairman of Luxottica and largest shareholder of the newly combined group, is taking his Essilor counterparts to arbitration, which could be a drawn-out battle. With such acrimony, we cannot rule out the possibility that the two companies could attempt to reverse the merger. We no longer believe that the synergy benefits will accelerate earnings growth significantly in the next few years. Worse, the spat risks becoming a distraction and could result in both companies losing their competitiveness. As such, we have sold EssilorLuxottica from the International Growth portfolios.

In February, we trimmed our weighting in **Nestlé SA**. After two quarters of improving organic growth and earnings, Nestlé appears to be doing well and shares have appreciated. Further, Nestle's re-established ability to offset rising costs through price increases is helping to boost growth. However, several long-term challenges could make this recent acceleration less sustainable. Changing consumer tastes in the consumer-packaged goods industry and lower barriers to entry have generated new competition. Given these headwinds, and a full but fair valuation, we trimmed the position and deployed the capital into Siemens Healthineers and Medtronic. These two healthcare businesses possess defensive characteristics, which we feel should drive stable earnings growth in all environments and face fewer headwinds.

We added to our position in Siemens Healthineers. The business continues to perform very well, particularly on the imaging side, which continues to gain market share. Within the diagnostics business, initial placements for large customers were stronger than expected, but also required complex installations that recently weighed on margins and revenue growth. The costs of these implementations are primarily front loaded while highly recurring revenue is delayed. We expect revenues and profit margins to accelerate in the coming quarters as implementations are completed and the recurring revenues begin to flow through. These customer relationships will likely be very profitable in the long run.

We added to our position in Medtronic as well. The addition is in line with our increased confidence in the business, and we expect earnings growth to remain robust. After completing the integration of the Covidien acquisition, management has refocused on execution and the results have been evident. Margins are again rising, and cash flows have improved significantly. Medtronic continues to be the leader in many important life-saving devices like pacemakers, defibrillators, spinal implants and insulin pumps. Meanwhile, it has continued to develop the next generation of medical devices, providing a robust pipeline of new launches over the next several years. We expect that these launches will help accelerate the company toward ~5% organic revenue growth and enable margin improvement. We believe the combination of these trends should lead to low double-digit EPS growth for the next several years.

Lastly, in March we sold our position in EssilorLuxottica for reasons discussed in the portfolio performance section.

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

Sincerely,

Todd Morris & Daniel Fields

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Historical Performance

International Growth SMA Composite as of Mar-31-2019			
	Polen (Gross)	**Polen (Net)**	**ACWIxUS**
Mar-19	3.16	3.16	0.60
3 Month	12.51	12.28	10.32
YTD	12.51	12.28	10.32
1 Year	7.54	6.63	-4.20
Since Inception (1/3/17)	17.99	17.00	8.62

Returns are trailing through: Mar-31-2019

Annualized returns are presented for periods greater than 1 year.

Source: Archer

GIPS Disclosure

Polen Capital Management
International Growth Composite-Annual Disclosure Presentation

		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		MSCI ACWI ex US	Composite Dispersion	Polen Gross	MSCI ACWI (ex-USA)
						Gross	Net				
2018	20,591	7,862	12,729	0.3	1	-4.60%	-5.41%	-14.19%	N/A	-	11.54
2017	17,422	6,957	10,466	0.3	1	35.06%	33.94%	27.19%	N/A	-	12.04

Note: N/A - There are five or fewer accounts in the composite the entire year.

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.

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GIPS Disclosure

The International Growth Composite created 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). 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, 2018. A verification covering the periods from April 1, 1992 through December 31, 2015 was performed by Ashland Partners & Company LLP, which was acquired by ACA Performance Services, LLC, whose report expressed an unqualified opinion thereon. The verification report is available upon request.

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 management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management 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 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.

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. 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 index designed to provide a broad measure of equity-market performance throughout the world (excluding the United States). The MSCI ACWI (ex-USA) is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

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%	1.1	1.21	1.33	1.46	1.61	1.71	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.3	1.41	1.54	1.68	1.83	1.99	2.17	2.39
20%	1.2	1.44	1.73	2.07	2.49	2.99	3.58	4.3	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