POLEN | CAPITAL

POLEN INTERNATIONAL SMALL COMPANY GROWTH STRATEGY

Summary

Rob Forker
Portfolio Manager & Analyst

- The Polen International Small Company Growth strategy launched January 2, 2019 with an objective aligned with our firm's mission: preserve and grow client assets to protect their present and enable their future.

- We will seek to achieve the strategy's objectives through concentrated investments in high-quality small company growth businesses outside the United States.

- For the second quarter of 2019, the Polen International Small Company Growth Composite Portfolio (the "Portfolio") returned 8.52% gross of fees versus the MSCI All Country World (ex-US) small capitalization index return of 1.21%. The Portfolio outperformed the benchmark by 731 basis points for the period.

- Year-to-date 2019, the Portfolio returned 26.15% gross of fees. The MSCI All Country World (ex-USA) Small Cap Index (the "Index") returned 11.59%. The Portfolio outperformed the Index by 1,456 basis points year to date.

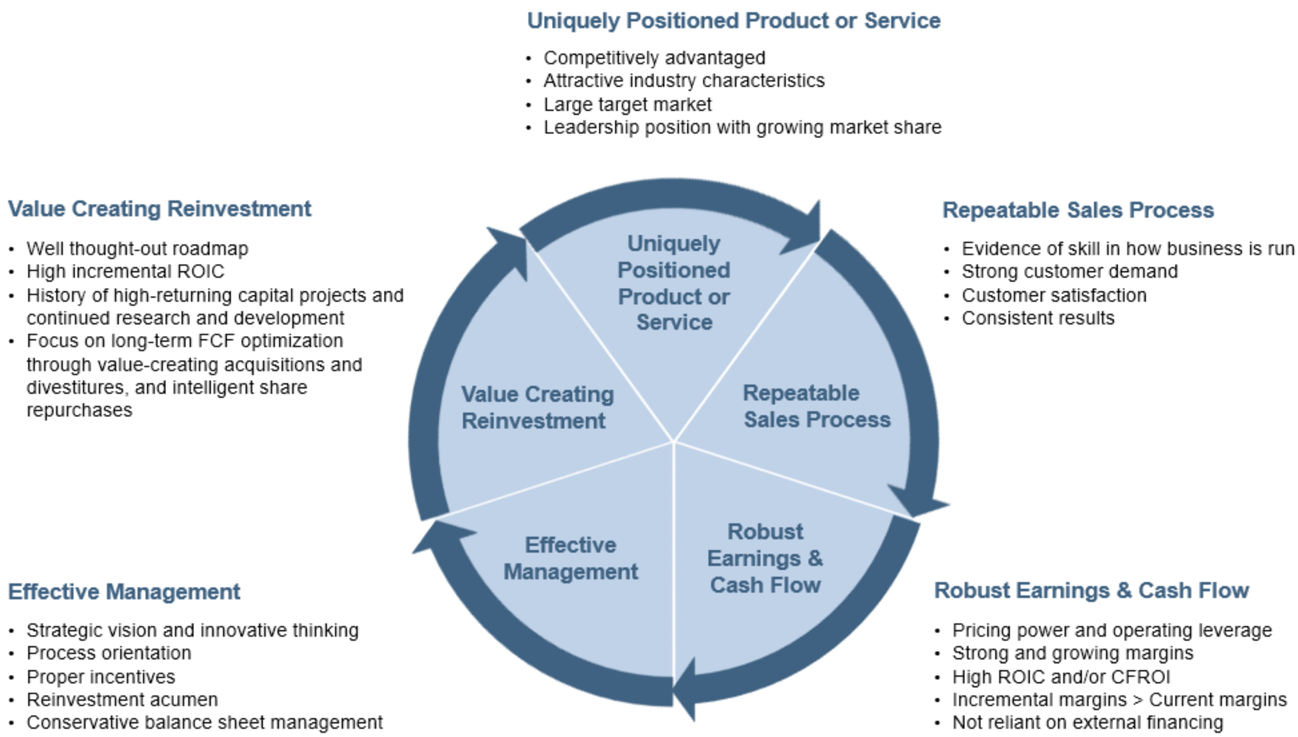
Introduction & Process

The Polen International Small Company Growth strategy employs an investment philosophy and process consistent with all Polen Capital strategies, investing for the long term in what we believe to be high-quality, financially sound growth businesses that can sustain that growth over several years.

The Portfolio's companies must exhibit not just quality today, but what we feel is durable quality. We avoid cyclical companies and companies where we believe the competitive moat is temporary. We believe the companies we own can double their value every five to seven years and that the power of compounding can deliver compelling returns to our investors. And, we believe that the number of companies that meet our hurdle of a high-quality company is low, supporting the concentrated nature of our Portfolio.

Our purchase of GB Group during the second quarter exemplifies our process. GB Group is a U.K.-headquartered company classified as an information technology company. The company provides businesses with data solutions that assist in the reduction of fraud by verifying customer identities, location of customers, and compliance with regulations.

Our process requires us to look at numerous companies in order to find a unique franchise such as GB Group. This starts with our proprietary screen that takes our investable universe of ~4,200 companies down to ~200 companies. We meet as a team every other Friday to discuss the outputs of the screen and decide our prioritization. The screen is a funnel not a tunnel — it allows us to focus only on what appear, to us, to be the best companies in the world rather than restricting our universe. With a short list of approximately 200 companies, the team initiates shallow dives on these companies to understand what may be unique about each one and what has allowed them to report attractive and consistent financial results. The vast majority of these companies have flaws, in our view, and do not fit our criteria. The companies may be more cyclical than at first glance, the competitive advantage might be temporary, the SWOT analysis might suggest unacceptable risks, or we may simply be uncomfortable forecasting future results.



Source: Polen Capital

After the shallow dive we come up with a list of 50 – 75 companies that warrant a deep dive over time. The Small Company Growth team conducted numerous shallow dives during the quarter and uncovered three companies that we prioritized for deep dive analysis. During our analysis, GB Group proved to us that the characteristics of its business adhered to our investment philosophy. The other two candidates fell short from our perspective.

Lastly, we do our valuation analysis. It is imperative to us that valuation is last because we want to understand the business fully to have a reasonable view on fair value.

Every owned company, like GB Group, must adhere to our five guardrails:

- Real organic growth
- Stable to increasing profit margins
- High and / or expanding returns (ROE & ROIC)
- Abundant free cash flow to reinvest in the business
- Strong balance sheet

Today, the Portfolio owns 29 companies that have fulfilled our guardrails. Over time, we expect that range to be between 25 – 35 companies. Durable quality is rare.

Flywheel

Many companies may exhibit quality attributes during short periods of time, but very few can sustain quality. Competition is fierce, industries change, government regulations and laws can be rewritten. The flywheel below shows our definition of a great investment. We view each component of the flywheel as equally important and continually stress test the companies we own and the new businesses we are analyzing to determine if they meet these criteria. This is a crucial aspect of our process – we feel this iterative cycle can identify enterprises that exhibit durable quality and the ability to grow stronger over time.

In our experience, companies that produce strong cash flow and, most importantly, reinvest cash wisely get stronger with the passage of time.

Sectors & Geography

Consistent with all Polen Capital strategies, the majority of capital is deployed in sectors that are best characterized as quality. These include the technology (including communications), healthcare, and consumer sectors – approximately 75% of the businesses we own today are within these sectors. Approximately 20% of the Portfolio is in industrials and the remaining ~5% is in financials. It is important to note that we believe many of the industrial companies could be classified as technology or consumer given their underlying business drivers. The strategy does not currently own companies in the energy, utilities, materials, real estate or legacy telecommunications sectors, and we feel it is unlikely we will own any businesses in these commodity-oriented sectors.

In analyzing geographic exposure, regional allocation data will generally exhibit country of domicile, but we prefer to think about revenue by region to more accurately showcase where capital has been deployed. To this end, the Portfolio derives approximately 40% of revenues in Europe, 37% in the Americas, 20% in Asia, and 3% in Africa & Middle East. With respect to particular countries, the Portfolio is overweight Canada and Germany. While we own four quality businesses in Japan, we are materially underweight this large economy. Currently, the Portfolio is underweight emerging markets. As always, we feel it is important to highlight that our allocation to a particular region is a byproduct of our bottom-up approach, focusing on the fundamentals of the businesses we own rather than performing a top-down analysis or having an opinion on a particular country or region dictate investment decisions.

Commentary

The Index was up just over 1% during the quarter with performance varying widely across different markets. Returns for major indices in Europe ranged from-2% to 9%, the Americas 1% to 7%, and Asia-10% to 6%. Asia had the largest dispersion with Japan up 3% and Australia up almost 6%, but China was down nearly 10% after an impressive first quarter.

Emerging markets broadly underperformed developed by approximately 300bps during the quarter and have underperformed nearly 1,000bps year to date.

From a geographic standpoint, all regions were additive to the Portfolio's returns. Western Europe, North America and South America were particularly strong during the quarter. On a sector basis, all sectors supported returns except for consumer staples, which was modestly negative.

From a factor perspective, quality remains in favor and it was a modest tailwind both for the quarter and year to date. Quality has also been a favorable tailwind over the last five years within the Index.

Foreign exchange was a modest headwind during the quarter. The Portfolio's underweight to the Japanese Yen and, to a lesser extent, its overweight to the British Pound weighed on returns. On the positive side, an overweight exposure to the Canadian dollar helped to lift performance. On a year-to-date basis, the Portfolio has modestly benefited from currency. Over time, we will continually discuss the effect of foreign exchange on the Portfolio. As a reminder, the strategy does not hedge currency.

Portfolio Performance & Activity

During the second quarter, the leading contributors to the Portfolio were **CompuGroup Medical SE** and **Globant**.

Globant was up ~41% during the quarter. Globant is a global technology service provider headquartered in Buenos Aires. The company's primary capabilities are in digital strategy consulting and has achieved success gaining incremental customers and increasing revenue per customer over time, leading to growth in incremental margins and earnings. We believe the flywheel on this company is accelerating.

CompuGroup Medical SE was up 38% in the quarter. CompuGroup Medical SE develops software for doctors. Customer retention rates are in the 98% to 99% range depending on the product. The retention rates provide high visibility on cash flow and allows the firm to reinvest in new geographies and to develop products in the future. For example, the firm is developing video consultation solutions for doctors in key markets like Germany and France.

The two bottom contributors to the Portfolio for the quarter were **LivaNova Plc** and **Computershare Ltd**.

LivaNova Plc was down 31% during the quarter. The competitive landscape changed for LivaNova and we exited the position, which we will discuss more thoroughly later in the letter.

Computershare Ltd was down 6% during the quarter. Computershare has dominant market share in its segments with approximately 45% share in register maintenance, 50% share in corporate access, and 50% share in fund proxy service within the U.S. Even more impressive, in our view, is that the company's cash flows from its various business lines were used to create a U.S. mortgage servicing segment that has compelling returns. On the negative side, the U.K. mortgage servicing division has had some recent woes that likely weighed on shares, but this segment is relatively small and we feel is likely not a meaningful long-term driver.

During the quarter, we initiated a position in **GB Group** and added to our positions in **Kakaku.com** and Computershare. Turnover on an annualized basis is approximately 22%, consistent with our long-term investment horizon.

We started a new position in GB Group. GB Group is a market leader in the global identity data intelligence industry. It provides increasingly necessary services that help its customers comply with rules and regulations and improve efficiency to drive higher sales and better customer experiences. This has led to impressive customer retention rates (~95%).

As commerce across various industries has become more digitized, it requires an electronic system that can accurately and quickly verify customer and counterparty identities on a global scale. GB Group takes data from a variety of suppliers, aggregates it, and packages it for sales to a broad and global market. No other player in the industry can do that effectively, in our view, given the regional nature of data or conflicts of interest and competition. GB Group has established itself as a trusted, independent partner that helps companies identify their consumers, detect fraud, and verify location. We believe the firm has more data and better technological capabilities than its competitors, which can lead to less false positives in identify verification.

We added modestly to Kakaku.com and Computershare. Kakaku.com is a Japanese technology company that benefits from positive network effect. We believe the company's fundamentals are poised to accelerate and find the current valuation attractive. Computershare has near monopolistic market share in key segments, high returns (ROE ~25%) and management with a history of thoughtful capital allocation. We opportunistically added to this franchise after the stock pulled back for reasons that we view as both temporary and inconsequential to the long-term success of the enterprise.

LivaNova sells medical devices that use neuromodulation to help treat patients with epileptic seizures. We believe the range of outcomes for the business has widened and the sustainability of the company's competitive advantages are less certain following the relatively recent introduction of new therapies. We sold our equity stake after careful analysis.

We trimmed **Halma Plc** due to two primary factors – a nearly $10 billion market capitalization following positive year-to-date performance and valuation. On valuation, we believe it is advantageous to deploy the capital into what we feel are more promising smaller-cap investments. It is nice to see Halma "graduate" to a large-cap company. The sale of Halma aligns with our sell discipline with respect to market capitalization and identification of an attractive alternative investment.

International Small Company Growth Team

Whitney Crawford joined Polen Capital in April 2019 as a research analyst from Manulife Asset Management. Prior to Manulife, Whitney was an analyst at Fidelity Investments focused primarily on small cap research. Whitney brings a wealth of knowledge and skill in identifying high-quality companies that have a defined competitive advantage. She is a great fit culturally and philosophically, and we look forward to her contributions to the strategy.

Troy Renauld joined Polen Capital in late 2018 as a research analyst. Prior to Polen, Troy was an analyst at Bright Rock Capital. He has also been studying and teaching principals of investing in high quality companies for several years. Troy's background as an engineer brings a unique perspective to our team, and he is a great cultural and philosophical fit. Unsurprisingly, he has already contributed greatly in the early days of International Small Company Growth.

We are excited to introduce Shane Smith, the newest member of our team. Shane joins Polen Capital as a Research Analyst supporting the small company strategies. He previously worked at Franklin Templeton Investments, where he was a member of the Global Small Company Growth team for the past seven years.

Thank you for your interest in Polen Capital and please feel free to contact us with any questions or comments.

Sincerely,
Rob Forker

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Historical Performance

International Small Company SMA Composite as of Jun-30-2019			
	Polen (Gross)	**Polen (Net)**	**ACWIxUS SC**
Jun-19	3.19	3.19	4.41
3 Month	8.52	8.03	1.21
YTD	26.15	25.28	11.59
Since Inception (1/2/19)	26.15	25.28	11.59

Returns are trailing through June-30-2019

Annualized returns are presented for periods greater than 1 year.

Source: Archer

GIPS Disclosure

Polen Capital Management
International Small Company Growth Composite - Annual Disclosure Presentation

	UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation***	
Total** (millions)	Assets** (millions)	Assets** (millions)	U.S. Dollars (millions)	Number of Accounts	Composite		MSCI ACWI ex USA Small Cap	Composite Dispersion	Polen Gross	MSCI ACWI ex USA Small Cap
					Gross	Net				
25,338	9,620	15,718	1.16	1	2.84%	2.84%	0.15%	-	-	11.41

*Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation. *Performance represents partial period (January 1, 2019 through March 31, 2019), assets and accounts are as of 03/31/19. **Total, UMA, and Firm Assets are preliminary figures and subject to further adjustment. *** 1Q2019 3 Year Standard Deviation is trailing through 03/31/19 for MSCI ACWI ex-USA Small Cap. 3 Year Standard Deviation is not available for the composite due to the composite's January 1, 2019 creation date.*

GIPS Disclosure

The International Small Company Growth Composite created on January 1, 2019 contains fully discretionary international small company equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI ex USA Small Cap. 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.

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 MSCI ACWI ex USA Small Cap 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 Small Cap 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