polen capital

December 17, 2025

Dear Clients, Colleagues, and Friends,

2025 has been a year of meaningful progress for Polen Capital, marked by advancements across our investment platform, our people, and our processes. We have strengthened our teams, enhanced our investment discipline, expanded our capabilities, and taken important steps to improve diversification and position the firm for enduring success.

Polen Capital's business philosophy is built on a talent-centric, high value-added model designed to foster long-term investment excellence. Rather than following traditional or index-like approaches, we pursue active strategies managed by exceptional investment professionals who have the autonomy and accountability to deliver long-term value. Each of our four investment teams operates as an independent franchise with its own style and decision-making authority, and is supported by central operations, distribution, and shared services. This entrepreneurial structure gives our portfolio management teams the freedom to focus exclusively on investing. Our long-term approach to growth focuses on identifying and developing investment talent, building durable, multi-generational investment franchises, and cultivating enduring client partnerships.

While our business philosophy is sound, our collective equity investment outcomes have presented challenges. Several of our equity strategies had common characteristics such as a focus on high-quality growth companies, purposeful concentration, and low turnover. These similarities contributed to higher-than-expected correlation, with strategies moving together during periods of market or style headwinds. These dynamics, particularly in recent years, limited the diversification benefits we expected from our multi-franchise model.

In 2025, we took decisive steps to address these challenges. Earlier this year, after careful consideration, we transitioned from our Boston-based Small Company team—which we had supported and developed for eight years—to an exceptional group led by industry veteran Drew Cupps. The new team has worked together for nearly two decades and brings a robust investment process that integrates fundamental, thematic, and technical disciplines. The team has delivered compelling long-term results across small, mid and all cap strategies, and, importantly, exhibit lower correlation with our existing equity strategies. This addition strengthens our ability to deliver superior outcomes for clients while enhancing Polen Capital's diversification profile and reducing business risk.

We also enhanced our risk management process by defining and monitoring a range of risk parameters across strategies to identify and manage portfolio and firmwide risks. These improvements position us to drive competitive returns for our clients and stakeholders.

Key Industry Trends in Asset Management

A transformation continues in asset allocation, where traditional asset classes are increasingly complemented by private market exposures. Investor demand for alternative investments is growing, with private credit, structured credit, and semi-liquid vehicles becoming integral components of diversified portfolios. Traditional asset classes like public equities are often the "source of funds" for these new allocations.

At the same time, structural changes in the market and economy, such as the emergence of artificial intelligence and reduced antitrust enforcement, have driven increased index concentration, particularly in large-cap growth benchmarks. While concentration has historically occurred during periods of change (like the "Nifty Fifty" era of the 1970s, or the "DotCom" period in late 1990s), the rise of passive investing acts as a powerful amplifier today. For example, approximately 60% of the total weight in the Russell 1000 Growth Index is concentrated in the top 10 holdings. This dynamic can amplify market distortions, as capital flows disproportionately into (or potentially out of) a narrow set of securities. In this environment, active management—especially in flexible, tax-efficient vehicles—is regaining relevance as a source of alpha generation.

In addition, the migration from mutual funds to active ETFs is accelerating as US-based investors seek the benefits of active management with the structural advantages of lower costs, tax efficiency, and liquidity.

The industry is also undergoing a deeper operational shift. Cost structures are being reimagined, distribution models are evolving, and technology is reshaping how managers engage with clients. The competitive dynamics of asset management are tilting toward those who can deliver specialization, operate at scale, and are close to their clients—whether through partnerships, platform efficiency modernization, or global distribution reach.

At Polen Capital, we have embraced these shifts by expanding our platform to include:

- Dedicated **Private Credit and Structured Credit** strategies
- **Semi-liquid access through our interval fund**, designed for affluent investors
- **Long/Short Equity** strategies with the addition of Drew Cupp's team
- **A suite of active ETFs** across equity and credit, tailored to meet evolving investor preferences
- Increased proximity to investors by **establishing a local presence in Abu Dhabi,** to complement our teams in the United States, London, and Hong Kong

Polen Investment Franchise Perspectives

The investment landscape entering 2026 continues to be shaped by persistent macro uncertainty, shifting monetary policy expectations, and episodic bursts of risk-on sentiment. In this environment, we remain committed to fundamentally driven equity exposure and disciplined, bottom-up credit underwriting. Our portfolios are designed to be resilient amid late-cycle dynamics and are positioned for long-term performance as market leadership broadens and dispersion increases across asset classes.

In early 2026, we will be renaming our autonomous investment teams to better reflect their investment philosophies and provide greater clarity. The "Large Company Growth Team" will become the "Quality Growth Team," while the "Small Company Growth Team" will be renamed the "5Perspectives Growth Team." These changes align our team names more closely with their differentiated approaches to growth investing.

Leveraged Credit Team (Boston and London)

Building on our strong foundation in US High Yield, we expanded our credit capabilities across key areas–Structured Credit, Lower Middle Market Private Credit, and Global Credit–in response to growing client demand for a flexible approach to credit markets.

Lower-quality segments of high yield (CCC-rated bonds) lagged the higher-quality tiers (B and BB), while overall credit spreads have remained tight. This benefited our US High Yield Strategy and has been a headwind for our Opportunistic Credit Strategy.

Today's tight credit spreads are particularly advantageous for our Collateralized Loan Obligation (CLO) equity strategy. We closed CLO1 in March, closed CLO2 earlier this month, and have a strong pipeline for launching CLO3 early next year. Our CLO Equity

Fund is positioned for targeted mid-teens returns. Tight spreads have allowed our first two CLOs to lock in attractively priced debt. When spreads widen in the future, our CLOs will be positioned to take advantage of the improved spread arbitrage, which we believe will further enhance CLO equity returns.

Our Private Capital Solutions initiatives offer clients compelling returns. We are gaining traction in our lower middle market private credit strategy with robust client interest in our origination and underwriting capabilities. We have been originating and managing private credit for the past 20 years through SMAs. With the rise in popularity of private credit, many managers moved up-market to chase larger deals. As a lower middle market specialist, we see real opportunities to generate attractive returns in this less trafficked area of the market.

This year we added a new London-based European and Global High Yield team, led by Ben Pakenham, to expand our high yield capabilities. The new team is already seeing strong client demand and has extended our investable universe.

Quality Growth Team (Boca Raton)

The past few years have been defined by exceptionally narrow market leadership. Returns in the United States have been dominated by the Magnificent Seven, and more recently by capital-intensive and cyclical businesses. This backdrop has strongly rewarded passive investors and created a challenging relative environment for long-duration secular growth companies, which remain the core of our philosophy.

This dynamic has persisted longer than typical and reflects a once-in-a-generation concentration of market leadership. We do not expect this level of concentration to persist indefinitely given the long-term attractiveness and fundamentals of high-quality growth companies.

We are encouraged by renewed interest from investors who want to reduce dependence on the Magnificent Seven and seek high-quality growth exposure with long-duration, absolute-return potential. Our disciplined philosophy, which targets mid-teens absolute returns over a full market cycle, continues to resonate with clients who value a differentiated, high-conviction approach in an increasingly index-driven market. As market leadership broadens over time, we believe our focus on durable, high-quality growth companies will position our Focus and Global Growth portfolios for strong long-term performance.

Global Emerging Markets Team (London and Hong Kong)

Our Global Emerging Markets strategy delivered strong absolute returns this year. In particular, our dedicated China Equity strategy enjoyed strong performance with attractive returns on an absolute basis and relative to developed markets.

With the U.S. dollar weakening and Emerging Markets offering a rich pool of high-quality growth companies at attractive valuations, the stage is set for renewed investor interest. After a prolonged 15-year stretch of asset class underperformance, Emerging Market equities are turning the corner, reflecting a clear change in sentiment. Coupled with robust earnings growth from our portfolio companies, these factors underscore the compelling backdrop for the asset class and highlight the value of our Emerging Markets expertise.

5Perspectives Growth Team (Chicago)

Drew Cupps and his team joined our firm with decades of experience and an impressive track record investing in dynamic growth and innovation across a range of equity strategies. We share our clients' excitement about the return profiles of the team's strategies.

The team's differentiated, multi-discipline process centers on a Five Perspectives framework, a holistic approach that combines fundamentals with thematic and technical disciplines. This methodology is designed to identify emerging growth companies with inflecting earnings growth.

The team's expertise across the market-cap spectrum, particularly in the small- to mid-cap arena, further strengthens the depth and breadth of our investment talent and is driving broad-based client engagement and interest.

Our Commitment to Culture

Asset management is among the most demanding industries, and turbulent markets tend to reveal true players and difference makers, sharpening the focus on where real value is created. Strength is forged by confronting challenges head-on, not by remaining passive.

Periods of change naturally raise concerns about culture. Navigating these times requires intentional care and leadership. Our people and our culture are at the heart of sustained investment excellence. Maintaining a high-performing, engaged team is essential to navigating complex markets and delivering long-term results. We are proud to have been recognized by *Pensions & Investments* as one of the "Best Places to Work" for the 10th consecutive year—a testament to our enduring commitment to our people.

As a global asset management firm, we will continue to adapt and evolve to deliver great outcomes for our clients, colleagues, and communities. Our alignment with our clients, through shared ownership and investing alongside them, demonstrates our commitment and a deep sense of personal responsibility to those we serve. Our unwavering dedication to investment excellence, client alignment, and a values-driven culture remains at the core of everything we do.

As we conclude the year, we want to extend our warmest wishes for a joyful holiday season. We deeply appreciate your continued confidence in Polen, and we look forward to building on our shared success in the years ahead.

Sincerely,

Stan C. Moss
Chief Executive Officer