POINT OF VIEW

Not an AI Bet: Credit Discipline in a Narrative-Driven Market

In a market increasingly driven by AI narratives, credit underwriting discipline matters more than ever.

In periods when markets are captivated by powerful narratives, whether cloud computing, digital transformation, or today's focus on artificial intelligence, sector labels can obscure what truly matters in credit investing: downside protection.

Technology and AI-related businesses currently command significant investor attention. Equity markets oftentimes reward growth narratives, and credit markets typically follow. In this environment, it is particularly important to distinguish between thematic enthusiasm and disciplined underwriting.

Our approach begins and ends with credit fundamentals.

The Story Behind the Sector Weight

In today's AI-focused market, sector allocations are often viewed as signals of portfolio positioning. At times, our exposure to Software and Services within the Technology and Electronics sector exceeds the high yield benchmark, which can be interpreted as a directional bet on artificial intelligence. That conclusion, however, overlooks the underlying drivers of our positioning.

This paper explains the rationale behind our holdings and why our exposure reflects disciplined credit underwriting rather than participation in a market narrative. The Technology and Electronics sector itself spans a wide range of businesses, including both software and hardware companies. Our investments within it are guided not by macroeconomic themes, but by a consistent focus on individual company balance sheet strength, ability to create and sustain durable cash flow, and downside protection.

While each client portfolio may differ based on mandate, cash flows, and timing of inception, our representative account[1] (the "Portfolio") provides a view into our current positioning and underwriting approach.

The Lens: Three Pillars of Underwriting

While many factors inform our analysis, three foundational pillars guide our underwriting:

1. Balance Sheet Resilience
We seek issuers with sustainable leverage, sufficient liquidity, and clear refinancing visibility. We avoid capital structures dependent on aggressive growth assumptions or perpetual access to favorable capital markets.

2. Loan-to-Value Protection
We focus on the relationship between enterprise value and the targeted class of debt, seeking a meaningful equity cushion that supports downside protection. Our analysis incorporates conservative valuation assumptions and stress scenarios in an effort to ensure adequate coverage across market environments.

3. Durable Free Cash Flow
We favor businesses with recurring or contracted revenue, high switching costs, and mission-critical products. We are cautious in targeting companies whose earnings are highly cyclical, capital intensive, or dependent on rapid technological obsolescence.

Zooming In: Our Technology Exposure

Having outlined our underwriting framework, we now zoom in on how these principles are reflected in our positioning within Technology & Electronics.

As of December 31, 2025, the Portfolio held a modest overweight to Technology & Electronics (5.62% vs. 5.3% in the high yield benchmark). This is driven primarily by a higher allocation to Software & Services (4.8% vs. 3.5% in the benchmark). Figure 1 shows how our exposure within Technology & Electronics is allocated across these underlying business models relative to the benchmark.

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Figure 1: Technology & Electronics Exposure by Underlying Business Model

	Portfolio	Index*
Electronics	0.0%	0.8%
Software & Services	4.8%	3.5%
Tech Hardware & Equipment	0.8%	1.0%
Total Tech & Electronics	**5.62%**	**5.3%**

Source: As of 12-31-2025. *ICE BofA U.S. High Yield Index

Importantly, this exposure is not uniform. Of the 4.8% allocation to Software & Services, approximately 3.55% is tied to AI infrastructure and compute, while 0.83% is invested in traditional software businesses.

While this positioning may be interpreted as a directional view on artificial intelligence, our exposure is driven by bottom-up credit selection. Across both software and AI infrastructure, we focus on businesses with durable or contracted revenue, strong competitive positioning, and characteristics that support downside protection.

While investor attention has centered on the disruptive potential of AI, we differentiate between business models within the sector. Software exposures are defined by mission-critical functionality, high switching costs, and recurring revenue, while AI infrastructure exposures are supported by contracted demand, high-quality counterparties, and asset-backed characteristics.

Figure 2 illustrates that our exposure is concentrated in business models supported by contracted or recurring revenue and stronger downside protection, particularly within AI Infrastructure / Compute. More specifically, this reflects a focus on issuers supporting the AI buildout, complemented by a smaller allocation to high-quality software, while maintaining limited exposure to more cyclical semiconductor and hardware OEMs.

As shown, the majority of our exposure is concentrated in AI infrastructure and mission-critical software within Software & Services.

The following sections illustrate how these principles are expressed across individual investments.

Where Conviction Is Concentrated—Underwriting in Practice

Our positioning within Technology & Electronics is driven by issuer selection rather than sector allocation. We invest in businesses where we believe the combination of recurring or contracted revenue, balance sheet structure, and enterprise value coverage offers compelling risk-adjusted return potential.

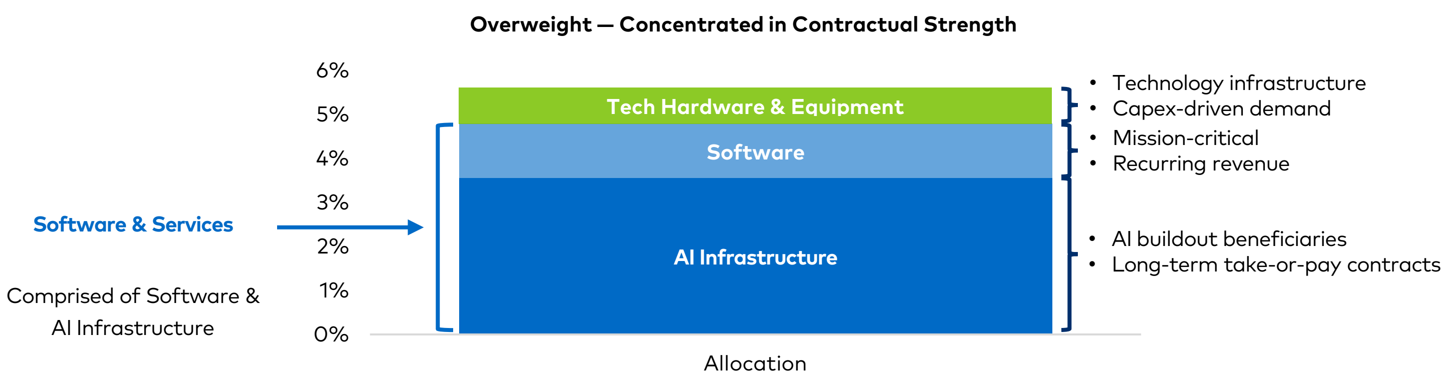
Our highest conviction exposures are concentrated in AI Infrastructure / Compute, including CoreWeave, Cipher Compute, and WULF Compute. These positions reflect our view that select infrastructure providers offer attractive exposure to the AI buildout with contractual revenue, strong counterparties, and downside protection.

Complementing these core positions are smaller, off-benchmark allocations, including a software provider (Kaseya) and an issuer within Tech Hardware & Equipment (Brooks Automation). Across all investments, the common thread is not sector exposure, but the presence of durable cash flow, contractual revenue where applicable, and capital structures that support resilience.

AI Infrastructure: The Core of Our Overweight

AI Infrastructure / Compute represents the core of the Portfolio's overweight within Technology & Electronics. These investments are directly tied to the AI buildout and reflect beneficiaries of hyperscaler capital expenditures.

Figure 2: Looking Through the Sector: Concentration in Software and AI Infrastructure / Compute



Overweight concentrated in AI infrastructure and mission-critical software within Software & Services

Source: The exposure set forth above is represented by the representative account of the strategy as of 12-31-2025.

This exposure remains concentrated in issuers that we believe are supported by long-term, contracted demand with high-quality counterparties. These characteristics underpin revenue visibility and support attractive risk-adjusted return potential. We believe we are still early in the capex cycle, with demand for compute expected to grow from current levels.

To better illustrate how this exposure differs from the benchmark, we disaggregate the Technology sector by underlying business models rather than broad classifications. Within this framework, Software & Services includes both traditional Software and AI Infrastructure / Compute.

Figure 3 highlights the concentration of the Portfolio's exposure in a small number of issuer positions, rather than broad-based sector participation.

As shown, our overweight is driven by a limited number of high-conviction positions in AI infrastructure, rather than broad exposure across the sector.

Decomposition of AI-Related Exposure: Business Models, Not Narratives

To better understand our positioning, it is important to look beyond sector labels and instead evaluate the underlying business models that we believe drive credit behavior.

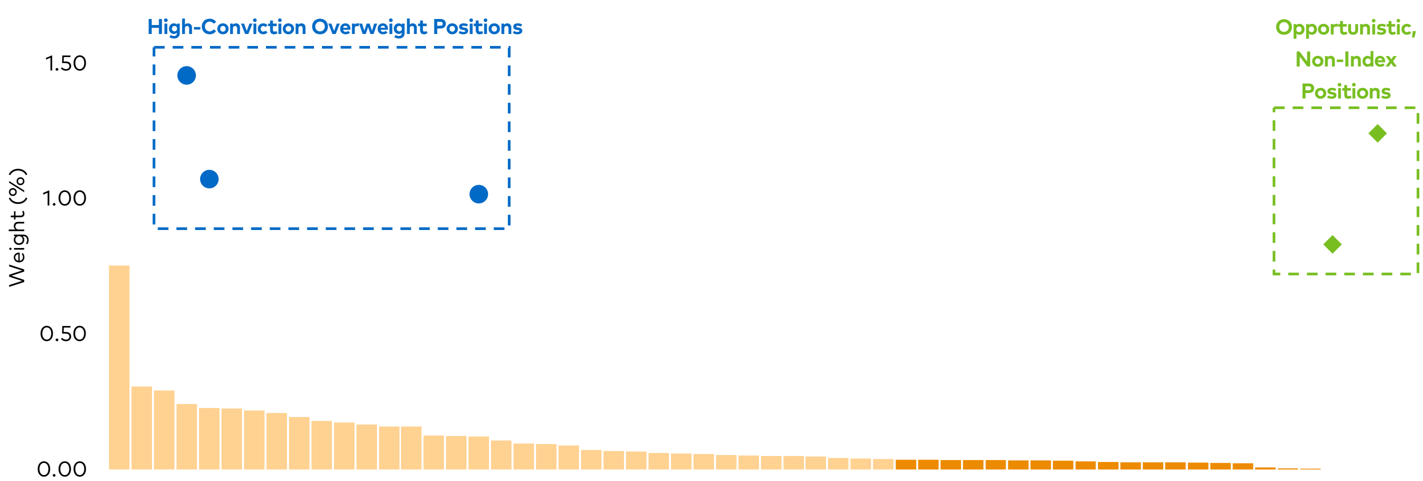
AI Infrastructure — Growth and Execution (CoreWeave)

CoreWeave is a specialized cloud provider that delivers high-performance GPU compute capacity to enterprises and AI developers, enabling the training and deployment of large-scale AI models. The company operates digital infrastructure that supports high-performance compute workloads, and represents a more dynamic form of AI infrastructure exposure, where return potential is driven by both demand growth and execution.

Figure 3: Selectivity Within Technology & Electronics

Technology & Electronic Issuer Weights

ICE BofA U.S. High Yield Index vs. Polen U.S. Opportunistic High Yield



- Overweight Positions vs. Index
- Positions Not in the Index
- Index Issuers

- Only **3 of the 54** index issuers owned
- **Exposure limited** to credits that meet our underwriting standards
- **Conviction-weighted**, not broad sector participation

Overweight Exposures	% Index	% Polen
Cipher Compute	0.12	1.02
CoreWeave, Inc.	0.11	1.46
TeraWulf (WULF Compute)	0.11	1.07
	0.51	**3.55**

Opportunistic Exposures	% Index	% Polen
Brooks Automation	0.00	0.83
Kaseya Inc	0.00	1.24
	0.00	**2.07**

Sector weight reflects issuer selection, not broad participation in the Technology sector.

Source: Data as of 12-31-25. Sources: ICE Data Indices and Polen Capital.

While the issuer is often viewed through the lens of the broader AI narrative, our underwriting focuses on demand visibility, contractual relationships, and the company's ability to meet customer needs at scale. As part of this due diligence, we evaluate liquidity, customer demand durability, the useful life of infrastructure equipment, and the ability to re-rent assets at attractive rates following initial contract periods. Our conviction in the issuer reflects the combination of revenue growth, improving scale, and upside commensurate with execution risk—not thematic enthusiasm. Not all AI exposure behaves the same from a credit perspective, and in this case, we believe that performance is more dependent on execution, capacity utilization, and contract durability than on broader AI sentiment.

AI Infrastructure — Contracted and Asset-Backed (Cipher & WULF)

Cipher and WULF represent a different type of AI infrastructure exposure, one that more closely resembles contracted infrastructure exposure rather than discretionary technology spending. Cipher develops and operates data centers powered by low-cost energy, while WULF focuses on high-performance compute facilities with access to dedicated power infrastructure. Both issuers provide capacity for compute-intensive workloads, with revenue primarily derived from contracted capacity and long-term customer agreements.

In these investments, our underwriting emphasizes revenue durability supported by contracted demand, high-quality counterparties, and secured positioning within the capital structure. We focus on enterprise value coverage, asset backing, and liquidity in an effort to ensure resilience under a range of stress scenarios.

While these exposures are often grouped within the broader AI narrative, their reliance on contracted revenue, asset backing, and secured structures is more aligned with infrastructure-like assets that generate predictable cash flow and offer attractive yield relative to downside protection.

In addition to our core AI Infrastructure exposure in the Portfolio, we have selectively invested in off-benchmark issuers across Software & Services and Tech Hardware & Equipment, where we believe that spreads compensate for underlying credit risk.

Software — Durable and Mission-Critical (Kaseya)

Kaseya, which represents our software exposure within Software & Services, is not represented in the benchmark, reflecting our willingness to invest off-index where we have identified compelling issuer-specific opportunities. It exemplifies the type of software exposure we favor—businesses with recurring revenue, strong customer relationships, and embedded functionality within client operations.

The company provides IT management and security software to managed service providers and small-to-mid-sized enterprises. Its solutions are deeply integrated into customer workflows, resulting in high switching costs and a largely recurring revenue model. These characteristics support visibility into cash flow generation over time.

In our underwriting, we focus on customer retention, margin profile, competitive positioning, and enterprise value coverage. While we were mindful of leverage at entry, we initiated the position opportunistically when spreads compensated us for this risk, supported by our analysis of deep customer relationships, product criticality, market share growth, and long-term predictable cash flow potential.

Tech Hardware & Equipment — Asset-Backed and Cyclical (Brooks Automation)

Brooks represents a smaller, off-benchmark allocation within Tech Hardware & Equipment, where our overall exposure remains modest and underweight to the benchmark. Brooks makes components and subsystems that support semiconductor manufacturing globally. The company's products are deeply embedded in customers' roadmaps. The Portfolio's allocation was driven by attractive spread levels, supported by asset value and a favorable long-term outlook for semiconductor demand. The investment thesis emphasized enterprise value coverage as a source of downside protection rather than a directional view on semiconductor cycles.

Bringing the Framework Together

Across these exposures, the common thread is not participation in an AI theme, but consistent application of our underwriting framework.

Each category reflects a different way to access return within the broader AI ecosystem:

- **Growth-oriented infrastructure** with execution risk;
- **Contracted infrastructure** with downside protection; and
- **Software businesses** with durable cash flow.

By evaluating these exposures through a credit lens—rather than a thematic one—we are able to selectively participate in areas where risk is compensated and downside protection is supported.

What We Do Not Own

The benchmark's Technology & Electronics exposure spans a wide range of businesses with materially different credit profiles. Many issuers operate in cyclical semiconductor or hardware markets, where earnings are tied to inventory cycles, capital spending, or consumer demand. Others include telecom equipment providers and legacy technology businesses facing structural competition and pricing pressure. These models often exhibit greater earnings volatility and capital intensity than we typically prefer.

The benchmark also includes highly levered, private equity-backed software issuers and growth-oriented companies whose capital structures rely on sustained growth assumptions or favorable refinancing conditions.

While these businesses share a sector classification with our holdings, their credit characteristics often differ meaningfully from those we prioritize.

Our underwriting framework emphasizes durable free cash flow, balance sheet resilience, and enterprise value coverage. As a result, we participate selectively within the sector rather than broadly across it.

Many benchmark constituents exhibit characteristics that, in our view, are not adequately compensated by expected returns, including:

- Earnings volatility tied to semiconductor or consumer demand cycles;
- Capital intensity without sufficient asset protection or return visibility;
- Aggressive leverage structures; and
- Event-driven or refinancing-dependent capital structures.

Where we do take exposure to these risks, it is with a clear line of sight to downside protection, contractual support, or compensation commensurate with the associated risk.

Discipline Over Narrative

Sector labels can create the appearance of thematic positioning, but our process is fundamentally different.

We allocate capital on an issuer-by-issuer basis, guided by balance sheet resilience, loan-to-value protection, and durable free cash flow. When opportunities that meet these standards arise within a sector, exposure may increase; when they do not, it declines or is avoided altogether.

Our current allocation within Technology & Electronics reflects concentrated underwriting conviction—not thematic positioning.

In markets characterized by rapid innovation and narrative intensity, maintaining that discipline is essential.

[1] The representative account is an account within the Polen Credit U.S. Opportunistic High Yield Composite that Polen Capital Credit has deemed the most representative of the accounts managed by Polen Capital pursuing the U.S. Opportunistic High Yield investment strategy.

Classifications are based on underlying business models. Electronics includes manufacturers of electronic components, equipment, and instruments, including semiconductors and electronic manufacturing services. Software & Services includes providers of software and IT services, such as application and systems software, IT consulting, data processing, and outsourced services. Technology Hardware & Equipment includes manufacturers of computer hardware, communications equipment, storage devices, peripherals, and related technology infrastructure.

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