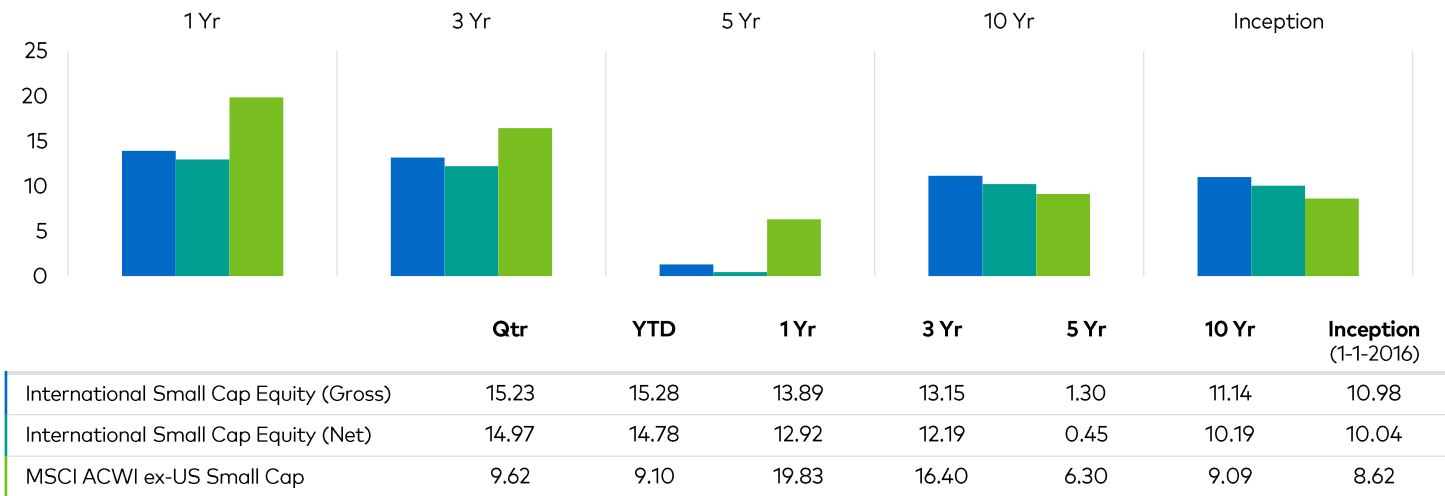


International Small Cap Equity

Summary

- Global equity markets rallied sharply in the second quarter as easing geopolitical tensions, continued AI infrastructure spending, and resilient corporate earnings drove broad market gains.
- Semiconductor and AI infrastructure companies continued to outperform, with supply constraints, strengthening pricing power, and sustained demand driving exceptional returns across the semiconductor value chain.
- The International Small Cap Equity Strategy outperformed the MSCI ACWI ex-US Small Cap Index, driven by strong stock selection and sector allocation. The strategy's overweight to Technology and underweights to Real Estate and Healthcare were significant contributors to relative performance.
- The largest contributors to relative performance included Taiwan Union Technology, Technoprobe, and ASPEED Technology, while the largest detractors were NexGen Energy, Nippon Avionics, and IHI Corporation.
- During the quarter, we initiated positions in Asta Energy Solutions, Morinaga Milk Industry, Tokyo Tatemono, TBS Holdings, and Bird Construction, while exiting positions in Sojitz Corporation, Rakuten Bank, Nippon Television Holdings, and Munters Group.
- While macro uncertainty remains elevated, we continue to focus on bottom-up stock selection, seeking companies undergoing sustainable positive fundamental inflections where improving earnings power, returns, or competitive positioning are not yet fully reflected in market expectations.

Seeks Growth & Capital Preservation (Performance (%) as of 6-30-2026)



Source: Archer. Returns are trailing through 06-30-2026. Annualized returns are presented for periods greater than one year. **Past performance is not indicative of future results.** Returns are presented gross and net of fees. Net of fee performance was calculated using actual management fees or highest fees for fund structures. Performance shown prior to 06-02-2026 represents results achieved for CastleArk Management ("CastleArk"). The International Small Cap Equity strategy (the "Strategy") has been managed by Polen Capital since 06-02-2026. CastleArk and Polen Capital have formed a joint venture co-owned by the Strategy's key personnel. This includes Mr. Ajoy Reddi, who has served as the portfolio manager of the Strategy since inception, Mr. Ken Wang, and Ms. Huong Le. At all times, Mr. Reddi has had ultimate decision-making authority with respect to the Strategy. Mr. Wang joined CastleArk in October 2021 and Ms. Le joined CastleArk in September 2024. Mr. Maneesh Singhal joined the Strategy team on March 1, 2019 and became co-portfolio manager on April 1, 2024. On August 31, 2024, Mr. Singhal left CastleArk and joined Polen Capital. Mr. Singhal rejoined the Strategy team as portfolio manager as part of the joint venture.

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. Opinions and views expressed constitute the judgment of Polen Capital as of the date herein, may involve a number of assumptions and estimates which are not guaranteed, and are subject to change.

Commentary

Global equity markets rallied sharply in the second quarter, supported by easing geopolitical risk, renewed enthusiasm for AI-linked growth, and strong corporate earnings. Following six weeks of active military conflict in Q1, the US and Iran reached a ceasefire agreement in April, reducing a key source of market uncertainty. Shipping traffic through the Strait of Hormuz resumed, and oil prices declined meaningfully from their Q1 peak.

The reduction in geopolitical risk, combined with continued acceleration in AI infrastructure spending, helped drive broad gains across global equity markets. Leadership was initially concentrated in large-cap growth stocks and US hyperscalers before broadening into small-caps and cyclical as the quarter progressed. Semiconductor companies, particularly memory-related businesses, were notable standouts, benefiting from capacity constraints, stronger pricing power, and continued demand tied to AI infrastructure buildouts.

Later in the quarter, the macro backdrop became more complicated. Central banks maintained a generally hawkish posture, and political realignments in key European countries introduced new sources of uncertainty. In the US, the Federal Reserve held rates steady through quarter-end, while market expectations began to shift toward a higher-for-longer rate environment. Separately, the Trump administration's 10% global tariff is scheduled to expire in late July, with the administration signaling that additional tariffs may follow. As a result, trade policy is likely to remain an important source of uncertainty in the quarters ahead.

In combination, these developments drove a sharp reflation of risk assets even as equity valuations became increasingly stretched and monetary policy appeared less accommodative. In our view, this backdrop raises the importance of durable earnings growth as a differentiator between resilient and vulnerable equities heading into the second half of the year.

US equities led global markets in Q2, reversing the international leadership seen in Q1. The S&P 500 and Nasdaq Composite rose 15% and 21%, respectively, compared with a 14% gain for the MSCI ACWI ex-US Index and a 10% gain for the MSCI ACWI ex-US Small Cap Index. Growth stocks led during the quarter, with the MSCI ACWI ex-US Growth Index's 17% gain outpacing the MSCI ACWI ex-US Value Index's 12% gain. Enthusiasm for AI beneficiaries remained a key driver, reflected in the Philadelphia Semiconductor Index's 88% quarterly surge.

Market leadership began to rotate in June, however, as investors took profits in growth positions and moved into more cyclical and value-oriented sectors that may benefit from economic resilience and a higher-for-longer rate environment. We believe the initial growth- and AI-led rally reflected the unwinding of the geopolitical risk premium built up in Q1, alongside continued strength in AI infrastructure spending. The late-quarter rotation toward small-caps and value, in our view, reflected growing conviction in a broader and more durable global economic expansion.

Portfolio Performance & Attribution

The International Small Cap Equity Strategy outperformed the MSCI ACWI ex-US Small Cap Index in the 2nd quarter of 2026 returning 15.23% gross and 14.97% net of fees, respectively, versus 9.62% for the benchmark. For the first half of the year, the strategy outperformed the benchmark returning 15.28% gross and 14.78% net of fees, respectively, versus 9.10% for the benchmark.

Stock selection and sector allocation were both strong contributors, adding 326 basis points and 289 basis points, respectively. The overweight to Technology drove the majority of the positive allocation effect, contributing 106 basis points. Underweights to Real Estate and Healthcare added 60 basis points and 45 basis points, respectively.

Top contributors included **Taiwan Union Technology**, **Technoprobe**, and **ASPEED Technology**, contributing 444 basis points combined. Detractors included **NexGen Energy**, **Nippon Avionics**, and **IHI Corporation**, detracting 68 basis points combined. Geographic allocations added 62 basis points, driven by underweights to both China and South Korea, and an overweight to Ireland.

The strategy's strong performance was primarily driven by shifting bottlenecks within the semiconductor supply chain and continued growth related to the global AI infrastructure buildout. **Taiwan Union Technology**, a manufacturer of copper-clad laminates used in AI servers, benefited from strong demand, supply tightness, and meaningful margin expansion. The company is also in the midst of a capacity buildout, which should allow it to further capture demand for its products.

Technoprobe, an Italian manufacturer of probe cards used to test advanced logic devices, including CPUs and AI GPUs, also contributed meaningfully. Demand for Technoprobe's testing solutions has been supported by both AI-related growth and rising test complexity, both of which we believe are sustainable over the long term.

ASPEED Technology, a Taiwanese designer of baseboard management controller chips used in AI and traditional servers, benefited from expanding AI server demand and progress resolving its glass substrate supply constraints. ASPEED has been able to fulfill customer demand better than many peers, allowing it to capture additional market share.

Strategy performance was partially offset by several holdings affected by industry-specific headwinds. **NexGen Energy**, a Canada-based uranium developer, continued to advance its uranium mining project following regulatory approval; however, its share price remained correlated with uranium prices, which were down to flat during the quarter.

Portfolio Performance & Attribution (continued)

Nippon Avionics, a prime contractor to Japan's Defense Agency that provides information systems equipment, continued to benefit from Japan's expanding defense budget but faced growing pains related to production capacity and labor shortages.

IHI Corporation, a Japanese industrial conglomerate, continued to execute the final phase of its structural reform program by exiting lower-growth, lower-margin businesses and reinvesting in higher-growth aerospace, defense, and energy businesses. The stock was also weighed down by market concerns that its highly profitable commercial aerospace segment could be affected by a potential jet fuel shortage related to the Middle East conflict, which ultimately did not materialize.

Although these stocks underperformed during the quarter, we continue to hold them because our longer-term investment case for each remains intact, and the valuation gap has become more favorable.

Portfolio Activity

During the quarter, we initiated positions in **Asta Energy Solutions**, **Morinaga Milk Industry**, **Tokyo Tatemono**, **TBS Holdings**, and **Bird Construction**. We exited positions in **Sojitz Corporation**, **Rakuten Bank**, **Nippon Television Holdings**, and **Munters Group**.

Outlook

We remain focused on bottom-up stock selection and identifying companies undergoing sustainable positive fundamental inflection, where we believe improving earnings power, returns, or competitive position is not yet fully reflected in market expectations.

Thank you for your continued interest in Polen Capital and the International Small Cap Equity Portfolio. Please do not hesitate to reach out with any questions.

Experience in Growth Investing



Ajoy Reddi
Portfolio Manager & Analyst
27 years of industry experience



Maneesh Singhal, CFA
Portfolio Manager & Analyst
15 years of industry experience

¹As of the date of writing, Ajoy Reddi is employed by CastleArk Management

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The MSCI ACWI ex-US Small Cap Index is a market capitalization weighted equity index that measures the performance of the small-cap segments across developed and emerging market countries. The index is maintained by Morgan Stanley Capital International. The performance of an index does not reflect any transaction costs, management fees, or taxes. It is impossible to invest directly in an index. **Past performance is not indicative of future results.**

Source: All data is sourced from Bloomberg unless otherwise noted. All company-specific information has been sourced from company financials as of the relevant period discussed.

Definitions:

Contribution to relative return: a measure of a security's contribution to the relative return of a portfolio versus its benchmark index. The calculation can be approximated by the below formula, taking into account purchases and sales of the security over the measurement period. Please note this calculation does not take into account transactional costs and dividends of the benchmark, as it does for the portfolio. Contribution to relative return of Stock A = (Stock A portfolio weight (%) - Stock A benchmark weight (%)) x (Stock A return (%) - Aggregate benchmark return (%)). All company-specific information has been sourced from company financials as of the relevant period discussed.