

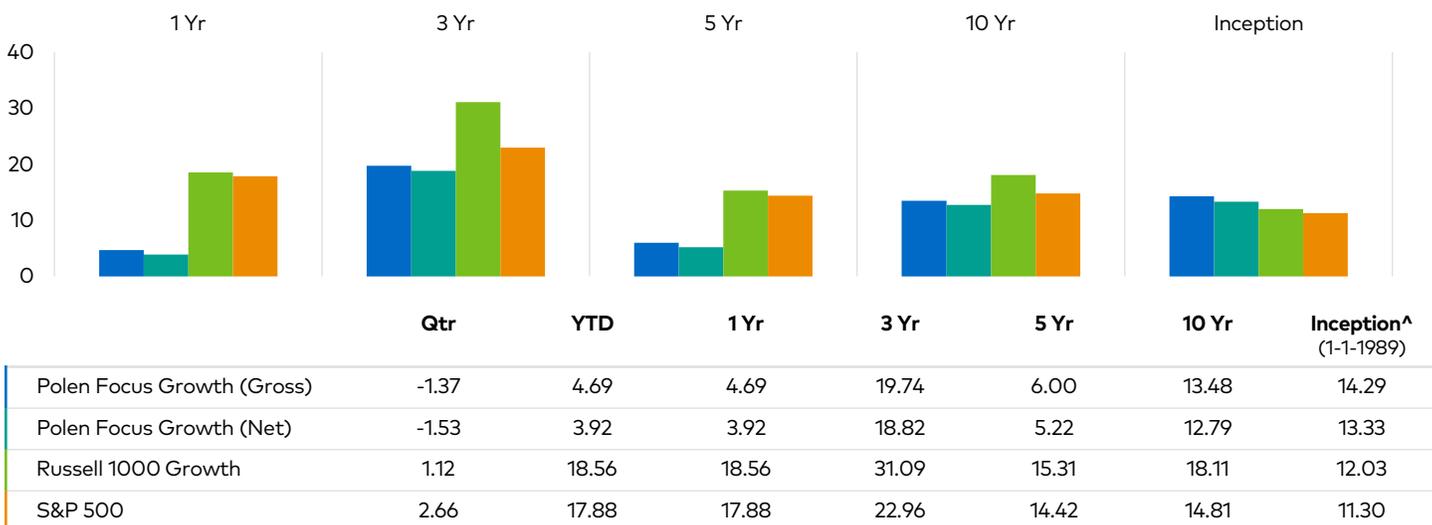
# Polen Focus Growth

Portfolio Manager Commentary – December 2025

## Summary

- Market volatility increased in Q4 2025, driven by concerns about an AI bubble and the scale of infrastructure investment, but the Russell 1000 Growth Index (the "Index") and S&P 500 both posted slightly positive returns. High-beta stocks outperformed, while quality factors lagged, creating headwinds for the quality-focused Polen Focus Growth Composite Portfolio ("Portfolio").
- Index concentration risk remains elevated. Nearly two-thirds of the Russell 1000 Growth Index is now comprised of just 10 companies, each valued over \$1 trillion., whose growth we expect to slow over the next five years.
- In Q4, the Portfolio lagged the Index. Top relative contributors included Eli Lilly, Meta (not owned), and Shopify, while the largest relative detractors were Oracle, Apple (not owned), and Zoetis. Oracle was the primary drag, reversing its strong Q3 performance due to investor concerns about execution and financing risks tied to OpenAI contracts.
- Portfolio activity included initiating a new position in Intuitive Surgical (a leader in robotic surgery) and exiting positions in Netflix (due to regulatory and leverage concerns after the Warner Brothers acquisition) and Workday (due to decelerating growth). The team also added to ServiceNow and trimmed Abbott Laboratories and Shopify.
- Our outlook remains constructive. We expect the datacenter capex cycle and equity bull market to continue, driven by strong earnings, demand, and supportive policy. The Portfolio is diversified beyond AI and datacenter themes, aiming for resilience and potential outperformance if market leadership broadens.

## Seeks Growth & Capital Preservation (Performance (%) as of 12-31-2025)



The performance data quoted represents **past performance and does not guarantee future results.** <sup>^</sup>The performance presented prior to April 1, 1992, is not in compliance with the GIPS Standards. Current performance may be lower or higher. Periods over one-year are annualized. Performance figures are presented gross and net of fees and have been calculated after the deduction of all transaction costs and commissions, and include the reinvestment of all income. Please reference the GIPS Report which accompanies this commentary.

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. Contribution to relative return is a measure of a securities 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.

## Commentary

Despite some angst around an AI bubble and the "circularity" of the huge infrastructure investment spend for it, which drove higher volatility during the quarter, the Russell 1000 Growth Index and the S&P 500 Index both posted slightly positive returns in Q4 2025. Looking closer, even with increased market volatility, high-beta factors continued to outperform while quality factors continued to underperform. In these environments, our quality-heavy portfolio faces relative performance headwinds. As such, the Polen Focus Growth Composite Portfolio (the "Portfolio") posted a slight negative return in the quarter.

Our software holdings were market laggards, especially Oracle (discussed below) even though virtually all of them are growing their revenue and earnings at or above our expectations (especially Oracle). We remain focused on competitive advantages and long-term business fundamentals. In that regard, we are pleased with the Portfolio's construction for long-term compounding.

We are increasingly concerned though about the Russell 1000 Growth Index's (the "Index") concentration risk. Nearly two-thirds of the Index is comprised of only 10 companies, each with a market capitalization of over \$1 trillion. And all 10 of them will be more mature and likely to grow slower in the next 5 years than the last 5. This begs the question then, is now the appropriate time to hold a portfolio that has two-thirds of its exposure to these ten trillion-dollar-plus companies? For index investors, that is the scenario they are faced with in the large-cap growth space today. We believe answering that question requires an investment manager to balance their fiduciary responsibility with the 'fear of missing out'. We calculate that these companies are 0.25% of the number of publicly traded companies in the U.S. but they account for roughly 35% of the entire US stock market's capitalization. While we think each of these companies are great businesses, we are far more excited about returns in the future from many of the other 99.75% of publicly traded companies. We already own many of what we believe will be the next generation of great growth businesses

## Portfolio Performance & Attribution

In Q4 2025, the Portfolio returned -1.4% compared to +1.1% for the Index. Top relative contributors to the Portfolio's performance included **Eli Lilly**, **Meta** (not owned), and **Shopify**. The top absolute contributors were **Eli Lilly**, **Alphabet**, and **Amazon**.

The largest relative detractors in the quarter were **Oracle**, **Apple** (not owned), and **Zoetis**. The largest absolute detractors were **Oracle**, **ServiceNow**, and **Microsoft**.

**Eli Lilly** was the top performing relative contributor in Q4. Lilly's stock price has underperformed this year, much of it on the back of drug pricing concerns, potential tariff impacts and, perhaps,

less enthusiasm for GLP-1 drugs. However, the stock rallied over 40% in Q4 driven by strong financial results, strengthening market leadership in key business segments, along with reaching an agreement with the White House that while lowering GLP-1 drug prices will greatly increase the addressable market in the U.S. and should allow for a long runway of future growth ahead.

The primary drag for the quarter was **Oracle**, accounting for almost all of the Portfolio's relative underperformance in Q4, completely reversing its performance from the prior quarter and giving back all of the gains experienced in Q3. In line with waning market enthusiasm in the AI trade, Oracle's massive increase in RPO's (remaining performance obligations, which are essentially contracted future revenues) have been met with increased skepticism given the large percentage which is tied to OpenAI and the associated question marks over OpenAI's ability to finance itself and therefore make good on those commitments. It would appear that investors are focused on the increasing threats of execution risk and financing risk for both Oracle and OpenAI, as opposed to the excitement of prior quarters around the magnitude of the numbers. While we recognize and acknowledge these risks, it is our belief that the range of potential outcomes are skewed positively in Oracle's favor and that the stock reaction is another example of the 'shoot first, ask questions later' mindset of the market today and so retain conviction in our exposure.

## Portfolio Activity

In Q4 2025, we initiated a new position in **Intuitive Surgical** and sold our positions in **Netflix** and **Workday**. We also added to our holding in **ServiceNow** and trimmed our exposure to **Abbott Laboratories** and **Shopify**.

We initiated a 2.25% position in **Intuitive Surgical** who maintain a de facto monopoly in soft tissue robotic surgery globally. They have become the standard of care in many surgical modalities while there are many more open and laparoscopic surgeries that can be converted to robotic over time. The barriers to entering their market are large based on decades of proven efficacy and safety, as well as the fact most surgeons are trained on the company's Da Vinci robots either in medical school or on the job, and they continue to innovate and distance themselves from potential entrants. The company recently fully launched its next generation platform that should lead to accelerating procedure growth and revenue growth for years. Current results show this acceleration, and we see clear business momentum and a reasonable valuation considering this is an accelerating monopoly.

At the same time, we exited our position in **Workday** as the company's revenue growth continues to decelerate. The core human capital management business is fairly mature and now facing cyclical headwinds while the newer financials suite is growing slower than expected

## Portfolio Activity

We also sold our position in **Netflix** after the company agreed to acquire Warner Brothers (minus Discovery Global) for \$83 billion. Even though the Warner Brothers content would assuredly strengthen Netflix's content library and competitive differentiation, it would come with significant regulatory risk and balance sheet leverage above our comfort level.

## Outlook

Despite the market's lingering doubts over the future return on investment from the vast amounts of datacenter capex, it is our belief that this capex cycle should continue for the foreseeable future; revenues and earnings for the critical players continue to grow at rapid rates as they struggle to keep up with increasing demand, hyperscaler management teams continue to guide higher spending out into future years, and there is no shortage of capital to fund these projects as the debt markets have now begun to get involved – all combined with a pro-AI government and likely further rate cuts ahead in 2026, this set up suggests to us that the datacenter capex cycle and equity bull market has plenty of room to run.

Against that backdrop, we believe we have a Portfolio that can continue to deliver above average earnings growth and solid gains should that scenario eventuate, while at the same time not relying on that singular theme to drive the Portfolio no matter how attractive it might appear to be. In fact, the majority of Focus Growth's exposure intentionally resides in sectors, industries and companies outside of the Gen AI and datacenter capex themes, and that we believe can perform well regardless of underlying market driver.

Compare that to an Index whose earnings growth and returns the past few years have almost exclusively come from the handful of securities that make up almost two-thirds of its total weighting – should (or when) we see a continued broadening out of performance across sectors, industries and companies, and further divergence among the largest constituents, the concentration and narrowness that has worked so well in the Index's favor may begin to do the opposite.

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

Sincerely,

Dan Davidowitz and Damon Ficklin

## Experience in High-Quality Growth Investing



**Dan Davidowitz, CFA**

Portfolio Manager

26 years of industry experience



**Damon Ficklin**

Head of Team, Portfolio Manager

24 years of industry experience

## Important Disclosures & Definitions

This commentary is very limited in scope and is not meant to provide comprehensive descriptions or discussions of the topics mentioned herein. Moreover, this commentary has been prepared without taking into account individual objectives, financial situations or needs. As such, this commentary is for informational discussion purposes only and is not to be relied on as legal, tax, business, investment, accounting or any other advice. Recipients of this commentary should seek their own independent financial advice. Investing involves inherent risks, and any particular investment is not suitable for all investors; there is always a risk of losing part or all of your invested capital.

No statement herein should be interpreted as an offer to sell or the solicitation of an offer to buy any security (including, but not limited to, any investment vehicle or separate account managed by Polen Capital). Recipients acknowledge and agree that the information contained in this commentary is not a recommendation to invest in any particular investment, and Polen Capital is not hereby undertaking to provide any investment advice to any person. This commentary is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

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Any statements made by Polen Capital regarding future events or expectations are forward-looking statements and are based on current assumptions and expectations. Such statements involve inherent risks and uncertainties and are not a reliable indicator of future performance. Actual results may differ materially from those expressed or implied.

The Russell 1000® Growth Index is a market capitalization weighted index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The index is maintained by the FTSE Russell, a subsidiary of the London Stock Exchange Group. The S&P 500® Index is a market capitalization weighted index that measures 500 common equities that are generally representative of the U.S. stock market. The index is maintained by S&P Dow Jones Indices. 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.

# GIPS Report

Polen Capital Management  
Focus Growth Composite—GIPS Composite Report

Year End	UMA		Firm Assets	Composite Assets		Annual Performance Results					3 Year Standard Deviation		
	Total (\$Millions)	Assets (\$Millions)	Assets (\$Millions)	U.S. Dollars (\$Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	S&P 500 (%)	Russell 1000 G (%)	Composite Dispersion (%)	Composite Gross (%)	S&P 500 (%)	Russell 1000 G (%)
2024	52,943	21,135	31,808	16,538	1357	17.10	16.14	25.02	33.36	0.5	21.74	17.15	20.33
2023	58,910	22,269	36,641	20,000	1633	40.05	38.99	26.29	42.68	0.7	22.25	17.29	20.51
2022	48,143	18,053	30,090	16,655	1880	-37.51	-38.02	-18.11	-29.14	0.3	23.47	20.87	23.47
2021	82,789	28,884	53,905	14,809	2385	24.71	24.04	28.71	27.61	0.3	17.25	17.17	18.17
2020	59,161	20,662	38,499	12,257	1903	34.64	34.00	18.40	38.49	0.4	18.16	18.53	19.64
2019	34,784	12,681	22,104	8,831	939	38.80	38.16	31.49	36.40	0.3	12.13	11.93	13.07
2018	20,591	7,862	12,729	6,146	705	8.99	8.48	-4.38	-1.51	0.2	11.90	10.95	12.12
2017	17,422	6,957	10,466	5,310	513	27.74	27.14	21.83	30.22	0.3	10.66	10.07	10.54
2016	11,251	4,697	6,554	3,212	426	1.72	1.22	11.96	7.09	0.2	11.31	10.74	11.31
2015	7,451	2,125	5,326	2,239	321	15.89	15.27	1.38	5.68	0.1	10.92	10.62	10.85

## Performance % as of 12-31-2025:

(Annualized returns are presented for periods greater than one year)

	1 Yr	5 Yr	10 Yr
Polen Focus Growth (Gross)	4.69	6.00	13.48
Polen Focus Growth (Net)	3.92	5.22	12.79
Russell 1000 Growth	18.56	15.31	18.11
S&P 500	17.88	14.42	14.81

Total assets and UMA assets are supplemental information to the GIPS Composite Report.

While pitch books are updated quarterly to include composite performance through the most recent quarter, we use the GIPS Report that includes annual returns only. To minimize the risk of error we update the GIPS Report annually. This is typically updated by the end of the first quarter.

# GIPS Report

The Focus Growth Composite created on January 1, 2006 with inception date April 1, 1992 contains fully discretionary large cap equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against the S&P 500 and the Russell 1000 Growth indices. Effective January 2022, fully discretionary large cap equity accounts managed as part of our Focus Growth strategy that adhere to the rules and regulations applicable to registered investment companies subject to the U.S. Investment Company Act of 1940 and the Polen Focus Growth Collective Investment Trust were included in the Focus Growth Composite.

The accounts comprising the portfolios are highly concentrated and are not constrained by EU diversification regulations.

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 for the **periods April 1, 1992 through December 31, 2023**. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Focus Growth Composite has had a performance examination for the periods April 1, 1992 through December 31, 2023. The verification and performance examination reports are available upon request.

Polen Capital Management is an independent registered investment adviser. Polen Capital Management maintains related entities which together invest exclusively in equity portfolios consisting of high-quality companies. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, 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. Effective January 1, 2022, composite policy requires the temporary removal of any portfolio incurring a client initiated significant net cash inflow or outflow of 10% or greater of portfolio assets, provided, however, if invoking this policy would result in all accounts being removed for a month, this policy shall not apply for that month.

From July 1, 2002 through April 30, 2016, composite policy required the temporary removal of any portfolio incurring a client initiated significant cash outflow of 10% or greater of portfolio assets. The temporary removal of such an account occurred at the beginning of the month in which the significant cash flow occurred and the account re-entered the composite the first full month after the cash flow. The U.S. Dollar is the currency used to express performance. Certain accounts included in the composite may participate in a zero-commission program. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using either actual management fees or highest fees for fund structures. The annual composite dispersion presented is an asset-weighted standard deviation using returns presented gross of management fees calculated for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The separate account management fee schedule is as follows:

Institutional: Per annum fees for managing accounts are 75 basis points (.75%) on the first \$50 Million and 55 basis points (.55%) on all assets above \$50 Million of assets under management. HNW: Per annum fees for managing accounts are 150 basis points (1.5%) of the first \$500,000 of assets under management and 100 basis points (1.0%) of amounts above \$500,000 of assets under management. Actual investment advisory fees incurred by clients may vary.

The per annum fee schedule for managing the Polen Growth Fund, which is included in the Focus Growth Composite, is 85 basis points (.85%). The total annual fund operating expenses are up to 125 basis points (1.25%). As of 9/1/2024, the mutual fund expense ratio goes up to 1.21%. This figure may vary from year to year. The per annum all-in fee\* schedule for managing the Polen Focus Growth Collective Investment Trust, which is included in the Focus Growth Composite, goes up to 60 basis points (.60%). The per annum all-in fee\* schedule for managing the Polen Capital Focus Growth Fund, which is included in the Focus Growth Composite, goes up to 65 basis points (.65%). \*The all-in fee (which is similar to a total expense ratio) includes all administrative and operational expenses of the fund as well as the Polen Capital management fee.

**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 Russell 1000® Growth Index is a market capitalization weighted index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The index is maintained by the FTSE Russell, a subsidiary of the London Stock Exchange Group. The S&P 500® Index is a market capitalization weighted index that measures 500 common equities that are generally representative of the U.S. stock market. The index is maintained by S&P Dow Jones Indices. It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes.

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%	1.10	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	2.17	2.37
20%	1.20	1.44	1.73	2.07	2.49	2.99	3.58	4.30	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

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