

# Polen International Growth

Portfolio Manager Commentary – December 2025

## Summary

- Foreign equity markets delivered their best returns in over a decade while our International Growth Composite Portfolio (the "Portfolio") finished the year essentially flat. This underperformance was not a result of deteriorating business fundamentals among our holdings, but rather a pronounced market preference for cyclically sensitive businesses.
- We seek to invest in businesses with durable competitive advantages, strong returns on capital, and resilient earnings. Investment styles cycle in and out of favor but we believe that over the long-term investors are best served by investing in quality businesses that grow without taking undue risks.
- Top relative contributors to the Portfolio's performance included Tokyo Electron, Alibaba Group (not owned), and ASML. The largest relative detractors in the quarter were Monday.com, MercadoLibre, and SAP.
- During the quarter, we established a new position in Nintendo and added to several existing holdings to capture emerging opportunities and evolving company fundamentals.
- To fund these investments and optimize portfolio positioning, we eliminated positions in Teleperformance and Siemens Healthineers and trimmed selected exposures across the Portfolio.

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



The performance data quoted represents **past performance and does not guarantee future results**. 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

The investment environment in 2025 proved extraordinarily challenging for our strategy. Foreign equity markets delivered their best returns in over a decade while our International Growth Composite Portfolio (the "Portfolio") finished the year essentially flat. This underperformance was not a result of deteriorating business fundamentals among our holdings, but rather a pronounced market preference for cyclically sensitive businesses.

This dynamic will be frustratingly familiar to students of market history. In late-cycle periods, investor psychology shifts toward speculative growth and economically sensitive businesses, often disregarding quality metrics. This situation has been exacerbated by the transformation of the global economy with the adoption of artificial intelligence. While AI is undoubtedly a powerful tool that will benefit many companies, exactly which companies and to what extent is still being debated. Markets must attempt to price in these technological shifts, but the transition is often volatile.

Our extensive studies of financial history have guided us to seek to invest in businesses with durable competitive advantages, strong returns on capital, and resilient earnings. Adhering to these principles is especially important when investors excitedly embrace risk and cyclicity. Investment styles cycle in and out of favor but we believe that over the long-term investors are best served by investing in quality businesses that grow without taking undue risks. While we cannot predict how long the current environment will last, we believe quality companies like the ones owned in the Portfolio should ultimately outperform the broader market.

As we enter 2026, we expect continued uncertainty as AI adoption accelerates and geopolitics remains volatile. We remain committed to our investment principles while staying vigilant for opportunities that meet our quality standards at attractive valuations. We see good times ahead for foreign companies able to navigate today's difficult environment.

## Portfolio Performance & Attribution

The top three contributors to the Portfolio's relative performance in the quarter were **Tokyo Electron**, **Alibaba Group (not owned)**, and **ASML**. The top three contributors to the Portfolio's absolute performance included Tokyo Electron, ASML, and Shopify.

**Tokyo Electron** is a leading player in semi-conductor manufacturing equipment. Specifically, it has dominant market share in coaters (90%) and is a top 2 player in etch, in cleaning and in back-end wafer probers. The company continues to benefit from rising demand for more chip volume and more complex chips, driving investment into chip fabrication plants. We expect Tokyo Electron to remain cyclical but over the medium term should be able to grow revenues at high single-digit rate while increasing operating margins from 25% in 2024 to 35% in the medium term, driving mid-teens earnings growth.

**Alibaba Group (not owned)** shares declined -19% during the quarter as profitability in the core e-commerce business has been pressured by heavy investments to compete with Meituan in food and grocery delivery.

Finally, **ASML** delivered another solid quarter as semiconductor capital equipment ("semi-cap") companies continue to benefit from investor optimism around AI. Simply stated, advanced chips sit at the epicenter of everything AI related and ASML's equipment is essential to printing advanced logic and volatile memory chips. Concerns about a slowdown in the memory chip industry and about Intel's business waned in the quarter, which helped ignite semi-cap stocks.

The Portfolio's top relative and absolute detractors were **Monday.com**, **MercadoLibre**, and **SAP**.

Despite reporting strong results and beating expectations on the top and bottom line, **Monday.com** sold off on concerns that 4Q guidance implied a near-term growth slowdown. Stepping back, we continue to see revenue growth sustaining at over 20% as Monday steadily pushes up-market from SMB to enterprise customers, expands its platform reach, and makes progress on long-term vast market opportunities relative to its current size. We believe the platform could continue scaling and reach a revenue run rate of 4x today's level within the next decade.

**MercadoLibre** is the largest e-commerce and payments platform in Latin America. The stock declined during the quarter primarily related to a slight decline in operating margin as the company invests in free shipping, marketing and credit products. In our view, management's aptitude to let go of near term profitability to grow its total addressable market and expand moat has enabled the company to grow topline at 35%+ in its 26th year of existence. The company continues to benefit from low e-commerce penetration, low online payment penetration, and low credit penetration in LATAM. Over the years not only do we believe that the company has built a defensible moat but it continues to adapt to make the moat stronger and total addressable market bigger.

**SAP** came under some pressure in the quarter despite cloud revenue growth coming in ahead of expectations and a still-resilient accumulation in backlogs. We continue to view SAP as one of the more resilient large-scale software business models as it is mission-critical component of customers' day-to-day operations. Given its strong market position, vast partner ecosystem, balanced growth across new and existing customers, high recurring revenues, and improving margin profile, we believe SAP is well positioned to continue delivering at least mid-teens earnings growth for many years to come.

## Portfolio Activity

In response to the evolving market landscape, we made select changes to the Portfolio during the quarter. These adjustments were designed to optimize exposures and better position the Portfolio for future growth opportunities. While periods of relative underperformance can be difficult, we remain confident that our approach will yield positive results over time.

The only new addition in the quarter was **Nintendo**. However, we also added to existing positions in **Tencent Holdings, Lonza Group,** and **MercadoLibre**.

**Nintendo** is a globally renowned Japanese entertainment specializing in video game consoles, software, and related products. Founded in 1889, Nintendo transitioned from a playing card company to a pioneer in the gaming industry, launching iconic consoles such as the NES, Game Boy, Wii, and the Nintendo Switch. In 2025, the company released the Switch 2, its most powerful internet connected console, while leveraging its intellectual properties like Super Mario, Pokémon, and The Legend of Zelda to deliver unique gaming experiences. Nintendo maintains a strong presence in both hardware and software markets, with a focus on expanding the gaming population through accessible and family-friendly entertainment. We believe this year's Switch 2 launch marks the beginning of a significant upgrade cycle and anticipate sales to power elevated growth of both hardware (consoles) and software (games) over the coming five years. Nintendo's overall Switch installed base could reach 250 million in a few years - a near doubling of customers capable of downloading the next great gaming title. All in all, we expect the company to be able grow earnings at a 30% annualized for the next few years, rendering the starting valuation today reasonable if not discounted.

On the other hand, we eliminated our positions in **Teleperformance** and **Siemens Healthineers**.

We exited our position in French IT services company **Teleperformance**. While the company's core business has stabilized and a recovery is taking shape, its Language Line Solutions segment continues to face underlying headwinds as non-English speakers avoid healthcare services for fear of immigration raids. The stock valuation has been unjustly punished but there is little business momentum today. Given this, we decided to use the proceeds to add to our new position in Nintendo and existing position in Tencent where we see better earnings momentum.

We have also exited our position in Germany-based **Siemens Healthineers**. The company remains highly advantaged and a leader in its field, however business headwinds we believed to be temporary have turned out to be longer-lasting and we foresee continued difficulties in the year ahead. The biggest issues for the

company are its China business—which is hurt by negative pricing trends and weak orders—and tariffs, which will be a meaningful headwind to margins this year. As with Teleperformance, we have used the proceeds to invest in Nintendo and Tencent where we see better earnings momentum.

## Outlook

We see a bright path forward for the Portfolio. We believe our ongoing commitment to quality growth investing positions us well to navigate market volatility and capitalize on the earnings potential of our holdings. The Portfolio is positioned to benefit from structural trends we see playing out including shifts in technology, increasing focus on health, and strong growth in select Emerging Markets like India. We believe the opportunities for investing outside the US are particularly attractive today. As always, we appreciate your trust and continued partnership. Thank you for your interest in Polen Capital and the International Growth strategy. Please contact us with any questions.

## Experience in High-Quality Growth Investing



**Daniel Fields, CFA**

Portfolio Manager, Director of Research & Analyst  
19 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.

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The MSCI ACWI ex USA Index is a market capitalization weighted equity index that measures the performance of large and mid-cap segments across developed and emerging market countries (excluding the U.S). 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.

# GIPS Report

Polen Capital Management  
International Growth Composite—GIPS Composite Report

Year End	UMA		Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation <sup>1</sup>	
	Total (\$Millions)	Assets (\$Millions)	Assets (\$Millions)	U.S. Dollars (\$Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	MSCI ACWI ex USA (%)	Composite Dispersion <sup>2</sup> (%)	Composite Gross (%)	MSCI ACWI ex USA (%)
2024	52,943	21,135	31,808	267.05	5	-2.62	-3.76	5.53	0.1	19.98	16.02
2023	58,910	22,269	36,641	299.79	4	29.29	27.73	15.62	0.2	20.53	16.07
2022	48,143	18,053	30,090	255.66	4	-29.16	-30.00	-16.00	0.0	19.19	19.26
2021	82,789	28,884	53,905	60.41	2	7.10	6.67	7.82	N/A	14.67	16.79
2020	59,161	20,662	38,499	54.63	2	12.75	12.02	10.66	N/A	14.55	17.94
2019	34,784	12,681	22,104	0.41	1	27.88	26.81	21.50	N/A	10.92	11.34
2018	20,591	7,862	12,729	0.32	1	-4.60	-5.41	-14.19	N/A	N/A	N/A
2017	17,422	6,957	10,466	0.34	1	35.06	33.94	27.19	N/A	N/A	N/A

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

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

	1 Yr	5 Yr	10 Yr	Inception
Polen International Growth (Gross)	0.68	-0.78	-	6.66
Polen International Growth (Net)	-0.52	-1.80	-	5.67
MSCI ACWI (ex-USA)	32.39	7.90	-	8.85

<sup>1</sup>A 3 Year Standard Deviation is not available for 2017 and 2018 due to 36 monthly returns are not available.

<sup>2</sup>N/A - There are five or fewer accounts in the composite the entire year.

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 International Growth Composite created and inception on January 1, 2017 contains fully discretionary international growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI (ex-USA). Effective January 2022, fully discretionary large cap equity accounts managed as part of our International 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 International Growth Collective Investment Trust were included into the International 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**. The verification reports are available upon request. 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. Verification does not provide assurance on the accuracy of any specific performance report.

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. The U.S. Dollar is the currency used to express performance. 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 85 basis points (0.85%) on the first \$50 Million and 65 basis points (0.65%) on all assets above \$50 Million of assets under management. HNWI: Per annum fees for managing accounts are 160 basis points (1.60%) of the first \$500,000 of assets under management and 110 basis points (1.10%) 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 International Growth Fund, which is included in the International Growth Composite, is 85 basis points (.85%). The total annual fund operating expenses are up to 135 basis points (1.35%). As of 9/1/2024, the mutual fund expense ratio goes up to 1.29%. This figure may vary from year to year. The per annum all-in fee\* schedule for managing the Polen International Growth Collective Investment Trust, which is included in the International Growth Composite, goes up to 70 basis points (.70%). \*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.

The per annum fee schedule for managing the Polen Capital International Growth ETF, which is included in the International Growth Composite, is 85 basis points (.85%). The total annual fund operating expenses are up to 85 basis points (.85%).

**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. Portfolio returns are net of all foreign non-reclaimable withholding taxes. Reclaimable withholding taxes are reflected as income if and when received. 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 Index is a market capitalization weighted equity index that measures the performance of large and mid-cap segments across developed and emerging market countries (excluding the U.S). The index is maintained by Morgan Stanley Capital International. 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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