

Polen U.S. Opportunistic High Yield

Portfolio Manager Commentary – December 2025

Summary

- The Polen Credit U.S. Opportunistic High Yield Composite underperformed both the ICE BofA U.S. High Yield Index and the S&P UBS Leveraged Loan Index (net of fees) in the fourth quarter.
- During the quarter, high yield bond yields fell as investors absorbed two more Fed rate cuts. Although leveraged loans lagged their fixed rate peers, a resilient economy and a dovish Fed were viewed positively by loan investors.
- Material Sciences and Asurion contributed the most to total returns, while Oldcastle BuildingEnvelope and Realtruck Group were the largest detractors during the quarter.
- Over the period, portfolio positioning did not change materially. Most trading activity involved purchases and sales in existing holdings.
- Despite tariff uncertainty and the prolonged government shutdown, we believe that the U.S. macro environment remains constructive, supported by policy tailwinds, robust AI-related investment, and a durable though increasingly uneven consumer and corporate backdrop.
- Given historically tight spreads but still-attractive yields, active managers need to look beyond headline valuations to identify idiosyncratic opportunities, using discipline during market dislocations to capitalize on inefficiencies over time.

Seeks Long-Term Yield & Income (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. The gross performance returns for the Polen Credit U.S. Opportunistic High Yield Composite set forth above are gross of all fees except for trading expenses, deal-related legal expenses, and withholding taxes. Net returns reflect the application of actual management and performance-based fees to gross returns. Returns of the Polen Credit U.S. Opportunistic High Yield Composite are provided as supplemental information and complement a GIPS Composite report, which has been provided. The commentary is not intended to guarantee profitable outcomes. Any forward-looking statements are based on certain expectations and assumptions susceptible to changes in circumstances. Opinions and views expressed constitute the judgment of Polen Capital as of the date herein and may involve assumptions and estimates which are not guaranteed and are subject to change.

Commentary

During the quarter, high yield bond yields fell as investors absorbed two more Fed rate cuts. High yield spreads remain sub-300 basis points and tightened into quarter end, after initially widening in early October driven by trade war induced uncertainty. A reversal of these concerns along with the end of the government shutdown and resilient macroeconomic data signaling better-than-expected growth all supported risk assets into year-end. The ICE BofA U.S. High Yield Index produced a gain of 1.35% during the quarter. High yield market gains were led by BB-rated bonds, which produced a gain of 1.57%, while B-rated bonds gained 1.55% and CCC-rated bonds produced a loss of 0.52%. In addition, during the quarter, the top performing sectors were Healthcare, Utility and Automotive, while the biggest laggards were the Media, Technology & Electronics and Basic Industry sectors.

Meanwhile, although leveraged loans lagged their fixed rate peers, a resilient economy and a dovish Fed were viewed positively by investors. Additional support for the asset class came from a strong technical bid from elevated CLO origination. During the quarter, the S&P UBS Leveraged Loan Index produced a gain of 1.19%, as BB-rated loans in the index outperformed their B-rated peers, with each producing gains of 1.68% and 1.20%, while CCC-rated loans generated a loss of 0.94%. Lastly, in Q4 2025, the Aerospace, Retail and Metals & Minerals sectors in the loan market were the top performers. Conversely, the Chemicals, Food & Drug and Transportation sectors were the biggest laggards.

During the quarter, primary market activity tapered into year-end and Q4 proved to be the lightest quarter for new issue activity in 2025. High yield bond issuance totaled just \$65.4 billion and was dominated by refinancing activity. New issue activity of leveraged loans recorded \$171.3 billion, a drop-off of about 50% from the previous quarter's total. In addition, like the high yield bond market, refinancing and repricing was the dominant use of proceeds accounting for a combined 70% of all loan new issue activity. Further, as mentioned previously, CLO activity remained elevated.

Finally, according to data from J.P. Morgan, default activity in Q4 2025 was the largest total in 2025 and included five of the largest defaults/distressed exchanges of the year. With that noted, the trailing twelve-month default rates for high yield bonds and leveraged loans (including distressed exchanges and liability management exercises "LMEs") sat at 1.88% and 2.87%, respectively. However, excluding distressed exchanges and LMEs, default rates fell to 0.99% and 1.46%.

Portfolio Performance & Attribution

The Polen Credit U.S. Opportunistic High Yield Composite generated a total return of -0.07% gross and -0.18% net of fees during the fourth quarter. The Composite underperformed the ICE BofA U.S. High Yield Index by 142 bps gross and 153 bps net of fees.

In Q4 2025, U.S. Treasury yields declined. Because the Portfolio maintains a shorter duration than the benchmark, this move detracted from relative performance. However, the Portfolio's higher income level versus the benchmark helped offset some of this impact and contributed positively to relative results.

Looking at attribution by rating, the quality allocation effect was negative, driven primarily by the Portfolio's overweight to bonds and loans rated CCC2 and CCC3. In addition, the Portfolio's aggregate security selection effect by rating was negative. Specifically, the Portfolio's CCC2-rated, CCC3-rated and B1-rated holdings lagged those of the benchmark and detracted from relative performance. These negative effects were partially offset by the Portfolio's CCC1-rated and B3-rated holdings, which outperformed those of the benchmark and contributed to relative performance.

Further, sector attribution shows that the sector security selection effect was negative. This negative effect was driven by the Portfolio's holdings in the Basic Industry, Automotive and Healthcare sectors, which lagged those of the benchmark. These negative effects were partially offset by the positive effects produced by the Portfolio's holdings in the Retail and Services sectors, which outperformed those of the benchmark and contributed to relative performance.

Notable issuers that contributed to, or detracted from, the Portfolio's total return for the quarter are set forth below.

Top Contributors

Material Sciences Corporation provides proprietary multi-material metal processing solutions for niche coated, laminated, and acoustical applications. The Portfolio holds the company's SOFR + 8.5% Second Lien Notes due 2030. The company continues to perform well operationally, remains on track with its 2026 deleveraging plan, and reported strong free cash flow in Q3. We believe the position continues to offer an attractive risk-reward profile.

Source: ICE, Credit Suisse, J.P. Morgan. Portfolio information provided is based on a representative account of the Polen Credit U.S. Opportunistic High Yield Composite. 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 investment strategy.

Asurion is the leading provider of mobile device protection plans in the U.S. and Japan, supported by its scale, recurring subscription revenue, and low capital intensity. Its dominant position—supplying phone insurance to two of the three major U.S. wireless carriers—helps drive stable cash flow and strong customer retention. In December 2025, Asurion announced the GBP 2.1 billion acquisition of Domestic & General, which broadens geographic reach, supports growth in the Connected Home offering, and provides potential synergies. To fund the transaction, the company issued a \$3.3 billion first-lien bond due 2032—the first bond deal in its history—allowing it to extend near-term maturities and diversify funding sources. These developments contributed positively to the performance of the SOFR + 5.25% Second Lien Term Loan due 2029.

Largest Detractors

Oldcastle BuildingEnvelope is a North American manufacturer and distributor of architectural glass, aluminum framing systems, and related hardware for commercial and residential applications. In 2022, KPS acquired the company from CRH for \$3.6B (~10.9x LTM EBITDA). Oldcastle is operating in a competitive market and facing weaker earnings due to lower volumes, margin pressure, and operational missteps following the unusually strong 2022–2023 environment. These headwinds have increased leverage, and we do not expect earnings to recover until 2027. However, we believe Oldcastle has sufficient liquidity to help bridge to an improved earnings environment and positive cash flow in 2027. In addition, we view the CR Laurence segment as a valuable asset that could be sold at a low-double-digit to mid-teens EBITDA multiple to reduce leverage if needed. While leverage through Oldcastle's 9.50% Senior Notes due 2030 is higher than originally anticipated, we believe the securities have the potential to offer an attractive return from current prices and anticipate that the capital structure may be refinanced in 2028 in connection with an improved earnings profile or a possible sale of the business.

RealTruck is a leading U.S. manufacturer and distributor of aftermarket accessories for pickup trucks, SUVs, and jeeps, and operates realtruck.com—the largest dedicated online retailer of aftermarket truck parts in the country. In Q4 2025, the Portfolio's 6.25% Senior Notes due 2029 traded lower amid concerns about softer U.S. consumer spending. We believe RealTruck remains relatively insulated from tariff impacts and may gain market share from competitors that rely heavily on low-cost imports. Despite potential near-term volatility, the company's margin profile, brand strength, and junior equity cushion support continued confidence in the position, which the Portfolio maintains while closely monitoring developments.

Portfolio Positioning & Activity

We did not make any significant changes to portfolio positioning during the quarter. However, we increased positions in certain

existing holdings and initiated several new positions, one of which is described below. Lastly, we executed a few sales, one of which is also described below.

In Q4 2025, we initiated a position in the Portfolio in TeraWulf's 7.75% First Lien Secured Notes due 2030. **TeraWulf** is a U.S.-based digital asset technology company transitioning from bitcoin mining to developing high-performance computing and AI data-center infrastructure. The company has entered long-term lease agreements with Fluidstack, which are backstopped by AA-rated Google once the data centers are completed. Several projects are already underway, and visibility toward full completion is strong. The Notes benefit from a lock-box structure that directs contracted revenues to required operating expenses and debt service, along with an amortizing feature that accelerates deleveraging. Given the combination of yield, structure, and improving business fundamentals, we believe the notes offer an attractive risk-reward opportunity.

We reduced the Portfolio's position in Sotera's 7.375% Senior Notes due 2031 during the quarter, taking advantage of strong price appreciation. **Sotera Health** is a vertically integrated provider of sterilization and lab testing services for the pharmaceutical and medical device industries, operating through three segments: Sterigenics, Nordion, and Nelson Labs. Sterigenics sterilizes finished medical devices, Nordion supplies Cobalt-60 used in gamma sterilization, and Nelson Labs provides advisory and lab testing services. Sotera operates 65 facilities across 13 countries, primarily in North America with additional locations in Europe, Asia, and South America.

Despite recent disruptions, including tariff uncertainty and a prolonged U.S. government shutdown, we believe that the macro-economic backdrop is broadly supportive. Economic growth continues in the U.S., aided by accommodative fiscal and monetary policy. The "One Big Beautiful Bill Act," AI-driven capital expenditures, and a healthy consumer support this contention. Although still above the Federal Reserve's target, inflation in the U.S. has stabilized. With labor markets providing mixed signals, the Fed may choose to pause additional policy accommodation, at least for the time being.

Further, the U.S. consumer remains a focal point. Although headline numbers remain encouraging, consumption continues to bifurcate. Lower income cohorts remain strained, while higher income consumers continue to spend. Similarly, corporate performance shows a comparable divergence, and although fundamentals remain healthy overall, the benefits of the AI boom have been uneven across sectors. Tariff concerns have also created pockets of pressure, though many of the worst-case scenarios from early 2025 have been mitigated. High yield and leveraged loan spreads are currently tight relative to history.

Despite tight spreads, yields remain attractive compared to longer term averages and relative to other fixed-income sectors.

Given the tight spread environment, active managers must look beyond headline metrics to uncover opportunities to add incremental yield. Regardless of where average spreads currently reside, idiosyncratic opportunities remain for long term investors to exploit.

We remain committed to delivering compelling, risk-adjusted returns for our clients. We continue to seek out high-quality businesses that offer attractive risk-reward where our research indicates the business is well positioned to navigate market corrections and meet their debt obligations. Although it can be uncomfortable at times, temporary mark-to-market fluctuations often create exceptional buying opportunities as market inefficiencies emerge.

While those disruptive periods have become increasingly shorter in duration, we remain poised to act when they do occur. By staying committed to our process and remaining agile in deploying capital, we believe that our clients' portfolios are well positioned to capitalize on these dislocations, ultimately adding to performance over the long term.

Sincerely,

Ben Santonelli, and John Sherman

Experience in High Yield Investing



Ben Santonelli

Portfolio Manager

21 years of industry experience



John Sherman

Portfolio Manager

21 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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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 ICE BofA U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by Polen Capital Credit, LLC. ICE Data and its Third-Party Suppliers accept no liability in connection with its use. Please contact Polen Capital Credit for a full copy of the applicable disclaimer. The S&P UBS Leveraged Loan Index is designed to mirror the investable universe of USD institutional leveraged loans, including U.S. and international borrowers. 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.

GIPS Report

Schedule of Investment Performance – Polen Credit U.S. Opportunistic High Yield Composite

March 31, 1998 to December 31, 2023

Year End	Total Gross Return (%)	Total Net Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Assets at End of Period (\$Millions)	Firm Assets at End of Period (\$Millions)	Composite Dispersion (%)	Composite 3 Yr. Annualized Std. Dev. (%)	Benchmark 3 Yr. Annualized Std. Dev. (%)
2023	13.39%	12.90%	13.46%	23	4,738	7,435	0.94%	5.41%	8.45%
2022	-8.02%	-8.52%	-11.22%	21	4,331	6,854	1.47%	11.33%	11.25%
2021	9.91%	9.42%	5.36%	20	5,465	8,314	1.70%	10.90%	9.27%
2020	8.36%	7.89%	6.17%	22	5,521	7,987	1.25%	11.06%	9.52%
2019	6.18%	5.73%	14.41%	24	6,041	7,861	0.64%	4.31%	4.19%
2018	0.88%	0.40%	-2.26%	25	6,345	8,207	1.75%	4.16%	4.70%
2017	12.13%	11.56%	7.48%	18	5,643	7,831	0.54%	4.92%	5.68%
2016	17.53%	16.96%	17.49%	21	5,584	7,589	1.40%	4.96%	6.11%
2015	-3.82%	-4.28%	-4.64%	21	5,091	7,401	0.88%	4.04%	5.35%
2014	3.68%	3.12%	2.50%	15	4,091	8,028	1.84%	3.10%	4.50%
2013	10.16%	9.55%	7.42%	15	3,456	7,145	1.01%	4.54%	6.51%
2012	17.61%	16.92%	15.58%	13	2,475	5,032	1.51%	5.27%	7.13%
2011	3.57%	3.04%	4.38%	14	2,459	3,653	1.50%	8.37%	11.15%
2010	19.30%	18.63%	15.19%	10	2,455	3,985	2.86%	14.34%	17.16%
2009	58.52%	57.51%	57.51%	11	2,657	3,414	3.32%	14.19%	17.02%
2008	-29.22%	-29.51%	-26.39%	8	1,231	2,333	1.64%	11.13%	13.50%
2007	3.77%	3.27%	2.19%	7	1,517	2,791	na	3.72%	4.55%
2006	12.15%	11.52%	11.77%	5	1,450	2,835	na	3.85%	3.86%
2005	5.79%	5.32%	2.74%	3	1,425	2,617	na	5.89%	5.47%
2004	13.59%	12.18%	10.87%	2	1,158	2,220	na	7.44%	8.48%
2003	39.51%	34.18%	28.15%	2	914	1,675	na	8.82%	10.63%
2002	10.10%	9.23%	-1.89%	1	468	1,173	na	8.65%	10.30%
2001	7.17%	6.55%	4.48%	1	397	1,166	na	7.40%	7.93%
2000	-7.59%	-8.17%	-5.12%	1	355	1,126	na	na	na
1999	4.68%	4.04%	2.51%	1	363	1,111	na	na	na
1998**	-3.43%	-3.89%	-0.02%	1	347	1,040	na	na	na

Performance % as of 12-31-2024:

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

	1Yr	5Yr	10 Yr	Since Inception
Polen U.S. Opportunistic High Yield (Gross)	8.49%	6.14%	6.22%	7.72%
Polen U.S. Opportunistic High Yield (Net)	8.00%	5.65%	5.73%	6.99%
Benchmark Return (%)	8.20%	4.04%	5.08%	6.06%

*Partial year, inception 03-31-1998

Polen Capital Credit, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Polen Capital Credit, LLC has been independently verified for the periods March 1, 1996 to 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 Polen Credit U.S. Opportunistic High Yield Composite has had a performance examination for the periods January 1, 2005 to December 31, 2023. The verification and performance examination reports are available upon request.

U.S. Opportunistic High Yield Disclosures – GIPS Report

Polen Capital Credit, LLC ("the Firm", "Polen Credit") is an investment adviser, registered with the Securities and Exchange Commission, which specializes in high yield securities and special situations investing.

Polen Credit was formerly known as DDJ Capital Management, LLC. On January 31, 2022, Polen Credit was acquired by Polen Capital Management, LLC. The transaction resulted in no changes to the Polen Credit investment team or its investment process.

The Polen Credit U.S. Opportunistic High Yield Composite ("the Composite") was created in August 2007. The U.S. Opportunistic High Yield strategy seeks to generate capital appreciation and income by investing in high yield securities or higher rated securities that offer yields similar to those available in the high yield market. The strategy focuses on investments in high yield bonds and has a bias toward lower tier securities. Opportunistic High Yield portfolios not denominated in U.S. dollars, where currency hedging is a significant component of the strategy, are excluded from the Composite. Derivatives may be used for hedging purposes only; however, certain credit derivatives may be used in limited circumstances subject to client guidelines. Portfolios within the Composite will be permitted to invest in lower-rated debt securities, equity securities, bank debt, small issues and direct private investments, but allocations to these security types will vary. Portfolios within the Composite will generally invest at least 25% of assets in bank loans, hold no fewer than 50 issuers and will invest in illiquid securities. In January 2021, a lower limit on issuers held was added.

In January 2025, following an internal review of the portfolios included within the Polen Credit U.S. Opportunistic High Yield Composite, Polen Capital has redefined such Composite to exclude, effective January 1, 2024, portfolios that maintain an exposure to illiquid securities in excess of 35% of assets for a consecutive three-month period. Polen Capital concluded that portfolios with an illiquid exposure in excess of that 35% limit (as a result of client flows or otherwise) were not consistent with the Polen Credit U.S. Opportunistic High Yield strategy. As a result of this redefinition, one portfolio that was previously included in the Composite has now been excluded as of such date. Following such removal, the Composite's gross and net returns for the calendar year 2024 (as well as all prior performance periods that are inclusive of the 2024 calendar year) have been restated.

Gross returns do not reflect the deduction of investment management fees, but are net of trading expenses, deal-related legal expenses and foreign withholding tax. Net returns reflect the application of actual management and, if applicable, performance-based fees to gross returns. Composite dispersion is the equal-weighted standard deviation of annual gross returns of all accounts included in the Composite for the entire year. Composite dispersion is not applicable for composites which contain five accounts or fewer for the entire year. The three-year annualized standard deviation measures the variability of the Composite gross returns and the benchmark returns over the preceding 36-month period. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds as well as policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

At 12/31/2023, 13% of Composite assets were valued using subjective, unobservable inputs.

The ICE BofA U.S. High Yield Index, which is used for comparative purposes only, is a broad high yield index that tracks the performance of U.S. dollar-denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Like the investments of the benchmark, the Composite consists primarily of bonds and notes rated BB or lower. However, the benchmark is an unmanaged index and does not include any private (non-144A) obligations, convertible bonds, preferred and common equity, and certain other securities and obligations. Investments made by Polen Credit on behalf of the portfolios managed according to the strategy will differ from those of the benchmark and will not have an identical investment strategy. Accordingly, investment results for the Composite will differ from those of the benchmark. In March 2023, the Composite benchmark was changed, for all periods 1/1/13 to present, to the ICE BofA U.S. High Yield Index. Prior to 3/31/2023, the Composite was shown against a custom index comprising (x) the ICE BofA U.S. High Yield Index (the current benchmark) from inception until 12/31/2013, and (y) the ICE BofA U.S. Non-Financial High Yield Index from 12/31/2013 until 3/31/2023. Given the Composite investment strategy, Polen Credit believes that the ICE BofA U.S. High Yield Index is an appropriate benchmark for all historical periods.

The standard management fee schedule is as follows (per annum):

Separate Account (Management Fee)

First \$100 million	55 bps
Next \$100 million	50 bps
Balance	45 bps

Collective Investment Trust (All-In Fee)***

All Assets	60 bps
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Private Fund (All-In Fee)***

Founders Share Class***	45 bps
Operating Share Class	55 bps

***The All-in Fee, which is also the total expense ratio for both the collective investment trust and the private fund, includes all administrative and operational expenses of each fund, as well as the management fee paid to Polen Credit.

****The Founders Share Class is honored until the applicable fund reaches \$250 million in assets.

As of December 31, 2023, 0.33% of the Composite comprises one non-fee-paying portfolio, which is the private fund. Net-of-fees returns for such non-fee-paying portfolio has been calculated by accruing the model fee of 0.55%.

Performance-based fee schedules are available for separate accounts. Management and performance-based fees may vary according to the specific mandate of the account, investment performance, and assets under management.

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