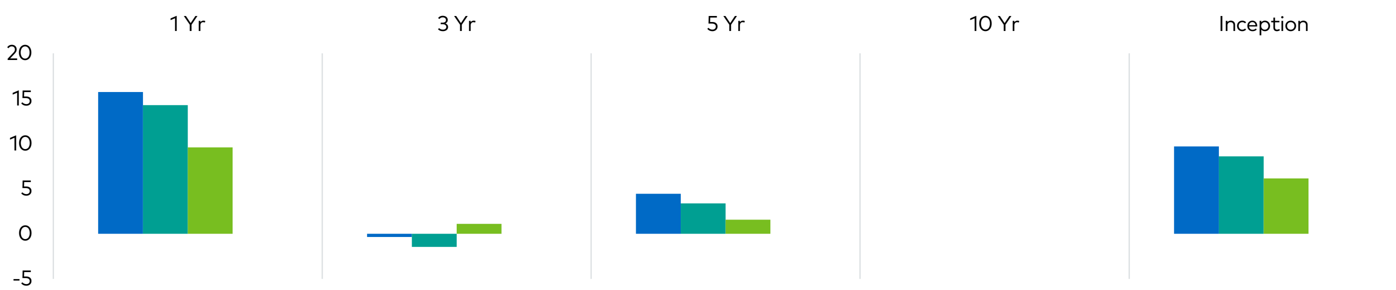
Polen U.S. Small Company Growth

Portfolio Manager Commentary – September 2023

Summary

- During the third quarter, the U.S. Small Company Growth Composite Portfolio (the "Portfolio") returned -3.66% gross and -3.97% net of fees, respectively, compared to the -7.32% return of the Russell 2000 Growth Index (the "Index").
- Markets continue to be driven by macroeconomic uncertainty related to interest rates, credit tightening, and an uneven economy from a growth perspective. We believe the answer to challenges posed by these rapidly shifting conditions is a time-tested and disciplined investment process and a portfolio built for resilience.
- The activity this quarter included three new investments during the quarter: Clearwater Analytics, XPEL, and EXL Services. Separately, we exited five positions during the quarter: Altair Engineering, Farfetch, Leslie's, Olo, and DocGo.
- We favor businesses with robust free cash flow, persistent growth, and high returns on capital, and we always seek to own businesses that we believe are undervalued relative to their long-term compounding potential. While we can't predict when markets will recover, we believe that maintaining our focus on high-quality growth companies that we believe are well-positioned to drive cash flow and earnings growth over the next five years will generate long-term performance.

Seeks Growth & Capital Preservation (Performance (%) as of 9-30-2023)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
U.S. Small Company Growth (Gross)	-3.66	11.46	15.70	-0.37	4.42	-	9.69
U.S. Small Company Growth (Net)	-3.97	10.43	14.25	-1.45	3.36	-	8.59
Russell 2000 Growth	-7.32	5.24	9.59	1.09	1.55	-	6.13

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.

All company-specific information has been sourced from company financials as of the relevant period discussed.

Commentary

The U.S. Small Company Growth Composite Portfolio returned -3.97% (net) in the third quarter compared to a -7.32% return in the Russell 2000 Growth. Year to date (YTD), the Portfolio returned 10.43%(net) compared to 5.24% for the Index. In the quarter, we believe negative absolute returns for the Portfolio and Index were driven by continued macroeconomic uncertainty related to interest rates, credit tightening, and an uneven economy from a growth perspective. We continue to navigate this environment by emphasizing long-term thinking, our disciplined Flywheel-driven investment process, and patience, buying growth companies we believe are significantly discounted to their long-term intrinsic value.

This year continues to be a reminder of how rapid market sentiment can shift. This, combined with a short-term focus and a false urgency to react, can lead investors to make poor decisions. We believe the answer to this dilemma is a time-tested and disciplined investment process and a portfolio built for resilience.

> **Our goal is to deliver great long-term performance driven by best-in-class companies with durable long-term growth and high returns on capital.**

We use our Flywheel framework to determine whether long-term compounding conditions are in place. The flywheel conditions include a well-positioned product or service, a repeatable sales process, a robust business model and financial stability, effective management, and the ability to reinvest at high rates of return.

With a long-term view, this is an opportunistic time to invest in small cap companies. We are finding opportunities across the investible universe above our historical internal rate of return (IRR) expectations, planting the seeds for solid performance in future years. Our goal is not to time the market but to build a concentrated portfolio of truly unique flywheel companies with diverse growth opportunities and business models to deliver compelling fundamental performance in any environment.

Portfolio Performance & Attribution

During the third quarter, the U.S. Small Company Growth Composite Portfolio (the "Portfolio") returned -3.66% gross and -3.97% net of fees, respectively, compared to the -7.32% return of the Russell 2000 Growth Index (the "Index").

The top contributors to the Portfolio's relative performance in the third quarter were **Goosehead Insurance, CCC Intelligent Solutions,** and **Yeti.**

Goosehead Insurance operates as a personal line insurance brokerage, pioneering a disruptive business model swiftly seizing market share from conventional independent and captive broker models. The company continues to deliver results ahead of expectations, underpinned by compelling pricing, enhanced agent productivity, and improved margins. We are particularly impressed by the company's adept execution and its capacity to achieve substantial cost efficiencies, which we believe are sustainable in the long term.

CCC Intelligent Solutions provides software and tools to the automotive insurance ecosystem. Their customers include insurance companies, repair shops, parts suppliers, medical insurance carriers, and auto manufacturers. Company fundamentals have surpassed our expectations this year, demonstrating the durability of the business and its critical role in the auto claims ecosystem. Acquisition speculation also drove the stock higher at the end of the quarter. We believe CCC remains an attractive long-term investment from a quality, free cash flow growth, and valuation perspective.

Yeti, an outdoor and lifestyle brand known for its coolers and drinkware, was also a significant contributor. Yeti delivered better-than-expected quarterly results after navigating a voluntary product recall that negatively impacted earnings. The company continues to navigate a challenging period, but we believe this is temporary. Our long-term outlook for the business is unchanged.

The most significant detractors from the Portfolio's relative performance in the quarter were **Euronet Worldwide, Doximity,** and **Alight.**

Euronet Worldwide is an industry leader in providing secure electronic financial transaction solutions. They operate one of the largest independent ATM networks in Europe, are the world's largest payment network for prepaid mobile top-ups, and the second-largest global money transfer company. The stock's recent weakness was in response to a lowered outlook in the EFT segment, which accounts for ~50% of profits. This segment was impacted by economic pressures on consumer spending in Europe. While we believe this will be a headwind, Euronet Worldwide's overall revenue and profit growth is still impressive relative to the broader universe. The stock's decline appears to be an overreaction. We believe the company has a robust business model and long-term growth drivers. Euronet Worldwide also benefits from a long-tenured management team with a proven track record of navigating challenging periods.

Doximity is a productivity and professional network app for doctors that generates revenue primarily from biopharmaceutical advertising. The stock was negatively impacted by a weaker growth outlook and the acknowledgment that the company needs to invest to shift towards a self-service model to meet customers' needs better. We believe the advertising return on investment remains best-in-class and physician engagement remains convincing, but we are closely monitoring the position.

Alight is a leading cloud-based provider of employee engagement tools and solutions for workplace benefits, payroll, administration, and wealth services. The stock negatively reacted to lower-than-expected bookings guidance for its small but growing business-process-as-a-Service ("BPaaS") segment. Due to the nature of Alight's business model, the market is putting too much emphasis on BPaaS bookings, in our opinion, which is a flawed metric. We believe business remains healthy, and our long-term expectations for high-single-digit revenue growth with expanding margins remain unchanged.

Portfolio Activity

We started positions in three new investments during the quarter: **Clearwater Analytics, XPEL,** and **EXL Services**.

Clearwater Analytics is a leading provider of investment portfolio reporting and analytics solutions. It uses advanced data and analytics to serve as the book of record across many asset classes for investment managers, corporations, insurers, and pension funds. The company analyzes and reports over $6.4 trillion in daily assets across numerous accounts. Their software simplifies operations and ensures accuracy, speed, and scalability—adding significant value for customers while reducing complexity. We believe that the company is poised to sustain its robust growth trajectory, achieving annual top-line growth of 20% with meaningful margin expansion over our five-year investment horizon.

Clearwater Analytics is a great example of a Flywheel company with a unique and sticky product, high net recurring revenue, a significant runway for growth, and a business model and competitive advantage that strengthens with scale.

XPEL is a leader in the automotive paint protection film ("PPF") market. PPF is popular for high-end vehicles and gaining broader traction due to the solid value proposition and XPEL, which drive market growth. XPEL is a notable name brand that has become synonymous with paint protection. It has the most extensive distribution network and exceptional software to aid installation centers. We believe it's still early for paint protection as the product gains traction with dealers, OEMs (original equipment manufacturers), and a broader set of consumers. While the product may seem simple, the infrastructure cannot be easily replicated. Regarding value-creating reinvestment, XPEL is planting the seeds for many years of growth with early investments in Europe and opening up PPF to new markets such as architectural and Marine. The financial model is also robust, with 20% operating margins, compelling free cash flow conversion, a solid balance sheet, and high returns on capital.

EXL Services is an outsourced businesses services and analytics company with a long track record for driving digital transformation. EXL's specialization and reputation in the insurance industry has also been a point of differentiation and served as a springboard to grow the business. We previously owned EXL but sold the position when the company navigated a difficult transition. Encouragingly, the company managed very well through that difficult period and upgraded the management team, which has brought more discipline to their capital allocation, as evidenced by increasing returns on invested capital. Looking ahead, we anticipate mid-teens free cash flow growth and capital to be deployed towards share buybacks and small acquisitions .

During the quarter, we exited five positions: **Altair Engineering, Farfetch, Leslie's, Olo,** and **DocGo.**

Altair Engineering is a simulation software company and a solid flywheel company. We decided to completely exit the position after trimming it last quarter due to valuation. The stock was up 66% YTD at the time of sale in mid-July, and we decided to redeploy capital towards high-quality flywheel companies with more attractive expected IRRs in the form of new ideas and additions to existing holdings.

DocGo, a healthcare company known for its distinctive mobile healthcare delivery model, was a new portfolio holding as of the first quarter of 2023. While we believe that the business is on track, we have been diligently monitoring a potential risk related to their immigrant services contract with New York City, which widens the range of outcomes for the business to a level we are uncomfortable with and calls into question management's focus and decision-making. We also learned that the company's CEO had provided false information about his background and qualifications. This is unethical behavior and is a clear violation of the effective management condition in our flywheel.

Farfetch is a leading digital software and services provider and online marketplace for global luxury brands. While we believe in the company's long-term potential, profitability has trended in the wrong direction, and a turnaround is taking longer than expected. While Farfetch may still prove successful over time, and the stock is arguably inexpensive, we can no longer count on management's execution, and we believe there are better risk-adjusted return opportunities in higher quality businesses.

Leslie's is the largest pool maintenance retailer in the US, with a long history of durable revenue and earnings growth. After following the company for months, we initiated a new position in Leslie's, recognizing that there were near-term risks related to an unprecedented several years in the industry. While we believed we had waited patiently for an attractive entry price for long-term investment, the risks we had identified were far worse in magnitude than expected. Cold weather and excess inventory negatively impacted the critical summer pool season. These factors would have been surmountable if not for poor management decision-making that amplified the impact on Leslie's financials and increased the balance sheet risk. While we believe the business will recover, we believe management has put the company in a position that restricts reinvestment and limits growth.

Olo is an innovative software as a solution (SaaS) company focused on the restaurant industry. It has a particularly keen position in enterprise digital ordering and has expanded into payments and other critical functions. When we first invested, we noted that point-of-sale incumbents had historically been mismanaged and underinvested in digital, positioning Olo to disrupt the industry. More recently, credible competitors have entered the market, and we have been disappointed with management's response to these emerging threats. With a broader range of outcomes and an eroding competitive position, we've decided to redeploy capital into compelling alternatives.

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Outlook

Our outlook is unchanged from the last two quarters as we continue to navigate a highly uncertain environment. Small cap companies as an asset class are heavily discounted relative to history. Still, risks are also significant, whether it be inflation and the path of interest rates, credit availability, or the economy. Despite the uncertainty, we operate with clarity and conviction. We believe that owning great businesses with durable growth and high returns on capital with a significant runway for reinvestment at high returns and further buying those businesses at a considerable discount to their long-term potential, will drive great returns for our clients.

This underscores why we stay focused on the long-term and why we stay focused on competitively advantaged, financially flexible businesses. We believe that always owning businesses with robust balance sheets and the ability to reinvest in any environment trumps short-term temptations to own lower quality businesses driven by interest rates, commodity prices, or leverage.

While the short-term view is heavily influenced by fear and uncertainty, the long-term picture is far clearer than the market would suggest (even at higher interest rates), and by and large, our long-term view and conviction in our Portfolio companies is unchanged. This allows us to confidently sift through the noise and take advantage of price dislocations.

Despite all the challenges, the opportunity set in small caps is attractive regarding valuation and the prospect of persistent growth. In our opinion, high quality small cap companies have greater latent potential for growth relative to more mature businesses. We believe, the best small cap growth companies can quickly reduce spending and increase profitability if needed, given their high starting levels of investment.

In our opinion, the best-of-the-best small cap companies will take advantage of adjacencies and have a better potential opportunity for value-added acquisitions.

Of course, many companies do not meet this high hurdle, which is why we hold a concentrated portfolio of companies that do not just offer growth and high returns but also durability, robust financial models, the ability to self-fund growth, and what we believe to be superior management teams.

We believe great investing requires a clear and proven philosophy, a disciplined process, and conviction. It also requires great humility and a willingness to change your view when the evidence requires it. We look forward to keeping you updated on our views in future commentary.

Thank you for your interest in Polen Capital and the U.S. Small Company Growth Portfolio. Please contact us with any questions.

Sincerely,

Rayna Lesser Hannaway, CFA

Whitney Young Crawford

Experience in High Quality Growth Investing

Rayna Lesser Hannaway, CFA
Head of Team, Portfolio Manager & Analyst
27 years of experience

Whitney Young Crawford
Portfolio Manager, Director of Research & Analyst
16 years of experience

GIPS Report

Polen Capital Management
U.S. Small Company Growth Composite—GIPS Composite Report

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation[2]	
Year End	Total ($Millions)	Assets ($Millions)	Assets ($Millions)	U.S. Dollars ($Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	Russell 2000 G (%)	Composite Dispersion (%)	Polen Gross (%)	Russell 2000 G (%)
2022	48,143	18,053	30,090	89.27	40	-42.10	-42.86	-26.36	0.1	29.29	26.20
2021	82,789	28,884	53,905	83.89	156	18.67	17.69	2.83	0.6	23.54	23.08
2020	59,161	20,662	38,499	48.06	68	56.41	55.08	34.63	1.7	25.52	25.10
2019	34,784	12,681	22,104	8.28	8	22.73	21.62	28.50	0.1	N/A	N/A
2018	20,591	7,862	12,729	3.82	6	3.30	2.31	-9.29	0.0	N/A	N/A
2017[1]	17,422	6,957	10,466	5.65	4	20.74	19.82	18.22	N/A	N/A	N/A

Performance % as of 12-31-2022:
(Annualized returns are presented for periods greater than one year)

	1 Yr	5 Yr	10 Yr	Inception
U.S. Small Company Growth (Gross)	-42.10	6.38	-	8.95
U.S. Small Company Growth (Net)	-42.86	5.35	-	7.89
Russell 2000 Growth	-26.36	3.50	-	6.01

[1]Performance represents partial period (March 9, 2017 through December 31, 2017), assets and accounts are as of December 31, 2017.
[2]A 3 Year Standard Deviation is not available for 2017, 2018 and 2019 due to 36 monthly returns are not available. Some versions of this GIPS Report previously included assets of the Firm's wholly-owned subsidiary in the 2022 Firm Assets figure, in error. The figure above has been corrected to no longer count assets at the subsidiary level. Total assets and UMA assets are supplemental information to the GIPS Composite Report. N/A - There are five or fewer accounts in the composite the entire year. 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 U.S. Small Company Growth Composite created on July 3, 2017 with inception date March 9, 2017 contains fully discretionary small company equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against Russell 2000 Growth. Effective January 2022, fully discretionary small company equity accounts managed as part of our U.S. Small Company Growth strategy that adhere to the rules and regulations applicable to registered investment companies subject to the U.S. Investment Company Act of 1940 were included into the U.S. Small Company 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 June 30, 2022. 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. A material error in the 2017 annual performance for the Russell 2000 Growth was corrected as of April 17, 2020. 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 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 100 basis points (1.00%) on the first $50 Million and 85 basis points (0.85%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 175 basis points (1.75%) of the first $500,000 of assets under management and 125 basis points (1.25%) 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 U.S. Small Company Growth Fund, which is included in the U.S. Small Company Growth Composite, is 100 basis points (1.00%). The total annual fund operating expenses are up to 135 basis points (1.35%). As of 9/1/2023, the mutual fund expense ratio goes up to 1.35%. This figure may vary from year to year.

Past performance does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross and net of 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 2000® Growth Index is a market capitalization weighted index that measures the performance of the small-cap growth segment of the U.S. equity universe. It includes Russell 2000® Index companies with higher price/book ratios and higher forecasted growth values. The index is maintained by the FTSE Russell, a subsidiary of the London Stock Exchange Group.

The volatility and other material characteristics of the indices referenced may be materially different from the performance achieved. In addition, the composite's holdings may be materially different from those within the index. Indices are unmanaged and one cannot invest directly in an index.

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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