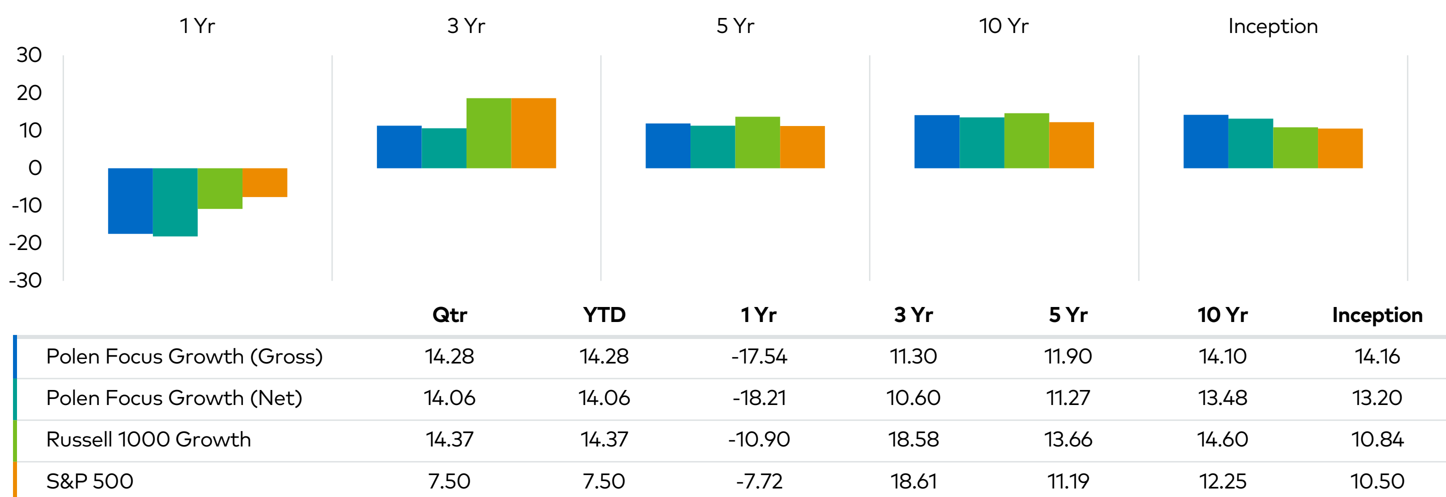
Polen Focus Growth

Portfolio Manager Commentary – March 2023

Summary

- In the first quarter of this year, we saw a flight to quality that was more consistent with past market drawdowns, in our opinion, as market participants became more focused on recession risk.
- The Focus Growth Composite Portfolio (the "Portfolio") performed in line with the Russell 1000 Growth Index and outpaced the S&P 500 Index.
- The top absolute contributors in the first quarter were Amazon, Salesforce, and Airbnb, and the top absolute detractors were UnitedHealth, Abbott Laboratories, and Gartner.
- On a relative basis, the top performers in the quarter were Salesforce, Airbnb, and Amazon. The leading relative detractors were three companies we don't own: NVIDIA, Apple, and Tesla.
- During the first quarter, we trimmed our holdings in Alphabet and Adobe to take advantage of what we believe is a significant mispricing in Amazon.
- In 2023, we expect our Portfolio to see strong and accelerating EPS growth, and longer term, we believe our Portfolio will continue to have meaningfully faster and more durable earnings growth than the Indexes.

Seeks Growth & Capital Preservation (Performance (%) as of 3-31-2023)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Polen Focus Growth (Gross)	14.28	14.28	-17.54	11.30	11.90	14.10	14.16
Polen Focus Growth (Net)	14.06	14.06	-18.21	10.60	11.27	13.48	13.20
Russell 1000 Growth	14.37	14.37	-10.90	18.58	13.66	14.60	10.84
S&P 500	7.50	7.50	-7.72	18.61	11.19	12.25	10.50

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 Focus Growth Composite Portfolio (the "Portfolio") returned 14.28% and 14.06% gross and net of fess, respectively, in the first quarter of 2023 versus the 14.37% increase for the Russell 1000 Growth and the and the 7.50% return for the S&P 500.

This quarter was quite different than what we experienced in 2022, as technology, communications services and consumer discretionary sectors were strong, while financials, energy, healthcare, and utilities sectors all had negative returns; almost diametrically opposite to most of last year. Last year, many technology and internet businesses had very slow revenue growth on difficult COVID-period comparisons, and many of those same companies also bore the brunt of severe multiple compression from rapidly rising interest rates. We expect revenue growth to reaccelerate for many of the companies that fit this description within our Portfolio in 2023, while most publicly traded companies are more likely to see a cyclical slowdown as the U.S. economy flirts with a recession. Also, many of the aforementioned technology-oriented businesses were also trading at attractive valuations, in our opinion, exiting 2022.

Then, in March 2023, we began to learn of certain bank funding and liquidity issues, beginning with Silicon Valley Bank and spreading to many other regional banks. Two of these banks failed, and the Federal Reserve stepped in with new emergency facilities meant to prevent contagion in the financial system. These issues in the banking sector led to 10-year Treasury rates receding back to under 3.5% after peaking last year at approximately 4.5%. This also led to a flight to quality in technology companies with pristine balance sheets and consistent long-term growth.

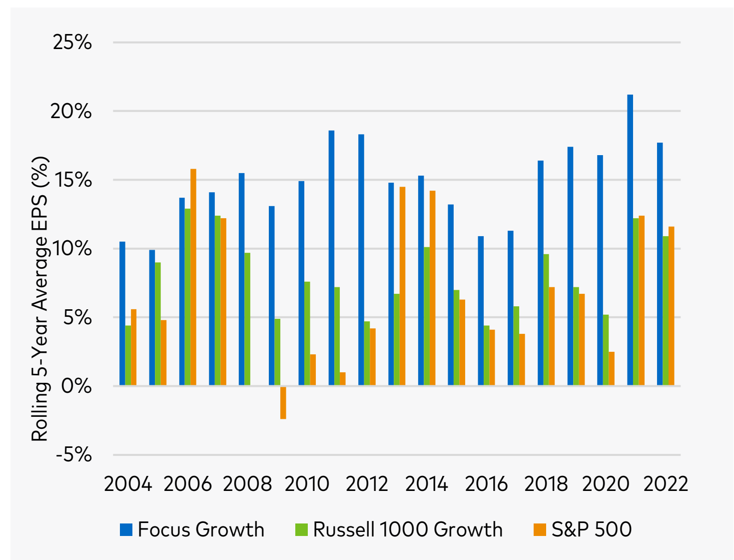
Last year, companies with strong balance sheets and big moats did not outperform in the drawdown, which is unusual. But, we think this had more to do with interest rate/duration issues and a temporary earnings slowdown post-pandemic. In the first quarter of this year, we saw a flight to quality that was more consistent with past market drawdowns, in our opinion, as market participants became more focused on recession risk.

The banking liquidity and funding issues that surfaced in the first quarter also highlight why we adhere so strictly to our investment guardrails. Banks in the U.S. are inherently highly levered and commoditized businesses. They typically do not have unique competitive advantages. Customer deposits are fungible and easily moved, and due to the banks inherent leverage to make loans many times larger than their deposit bases, it doesn't take a large amount of customer withdrawals to cause a bank to fail. We believe owning cash-rich, highly competitively advantaged businesses avoids the perils of leverage and lack of differentiation; both common reasons why businesses fail and shareholder capital is destroyed.

Explaining our Tilt Toward Growth in 2021 and 2022

We consistently say that we believe earnings growth drives returns over the long term, and, as such, our goal is to create a concentrated portfolio of highly advantaged growth businesses that can deliver at least mid-teens earnings-per-share (EPS) growth the easiest possible way we can get it. Our Portfolio's returns over any time period greater than five years are highly correlated to the underlying earnings growth of the companies we own. And, based on Figure 1 below, we have been able to construct the Portfolio to achieve on average mid-teens earnings per share growth. Our long-term Portfolio earnings growth is notably higher than the indexes and, in our belief, the biggest reason for our since-inception outperformance.

Figure 1: Rolling 5-Year Average EPS[1]



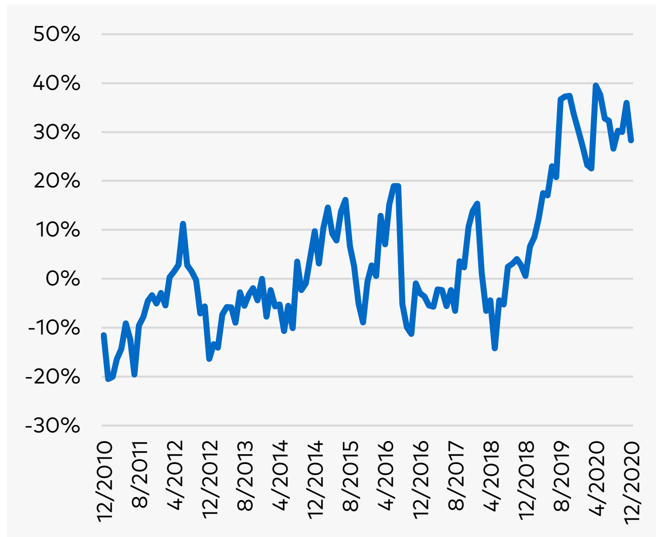
In early 2021, we began noting that valuations in the market and in our Portfolio were "on the high side of normal." We used that phrase about our holdings because we could still see a path to double-digit returns over the coming five years—we believed earnings growth would offset the coming P/E multiple compression[2] as interest rates would inevitably rise from near zero levels. In fact, as we looked across our Portfolio holdings at the time, it appeared to us that the path to double-digit returns was likely going to be easier for the faster-growing companies, even if they had to endure far more P/E multiple contraction than our "safety" holdings. Based on our analysis, the safety-like companies had a much more difficult and narrower path to double-digit returns given their slower earnings growth but also still higher-than-normal valuations. Importantly, these valuations that we saw as being on the high side of normal were broad-based and observed across both safety-like companies and faster-growing companies.

[1] Sources: Polen Capital, Bloomberg. Earnings per share (EPS) growth methodology for the Focus Growth Portfolio is consistent with EPS growth methodology for other index providers. Please contact Polen Capital for more details. There is no guarantee that performance will follow earnings growth.

Our February 2021 trades in **Dollar General** (DG) and **Amazon** (AMZN) are illustrative of what we were seeing. We decided to sell our position in DG to fund a new purchase of AMZN. In Figure 2, one can see that DG was trading at a premium to its 10-year average, while AMZN was trading at a significant discount to its 10-year average.

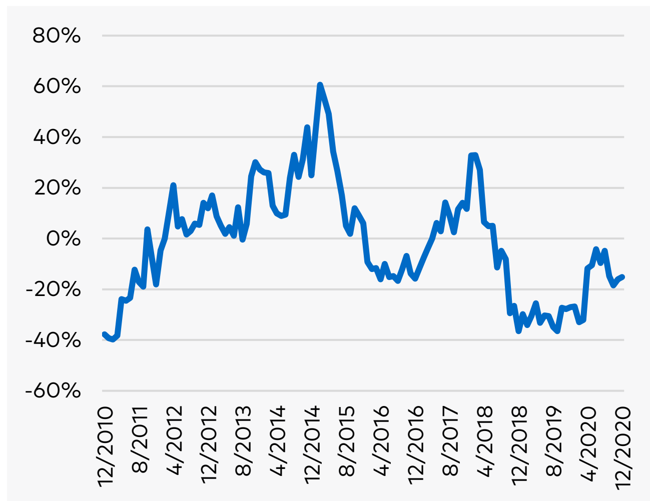
Figure 2:

Dollar General: Forward P/E versus 10-year Average



Source: Bloomberg.

Amazon: Forward P/E versus 10-year Average



Source: Bloomberg.

At this point, we expected DG to be able to grow its EPS at just under a 15% annual rate over the coming five years, given its maturity and more limited ability to grow its store count from its huge base, which was approaching 20,000 stores in the U.S. We expected Amazon to grow its EPS at a greater than 30% pace, driven by the secular growth of e-commerce, cloud computing and digital advertising, while simultaneously experiencing a large margin-enhancing mix shift as its fastest-growing businesses have much higher margins than the company average. The combination of EPS growth and P/E multiple compression we were expecting for each company is laid out in Figure 3 below.

Figure 3:
DG and AMZN Comparison

	DG	AMZN
Starting P/E (2021)	21x	54x
Prior 10-year average P/E	16x	64x
Ending P/E expected (2026)	16x	30x
Expected annualized EPS growth next 5 years	14%	32%
5-year annualized expected return*	**9%**	**17%**

* We expected DG's EPS to almost double over the coming 5 years and its P/E ratio to compress 24% to its 10-year average. We expected AMZN's EPS to roughly quadruple over the coming 5 years and its P/E ratio to compress 44% to less than half its 10-year average.

You can see clearly that our expected annualized return looked far more attractive in fast-growing Amazon than slower-growing Dollar General. In fact, the math suggested that even with a greater than 40% compression in AMZN's P/E, we would still expect the cumulative return of owning Amazon to be more than 2x what we would have expected from owning DG.

In 2022, though, interest rates rose much farther and faster than we expected, causing all the multiple compression we might have expected to occur over a multi-year period to occur in a short period of time. In addition, Amazon's COVID-grow-over issues in 2022 caused its EPS to decline precipitously in the first year and within half of our investment period, rather than the strong EPS growth we expected (and still expect to occur).

In other words, for Amazon and other companies in our Portfolio that have similar characteristics, the multiple compression we would have expected to play out over a multi-year period, had interest rates rose more gradually over time, happened within one year. Additionally, these lower multiples have been applied to a much lower level of EPS for these companies due to their COVID grow-over issues, which happened at the same time as interest rates moved higher, unfortunately. This example illustrates our rationale for tilting toward growth coming into 2022, even though we expected rates to rise over time, multiples to compress over time, and even some short-term earnings growth headwinds from a COVID grow over.

Of course, with the benefit of hindsight, companies that we would classify as "safeties," like Dollar General, generally outperformed companies classified as "growth," like Amazon by a wide margin in 2022. What we believe this means, though, is that the gap in expected returns over the next five years for Dollar General versus Amazon has become that much wider than illustrated above. This is because Amazon's valuation is much, much lower today versus 2021, yet we continue to believe that the long-term earnings growth of Amazon is mostly unchanged from the long-term view we had in early 2021. The pandemic and its pull forward in growth in 2020 and 2021, and now grow-over issues in 2022 and early 2023 for some companies like Amazon, affected the year-to-year growth of these companies significantly during this three-year period. But, we believe the long-term secular growth opportunities for Amazon and other companies we own that are similarly situated remain virtually the same.

It is for this reason that we have continued to add to many of our faster-growing technology businesses on share price weakness, including Salesforce, ServiceNow, Netflix, and Amazon, which is now our largest holding by far.

Portfolio Performance & Attribution

The top absolute contributors to the Portfolio's performance in the first quarter were **Amazon**, **Salesforce**, and **Airbnb**. The largest absolute detractors were **UnitedHealth**, **Abbott Laboratories**, and **Gartner**.

On a relative basis, based on total attribution, the top performers in the quarter were **Salesforce**, **Airbnb**, and **Amazon**. The leading detractors to our relative performance were three companies we don't own: **NVIDIA**, **Apple**, and **Tesla**. In fact, not owning these three companies was a roughly 400-basis point headwind to our relative results versus the Russell 1000 Growth in the first quarter.

Salesforce shares increased over 50% in the quarter, despite the slowing macroeconomy, putting some pressure on the company's revenue growth in the short term. We believe the strong share price performance was due to resilient revenue growth, despite the tough selling environment in recent quarters, and management's actions to improve governance structures and streamline operations, including reducing headcount and overall operating expenses as a percentage of sales on a go-forward basis.

While we have long admired Salesforce's market leading enterprise software across several cloud offerings, we have also believed that the company's cost structure was bloated. We applaud management's decision to become a more streamlined and profitable business without sacrificing product development efforts, especially as we also continue to expect healthy revenue growth over the coming five years. The investment case for companies that have solid revenue growth along with disciplined expense management and strong capital allocation can often be, in our experience, a strong combination. And, if it also happens to include accelerating revenue growth and a highly attractive valuation, it can provide for unusually strong shareholder returns. We believe Amazon (see later below) and other companies in the Portfolio are similarly positioned.

UnitedHealth was our largest absolute detractor, declining by over 10% in the quarter. Besides healthcare as a sector coming under pressure in the quarter, we believe there was some additional pressure on the shares from the February advance release of 2024 Medicare rates for Medicare Advantage health plans. In the preview, CMS (Center for Medicare and Medicaid Services) announced Medicare rates would come in well below most people's assumptions, which could pressure the profits of Medicare managed care providers like UnitedHealth, who also face inflationary medical cost pressures. After quarter end though, CMS adjusted those rates a bit higher. On the announcement, UnitedHealth has recouped most of its modest decline from the original announcement.

While CMS rate rules are important for companies like UnitedHealth, we believe the company is far better positioned than its peers to be able to mitigate any rate pressure or medical cost inflation. We believe this is due to its scale advantages and its other, higher-profit-margin businesses like Optum Insight, its data and analytics business, and its larger Optum Health business, where it operates the medical practices of primary care providers on a national basis.

For the companies we do not currently own that were the leading detractors to our relative performance, we believe **NVIDIA** is a company with a deep moat and excellent growth prospects. It has become the de facto standard in designing chips, software, and networking equipment for machine learning and AI in datacenters. There is a lot to like about this business, but we feel the valuation may be quite high given that the range of potential growth outcomes is wide and difficult to predict accurately, in our view.

Apple, a previously long-held Focus Growth company, also has an excellent moat and strong capital allocation. That said, we expect the company's revenue and profit growth to be fairly low over the next five years, which currently leads to opportunity cost for us given a valuation that is far higher than many other companies with similarly strong competitive advantages but better growth prospects, in our view. We believe **Tesla** also has strong competitive advantages, at least on the auto side of the business, but we currently have some questions around the company's leadership and the magnitude of its growth prospects.

Portfolio Activity

During the first quarter we trimmed our holdings in **Alphabet** and **Adobe** to take advantage of what we believe is a significant mispricing in **Amazon**.

One area we are watching regarding **Alphabet** and **Adobe** is AI systems and their capabilities, including generative AI. Interestingly, both Adobe and Alphabet could see benefits or threats from the emergence of generative AI and large language models (LLMs). Both companies already use generative AI to the benefit of their users in anticipating how content creators edit their work (Adobe) and in how search results are anticipated and generated (Google). At the same time, breakthrough technologies like AI can open the door to additional competition and/or impact a company's profitability levels. We now see AI systems others are developing, including LLMs and generative AI offerings, that could be more competitive in the future. While we think it remains early days for ChatGPT and the capabilities of these types of LLMs and generative AI programs like DALL-E, the technology seems to be progressing at a fast rate and will at least require a strong response from incumbents.

As of now, we believe Alphabet and Adobe are leaders in their own right in these areas and have a clear path to improving their existing offerings with AI advancements, which would allow them to be net beneficiaries of AI. There are also significant barriers to building leading AI offerings in these areas. As a result, our position sizes in Adobe and Alphabet remain sizeable. For Adobe, the status of its pending $20 billion-plus Figma acquisition is also uncertain. There is a good chance, in our view, that it will be blocked by regulators, which would mean the future opportunity to expand its offerings to the developer community (beyond designers) may not occur.

We, again, increased our weighting in Amazon due to what we believe is a unique confluence of excellent long-term growth, a tremendous moat, and now a highly discounted valuation. Amazon's COVID grow over issue for its retail businesses is winding down. We have already seen accelerating growth in paid units, which are now growing 8% versus roughly zero over the last few quarters (excluding Prime Day benefits); third party seller revenue growth has accelerated to mid-20% growth; advertising revenue is maintaining nearly 20% growth despite a tough environment for digital ads; and we are seeing more expense discipline starting to show through.

Amazon's operating margins pre-COVID were roughly 6%. These margins dipped recently to only 2%, as their volume growth slowed in 2022 after more than doubling their headcount, and fulfillment center capacity from 2019-2022 and capital expenditures grew nearly 4x over this period. In 4Q'22 though, we saw operating margins starting to pick back up to roughly 3.5%, excluding restructuring costs. We expect to see material operating margin improvements from here as CEO Andy Jassy has clearly laid out a plan to right-size the company's cost structure and eliminate projects with limited or no benefit to the company.

In addition, the normal mix benefit we expect from its higher-margin segments, like third-party retail, Amazon Web Services (AWS), and ads, becoming larger parts of the business should, in our opinion, allow Amazon's longer-term free cash flow margins to approach or eclipse 10%. We believe this will drive exceptional earnings and free cash flow growth from here. AWS growth has slowed due to the tough macroeconomic environment and Amazon's efforts to help their AWS customers use the service more efficiently. Customers pay for the storage and compute they use on a consumption basis, so more efficiency equals lower costs to the customer. We think this is a smart strategy that allows Amazon to foster very tight, long-term customer relationships that should drive longer term revenue growth. Even with AWS currently growing revenue in the mid-teens, we do not expect it to slow much from here, and, in fact, should reaccelerate as macro conditions improve. We believe we are still likely in the early innings of cloud adoption, so AWS' growth in an oligopolistic market with high barriers to entry should be very durable.

According to our research, Amazon is positioned to generate over $2.50 per share in free cash flow in 2023, which values Amazon's shares at less than 40x next-twelve-months free cash flow per share. While this would represent substantial progress versus negative free cash flow over the last several quarters, we think free cash flow margins would still be highly depressed at these levels given the growth dynamics we just described.

Assuming a more normalized free cash flow margin (which should return in the next few quarters), the AMZN shares trade at roughly 30x free cash flow per share. We think this is a very attractive price for what we consider to be one of the most competitively advantaged companies in the world with some of the most obvious long-term growth profiles and secular tailwinds. This should allow Amazon to grow free cash flow per share at least 35% annualized over the next five years. Our research indicates Amazon is the clear leader in e-commerce in its largest markets; it is the clear leader in the very large public cloud computing market that has high barriers to entry; and it is one of a few large players in the digital advertising market where it has differentiated positioning at the top of the advertising funnel.

Outlook

We haven't counted, but the last three years probably had more big macroeconomic events than any other in our Portfolio's history. We have experienced a global pandemic, supply chain disruptions, inflation, rapidly rising interest rates, slowing economic growth, a very strong U.S. dollar, a large war, a retreat from globalization, and now a potential banking crisis, all without a true recession hitting during that three-year period.
It has certainly been a difficult-to-navigate environment, especially given that certain events, most notably COVID, have caused various consumer behaviors to boomerang. But, we have remained disciplined by focusing our attention squarely on only the most competitively advantaged growth companies that meet our guardrails. We have also taken advantage of short-term share price dislocations we see to tilt further toward these highly advantaged businesses.

The earnings growth outlook for our companies looks very favorable in both the short and long term, which is normal for the Focus Growth strategy. In 2023, we expect our Portfolio to see strong and accelerating EPS growth while the S&P 500 earnings growth (as a proxy for the market) will likely be flat to down. In the long term, we believe our Portfolio will continue to have meaningfully faster and more durable earnings growth than the indexes as well.

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 Brandon Ladoff

Experience in High Quality Growth Investing

Dan Davidowitz, CFA
Portfolio Manager & Analyst
24 years of experience

Brandon Ladoff
Portfolio Manager & Director of Sustainable Investing
10 years of experience

Definitions: Price-to-earnings ratio. The price-to-earnings (P/E) ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

GIPS Report

Polen Capital Management
Focus Growth Composite—GIPS Composite Report

		UMA	Firm	Composite Assets		Annual Performance Results					3 Year Standard Deviation		
Year End	**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 (%)**
2022	48,143	18,053	36,959	16,657	1886	-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	2387	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	1904	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
2014	5,328	1,335	3,993	1,990	237	17.60	16.95	13.69	13.06	0.2	10.66	9.10	9.73
2013	5,015	1,197	3,818	1,834	245	23.77	23.07	32.39	33.49	0.3	11.91	12.11	12.35

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

	1 Yr	5 Yr	10 Yr	Inception
Polen Focus Growth (Gross)	-37.51	9.68	13.28	13.82
Polen Focus Growth (Net)	-38.02	9.08	12.67	12.86
Russell 1000 Growth	-29.14	10.96	14.11	10.49
S&P 500	-18.22	9.40	12.55	10.34

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.
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.

Prior to March 22, 2021, the composite was named Large Capitalization Equity 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. 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, 2021. The verification and performance examination reports are available upon request.

Polen Capital Management is an independent registered investment adviser. Polen Capital Management invests exclusively in equity portfolios consisting of high-quality companies but also has a subsidiary, Polen Capital Credit, LLC, that specializes in high yield securities and special situations investing. 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. 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 4/30/2022, 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.

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 composites' 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

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.