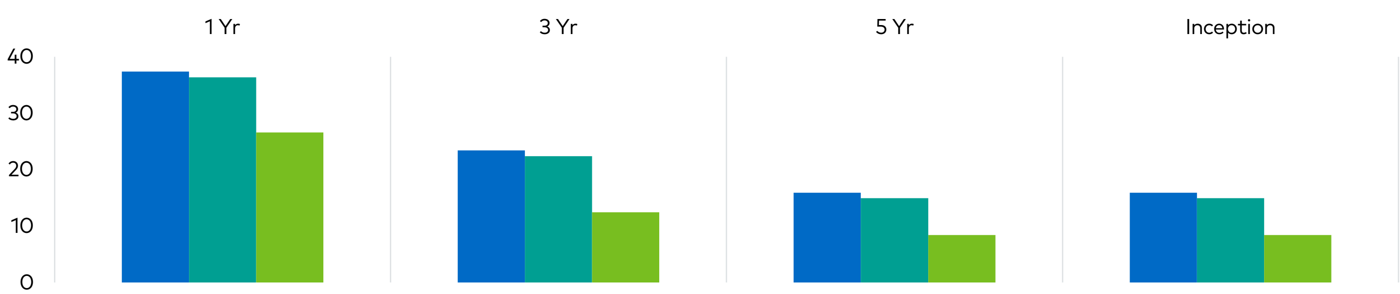
Polen Global Growth

Portfolio Manager Commentary - December 2019

Summary

- During the fourth quarter and full year of 2019, the Polen Global Growth Composite Portfolio (the "Portfolio") returned 11.27% and 37.37%, respectively, outperforming the MSCI All-Country World Index (the "Index") returns of 8.95% and 26.60% during those same periods.
- Since inception on January 1, 2015, the Portfolio has delivered an annualized return of 15.93% compared to a 8.41% annualized return for the Index. Thus, the Portfolio has outperformed the Index by more than 752 basis points per year on average. On a cumulative basis since inception, the Portfolio returned 109.39% versus 49.75% for the Index.
- Markets were robust across the board in 2019, and we saw broad-based strength across the Portfolio as well. Stock selection was the largest driver of returns for the year and has been the predominant driver of performance since inception. From a geographic perspective, stock selection has accounted for almost all excess returns since inception.
- For the full year, a mix of allocation and selection effect drove excess returns. Our overweight to information technology and outperformance in consumer discretionary and healthcare contributed the most to returns. Similarly, since inception, our overweight and outperformance within information technology, consumer discretionary, health care, and communication services has driven overall outperformance.
- Currency has had minimal impact on our returns since the Portfolio's inception. We believe this is due to our bias towards globally dominant, globally scaled businesses. These businesses typically generate revenue in U.S. dollars or a broad basket of currencies and, therefore, have their own natural and financial currency hedges. While we look for the best businesses wherever they may reside, we also maintain geographic diversity based on underlying revenues and earnings.

Seeks Growth & Capital Preservation (Performance (%) as of 12-31-2019)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
Polen Global Growth (Gross)	11.27	37.37	37.37	23.41	15.93	15.93
Polen Global Growth (Net)	11.05	36.35	36.35	22.40	14.96	14.96
MSCI ACWI	8.95	26.60	26.60	12.45	8.41	8.41

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.

Commentary

During the fourth quarter and full year of 2019, the Polen Global Growth Composite Portfolio (the "Portfolio") returned 11.27% and 37.37%, respectively, outperforming the MSCI All-Country World Index (the "Index") returns of 8.95% and 26.60% during those same periods.

Since inception on January 1, 2015, the Portfolio has delivered an annualized return of 15.92% compared to an 8.41% annualized return for the Index. Thus, the Portfolio has outperformed the Index by more than 751 basis points per year on average. On a cumulative basis since inception, the Portfolio returned 109.39% versus 49.75% for the Index.

Following their robust returns in 2017 and broad-based weakness in 2018, markets were strong across the board in 2019. The ebbs and flows of the market this year remind us of the market's inherent unpredictability and the importance of focusing on fundamentals and adhering to a sound process.

At the end of 2018, investors were calling for ongoing market weakness, citing such "certainties" as continued U.S. interest rate increases, a worsening of U.S.-China trade relations, and global GDP deceleration. However, the narrative did not completely match reality. The U.S. Federal Reserve ultimately cut interest rates three times during the year. And, the global economy continues to muddle along amidst ongoing U.S.-China trade negotiations.

While we remain abreast and mindful of global macro forces, we do not give much weight to macro-economic predictions. We believe it is best to keep our heads down, focus on executing our process, and hunt for the very best businesses across the world—businesses that we think are well-positioned to compound underlying earnings per share at high rates of return.

Overview of the Portfolio

The Portfolio is a high-conviction portfolio that typically invests in what we believe to be the 25 to 35 best businesses in the world. We only invest in businesses that we believe have sustainable competitive advantages and can deliver above-average earnings and free cash flow growth over the long term. While we expect some of our holdings to compound faster and some slower, we aim for the Portfolio to generate mid-teens earnings per share growth in the long term. We take a long-term approach to investing and typically expect to hold our investments for many years. Most of the companies we own operate in several countries and often benefit from natural or financial hedges that we feel help to alleviate policy, country and currency risk.

We also concentrate the Portfolio in sectors such as technology, consumer and healthcare, where we feel we find the highest-quality earnings and more sustainable growth. Companies in these sectors make up approximately 80% of our Portfolio currently. The geographic exposure of the Portfolio is based on where we find the highest quality. Currently, fourteen of our holdings are based in the U.S. and twelve in various other countries around the world. The revenue breakdown, which is the way we like to look at geographic exposure, reveals that roughly 45% of revenues come from the United States currently and 50% is from a range of countries. The rest is a residual cash holding. We are unlikely to invest in companies domiciled in frontier markets and expect to have limited direct investment in most emerging markets. That said, we can gain meaningful emerging market exposure through the revenues that our multinational holdings derive from these markets. For the Global Growth Portfolio and its investment objective, we believe this is often a more prudent way to gain such exposure.

Portfolio Performance & Activity

The Portfolio delivered positive results for the fourth quarter and the full year, outperforming the Index during both periods. **Microsoft, MasterCard, and Adobe** generated attractive annual and fourth-quarter performance and led Portfolio returns for each period. **Alibaba** was the Portfolio's fourth-best performer for the year and the top performer during the fourth quarter. Each of these top performers continue to be conviction weights. In fact, we added to our positions in Microsoft and Alibaba during the year as we saw both businesses gaining momentum and strength in multiple segments.

With few exceptions, all sectors of global stock markets performed well during the fourth quarter and the full year. During the fourth quarter, our higher weightings in information technology and healthcare contributed to the Portfolio's relative outperformance. Our lack of exposure to financial, energy, materials, industrials, utilities, and real estate also benefited results.

For the full-year period, our overweight to information technology and stock selection across almost all sectors drove excess returns. Outperformance in consumer discretionary and healthcare contributed the most to portfolio returns. Similarly, since inception, our overweight and outperformance in technology, consumer discretionary, health care, and communication services has driven overall outperformance.

Microsoft continues to grow revenue at scale and enjoys significant operating leverage. Its competitive position in enterprise cloud solutions, through its Azure offering and its enterprise software and tools, allowed management to grow revenues at a mid-teens rate and operating income more than

30%. Microsoft has an edge because nearly every enterprise already uses its sticky products, and the capital expenditure required for cloud computing is high. We continue to believe that Azure's best days are ahead and that a new entrant is unlikely given the scale Amazon's AWS, Google's Cloud Platform, and Microsoft's Azure have achieved. Azure grew revenues over 60% and gross margins significantly increased this past quarter. We purchased Microsoft initially in December 2017, and have increased the position, last adding to it in February 2019. As of this writing, Microsoft is our largest position, at more than 7%, and has appreciated nearly 90% since our original purchase.

Alibaba also continues to grow at scale and to enjoy the ability to reinvest free cash flow into moat-widening initiatives. We attended the company's investor day in Hangzhou, China in October 2019. We were impressed with management's capital allocation and overall strategy to continue bringing impoverished people into the economy by offering them the opportunity to conduct commerce through Alibaba's platforms. CEO Daniel Zhang opened the conference stating, "there have been a lot of interesting chemical reactions within the Alibaba system." We agree. The size of their platforms – with over 785 million mobile active users and nearly 700 million active users on their retail market places – has allowed the business to successfully move into payments through AliPay, which is ubiquitous in China; cloud computing, where the company has captured the majority of the market with AliCloud, smart logistics through Cainiao to further penetrate lower-tier cities, and many other initiatives that should strengthen the ecosystem and we feel are likely to have high long-term returns on investment.

Alibaba's enhancements to their retail experience, which are inexpensive to create, are also rapidly growing. Taobao and TMall live streaming, for example, has grown more than 140% in gross market value.

More than 50% of Taobao users use it to introduce and explain the benefits of products to potential buyers. In cosmetics, for example, 88% of TMall merchants use live streaming to sell. Live streaming is just one of many of Alibaba's examples of trialing new software features and allowing users to determine their value – a capital-light way to expand and strengthen the business's competitive advantages. During the most recent quarter, Alibaba grew revenue 40% and continues to add annual active users and mobile monthly active users on its retail marketplace. During the second quarter of 2019, we raised our position from 3.7% to 4.7% on stock weakness connected to the trade war, which we believe has no direct impact on Alibaba's business. The stock appreciated over 50% during the fourth quarter of 2019.

Our largest detractors for the quarter were **Nestle, Reckitt Benckiser, and Oracle**. We believe Nestle and Oracle – two "safeties" within the Portfolio – are executing well on their respective strategies. Given their roles within the Portfolio, we were not surprised they lagged in such a strong market environment. We think Nestle has done an admirable job pivoting into segments like coffee and pet food, which tend to be more inoculated from e-commerce. We are patient about the growth of Oracle's Autonomous Database growth. Meanwhile, the company's Enterprise Resource Management products continue to grow at rapid rates.

Turnover in the Portfolio continues to be modest and reflective of our long-term approach. During the fourth quarter, we liquidated our position in Reckitt-Benckiser, which was a smaller weighting in the Portfolio, and added to our positions in **Abbott Laboratories and Inditex**.

We sold Reckitt-Benckiser on decreased confidence in the company's ability to overcome evolving competitive dynamics and continue to deliver steady double-digit EPS growth. While e-commerce is still a relatively small percentage of overall sales, e-commerce proliferation alters the basis of competition within the industry. It seems to us that e-commerce may be eroding the company's competitive advantages in some products and markets. Historically, the basis of competition in consumer staples had been brand-building, advertising, and dominating brick-and-mortar shelves. Scale created a real advantage in both of these dimensions, and Reckitt did well in this environment. Today, brands are increasingly strengthened through social media and search engine marketing and less so through television campaigns and distribution. As commerce continues to move online, shelf space becomes relatively unlimited, and price transparency increases, which is problematic for less differentiated products.

We have been patient with Reckitt as management has tried to pivot the business into areas more protected from these headwinds. However, growth is difficult to come by in this climate, and we are concerned that the company's competitive advantages may be deteriorating. The company's intent to spin off its Hygiene Home division, pay down debt, and concentrate more on its Health division, which is ostensibly more protected in today's world, is less certain with CEO Laxman Narasimhan recently taking the reins in our view. We no longer felt Reckitt was among our best ideas.

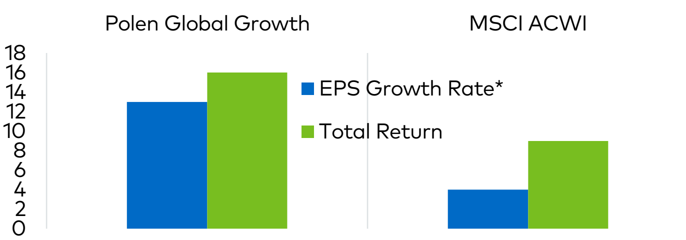
With **Abbott Laboratories**, we finished building the position we initiated in the third quarter. We purchased the US-based medical device company to play a safety role in the portfolio, replacing former holding SGS, which we sold in the third quarter. Abbott has greater business momentum, has management that inspires more confidence, and is less sensitive to commodity prices. In fact, we believe the Abbott-over-SGS trade illustrates the advantage of hunting the entire globe for what we feel are superior businesses.

We added to **Inditex** during the quarter on reasonable valuation, and we believe management is executing well on the business model shift it began implementing in 2012. The company continues to successfully transition away from the traditional retail model, which consists of opening more stores in current and new geographies. Instead, Inditex is deliberately slowing new store growth to allocate capital to enhance its omni-channel presence and increase the square footage of its flagship stores around the world. We applaud the company's vision in seeing the changing world and the importance of having a true omni-channel offering, and their willingness to invest capital to enable this strategy.

Outlook

January 1, 2020 marked the five-year anniversary of the Portfolio, and we feel the results serve to highlight our absolute return and how we approach investing at Polen Capital. We believe when one pays a fair price for quality businesses and holds them for the long term, share prices and, thus, the aggregate return of the portfolio will follow the underlying earnings growth over time. The Portfolio's five-year annualized return is illustrative of this principle. The Portfolio's five-year annualized return of 15.92%, as seen in the chart, is in line with its 14.6% compound average growth in earnings per share.

EPS Growth vs. Total Return

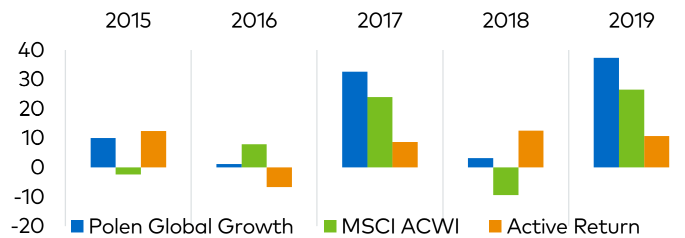


*EPS growth for 2019 is calculated from EPS data that has been reported as of 12-31-2019

The chart also illustrates our relative return and the large disparity between the Portfolio's earnings growth and the Index's earnings growth. We believe this disparity plays a prominent role in our relative outperformance over the past five years and will also be the primary driver of our long-term performance. While MSCI ACWI Index returns have largely met expectations, its returns have been driven by multiple expansion or increasing expectations of earnings growth, rather than actual earnings growth.

Over the long term, we believe our Portfolio's higher earnings per share and higher-quality growth will continue to generate higher returns over time. Throughout this half-decade, we are proud to have delivered on our mission to preserve and then grow assets for our clients by not only producing excess returns but also protecting capital in down markets.

Annual Total Return



Over the last five years, we have seen very different markets, and we have outperformed meaningfully in both strong up markets and down markets. The chart above shows the calendar year returns of the Portfolio versus the Index for each year since its inception. We trailed in 2016, as we would expect given the year's lower-quality cyclical rally. Conversely, 2017 and 2019, which recognized quality growth companies, were strong years for the Index and our Portfolio. Finally, we believe 2015 and 2018 provide good examples of the Portfolio's ability to provide downside protection.

We believe our ability to protect on the downside is the result of three self-reinforcing aspects of our investment approach. First, our approach seeks to identify the highest-quality businesses that our research indicates can sustainably deliver higher than average earnings growth. When the Index experiences stock-price declines and negative earnings growth, a Portfolio with positive earnings growth makes a difference on a relative basis. In both 2015 and 2018, our Portfolio generated at least mid-teens earnings growth.

Second, we believe there is also a psychological component. Quite often, there is a flight to quality in tough environments, and what one doesn't own can also be key. Our investment guardrails tend to preclude us from owning commoditized, highly variable or highly leveraged businesses, among others. While these businesses may do well at times, they can decline precipitously when market psychology turns negative. Leverage, whether financial or operational, is a double-edged sword.

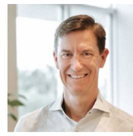
Lastly, we invest across the growth spectrum. While we are happy to invest in higher-growth businesses when the earnings growth supports the valuation, we balance investments in higher-growth businesses with investments in more moderate, but stable, growth businesses that we refer to as "safeties." Our safeties are also intended to create ballast in the Portfolio during down markets. Historically, this combination of factors, which are fully integrated into our process, has generated favorable downside capture, allowing our clients to compound off a higher base.

While no two markets are the same, and anything could happen in a one-year timeframe, maintaining our high investment hurdles is what we believe positions us to deliver a Portfolio characterized by attractive earnings growth and investment performance over the long-term. Through up and down markets, it is the earnings growth of our portfolio companies, a byproduct of concentrating in the highest quality growth companies, that supports our returns.

In summary, we are pleased with the results of the Portfolio's five-year start. We could not be more excited to execute our investment discipline without borders. Thank you for your interest and your investment.

Sincerely,
Damon Ficklin & Jeff Mueller

Experience in High Quality Growth Investing



Damon Ficklin
Portfolio Manager & Analyst
17 years of experience

Jeff Mueller
Portfolio Manager & Analyst
5 years of experience

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	MSCI ACWI Index (%)
3 Months	11.27	11.05	8.95
YTD	37.37	36.35	26.60
1 Year	37.37	36.35	26.60
3 Year	23.41	22.40	12.45
5 Years	15.93	14.96	8.41
Since Inception (01-01-2015)	15.93	14.96	8.41

Returns are trailing through 12-31-2019. Annualized returns are presented for periods greater than one-year.
Source: Archer

GIPS Disclosure

Polen Capital Management
Global Growth Composite—Annual Disclosure Presentation

		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	MSCI ACWI	Composite Dispersion	Polen Gross	MSCI ACWI
2018	20,591	7,862	12,729	4.77	2	3.14%	2.22%	-9.41%	N/A	11.66	10.62
2017	17,422	6,957	10,466	4.16	2	32.66%	31.55%	23.96%	N/A	10.27	10.51
2016	11,251	4,697	6,554	0.33	1	1.21%	0.34%	7.86%	N/A	-	11.21
2015	7,451	2,125	5,326	0.33	1	10.07%	9.14%	-2.36%	N/A	-	10.94

N/A - There are five or fewer accounts in the composite the entire year.
Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.
**A 3 Year Standard Deviation is not available for 2015 and 2016 due to 36 monthly returns are not available.

GIPS Disclosure

The Global Growth Composite created on January 1, 2015 contains fully discretionary global growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI. Prior to October 18, 2016, the benchmark for the Global Growth Composite was the MSCI ACWI variant with gross dividends. As of October 18, 2016, the benchmark was changed retroactively to the MSCI ACWI variant with net dividends, to more accurately reflect the Global Growth Composite's strategy. Polen Capital invests exclusively in a portfolio of high-quality companies.

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 by ACA Performance Services, LLC for the periods January 1, 2016 through December 31, 2018. A verification covering the periods from April 1, 1992 through December 31, 2015 was performed by Ashland Partners & Company LLP, whose report expressed an unqualified opinion thereon. The verification reports are available upon request. Ashland Partners & Company LLP was acquired by ACA Performance Services, LLC.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Polen Capital Management is an independent registered investment adviser. The firm maintains a complete list and description of composites, which 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. Past performance is not indicative of future results. Effective January 1, 2018, accounts must be fully invested at the market open on the first business day of the month, in order to be included in that month's composite.

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 actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The 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.

HNW: 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.

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 MSCI ACWI Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

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%	1.1	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.3	1.41	1.54	1.68	1.83	1.99	2.17	2.37
20%	1.2	1.44	1.73	2.07	2.49	2.99	3.58	4.3	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