

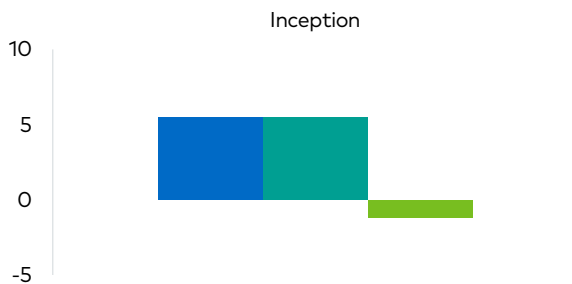
# Polen Global SMID Company Growth

Portfolio Manager Commentary – September 2021

## Summary

- During the quarter, global equities were mixed, depending on the region, as multiple crosscurrents affected markets worldwide.
- In its inaugural quarter, the Polen Global SMID Company Growth Composite Portfolio (the "Portfolio") returned 5.47% both gross and net of fees versus -1.18% for the MSCI ACWI SMID Capitalization Index (the "Index"). The Portfolio outperformed the Index, driven mostly by favorable stock selection.
- The top three relative contributors were Benefit One, Paycom, and CTS Eventim. The bottom three relative detractors were Koh Young Technology, FICO, and Temenos.
- Over short periods, many factors can contribute to performance. Still, our experience tells us that stock prices are highly correlated with companies' underlying earnings growth over the long term.
- Looking ahead, we remain focused on finding and investing in what we believe are the most premier smaller companies globally.

## Seeks Growth & Capital Preservation (Performance (%) as of 09-30-2021)



	Qtr	Inception
Global SMID Company Growth (Gross)	5.47	5.47
Global SMID Company Growth (Net)	5.47	5.47
MSCI ACWI SMID Cap	-1.18	-1.18

Portfolio inception date is 07-01-2021.

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 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.

## Commentary

During the third quarter of 2021, global equities were mixed, depending on the region, as multiple crosscurrents affected markets worldwide. The COVID-19 pandemic continued to disrupt supply chains, sparking price increases across several sectors. In turn, uncertainty about central bank monetary policy weighed on equity returns in some markets. The Polen Global SMID Company Growth Composite Portfolio (the "Portfolio") returned 5.47% gross of fees versus -1.18% for the MSCI ACWI SMID Capitalization Index (the "Index").

In its inaugural quarter, the Portfolio outperformed the Index, driven mostly by favorable stock selection. The market's preference for growth companies also helped to support returns. Currency was a modest headwind to results. Overall, the strategy does not hedge currency. Information technology, communication services, and consumer discretionary were the most meaningful contributors to returns on a sector basis. Consumer staples and health care modestly detracted returns. Geographically the Americas, Western Europe, and Asia Pacific all contributed meaningfully to returns.

**Over short periods, many factors can contribute to performance, but we believe a company's underlying earnings growth drives stock prices over the long term.**

Therefore, our investment approach and philosophy are rooted in thinking and acting like long-term business owners.

Our time and energy are squarely focused on business fundamentals and the key drivers to a company's success, rather than trying to predict the short term. To this end, we believe the companies we own are compounding their value at over 20% per year and can become much larger companies over time.

As digital transformation accelerates the rate of change globally and across industries, it's presenting prime opportunities for smaller companies to establish themselves as change agents and the leaders of tomorrow. As we look across today's investment landscape, we see exciting small-cap investment opportunities everywhere. However, we only seek to own companies with dominant competitive positions that are leading and disrupting their industries and driving significant wealth creation in the process.

## Portfolio Performance & Attribution

The Portfolio outperformed the Index during the quarter. The top three relative contributors were **Benefit One**, **Paycom**, and **CTS Eventim**. The bottom three relative detractors were **Koh Young Technology**, **FICO**, and **Temenos**.

**Benefit One**, a Japanese platform solutions provider centered around human resources, outperformed during the quarter. The COVID-19 pandemic negatively impacted as travel and vacation-related benefits were disrupted and many Japanese citizens avoided health checkups for fear of spreading the virus. Recent business indicates that these behaviors are normalizing as the company reported robust sales growth year over year and continues to innovate and expand the solutions it provides to customers.

**Paycom** reported that its growth accelerated 33% year over year, driven by increased advertising spend, upsells, and improving employment trends.

**We believe Paycom's growth runway remains attractive with ongoing reinvestments, a growing total addressable market, and enhancing its existing solutions.**

German-based leader in ticketing and live entertainment management **CTS Eventim** rose during the quarter. The company continues to make strategic acquisitions to expand its dominant presence in the European live event and ticketing market. The company also recently announced it would seek to build its presence in the U.S.

For the bottom contributors, **Koh Young Technology** engages in developing and manufacturing inspection and measurement automation equipment. Shares underperformed during the quarter as the ongoing pandemic negatively impacted sales cycles and pushed out capital investments made by its customers. We view these effects as transitory and are encouraged by Koh Young's continued innovation and market share gains versus competitors.

**FICO** shares underperformed during the quarter, despite the continued strong fundamentals of the business. We believe the company has a durable competitive position and have been impressed with its success at utilizing its data and insights to provide additional customer solutions.

**Temenos**—a global leader in providing software to the banking and financial industry—also underperformed, despite ongoing indications that the business is gaining traction in the cloud and across U.S. markets. We remain optimistic about the business and expect ongoing growth in software licensing revenues, which should eventually lead to growth in maintenance and servicing revenues.

## Outlook

We believe our owned companies continue to perform at a high level and have been impressed by the actions taken by their management teams amid exceptional circumstances. Our research indicates that these enterprises have become stronger because of their leaderships' ability to think and act like long-term owners. These actions are beginning to surface in realized business results, which demonstrates to us that the flywheels, or virtuous cycle of compounding, for the companies we own will continue to drive growth year after year. Looking ahead, we remain focused on finding and investing in what we believe are the most premier smaller companies globally.

## Team Update

We are pleased to announce that Iris Chipendo has joined our team as a Research Associate. Iris is a recent MBA graduate, and we had the wonderful opportunity to first work with her as an intern last spring. During the internship, we discovered that Iris

has a great aptitude for our style of investing, a growth mindset focused on continuous improvement, and strong personal character. As a reminder, we have built this team one-by-one, hiring individuals based on their ability to uphold our core values, which include prioritizing a team-first mentality, cognitive flexibility, and skill. We are very excited and lucky to have Iris on board.

Thank you for your interest in Polen Capital and the Global SMID Company Growth strategy. Please feel free to contact us with any questions.

Sincerely,  
Rob Forker

## Experience in High Quality Growth Investing



**Rob Forker**  
Portfolio Manager & Analyst  
20 years of experience

Past performance is not indicative of future results. Returns are presented gross and net of management fees and include the reinvestment of all income.

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 portfolio or that the securities sold will not be repurchased. 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 information performance of the securities discussed herein. A complete list of our past specific recommendations is available upon request.

MSCI ACWI SMID Cap Index captures mid and small cap representation across developed and emerging markets.