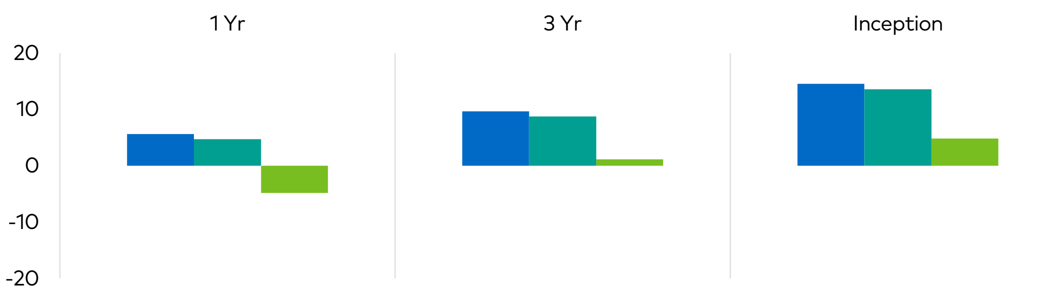
Polen International Growth

Portfolio Manager Commentary – June 2020

Summary

- During the second quarter of 2020, the Polen International Growth Composite Portfolio (the "Portfolio") returned 16.21% gross of fees versus the MSCI All Country World Index (ex-US) (the "Index") return of 16.12%.
- For the year-to-date period, the Portfolio returned -2.48% gross of fees versus the Index's -11.00% return.
- During the second quarter of 2020, all Portfolio holdings appreciated. Our holdings in the information technology and healthcare sectors contributed most to the Portfolio's absolute returns.
- We trimmed our positions in Amadeus IT Group and Coloplast. There were no additions to the Portfolio during the period.
- We believe that our International Growth strategy is well-positioned, even given the uncertain conditions.
- Polen's enduring philosophy of seeking to invest in only the highest-quality companies that are positioned for long-term growth serves as a steady hand on the tiller when rough weather sets in.

Seeks Growth & Capital Preservation (Performance (%) as of 6-30-2020)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
Polen International Growth (Gross)	16.21	-2.48	5.61	9.65	-	14.53
Polen International Growth (Net)	15.97	-2.88	4.72	8.72	-	13.56
MSCI ACWI ex USA	16.12	-11.00	-4.81	1.14	-	4.85

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. Please reference the supplemental information to the composite performance 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.

Commentary

An apocryphal Chinese curse urges, "May you live in interesting times." This quote seems highly applicable to the current year. Just one quarter ago we wrote about sharp, if not shocking, drawdowns experienced across global markets against the backdrop of a pandemic and efforts to slow its spread. Throughout the second quarter, equity markets rebounded and the Polen International Growth Composite Portfolio (the "Portfolio") returned 16.21% gross of fees. The MSCI All Country World Index (ex-US) (the "Index") returned 16.12%. For the year-to-date period, the Portfolio returned -2.48% gross of fees versus the Index's -11.00% return.

We view the Portfolio as an all-weather strategy. Since we do not make market predictions, we seek to remain fully invested in what we believe are quality growth businesses. Quality companies, in our view, are well capitalized, profitable, and generate better-than-average returns on capital. We think owning a Portfolio of such businesses allows us to ride out the occasional storm.

We find that competitive advantages at the individual company level may offer a holding the ability to extend its respective edge over competition. This is visible whenever economic conditions become challenging, and we think the current recession showcases another such example.

Despite this year's wild market swings, we note that the future still looks uncertain. We do not claim to have foresight into the trajectory of the pandemic or the economic recovery. More than 50 major pandemics have occurred throughout recorded history. Pandemics often last multiple years and feature more than one wave. Given the uncertain conditions, we feel confident that our International Growth strategy remains well-positioned.

> **Polen's enduring philosophy of seeking to invest in only the highest-quality companies that are positioned for long-term growth can serve as a steady hand on the tiller when rough weather sets in.**

Portfolio Performance

During the second quarter, the leading contributors to performance were **Tencent**, **Accenture**, and **ICON**.

Chinese communication platform operator **Tencent** features the largest video game business in the world. Beyond gaming, Tencent's other business lines include social media and communications, video over the internet, cloud computing, digital payments, and numerous other interests. First quarter results showed that many of these business lines surged during the COVID lockdown as homebound consumers sought outlets for entertainment, communication with friends, or even e-commerce shopping. This resulted in total revenue growth in the second quarter accelerating to 26% year over year.

We highlight gaming to illustrate one aspect of Tencent's truly broad operations. In last year's third quarter commentary, we explained the momentum building within Tencent's gaming business. A transition from P.C. to mobile-based gaming has been underway since Tencent first published smartphone titles in 2013. We expect smartphone gaming to exceed $17 billion in revenues this year, roughly three times the size of the P.C. gaming business.

> **Extending its gaming franchise into the smartphone world is but one example of how Tencent engages consumers with a variety of functionality in a digital-first and connected world.**

We think Tencent can compound earnings at greater than 20% for the next five years.

Irish IT services provider **Accenture** continues to see success through its customer-centric business model through the pandemic. The firm creates a lasting and trusted partner relationship between client and service provider by embedding Accenture's engagement leaders with its clients at the leadership level, which allows Accenture to better understand its customers' technology needs and long-term spending plans. As proof, management notes that 95 of the top 100 customers have been working with Accenture for over a decade. One sustained driver of growth has been continued client demand for investment in digital, security, and cloud-connected technologies, which now deliver 70% of revenues.

COVID-19 disruptions to businesses like Accenture are potentially significant because social distancing measures have limited the scope of on-site services. However, Accenture recently reported solid results, with management expressing confidence that 95% of employees were able to work remotely during the lockdown. Further, Accenture's outsourcing practice, which helps clients transform their operations and shed costs, tends to gain strength in uncertain times like today. For the full fiscal year, revenue and bookings growth is expected to remain positive, supported by strength in both its Consulting and Outsourcing segments. In all, we continue to believe Accenture can compound total returns to shareholders at a double-digit rate for the next five years.

Irish contract research organization **ICON** provides outsourced services involving the planning, enrollment in and efficient execution of drug trials for biotech, pharmaceutical and medical device companies. As a services business often requiring human interaction to operate, ICON's operations have been impacted by the COVID-19 pandemic. During the second quarter, ICON's operations reached a nadir when ~70% of company-operated sites were affected by reduced operational capability resulting from social distancing measures and, in some cases, closures.

Since May lows, however, the business has been improving. ICON's share price appreciation in the quarter could reflect investor belief that the low point has passed. Importantly, business forgone is not necessarily business lost.

ICON's backlog of committed client bookings grew 10% to $8.7 billion at the company's last update in April. Drug trials must continue, and we have all seen the wave of innovation aimed at finding solutions to the pandemic. These solutions are just one example of the medical innovations we see driving steady long-term growth for ICON. With a record of industry-leading margins and efficient execution, we feel that ICON can compound total returns to shareholders at a low-to-mid teens rate for the next five years.

The three bottom contributors for the quarter were **Wal-Mart de Mexico**, **Industria de Diseno Textil S.A.**, and **Check Point Software.** These companies each turned in positive absolute performance but were the Portfolio's laggards during the quarter.

Wal-Mart de Mexico (Wal-Mex), Latin America's largest retailer, is a dominant distributor of fast-moving consumer goods. Wal-Mex operates more than 3,400 stores through four different concepts in five Central American countries. During COVID lockdowns, food and other essential items were purchased for in-home consumption. Revenues and earnings grew 13% and 15%, respectively, in the first quarter.

Despite these points, the Mexican economy is reeling from the virus's impact. The Mexican peso declined sharply in the first quarter, more than offsetting the resilience of Wal-Mex's business when viewed in U.S. dollar terms. Second-quarter share price and currency movements reversed some of the first quarter's declines.

During lockdowns, Wal-Mex went above and beyond by ensuring safe working conditions for employees, paying bonuses, and granting high-risk employees paid vacation.

Further, fruit and vegetable purchases were pulled forward, and payment terms for many of Wal-Mex's 30,000 suppliers were reduced to just seven days during the second quarter. We feel these moves can benefit stakeholders in and around the business and sustain Wal-Mex's already leading position in its communities. We believe Wal-Mex can compound total returns at a double-digit rate in U.S. dollars for the next five years.

Spanish apparel maker and retailer **Industria de Diseno Textil S.A. (Inditex)** benefits from what we think is a solid business model. This model combines rapid product development, fast production via vertical integration, and broad global distribution of its brands through its stores and websites. Inditex operates more than 7,000 stores globally under eight concepts, most notably Zara. COVID-19 significantly impacted physical retailers. With less than 50% of its stores open during the fiscal first quarter, Inditex was no exception.

That said, Inditex's vertically integrated model results in a leaner inventory position, and thus lower business risk due to fashion misses or disruptions. Management's moves to offset the short-term impacts of the virus are sound in our view, but a recently announced repositioning for omnichannel optimization caught our attention.

While stores are slowly reopening, store base rationalization will now reduce the store network's size by 13-16% over the coming two years. Lost sales and operating profits from these store closings are expected to be offset by continued e-commerce growth and large, centrally located store expansions. We like the growing emphasis on e-commerce because online profitability and returns on capital are generally higher than those in offline retail. We believe the net result of this change will be total return growth at a low-double-digit rate in the coming years but expect the transition will take time.

Israeli software company **Check Point Software** is a leading global provider of firewall and other security software products for enterprise customers. Check Point management suspended full-year guidance due to pandemic-related uncertainty, but the business still delivered solid results in its first-quarter update. COVID-19 created demand for virtual private network (VPN) products as the world largely shifted to working from home. Check Point sees the security world shifting away from a fragmented regime to a unified structure. To this end, future security software architectures could move away from point solutions to centralized systems that review threats across new and old infrastructure, cloud and on-premise software and mobile computing environments.

Winning integrated security solutions requires new sales emphasis. Check Point embarked on higher sales engagement with third party sales reps over the last 18 months. We are watching business trends to measure success. In April, mid-COVID crisis, the company noted higher monthly revenues than those generated in both January 2020 and April 2019. We believe Check Point can compound earnings at a double-digit rate for the next five years.

Portfolio Activity

During the quarter, we trimmed our positions in **Amadeus IT Group** and **Coloplast**. There were no additions to the Portfolio during the period.

Spanish IT solutions provider, **Amadeus IT Group**, is the global leader in software serving the airline and hospitality industries. Amadeus operates two related businesses which, together, form a critical backbone for the travel industry. The first, a global distribution system, connects airlines with travelers. The second is a niche software business serving parts of the travel industry, namely airlines and hotels, with critical business management software.

After seeing shares appreciate in the second quarter, we trimmed our position size due to what we saw as a widening set of possible outcomes. A recovery in the travel industry could take time, which will impact the recovery in Amadeus' business. We believe Amadeus has a solid business model that offers customers great products and tremendous value. The company has a strong balance sheet and has produced high returns on capital. Further, we think Amadeus is poised to take market share from competitors. However, the COVID-19 pandemic has impacted the entire travel industry, limiting clarity on the pace of recovery. We believe travel will recover, but timing is uncertain.

Danish medical device company **Coloplast** is the world leader in ostomy and continence care products. Coloplast produces steady revenue growth and high profit margins. We reduced our position in Coloplast as the valuation increased significantly over the past year. Coloplast uses consistent R&D spending to produce new and improved products, has distribution advantages, and fosters close relationships with customers. Further, as the business continues to penetrate the U.S. market, a region historically representing a smaller proportion of Coloplast's sales, we believe it has the potential to maintain earnings growth of 10-12% for many years into the future.

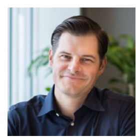
Outlook

The first half of 2020 has been undoubtedly less than predictable. The abrupt drop and the subsequent snap back in the markets, despite the ongoing backdrop, provides no clear or linear path to what the near-term future holds. But rather than making macroeconomic or market predictions, our unwavering focus continues to be finding and owning the best businesses for our Portfolio. We believe businesses that offer unmatched products and services, foster strong client and stakeholder relationships, and have sound financials are poised to succeed in any environment.

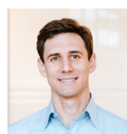
Thank you for your interest in Polen Capital, and please feel free to contact us with any questions or comments.

Sincerely,
Todd Morris & Daniel Fields

Experience in High Quality Growth Investing



Todd Morris
Portfolio Manager & Analyst
10 years of experience



Daniel Fields, CFA
Portfolio Manager & Analyst
14 years of experience

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	MSCI ACWI ex-USA Index (%)
3 Months	16.21	15.97	16.12
YTD	-2.48	-2.88	-11.00
1 Year	5.61	4.72	-4.81
3 Years	9.65	8.72	1.14
Since Inception (01-03-2017)	14.53	13.56	4.85

Returns are trailing through 6-30-2020. Annualized returns are presented for periods greater than one-year.
Source: Archer.

GIPS Disclosure

Polen Capital Management
International Growth Composite—Annual Disclosure Presentation

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation[1]	
Year End	Total ($Millions)	Assets ($Millions)	Assets ($Millions)	U.S. Dollars ($Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	MSCI ACWI ex USA (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI ACWI ex USA (%)
2019	34,784	12,681	22,104	0.4	1	27.88	26.81	21.50	N/A	10.92	11.34
2018	20,591	7,862	12,729	0.3	1	-4.60	-5.41	-14.19	N/A	-	11.54
2017	17,422	6,957	10,466	0.3	1	35.06	33.94	27.19	N/A	-	12.04

[1]A 3 Year Standard Deviation is not available for 2017 and 2018 due to 36 monthly returns are not available.
Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.
N/A - There are five or fewer accounts in the composite the entire year.

GIPS Disclosure

The International Growth Composite created on January 1, 2017 contains fully discretionary international growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI (ex-USA). 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 June 30, 2019. A verification covering the periods from April 1, 1992 through December 31, 2015 was performed by Ashland Partners & Company LLP, which was acquired by ACA Performance Services, LLC, whose report expressed an unqualified opinion thereon. The verification report is available upon request.

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 (ex-USA) Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world (excluding the United States). The MSCI ACWI (ex-USA) 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%	1.10	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