Polen International Growth

Portfolio Manager Commentary - December 2019

Summary

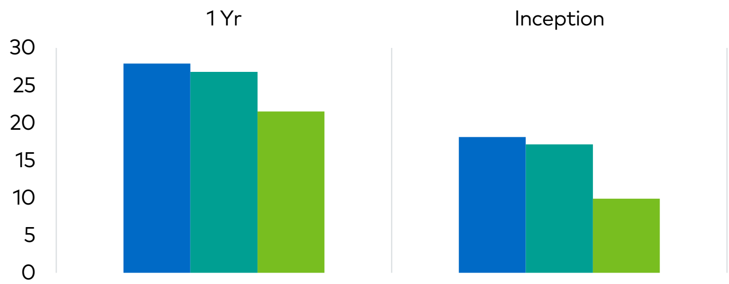
- During the fourth quarter of 2019, the Polen International Growth Composite Portfolio (the "Portfolio") returned 10.09% gross of fees. The MSCI All Country World Index ex-US (the "Benchmark") returned 8.92%.

- Our holdings in the health care, information technology, and consumer discretionary sectors contributed most to Portfolio returns in the fourth quarter while the consumer staples sector detracted.

- For the full year of 2019, the Portfolio returned 27.89% versus 21.50% for the Index. For the full year of 2019, the Portfolio outperformed the Index by a 6.39% margin.

- Our holdings in the information technology, consumer discretionary and health care sectors contributed most to Portfolio returns for the full year while the communications services sector detracted from relative performance.

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



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
Polen International Growth (Gross)	10.09	27.89	27.89	-	-	18.12
Polen International Growth (Net)	9.85	26.81	26.81	-	-	17.12
MSCI ACWI ex USA	8.92	21.50	21.50	-	-	9.87

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 of 2019, the Polen International Growth Composite Portfolio ("the Portfolio") returned 10.09% gross of fees. The MSCI All Country World Index ex-US (the "Benchmark") returned 8.92%. For the full year, the Portfolio returned 27.89% versus the Index's return of 21.50%.

For the full year of 2019, the Portfolio outperformed the Benchmark by a 6.39% margin.

Holdings in the information technology, consumer discretionary, and health care sectors contributed most to Portfolio returns. Communications services detracted from relative full-year performance. In the fourth quarter, holdings in the health care, information technology, and consumer discretionary sectors contributed to returns. Holdings in the consumer staples sector detracted from fourth-quarter performance.

We think the world beyond U.S. borders continues to offer some attractive investment options. Despite nationalist politics aiming to disrupt trade flows, the global economy is still interconnected. Furthermore, in the last decade, U.S. indices have outperformed the Benchmark. If history is a guide, we believe this trend has the potential to reverse in the coming years.

When a U.S. investor considers investing abroad, a passive allocation that does not differentiate between the best companies and the worst companies is an inferior option, in our view. At Polen Capital, we focus on owning a select number of the highest-quality growth business that we feel can provide not only capital appreciation, but more importantly, downside protection. Our investment principles of portfolio concentration, a focus on quality growth companies, and the patience to think and act like business owners are cornerstones of our approach. These simple ideas may seem uncommon in today's frenetic world.

The Portfolio celebrated its three-year anniversary on January 1, 2020. We are pleased to see that the consistency in the Portfolio's high alpha and low downside capture, much like the Polen US Focus Growth strategy, supports our view that the Polen approach can be effective outside the US. While the gross returns and alpha for each calendar year present attractive data points, as shown in the table below, we prefer investors to evaluate us on a "since inception" basis. This figure more closely aligns with our long-term investment horizon. In fact, we still own 21 of the 24 companies we initially owned at inception on January 1, 2017, with some adjustments to position size over time. Our ~5.6% average annual turnover ratio highlights our focus on the long term.

	2017		2018		2019		Since Inceptoion	
	Polen International Growth Composite Portfolio	MSCI ACWI ex-USA Index	Polen International Growth Composite Portfolio	MSCI ACWI ex-USA Index	Polen International Growth Composite Portfolio	MSCI ACWI ex-USA Index	Polen International Growth Composite Portfolio	MSCI ACWI ex-USA Index
Return	35.06%	27.19%	-4.60%	-14.20%	27.89%	21.50%	18.12%	9.87%
Alpha	5.58	-	9.42	-	10.88	-	8.77	-
Beta	1.03	1.00	0.92	1.00	0.67	1.00	0.82	1.00
Sharpe Ratio	5.77	6.70	-0.47	-1.25	2.53	1.49	1.46	0.70
Downside Capture	-	-	54.79	100.00	49.35	100.00	53.30	100.00
Information Ratio	1.43	-	1.48	-	0.80	-	1.22	-
Standard Deviation	5.85	3.88	13.94	12.72	9.96	12.71	11.07	11.50

Portfolio Performance & Activity

During the fourth quarter, Alibaba Group Holdings Ltd., ICON Plc, and CSL Limited contributed the most to portfolio performance.

For the full year, Alibaba Group Holdings Ltd., **Accenture Plc, and Adidas AG** were the leading contributors. We have owned all five of these companies since the portfolio's inception.

Chinese e-commerce giant **Alibaba** was the Portfolio's leading contributor this year as shares appreciated more than 50% and have done so at a greater than 35% annual rate since the Portfolio's inception. These figures highlight the non-linear nature of equity share price appreciation over time. Long-term investment requires patience and a persistent view toward a business's future runway of opportunity. In Alibaba's case, we believe the opportunity is vast.

Over the last three years, bouts of equity market negativity tested our conviction in Alibaba. Its founder, Jack Ma, stepping away from the business, a budding trade war between the United States and China, and slowing economic growth in China all increased investor caution towards Chinese internet companies like Alibaba. Despite background noise, we continued to focus on the underlying business drivers which, for Alibaba, are numerous. Our sanguine view of Alibaba's growth prospects and of management's ability to deliver kept us not only invested in Alibaba and but also enabled us to increase our exposure during times of share price weakness.
In our view, results continue to impress. Revenues, which are on pace to hit ~$75B by March 31st for the trailing twelve month period, are still growing more than 30% per annum. We believe unrealized monetization potential in e-commerce and opportunities in new retail, payments, logistics, cloud computing services, and new geographies all offer the potential for sustained high growth. We believe Alibaba can compound its total returns to shareholders at greater than 20% per annum for the next five years.

Ireland-based information technology consulting firm **Accenture** was a leading contributor to the Portfolio for the full-year period. We think Accenture will continue to compound its total returns to shareholders at a double-digit rate for the next five years. Technology, by nature, rapidly evolves. Accenture stays abreast of changes and often embeds itself with clients. The expertise Accenture offers creates a trusting dynamic between consultant and client. In recent years, Accenture helped countless clients adopt new technologies like digital marketing, cloud computing, security software, and advanced analytics. More than 55% of Accenture's revenues come from clients who spend more than $100 million per year with them.

Lasting client relationships support Accenture in scaling its global operations. Clients often engage Accenture for follow-on work as one project begets another. In fact, 95 of Accenture's largest 100 clients have been working with the company for more than ten years. We think its revenues could soon eclipse the $50 billion annual benchmark. However, despite its considerable size, Accenture is growing faster than many smaller peers and still occupies a small percentage of the vast global market for technology consulting services.

Adidas, the Germany-based athletic footwear and apparel maker, contributed meaningfully to performance for the year. Adidas's consistent growth comes from an increasingly loyal customer base who shops directly through the company's online and brick-and-mortar stores. Together, these channels contribute more than 30% of sales and are growing rapidly. Profit margins from these faster-growing channels are far higher than the margins derived from traditional wholesale channels. At present, management is investing in the infrastructure to support these direct-to-consumer operations while also letting some excess profits flow through to the bottom line. We favor this approach in the long term. Going direct to consumers, both online and in-store, encourages an ongoing relationship between shopper and brand, seeking to improve the customer experience. This approach is also more profitable for Adidas, and, we feel, creates a win/win dynamic and a durable growth business. We think Adidas can compound total shareholder returns at a mid-teens rate for the next five years.

The leading detractors from performance for the fourth quarter were Unilever Plc, Compass Group plc, and Wal-Mart de Mexico SAB. For the full year, Baidu, Inc, EssilorLuxottica SA, and Bunzl plc were the leading detractors.

Chinese internet search engine, **Baidu**, was the leading laggard for the Portfolio during the year. Our investment thesis failed when the company pivoted away from its cash cow business, Chinese internet search. Baidu is now repurposing its app as a content source meant to capture user time and attention with various video content, news, search, literature, and other offerings. This change requires significant investments while Baidu actively deemphasizes search. We believe strategic pivots or platform expansions are best executed when a legacy cash cow is maintained as a source of funding to scale in new areas. While Baidu has compelling long-term growth drivers beyond core search, like autonomous vehicles, leading AI technology and a cloud software business, deemphasizing the competitively advantaged core business is a change we felt we could not support. We think steadier management might have been more measured in changing directions. We sold Baidu out of the Portfolio during the second quarter.

Our investment in **EssilorLuxottica** was a performance laggard for the year. For historical context, we owned French optical lens company, Essilor, from the Portfolio's inception date until selling our position in March of 2019. Essilor recently completed a merger with Luxottica, an Italian eyewear frame maker and retailer, to form a vertically integrated global business with a dominant 30%+ market share across the entire eyewear value chain.

Our initial optimism over EssilorLuxottica's opportunity to both expand profit margins and use its significant market share to outgrow the market waned when management dragged its feet in combining the companies. Signs of a culture clash between the two management teams further diluted our enthusiasm for the newly formed company. Mergers are often complicated, but they become even more difficult when the cultures are very different as they were in this case. We saw continued weak growth and no positive view toward quickly capitalizing on merger synergies, so we exited the investment. Our sale timing was unfortunate, as the market has adjusted to the slower-than-anticipated growth expectations.

Shares of UK-headquartered **Bunzl**, one of the world's leading distribution and outsourced services providers, also lagged for the year as two of its key business drivers sputtered. As a distribution and outsourced services provider in 31 countries, Bunzl benefits from the flow of goods. As economic growth slowed in 2019, Bunzl's business felt the sting of weakening flows. Company-specific issues detailed in our First Quarter Commentary added to this softening. Additionally, management's ongoing commitment to thoughtful capital allocation slowed as a few significant acquisitions fell through in 2019, resulting in lower-than-usual acquisition activity.

We continue to have a positive view of Bunzl. Although this advantaged acquirer delivered subdued acquisition activity this year, we still feel the opportunity for continued sound capital allocation is quite real. Bunzl buys niche operators in and around its industry, typically spending £250-300 million per year on acquisitions.

Target companies are often "mom-and-pop" businesses serving clients in a city, state, or region who seek to monetize their life's work. Bunzl sees a long runway for acquisitions in its future and follows more than 1,000 such businesses. We believe Bunzl will continue to compound its total returns to shareholders at a double-digit rate for the foreseeable future and, therefore, think the valuation offered in the equity market is out of touch with this reality.

In the fourth quarter, we trimmed our position in **Coloplast A/S**. Coloplast contributed to performance on the back of solid earnings growth and an expanding valuation. We redeployed the profits and added to existing positions in Bunzl, Ireland-based **Medtronic plc**, and Germany-based **Siemens Healthineers AG**. These companies were trading at much lower valuations while, in our view, still offering solid long-term growth potential. We believe these trades allowed us to lower the portfolio's overall valuation while increasing its long-term earnings power.

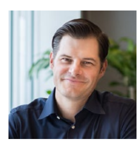
Outlook

We seek compounding investments to grow economic value per share for our clients. The Portfolio's three-year results appear to support what we believed when we launched the strategy—namely, that the Polen Capital investment approach established 30 years ago through our flagship U.S. large-cap Focus Growth strategy can be applied overseas. Looking ahead, we continue to believe that focusing on businesses with strong and consistent earnings growth can drive long-term stock appreciation and provide ballast in down markets for our clients.

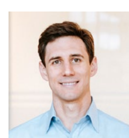
Thank you for your interest in Polen Capital. Please feel free to contact us with any questions or comments.

Sincerely,
Todd Morris & Daniel Fields

Experience in High Quality Growth Investing



Todd Morris
Portfolio Manager & Analyst
9 years of experience



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

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	MSCI ACWI ex-USA Index (%)
3 Months	10.09	9.85	8.92
YTD	27.89	26.81	21.50
1 Year	27.89	26.81	21.50
3 Years	18.12	17.12	9.87
Since Inception (01-03-2017)	18.12	17.12	9.87

Returns are trailing through 12-31-2019. 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	
Year End	Total (millions)	Assets (millions)	Assets (millions)	U.S. Dollars (millions)	Number of Accounts	Composite Gross	Composite Net	MSCI ACWI ex US	Composite Dispersion	Polen Gross	MSCI ACWI ex US
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

Note: 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.

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 December 31, 2018. 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%	1.1	1.21	1.33	1.46	1.61	1.71	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	2.39
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