Polen International Small Company Growth

Portfolio Manager Commentary – June 2020

Summary

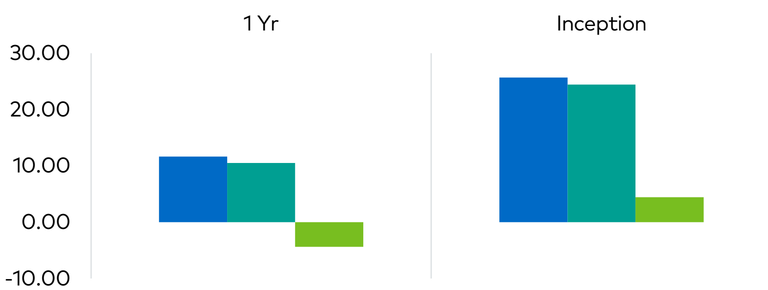
- During the second quarter of 2020, the Polen International Small Company Growth Composite Portfolio (the "Portfolio") returned 26.40% versus 22.82% for the MSCI ACWI ex-USA Small Capitalization Index (the "Index) by a 3.58% margin. Year to date, the Portfolio returned -1.38% versus the Index return of -12.81% for an outperformance of 11.43%.

- In the second quarter, we purchased Vitrolife and Poya International, and sold Pigeon Corp.

- The Portfolio has delivered compelling upside and downside returns since inception—the Portfolio's downside capture is 65.03%, and its upside capture is 128.09%. We believe this is a supportive statement of effectively executing the Polen investment philosophy in the international small company growth asset class.

- As 2020 continues, it is probable that the markets will be volatile once again. We will continue to seize opportunities where short-term noise allows us to identify and purchase what we think are great businesses with bright futures.

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



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
International Small Co. Growth (Gross)	26.40	-1.38	11.64	-	-	25.67
International Small Co. Growth (Net)	26.10	-1.86	10.54	-	-	24.44
MSCI ACWI Ex-US Small Cap Net	22.82	-12.81	-4.35	-	-	4.46

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 second quarter of 2020, the Polen International Small Company Growth Composite Portfolio returned 26.40% versus 22.82% for the MSCI ACWI ex-USA Small Capitalization Index. The Portfolio outperformed the Index by a 3.58% margin. Year to date, the Portfolio returned -1.38% versus the Index return of -12.81% for an outperformance of 11.43%.

At Polen Capital, we think and act like business owners, a mentality that allows us to take a long-term approach.

This ownership mentality is always important, but, in our opinion, is especially crucial today. Our time horizon allows us to benefit from the compounding growth of these businesses over many years rather than focusing on short-term noise.

Throughout the crisis, our Small Company Growth Team's ongoing research had little to do with short-term COVID-19 implications, but instead, emphasized whether we felt the companies we own and those within our investment universe would be weaker or stronger in five years. This emphasis allowed us to ask the right questions and spend our time wisely during the onset of the crisis.

We specifically focused on analyzing and observing management behavior. Our intent was to make sure that the companies we own and seek to own were operating with a business owner's mindset—seeking to create long-term value with all stakeholders in mind. We discuss this topic in detail in a recent white paper, "A Business Owner's Mindset: Investing through a Pandemic." To us, it is crucial to own companies that consider all stakeholders, especially during this period of uncertainty. The severity and speed of the crisis's onset served to spotlight management teams at their best or worst in grappling with near-term challenges. We believe these insights were invaluable and helped us make thoughtful decisions in seeking to enhance long-term returns for our clients.

Our insistence on owning high-quality companies with strong balance sheets also allows us to maintain a long-term view. We spoke at length about the importance of strong balance sheets in our first quarter letter. Balance sheet strength is but one of the five guardrails that a company must meet for us to own it in the Portfolio. As a reminder, our five guardrails seek to guide us toward the highest quality companies in the world.

- Real organic growth
- Stable to increasing profit margins
- High and/or expanding returns (ROE & ROIC)
- Abundant free cash flow to reinvest in the business
- Strong balance sheet

While we are only two quarters into the pandemic, early signs indicate that the companies we own are healthy, and we feel confident that they can thrive in nearly any environment. The stock market's V-shaped recovery took many by surprise. But rather than trying to understand the market's swings, we continue to stick to our core competency—identify the best companies globally, own them for many years, and aim to deliver compelling returns to our clients.

It is worth highlighting that our Portfolio invests across a growth spectrum, maintaining a balance between slower and faster growth companies in the Portfolio. The slower growth "safety" businesses are an important driver of the downside protection we seek to provide in difficult market conditions. This was evident in the Portfolio's results in the first quarter. The faster-growing businesses are equally an important driver to the upside returns that we aim to achieve in more favorable market conditions, which occurred in the second quarter. We believe this balance has served our clients well in the first half of this year and, more importantly, is a key element to delivering compelling returns over the next five years.

The Portfolio has delivered compelling upside and downside returns since inception—the Portfolio's downside capture is 65.03%, and its upside capture is 128.09%.

We believe this is a supportive statement of executing the Polen investment philosophy effectively in the international small company growth asset class.

Portfolio Performance

Indices across the globe showed a robust recovery after the first quarter's similarly uniform declines due to COVID-19 fears and its impact on the worldwide economy. Regionally, European indices returned between 11% to 27%, the Americas indices returned between 11% and 45%, and Asian indices returned between 3% and 32%.

For our Portfolio, from a geographic standpoint, Western Europe and the Americas were materially additive to relative returns while Asia detracted modestly in the second quarter. In terms of allocation, we prefer to think about revenue by region to showcase more accurately where we have deployed capital. As of June 30, 2020, the Portfolio has 41% of revenues in Europe, 34% in the Americas, 19% in Asia, and 2% of sales in Africa & Middle East.

From a sector perspective, information technology, healthcare, and communications services were additive in the quarter. The consumer discretionary and industrials sectors were modest detractors to returns on a relative basis

The outperformance in information technology was the result of continued strong business fundamentals. Many of our businesses in this sector have high levels of contractual recurring revenue and are agents of change within their industries amid the fluid COVID-19 environment.

Approximately 71% of the businesses we own are either technology (including communications), consumer, or healthcare. 12% of the Portfolio is allocated to industrials and 3% to real estate. We believe many of the industrial companies and our one real estate holding could be classified as technology or consumer given their underlying business drivers. Financials make up about 10% of the Portfolio. As a reminder, sector exposure is a byproduct of our bottom-up investment process as opposed to having a predetermined goal on sector weights. It is, therefore, unlikely we will own commodity-oriented businesses like many of those in energy, utilities, materials, or telecommunications.

As it relates to style, quality outperformed in the quarter and has historically been a powerful tailwind for results in the international small cap category over longer periods. Foreign exchange was a material tailwind during the quarter of roughly 70 basis points. We will consistently highlight the effect of foreign exchange on the Portfolio. As a reminder, the strategy does not hedge currency.

The two leading contributors to the Portfolio during the quarter were **Globant** and **Kinaxis**.

Globant, the second-largest position in the Portfolio, was the top contributor to performance in the quarter, as the stock appreciated by 71%. Globant is a leading global IT service provider headquartered in Buenos Aires. The company provides outsourced digital programming, design, and consulting services to enterprises across many industries, including large blue-chip clients like Google, Coca Cola, Disney, LinkedIn, and American Express. Globant continues to report positive results, which have exceeded its long-term revenue growth targets of 20%.

While there is potential for a short-term pullback in spending among its clients, Globant is helping to enable the digital transformation of its customers' businesses, which is critical to these companies' long-term success. We remain confident that Globant is well positioned to exit the current crisis in an even stronger position as companies across industries increasingly need to strengthen their digital and online presence, better leverage technology in their own products and services, and drive customer engagement and insights.

Kinaxis was the next largest contributor, up 86% in the quarter. Kinaxis is a leading cloud-based software-as-a-service provider for the supply chain management industry. The company's software solutions provide valuable digital supply chain planning and analytics capabilities that enable manufacturers to improve and simplify how they manage complex, interconnected supply chain management processes.

Kinaxis benefits from high revenue visibility and an incredibly sticky customer base due to the quality of its products, subscription revenue model, and continuous innovation and efforts to solve its customers' problems.

The company recently reported positive results that are consistent with our long-term expectations for the business. Moreover, Kinaxis has been and will likely continue to be a beneficiary of the current environment as global trade disruptions are leading many companies to reassess and evaluate their current supply chain capabilities and ability to respond to business changes. We believe Kinaxis's competitive positioning is getting stronger and remain confident in its ability to grow and compound its intrinsic value at an attractive return for many years to come.

In terms of detractors for the Portfolio, **CTS Eventim** was the only company that declined during the period. **Pigeon Corp.** was a bottom contributor for the period.

CTS Eventim was the largest detractor during the quarter, decreasing 8%. The company has dominant market share in ticketing in many European countries, including Germany, Italy, Switzerland, and Austria. The company has been a leading force in the secular trend from offline to online ticketing for live entertainment. The COVID-19 pandemic has significantly impacted CTS Eventim and the entire live entertainment industry. We continue to believe that CTS Eventim is well positioned for the long term, and that demand for live events will eventually return. The company is using the crisis to emerge stronger. CTS Eventim is accelerating innovation, re-thinking corporate costs, and exploring thoughtful M&A that advances their strategic imperatives. This is all made possible by a strong balance sheet and a company with a great management team.

Pigeon Corp. was a bottom contributor, increasing 2% in the quarter. This follows the first quarter 2020, where Pigeon was one of the leading contributors within the Portfolio. Pigeon is a leading consumer branded products company based in Japan that specializes in childcare products, including bottles, skincare, and nursing products. Its baby products have dominant market share in Japan and a leading position in China. Pigeon specializes in essentials for feeding and caring for babies, which tend to be less sensitive to changes in the economic environment. These characteristics, along with its top-tier balance sheet and high returns on capital, are among the reasons we have owned Pigeon since inception. We view the company as a "safety" holding within the context of the total Portfolio's growth spectrum. However, we elected to sell our position, which we detail in the Portfolio Activity section of this letter.

After an active first quarter in which we capitalized on market volatility to make new investments, we had a more normalized second quarter for portfolio activity. We initiated new positions in **Vitrolife** and **Poya International** and added to our existing position in **Altus Group**. We exited one position during the quarter, selling Pigeon Corp. We also trimmed three positions: **Globant**, **Scout24**, and **Thule**.

We started a new position in **Vitrolife** during the quarter. Vitrolife is a healthcare company based in Sweden. It operates in an attractive industry niche by selling specialized consumables and diagnostic technologies for in vitro fertilization (IVF). IVF labs are typically owned or run by hospitals or independent clinics that, in simple terms, help people have healthy babies. The assisted reproductive technology (ART) market is an attractive $1B industry that is growing at a 5-10% rate thanks to powerful secular drivers, including growing global wealth, women having babies later in life, and innovation that has significantly increased the effectiveness of IVF. Vitrolife has historically grown faster than the market due to innovation and strategic value-creating reinvestment. We think Vitrolife has a highly repeatable sales process due to high recurring-like revenue, a steady cadence of innovation, and a robust business model that generates free cash flow at high returns on capital.

We also initiated a new position in **Poya International**. Poya is a Taiwanese retailer that we believe has a unique business model and an ability to generate sustainable growth long-term. Poya dominates the general merchandise retailing industry in Taiwan by being customer-centric in terms of both its inventory and real estate strategies. Its model leverages a massive number of SKUs relative to peers with a far more advanced logistical operation that further fuels its scale advantage. Taiwan is unique because it is an island with a population similar to Florida's (more than 23 million) but with structurally higher e-commerce delivery times and shipping costs. This creates greater friction for large e-commerce players and provides an advantage to Poya. We think the company has a highly repeatable sales process thanks to its attractive box economics and a clear runway for growth. Poya also generates strong FCF at high returns on capital. Last, we like that Poya is a founder-led business with a track record for value creation.

We exited one position during the quarter, selling Japanese consumer staples company **Pigeon Corp.** While we believe the company has great brands that address consumer needs, the company is facing increased competition in the Chinese market from local brands. Additionally, recent behaviors of Pigeon's management team has demonstrated subpar leadership, in our view. Effective management is a crucial part of our investment flywheel. We chose to liquidate our position and deployed the proceeds into what we felt were more compelling investments.

We added to one holding, **Altus Group**, in the second quarter. Altus was a new position in the first quarter, and we continued to add to that position to reach our target weighting during the second quarter. Finally, we trimmed three positions, **Scout24**, **Thule**, and **Globant**. The trims were largely driven by risk management and the identification of what we felt was a superior alternative.

Outlook

Nothing about 2020 has been normal and we do not expect the rest of the year to be any different. But we take comfort in what we can control.

> **We can control how we spend our time—researching and, ultimately, owning companies that adhere to our investment philosophy.**

As 2020 continues, it is probable that the markets will be volatile once again. But with volatility comes opportunity. We are actively researching companies that we believe could be strong candidates for the Polen International Small Company Growth strategy. And, we will continue to seize opportunities where short-term noise allows us to identify and purchase what we believe are great businesses with bright futures.

Team Update

The Small Company Growth Team welcomes its newest member Chris Ballard. Mr. Ballard joined Polen Capital in early July. Prior to joining Polen Capital, Mr. Ballard was a member of the investment research team at Veritable, LP, where he worked for six years. Mr. Ballard received a B.A. in Mathematics from the University of Pennsylvania and an M.B.A from the Tuck School of Business at Dartmouth. Mr. Ballard is a CFA® charterholder.

Thank you for your interest in Polen Capital and the International Small 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
19 years of experience

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	MSCI ACWI ex-USA Small-Cap Index (%)
3 Months	26.40	26.10	22.82
YTD	-1.38	-1.86	-12.81
1 Year	11.64	10.54	-4.35
Since Inception (01-02-2019)	25.67	24.44	4.46

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 Small Company 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 Small Cap (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI ACWI ex USA Small Cap (%)
2019	34,784	12,681	22,104	1.43	1	42.80	41.40	22.42	N/A	-	11.77

[1]A 3 Year Standard Deviation is not available for 2019 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 Small Company Growth Composite created on January 1, 2019 contains fully discretionary international small company equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI ex USA Small Cap. 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.

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 fees and include the reinvestment of all income. Net of fee performance was calculated using actual 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 100 basis points (1.00%) on the first $50 Million and 85 basis points (0.85%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 175 basis points (1.75%) of the first $500,000 of assets under management and 125 basis points (1.25%) 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 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 Small Cap 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 Small Cap Index 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