Polen International Small Company Growth

Portfolio Manager Commentary - December 2019

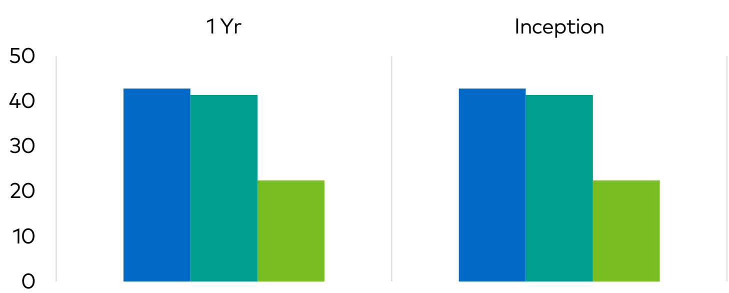
Summary

- During the fourth quarter of 2019, the Polen International Small Company Growth Composite Portfolio ("the Portfolio") returned 15.18% gross of fees. This compares with a return of 11.01% for the MSCI ACWI ex-USA Small Capitalization Index (the "Index") in the same period. For the full year 2019, the Portfolio returned 42.81% gross of fees versus the Index return of 22.42%.

- By applying our time-tested investment approach to the international small cap universe, one of the least efficient categories in equity markets, we feel we can deliver compelling returns for our clients over time.

- In the fourth quarter, we initiated a position in Technology One and sold our position in Nice Ltd. We also added to our position in Sanne Group PLC and trimmed our position in TechnoPro Holdings. Turnover in 2019 was 20%, which is consistent with our time horizon.

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



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
International Small Co. Growth (Gross)	15.18	42.81	42.81	-	-	42.81
International Small Co. Growth (Net)	14.89	41.41	41.41	-	-	41.41
MSCI ACWI Ex-US Small Cap Net	11.01	22.42	22.42	-	-	22.42

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 2019, the Polen International Small Company Growth Composite Portfolio ("the Portfolio") returned 15.18% gross of fees compared to a return of 11.01% for the MSCI ACWI ex-USA Small Capitalization Index (the "Index"). For the full year 2019, the Portfolio returned 42.81% gross of fees versus the Index return of 22.42%.

We aim to generate a mid-teens rate of return for our clients over the long term while also providing downside protection in challenging markets.

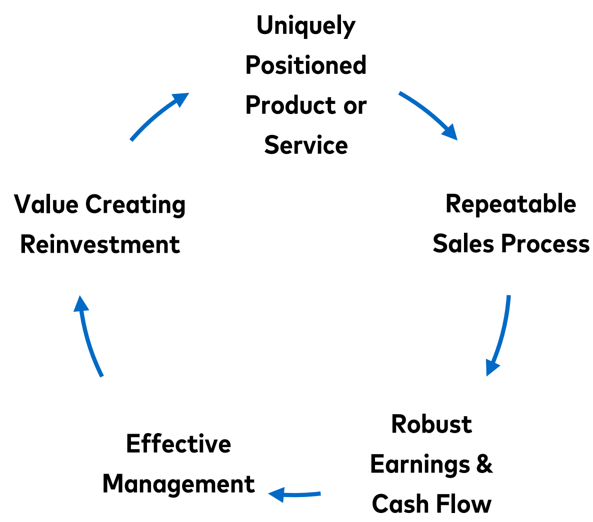
> **Since its inception on January 2, 2019, the Portfolio has generated attractive double-digit results and has outperformed its benchmark. We believe these early results are promising and support our mission to preserve and grow client assets to protect their present and enable their future.**

By applying our unique investment approach to one of the least efficient categories in equity markets, the international small cap universe, we feel we can deliver compelling returns. To highlight the inefficiency, consider that less than five analysts cover each company within the Index. Compare that level of coverage to the nearly 16 analysts for each company in the Russell 1000 Index. Moreover, approximately 700 companies within the Index have no analyst coverage. Furthermore, international markets have lagged the S&P 500 for nearly ten years—a trend that was unchanged in 2019. In our view, the opportunity is ripe to buy high quality, durable companies that appear underappreciated in the market.

The Portfolio seeks to invest in high quality, durable growth companies for the long term that we believe can compound their value over many years. We believe that quality companies tend to surprise to the upside and can generate growth longer and stronger than the market often appreciates. Few companies meet our hurdles for high quality. Hence, the Portfolio is concentrated and typically owns around 30 companies with the total number of holdings expected to be between 25 to 35 over time. All holdings in the Portfolio must adhere to our guardrails:

- 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

For the Small Company Growth Team, we define quality through our flywheel criteria—companies that we think are uniquely positioned and have repeatable sales processes, robust earnings and cash flow, and effective management teams that reinvest for the future. We consider our flywheel, depicted below, to be a virtuous cycle whereby all parts are essential to support a company's ability to deliver consistent growth.



As an example, a uniquely positioned product or service and repeatable sales process are interlinked. We must own companies that we believe are providing value to their customers and are constantly innovating and improving the business. The uniquely positioned product or service is always evolving, hopefully for the better. The companies should be investing their time and money in an effort to make the enterprise stronger. By doing so, they offer their customers more and more. Our companies often have dramatic pricing power, but we believe they exercise caution. This constant delivery of value to the customer can create loyality, repeatability and happy customers. Ideally, the product does what is promised, service is good, and feedback is welcomed.

We want to own companies with a strong feedback loop. It is a key question/topic that we explore with management teams. In our view, there needs to be a roadmap, a formula, a battleplan to continuously improve. In our experience, when a company can get all this right you tend to see the following – pricing power, high retention rates and low churn. Financial metrics are simply an output of the hard work of the talented management teams of our owned companies.

Portfolio Performance & Activity

Rising tides seemed to lift all boats as markets across the board turned in solid results for the fourth quarter and ended the full-year 2019 in positive territory. U.S. markets outperformed their overseas counterparts during the quarter and for the year. In terms of region, European indices' returns varied between 8% to 19%, the Americas indices returned between 5% to 38%, and Asian indices returned between 5% to 15%. Americas had the largest dispersion with Canada increasing just 5% and Argentina rebounding 38%. After a weak third quarter, emerging markets rebounded in the fourth quarter on the back of more positive news on trade negotiations, and outperformed developed markets. For the year, developed markets outperformed emerging markets.

For the Portfolio, from a geographic standpoint, Europe and the Americas were additive to returns while Asia Pacific detracted slightly in the fourth quarter. This trend was consistent for the year. In terms of allocation, we prefer to think about revenue by region to showcase more accurately where we have deployed capital. As of December 31, 2019, the Portfolio has 45% of revenues in Europe, 31% in the Americas, 20% in Asia, and 2% in Africa & Middle East. The Portfolio derives 13% of revenue from emerging markets versus 24% for the Index. The underweight to emerging markets is neither intentional nor a top-down view. It is simply a byproduct of our investment process and what we believe reflects the best portfolio we can build today.

By sector, information technology and healthcare were additive while the consumer sectors were a modest headwind in the quarter. This sector trend was also similar for the full year. Our objective is to deploy capital in sectors we believe best characterize quality. These sectors are technology (including communications), healthcare, and consumer sectors. Approximately 75% of the businesses we own are in either technology (including communications), consumer, or healthcare. 17% of the Portfolio is allocated to industrials—we believe many of the industrial companies we own in the Portfolio could be classified as technology or consumer given their underlying business drivers. Financials makes up 6% of the Portfolio. It is unlikely we will ever own any businesses in commodity-oriented sectors like energy, utilities, materials, real estate, or legacy telecommunications.

As it relates to style, quality was a tailwind during the quarter and generally neutral for the year. Quality has historically been a powerful tailwind for results in the international small cap category over longer periods. Foreign exchange was a modest tailwind during the quarter of 30 basis points and for the year, a modest tailwind of 50 basis points. Over time, we will consistently highlight the effect of foreign exchange on the portfolio. As a reminder, the strategy does not hedge currency.

During the fourth quarter, the two leading contributors to the Portfolio were GB Group PLC and Sanne Group PLC.

GB Group PLC was our strongest contributor, up over 55% in the quarter. The company helps customers quickly identify an individual's contact information and verifies their identity. GB Group has developed the deepest and broadest relationships across a wide variety of global dataset providers, giving them the ability to identify billions of people across the globe while offering a high level of accuracy and capabilities. The company operates in an attractive industry with a large and underpenetrated market. We believe the management team is strong, with an impressive record of capital allocation and thoughtful M&A. Our research indicates the company benefits from an attractive and growing market, high and expanding margins, robust returns on capital, and numerous opportunities to make strategic acquisitions going forward.

Sanne Group PLC was the second strongest contributor, up about 35% in the quarter. The company provides fund administration and fiduciary services to private equity clients, and corporate and family offices. We believe Sanne Group's services will be in higher demand over time as regulation continues to increase in the investment industry and alternative asset management grows. We think Sanne should continue to be able to grow at a low-to-mid-teens organic rate, supplemented by M&A over our time horizon. Additionally, we were impressed with the new chief executive officer after hosting him in our offices earlier this year.

The two bottom contributors for the quarter were Pigeon Corp. and Technology One Ltd.

Japanese infant care and nursing product company **Pigeon Corp.** was down 9% during the quarter. Pigeon has a leading market position globally but is most dominant in Japan and China. It has a strong brand with a reputation for safety and quality, a critical attribute for parents that often do not trust new or local brands. The company faced a confluence of negative events during the year including foreign exchange headwinds, a product launch delay in China, and some end-market weaknesses due to lower than expected childbirths in China. We are monitoring these and many other risks closely but believe the company's brand remains strong.

Technology One Ltd., which we discuss later, was down 4% during the quarter. Technology One, in our view, is a high quality company with durable competitive advantages derived from high switching costs, a sticky customer base, and its highly innovative and customer-centric culture.

In terms of activity during the quarter, we initiated a position in Technology One Ltd. and sold our position in **Nice Ltd.** Turnover on an annualized basis is 20%, which is consistent with our time horizon. Technology One Ltd. is a leading supplier of enterprise software solutions headquartered in Australia. Technology One's solutions help customers reduce costs and be efficient in several of their core business functions such as supply chain management, financial services, HR and payroll. Technology One has achieved impressive levels of customer satisfaction and customer loyalty throughout its history, with ~99% customer retention rates over the last 30 years. Despite being the largest supplier of enterprise software solutions in Australia, our research indicates that the company has a long runway of growth ahead of it driven by customer acquisition, the transition to a software-as-a-service platform, price, and cross-sell opportunities. We believe the business will compound its value at a compelling ~20% CAGR over the next five years.

Nice Ltd., which we purchased at inception, was sold because we believe the expected return is now less compelling. The company appreciated roughly 45% in 2019 to become a nearly $10 billion market capitalization company. Per our investment philosophy, we consider this sale as driven by identification of a preferable alternative, redeploying the proceeds to buy Technology One.

We also added to our position in Sanne Group PLC and trimmed our position in **TechnoPro Holdings**. The factors that lead to either adding to or trimming an existing holding are typically the result of one or more of the following variables: improvement/deterioration of a business's competitive advantage and fundamentals, changes in the expected rate of return, and portfolio construction discipline.

We added to Sanne Group because we believe that their expected return has materially improved. Several secular tailwinds are helping to drive demand for the types of services Sanne Group provides.

We trimmed our weighting in **TechnoPro Holdings** due to risk management. TechnoPro is a professional services company that helps organizations in Japan to supplement certain core engineering capabilities. We believe the business is high quality, but have concerns around the potential for a wider range of outcomes due to underlying customer demand in the medium-term. While secular drivers supersede any negative cycle impacts on the business, we nonetheless believe it is prudent to keep our ownership stake in this company at a lower weight.

Outlook

Part of our investment philosophy emphasizes finding businesses with durable competitive advantages. At the same time, we are patient investors. Time is one of our scarcest resources, and our investment philosophy is time effective because it supports and reinforces thoughtful decision making. We remain focused on the long-term prospects of a business rather than the near-term noise of the markets. Because we focus on owning high quality companies, the range of outcomes tends to be more narrow. We also run a concentrated portfolio of 30 companies versus the average manager in our Morningstar category, which generally owns 120 names. Tracking a smaller number of high quality companies, in our view, is more manageable. Portfolio turnover also remains low. We generally buy four to five companies per year versus dozens or even a 100+ compared to peers. When we find great companies, we hold them for as long as possible, which allows us to benefit from time arbitrage.

We continue to look for attractive businesses that fit our investment philosophy. In our view, the opportunity set continues to look compelling for the Polen International Small Company Growth strategy.

It is hard to know what 2020 will bring in terms of monetary policy or geopolitical events, but what we do believe is that researching quality companies that we feel can compound at an attractive level is what we do best.

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
18 years of experience

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	MSCI ACWI ex-USA Small-Cap Index (%)
3 Months	15.18	14.89	11.01
YTD	42.81	41.41	22.42
1 Year	42.81	41.41	22.42
Since Inception (01-02-2019)	42.81	41.41	22.42

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 Small Company Growth Composite—Annual Disclosure Presentation

		UMA	Firm	Composite Assets		Annual Performance Results				3 Year Standard Deviation***	
						Composite					
Year End	Total** (millions)	Assets** (millions)	Assets** (millions)	U.S. Dollars (millions)	Number of Accounts	Gross	Net	MSCI ACWI ex USA Small Cap	Composite Dispersion	Polen Gross	MSCI ACWI ex USA Small Cap
1Q 2019	25,338	9,620	15,718	1.16	1	2.84%	2.84%	0.15%	-	-	11.41

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation. *Performance represents partial period (January 1, 2019 through March 31, 2019), assets and accounts are as of 03/31/19. **Total, UMA, and Firm Assets are preliminary figures and subject to further adjustment. *** 1Q2019 3 Year Standard Deviation is trailing through 03/31/19 for MSCI ACWI ex-USA Small Cap. 3 Year Standard Deviation is not available for the composite due to the composite's January 1, 2019 creation date.

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 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.

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 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