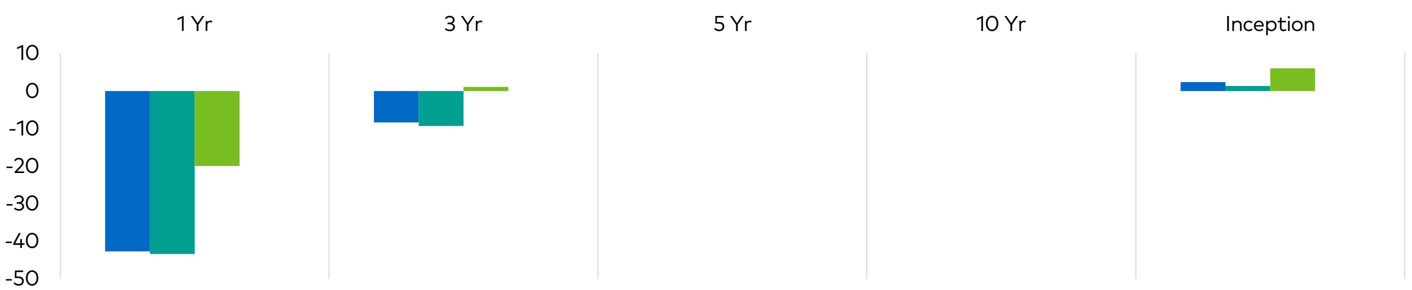
Polen International Small Company Growth

Portfolio Manager Commentary – December 2022

Summary

- In the fourth quarter, Polen International Small Company Growth Composite Portfolio (the "Portfolio") returned 7.44% gross and 7.04% net of fees, respectively, compared to the 13.31% return of the MSCI ACWI ex US Small Cap Index (the "Index").
- Geopolitical uncertainty, persistently high inflation, rising rates, and concerns about slower global growth continued to be the main sources of volatility.
- The top absolute contributors to the Portfolio's performance over the fourth quarter included Fevertree Drinks, Keywords Studios, and CTS Eventim. The most significant absolute detractors from performance included GB Group, Mytheresa, and Temenos.
- We initiated several new positions in quality businesses, funded by reducing our cash holdings and trimming a range of other holdings.
- We remain focused on the long-term value propositions, competitive advantages, growth opportunities, and potential earnings power of our Portfolio companies.
- We continue to research and own companies where we believe our flywheel framework is intact and risk-adjusted returns are compelling.

Seeks Growth & Capital Preservation (Performance (%) as of 12-31-2022)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
International Small Company Growth (Gross)	7.44	-42.66	-42.66	-8.35	-	-	2.40
International Small Company Growth (Net)	7.04	-43.42	-43.42	-9.35	-	-	1.31
MSCI ACWI Ex-US Small Cap Net	13.31	-19.97	-19.97	1.07	-	-	6.03

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. Performance figures are presented gross and net of fees and have been calculated after the deduction of all transaction costs and commissions, and include the reinvestment of all income. Please reference the GIPS Report 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. Opinions and views expressed constitute the judgment of Polen Capital as of the date herein, may involve a number of assumptions and estimates which are not guaranteed, and are subject to change.

All company-specific information has been sourced from company financials as of the relevant period discussed.

Commentary

2022 represented a sharp departure from a market environment that has persisted for many years, going back to the Global Financial Crisis. After years of accommodative policies and low interest rates, reverberations from pandemic policies and supply chain disruptions—exacerbated by the onset of war in Ukraine—prompted the Fed to quickly adjust to a new market regime characterized by persistent and rising inflation. As a result, investors endured one of the fastest rate hike cycles of all time, with the Federal Funds Rate in the US rising from 25bps in late March to 4.5% by the end of the year.

This interplay between inflation and rates was the primary focus of markets in 2022, and the impact was most acutely felt by longer duration (i.e., higher growth) assets as valuation multiples re-rated downwards. Further, as the year progressed, the market became increasingly fearful that central bank efforts to combat inflation would increase the likelihood of a recession. Amidst this backdrop, the MSCI ACWI ex US Small Cap index finished the year down -19.5%—its worst year since the inception of the Global Financial Crisis in 2008—with most of the weakness coming in tech, health care, communication services, and pockets of consumer discretionary. Energy was the lone positive sector, +28%.

Given our quality growth orientation, absolute and relative returns for the International Small Company Growth approach disappointed in this environment. By and large, our top detractors came in segments of the market where investors expressed the most concern around rising rates and the prospect of recession—namely, consumer discretionary and information technology. In these segments, it was not uncommon for high-growth, high-quality businesses with above-average P/Es to sell off more than 40% (if not well in excess of that).

Within the MSCI ACWI ex US Small Cap index alone, the technology sector saw its forward P/E multiple compress from 18x at the end of 2021 to 13x at the end of 2022 (-28%). While we exited a few businesses that violated our Flywheel investment criteria—as we expect to happen from time to time—the fundamentals of the businesses we own remain strong. This has held true even amidst persistent inflation, rapidly changing consumer demand, and slowing economic growth.

As investors turn their attention to the uncertain macro backdrop in the year ahead, it's important to underscore one of the key tenets of our Flywheel process: in good times and in bad, we only seek to invest in high-quality businesses with strong balance sheets that can self-fund growth. We believe this allows them to invest and grow during challenging economic and funding environments, positioning them to emerge stronger on the other side.

We favor businesses with strong free cash flow, persistent growth, and high returns on capital, and we always seek to own undervalued businesses relative to their long-term compounding potential. While we can't predict when markets will recover, we believe that maintaining our focus on high-quality growth companies that are well-positioned to drive cash flow and earnings growth over the next five years will generate attractive long-term performance for the Portfolio, regardless of the volatility in the underlying economy and shorter-term rotations in the market.

While this has been a tumultuous year for the markets, we believe this creates an exceptional opportunity to invest in small-cap companies for those of us that are long-term oriented, patient, and discerning.

Absolute and relative valuations for small caps are as attractive as we've seen in a very long time, sentiment remains weak, earnings estimates continue to be adjusted lower, and most market participants are engaging in very short-term behaviors that are leaving stocks mispriced and misunderstood. We continue to uncover exciting opportunities in the midst of this ongoing equity market dislocation.

Portfolio Performance & Attribution

In the fourth quarter, Polen International Small Company Growth Composite Portfolio (the "Portfolio") returned 7.44% gross and 7.04% net of fees , respectively, compared to the 13.31% return of the MSCI ACWI ex US Small Cap Index (the "Index").

A combination of stock selection, relative sector positioning, and style headwinds weighed on relative performance. Consistent with all of 2022, value outperformed growth by a wide margin in the quarter, posing a material headwind to relative performance. At the sector and industry level, the portfolio's overweight exposures to information technology and health care had the most notable negative impacts on relative performance. As it specifically relates to stock selection, most of the weakness came in information technology and consumer discretionary.

The most significant detractors from the Portfolio's absolute performance in the fourth quarter included **GB Group, Mytheresa,** and **Temenos.**

GB Group is a UK-headquartered provider of identity intelligence solutions and fraud prevention for companies across the globe. Earlier in the year, the stock traded up significantly on the news that it was the subject of takeover talks. In October, it was announced that the company and acquirer (a US-based private equity firm) could not agree on deal terms, and as a result, the deal fell apart. The stock sold off on this news in the short term. Stepping back, GB Group remains a leader in this space, and its solutions will increasingly be needed by companies globally and across various industries. We believe management is incredibly thoughtful and long-term oriented, and we continue to believe the company is well positioned to compound its intrinsic value at attractive rates going forward.

Mytheresa is a Germany-headquartered consumer company that enables luxury brands to sell their products online. Despite strong fundamentals in the near, medium, and long-term, the stock came under pressure, given investor concerns over their core business of selling discretionary luxury goods during a period of increasing economic uncertainty. While we acknowledge this risk, we view the valuation very attractively—in our view, more than compensating for any macro-related risks on the horizon. We continue to expect gross merchandise value ("GMV") growth will likely remain in the mid-to-high teens range as consumers increasingly migrate online for luxury purchases. As a result, we expect this combination of GMV growth and margin expansion to generate earnings growth more than 25% over the next five years.

Temenos is a Switzerland-based provider of digital banking, core banking, payments, fund management, and wealth management software products. The stock's underperformance comes on the back of slowing sales cycles as decision-makers are being more cautious, reconsidering projects, and freezing budgets for the time being. While there is no question that a deteriorating macro environment in the short term could cause delays and disruptions in deals, we believe the current price presents a very attractive risk/reward. Moreover, we believe Temenos has a powerful and durable competitive position in its key software solutions for banks and financial institutions.

The top contributors to the Portfolio's absolute performance in the fourth quarter included **Fevertree Drinks, Keywords Studios,** and **CTS Eventim.**

Fevertree Drinks is a UK-based leading brand for premium mixers with strong market share positions in various global markets. The company has experienced strong demand for its products but has experienced numerous supply chain issues over the six months that have dramatically dragged down profit margins (most notably, a spike in the price of glass bottles given a rise in natural gas prices). This, in turn, has led to a sharp decline in the stock price for the better part of the year. In the fourth quarter, we saw a reversal of these trends, with the stock responding to positive developments in the natural gas price and improving supply chain bottlenecks. More importantly, we think there's been a recognition that many of these issues are transitory in nature and that the sell-off in stock had been overdone, resulting in an attractive risk/reward.   We remain encouraged by the continued growth in customer demand, product innovation, partnerships, and brand-building efforts on a global basis.

Keywords Studios is the leading global outsourced services provider to the video game industry. During the quarter, the company released a trading statement indicating that full-year results are anticipated to be ahead of expectations and that the positive momentum should carry into 2023. The company remains a huge beneficiary of both the secular growth in gaming and the secular growth of outsourcing gaming. In our view, the total addressable market is very large, and the company has ways to grow straight through a variety of challenges that may come in 2023.

CTS Eventim, a leading provider of ticketing services and live entertainment in Europe, was the top contributor in the quarter. Like the trend we began to see earlier in the year, the company has experienced a strong rebound in demand for its products and services following the pandemic-era weakness as live events shut down. With this, the company delivered better-than-expected results during the period and revised guidance higher. The company remains very attractively valued, given our belief that earnings will compound at ~15% per annum from here.

Portfolio Activity

Portfolio activity this quarter included three new investments, along with some trims to existing holdings. We did not exit any investments during the quarter. New additions to the portfolio included **FirstService, Topicus.com,** and **Eurofins Scientific.**

FirstService is a Canadian company with operations largely in the US. It operates two attractive businesses: 1) the largest US residential property manager and 2) owner/operator and master franchisor of a variety of leading home service brands, including Paul Davis Restoration (residential restoration services), First Onsite (commercial restoration services), CertaPro Painters, California Closets, and Century Fire Protection, among others. FirstService has a leadership position in each of its businesses, and it operates in highly fragmented markets, which we believe creates a long runway ahead for the company to continue its pace of mid-teens top-line growth with modest margin improvements over time. Further, the business model has shown less economic sensitivity historically, generating high recurring revenue and cash flow, which management has proven adept at thoughtfully deploying.

Topicus.com is a leading Canadian-based provider of vertical market software ("VMS") solutions to the European market. For those familiar with Constellation Software and its legendary founder/CEO Mark Leonard, Topicus was spun out of Constellation Software in 2020 with the same focus on mission-critical VMS, albeit in the European marketplace. We believe Topicus is led by one of the best management teams in the world—among the best capital allocators—and operates in one of the most attractive industries, where fragmentation allows businesses to dominate their respective niches. We think the valuation is very attractive considering a company that we expect can grow earnings by more than 30% annually on the back of modest organic top-line growth and a substantial contribution from M&A, given their proven track record of success.

Eurofins Scientific is a Belgium-headquartered testing, inspection, and certification ("TIC") company with ~940 labs across Europe, North America, and Asia. Their mission is to test and do quality assurance for customers in food, environment, biopharma, and clinical diagnostics. The most important factors in providing high-quality service to customers in laboratory testing are accreditation, turn-around time (TAT), and breadth of the testing menu. Eurofins' investment and growth strategy over the past several decades has been geared towards improving in each of these categories. Our view is that this company can compound earnings at 10 - 14% over the long term, driven by MSD+ organic revenue growth, thoughtful M&A, and modest margin expansion.

We trimmed our positions in **Technology One, Thule Group, Globant, TMX Group,** and **Kinaxis.** In each case, we retain our long-term conviction in the growth opportunity around these high-quality companies. However, given relative outperformance vs. the broader universe, we used these trims as a source of funding for new positions with higher returns and better risk-reward profiles.

Outlook

The near-term continues to be highly uncertain. If interest rates stabilize, it may mean that economic growth is contracting. If economic growth persists, there may be further uncertainty over interest rates.

Small Cap Companies are heavily discounted, and the appetite for risk may turn quickly or resume slowly.

One thing we do know is that uncertainty drives volatility, and this volatility can create long-term opportunities for disciplined investors.

This underscores why we stay focused on the long term. While the short-term view is heavily influenced by fear and uncertainty, the long-term picture is far clearer than the market would suggest (even at higher interest rates), and by and large, our long-term view and conviction in our portfolio companies is unchanged. This allows us to confidently sift through the noise and take advantage of price dislocations.

This also highlights the benefit of owning Flywheel companies as we define them: long-term secular winners, still in the early innings of their growth, with durable business models and balance sheets that are built to keep them robust when others are weak. We believe time and patience are required for the fundamentals to play out. We cannot predict the short-term even though we believe significant bad news is priced in.

Despite all the challenges, the opportunity set in small caps is attractive regarding valuation and the prospect of persistent growth.

High-quality small cap companies have greater latent potential for growth relative to more mature businesses.

We believe the best-of-the-best small-cap companies will take advantage of adjacencies and have a better potential opportunity set for value-added acquisitions. Of course, many companies do not meet this high hurdle, which is why we hold a concentrated portfolio of companies that do not just offer growth and high returns but also durability, robust financial models, the ability to self-fund growth, and what we believe to be superior management teams.

Thank you for your interest in Polen Capital and the International Small Company Growth Portfolio. Please contact us with any questions.

Sincerely,

Rob Forker and Troy Renauld, CFA

Experience in High Quality Growth Investing

Rob Forker
Portfolio Manager & Analyst
22 years of experience

Troy Renauld, CFA
Portfolio Manager & Analyst
9 years of experience

GIPS Report

Polen Capital Management
International Small Company Growth Composite—GIPS Composite Report

		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 SmallCap (%)	Composite Dispersion (%)	Polen Gross (%)	MSCI ACWI ex USA SmallCap (%)
2021	82,789	28,884	53,905	1.92	1	10.87	9.78	12.92	N/A	18.58	19.86
2020	59,161	20,662	38,499	1.73	1	21.10	19.92	14.24	N/A	N/A	N/A
2019	34,784	12,681	22,104	1.43	1	42.80	41.40	22.42	N/A	N/A	N/A

Performance % as of 12-31-2022:
(Annualized returns are presented for periods greater than one year)

	1 Yr	5 Yr	10 Yr	Inception
International Small Company Growth (Gross)	-42.66	-	-	2.40
International Small Company Growth (Net)	-43.42	-	-	1.31
MSCI ACWI Ex-US Small Cap Net	-19.97	-	-	6.03

[1]A 3 Year Standard Deviation is not available for 2019 and 2020 due to 36 monthly returns are not available. Total assets and UMA assets are supplemental information to the GIPS Composite Report. N/A - There are five or fewer accounts in the composite the entire year.

While pitch books are updated quarterly to include composite performance through the most recent quarter, we use the GIPS Report that includes annual returns only. To minimize the risk of error we update the GIPS Report annually. This is typically updated by the end of the first quarter.

GIPS Report

The International Small Company Growth Composite created and incepted on January 2, 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. Effective January 2022, fully discretionary small company equity accounts managed as part of our International Small Company Growth strategy that adhere to the rules and regulations applicable to registered investment companies subject to the U.S. Investment Company Act of 1940 were included into the International Small Company Growth Composite. The accounts comprising the portfolios are highly concentrated and are not constrained by EU diversification regulations.

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 for the periods April 1, 1992 through June 30, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Polen Capital Management is an independent registered investment adviser. Polen Capital Management invests exclusively in equity portfolios consisting of high-quality companies but also has a subsidiary, Polen Capital Credit, LLC, that specializes in high yield securities and special situations investing. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, 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.

Effective January 1, 2022, composite policy requires the temporary removal of any portfolio incurring a client initiated significant net cash inflow or outflow of 10% or greater of portfolio assets. 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 either actual management fees or highest fees for fund structures. The annual composite dispersion presented is an asset-weighted standard deviation using returns presented gross of management fees calculated for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The separate account 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.

The per annum fee schedule for managing the Polen International Small Company Growth Fund, which is included in the International Small Company Growth Composite, is 100 basis points (1.00%). The total annual fund operating expenses are up to 150 basis points (1.50%). As of 4/30/2022, the mutual fund expense ratio goes up to 1.50%. This figure may vary from year to year.

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. Portfolio returns are net of all foreign non-reclaimable withholding taxes. Reclaimable withholding taxes are reflected as income if and when received. 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 equity index that measures the performance of the small-cap segment across developed and emerging markets (excluding the U.S). The index is maintained by Morgan Stanley Capital International.

The volatility and other material characteristics of the indices referenced may be materially different from the performance achieved. In addition, the composite's holdings may be materially different from those within the index. Indices are unmanaged and one cannot invest directly in an index.

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