Polen Focus Growth

Portfolio Manager Commentary – September 2021

Summary

- During the third quarter of 2021, the Polen Focus Growth Composite Portfolio (the "Portfolio") returned 2.78% gross of fees versus 1.16% for the Russell 1000 Growth Index (the "Index") and 0.59% for the S&P 500.

- Year to date, the Portfolio returned 18.51% gross of fees versus 14.30% for the Index and 15.93% for the S&P 500.

- We continue to see broad-based strength in the revenue and earnings growth of the companies we own in the Focus Growth Portfolio.

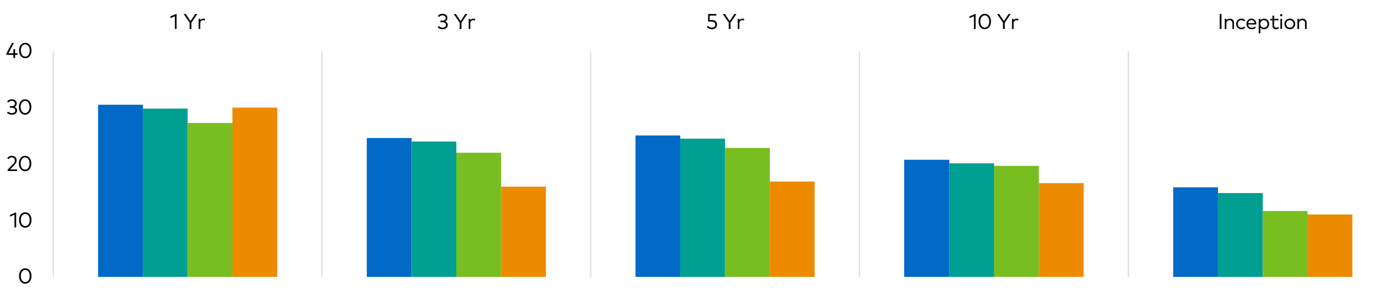
- The businesses in the Portfolio that were negatively impacted by the direct effects of COVID-19 (such as various quarantines in 2020) have seen resurgences in revenue and earnings growth, while those that benefited in specific ways have continued to experience robust demand.

- We currently do not expect inflationary pressures, should they persist, to have a meaningful impact on our holdings, mainly due to their general ability to pass on higher costs to customers in the form of price increases.

- Still, if interest rates continue to rise from historically low levels, valuation compression could become a headwind to Portfolio returns in the coming years.

- In the third quarter, we acquired Airbnb, added to Autodesk, Amazon, and Mastercard, and trimmed our positions in Adobe, Microsoft, Zoetis, Accenture, Starbucks, and ServiceNow.

Seeks Growth & Capital Preservation (Performance (%) as of 09-30-2021)



	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Polen Focus Growth (Gross)	2.78	18.51	30.53	24.63	25.11	20.75	15.86
Polen Focus Growth (Net)	2.65	18.06	29.88	24.03	24.51	20.13	14.88
Russell 1000 Growth	1.16	14.30	27.32	22.01	22.84	19.68	11.70
S&P 500	0.59	15.93	30.01	16.00	16.90	16.64	11.08

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher. Periods over one-year are annualized. Please reference the 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.

Commentary

During the third quarter of 2021, the Polen Focus Growth Composite Portfolio (the "Portfolio") returned 2.78% gross of fees versus 1.16% for the Russell 1000 Growth Index (the Index") and 0.59% for the S&P 500 (the "S&P"). Year to date, the Portfolio has appreciated 18.51% gross of fees versus 14.30% and 15.93% for the Index and S&P, respectively.

We continue to see broad-based strength in the revenue and earnings growth of the companies we own in the Focus Growth Portfolio.

The businesses in the Portfolio that were negatively impacted by the direct effects of COVID-19 (such as various quarantines in 2020) have seen resurgences in revenue and earnings growth, while those that benefited in specific ways have continued to experience robust demand. From our perspective, COVID-19 accelerated and further solidified many trends already in motion before the pandemic. For example, the proliferation of digital payments, e-commerce, online advertising, workflow automation, productivity and collaboration tools, mobile and cloud computing, non-linear/streaming media, and private rental accommodations were already growing in momentum before the health crisis and have only accelerated because of the current backdrop.

Our Portfolio is invested in businesses that are benefiting from these secular trends. These include companies that either created valuable products and services or meaningfully enhanced already existing ones in a way that allowed these secular trends to deliver additional momentum. For example, Alphabet did not pioneer online search or even the digital search advertising business model. Instead, it developed more effective algorithms than those offered by existing competitors, leading to better results for our online search queries. The consumer data collected by Alphabet then enabled the company to enhance its algorithms and search results further.

Alphabet's innovations and strong network effects have resulted in "Google Search" capturing most of the multi-billion-dollar digital search advertising market. Similar dynamics generally exist within digital payments (Mastercard and Visa), e-commerce (Amazon), online ads (Facebook and Alphabet), workflow automation (ServiceNow), productivity and collaboration Tools (Microsoft, Salesforce, and Adobe), public cloud computing (Amazon's AWS, Microsoft's Azure and Google's GCP), streaming media (Netflix) and private rental accommodations (Airbnb).

As investors, we aim to find companies that deliver what we believe to be highly desired or required products and services to large groups of customers. These customers seek out our companies for their unique value propositions. The companies also need to possess what we believe to be substantial competitive advantages, which enable their unique value propositions to remain in place for the long term.

In addition, the businesses we invest in must deeply understand the need to deliver for all critical stakeholders for these value propositions to endure, including employees, supply chain partners, and shareholders. We do these assessments one company at a time, using a bottom-up investment approach.

Inflation and the Potential for Higher Interest Rates

Since the Great Financial Crisis of 2008-2009, most countries have issued a tremendous amount of fiscal and monetary stimulus to lubricate the sluggish global economy. The amount of stimulus had begun lessening a few years ago. However, the COVID-19 pandemic and ensuing lockdowns caused massive economic disruption and unemployment that essentially forced lawmakers and central bankers to re-deploy stimulus once again, but this time to an unprecedented degree. With long-term U.S. Treasury rates then falling below 1% in nominal terms—and into negative territory in real terms—virtually all risk assets (usually priced relative to "riskless" Treasuries) started rocketing higher in April 2020. Naturally, clients have been asking us what the impact could be on our Portfolio if massive stimulus leads to high inflation and, subsequently, meaningfully higher interest rates.

First, we should mention that our Portfolio, which has a substantial, nearly 33-year track record, has never been through a genuinely inflationary period. In fairness, this means we (and most of our peers) can share our thoughts, but this is simply our opinion on how we expect companies in our Portfolio to perform under different economic environments based on their competitive positioning. Second, we should also separate inflation prospects from higher interest rates because we could still see higher interest rates for several reasons despite our sanguine long-term view on inflation. Higher rates would likely put downward pressure on price-to-earnings (P/E) multiples even in the absence of high inflation—bond yields would likely rise and become more attractive to investors seeking yield.

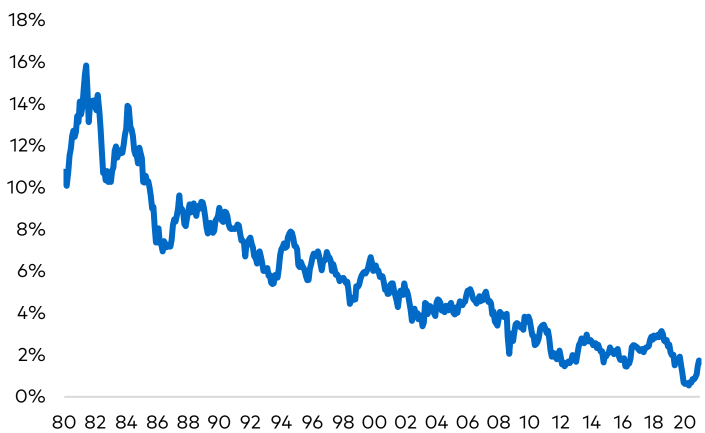
Regarding inflation, we already see higher prices across many goods and services in the U.S. as economies reopen, thus causing many people to increase their spending. This increased demand—which is being met by at least a temporary shortage of parts and labor across supply chains—has exacerbated the inflationary pressures we are currently experiencing. We believe these dynamics could remain in place for some time as global supply chains and labor markets work to readjust to demand after severe dislocations stemming from COVID-19. In the long term, we believe that inflation will have to compete against deflationary forces. These forces include aging demographics and what feels to us like ever-increasing automation and digitization.

For companies with higher valuations, we need to believe our earnings growth estimates support at least double-digit annualized returns even if the company's P/E multiple moves much lower over time due to higher interest rates or otherwise.

polen capital

Suppose a potential investment meets our criteria from a business strength perspective but has a valuation that we do not believe supports double-digit returns based on our earnings growth estimates. In that case, we will simply stay patient and remain on the sidelines. At the Portfolio level, we have compounded returns at 16% gross of fees per annum since inception. This has been driven by approximately 15% earnings per share growth for the Portfolio as a whole and a very modest 1% dividend yield. Interest rates have trended mostly downward through our history (see Figure 1) and partly because of this, we generally have not had to deal with sustained P/E multiple compression.

40 Years of Declining Interest Rates



Source: FactSet.

Today, the Portfolio's P/E multiple is meaningfully higher than its historical average. We believe this is partly due to extremely low interest rates and partly due to the higher earnings growth expected for the Portfolio over the next five years relative to its historical earnings growth. We project that interest rates will rise and P/E multiples will fall at least somewhat from here over the next five years, thus, we estimate our Portfolio's returns over this period will be below the current Portfolio's earnings growth. Nevertheless, we believe the Portfolio has robust next-five-years earnings growth prospects relative to our history. This earnings growth potential, in our view, can allow the Portfolio to continue to deliver double-digit annualized returns even in the face of potential declines in the Portfolio's P/E multiple if we find ourselves in a rising rate environment. Based on the elevated Portfolio earnings growth we expect, we could withstand a roughly 35% decline in the Portfolio's P/E multiple over the next five years and still deliver double-digit annualized returns.

This illustrates the point that the best way to offset valuation compression, to us, is through investing in companies that can contribute continuous and robust earnings growth to the Portfolio. Linear P/E multiple contractions can be overcome through sustained, elevated earnings growth. But we believe sustained, elevated earnings growth is only possible for businesses that have unique value propositions, strong competitive advantages, and a deep understanding and desire to deliver results for all key stakeholders in a way that can allow their respective value propositions and competitive advantages to endure. Therefore, we remain focused on identifying these—and only these—types of businesses.

Portfolio Performance & Attribution

Our top relative performers in the third quarter of 2021 were **Gartner**, **Airbnb**, and **Salesforce**. The largest relative detractors during the quarter were **Illumina**, **PayPal**, and **Facebook**.

Gartner's share price rallied as the company has returned favorable growth in contract value and revenue growth across its segments. Margins have been expanding nicely as well. The company has a highly recurring revenue business model. We believe it has now fully turned around the CEB business it acquired a few years ago (now called Gartner Business Services), allowing for accelerated earnings growth over the next few years.

Salesforce came under pressure earlier in the year after agreeing to purchase Slack for about $26 billion. Since then, management has articulated well the strategic rationale and integration of Slack into its other software offerings and has demonstrated continued double-digit organic revenue growth within its legacy product offerings. At its recent investor day, the company also outlined long-term growth plans in line with our estimates but probably above what others may have been expecting, especially on margin expansion.

Despite reporting solid earnings results, **PayPal** moved lower during the quarter. We believe the decline was primarily due to the company reporting near-term growth headwinds from the remainder of its eBay payment volumes, which have declined faster than expected. Our expectations included PayPal's payment volumes from eBay declining rapidly, and much more importantly in our view, the fast-paced growth of the rest of PayPal's payment volumes. This growth has been due to the increased adoption of its digital wallets (PayPal and Venmo) and checkout buttons. The shift to digital payments and e-commerce are significant tailwinds for PayPal. The pandemic further catalyzed these tailwinds, and we believe the move to digital payments is here to stay.

Illumina shares underperformed on news that the company closed its acquisition of GRAIL despite regulatory reviews in the U.S. and EU that are still pending. We believe there is no precedent for applicable courts to use as a basis for validly concluding this acquisition violates antitrust law. Also, we think U.S. regulators were unnecessarily delaying their regulatory reviews in hopes of deterring Illumina and GRAIL from moving forward. Grail is still a pre-revenue business, and we believe it will be highly dilutive to Illumina's earnings in the short term.

Still, we expect Illumina's core business to strengthen as a result of this acquisition. We also expect earnings accretion from GRAIL in the intermediate-term as its liquid biopsy test appears to be effective for early cancer detection across 50 of the most lethal cancers (most of which there are no tests for today).

Facebook's stock was pressured on concerns about regulation in the quarter. We are constantly monitoring the potential regulatory risks to Facebook (and all of our holdings). At this point, we see very little chance that regulation changes Facebook's business model in a meaningful and adverse way. Regarding the recent data shared by a former Facebook employee and the company itself on some of the unfortunate negative consequences of social media, we recognize these types of issues will inevitably linger in different forms and fashions well into the future. We have been focused on the ability of Facebook to identify and mitigate these negative consequences while amplifying the value users typically cite for its apps across a long list of use cases. We continuously monitor the vibrance of the user base on Facebook's apps to confirm that value.

Portfolio Activity

After modest Portfolio activity during the second quarter of 2021, activity increased during the third quarter. Given somewhat elevated valuations, we trimmed our positions in **Starbucks**, **ServiceNow**, and **Zoetis** and used the proceeds help fund the purchase of **Airbnb**.

We believe **Airbnb** has substantial competitive advantages in a large, fast-growing, and global market. Airbnb acts as a "System of Trust" in the private rental accommodations market, removing a considerable amount of friction so hosts can trust unknown guests and guests can trust unknown hosts/properties.

We believe Airbnb has an attractive growth runway given its unique inventory, powerful platform, and system enhancements that further reduce user friction.

We see Airbnb as well-positioned to benefit from secular growth in travel, the increasingly mainstream nature of private rentals, and as hybrid work/travel can lead to more frequent and longer stays. Unlike traditional online travel agencies like Booking.com and Expedia, Airbnb's user traffic comes almost entirely directly, which speaks to the brand's strength. This also means that Airbnb does not need to pay Google or other meta-search engines nearly as much money for generating booking leads, which is a favorable structural business model advantage in our view. We expect the company's bookings and revenue to compound at a high-teens rate or better over the next five years and margins to expand by thousands of basis points as it scales its fixed costs base, leading to 40%+ earnings per share growth over that period.

Similarly, we decided to trim our positions in **Microsoft** and **Adobe** to fund additions to **Autodesk**, **Amazon**, and **Mastercard**. As the valuations of Microsoft and Adobe have increased, we feel modestly lower portfolio weights are appropriate. Shares of Autodesk have lagged recently due to expectations of short-term headwinds to free cash flow as the company transitions its billing structure to annual payments from multi-year up-front subscription payments. We view this as a transient issue and believe Autodesk's attractive long-term growth profile remains in place.

Amazon has also lagged as its revenue growth is slowing on the very difficult comparisons from last year when this behemoth was growing revenue by over 40%. We still expect exceptional long-term growth and significant margin expansion as the fastest growing (and now large) segments of Amazon are also generating the highest margins. Mastercard (and Visa) faced pressure as some believe these "old payment infrastructure" businesses will be disrupted by newer fintech companies using blockchain, buy now, pay later (BNPL), or other innovations to provide better/cheaper payment services.

However, we believe that some of these technologies have meaningful limitations which could benefit existing payment networks. For example, BNPL transactions are often funded with cards and turn a one-time transaction into many smaller ones with more transaction fees for Visa and Mastercard. Just like with regulation, we continually monitor for competition and technological disruption. As of now, we do not see a significant risk in the foreseeable future to these companies. In each of the above cases (Autodesk, Amazon, and Mastercard), we believe we capitalized on transient or immaterial issues that caused share price pressure to add to our positions.

Outlook

We remain focused on identifying and monitoring companies that we believe are best positioned to deliver double-digit returns for our clients through persistent and robust earnings growth. Our investment philosophy takes on added importance when starting from relatively high market valuations that we assume will come down at least somewhat in the coming years.

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

Sincerely,

Dan Davidowitz and Brandon Ladoff

Experience in High Quality Growth Investing

Dan Davidowitz, CFA
Portfolio Manager & Analyst
22 years of experience

Brandon Ladoff
Portfolio Manager & Director of Research
8 years of experience

GIPS Report

Polen Capital Management
Focus Growth Composite—GIPS Composite Report

		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 (%)	S&P 500 (%)	Russell 1000 G (%)	Composite Dispersion (%)	Composite Gross (%)	S&P 500 (%)	Russell 1000 G (%)
2020	59,161	20,662	38,499	12,257	1903	34.64	34.00	18.40	38.49	0.4	18.16	18.53	19.64
2019	34,784	12,681	22,104	8,831	939	38.80	38.16	31.49	36.40	0.3	12.13	11.93	13.07
2018	20,591	7,862	12,729	6,146	705	8.99	8.48	-4.38	-1.51	0.2	11.90	10.95	12.12
2017	17,422	6,957	10,466	5,310	513	27.74	27.14	21.83	30.22	0.3	10.66	10.07	10.54
2016	11,251	4,697	6,554	3,212	426	1.72	1.22	11.96	7.09	0.2	11.31	10.74	11.31
2015	7,451	2,125	5,326	2,239	321	15.89	15.27	1.38	5.68	0.1	10.92	10.62	10.85
2014	5,328	1,335	3,993	1,990	237	17.60	16.95	13.69	13.06	0.2	10.66	9.10	9.73
2013	5,015	1,197	3,818	1,834	245	23.77	23.07	32.39	33.49	0.3	11.91	12.11	12.35
2012	4,527	889	3,638	1,495	325	12.43	11.75	16.00	15.26	0.1	16.01	15.30	15.88
2011	2,374	561	1,812	556	171	9.04	8.25	2.11	2.63	0.2	15.98	18.97	18.01
2010	1,181	322	860	316	120	15.65	14.70	15.06	16.72	0.2	20.16	22.16	22.42
2009	626	131	494	225	120	39.71	38.50	26.46	37.21	0.3	16.99	19.91	20.01
2008	266	10	256	137	112	-27.81	-28.42	-37.00	-38.44	0.3	15.26	15.29	16.63
2007	682	-	682	491	149	10.78	9.86	5.49	11.81	0.2	8.36	7.79	8.66
2006	730	-	730	524	219	15.00	14.04	15.80	9.07	0.1	7.25	6.92	8.43
2005	1,849	-	1,849	945	419	-0.53	-1.43	4.91	5.26	0.2	8.08	9.17	9.67
2004	2,017	-	2,017	1,124	665	8.72	7.76	10.88	6.30	0.2	10.08	15.07	15.66
2003	1,617	-	1,617	907	513	17.73	16.67	28.68	29.75	0.7	12.98	18.32	22.98
2002	970	-	970	518	407	-6.69	-7.53	-22.10	-27.88	0.9	13.15	18.81	25.58
2001	703	-	703	408	289	-4.61	-5.50	-11.89	-20.42	1.0	13.58	16.94	25.56
2000	622	-	622	359	236	-3.50	-4.44	-9.10	-22.42	0.7	16.52	17.67	23.11
1999	640	-	640	377	228	23.89	22.65	21.04	33.16	0.6	18.27	16.76	19.27
1998	418	-	418	257	202	31.61	30.19	28.58	38.71	0.7	17.95	16.23	18.15
1997	252	-	252	145	158	37.14	35.63	33.36	30.49	0.9	13.17	11.30	12.79
1996	140	-	140	89	118	31.94	30.40	22.96	23.12	0.7	10.61	9.72	10.49
1995	70	-	70	45	61	48.07	46.33	37.58	37.18	1.0	9.72	8.34	9.26
1994	32	-	32	17	27	10.13	8.96	1.32	2.62	1.6	-	-	-
1993	24	-	24	16	26	13.07	11.85	10.08	2.87	2.9	-	-	-

Total assets and UMA assets are supplemental information to the GIPS Composite Report.
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 Focus Growth Composite created on January 1, 2006 with inception date April 1, 1992 contains fully discretionary large cap equity accounts that are not managed within a wrap fee structure and for comparison purposes is measured against the S&P 500 and the Russell 1000 Growth indices. Prior to March 22, 2021, the composite was named Large Capitalization Equity Composite. The accounts are highly concentrated and unconstrained with regard to the number of the highest-conviction positions (i.e., positions of greater than 5%) comprising the portfolios. 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 for the periods April 1, 1992 through June 30, 2021. 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. The Focus Growth Composite has had a performance examination for the periods April 1, 1992 through December 31, 2020. The verification and performance examination reports are available upon request.

Polen Capital Management is an independent registered investment adviser. 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. From July 1, 2002 through April 30, 2016, composite policy required the temporary removal of any portfolio incurring a client initiated significant cash outflow of 10% or greater of portfolio assets. The temporary removal of such an account occurred at the beginning of the month in which the significant cash flow occurred and the account re-entered the composite the first full month after the cash flow. The U.S. Dollar is the currency used to express performance. Certain accounts included in the composite may participate in a zero-commission program. 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 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 management fee schedule is as follows:
Institutional: Per annum fees for managing accounts are 75 basis points (.75%) on the first $50 Million and 55 basis points (.55%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 150 basis points (1.5%) of the first $500,000 of assets under management and 100 basis points (1.0%) 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 S&P 500® Index is a widely recognized, unmanaged index of 500 common stocks which are generally representative of the U.S. stock market as a whole. The Russell 1000® Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

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 composites' 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