Polen Global Growth

Portfolio Manager Commentary - June 2020

Summary

- During the second quarter of 2020, the Polen Global Growth Composite Portfolio (the "Portfolio") returned 20.58% gross of fees, versus the MSCI All Country World Index (the "Index") return of 19.22%.

- Comparing this quarter's market rebound and the first quarter's swift market decline, the Portfolio delivered outperformance across both market environments. Year to date, the Portfolio is up 5.29% gross of fees versus a decline of -6.25% for the Index.

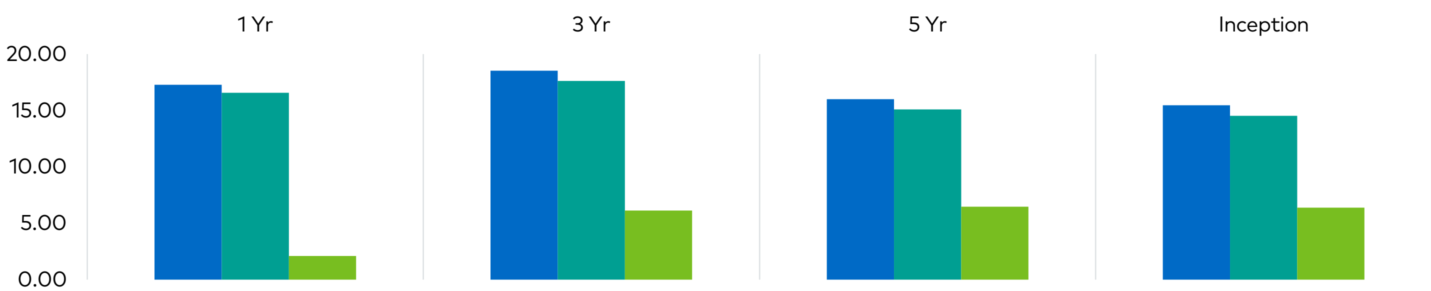
- Information technology was the largest absolute and relative contributor to returns, supported by our significant overweight to the sector. Higher exposure to and outperformance within communication services was also a key contributor during the quarter.

- From a geographic perspective, our outperformance in the U.S. was the most significant driver.

- During the month of May, we trimmed Nike, adidas, Coloplast and Visa, added to our position in SAP and purchased PayPal. In June, we added to our position in Autodesk, bringing it to an above-average weight.

- While we do not make macro-economic predictions or claim to know how markets will perform in the coming quarters, we continue to have conviction in the strength and durability of the businesses we own and believe that most, if not all of them, will emerge from this period stronger.

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



	Qtr	YTD	1 Yr	3 Yr	5 Yr	Inception
Polen Global Growth (Gross)	20.58	5.29	17.30	18.53	16.01	15.47
Polen Global Growth (Net)	20.52	5.05	16.58	17.63	15.09	14.54
MSCI ACWI	19.22	-6.25	2.11	6.14	6.46	6.37

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 supplemental information to the composite performance 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 second quarter of 2020, the Polen Global Growth Composite Portfolio (the "Portfolio") returned 20.58% gross of fees, versus the MSCI All-Country World Index (the "Index") return of 19.22%.

Comparing this quarter's market rebound and the first quarter's swift market decline, the Portfolio delivered outperformance across both market environments.

Year to date, the Portfolio is up 5.29% gross of fees versus a decline of -6.25% for the Index. Since inception on January 1, 2015, the Portfolio has delivered an annualized investment result of 15.47% gross of fees compared to a 6.37% annualized return from the Index. Thus, the Portfolio has outperformed the Index by more than 910 basis points per year on average. Cumulative returns since inception are 120.46% gross of fees for the Portfolio versus 40.39% for the Index.

Markets were ebullient during the second quarter, rebounding from the swift decline seen during the first quarter. It is unusual to see the Index return more than 19% in a three-month period. In fact, the MSCI ACWI surpassed 19% in only two previous quarters during the past 30 years: second quarter 2009 and fourth quarter 1998. Like the current situation, the rebound during the second quarter of 2009 was a recovery from the sharp declines seen during the global financial crisis. Market strength in late 1998 can be attributed to the inflation of the technology bubble.

Yet, the current situation feels a little unique. A relatively high degree of uncertainty lingers given the novelty of the COVID-19 pandemic, its significant impact on the global economy and the continued absence of a concrete solution. Progress is being made in the development of vaccines, economies are reopening, and unemployment rates are generally improving, but from very depressed levels. According to the Bureau of Labor Statistics, for example, the U.S. unemployment rate fell from more than 13% to 11.1% in June. While clearly moving in the right direction, the unemployment rate is still very high.

Similar dynamics are happening in Europe. Perhaps the most hopeful sign, in our view, is the progress seen in China, which began reopening before the West. We are seeing improvements in China's economy, which is benefitting many of our businesses. Nike, for example, returned to currency-neutral growth in Greater China during the second quarter after having to close most of their brick-and-mortar stores during the first quarter.

While we do not make macro-economic predictions or claim to know how markets will perform in the coming quarters, we continue to have conviction in the strength and durability of the businesses we own and believe that most, if not all of them, will emerge from this period stronger. We believe each of our businesses is competitively advantaged and expect their strong balance sheets to help weather any near-term challenges.

The secular tailwinds that many of our companies enjoy also appear to be strengthening as a result of spread mitigation policies globally. As Microsoft CEO Satya Nadella recently said, "As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation in two months." This transformation is positively impacting our businesses that derive revenues from the cloud, e-commerce, digital payments, software solutions and the shift from traditional to digital marketing. The companies benefitting from these shifts have the largest weightings within our Portfolio. Notably, even our consumer discretionary holdings, which suffered when their brick-and-mortar stores were closed, are seeing their investments in omnichannel capabilities pay off, helping to further separate themselves from their competition.

We think the performance of the Portfolio through different market conditions demonstrates the value of investing in quality companies for the long-term. With only modest adjustments to the Portfolio, we only captured roughly 60% of the downside during the first quarter while capturing roughly 110% of the upside in the second quarter. Moreover, our year-to-date performance is consistent with the Portfolio's performance since inception. Since January 1, 2015, the Portfolio has captured less than 70% of the downside while capturing more than 115% of the upside. We believe this resilient performance through both challenging and favorable market environments is the result of seeking to own only the highest-quality businesses in a concentrated and disciplined manner.

This ability to play effective defense and offense–a manifestation of our investment approach–is congruent with our mission to preserve and grow client assets to protect their present and enable their future.

Overview of the Portfolio

The Portfolio is a high-conviction portfolio that is typically invested in 25-35 of what we believe to be the best businesses in the world. We only invest in businesses that we believe have sustainable competitive advantages and can deliver above-average earnings and free cash flow growth over the long term. While we expect some of our holdings to compound faster and some slower, we aim for the Portfolio to generate mid-teens earnings per share growth in the long term. We take a long-term approach to investing and typically expect to hold our investments for many years. Most of the companies we own operate in several countries and often benefit from natural or financial hedges that we feel help alleviate policy, country, and currency risk.

We also concentrate the Portfolio in sectors such as technology, consumer, and healthcare, where we feel we find the highest-quality earnings and more sustainable growth. Companies in these sectors make up approximately 80% of our Portfolio currently.

The geographic exposure of the Portfolio is based on where we find the highest quality.

Currently, fourteen of our holdings are based in the U.S. and thirteen are based in various other countries around the world. The Portfolio's current revenue breakdown, which is the way we like to look at geographic exposure, reveals that roughly 45% of revenues come from the United States and 50% is from a range of other countries. The rest is a residual cash holding. We are unlikely to invest in companies domiciled in frontier markets and expect to have a limited direct investment in most emerging markets.

Portfolio Performance

The Portfolio delivered solid absolute returns and relative results during the second quarter with positive contributions from every sector. Information technology was the strongest performing segment of the market during the quarter, and our significant overweight in IT made it the largest absolute and relative contributor to returns. Higher exposure to and outperformance within communication services was also a key contributor during the quarter. Many of the businesses within both sectors are seeing meaningful benefits from the accelerating digital transformation occurring today, so the contribution is no surprise to us.

From a geographic perspective, our outperformance in the U.S. was the most significant driver. With most of our IT holdings being based in the U.S.—where in our experience, many of the most attractive IT companies tend to be located—and being among our highest conviction weightings, stock-specific holdings drove the outperformance across both sector and geographic dimensions.

From an individual company perspective, attribution was closely tied to the impact, positive and negative, of COVID-19 on businesses today. Companies benefitting from shelter-in-place policies were rewarded with higher prices from the market during the quarter. Conversely, our largest detractors were primarily companies in the consumer discretionary sector that derive most of their revenues from brick-and-mortar stores. All of our companies delivered positive returns during the second quarter.

The leading contributors during the quarter were **Microsoft**, **Adobe**, and **Facebook**. We typically cite only the top three but want to highlight that these companies, as well as **Tencent** and **Alphabet** (our fourth and fifth leading contributors), are each benefiting from consumers spending more time at home. We have written extensively about **Microsoft**, **Adobe** and **Tencent** in prior commentaries. Each continues to see strong demand for their platforms. In the case of **Alphabet**, YouTube and Google Cloud Platform, now driving more than 50% of the company's total sales growth, are seeing an increase in demand.

Despite **Facebook's** share price increasing over 35% during the quarter, controversy surrounded the company recently. Some large companies like Verizon and Unilever have paused marketing spend on Facebook to pressure the company to make more progress on eliminating hate speech on the platform. While this is potentially negative for Facebook's advertising revenue over the short-term, the bigger concern would be if user engagement changes. As of now, user engagement remains at high levels. We believe that ultimately advertisers will continue to choose Facebook since consumers spend a lot of their time on the platform. However, we will follow this issue closely and continue to intently monitor engagement levels.

The leading detractors during the quarter were **Industria de Diseno Textil (Inditex)**, **Coloplast**, and **EssilorLuxottica**. **Inditex** and **EssilorLuxottica** both saw material sales declines resulting from store closures.

We believe that **Inditex** is one of the best, if not the best, fashion retailer with a significant offline presence globally. That said, as the pandemic has dragged on, we see just how challenging the environment is for the business. To provide historical context, this is the first time the company has lost money, even on a quarterly basis, in over 20 years. With over 7,000 stores around the world, the closure of most of them is capping near-term growth. Our current weighting of under 2% of the Portfolio is reflective of these challenges.

EssilorLuxottica is also working through the current environment. The company has acknowledged that operations were severely impacted by world-wide quarantines. We believe that demand should be resilient and return once quarantines end, especially on the prescription side of their business. EssilorLuxottica is also a below-average weight in the Portfolio, as we recognize both the continued integration challenges of the Essilor and Luxottica merger from 2018 and the challenges in the current environment. In the case of both companies, we believe their competitive advantages will allow them to emerge from this environment stronger.

Regarding **Coloplast**, it was the leading contributor during the first quarter, rising more than 16% as the broader market declined. This dampened second-quarter returns, but the shares still appreciated more than 7% in the quarter. The business remains quite strong and is making real progress with its multi-faceted strategy of penetrating the U.S. with its high-quality medical devices. We chose to trim the position during the quarter based solely on its price, which we detail further in the Portfolio Activity section of this letter.

Portfolio Activity

We continue to actively reassess the investment cases and financial strength of each business we own and will continue to scrutinize their value propositions to consumers in this "new environment." As is typical for the Portfolio, though, we made minimal changes during the quarter.

We believe that our Portfolio is built for any environment over the long term and that even if we had made no changes during the first half of this year, we would have delivered favorable results for our clients. This is a result of our discipline in only seeking to own the highest quality businesses and structuring our Portfolio across "the Growth Spectrum," a three-decade philosophy we detailed in our fourth quarter 2019 commentary. That said, we did make some changes during the second quarter.

During the month of May, we trimmed **Nike**, **adidas**, **Coloplast** and **Visa**, added to our position in **SAP** and purchased **PayPal**. In June, we added to our position in **Autodesk**, bringing it to an above-average weight.

We added to our position in **Autodesk** on continued confidence in our investment case, which we detailed in last quarter's commentary. We believe Autodesk will reap long-term benefits from its shift to a subscription-based model, the ongoing penetration of its products in key end markets, and the increasingly critical nature of its software to its clients.

The adjustments to **Nike** and **adidas** were a function of COVID-19 spread mitigation policy impacts and price. We believe both companies possess multiple competitive advantages working in concert that should allow them to emerge even stronger relative to competitors once humanity normalizes. However, the fact remains that the majority of their brick-and-mortar stores globally were closed. We applaud the business's capital allocation to create true omnichannel capabilities in recent years, but these efforts likely will not be enough to offset the lack of business from other areas impacted by the coronavirus. We remain confident in both companies longer term, but we are mindful of the challenges of operating in the current retail environment and believe our position weightings reflect this awareness.

SAP, on the other hand, will likely be less affected in the near term by the COVID-19 shutdowns in our view. While it certainly will be impacted as countries around the world face GDP declines, Enterprise Resource Planning software is mission-critical, and we think the company's cloud offerings will continue to benefit from its S/4 upgrade cycle.

Despite SAP's strength, recurring revenue and durability, it was trading at about 20x forward earnings. While we do not focus on macroeconomics or speculate on related market movements, member states across Europe were unable to execute a coordinated effort to provide liquidity as quickly as the U.S. or other countries. We suspect the absence of a swift and unified response is at least partially responsible for most European indices being negative 20-30% in early May while the S&P 500 was only down 10%. Regardless of the cause, we think SAP is reasonably valued for such a strong and resilient growth business. While a less robust policy response could mean that it takes longer for growth to recover in Europe, SAP earns almost 70% of its revenues from outside of the continent.

Coloplast continues to execute its strategy well across the globe while further penetrating the U.S. market. We believe the company adds a tremendous amount of value for individuals the world over, and that it will continue to do so during and after this pandemic. That said, Coloplast's price rose to nearly 50x forward earnings. While quite durable in our view, with earnings growth expectations in the low double digits, we felt it was prudent to trim Coloplast and add **PayPal** to the Portfolio. PayPal was trading less expensively on a relative basis, is growing faster, and we see its value proposition seemingly strengthening as a result of COVID-19 spread mitigation policies.

> **We have been following PayPal closely for well over a year, and we believe that the current environment is amplifying its use cases and value proposition to merchants and consumers alike.**

We also believe the company will continue to benefit from network effects, whereby new active accounts and more engagement leads to even more new active accounts and engagement. Over 7 million net new active accounts were added during the month of April, representing growth of more than 130%. And, the cohort of new accounts who conduct three or more transactions with PayPal within the first ten days of signing, a strong pattern that historically leads to lifelong users, saw a 30% lift in adoption this past quarter. In short, the current environment is spurring greater trialing and repeat use, which is a significant positive for PayPal.

PayPal's products are user-friendly such that regardless of whether shelter-in-place is prolonged, abruptly stopped, occurs again in the fall, or any combination of the three, we believe the company will continue to thrive in a post-COVID-19 world. We expect that many people will be reticent to shop as they have in the past while social distancing remains a reality, and PayPal provides simple solutions to transacting more safely.

Like Visa and Mastercard, PayPal makes commerce easier and we expect it will be a strong beneficiary of the demise of cash. We are cognizant of our combined weighting of Visa, Mastercard and PayPal, which is why we adjusted Visa's weighting slightly within the Portfolio. On a combined basis, we have increased our overall weighting in these three dominant payments businesses and continue to have a high-conviction position.

Outlook

Despite recent market ebullience, significant uncertainty remains. Nevertheless, we are confident that our investment approach is built to manage through these types of challenges and that competitively advantaged businesses with above-average growth will continue to drive performance going forward.

Thank you for your interest in Polen Capital and the Global Growth strategy.

Sincerely,
Damon Ficklin & Jeff Mueller

Experience in High Quality Growth Investing

Damon Ficklin
Co-Head of Team, Portfolio Manager & Analyst
18 years of experience

Jeff Mueller
Portfolio Manager & Analyst
7 years of experience

Historical Performance

	Polen (Gross) (%)	Polen (Net) (%)	MSCI ACWI Index (%)
3 Months	20.58	20.52	19.22
YTD	5.29	5.05	-6.25
1 Year	17.30	16.58	2.11
3 Year	18.53	17.63	6.14
5 Years	16.01	15.09	6.46
Since Inception (01-01-2015)	15.47	14.54	6.37

Returns are trailing through 6-30-2020. Annualized returns are presented for periods greater than one-year.
Source: Archer.

GIPS Disclosure

Polen Capital Management
Global 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 (%)**	**Composite Dispersion (%)**	**Polen Gross (%)**	**MSCI ACWI (%)**
2019	34,784	12,681	22,104	6.50	2	37.37	36.35	26.60	N/A	12.02	11.22
2018	20,591	7,862	12,729	4.77	2	3.14	2.22	-9.41	N/A	11.48	10.47
2017	17,422	6,957	10,466	4.16	2	32.66	31.55	23.96	N/A	10.05	10.36
2016	11,251	4,697	6,554	0.33	1	1.21	0.34	7.86	N/A	-	11.21
2015	7,451	2,125	5,326	0.33	1	10.07	9.14	-2.36	N/A	-	10.94

[1]A 3 Year Standard Deviation is not available for 2015 and 2016 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 Global Growth Composite created on January 1, 2015 contains fully discretionary global growth accounts that are not managed within a wrap fee structure and for comparison purposes is measured against MSCI ACWI. Prior to October 18, 2016, the benchmark for the Global Growth Composite was the MSCI ACWI variant with gross dividends. As of October 18, 2016, the benchmark was changed retroactively to the MSCI ACWI variant with net dividends, to more accurately reflect the Global Growth Composite's strategy. 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, whose report expressed an unqualified opinion thereon. The verification reports are available upon request. Ashland Partners & Company LLP was acquired by ACA Performance Services, LLC.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
Polen Capital Management is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. In July 2007, the firm was reorganized from an S-corporation into an LLC and changed names from Polen Capital Management, Inc. to Polen Capital Management, LLC.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Effective January 1, 2018, accounts must be fully invested at the market open on the first business day of the month, in order to be included in that month's composite.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The management fee schedule is as follows:
Institutional: Per annum fees for managing accounts are 85 basis points (0.85%) on the first $50 Million and 65 basis points (0.65%) on all assets above $50 Million of assets under management. HNW: Per annum fees for managing accounts are 160 basis points (1.60%) of the first $500,000 of assets under management and 110 basis points (1.10%) of amounts above $500,000 of assets under management. Actual investment advisory fees incurred by clients may vary.

Past performance does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Performance figures are presented gross and net of management fees and have been calculated after the deduction of all transaction costs and commissions. Polen Capital is an SEC registered investment advisor and its investment advisory fees are described in its Form ADV Part 2A. The advisory fees will reduce clients' returns. The chart below depicts the effect of a 1% management fee on the growth of one dollar over a 10 year period at 10% (9% after fees) and 20% (19% after fees) assumed rates of return.

The MSCI ACWI Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI 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