

# Polen Capital Global Small and Mid Cap Fund Investment Report & Fact Sheet

December 2023

## Fund Overview

The Polen Capital Global Small and Mid Cap Fund is a long only, small and mid cap global equities fund. The Fund typically invests in a concentrated portfolio of 25-35 high-quality companies within the global small and mid cap company universe.

Using the unique Polen Flywheel Framework, the Small Company Growth team analyses opportunities to uncover compelling long-term structural growth and determine if the right conditions are in place to

identify companies that are well-positioned to deliver significant value over a five-year period.

Relative to its mega cap counterparts, with the weighted average market capitalisation of around US\$8 billion the Polen Capital Global Small and Mid Cap Fund seeks to offer a concentrated portfolio of interesting fast-growing smaller companies with a huge potential global runway of growth ahead of them.

## Fund Facts

### Investment Manager

Montgomery Investment Management Pty Ltd

### Objective

The Fund aims to outperform the benchmark, over a rolling five-year period, net of fees.

### Benchmark

MSCI ACWI SMID Cap Net Total Return Index, in Australian Dollars

### Fund Construction

The Fund typically invests in a concentrated portfolio of 25 to 35 high-quality companies within the global small and mid-cap company universe with the potential to deliver sustained superior growth.

### APIR

FHT8533AU

### Portfolio Managers

Rob Forker

### Recommended Investment Timeframe

At least 5 years

### Minimum Initial Investment

A\$25,000

### Inception Date

21 October 2021

### Fund Size

\$22.3M

### Management Fees and Costs

Up to 1.15% per annum of the net asset value of The Fund

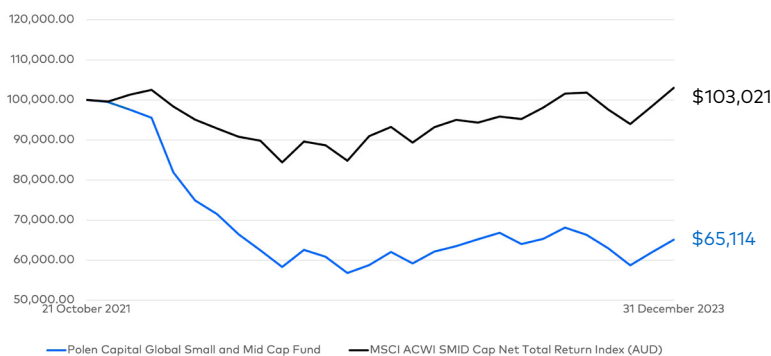
### Performance Fees

17.56% of the excess total return of The Fund (after management fees and expenses have been deducted) above the Fund's benchmark.

### Application & Redemption Prices

montinvest.com/our-funds/polen-capital-global-small-and-mid-cap-fund/

## Polen Capital Global Small and Mid Cap Fund Performance



## Contact Details

### Investors

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Account Manager  
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## Portfolio Performance (to 31 December, after all fees)

	1 month	3 months	6 months	1 year	Since Inception (21 Oct 2021)	Compound Annual Return Since Inception
Polen Capital Global Small and Mid Cap Fund	5.01%	3.44%	-0.31%	10.05%	-34.89%	-17.77%
MSCI ACWI SMID (AUD)	4.66%	5.59%	5.03%	15.30%	3.02%	1.37%
Out/Underperformance	0.35%	-2.15%	-5.34%	-5.25%	-37.91%	-19.14%

Portfolio Performance is calculated after fees and costs, including the Investment management fee and Performance fee, but excludes the buy/sell spread. All returns are on a pre-tax basis.

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### Fund Commentary

In December, global equity markets were boosted by continued optimism that cooling inflation in the U.S. would remove the prospect of further interest rate increases into the new year. Despite softening inflation data, major central banks, including the U.S. Federal Reserve, the European Central Bank, and the Bank of England, left rates unchanged, still at the highest levels seen in 15 years. Amidst this, the U.S. 10-year Treasury declined another 45 basis points to 3.88 per cent, down from 5.0 per cent in mid-October, and sentiment readings showed signs of improvement. All 12 equity sectors were in positive territory with Health Care and Real Estate leading the way. Energy was the weakest sector for the second month in a row. Against this backdrop, value style indices marginally outperformed growth indices, and small cap outperformed large cap.

For December 2023, the Polen Global Small and Mid Cap Fund (the Fund) increased by 5.01 per cent in Australian

dollars while its benchmark, the MSCI ACWI SMID Cap Index in Australian dollars, increased by 4.66 per cent. For the year to December 2023, Polen Global Small and Mid Cap Fund (the Fund) increased by 10.05 per cent in Australian dollars while its benchmark, the MSCI ACWI SMID Cap Index in Australian dollars, increased by 15.30 per cent.

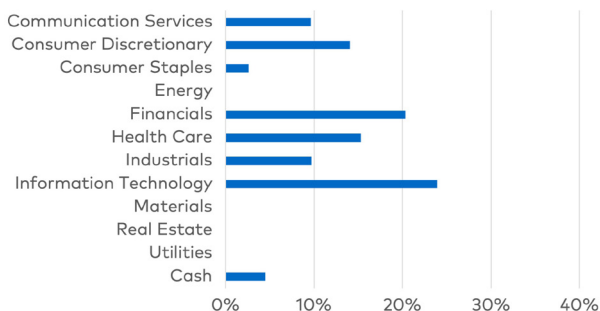
For December, The Fund outperformed the benchmark and this was primarily due to sector allocation, while stock selection marginally detracted from relative returns. The sector allocation impact was positive, with the Fund's overweight to Health Care and zero weight in the Energy sector. Positive security selection in Health Care and Consumer Discretionary was outweighed by weaker selection in Information Technology and Financials.

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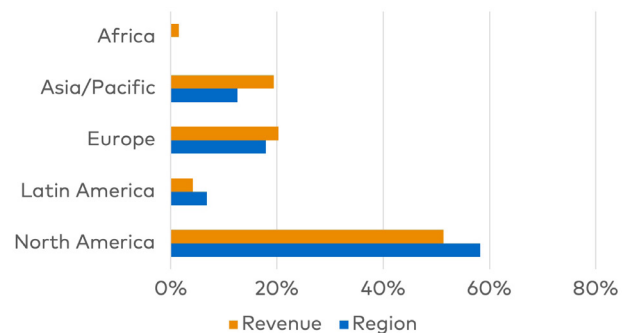
### Top Completed Holdings (to 31 December 2023)

Company Name	Sector	Country of Domicile	Market Cap US\$ B	Weight (%)
CTS Eventim AG & Co KGaA	Communication Services	Germany	6.6	4.5
Houlihan Lokey Inc	Financials	United States	8.3	4.4
Progyny Inc	Health Care	United States	3.6	4.2
Topicus.com Inc	Information Technology	Netherlands	5.5	3.9
Globant SA	Information Technology	Uruguay	10.1	3.8
TMX Group Ltd	Financials	Canada	6.7	3.8
SHIFT Inc	Information Technology	Japan	4.5	3.7
Alight Inc	Industrials	United States	4.6	3.6
Tencent Music Entertainment Gr	Communication Services	China	15.5	3.5
Goosehead Insurance Inc	Financials	United States	2.9	3.5

### GICS Sector Exposure



### Geographic Exposure



Platforms we are on: HUB24 Netwealth

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### Fund Commentary

The top three relative contributors to performance were Align Technology, Floor & Décor, and Yeti. The bottom three relative detractors from performance were CTS Eventim, Markel, and CCC Intelligent Solutions.

Align Technology rose sharply after the company announced it had received updated medical licenses for its Invisalign Palatal Expander system in Canada. Floor & Décor, a leading high-growth retailer specializing in hard-surface flooring, and Yeti, an outdoor and lifestyle brand known for its coolers, both rose on a pick-up in sentiment. CTS Eventim pulled back after some strong performance earlier in the quarter. Markel, remained weak after reporting earnings that trailed estimates last month, while CCC Intelligent Solutions pulled back after conversations surrounding a Private Equity buyout appeared to break down.

During December, the Fund initiated new positions in Marketaxess Holdings, Pool Corp, Warby Parker, Bumble, Fox Factory Holding, Bio-Techne, Generac, Yum China, Aspen Technology, Medpace Holdings, Monolithic Power Systems, Etsy, Dlocal, Tencent Music Entertainment, and Houlihan Lokey.

The Fund also added to its positions in Topicus and Globant, while trimming its positions in Goosehead Insurance, Five Below, Eurofins and Alight. The Fund exited its holdings in Tyler Technologies, Tecan Group, Markel Group, Floor & Décor, Yeti Holdings, Firstservice, Altus Group, CCC Intelligent Solutions, Xpel, Doximity, Fair Isaac Corp, and Tomra Systems.

As we mentioned in last month's report Polen Capital has recently made strategic changes to the investment management team for the Polen Capital Global Small and Mid Cap Fund, transitioning to a collaborative team approach which prompted the above changes to the portfolio. Rob Forker has been replaced by [Greg McIntire, CFA](#), as the Lead Portfolio Manager. [Rayna Lesser Hannaway, CFA](#), [Shane Smith, CFA](#), and [Satya Danuloori](#) are now Co-Portfolio Managers, bringing their unique investment market expertise. They are responsible for the North American, European, and Asia-Pacific investments of the portfolio, respectively. Please refer to the November 2023 report for more details.

Polen Capital continue to stay focused on the long-term value propositions, competitive advantages, ongoing initiatives, growth opportunities, and potential earnings power of the Fund's positions. As a reminder, the investment time horizon is five years, and Polen Capital believe this allows them to think and act like owners. Market uncertainties remain along with general volatility and our pipeline of potential new investments remains attractive across a variety of industries and geographies. Recent turnover has been well above what we would typically expect as we implement some enhancements to the strategy.

This report was prepared by Montgomery Investment Management Pty Ltd, AFSL No: 354564 ('Montgomery') the investment manager of the Polen Capital Global Small and Mid Cap Fund (ARSN: 652 035 642) (Fund). The Responsible Entity of the Fund is Fundhost Limited (ABN 69 092 517 087) (AFSL No: 233 045) ('Fundhost'). This report has been prepared for the purpose of providing general information, without taking into account your particular objectives, financial circumstances or needs. You should obtain and consider a copy of the Product Disclosure Document ('PDS') relating to the Fund before making a decision to invest. The PDS and Target Market Determination ('TMD') are available here: <https://www.montinvest.com/our-funds/polen-capital-global-small-and-mid-cap-fund> and here: <https://investwith.montinvest.com/PolenCapitalGlobalSmallandMidCapFundTMD> While the information in this document has been prepared with all reasonable care, neither Fundhost nor Montgomery makes any representation or warranty as to the accuracy or completeness of any statement in this document including any forecasts. Neither Fundhost nor Montgomery guarantees the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither Fundhost nor Montgomery, including their employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.