





# Polen Capital Global Small and Mid Cap Fund

## Investment Report & Fact Sheet

June 2023

### Fund Commentary

Animal Health Care business, Dechra Pharmaceuticals, was the strongest performing name as it was confirmed that the company would be taken private by Private Equity group EQT at £38.75 or a market capitalisation of £4.5 billion. The Polen Capital team added to their holding in the December 2022 Quarter near the lows, delivering an average price of around £29. Five Below reported sales growth of 14 per cent in the first quarter, boosted by ecommerce sales while continuing to expand its store base. Five Below has over 1,367 stores (in 42 U.S. States with an average size of 740 square metres), up from 650 stores in five year and Joel Anderson, President and CEO is determined to grow store numbers to 3,500 by 2030, an average annual growth rate of 13 per cent. Analysis over the past five year indicates EPS growth and total Revenue growth have been closely correlated.

The bottom three relative detractors from performance were CTS Eventim, Eurofins Scientific and CompuGroup Medical. CTS Eventim, the German domiciled, European leader in ticketing and live entertainment event management, sank after a popular satirist criticized its fees on German TV. While Eurofins Scientific, a leading European testing, inspection and certification company has been weak on no notable news flow, the company is anticipating a decline in COVID related revenues.

We believe Eurofins Scientific is a high-quality compounder and the risk/reward profile is attractive. CompuGroup Medical, a European health care software solutions business, declined after a period of strong performance, with some investors likely taking profits. The Fund added to its position in Benefit One, a Japanese company specialising in offering employee benefit packages and loyalty programs, and trimmed its position in Kinaxis, a supply chain and operations management software company, during the month.

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 portfolio. As a reminder, the Fund's investment time horizon is five years. This allows us to think and act like owners. The markets continue to have a lot of uncertainty and general noise, but we believe that quality companies with strong balance sheets can weather the uncertainty and come out of the other side stronger. Polen Capital continue to take advantage of unique opportunities in the market and their pipeline of new potential investments remains attractive.

The Polen Capital Global Small and Mip Cap Fund will not be paying a distribution for the year to 30 June 2023.