

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

November 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

\$21.0M

### Management Fees and Costs

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

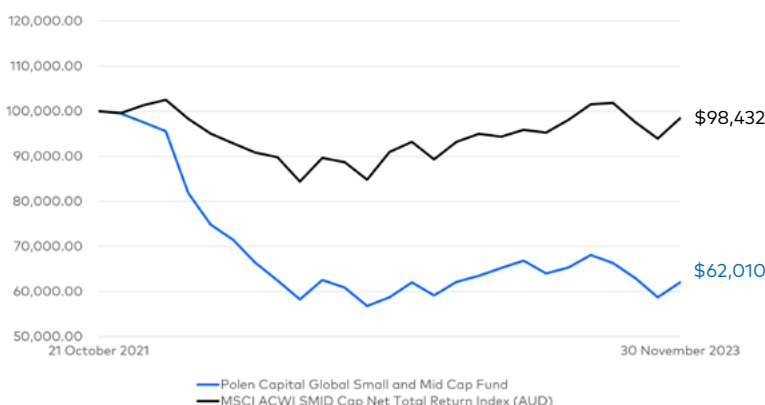
### Performance Fees

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/](http://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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## Portfolio Performance (to 30 November, 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 | 5.62%   | -6.49%   | -3.15%   | -0.05% | -37.99%                       | -20.28%                                |
| MSCI ACWI SMID (AUD)                        | 4.76%   | -3.35%   | 3.36%    | 5.58%  | -1.57%                        | -0.75%                                 |
| Out/Underperformance                        | 0.86%   | -3.14%   | -6.51%   | -5.63% | -36.42%                       | -19.53%                                |

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 November, global equity markets were boosted by optimism that cooling inflation in the U.S. would remove the prospect of further interest rate increases into the end of the year. With 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 60 basis points to 4.33 per cent. In stark contrast with October, where no sectors were positive, 11 out of 12 sectors were in positive territory with Tech and Consumer Discretionary leading the way. Energy was the only sector to see negative returns with the oil price declining US\$5 to US\$76 per barrel. Against this backdrop, Growth style indices outperformed Value indices, and small cap outperformed large cap.

For November 2023, the Polen Capital Global Small and Mid Cap Fund (the Fund) increased by 5.62 per cent in AUD, while its benchmark the MSCI ACWI SMID Cap Index in AUD, increased by 4.76 per cent.

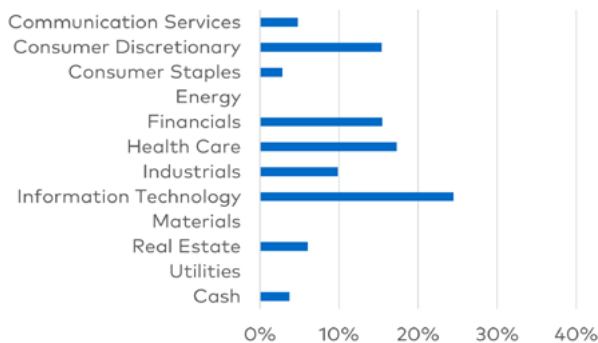
The sector allocation impact was positive in November, primarily due to the Fund's overweight to Information Technology and zero weight in the Energy sector. Positive security selection in Health Care and Information Technology was outweighed by weaker selection in Real Estate and Consumer Discretionary.

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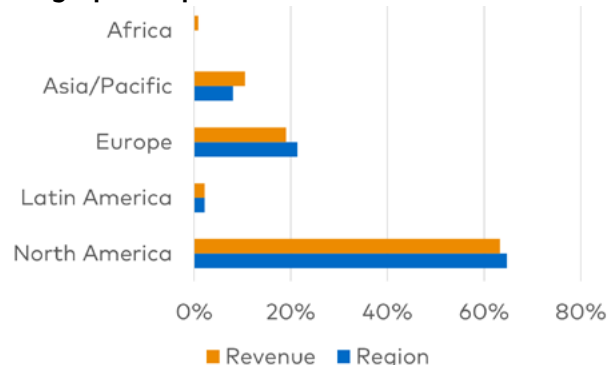
### Top Completed Holdings (to 30 November 2023)

| Company Name             | Sector                 | Country of Domicile | Market Cap US\$ B | Weight (%) |
|--------------------------|------------------------|---------------------|-------------------|------------|
| CTS Eventim AG & Co KGaA | Communication Services | Germany             | 6.6               | 4.8        |
| Five Below Inc           | Consumer Discretionary | United States       | 10.4              | 4.7        |
| Tyler Technologies Inc   | Information Technology | United States       | 17.2              | 4.6        |
| Goosehead Insurance Inc  | Financials             | United States       | 2.8               | 4.5        |
| Alight Inc               | Industrials            | United States       | 4.1               | 4.4        |
| Progyny Inc              | Health Care            | United States       | 3.3               | 4.2        |
| Eurofins Scientific SE   | Health Care            | Luxembourg          | 11.2              | 4.1        |
| Kinaxis Inc              | Information Technology | Canada              | 3.2               | 3.8        |
| TMX Group Ltd            | Financials             | Canada              | 6.0               | 3.7        |
| SHIFT Inc                | Information Technology | Japan               | 4.1               | 3.7        |

### GICS Sector Exposure



### Geographic Exposure



Platforms we are on: HUB24 Netwealth

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The top three relative contributors to performance in the month were Shift, Tecan Group and Endava. Shift, a Japanese software testing company, rose on expectations that AI would lead to an increase in non-enterprise testing. Tecan Group, a leading global supplier of laboratory automation products was buoyed by optimism that cooling inflation would remove the prospect of further interest rate increases into the end of the year; and Endava, a software development company, reported strong September 2023 quarterly results and boosted its revenue guidance for the full year (to June 2024).

Meanwhile, Paycom, which offers online payroll and HR services, was the weakest relative performer, as continued investments in its platform have had a short-term negative impact on margins. Altus Group, a Canadian provider of software and data analysis for the commercial real estate industry and specialty insurer Markel, both reported earnings that trailed estimates for the quarter.

During November the Fund added to its positions in TravelSky Technology, Progyny, Markel and Kinaxis, while it trimmed its positions in FICO and Endava.

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.

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.

Greg has 20 years of industry experience working in asset allocation, equity portfolio management, risk management, manager selection, and quantitative modelling.

Rayna leads the Polen Capital Small Company Growth Team and is the Lead Portfolio Manager for the firm's U.S. Small Company Growth and U.S. SMID Company Growth strategies. She has 27 years of industry experience and joined Polen Capital in 2017.

Shane, based in Boston, has worked closely with Rayna since joining Polen Capital in 2019. Before that, he spent seven years at Franklin Templeton.

Satya, with 17 years of industry experience, has a special focus on the Asia-Pacific market.

These four Portfolio Managers are supported by a team of 13 investment professionals from Polen Capital's Small Company Growth Team and Emerging Markets Growth Team, based in Boston, London, and Hong Kong.

We believe this team-based approach, offering specialised investment market expertise, and a more robust decision-making process will be advantageous to investors in the Fund. This approach will be particularly beneficial when selecting 30-40 high-quality companies from a universe of 8,000 global small and mid-cap company stocks.

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