

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

October 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

\$16.8M

### Management Fees and Costs

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

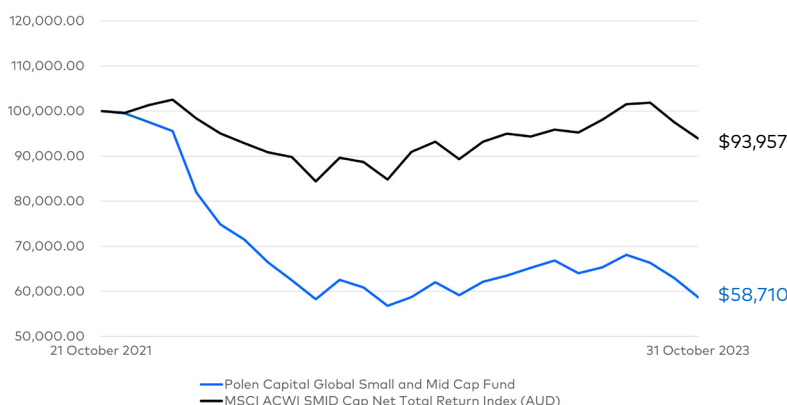
### Performance Fees

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 31 October 2023, 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	-6.73%	-13.82%	-12.16%	-0.05%	-41.29%	-23.12%
MSCI ACWI SMID (AUD)	-3.70%	-7.49%	-2.00%	3.29%	-6.04%	-3.03%
Out/Underperformance	-3.03%	-6.33%	-10.16%	-3.34%	-35.25%	-20.09%

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 October, 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 at the highest levels seen in 15 years. Despite inflation falling, central banks have opted for a cautious approach. This caused further pressure in both stocks and bond markets, with the 10-year Treasury yield rising again to breach 5.0 per cent, its highest level since before the Global Financial Crisis.

Furthermore, an escalation of conflict between Israel and Palestine weighed on sentiment, particularly in surrounding economies. Against this backdrop, Utilities and Energy were the strongest sectors, while Health Care and Information Technology were the weakest performing. Value style indices outperformed Growth indices, and large cap outperformed small and mid cap.

For October 2023, the Polen Capital Global Small and Mid Cap Fund (the Fund) declined by 6.73 per cent in AUD, while the benchmark the MSCI ACWI SMID Cap Index in AUD declined by 3.70 per cent. The Polen Capital Global Small and Mid Cap Fund has recorded a tough start to its life, with strongly rising U.S. bond yields – which have recently breached 5.0 per cent – negatively impacting the short-term rating of many high quality growing investee businesses.

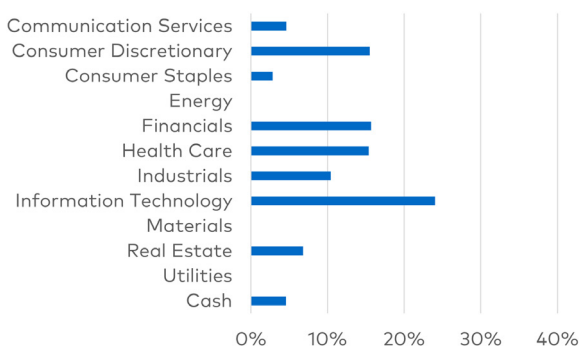
The Fund underperformed the Index for the month primarily due to security selection. Positive selection in Communication Services and Real Estate sectors was outweighed by weaker selection in Consumer Discretionary and Health Care. The sector allocation impact was also negative, primarily due to the portfolios overweight to Health Care and Information Technology sectors.

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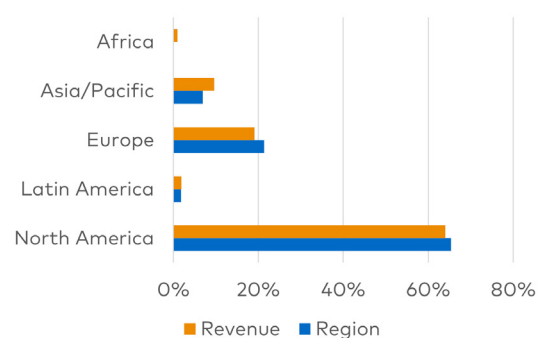
### Top Completed Holdings (to 31 October 2023)

Company Name	Sector	Country of Domicile	Market Cap US\$ B	Weight (%)
Goosehead Insurance Inc	Financials	United States	2.5	5.0
Five Below Inc	Consumer Discretionary	United States	9.7	4.7
CTS Eventim AG & Co KGaA	Communication Services	Germany	5.8	4.7
Tyler Technologies Inc	Information Technology	United States	15.7	4.6
Alight Inc	Industrials	United States	3.6	4.2
Eurofins Scientific SE	Health Care	Luxembourg	9.8	3.9
TMX Group Ltd	Financials	Canada	5.8	3.9
Altus Group Ltd	Real Estate	Canada	1.6	3.8
YETI Holdings Inc	Consumer Discretionary	United States	3.7	3.5
Paycom Software Inc	Industrials	United States	14.8	3.2

### GICS Sector Exposure



### Geographic Exposure



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The top three relative contributors to performance were Five Below, CTS Eventim, and Morningstar. The bottom three relative detractors from performance were Align Technology, Xpel, and CCC Intelligent Solutions.

Five Below recovered from recent weakness, CTS Eventim reported a strong September 2023 Quarter results, noting a boost in revenues from higher ticket sales, and Morningstar also reported solid third quarter earnings. Align Technology reported weaker-than-expected quarterly results, noting decelerating trends in patient visits. Xpel sold off sharply on news that Tesla would soon offer its own version of a paint protection film wrap on Tesla vehicles. CCC Intelligent Solutions, fell back to normal levels as conversations surrounding a Private Equity buyout appeared to have broken down.

New positions were made in Core & Main, while Revolve Group was sold. The Fund added to its positions in Xpel, Fevertree Drinks and Kinaxis, and trimmed its positions in Pro Medicus and Euronext.

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 companies. As a reminder, the investment time horizon is five years. This allows Polen Capital to think and act like owners. The markets continue to have a lot of uncertainty and general volatility. Nearer term our turnover has been above what we'd typically expect as we take advantage of opportunities. Overall, our pipeline of potential new investments remains attractive across a variety of industries and geographies.

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.