

# Polen Emerging Markets Growth

Portfolio Manager Commentary – September 2025

## Summary

- Over the period, the Polen Capital Emerging Markets Growth Composite Portfolio returned 7.58% net of fees, underperforming the Index's return of 10.64%.
- The top individual contributors to relative returns in the third quarter were **CATL**, **Prosus**, and **Accton**. The top contributors to absolute returns were **CATL**, **TSMC**, and **Prosus**.
- The largest detractors from relative performance were **InPost**, **Alibaba** (zero weight), and **Tencent**. The largest detractors from absolute returns were **InPost**, **Hugel**, and **Dino Polska**.

- Over the quarter, we have generally allocated capital away from companies that are facing more challenged operating environments, whether it be from a macro-economic standpoint or a geo-political one.
- In many cases, more orthodox economic policy has left the balance sheet of Emerging Markets much healthier than their Developed counterparts, which should, among other things, enable greater economic capacity to respond to geopolitical and macroeconomic turmoil.
- We continue to be optimistic about the long-term future of Emerging Markets, home to 86% of the world's population today.

## Seeks Growth & Capital Preservation (Performance (%) as of 9-30-2025)



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. Performance figures are presented gross and net of fees and have been calculated after the deduction of all transaction costs and commissions, and include the reinvestment of all income. Please reference the GIPS Report 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. Opinions and views expressed constitute the judgment of Polen Capital as of the date herein, may involve a number of assumptions and estimates which are not guaranteed, and are subject to change. Contribution to relative return is a measure of a securities contribution to the relative return of a portfolio versus its benchmark index. The calculation can be approximated by the below formula, taking into account purchases and sales of the security over the measurement period. Please note this calculation does not take into account transactional costs and dividends of the benchmark, as it does for the portfolio. Contribution to relative return of Stock A = (Stock A portfolio weight (%) - Stock A benchmark weight (%)) x (Stock A return (%) - Aggregate benchmark return (%)).

All company-specific information has been sourced from company financials as of the relevant period discussed.

## Commentary

Emerging Market equity returns, as measured by the MSCI Emerging Markets Index (the "Index"), were positive over the period, mainly driven by stronger performance in China, Taiwan, and Hong Kong. At a country level, India, Indonesia, and the Philippines were the largest detractors to the benchmark's return. China continued its strong market appreciation during the quarter buoyed by a resurgence in industrial activity and a series of targeted stimulus measures aimed at stabilizing the property sector and boosting consumer confidence. Investor sentiment was further lifted by signs of easing tensions with key trading partners, which helped support export growth and capital inflows. Taiwan followed closely, continuing its strong run from the previous quarter.

The semiconductor sector remained a key driver, with global demand for AI-related chips and high-performance computing components accelerating. Additionally, improved clarity around U.S. trade policy helped reduce uncertainty, allowing Taiwanese equities to benefit from renewed foreign interest. In contrast, India was the weakest performer in the Index. The market was weighed down by persistent inflationary pressures and a weakening rupee, which damped investor appetite. Concerns over fiscal slippage and slower-than-expected progress on infrastructure spending also contributed to the underperformance. Foreign outflows intensified amid a broader rotation into North Asian markets, further exacerbating the decline.

Against this backdrop, all sectors contributed positively to the Index's performance. Materials, Communication Services, and Consumer Discretionary posted the strongest returns. The former was supported by rising commodity prices and strong demand for industrial metals, particularly from China's infrastructure and manufacturing rebound. Energy, Financials, and Consumer Staples posted the weakest returns.

## Portfolio Performance & Attribution

Over the period, the Polen Capital Emerging Markets Growth Composite Portfolio (the "Portfolio") returned 7.58% net of fees, underperforming the Index's return of 10.64%.

Relative underperformance was driven by a combination security selection and a modestly negative impact from country allocation, with sector allocation a positive contributor.

Security selection was weakest in the Consumer Discretionary and Information Technology sectors, outweighing stronger selection in Industrials and Financials. Sector allocation, an output of our bottom-up process, positively contributed to relative returns primarily due to the fund's overweight to Consumer Discretionary.

At a country level, security selection was weakest in Hong Kong and Poland, outweighing stronger selection in China and the Netherlands, where our Tencent-proxy holding Prosus (discussed in greater detail below) is listed. Country allocation, also an output of our bottom-up process, modestly detracted from relative returns, primarily due to the fund's overweights in Poland and Vietnam, which is not in the Index.

The top individual contributors to relative returns over the period were **CATL**, **Prosus**, and **Accton**. The top contributors to absolute returns were **CATL**, **TSMC**, and **Prosus**.

**CATL**, the world's largest EV battery manufacturer, saw sequentially improving revenue growth and expanding margins lift quarterly profit growth to over 30% in a continuation of its strong performance this year. This has been driven by strong demand for its next-generation battery technologies. Flagship products such as the Shenxing Superfast Charging Battery and the Qilin Battery saw accelerated adoption and are set to be integrated into 67 cars this year in China. Together, these products accounted for nearly 40% of CATL's EV battery shipments this year, with expectations for that to rise again in 2026. CATL also benefitted from China's newly announced energy storage (ESS) roadmap, which aims to install over 180 GW of capacity by 2027, further boosting sentiment around its energy storage segment. With gross margins reaching their highest level in three years and continued leadership in both EV and ESS markets, we believe CATL remains well-positioned for sustained profitability and innovation-led growth.

**Prosus**, owner of just under a quarter of Chinese social media and gaming company Tencent, had a strong quarter on the back of Tencent's continued improving operating momentum. Recent results were driven by an ongoing rebound in domestic games growth and strong advertising growth, a function of increasing ad load penetration of its Video accounts. This is still well below peers, and we believe this will continue to drive growth for years to come. Prosus was also buoyed by its ongoing share buyback programme that aims to close the NAV discount between its share price and its Tencent share holding.

**Accton**, based in Taiwan, is a leading global manufacturer of network switches, other networking equipment, and more recently, a module assembler for AI accelerators. Accton makes critical physical hardware that enables data to travel in, out, and across data centers in the most efficient possible manner. The company benefited from surging global demand for AI infrastructure, which has driven exceptional earnings growth; revenues and income have more than double this year. The evolving market structure to more direct relationships with end customers only seems to be strengthening Accton's strategic positioning and competitive strengths. Despite its strong performance, the company's valuation remains undemanding. With the relentless need for faster, more efficient data centers, we believe Accton is well-placed to deliver many years of compound growth and attractive shareholder returns.

The largest detractors from relative performance were **InPost**, **Alibaba** (zero weight), and **Tencent**. The largest detractors from absolute returns were **InPost**, **Hugel**, and **Dino Polska**.

**InPost** is a Polish logistics company that pioneered the operation of Automated Parcel Machines (APMs) for e-commerce platforms. These machines offer a compelling value proposition: they reduce costs and complexity for merchants, enhance convenience and flexibility for consumers, and help governments and communities by lowering emissions and easing urban congestion. InPost commands a dominant 70% share of the APM market in its domestic market of Poland and is actively expanding overseas across continental Europe and the UK. While recent earnings growth turned negative as it digested a large acquisition of a loss-making logistics company in the UK, we view this as a temporary integration headwind. The strategic shift from traditional to-door delivery to APMs should unlock significant efficiencies and margin improvement. With e-commerce penetration growing, APM penetration increasing, and new market entries underway, we believe InPost is well-positioned for a multi-year growth trajectory. Meanwhile its margins, returns on capital, and free cashflow should normalize over the next three quarters, setting the stage for renewed expansion and long-term shareholder value creation.

**Hugel** is a medical aesthetics company and the South Korean leader in botulinum toxin and hyaluronic acid fillers used for facial contouring. The botulinum toxin market, which accounts for 54% of sales, has historically been highly concentrated globally. While the domestic landscape is more fragmented, Hugel has maintained its leadership position for the last nine consecutive years. Following a period of extremely strong performance, the company's most recent quarterly net profit modestly undershot expectations, prompting a period of share price consolidation. However, Hugel's attractive valuation, cost-efficient production, and consistent track record of execution present a compelling investment case. Looking ahead, new regulatory approvals in the U.S. are expected to accelerate Hugel's international expansion, reinforcing its growth trajectory and enhancing its global competitiveness.

**Dino Polska** is a leading operator of supermarkets in Poland. Its focus on rural areas, vertical integration, and low-cost regional products have enabled it to carve out a formidable niche for itself in the highly competitive Polish grocery retail sector. Following a period of strong share price appreciation, the stock underwent a phase of consolidation during the quarter. Nonetheless, beyond a slight miss to the second quarter's earnings expectations, the company's fundamentals remain solid, supported by resilient consumer demand, an accelerating pace of store expansion, and disciplined cost management. Looking ahead, we remain constructive on Dino's long-term prospects, underpinned by its proven operating model and ability to effectively serve Poland's expanding rural population.

## Portfolio Activity

We started positions in four new companies, leading Chinese battery producer CATL, Brazilian industrial motor business WEG, Indian hotel operator Indian Hotels, and Indian record label Saregama India. We ended positions in another four holdings, Mexican conglomerate FEMSA, Indian investment bank Kotak Mahindra, Indian conglomerate Reliance Industries, and Indian IT services provider Infosys.

Over the quarter, we have generally allocated capital away from companies that are facing more challenged operating environments, whether it be from a macro-economic standpoint or a geo-political one. We have allocated capital towards businesses that are benefitting more from areas where consumers are increasingly dedicating their marginal disposable dollar, such as travel and entertainment, or businesses that are enjoying sectoral tailwinds that will drive accelerated growth for many years to come, such as electrification.

## Outlook

We continue to apply the same philosophy and process of looking for the highest quality growth businesses in the Emerging Markets asset class. These companies have structural growth opportunities, deep competitive advantages, self-financed growth and robust balance sheets, and are trustworthy stewards of capital. We always seek to own undervalued businesses relative to their long-term compounding potential. We believe that these types of businesses will outperform over the long term and will enable our clients to earn above-average returns on their investments.

Today's backdrop of ever-changing tariffs and geopolitical disruption are challenging for asset prices, investment, and long-term economic planning.

**However, we continue to be optimistic about the long-term future of Emerging Markets, home to 86% of the world's population today.**

In many cases, more orthodox economic policy has left the balance sheet of Emerging Markets much healthier than their Developed counterparts, which should, among other things, enable greater economic capacity to respond to geopolitical and macroeconomic turmoil.

Meanwhile, the Index trades at a discount to its Developed Market counterparts, implying to us it is attractively valued. Global equity index funds have been underweight Emerging Markets for a number of years, with current allocations about -30% below the region's weight in the MSCI All Country World Index.

With the low absolute weight in Emerging Markets by said funds, small changes to global asset allocations have the potential to meaningfully lift the capital allocated to the emerging markets asset class. Moreover, valuations for quality businesses are at par with the wider index, implying to us that we no longer have to pay a premium for the types of businesses in which we invest.

Thank you for your interest in Polen Capital and the Emerging Markets Growth strategy. Please feel free to contact us with any questions.

Sincerely,

Damian Bird, Dafydd Lewis, and Kumar Pandit

## Experience in High Quality Growth Investing



**Damian Bird, CFA**

Head of Team, Portfolio Manager & Analyst  
16 years of industry experience



**Dafydd Lewis, CFA**

Portfolio Manager & Analyst  
20 years of industry experience



**Kumar Pandit, CFA**

Portfolio Manager & Analyst  
14 years of industry experience

## Important Disclosures & Definitions

**Disclosure:** This commentary is very limited in scope and is not meant to provide comprehensive descriptions or discussions of the topics mentioned herein. Moreover, this commentary has been prepared without taking into account individual objectives, financial situations or needs. As such, this commentary is for informational discussion purposes only and is not to be relied on as legal, tax, business, investment, accounting or any other advice. Recipients of this commentary should seek their own independent financial advice. Investing involves inherent risks, and any particular investment is not suitable for all investors; there is always a risk of losing part or all of your invested capital.

No statement herein should be interpreted as an offer to sell or the solicitation of an offer to buy any security (including, but not limited to, any investment vehicle or separate account managed by Polen Capital). Recipients acknowledge and agree that the information contained in this commentary is not a recommendation to invest in any particular investment, and Polen Capital is not hereby undertaking to provide any investment advice to any person. This commentary is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

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Any statements made by Polen Capital regarding future events or expectations are forward-looking statements and are based on current assumptions and expectations. Such statements involve inherent risks and uncertainties and are not a reliable indicator of future performance. Actual results may differ materially from those expressed or implied.

The MSCI Emerging Markets Index is a market capitalization weighted equity index that measures the performance of the large and mid-cap segments across emerging market countries. The index is maintained by Morgan Stanley Capital International.

It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes.

**Past performance is not indicative of future results.**

Source: All data is sourced from Bloomberg unless otherwise noted. All company-specific information has been sourced from company financials as of the relevant period discussed.

**Definitions:**

**Contribution to relative return:** a measure of a security's contribution to the relative return of a portfolio versus its benchmark index. The calculation can be approximated by the below formula, taking into account purchases and sales of the security over the measurement period. Please note this calculation does not take into account transactional costs and dividends of the benchmark, as it does for the portfolio.  
Contribution to relative return of Stock A = (Stock A portfolio weight (%)) - Stock A benchmark weight (%)) x (Stock A return (%) - Aggregate benchmark return (%)).

## GIPS Report

Polen Capital Management

Emerging Markets Growth Composite—GIPS Composite Report

Year End	UMA	Firm	Composite Assets			Annual Performance Results				3 Year Standard Deviation <sup>1</sup>	
	Total (\$Millions)	Assets (\$Millions)	Assets (\$Millions)	U.S. Dollars (\$Millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	MSCI Emerging Markets (%)	Composite Dispersion <sup>2</sup> (%)	Composite Gross (%)	MSCI Emerging Markets (%)
2024	52,943	21,135	31,808	149.79	1	6.43	5.14	7.50	N/A	18.73	17.50
2023	58,910	22,269	36,641	385.63	3	5.14	4.10	9.83	N/A	16.99	17.14
2022	48,143	18,053	30,090	960.05	13	-23.41	-23.71	-20.09	0.3	22.01	20.26
2021	82,789	28,884	53,905	1,457.82	17	2.62	2.28	-2.54	0.4	18.49	18.33
2020	59,161	20,662	38,499	1,912.92	19	13.87	13.46	18.31	0.7	19.27	19.60
2019	34,784	12,681	22,104	1,962.09	20	13.52	13.11	18.42	0.8	11.73	14.17
2018	20,591	7,862	12,729	1,662.53	21	-11.29	-11.62	-14.57	0.4	12.96	14.60
2017	17,422	6,957	10,466	1,972.84	21	37.44	37.00	37.28	1.6	N/A	N/A
2016	11,251	4,697	6,554	1,358.84	20	7.13	6.74	11.19	0.8	N/A	N/A
2015*	7,451	2,125	5,326	1,202.36	19	-10.53	-10.73	-17.35	0.3	N/A	N/A

### Performance % as of 12-31-2024:

(Annualized returns are presented for periods greater than one year)

	1Yr	5 Yr	10 Yr	Inception
Polen Emerging Markets Growth (Gross)	6.43	0.03	-	3.03
Polen Emerging Markets Growth (Net)	5.14	-0.63	-	2.50
MSCI Emerging Markets (Net)	7.50	1.70	-	3.51

\*Performance represents partial period (July 1, 2015 through December 31, 2015), assets and accounts are as of December 31, 2015.

<sup>1</sup>A 3 Year Standard Deviation is not available for 2015, 2016 and 2017 due to 36 monthly returns are not available.

<sup>2</sup>N/A - There are five or fewer accounts in the composite the entire year.

Some versions of this GIPS Report previously included certain dispersion and standard deviation metrics as 0.0, in error. The figures above have been corrected.

Total assets and UMA assets are supplemental information to the GIPS Composite Report.

While pitch books are updated quarterly to include composite performance through the most recent quarter, we use the GIPS Report that includes annual returns only. To minimize the risk of error we update the GIPS Report annually. This is typically updated by the end of the first quarter.

## GIPS Report

The Emerging Markets Growth Composite created on April 1, 2023 and inception on July 1, 2015 contains fully discretionary equity accounts managed as part of our Emerging Markets Growth strategy and for comparison purposes is measured against the MSCI Emerging Markets Index.

Performance shown prior to March 2023 includes results achieved by the Emerging Markets Growth team while certain members were part of Columbia Threadneedle. The team joined Polen Capital on March 1, 2023. The performance results from Columbia Threadneedle are linked to Polen Capital's performance record.

Effective April 1, 2023, the accounts within the Polen Emerging Markets Growth Composite (previously known as the Polen Global Emerging Markets Growth Composite) were included into the CT Global Emerging Markets Composite. The composite was renamed to the Emerging Markets Growth Composite.

Prior to April 1, 2023, the CT Global Emerging Markets Composite included all portfolios which invest principally in equity securities of a broad range of companies established in, or deriving a significant amount of their income and profit from, emerging market countries worldwide with the objective of achieving growth. The CT Global Emerging Markets Composite strategy seeks to identify quality growing companies with strong capital management, and favours companies with the typical characteristics of reinvesting in their business for future growth yet with a sustainably higher dividend payout ratio, funded out of the growing earnings stream. Companies meeting these criteria generally have strong corporate governance and integrity of management. The investment style generally outperforms in flat or declining markets but may underperform in strong liquidity-driven markets.

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 for the **periods April 1, 1992 through December 31, 2023**. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Polen Capital Management is an independent registered investment adviser. Polen Capital Management maintains related entities which together invest exclusively in equity portfolios consisting of high-quality companies. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, 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. Effective April 1, 2023, composite policy requires the temporary removal of any portfolio incurring a client initiated significant net cash inflow or outflow of 10% or greater of portfolio assets, provided, however, if invoking this policy would result in all accounts being removed for a month, this policy shall not apply for that month. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Prior to March 1, 2023, net of fee performance was calculated using actual management fees. After March 1, 2023, net of fee performance was calculated using either actual management fees or highest fees for fund structures. The annual composite dispersion presented is an asset-weighted standard deviation using returns presented gross of management fees calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating investments, and preparing GIPS Reports are available upon request.

Sources of exchange rates and share prices may differ between the benchmark and the individual portfolios contained within the composite.

The separate account management fee schedule is as follows: Per annum fees for managing accounts are 90 basis points (0.9%) on the first \$50 Million and 75 basis points (0.75%) on all assets above \$50 Million of assets under management. Actual investment advisory fees incurred by clients may vary.

The per annum fee schedule for managing the Polen Emerging Markets Growth Fund, which is included in the Emerging Markets Growth Composite, is 100 basis points (1.00%). The total annual fund operating expenses are up to 150 basis points (1.50%). As of September 1, 2024, the mutual fund expense ratio goes up to 150 basis points (1.50%). This figure may vary from year to year.

The per annum fee schedule for managing the Polen Capital Emerging Markets Growth Fund, which is included in the Emerging Markets Growth Composite go up to 200 basis points (2.00%). As of January 24, 2025, the ongoing charges and transaction costs taken each year go up to 220 basis points (2.20%) and approximately 17 basis points (0.17%), respectively. These figures may vary from year to year.

The separate account management fee schedule prior to April 1, 2023 for the CT Global Emerging Markets Composite is as follows: <\$100 million 0.75%; \$100-\$150 million 0.70%; \$150-\$200 million 0.65%; >\$200 million 0.60%.

A full breakdown of fees for this composite is available on request.

**Past performance does not guarantee future results and future accuracy and profitable results cannot be guaranteed.** Performance figures are presented gross and net of fees and have been calculated after the deduction of all transaction costs and commissions. Portfolio returns are net of all foreign nonreclaimable withholding taxes. Reclaimable withholding taxes are reflected as income if and when received. 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 Emerging Markets Index is a market capitalization weighted equity index that measures the performance of the large and mid-cap segments across emerging market countries. The index is maintained by Morgan Stanley Capital International. It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes.

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

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