

PERFORMANCE (AS OF 09/30/2019)

	3Q 2019	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Riverbridge All Cap Growth	-0.35%	21.99%	4.31%	17.23%	14.12%	14.86%	11.46%
Russell 3000® Growth	1.10%	22.75%	2.70%	16.36%	13.07%	14.74%	9.31%
S&P 500®	1.70%	20.55%	4.25%	13.39%	10.84%	13.24%	9.49%

Periods greater than one year are annualized; Performance is gross of fees; See p3 for net of fees; Inception Date: 9/30/1987

HIGHLIGHTS

- Equity markets finished roughly flat in third quarter 2019 with below average volatility, despite many potentially market-shaping events including interest rate reductions, a yield curve inversion, Brexit uncertainty, and impeachment proceedings
- Strategy underperformed benchmark; Information Technology and Industrials detracted from relative performance, whereas Health Care outperformed
- Riverbridge continues to focus on identifying companies possessing the ability to grow their business while generating strong free cash flow and without being dependent on the financial markets to finance this growth

MARKET COMMENTARY

The third quarter of 2019 featured dramatic headlines and several “firsts.” In July, in response to softening economic data, the US Federal Reserve lowered interest rates for the first time since 2008. In August, interest rates paid on 10-year Treasury notes fell below those on 2-year Treasury notes (a phenomenon known as “Yield Curve Inversion”) for the first time since 2007. The US Purchasing Managers Index fell below 50, signaling contraction, for first time since 2009. In addition, continuing uncertainty over the terms of Great Britain’s departure from the European Union caused concern about growth overseas. The trading relationship between the US and China seemed to fluctuate daily. Finally, in the last few weeks of the quarter, the US House of Representatives commenced an impeachment investigation against the President.

The historically weak third quarter should have buckled against this backdrop. At a minimum, we should have witnessed breathtaking market volatility. In the end, however, the major market indices were relatively flat with below average volatility. Large Cap indices produced slight gains, outperforming the smaller companies in the Russell 2000 Growth® and Russell 2500 Growth™ indices, which experienced slight declines. Growth stocks outperformed value for most of the period but starting approximately the second week of September through the end of the quarter, value outperformed growth.

STRATEGY COMMENTARY

The Riverbridge All Cap Growth strategy underperformed its primary benchmark, the Russell 3000® Growth, during the quarter, and year-to-date now trails the index by a narrow margin. Stock selection in Information Technology and Industrials detracted from performance, whereas Health Care outperformed. In early September, Riverbridge witnessed a rapid rotation away from our high-quality growth style and sharp selloffs of some of our best performing companies year-to-date. For example, long-term holdings such as Veeva Systems, Inc., HEICO Corporation, Paycom Software, Inc., and Globant SA, were relative performance detractors in the third quarter but have all still advanced more than 60 percent in 2019, and we believe remain fundamentally well positioned to continue compounding their earnings power for years to come.

In the third quarter, the Riverbridge investment team responded to the market rotation and the changes in the macroeconomic and political environments by largely ignoring them. As always, our goal remains to outperform the market over the long term, rather than to attempt to anticipate or follow short-term trends. We remain steadfast in seeking to own companies with management teams and cultures equipped to adapt to an ever-changing world, and in many cases even create change.

One example of a portfolio company which has successfully adapted to massive changes in its industry is Fiserv, Inc. (FISV). We have held an investment in FISV since late in 1991. FISV is a dominant technology provider to banks and financial institutions.

Their software is used for processing transactions, moving money, and servicing millions of banking end customers at ATMs, branches, and online. As banking continues to transition from brick and mortar to mobile banking, FISV has developed technology which allows end customers to pay bills, manage accounts, and deposit checks electronically. Because of Fiserv's scale, they enable smaller banks and credit unions to offer their customers cutting-edge technology that is otherwise only available to the largest banks, which generally develop their financial technology internally. The services that FISV provides to its customers also allow them to serve their own customers with a lower cost structure through increased self-service and fewer branches.

Core account processing - in other words, the number of bank accounts - tends to grow based on changes in population. Because of this natural governor on growth rates, FISV invests in next-generation technologies to maintain their growth rates and preserve their strategic market position. These investments ensure that FISV continues to be a valued partner to their customers.

It is also worth noting that the All Cap Growth strategy continues to face short-term headwinds due to the outperformance of large cap companies over their smaller cap counterparts. In 3Q 2019, large caps outperformed small caps by nearly 6 percent, extending what has become a 10-year performance trend. In the last decade, large cap stocks, as represented by the Russell 3000® Growth, have returned nearly 15 percent annually; small cap stocks, as represented by the Russell 2000® Growth, have returned just over 12 percent annually.

Longtime readers will recall that the All Cap Growth strategy has always held our highest conviction businesses, regardless of size. Historically and still today, this has led us to own a broad mix of small, mid, and large cap companies, whereas the Russell 3000® Growth benchmark primarily consists of large caps. In our experience, over the course of a full market cycle this difference in composition has minimal impact on relative performance, as the growth in intrinsic value of our portfolio companies ultimately drives our compelling long-term returns.

OUTLOOK

Many divergent opinions exist regarding equities as we approach the end of 2019. The good news for investors is that earnings expectations remain subdued. Low expectations reduce the overall risk for equities should companies issue conservative earnings guidance. Many potentially market disrupting events will shape the fourth quarter. These include the October Brexit deadline, two tariff implementation dates, Fed meetings and ongoing impeachment hearings.

Riverbridge continues to focus on identifying companies possessing the ability to grow their business while generating strong free cash flow and without being dependent on the financial markets to finance this growth. Our portfolio companies are managed by leaders focused on the next decade and not simply the next year. They are making the proper capital allocation decisions while considering the global economic backdrop. Regardless of market sentiment, our portfolio companies remain well-positioned for growth.

Past performance is not indicative of future results. Mention of companies/stocks herein is for illustrative purposes only and should not be interpreted as investment advice or recommended securities. The securities identified do not represent all of the securities purchased, sold or recommended and the reader should not assume that any listed security was or will be profitable. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Riverbridge) or any other discussion made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful.

You should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from Riverbridge. Performance related information provided in this document is presented as supplemental information to the compliant presentation included herein. A description of our services and fees is included in our Brochure, ADV Part 2, which is available upon request.

ALL CAP GROWTH COMPOSITE

Year	Gross-of-Fee Return (%)	Net-of-Fee Return (%)	Russell 3000® Growth Return (%)	Portfolios	Dispersion (%)	Composite 3-Year Ex-Post Std. Dev.	Russell 3000® Growth 3-Year Ex-Post Std. Dev.	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2018	5.12	4.30	-2.12	117	0.62	13.04	12.29	355.8	4,737.1
2017	25.73	24.78	29.59	96	0.69	10.21	10.62	357.7	5,047.9
2016	6.35	5.52	7.39	93	0.51	11.13	11.34	413.3	4,686.7
2015	5.52	4.68	5.09	89	0.53	10.54	10.80	379.9	5,030.8
2014	4.02	3.14	12.44	83	0.29	10.34	9.74	350.6	5,523.2
2013	37.98	36.86	34.23	68	0.46	11.52	12.49	302.1	5,718.3
2012	14.30	13.50	15.21	61	0.31	14.49	15.99	200.1	3,225.7
2011	4.30	3.33	2.18	59	0.72	17.37	18.17	180.1	2,558.0
2010	21.72	20.67	17.64	44	0.42			113.1	2,495.0
2009	34.60	33.49	37.01	49	1.10			107.4	1,737.1

Firm Information: Riverbridge Partners, LLC is a Minnesota based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. The firm provides investment management services to institutional and individual investors. The company offers growth-oriented investment services by investing in growth equity securities, which it believes will provide high returns over the long term. The firm's standard fee schedule is an annual 1%.

Composite Characteristics: The All Cap Growth Composite was created in October 1987. It is a diversified growth stock portfolio invested in growth companies of all market capitalization ranges. A complete list and description of all firm composites is available upon request. The composite benchmark is the Russell 3000® Growth Index. The Russell 3000® Growth Index includes the segment of securities within the Russell 3000® Index with higher price-to-book ratios and higher forecasted growth values. The Russell 3000® Index is an unmanaged index measuring the performance of the broad U.S. equity universe. Prior to 2008, the Russell 2500™ Growth, Russell 1000® Growth, Russell 2000® Growth, and S&P 500® indexes were also shown for general market comparison purposes. The composite minimum value is \$100,000.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. Individual portfolios are revalued daily starting 1/1/2009. Prior to that, individual portfolios were revalued monthly and intra-month when large cash flows (defined at 10%) occurred. Gross-of-fee returns are calculated net of transaction costs and gross of management fees. Until 12/31/2007, net performance was calculated by applying the maximum annual management fee of 1% to gross performance on a monthly basis. Starting 1/1/2008, net-of-fee returns are calculated net of actual investment management fees. Both gross-of-fee and net-of-fee returns are calculated gross of all withholding taxes on foreign dividends. Accruals are included in calculations. The dispersion measure is the equal-weighted standard deviation of accounts in the composite for the entire year. Additional information for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.

Other Disclosures: Riverbridge Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Riverbridge Partners, LLC has been independently verified for the periods 12/31/1989 - 12/31/2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The All Cap Growth Composite has been examined for the periods 10/01/1987 - 12/31/2018. The verification and performance examination reports are available upon request. The benchmark returns are not covered by the report of the independent verifiers. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely and can result in a loss of portfolio value.

Performance Disclosures:

- Returns presented within this document are presented for gross-of-fee performance figures, which do not reflect the deduction of investment advisory fees. A client's returns will be reduced by the advisory fees and other expenses incurred in the management of its account. For example, the deduction of a 1% advisory fee over a 10 year period would reduce a 10% gross return to an 8.9% net return. A description of Riverbridge Partners' advisory fees are disclosed on Part 2 of its Form ADV, a copy of which is available upon request.
- Past performance does not guarantee future results.
- Performance results do not reflect the impact of taxes.
- It should not be assumed that account holdings will correspond directly to any such comparative benchmark index.
- Comparative indices may be more or less volatile than Riverbridge portfolios.
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