

**PERFORMANCE** (AS OF 06/30/2022)

	2Q 2022	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Riverbridge All Cap Growth (Gross)	-20.51%	-29.90%	-26.75%	6.35%	11.29%	12.55%	11.11%
Riverbridge All Cap Growth (Net)	-20.68%	-30.21%	-27.34%	5.53%	10.43%	11.67%	10.09%
Russell 3000® Growth	-20.83%	-28.15%	-19.78%	11.84%	13.63%	14.41%	9.56%
S&P 500®	-16.10%	-19.96%	-10.62%	10.60%	11.31%	12.96%	9.60%

Periods greater than one year are annualized; Inception Date: 9/30/1987

**HIGHLIGHTS**

- Inflation and rising interest rates continued to roil equities, pushing the Russell 3000® Growth and S&P 500® indices into bear market territory
- Strategy modestly outperformed its primary benchmark as market participants began to contemplate a slowing economy and the increasing possibility of a recession
- While it is futile to predict when the market will bottom, history suggests the second half of the year following a difficult start tends to be strong

**MARKET COMMENTARY**

The second quarter of 2022 concluded a first half which was memorable for investors for all the wrong reasons. Accelerating inflation and rising interest rates roiled the financial markets. The selling spared few asset classes. Equities experienced their worst first half since 1970. Many bond indices experienced their worst start in history.

Rates of inflation have hit levels not seen in 40 years. The Federal Reserve has made it abundantly clear that they will take any actions necessary to control inflation, even if doing so induces a recession. During the second quarter, the Fed implemented its largest interest rate increase since 1994. The central bank has also signaled that it intends to raise rates several more times this year.

In response to these events, equities declined sharply, officially moving into bear market territory. Long-duration growth assets suffered the most, as market participants discounted the present value of future earnings. For the full quarter, economically sensitive companies and sectors outperformed, and market participants favored companies with lower valuations and lower expected growth rates. These trends reversed in June, however, indicating a possible shift to more defensive and quality companies as fears of a recession increased.

In the Russell 3000® Growth, every sector experienced negative returns, with Consumer Discretionary, Communication Services, and Information Technology the worst performers. Though down from their highs, elevated commodity prices helped the Consumer Staples, Utilities, and Energy sectors outperform the index for the second quarter in a row.

**STRATEGY COMMENTARY**

The Riverbridge All Cap Growth strategy declined more than 20 percent but slightly outperformed its primary benchmark, the Russell 3000® Growth, in the second quarter. After continuing to lag the broader market in April and May, the portfolio outperformed by nearly 4 percent in June as market participants began to grapple with projections of slowing economic growth and potentially a recession.

The strategy's investments in the Industrials sector contributed to relative performance. Our Industrials holdings tend to be focused on business services and distribution companies which help their customers operate more efficiently and make better decisions. Such business models also feature strategic customer relationships and high degrees of recurring revenue. These characteristics result in more stable growth patterns relative to companies in more economically sensitive industries like road & rail, airlines, and machinery. As the Federal Reserve intentionally constrains economic growth to bring down inflation, the consistent growth patterns of the strategy's Industrials holdings should help the portfolio's relative results.

The strategy's worst performing sector on a relative basis was Health Care. Several companies saw their stocks impacted by potential competitive threats from new market entrants, and others continue to grapple with short-term labor constraints. As supply and demand normalize coming out of the pandemic, we believe our Health Care companies remain well positioned to deliver innovation, improved outcomes, and cost savings to an ecosystem in critical need of all three.

*Continued on next page...*

Throughout the portfolio, we continue to witness our companies exhibit both the culture and financial strength to invest in their capabilities and secular growth opportunities regardless of the broader economic environment. Whether we are entering a low growth or recessionary environment, we expect our portfolio companies to consistently build their earnings power thanks to a strategic market position and prudent, internally funded investment in their sustainably differentiated solutions.

One representative example of a company continuing to build their capabilities in a volatile environment is Five Below (FIVE), a specialty retailer catering to the teen and pre-teen age groups with a wide and consistently changing assortment of low-price, on-trend merchandise. Five Below's business has not been immune this year to declining consumer confidence and tighter household budgets, but the company's strong financial position, compelling unit economics, and large store expansion opportunity allow it to continue to open new locations and building earnings power, even in a more challenging macro environment. Furthermore, though customer spending at Five Below is discretionary in nature, the company's value orientation may even allow it to gain market share as consumers become more cost conscious for the foreseeable future.

## OUTLOOK

It is futile to attempt to predict when the market will bottom. History, however, suggests that longer term investors may be at a favorable point. Most of the market pain has likely already been suffered as the equity markets are a forward-looking indicator. Valuations have become more attractive. Investor expectations are low. Most expect the economy, consumer confidence, and other economic indicators to worsen before they improve. The benefit of pessimism is there is likely a greater probability of an upside surprise than downside risk.

Riverbridge portfolio companies are well positioned fundamentally in this economic environment. In a period whereby wage and other input cost inflation is becoming a formidable growth obstacle, many of our portfolio companies deliver goods and services which help corporations control costs, operate more efficiently, and make better decisions. While it is difficult to forecast economic activity levels, market bottoms, and geopolitical risks, the Riverbridge investment team is confident that our companies will continue to build their earnings power by leveraging their strategic market positions. Maintaining a long-term focus is a tremendous advantage in these less certain times.

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 GIPS Composite Report 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)	Ttl Firm Assets (\$ Millions)	Advisory Only (\$Millions)	Ttl Firm Assets & Advisory Only (\$Millions)
2021	10.01	9.20	25.85	214	0.37	17.27	18.27	814.1	9,408.0	6,149.6	15,557.6
2020	45.60	44.52	38.26	181	0.95	18.51	19.87	750.9	8,478.1	4,896.5	13,374.6
2019	31.14	30.14	35.85	159	0.62	13.25	13.20	526.5	5,378.3	2,633.2	8,011.5
2018	5.12	4.30	-2.12	117	0.62	13.04	12.29	355.8	4,737.1	1,842.0	6,579.1
2017	25.73	24.78	29.59	96	0.69	10.21	10.62	357.7	5,047.9	1,791.1	6,839.0
2016	6.35	5.52	7.39	93	0.51	11.13	11.34	413.3	4,686.7	1,546.6	6,233.3
2015	5.52	4.68	5.09	89	0.53	10.54	10.80	379.9	5,030.8	1,202.4	6,233.2
2014	4.02	3.14	12.44	83	0.29	10.34	9.74	350.6	5,523.2	1,215.6	6,738.8
2013	37.98	36.86	34.23	68	0.46	11.52	12.49	302.1	5,718.3	1,085.7	6,804.0
2012	14.30	13.50	15.21	61	0.31	14.49	15.99	200.1	3,225.7	650.8	3,876.5

**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 and income oriented investment services 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 and its inception date was 09/30/1987. 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, including broad and limited distribution pooled funds, 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. The benchmark returns are gross of all fees and taxes. The composite minimum value is \$100,000.

Material risks of the strategy include stock market, business and economic development, liquidity, and foreign security risk. Leverage, derivatives, short positions and illiquid investments are not used in the strategy. As with any investment, an investor may lose money, and the strategy can underperform its benchmark. Investment in strategies is not insured by the FDIC or any other government agency.

**Calculation Methodology:** 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. Dispersion and Ex-Post standard deviation is calculated using gross-of-fees returns. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

**Other Disclosures:** Riverbridge claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Riverbridge has been independently verified for the period 12/31/1989 – 12/31/2021. 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. The All Cap Growth Composite has had a performance examination for the periods 10/01/1987 – 12/31/2021. 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.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

### 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.
- Riverbridge performance results reflect the reinvestment of dividends and other account earnings, and are net of applicable account transaction charges.
- Information in this document is not intended to be used as investment advice.
- Mention of companies/stocks herein is for illustrative purposes only and should not be interpreted as investment advice.
- The holdings included in this document are for illustrative purposes only and should not be considered a recommendation to purchase or sell any particular security. There is no guarantee that the same or similar holdings will be purchased or held in accounts in the future.