

PERFORMANCE (AS OF 09/30/2019)

	3Q 2019	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Riverbridge Growth & Income	1.55%	17.09%	8.11%	13.30%	11.78%	12.22%	10.13%
S&P 500®	1.70%	20.55%	4.25%	13.39%	10.84%	13.24%	9.77%

Periods greater than one year are annualized; Performance is gross of fees; See p3 for net of fees; Inception Date: 12/31/2002

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 performed essentially in-line with its primary benchmark; Consumer Discretionary holdings contributed to relative performance, offset by underperformance in Materials
- 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 Growth and Income strategy performed largely in-line with its primary benchmark, the S&P 500®, during the third quarter of 2019. Stock selection in the Consumer Discretionary sector contributed to relative performance, whereas Materials detracted. The strategy’s absence of Utilities holdings also detracted from relative performance.

In the third quarter, the Riverbridge investment team navigated the changes in the macroeconomic and political environments by largely ignoring them. Our goal remains to outperform the market over the long term, rather than to attempt to anticipate or follow short-term trends. We continue to look to invest in companies that can adapt to an ever-changing world, and in many cases even create change. Furthermore, in our Growth and Income strategy, we seek to invest in companies of all market capitalizations which make dividend payouts from their steady cash flow after making the appropriate investments into their current-day operations and long-term opportunities. We identify companies who are growing their dividend because they are building their long-term earnings power. We eliminate from consideration those companies growing their earnings and dividends strictly from escalating prices on their customers or reducing cost across the organization, neither of which is a sustainable long-term strategy.

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Walmart, Inc. (WMT), which we have held in the strategy since 2010, is an excellent example of a company which has adapted to change and invested in growth while consistently returning cash to shareholders and increasing its dividend. Though e-commerce threatens many traditional retailers, Walmart has responded to shifting consumer preferences and behaviors by creating a strong online presence and investing in omni-channel capabilities. As the name implies, omni-channel allows customers to select and purchase items through any channel (online, mobile, in-store) and receive their purchased items through the fulfillment channel of their choice (in-store or at home). Walmart's scale, store and distribution footprint, and logistics expertise, has allowed them to capitalize on this growing trend, rather than be displaced by it. In our interactions with management, we have observed long-term thinking as they pilot new store concepts and test mechanisms to get even closer to their customers, such as portable containers allowing customers to pick up ordered items at convenient locations with the scan of a barcode.

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.

GROWTH AND INCOME COMPOSITE

Year	Gross-of-Fee Return (%)	Net-of-Fee Return (%)	S&P 500® Return (%)	Portfolios	Dispersion (%)	Composite 3-Year Ex-Post Std. Dev.	S&P 500® 3-Year Ex-Post Std. Dev.	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2018	1.50	0.61	-4.38	28	0.35	10.08	10.80	40.2	4,737.1
2017	19.10	18.12	21.83	27	0.27	8.73	9.92	30.7	5,047.9
2016	16.93	15.99	11.96	32	0.22	9.63	10.59	46.4	4,686.7
2015	-1.42	-2.23	1.38	31	0.19	10.32	10.48	40.3	5,030.8
2014	8.74	7.84	13.69	28	0.44	8.69	8.97	37.3	5,523.2
2013	35.64	34.44	32.39	21	0.66	10.79	11.94	25.4	5,718.3
2012	8.92	7.98	16.00	22	0.53	13.49	15.09	17.7	3,225.7
2011	1.17	0.28	2.11	24	0.31	16.82	18.71	16.3	2,558.0
2010	10.52	9.53	15.06	20	0.37			15.3	2,495.0
2009	33.84	32.62	26.46	19	0.74			13.4	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 Growth & Income Composite was created in January 2003. It is a diversified stock portfolio invested in higher yielding medium to large sized growth companies. A complete list and description of all firm composites is available upon request. The composite benchmark is the S&P 500® Index which was changed from the Russell 1000® Growth in 2010 due to client request. The S&P 500® Index includes 500 industry leading companies measuring the performance of the large-cap U.S. equity universe. 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 Growth & Income Composite has been examined for the periods 01/01/2003 - 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 over time 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.
- Riverbridge performance results reflect the reinvestment of dividends and other account earnings, and are net of applicable account transaction charges.
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