

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

	2Q 2022	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Riverbridge Growth & Income (Gross)	-9.99%	-15.88%	-6.28%	10.53%	12.19%	12.74%	10.25%
Riverbridge Growth & Income (Net)	-10.16%	-16.21%	-7.00%	9.69%	11.31%	11.83%	9.30%
S&P 500®	-16.10%	-19.96%	-10.62%	10.60%	11.31%	12.96%	9.93%

*Periods greater than one year are annualized; Inception Date: 12/31/2002*

**HIGHLIGHTS**

- Inflation and rising interest rates continued to roil equities, pushing the equity market into bear market territory
- Strategy outperformed its primary benchmark as market participants continued to favor income-generating securities while also beginning 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 S&P 500® Index, all sectors generated negative returns. Consumer Discretionary, Information Technology, and Communications Services, performed the worst. The more commodity-driven Utilities, Energy, and Consumer Staples sectors outperformed the benchmark.

**STRATEGY COMMENTARY**

The Riverbridge Growth and Income strategy declined approximately 10 percent but substantially outperformed its primary benchmark, the S&P 500® Index, which dropped just over 16 percent. The portfolio benefitted from investors' continued preference for income-generating securities in the ongoing inflationary environment, and also outperformed in June as market participants began to grapple with projections of slowing economic growth and potentially a recession.

The strategy's Consumer Discretionary holdings were the largest contributor to relative performance. Our consumer holdings tend to focus on value-based retailers, which many market participants expect to gain share in an environment where customers are being squeezed by inflation and a deteriorating economic outlook. Our investments in the Industrials sector also contributed to relative performance. The portfolio's 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 primary detractor from relative performance was the strategy's lack Energy and Utilities holdings. With commodity prices still elevated, both sectors outperformed the broader market.

*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 across the business cycle. Regardless of 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 example of a company continuing to build its capabilities in a volatile environment is Ritchie Brothers Auctioneers (RBA). Ritchie Brothers is the leading global industrial auctioneer specializing in selling used equipment in a variety of industries, with a focus on the construction, agriculture, and natural resources markets. Tight supply of equipment is presenting a challenge to the company's growth, but management is executing on initiatives which should enable it to increase its earnings power even in a difficult economic environment. In addition to seamlessly transitioning from live to virtual auctions, Ritchie Brothers is increasing its market share and growing faster than its end market by adding data and other services to the auction process.

## 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.

## 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)	Ttl Firm Assets (\$ Millions)	Advisory Only (\$Millions)	Ttl Firm Assets & Advisory Only (\$Millions)
2021	21.09	20.18	28.71	23	0.41	15.45	17.17	56.0	9,408.0	6,149.6	15,557.6
2020	22.05	21.13	18.40	27	0.51	16.39	18.53	60.0	8,478.1	4,896.5	13,374.6
2019	25.24	24.30	31.49	30	0.37	10.69	11.93	56.8	5,378.3	2,633.2	8,011.5
2018	1.50	0.61	-4.38	28	0.35	10.08	10.80	40.2	4,737.1	1,842.0	6,579.1
2017	19.10	18.12	21.83	27	0.27	8.73	9.92	30.7	5,047.9	1,791.1	6,839.0
2016	16.93	15.99	11.96	32	0.22	9.63	10.59	46.4	4,686.7	1,546.6	6,233.3
2015	-1.42	-2.23	1.38	31	0.19	10.32	10.48	40.3	5,030.8	1,202.4	6,233.2
2014	8.74	7.84	13.69	28	0.44	8.69	8.97	37.3	5,523.2	1,215.6	6,738.8
2013	35.64	34.44	32.39	21	0.66	10.79	11.94	25.4	5,718.3	1,085.7	6,804.0
2012	8.92	7.98	16.00	22	0.53	13.49	15.09	17.7	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 Growth & Income Composite was created in January 2003 and its inception date was 12/31/2002. 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, including broad and limited distribution pooled funds, 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 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 Growth and Income Composite has had a performance examination for the periods 01/01/2003 – 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 over time 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.