

PERFORMANCE (AS OF 06/30/2024)

	2Q 2024	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Large Cap Growth (Gross)	2.84%	14.48%	20.85%	5.96%	13.77%	13.16%	9.24%
Large Cap Growth (Net)	2.71%	14.21%	20.28%	5.45%	13.23%	12.52%	8.08%
Russell 1000® Growth	8.33%	20.70%	33.48%	11.28%	19.34%	16.33%	9.45%

Periods greater than one year are annualized. Inception Date: 12/31/1997.

HIGHLIGHTS

- Russell 1000 Growth rose more than 8 percent during the quarter, led primarily by its largest constituents and masking the fact that more than 60% of the index's constituents declined
- Strategy rose but underperformed meaningfully; in the short-term, being underweight the companies benefiting most from the AI hardware boom is proving a major headwind to relative performance
- The equity market likely needs to broaden beyond the largest six companies to advance further, presenting an opportunity for a more diversified large cap portfolio to perform well going forward

MARKET COMMENTARY

On the surface, the first six months of 2024 appeared to be a utopia for investors. The S&P 500 returned more than 15 percent with very little volatility, despite the Federal Reserve not cutting interest rates and with inflation remaining stubbornly elevated. These impressive returns, however, masked some underlying warning signs. Despite the overall index posting strong returns, the majority of stocks in the S&P 500 declined in the second quarter. The market's gains were driven almost exclusively by the six largest stocks, which have been fueled by enthusiasm about artificial intelligence.

The Russell 1000 Growth index displayed an even starker dichotomy. Thanks to the mega caps, the Information Technology and Communication Services sectors were responsible for the entirety of the index's 8.3 percent return in the second quarter. The median stock in the benchmark, on the other hand, was down nearly 5 percent, and 61 percent of the index's constituents declined. The benchmark's other major sectors were up low single digits or declined. Industrials and Financials were the main drags on market performance.

PERFORMANCE COMMENTARY

The Riverbridge Large Cap Growth strategy rose 2.7 percent net of fees in the second quarter, trailing the 8.3 percent return of its primary benchmark, the Russell 1000 Growth index, and the 4.3 percent return of the S&P 500 index. Year-to-date, the strategy has returned approximately 14.2 percent net of fees against the Russell 1000 Growth's nearly 21 percent surge.

It is helpful to dig below the surface of the strategy's performance relative to the broader index. As noted above, the median stock in the Russell 1000 Growth index declined nearly 5 percent in the second quarter, and 61 percent of constituents experienced a negative return. Conversely, 63 percent of the Large Cap Growth strategy's holdings had positive returns during the second quarter, with a median return of 5.7 percent. The difference is, the decliners in the Russell 1000 Growth index had minimal influence on the benchmark's returns given the historically high concentration in the market.

At the sector level, Health Care and Information Technology were the strategy's largest relative performance detractors in the second quarter. In both, the portfolio was hurt by our preference for software and services business models, which broadly underperformed.

This could be seen acutely in the Life Sciences Tools & Services and Health Care Technology industries in Health Care, areas where the strategy is overweight that declined during the period. Longtime holding Veeva Systems (VEEV), a healthcare industry software pioneer that offers both a SaaS CRM platform and document management system, reported earnings and revenue ahead of expectations during the second quarter, but its stock fell after lowering sales guidance as large deals are being delayed at some of their large customers. Riverbridge's long-term thesis, however, remains solidly intact; Veeva continues to add capabilities to help customers execute the complex process of bringing a drug to market in a streamlined and integrated fashion.

On the other side, Industrials holding Heico (HEI) was one of the strategy's largest contributors to relative performance in the quarter. Heico is a manufacturer of after-market replacement parts for the airline industry. The FAA mandates replacement of all parts on an aircraft on a fixed schedule based on the number of miles flown; Heico sells their approved parts to airlines at a significant cost savings to the original equipment manufacturers, and as such often become the sole supplier of parts consumed consistently over decades. Record travel demand has increased the demand for their products, and a recent acquisition has provided fruitful synergies.

TRANSACTION COMMENTARY

The Riverbridge Investment Team did not make any new purchases or full sales in the Large Cap Growth portfolio during the second quarter of 2024.

OUTLOOK

To advance further, the market will likely need to broaden beyond the six largest companies, as they possess both lofty valuations and lofty expectations. If history is any guide, narrow, speculative markets tend not to persist for more than a few quarters. On a relative basis, a shift in leadership would likely be a boon for small and mid cap franchises.

The November election also injects elements of uncertainty into the markets. The election results will influence many elements of the economy that impact investor expectations, including the regulatory climate, monetary policy, and trading policies.

Regardless of the voluminous factors that promise to shape market returns in the second half of 2024, the Riverbridge Investment Team remains steadfast in its investment philosophy, which is centered on investing in companies possessing high degrees of recurring revenue while internally financing their growth. More importantly, we seek management teams that are prioritizing long-term earnings power over short-term reported earnings. Our portfolio companies continue to invest to strengthen their strategic market positions. We believe this focus on earnings power creates the foundation for compelling returns over a full market cycle.

Important Disclosure Information

Past performance is not indicative of future results. The 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. There is no guarantee that the same or similar holdings will be purchased or held in accounts in the future. 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. 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, nor should it be construed in any way as tax, accounting, legal or regulatory advice.

Performance-related information provided in this document is presented as supplemental information to the GIPS Composite Report included herein. Riverbridge performance results reflect the reinvestment of dividends and other account earnings and are net of applicable account transaction charges. Performance results do not reflect the impact of taxes. Where presented, gross-of-fee performance figures presented do not reflect the deduction of investment advisory fees. A client's returns will be reduced by the advisory fee 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 our services and fees is included in our Brochure, ADV Part 2, which is available upon request.

PURCHASES 2Q 2024

Security	Sector	Rationale
There are no new securities.		

SALES 2Q

Security	Sector	Rationale
There are no liquidated securities.		

CONTRIBUTORS 2Q 2024

Security	Rationale
NVIDIA Corporation	Growth far exceeds expectations as cloud service providers increase CAPEX; governments around the world invest in "sovereign AI" as AI arms race accelerates.
Microsoft Corporation	Strong quarterly results; AI applications continue to fuel Azure cloud business re-acceleration.
Analog Devices, Inc.	Business performance improves as pandemic induced inventory build declines.
Alphabet, Inc. Class C	Quarterly results in core advertising business healthy; generative AI in products and cloud services progresses.
Alphabet, Inc. Class A	Quarterly results in core advertising business healthy; generative AI in products and cloud services progresses.

DETRACTORS 2Q 2024

Security	Rationale
CoStar Group, Inc.	Soft housing data dampens enthusiasm around Homes.com investment as a 2024 growth driver.
Veeva Systems, Inc.	Strong Q1 revenue & earnings beat overshadowed by conservative guidance due to elongated sales cycle; some overhang remains from Salesforce entrance into healthcare.
Paycom Software, Inc.	Hiring headwinds amidst product (BETI) transition cause lower growth expectations for 2024.
Fastenal Company	Slower than expected demand environment hurts quarterly results; however, growth outpaces the market as strategic initiatives continue to drive share gains.
Align Technology, Inc.	Despite solid quarterly results, investor sentiment remains cautious amidst volatility in consumer spending and weakness across the dental industry.

LARGE CAP GROWTH COMPOSITE

Year	Gross-of-Fee Return (%)	Net-of-Fee Return (%)	Russell 1000® Growth Return (%)	Portfolios	Dispersion (%)	Composite 3-Year Ex-Post Std. Dev.	Russell 1000® Growth 3-Year Ex-Post Std. Dev.	Composite Assets (\$ Millions)	Ttl Firm Assets (\$ Millions)	Advisory Only (\$Millions)	Ttl Firm Assets & Advisory Only (\$Millions)
2023	38.96	38.31	42.68	<5	N/A	21.08	20.51	0.9	7,429.2	4,432.2	11,861.5
2022	-31.17	-31.53	-29.14	<5	N/A	22.30	23.47	0.7	6,279.5	3,892.8	10,172.3
2021	20.13	19.58	27.60	<5	N/A	16.04	18.17	1.0	9,408.0	6,149.6	15,557.6
2020	33.97	33.34	38.49	<5	N/A	17.23	19.64	0.8	8,478.1	4,896.5	13,374.6
2019	30.34	29.72	36.39	<5	N/A	11.95	13.07	0.9	5,378.3	2,633.2	8,011.5
2018	0.43	-0.05	-1.51	<5	N/A	11.08	12.13	0.7	4,737.1	1,842.0	6,579.1
2017	22.77	22.06	30.21	<5	N/A	9.52	10.54	0.6	5,047.9	1,791.1	6,839.0
2016	9.41	8.41	7.08	<5	N/A	10.18	11.15	0.6	4,686.7	1,546.6	6,233.3
2015	5.95	5.23	5.67	<5	N/A	10.34	10.70	0.3	5,030.8	1,202.4	6,233.2
2014	8.04	7.41	13.05	<5	N/A	8.83	9.59	0.2	5,523.2	1,215.6	6,738.8

NOTE: Prior to 10/01/2007, the returns presented for the Large Cap Growth Composite represent the returns of the Large Cap Growth Wrap Composite and represents pure gross of fee performance, gross of all management fees and transaction costs. The Large Cap Growth Wrap performance presented above represents pure gross of fee performance, gross of all management fees and transaction costs. All accounts in the Large Cap Growth Wrap composite have a bundled-fee arrangement. The bundled-fee includes broker fees, investment advisor fees, custodian fees and any administration fees. The firm's management fee for Large Cap Growth Wrap is based on wrap account agreements and is approximately annual 2%. The investment strategy employed is similar for both composites. Since the Large Cap Growth Composite did not have any accounts in it prior to 10/1/2007, we have appended the history of the Large Cap Wrap Composite to demonstrate our experience managing a large cap growth investment strategy. This information is being provided as supplemental information.

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 Large Cap Growth Composite was created in October 2007 and its inception date was 12/31/1997. It is a diversified growth stock portfolio invested in large capitalization 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 Russell 1000® Growth Index. The Russell 1000® Growth Index includes the segment of securities within the Russell 1000® Index with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an unmanaged index measuring the performance of the large-cap U.S. equity universe. Composite dispersion is not presented for years with 5 or fewer accounts. 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.

Compliance Statement: 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 – 12/31/2023. 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 Large Cap Growth Composite has had a performance examination for the periods 10/01/2007 – 12/31/2023. The verification and performance examination reports are available upon request.

Composite Benchmark: The benchmark returns are not covered by the report of the independent verifiers. Any indices and other financial benchmarks shown are provided for illustrative purposes only. Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indices may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indices.

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.

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