

PERFORMANCE (AS OF 09/30/2024)

	3Q 2024	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Small Cap Growth (Gross)	7.01%	0.98%	11.20%	-7.46%	7.90%	11.14%	12.38%
Small Cap Growth (Net)	6.79%	0.36%	10.28%	-8.19%	7.06%	10.29%	11.41%
Russell 2000® Growth	8.41%	13.22%	27.66%	-0.35%	8.82%	8.95%	8.07%

Periods greater than one year are annualized. Inception Date: 06/30/1988.

HIGHLIGHTS

- Russell 2000 Growth returned more than 8% as small and mid caps outpaced large caps in the broader equity market for the first time since 2022
- Strategy slightly lagged its benchmark, with strength in Industrials and Financials offset by weakness in Healthcare and Information Technology
- Riverbridge's internally financed and less economically sensitive portfolio companies should be well positioned for what is sure to be an eventful fourth quarter

MARKET COMMENTARY

The narrow, one-way market of the first half of 2024 gave way to a broader and more volatile environment in the third quarter. A lower-than-expected inflation reading in July sent the market's smallest constituents soaring, only for them to give up most of those gains two weeks later when the unemployment rate ticked up more than anticipated. On balance, subsequent economic indicators were good enough to calm the nerves of most investors, and the S&P 500 index closed the quarter at an all-time high.

For the first time in nearly two years, however, the Magnificent 7 was not the primary source of the market's returns. In the growth indices, small and mid cap franchises outpaced the returns of large caps for the first time since the fourth quarter of 2022. In the Russell 2000 Growth index, the interest rate sensitive Real Estate and Financials sectors produced the best returns, buoyed by the Federal Reserve's larger-than-expected 50 bps interest rate cut in September. Energy was the only sector that declined, and Information Technology lagged.

PERFORMANCE COMMENTARY

The Riverbridge Small Cap Growth strategy participated in the market's small cap rebound in the third quarter, rising approximately 7% and lagging the 8.4% return of its primary benchmark, the Russell 2000 Growth index.

While the momentum of the Magnificent 7 stalled in the third quarter, the strength of the best short-term performers continued relatively unabated in the Russell 2000 Growth index. This factor presented a modest headwind for the Small Cap Growth strategy's relative performance, as our investment style has been out of favor throughout 2024.

However, the portfolio's relative performance was not linear during the quarter. Without any market moving news the first two weeks of July, the strategy continued to lag as it had during the first half of the year. With the release of the consumer price index (CPI) on July 11th, however, things shifted. The cooler reading gave market participants confidence the Federal Reserve could begin easing its restrictive monetary policy and all but guaranteed a September rate cut. The benchmark's smallest constituents surged immediately, but as the quarter continued, the Small Cap Growth strategy began to pick up relative performance, especially when the market sold off at the beginning of August and September due to fears about worsening employment data. It was encouraging to see performance play out as expected, as Riverbridge's portfolio companies tend to do well in more challenging economic environments.

NEW BUYS

- Alkami Technology, Inc.
- Hillman Solutions Corporation

FULL SALES

- AMN Healthcare Services, Inc.
- Powerschool Holdings, Inc.

CONTRIBUTORS

- Doximity, Inc.
- Pennant Group, Inc.
- Guidewire Software, Inc.
- Paylocity Holding Corporation
- Kornit Digital Ltd.

DETRACTORS

- Medpace Holdings, Inc.
- Progyny, Inc.
- Five Below, Inc.
- Five9, Inc.
- Alarm.com Holdings, Inc.

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Then on September 18th, the Fed lowered its benchmark interest rate by 50 basis points, a more aggressive policy move than many expected. Given Riverbridge's insistence that our holdings be capable of internally financing their growth, they tend to carry little to no net debt and are generally less correlated in the short-term to changes in interest rates. Unsurprisingly, the Small Cap Growth strategy trailed the benchmark from the Fed's announcement through the end of the quarter.

Stock selection in Industrials and Financials were the two strong pockets of relative performance, as was the strategy's lack of holdings in the underperforming Energy sector. In Industrials, two very different businesses contributed to performance; direct-to-garment printer manufacturer Kornit (KRNT) is having success selling its high volume Apollo printer to retail stores and receiving positive customer feedback, while human capital management software company Paylocity (PCTY) made continued progress on balancing growth and profitability amid a stabilizing labor environment. The portfolio's two Financials holdings, excess and surplus insurer Kinsale Capital Group (KNSL) and independent property and casualty insurance broker Goosehead Insurance (GSHD), both surged after reporting revenue and earnings that meaningfully exceeded estimates.

Conversely, Health Care proved the most challenging sector for the strategy's relative performance. Late in the quarter, Progyny (PGNY), a provider of fertility benefits management services to self-insured employers and their employees, announced that their largest customer would be switching to a competitive offering. While the company indicated that its sales momentum for 2025 remains solid, the Riverbridge Investment Team is evaluating whether this customer loss is a one-off or signals an erosion of Progyny's market position. In addition to Progyny, Life Sciences holding Medpace (MEDP) continues to execute well but is being impacted by short-term malaise about research funding in the biotechnology and pharmaceutical industries. Despite the cycles within biopharma, we believe the long-term opportunity for Medpace remains unchanged and expect it to continue taking market share as a mission-critical service provider to its customers.

TRANSACTION COMMENTARY

The Riverbridge Investment Team purchased two new positions in the Small Cap Growth portfolio during the third quarter.

Hillman Solutions (HLMN) is a leading provider of products and merchandising services to home improvement retailers in the US and Canada. Known for their industry-leading in-store service levels, Hillman manages and merchandises difficult aisles and

categories in retail stores. Retailers choose to outsource management of these categories to Hillman to receive industry-leading branded products, optimized inventory levels, and worry-free ordering and supply chain execution.

Alkami Technology (ALKT) creates cloud-based digital banking solutions for banks and credit unions in the United States. Outside the 20 largest "mega banks" that have enough internal IT resources to build their own digital capabilities, Alkami is a critical service provider to the 2,000 largest financial institutions, which need an IT partner to invest and develop the digital experiences that customers expect. Alkami delivers a comprehensive platform encompassing, online and mobile banking, bill pay and money transfer, financial management tools, and integration among a bank's systems to ensure the seamless flow of information.

We also sold two companies in the quarter. We exited Powerschool (PWSC) due to its pending acquisition by private equity. In addition, we sold AMN Healthcare (AMN) for fundamental reasons. AMN's market leadership began to deteriorate as private equity-backed companies entered with aggressive pricing and tactics. In addition, the company was unable to gather increased market share in its managed services programs in the way we expected.

OUTLOOK

The fourth quarter will feature more potentially market moving scenarios than any period in recent memory. Earnings reports will be closely scrutinized for clues about corporate America's growth and capital spending plans for 2025. Economic data, and particularly jobs data, will be monitored for signs indicating whether the U.S. economy is heading for a recession. While it is a near certainty that the Fed will continue to ease rates in the fourth quarter, the magnitude of cuts is unknown. Most expect two more quarter point cuts. Should economic growth weaken, the Fed could opt for a more aggressive path.

Overseas, the Chinese economy is weak and the government is aggressively intervening, while Mideast tensions could lead to a full-scale war. Domestically, the November presidential election will be of keen interest to all market participants.

Outlook continued...

Outlook continued...

We believe the Riverbridge portfolios are well positioned for this period of uncertainty. We seek companies that are less economically sensitive and not as susceptible to macro events. In weakening economic environments, our companies have historically demonstrated the ability to strengthen their relative market positions, and we remain confident that our internally financed portfolio companies will traverse this uncertain landscape well. We are also encouraged that the market is beginning to broaden and recognize the opportunities within small and mid-cap stocks. As always, timing the market is futile. Investing for the long-term in companies with enduring earnings power remains key.

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.

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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.

SMALL CAP GROWTH COMPOSITE

Year	Gross-of-Fee Return (%)	Net-of-Fee Return (%)	Russell 2000® Growth Return (%)	Portfolios	Dispersion (%)	Composite 3-Year Ex-Post Std. Dev.	Russell 2000® Growth 3-Year Ex-Post Std. Dev.	Composite Assets (\$ Millions)	TTL Firm Assets (\$ Millions)	Advisory Only (\$Millions)	Ttl Firm Assets & Advisory Only (\$Millions)
2023	21.21	20.26	18.66	101	0.36	20.30	21.79	2,099.7	7,429.2	4,432.2	11,861.5
2022	-31.79	-32.34	-26.36	104	0.30	24.40	26.20	1,897.0	6,279.5	3,892.8	10,172.3
2021	4.58	3.82	2.83	105	0.30	21.25	23.07	2,456.5	9,408.0	6,149.6	15,557.6
2020	55.10	53.89	34.63	97	0.84	22.70	25.10	2,402.9	8,478.1	4,896.5	13,374.6
2019	28.32	27.32	28.48	97	0.27	15.31	16.37	1,396.4	5,378.3	2,633.2	8,011.5
2018	8.14	7.32	-9.31	104	0.47	15.47	16.46	1,372.9	4,737.1	1,842.0	6,579.1
2017	24.09	23.18	22.17	107	0.60	12.99	14.59	1,408.0	5,047.9	1,791.1	6,839.0
2016	14.23	13.37	11.32	111	0.75	15.29	16.67	1,566.9	4,686.7	1,546.6	6,233.3
2015	-2.56	-3.22	-1.38	133	0.43	14.19	14.95	1,633.3	5,030.8	1,202.4	6,233.2
2014	-0.34	-1.03	5.60	155	0.50	13.28	13.82	1,938.4	5,523.2	1,215.6	6,738.8

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 Small Cap Growth Composite was created in July 1988 and its inception date was 06/30/1988. It is a diversified growth stock portfolio invested in small capitalization growth companies. The general market capitalization guideline can be redefined due to market appreciation or depreciation. 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 2000® Growth Index. The Russell 2000® Growth Index includes the segment of securities within the Russell 2000® Index with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Index is an unmanaged index measuring the performance of the small-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.

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 Small Cap Growth Composite has had a performance examination for the periods 07/01/1988 – 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.

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