

PERFORMANCE (AS OF 06/30/2022)

	2Q 2022	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Riverbridge Small Cap Growth (Gross)	-20.09%	-32.72%	-34.72%	4.77%	9.76%	12.09%	12.54%
Riverbridge Small Cap Growth (Net)	-20.24%	-32.98%	-35.22%	3.97%	8.92%	11.28%	11.56%
Russell 2000® Growth	-19.25%	-29.45%	-33.43%	1.40%	4.80%	9.30%	7.55%

Periods greater than one year are annualized; Inception Date: 6/30/1988

HIGHLIGHTS

- Inflation and rising interest rates continued to roil equities, pushing the equity market into bear market territory
- Strategy modestly underperformed its primary benchmark, with relative performance improving later in the quarter 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 2000® Growth Index, all sectors generated negative returns. Communication Services, Real Estate, Information Technology, and Consumer Discretionary performed the worst. 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 Small Cap Growth portfolio declined approximately 20 percent and slightly underperformed its primary benchmark, the Russell 2000® Growth Index, which dropped a little more than 19 percent. After continuing to lag the broader market in April and May, however, the portfolio outperformed in June as market participants began to grapple with projections of slowing economic growth and potentially a recession.

The portfolio's worst performing sector in the second quarter was Consumer Staples. The strategy's lone investment in Consumer Staples, a pet food company, declined during the quarter due to transitory supply chain constraints which prevented it from providing the proper level of inventory. We expect the company's growth rate to improve as supply chain bottlenecks ease. Further, the strategy does not hold positions in producers of Beverages, Household Projects, and Personal Products, all of which outperformed as they are able to quickly pass along rising input costs to consumers.

On the other hand, the strategy's Information Technology holdings contributed to relative performance. Most notably, our Software holdings outperformed their peers in the second quarter after a challenging start to the year. The portfolio's Software companies continue to broadly display strong fundamentals and healthy demand for their solutions. As the Federal Reserve intentionally constrains economic growth to bring down inflation, the durable secular growth patterns of the strategy's Information Technology holdings should help the portfolio's relative results.

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 example of a company which exemplifies the ability to build earnings power even in a challenging environment is Floor & Décor (FND), the leading specialty retailer of flooring products in the United States. High interest rates and slowing activity in the housing market have caused concerns over the company's near-term growth prospects. Floor & Décor's management, however, continues to execute on its strategy of opening new units in desirable locations with compelling payback periods and return on investment. The company continues to take share with professionals in local trade areas, deliver relevant products, successfully up-sell to higher-quality (and higher-margin) products, and optimize their supply chain to allow for further margin improvement.

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.

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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.

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)	TU Firm Assets & Advisory Only (\$Millions)
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
2013	43.47	42.57	43.30	163	0.87	13.76	17.27	2,257.3	5,718.3	1,085.7	6,804.0
2012	17.93	17.26	14.59	143	0.59	16.75	20.72	1,288.4	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 Small Cap Growth Composite was created in July 1988 and its inception date was 06/30/1988. It is a growth stock portfolio invested in small to medium sized growth companies. Effective 09/29/2021, this strategy generally invests in companies with market capitalizations of less than \$15 billion. 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.

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

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- 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.
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