

PERFORMANCE (AS OF 12/31/2024)

	4Q 2024	1 Year	3 Year	5 Year	10 Year	Inception
Smid Cap Growth (Gross)	3.04%	5.04%	-4.38%	6.68%	9.78%	10.79%
Smid Cap Growth (Net)	2.85%	4.24%	-5.10%	5.90%	8.95%	9.97%
Russell 2500™ Growth	2.43%	13.90%	-0.02%	8.08%	9.45%	9.32%

Periods greater than one year are annualized. Inception Date: 12/31/2006.

HIGHLIGHTS

- In a volatile fourth quarter, the Russell 2500 Growth eked out a 2.4% return, capping off a solid 2024 that saw the index rise 14%
- Strategy outperformed in the fourth quarter thanks to downside protection in December, but trailed the market for the full year
- Riverbridge’s focus on seeking out companies with consistent, internally financed unit growth should position the strategy to thrive in the year ahead, even if the economic environment does not meet investors’ rosy expectations

MARKET COMMENTARY

The small and mid cap growth portion of the equity market went on a wild ride during the final quarter of 2024. Small stocks took a breather in October after a strong third quarter, then rallied nearly 12% in November on the heels of a GOP sweep of the presidency and congress. Volatility returned in December as markets digested mixed signals from both the incoming administration and Federal Reserve, sending the Russell 2500 Growth index down more than 8%. In the end, the index eked out a 2.4% return in the fourth quarter and delivered a healthy 14% return for the full year.

Within the Russell 2500 Growth index, the market drivers in the fourth quarter resembled those of the full year. In both periods, the Information Technology and Industrials sectors were the largest contributors to performance while Health Care meaningfully lagged, declining in the fourth quarter and barely generating a positive return in 2024.

PERFORMANCE COMMENTARY

The Riverbridge Smid Cap Growth strategy slightly outperformed its primary benchmark, the Russell 2500 Growth index, in the fourth quarter, advancing approximately 2.8% net of fees against a 2.4% return for the benchmark. While an optimistic development, the solid quarter capped a challenging overall year for the portfolio and Riverbridge’s investment style. In 2024, the strategy returned 4.24% net of fees against a rise of nearly 14% for the Russell 2500 Growth.

The Smid Cap Growth strategy experienced two distinctly different environments in 2024, dividing the year into nearly perfect halves. The first half of the year was the most challenging period of relative performance since the strategy’s inception. From January through early July, areas where Riverbridge does not typically find its investment disciplines - such as hardware and semiconductors - performed best, while business services companies - most notably in the Software industry - broadly underperformed. Earlier in the year, we wrote with respect to the excitement around providers of AI infrastructure, “Though early demand can be staggering, once the infrastructure is built out, there tends not to be an encore that results in sustained earnings power for pure hardware players. In contrast, software and services companies tend to be well positioned to incorporate new technological capabilities into their solutions to strengthen their value proposition to new and existing customers; such companies have captured much of the value of the internet over the past 25 years, and we believe they will capture much of the enduring earnings power created by AI over the next 25.”

NEW BUYS

- CSW Industrials, Inc.
- Simpson Manufacturing Company, Inc.

FULL SALES

- Fastenal Company
- Five9, Inc.
- Prognyn, Inc.

CONTRIBUTORS

- Workiva, Inc.
- GoDaddy, Inc.
- Paycom Software, Inc.
- Grid Dynamics Holdings, Inc.
- Toast, Inc.

DETRACTORS

- Floor & Decor Holdings, Inc.
- HEICO Corporation
- Exponent, Inc.
- Align Technology, Inc.
- Option Care Health, Inc.

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In the second half of the year, we saw early indications that the market was warming to our viewpoint. Many of our software and services holdings that were major detractors from relative performance early in the year, despite solid fundamental results, rebounded in the third and fourth quarters. In the fourth quarter, software company Workiva (WK), IT services companies GoDaddy (GDDY) and Grid Dynamics (GDYN), and professional services companies Paycom (PAYC) and Paylocity (PCTY), accounted for five of the portfolio's top six contributors to relative returns.

In addition, the Smid Cap Growth strategy's historical relative return patterns began to normalize in the latter part of the year. Encouragingly, the portfolio managed to keep pace with the Russell 2500 Growth's torrid 12% return in November, but as we would expect, did not distinguish itself amid the rally. Then, when the market retreated in December, the strategy held up much better, outperforming the benchmark by nearly 2% for the month.

For the full quarter, the Information Technology and Consumer Discretionary sectors contributed to the strategy's relative performance, as did our underweight to Materials. In IT, our IT Services holdings were an area of strength; GoDaddy, Grid Dynamics, and Globant (GLOB) all outperformed as they continue to demonstrate that they are well positioned to monetize AI by helping customers implement new capabilities that are relevant to their business. In Consumer Discretionary, Grand Canyon Education (LOPE) outperformed due to both strong fundamental results and as a perceived beneficiary of the incoming administration. Grand Canyon has differentiated itself in the for-profit education space due to its thriving ground campus, ability to attract quality students, and impressive graduation and job placement metrics. However, the company has not been fully insulated from the adversarial political and regulatory environment around for-profit education in recent years. While we do not believe it is necessary for Grand Canyon's continued success, market participants appear optimistic about a friendlier stance toward the industry under new political leadership.

Industrials was the strategy's weakest sector on a relative basis. Our Professional Services and Commercial Services holdings performed well, but this was offset by declines in aircraft repair and maintenance parts manufacturer HEICO (HEI) and HVAC distributor Watsco (WSO). The move in HEICO likely represented some end of year profit-taking, as the stock outperformed the broader market handily in 2024. Watsco, meanwhile, reported softer sales during the quarter as more customers opted to repair current equipment instead of replacing it. In the year ahead, Watsco should have both demand and pricing tailwinds as manufacturers roll out HVAC units with a newly mandated, more climate-friendly coolant.

TRANSACTION COMMENTARY

The Riverbridge Investment Team purchased two new companies in the portfolio during the third quarter.

CSW Industrials (CSWI) is a diversified vendor of specialized products serving several end markets. Their largest business is Contractor Solutions, in which the company manufactures and distributes repair and maintenance consumables to the HVAC, plumbing, and electrical markets. CSW differentiates itself through the breadth, quality, and uniqueness of the products it offers, and by reliably having inventory in stock. This is an area where we would expect management to allocate capital to ongoing M&A, as the company is well positioned to leverage their established distribution channels and help regional products to build a national footprint. CSW's other two segments are Specialized Materials - lubricants, sealants, and filtration - used for maintenance in heavy industrials applications like rail, energy, and mining, and Engineered Building Solutions, which offers components like railings, fire escapes, egress windows, and stairwells for new construction projects.

Simpson Manufacturing (SSD) is a leading manufacturer of structural connectors, fasteners, and construction solutions, specializing in products that enhance the strength and safety of residential, commercial, and industrial buildings. With a focus on innovation, durability, and compliance with strict building codes, Simpson has established itself as a trusted partner for builders, contractors, and architects. We believe the company's strong brand recognition, diverse product offerings, and highly regarded service capabilities position it well for consistent growth in both new construction and remodeling markets.

We also exited three positions during the quarter. We sold Five9 (FIVN) due to a lack of visibility into the company's trajectory of growth and margin expansion. Progyny (PGNY), meanwhile, lost its largest customer, raising concerns about their market leadership and strategic position. Finally, we sold Fastenal (FAST) because the company's market capitalization exceeded the Smid Cap Growth portfolio's guidelines.

OUTLOOK

There are several reasons for optimism about the Smid Cap Growth strategy's relative performance prospects in 2025. The simplest observation is that we have experienced several bouts of extended underperformance during Riverbridge's nearly 40-year history. In each of the previous times, clients who stuck with our disciplined, time-tested approach when it was out of favor have been subsequently rewarded with a longer and larger period of outperformance.

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Commentary continued...

Just as importantly, several signs point to a more favorable environment ahead for our style. Our focus on seeking out franchises that can produce self-financed, non-cyclical unit growth means that they should not need a goldilocks economy to thrive in the years ahead. In addition, we are optimistic about our portfolio positioning as we enter a new phase of artificial intelligence development. Until now, investors have rewarded companies building the infrastructure to support AI, primarily hardware providers. Starting in 2025, we anticipate entering the most consequential phase: deployment. We expect companies to leverage AI in novel ways to boost efficiency and increase productivity. We believe our strategically positioned holdings will be key partners in helping their customers incorporate the benefits of AI into their businesses.

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.

SMID CAP GROWTH COMPOSITE

Year	Gross-of-Fee Return (%)	Net-of-Fee Return (%)	Russell 2500™ Growth Return (%)	Portfolios	Dispersion (%)	Composite 3-Year Ex-Post Std. Dev.	Russell 2500™ Growth 3-Year Ex-Post Std. Dev.	Composite Assets (\$ Millions)	Ttl Firm Assets (\$ Millions)	Advisory Only (\$Millions)	Ttl Firm Assets & Advisory Only (\$Millions)
2023	21.61	20.74	18.93	114	0.78	20.43	20.95	1,545.4	7,429.2	4,432.2	11,861.5
2022	-31.56	-32.09	-26.21	115	0.48	23.15	25.18	1,101.4	6,279.5	3,892.8	10,172.3
2021	6.88	6.12	5.04	106	0.41	19.06	21.97	1,569.8	9,408.0	6,149.6	15,557.6
2020	47.90	46.84	40.47	83	0.83	20.53	23.93	1,459.6	8,478.1	4,896.5	13,374.6
2019	33.09	32.11	32.65	82	0.55	14.46	15.85	972.9	5,378.3	2,633.2	8,011.5
2018	0.44	-0.34	-7.47	82	0.48	14.65	15.33	996.2	4,737.1	1,842.0	6,579.1
2017	26.27	25.33	24.46	85	1.12	11.97	13.04	1,187.4	5,047.9	1,791.1	6,839.0
2016	8.58	7.73	9.73	86	0.49	13.45	14.67	942.6	4,686.7	1,546.6	6,233.3
2015	0.37	-0.42	-0.19	90	0.48	12.24	13.29	850.3	5,030.8	1,202.4	6,233.2
2014	3.90	3.08	7.05	112	0.36	11.31	12.53	957.3	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 SMID Cap Growth Composite was created in January 2007 and its inception date was 12/31/2006. It is a diversified growth stock portfolio invested in small to mid 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 2500™ Growth Index. The Russell 2500™ Growth Index includes the segment of securities within the Russell 2500™ Index with higher price-to-book ratios and higher forecasted growth values. The Russell 2500™ Index is an unmanaged index measuring the performance of the small to mid-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. Prior to January 1, 2016, the composite minimum value was \$50,000.

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. 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 SMID Cap Growth Composite has had a performance examination for the periods 01/01/2007 – 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.

The SMID Cap Growth Composite Assets for 2023 was originally presented as \$1,092.3 million. The correct Composite Assets are \$1,545.4 million, as shown in this revised GIPS Report.

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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