

PERFORMANCE (AS OF 12/31/2018)

	4Q 2018	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Riverbridge Growth & Income	-7.68%	1.50%	1.50%	12.23%	8.67%	12.85%	9.55%
S&P 500®	-13.52%	-4.38%	-4.38%	9.26%	8.49%	13.12%	8.97%

Periods greater than one year are annualized; Performance is gross of fees; See p3 for net of fees; Inception Date: 12/31/2002

HIGHLIGHTS

- Outperformed the broader markets during a turbulent 4Q due to portfolio companies reporting broad fundamental progress
- Information Technology and Industrials holdings performed significantly better than benchmark
- Our self-financed, less economically sensitive businesses are poised for continued fundamental success regardless of short-term market movements because they are less impacted by rising interest rates and input costs

MARKET COMMENTARY

The fourth quarter of 2018 provided a fitting end to a turbulent year. This past year forced investors to contend with renewed volatility after a historically placid 2017. In the final three months of the year, stocks flirted bear market territory under the combined influences of inflationary pressures, a hawkish Federal Reserve, trade wars, and decelerating economic growth. In the S&P 500® index, only one sector - Utilities - generated a positive return. Seven of the index's eleven sectors suffered double digit declines. The Information Technology, Financials, Industrials, and Consumer Discretionary sectors were the biggest performance detractors from the index.

PORTFOLIO COMMENTARY

The Riverbridge Growth and Income portfolio was not immune to the difficult market in the fourth quarter but nevertheless outperformed its primary benchmark, the S&P 500® index, by nearly six percent. For the full year 2018, the Growth and Income portfolio managed a positive return of one and a half percent against the benchmark's decline of more than four percent. In the fourth quarter, the portfolio's Information Technology and Industrials holdings significantly outperformed the benchmark. Slightly offsetting this outperformance, our lack of Utilities and Real Estate holdings detracted from relative performance. Despite the volatile market, throughout 2018 Riverbridge's portfolio companies broadly exhibited strong fundamental progress, strengthened their strategic market positions, and generated compelling returns on their invested capital.

Longtime readers are by now well acquainted with Riverbridge's

unwavering commitment to our investment disciplines. We seek businesses run by world class management teams building differentiated market positions, creating consistent unit growth, and earning high returns on invested capital. Our investment team also insists that our portfolio companies, regardless of the economic backdrop, possess the ability to internally finance their growth so as not to be dependent on the credit and capital markets. In our Growth and Income portfolio, the Riverbridge investment team invests in companies of all market capitalizations which make dividend payouts from their steady cash flow after making the appropriate investments into their current-day operations and long-term opportunities. We identify companies who are growing their dividend because they are building their long-term earnings power with a sustainable strategy. We eliminate from consideration those companies growing their earnings and dividends strictly from escalating prices on their customers or reducing cost across the organization, neither of which is a sustainable long-term strategy.

Starbucks Corporation (SBUX) is a prime example of a long-term oriented company that consistently invests in building earnings power and driving sustainable returns on capital while returning cash to shareholders. Riverbridge has held SBUX in at least one portfolio since December 1997. In our time owning the company, SBUX has set a standard in the coffee industry to which competitors aspire by consistently innovating and evolving in order to deepen customer relationship and loyalty. They have demonstrated an understanding of their customers through investments in their mobile application, online ordering and payment, and rewards program.

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As we have conducted our due diligence over two decades, we have witnessed an organization that seeks to continually improve their guest experience, store efficiency, and capital returns.

More recently, SBUX has entered the Chinese market. Several members of the Riverbridge Investment Team visited China in 2018 to gain deeper insight into the company's efforts. What they experienced was SBUX's deep commitment to the market. The company is hiring local management teams, developing market specific products, and using design teams to ensure the SBUX experience is responsive and compelling to its guests. In addition, they are making a concerted effort to educate the Chinese consumer, who is much more accustomed to tea, about coffee, and quickly becoming a highly desirable employer for its partners. Among many aspects of SBUX's committed and thoughtful approach to China, the talent which they are attracting and retaining is impressive. This is in no small part due to the "Starbucks China Parent Care Program" rolled out in 2017, providing fully-sponsored critical illness insurance coverage to the parents of its full-time employees.

There is no certainty that coffee culture will develop in China the way it did in the US, but if it does, SBUX is in a position to be a leader in this nascent market and build enduring earnings power. They are thoughtfully and respectfully entering the market and demonstrating a commitment to investing and innovating in ways that align with Chinese culture. Early indications are positive; SBUX's footprint is rapidly expanding and their stores are generating returns on capital at or above those generated in the U.S., which positions the company to continue driving shareholder value through growth and cash returns.

OUTLOOK

Market participants will closely monitor corporate earnings in 2019. Investors expect a deceleration in earnings growth following the tax-cut driven 20 percent-plus earnings growth in 2018. However, the magnitude of this deceleration will be telling. According to IBES data, earnings for the S&P 500® are expected to grow eight percent in 2019. Should this figure prove optimistic, the markets will continue to feel pressure. In addition to earnings growth, inflationary pressures will be carefully monitored. With unemployment remaining at a 49-year low, conditions are ripe for wage driven inflation. Modest levels of wage-induced inflation are healthy. Too much of an increase, however, could spur the

Fed to enact more interest rate hikes.

Overall, Riverbridge's portfolio companies are poised for continued success. They are less impacted by rising interest rates and borrowing costs because of their ability to internally finance their growth. More importantly, our portfolio companies, in aggregate, continue to exhibit healthy fundamentals and strengthening strategic market positions. Our portfolio companies tend to generate high levels of free cash flow and are generally less economically sensitive relative to the broader markets. This backdrop provides them a good chance to meet success against an uncertain macro backdrop.

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 compliant presentation 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)	Firm Assets (\$ Millions)
2017	19.10	18.12	21.83	27	0.27	8.73	9.92	30.7	5,047.9
2016	16.93	15.99	11.96	32	0.22	9.63	10.59	46.4	4,686.7
2015	-1.42	-2.23	1.38	31	0.19	10.32	10.48	40.3	5,030.8
2014	8.74	7.84	13.69	28	0.44	8.69	8.97	37.3	5,523.2
2013	35.64	34.44	32.39	21	0.66	10.79	11.94	25.4	5,718.3
2012	8.92	7.98	16.00	22	0.53	13.49	15.09	17.7	3,225.7
2011	1.17	0.28	2.11	24	0.31	16.82	18.71	16.3	2,558.0
2010	10.52	9.53	15.06	20	0.37			15.3	2,495.0
2009	33.84	32.62	26.46	19	0.74			13.4	1,737.1
2008	-26.57	-27.27	-37.00	18	2.19			9.8	989.2

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-oriented investment services by investing in growth equity securities, 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. 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 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 composite minimum value is \$100,000.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars. 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. Additional information for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.

Other Disclosures: Riverbridge Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Riverbridge Partners, LLC has been independently verified for the periods 12/31/1989 - 12/31/2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Growth & Income Composite has been examined for the periods 01/01/2003 - 12/31/2017. 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.

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.
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