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Investors witnessed seemingly a decade's worth of market-moving events in 2020. The year concluded with all major market indices at or near record highs, but during the year investors traversed a pandemic, an official (albeit brief) bear market, an economic shutdown, a remarkable market rebound, and finally, a chaotic election cycle. In the end, those investors that maintained their long-term oriented fortitude and largely ignored the noise of the markets performed very well. Nearly all 2020 forecasts proved inaccurate and 2021 prognostications are unlikely to fare much better. Riverbridge will remain grounded in what is true by investing in enduring companies that are well-positioned to thrive over the next decade.

There were many reasons for the paradoxical, record-setting markets of 2020, but two catalysts stand out. The first was the Federal Reserve's massive stimulus package and their forward assurances. The Fed injected enormous amounts of supporting liquidity into the markets. During the worrisome months of February and March, the Fed staunchly supported the bond market with purchases. As a result of their intervention, the yield on the 10-year US Treasury bond fell below 1% for the first time in history. Furthermore, the Fed has strongly indicated that it will remain vigilant to support the economy throughout 2021, thus assuring investors of continued accommodative policies featuring low interest rates. The Fed's posture continues to buoy investor confidence. The development of a COVID-19 vaccine was also key to the markets' continued advance. The alacrity with which several vaccine candidates were developed, tested, and approved for use was nothing short of remarkable. Though it is understood that it may take time to inoculate populations around the world, the vaccine offers hope that this global pandemic will reach a conclusion in 2021.

A misnomer oft repeated by financial media is that there is a disconnect between Wall Street and Main Street. There is a notion that the market does not reflect what is happening in the country or the world, but this is untrue. Within the past 12 months, we have witnessed several years' worth of technological advancement. For example, digital trends in place prior to the pandemic

have been accelerated. Corporate America was slowly beginning to embrace remote work and decentralized offices before the pandemic made these trends a necessity. Decentralized capabilities that may have otherwise been adopted over the next decade instead were deployed in a matter of weeks or months.

Such rapid change has created both opportunities and dislocation. Cloud service providers have been beneficiaries as they facilitate companies operating in a more remote fashion. Traditional brick-and-mortar retailers, on the other hand, have struggled mightily during this socially distanced time. To be certain, cloud computing and online shopping trends were already in motion prior to 2020, but the pandemic accelerated these and other societal shifts, which has caused pain and distress for employees involved in the most disrupted industries. However, the financial markets are an anticipatory mechanism and trade on expectations for the future as opposed to daily events. While the upheavals of 2020 have caused and will continue to cause some economic hardships, they are also rapidly creating new opportunities, giving cause for optimism.

Years like 2020 are good reminders to stay grounded in what is true. At Riverbridge, we invest in companies with the fundamentals and leadership to grow their intrinsic value over long periods of time. Many of our portfolio companies are thriving because they are enabling their customers to navigate this global pandemic. We invest in companies that are building a better future for all of us. We greatly appreciate the trust that our clients place in Riverbridge to serve as their investment advisor and we wish all our readers a healthy, prosperous 2021.

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