

**PERFORMANCE (AS OF 03/31/2024)**

	1Q 2024	1 Year	3 Year	5 Year	10 Year	Inception
Small Cap Growth (Gross)	4.22%	15.26%	-3.71%	9.15%	10.43%	12.66%
Small Cap Growth (Net)	4.02%	14.35%	-4.46%	8.30%	9.59%	11.69%
Russell 2000® Growth	7.58%	20.35%	-2.68%	7.38%	7.89%	8.03%

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

**HIGHLIGHTS**

- Building on a strong finish to 2023, Russell 2000 Growth advanced more than 7.5 percent in 1Q 2024
- Strategy advanced but underperformed its benchmark; portfolio did not and would not own positions in high-flying stocks associated with AI hardware and Bitcoin
- Riverbridge's discipline of targeting companies with internally financed growth has insulated the portfolio from a recent rise in corporate debt defaults; our focus on strategic market positions will be important should economic growth slow

**MARKET COMMENTARY**

The first quarter of 2024 built on the strength of last year, with the Russell 2000 Growth index posting a gain of more than 7.5 percent. Several of the factors that propelled the stock market to outsize returns in 2023 persisted into the new year, including continued excitement surrounding artificial intelligence, anticipation of interest rate cuts, inflation trending lower, and few signs of an imminent economic downturn.

The small cap growth index imitated the recent narrow leadership of its large cap counterpart, with just two Information Technology constituents driving more than half of the Russell 2000 Growth's total return. Outside of those standouts, the Information Technology sector actually underperformed the broader market during the quarter. Energy and Industrials were the index's top performing sectors, while Utilities, Communication Services, Real Estate, and Materials declined.

**PERFORMANCE COMMENTARY**

The Riverbridge Small Cap Growth strategy returned approximately 4 percent net of fees during the first quarter of 2024, trailing the Russell 2000 Growth index's 7.6 percent return.

Uncharacteristically, the portfolio's relative underperformance was driven by what it does not own, rather than what it does. Two Information Technology companies, Super Micro Computer (SMCI) and MicroStrategy (MSTR), advanced 255 percent and 170 percent, respectively, during the quarter. Neither company is a candidate for our Small Cap Growth strategy as they do not fit our investment criteria.

Super Micro Computer manufactures the hardware used in data centers and enterprise computing environments, and is currently reaping the rewards of a solid relationship with Nvidia as demand for the chips and infrastructure to power generative AI solutions continues to skyrocket. While SMCI has experienced rapid growth which it is projecting to continue in the near-term, we expect the competitive environment to be fierce as AI evolves and matures. Historically, it has been difficult for pure hardware players to maintain a truly differentiated market position. In addition, even if it did fit Riverbridge's investment criteria, after its meteoric rise Super Micro is now a large cap company with a nearly \$65 billion market cap. Until it graduates out of the Russell 2000 Growth in June, the company will continue to have an outsize influence on the performance of the index.

**NEW BUYS**

There were no new securities.

**FULL SALES**

There were no liquidated securities.

**CONTRIBUTORS**

Medpace Holdings, Inc.  
Kinsale Capital Group, Inc.  
Freshpet, Inc.  
RB Global, Inc.  
Floor & Decor Holdings, Inc.

**DETRACTORS**

Five Below, Inc.  
Globant S.A.  
Workiva, Inc.  
Five9, Inc.  
Privia Health Group, Inc.

MicroStrategy, on the other hand, experienced a highly speculative run-up in its stock price, not because of momentum in its core business, which has had roughly flat revenue over the past five years, but because it holds several billion dollars of Bitcoin on its balance sheet. The company's stock appears to essentially be a Bitcoin proxy, as the underlying fundamentals do not support its massive rally.

Meanwhile, Riverbridge's Information Technology holdings performed more in-line with the rest of the Russell 2000 Growth's IT constituents, declining slightly. Software is the largest industry weight in the strategy, and our portfolio companies had mixed results during the quarter. Six of our 11 software holdings had positive performance, but double-digit declines in the stocks of call center software developer Five9 (FIVN) and workflow management solution provider Workiva (WK) hurt overall returns. Both companies guided conservatively for the coming year, though both continue to see healthy opportunities in their end markets. Five9, which is paid per "seat" being used in a physical or digital call center, has seen modestly slower seat growth due to lower retail transaction volumes. Longer term, we continue to see a strong outlook for the company, thanks to a healthy sales and implementation backlog. Workiva provided cautious guidance during the first quarter as their prospective customers closely scrutinize technology spend. However, the company continues to invest in a growing set of opportunities across financial, risk, compliance, and industry-specific reporting requirements. With a well-established customer base, we believe the company is poised to achieve balanced growth through both new customers and existing relationships. We also expect margins to increase as their product investment cycle slows.

The strategy's best-performing relative sectors were Health Care and Financials. In Health Care, clinical research provider Medpace (MEDP) continues to experience a potent combination of strong booking trends and lower cancellation levels. In Financials, excess and surplus insurance underwriter Kinsale Capital Group (KNSL) is seeing strong trends in the number of policies they are being asked to price and in the rates they are achieving on the policies they write.

#### TRANSACTION COMMENTARY

There was minimal activity in the Riverbridge Small Cap Growth strategy during the first quarter, which is not uncommon. We trimmed Medpace as it approached our maximum position size of five percent, but there were no new purchases or full sales.

#### OUTLOOK

As Riverbridge looks ahead, we are optimistic about the prospects

of our portfolio companies. We believe they are positioned well for growth, regardless of the economic backdrop. Recently, there has been a sharp increase in the number of companies defaulting on their debt. Our insistence that our portfolio companies be capable of internally financing their growth should shield our portfolios from this concerning phenomenon and provide greater earnings power durability.

Over the last five years, the equity markets have experienced numerous market-shaping events which defy anyone's predictive abilities. However, what remains true is that earnings power determines the value of companies. Management teams that focused on building their strategic market positions throughout this highly disrupted period have benefited most. Those management teams more focused on maximizing performance by capitalizing on a small moment in time have generally underperformed. The Riverbridge investment team will continue to eschew the short-lived emotions of the market and focus on companies that are positioning themselves to thrive over the next decade.

#### 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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