

Form ADV Part 2A

Riverbridge Partners, LLC

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This brochure provides information about the qualifications and business practices of Riverbridge Partners, LLC. Should there be any questions about the contents of this brochure, please contact us at 612-904-6200 or www.Riverbridge.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Riverbridge Partners, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide information used to determine to hire an adviser.

Additional information about Riverbridge Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

SUMMARY OF MATERIAL CHANGES

This summary discusses material changes that have been made to the disclosure document (Form ADV Part 2) that we provide to clients as required by SEC rules. The changes discussed here are the changes made since the date of our last annual update of our disclosure document, March 31, 2012.

Material Changes Since March 31, 2012

- Riverbridge Partners has moved its location **from** 801 Nicollet Mall, Suite 600, Minneapolis, MN 55402 **to** 1200 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402.
- Riverbridge Partners has added additional disclosures in Item 10 regarding private investment funds that have connections to Riverbridge Partners, LLC.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that our clients receive a summary of any material changes to our brochures within 120 days of the close of Riverbridge Partners' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will provide our clients with a new brochure as necessary based on changes or new information, at any time, without charge. The brochure may be delivered in paper format or through an electronic delivery method. Our brochure may be requested by contacting Nancy L. Archer at 612-904-6227 or NancyA@Riverbridge.com. Additional information about Riverbridge Partners, LLC is also available via the SEC's website www.adviserinfo.sec.gov.

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Item 4 Advisory Business

Riverbridge Partners, LLC (Riverbridge Partners) was founded in 1987 and is an investment manager for institutions and high net worth individuals. Since its inception, Riverbridge Partners has remained an investment-centric, employee-owned firm. Our portfolios are managed by an Investment Team whose members average over 15 years at the firm.

Riverbridge Partners offers growth-oriented investment services by investing in equity securities, which we believe will provide high returns over the long term. We invest in high-quality growth companies that demonstrate the ability to sustain strong secular earnings growth. Riverbridge Partners believes earnings power determines the value of a franchise. We focus on companies that are building their earnings power and intrinsic value over long periods of time. The quality of our defined, timeless investment process has been tested and proven in various types of market cycles.

Riverbridge Partners is 100% employee owned. The owners of the firm are as follows:

- Mark A. Thompson, Chief Investment Officer, Portfolio Manager (over 25% owner of the firm)*
- Rick D. Moulton, Portfolio Manager*
- Andrew W. Turner, Relationship Manager*
- Philip W. Dobrzynski, Associate Portfolio Manager
- Dana L. Feick, Associate Portfolio Manager
- Timothy L. Wilkinson, Director of Investment Management
- John W. Peyton, Relationship Manager (semi-retired)

*Members of the firm's Executive Committee, which is responsible for the strategic decision making and overall management of the firm.

The Riverbridge Partners' Asset Management Group provides asset management services and manages equity portfolios according to the client's designated investment objectives. We manage client accounts on a discretionary basis, subject to any expressed client-imposed restrictions. This means we determine which securities are to be purchased or sold, the broker or dealer used to effect such transactions, and the sales commission, except as restricted by the client. The Asset Management Group generally provides services to institutions, sub-advisory relationships, investment company clients, and high net worth individuals.

The Riverbridge Partners' Private Client Group [a.k.a. Riverbridge Personal Wealth Advisors] will customize portfolios to meet the client's capital appreciation and income needs, and regularly review the client's goals and objectives with the client. The Private Client Group generally provides services to high net worth individuals and families. Although Riverbridge Partners does not hold itself out as providing financial planning or related consulting services, to the extent specifically requested by a client, we *may* provide limited consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Riverbridge Partners, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of Riverbridge Partners' services should be construed as same. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of

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any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Riverbridge Partners.

Please note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Client Obligations-In performing our services, we shall not be required to verify any information received from the client or from the client's other professionals, and we are authorized to rely on this information. Moreover, it is the client's responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating and revising our previous recommendations and/or services.

WRAP Fee Programs-Riverbridge Partners provides portfolio management services under a so-called "wrap fee" arrangement offered by broker-dealer sponsors. We invest the WRAP fee program accounts to the similar base model portfolios used for non-WRAP program accounts. The broker-dealer recommends us as an investment adviser for a certain strategy or strategies, pays our management fee on behalf of the client, monitors and evaluates our performance, executes the client's portfolio transactions without commission charge, and provides custodial services for the client's assets. These services, or any combination of these or other services, are provided for a single fee paid by the client to the broker-dealer. Our investment advisory fee under such a "wrap fee" arrangement occasionally will differ from that offered to other clients. Transactions are effected "net", i.e. without commissions, and a portion of the wrap fee is generally considered as being in lieu of commissions. Trades are generally required and/or expected to be executed only with the broker-dealer with whom the client has entered into the wrap fee arrangement, so we may not be free to seek best price and execution by placing transactions with other brokers and dealers.

While it has been our experience that broker-dealers with whom it presently deals under the clients' wrap fee arrangements generally can offer best price for transactions in listed equity securities, no assurance can be given that this will continue to be the case with those or other broker-dealers who may offer wrap fee arrangements, nor with respect to transactions in other types of securities. Accordingly, the client may wish to satisfy him/herself that the broker-dealer offering the wrap fee arrangement can provide adequate price and execution of most or all transactions. The client might also consider that, depending upon the level of the wrap fee charges by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately, and if we were free to negotiate commissions and seek best price and execution of transactions for the client's account. Our account minimum size under the "wrap fee" arrangement will generally be lower than the minimum offered to other clients.

Assets under Management-Our assets under management as of December 31, 2011 were \$2.558 billion. Riverbridge Partners managed these assets on a discretionary basis. In addition, we have Intellectual Property clients that only require we deliver our model. The assets managed under this non-discretionary basis as of December 31, 2011 were \$576.6 million.

Item 5 Fees and Compensation

The standard fee schedule of Riverbridge Partners generally calls for clients to pay an annual fee of less than 1.5% of assets under management. We generally require a \$1 million aggregate asset minimum for investment advisory services. We may, at our sole discretion, waive the minimum and/or charge a lesser investment management fee based upon certain criteria such as the following:

- institutional clients and/or sub-advisory arrangements
- anticipated future additional assets
- dollar amount of assets to be managed
- related accounts
- account composition
- negotiations with the client

There are inherent conflicts of interest as a result of the different types of clients serviced and the fees paid by those clients. We have policies and procedures designed to mitigate those conflicts.

As a standard practice, Riverbridge Partners' fee is billed quarterly in arrears based on the value of assets under management on March 31, June 30, September 30 and December 31. At the client's request, their management fee may be billed monthly or may be pre-paid. We use unaffiliated vendors to ensure fair valuation of the assets under management.

All services are included in our management fee. Riverbridge Partners may bill a flat fee for financial planning, consulting or for advising on assets not under our management. We do not receive compensation for the sale of securities or other investment products, including asset-based distribution fees from the sale of mutual funds.

Riverbridge Partners may also enter into performance based fee arrangements with clients that are "Qualified Clients" (see *Performance-Based Fees* in Item 6). A common example of a performance based fee arrangement is as follows: An incentive fee shall be earned by Riverbridge Partners in any calendar year in which the value of the account increases by more than 5% (adjusted for any and all additions or withdrawals). The incentive fee amount shall be 20% of the excess appreciation (above 5%) as long as the account value has reached a new "high water mark" at that point in time. In addition, there shall be a base fee of .50% of assets under management in the performance based fee account.

The Riverbridge Partners' *Investment Advisory Agreement* and the custodial clearing agreement may authorize the custodian to debit the client account for the amount of our investment advisory fee and to directly remit that management fee to us in compliance with regulatory procedures. The client may choose to be billed directly. In the event that Riverbridge Partners bills the client directly, payment is due upon receipt of our invoice. The *Investment Advisory Agreement* between Riverbridge Partners and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, we shall debit the account or bill the client directly for the portion of the unpaid advisory fee paid based upon the number of days that services were provided during the billing quarter. Upon termination of a pre-paid fee account, we will refund the number of days that services were not provided during the billing quarter.

Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions. Transaction fees are charged for certain no-load mutual funds and commissions are charged for individual equity and fixed income securities transactions. When beneficial to the client,

individual debt or equity transactions may be effected through broker-dealers with whom Riverbridge Partners or the client have entered into arrangements for prime brokerage clearing services. In this event, the client shall incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the designated custodian. Relative to all mutual fund and exchange traded fund purchases, the client will also incur charges imposed at the fund level, e.g., management fees and other fund expenses.

Item 6 Performance-Based Fees and Side-by-Side Management

Riverbridge Partners may provide investment advisory services on a *Performance Fee* basis in accordance with Rule 205-3 of the Investment Advisers Act of 1940. Rule 205-3 permits a registered investment adviser to enter into an agreement with certain sophisticated clients who have the capacity to bear the potential additional risks of such a fee arrangement. An investment adviser can rely on Rule 205-3 only if the *performance fee* agreement is with "eligible" clients. Eligible clients are defined in the Rule as natural persons and companies that have *either* at least \$1 million under management with Riverbridge Partners immediately after entering into a *performance fee* agreement or a net worth at the time the agreement is entered into in excess of \$2 million excluding the value of the client's primary residence and the amount of debt secured by the property that is no greater than the property's current market value. Indebtedness secured by the primary residence will be considered a liability if it exceeds the fair market value of the property or was incurred within 60 days before entering into the contract with Riverbridge. If a client enters into a *performance fee* arrangement with Riverbridge Partners, the client will be required to represent and/or warrant that they:

- (1) are an "eligible" client as defined immediately above;
- (2) understand that Riverbridge Partners is relying upon such representation for compliance with Rule 205-3;
- (3) understand that the *Performance Fee* may be an incentive for Riverbridge Partners to make investments that are riskier or more speculative than would be the case absent a *Performance Fee*.

Riverbridge Partners has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent any conflict from influencing the allocation of investment opportunities among clients.

Item 7 Types of Clients

Riverbridge Partners provides investment management services to institutions, corporations, partnerships, pension and profit sharing plans, foundations, charitable organizations, banks, investment companies, individuals, trusts and estates.

We generally require a \$1 million aggregate asset minimum for investment. We may, in our sole discretion, waive the minimum for investment. Our account minimum size under the "wrap fee" arrangement will generally be lower than the minimum offered to other clients.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Riverbridge Partners believes earnings power determines the value of a franchise. We focus on companies that are building their earnings power and building the intrinsic value of the company over

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long periods of time. The Riverbridge Partners' Investment Team looks to identify and invest in companies that meet our investment criteria. Riverbridge Partners seeks companies that can achieve sustainable high returns on invested capital. We also look for:

- Sound Management
- Unit Growth
- Market Position
- Sound Accounting Practices

The Riverbridge Partners' Asset Management Group generally invests in long-only growth equity portfolios. All portfolios are aligned to a model portfolio. As a result, dispersion between accounts is relatively small. Riverbridge Partners concentrates on outperforming our portfolio benchmarks over longer periods of time. The Riverbridge Partners' portfolio turnover is generally less than 30% annually. The Riverbridge Partners' portfolios remain fully invested at all times; cash is a residual of our investment process.

The Riverbridge Partners' Private Client Group, as stated earlier, customizes portfolios to meet the client's capital appreciation and income needs. Customized portfolios may be diversified across asset classes (stocks, bonds, cash, etc.) Our fixed income investment strategy focuses on high quality fixed income securities that provide income and preserve capital.

Risks – Clients invested in the Riverbridge Partners' portfolios may experience a loss of principal. Volatility of financial markets can expose our clients' investments in our portfolios to market risk. Market risk may affect a single issuer, industry, section of the economy or geographic region, or it may affect the market as a whole. Securities of small and mid capitalization companies generally involve greater risk than securities of larger capitalization companies because they may be more vulnerable to adverse business or economic developments. Securities of small and mid cap companies may be less liquid and more volatile than securities of larger capitalization companies or the market averages in general.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Riverbridge Partners) will be profitable or equal any specific performance level(s).

Item 9 Disciplinary Information

Riverbridge Partners and the management persons of the firm have not been involved with any disciplinary events.

To the best of our knowledge, Riverbridge Partners and the management persons of the firm have not been involved in any material criminal or civil action in a domestic, foreign or military court of competent jurisdiction.

Riverbridge Partners and the management persons of the firm have not been involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Riverbridge Partners and the management persons of the firm have not been involved in a self-regulatory organization (SRO) proceeding.

Item 10 Other Financial Industry Activities and Affiliations

Certain advisory clients of Riverbridge Partners have invested in private investment funds that have connections to Riverbridge Partners: Riverbridge Investment Partners, LLLP, Wilke/Thompson Investment Partners II, LLP and UroMed Funding, LLC (the "Private Funds"). The Private Funds are not advisory clients of Riverbridge Partners; however, Riverbridge Partners is entitled to receive a small administrative fee from the Private Funds for certain limited administrative tasks it performs. Such fees are disclosed in each fund's annual audited financial statements. Riverbridge Partners does not assess any investment advisory fees on advisory client assets invested in the Private Funds. Mark Thompson, Chief Manager of Riverbridge Partners, and Quadris LLC, a related person of Riverbridge Partners, serve as managing or general partner, or the equivalent, of one or more of the Private Funds. Mark Thompson also serves as the sole member and sole governor of Quadris LLC ("Quadris"). Other Riverbridge Partners officers serve as officers of Quadris. Neither Mr. Thompson nor Quadris receive management or similar fees for their services. As disclosed in the UroMed Funding, LLC governing documents, Quadris is entitled to a percentage of the fund's cumulative distributions after certain target cumulative distributions have been made. Because of his role with Quadris, Mr. Thompson stands to benefit from these distributions, if any. Certain Riverbridge employees, including Mr. Thompson, also invest in one or more of the Private Funds and therefore have a financial stake in the success of the Private Funds. To the extent Riverbridge Partners provides any investment advice to advisory clients concerning the Private Funds, such clients should be aware of these conflicts of interest. Riverbridge Partners seeks to address these conflicts by adhering to its fiduciary obligation to place advisory client interests first, by only recommending Private Fund investments where such investment is suitable for a qualified client, by disclosure of all material facts, and by not having any discretionary authority to invest client assets in the Private Funds, as further described below.

In connection with all investments in private investment funds, Riverbridge provides only non-discretionary investment advice to qualified clients. Riverbridge Partners does not place client assets in private investment funds on a discretionary basis. To the extent that a client determines to invest in any such private investment funds, the following disclosure is applicable: Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Riverbridge Partners has a Code of Ethics for the professional conduct of all employees in our fiduciary duty to our clients. All employees must acknowledge in writing on an annual basis that they have complied and will continue to comply with the Code of Ethics. The Code of Ethics requires all employees preserve the confidentiality of information communicated by our clients. It prohibits the use of material non-public information, the misrepresentation of services and the intentional spread of false information. In addition, the Code of Ethics requires the disclosure by all employees to Riverbridge

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Partners of any conflicts of interest that could interfere with their duty to Riverbridge Partners. We will furnish a copy of our Code of Ethics upon request.

It is the policy of Riverbridge Partners that all employees of the firm have the duty to place the interest of the client first at all times. All employees of Riverbridge Partners shall handle his or her personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or any abuse of position of trust and responsibility. All employees must complete a trade form when a trade in a reportable security is placed. All transactions in a security with a market capitalization under \$2 billion must be pre-cleared by a member of the Investment Team and the Trading Desk. All employees must quarterly acknowledge all trades placed and annually acknowledge all security holdings. No employee of Riverbridge Partners shall acquire any securities in an initial public offering. No employee of Riverbridge Partners shall acquire any securities in private placements without advance approval. Employees of Riverbridge Partners may allow the firm to manage their personal accounts in accordance to the Riverbridge Partners' portfolio models, provided they have relinquished all trading authority to Riverbridge Partners. The employee accounts managed by the firm will participate with clients in a particular transaction, and will not receive preferential treatment over the clients in the execution of this transaction.

Item 12 Brokerage Practices

Riverbridge Partners' overriding objective in effecting portfolio transactions is to seek to obtain the best combination of price and execution, subject only to any client direction to utilize a particular broker or dealer for execution of transactions in that client's account. The best net price, giving effect to brokerage commission, if any, and other transaction costs, is normally an important factor in this decision, but a number of other judgmental factors may also enter into the decision. These include:

- our knowledge of negotiated commission rates currently available and other current transactions costs;
- the nature of the security being traded;
- the size of the transaction;
- the desired timing of the trade;
- the activity existing and expected in the market for the particular security;
- confidentiality;
- the execution, clearance and settlement capabilities of the broker or dealer selected and others which are considered;
- our knowledge of actual or apparent operational problems of any broker or dealer.

Recognizing the value of these factors, our clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. We periodically review the general level of brokerage commissions paid.

We maintain and periodically update a list of approved brokers and dealers who, in the firm's judgment, are generally able to provide best price and execution. Our traders are directed to use only brokers and dealers on the approved list except in the case of client designations or instructions from the Investment Team, which approves and reviews brokerage relationships.

With regard to the payment of brokerage commissions, Riverbridge Partners has adopted a brokerage allocation policy embodying the concepts of Section 28(e) of the Securities Exchange Act of 1934

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(Section 28(e)). Section 28(e) permits an investment adviser to cause an account to pay commission rates in excess of those another broker-dealer would have charged for effecting the same transaction, if the adviser determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. The brokerage and research service we receive provides lawful and appropriate assistance to us in performing our investment decision-making responsibilities. Where more than one broker or dealer is believed to be capable of providing best execution with respect to a particular portfolio transaction, we often select a broker or dealer that furnishes us research products or services, such as the following:

- research reports;
- research compilations;
- compilations of securities prices, earnings, dividends and similar data;
- computer databases;
- quotation equipment and services;
- research-oriented computer software and services; and
- services of economic and other consultants.

These selections are not pursuant to an agreement or understanding with any of the brokers; however, we do maintain an internal allocation procedure to identify those brokers who have provided us with research products or services, the research products or services they provided, and to endeavor to direct sufficient commissions to them to ensure the continued receipt of research products and services we feel are useful. In certain instances, we could receive from brokers and dealers products or services which are used both as investment research and for non-research purposes. Research products or services received from broker-dealers may be used to provide service for all of our accounts and not solely for the account or accounts which generate the commissions from which the research product or service derives.

Riverbridge Partners seeks to obtain best execution in all client transactions. In seeking best execution, Riverbridge Partners may select a broker/dealer that does not provide research services to Riverbridge Partners. When trading with non-research providing firms, Riverbridge Partners utilizes client commission arrangements to pay for research products and services that are within Section 28(e). Commissions above the executing broker's standard execution rate are captured within Riverbridge Partners' established client commission arrangements (CCA's).

Brokerage firms also make available to Riverbridge Partners other products and services that benefit the firm but may not benefit its clients' accounts. Some of these other products and services assist Riverbridge Partners in managing and administering clients' accounts. These include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts);
- provide research, pricing information and other market data;
- facilitate payment of Riverbridge Partners' fees from its clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at the brokerage firm providing the service. Brokerage firms also make available to Riverbridge Partners other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and

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marketing. In addition, these brokerage firms may make available, arrange and/or pay for these types of services rendered to Riverbridge Partners by independent third parties. The broker may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Riverbridge Partners. While as a fiduciary, Riverbridge Partners endeavors to act in its clients' best interests, and our recommendation that our clients maintain their assets in accounts at a brokerage firm may be based in part on the benefit to Riverbridge Partners of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the broker, which may create a potential conflict of interest.

In allocating costs for a particular product or service, we will make an analysis of how the product or service is used by Riverbridge Partners and its employees. We may pay for research products from broker/dealers with commission dollars, our own funds, or both. If both are used, we will make a reasonable and good faith allocation of the cost of the product according to its use. This "mixed use" allocation determination may create a potential conflict of interest.

Riverbridge Partners' Chief Compliance Officer, Nancy L. Archer, remains available to address any questions that a client or prospective client may have regarding any of the above soft dollar and/or products and services arrangements, and any corresponding perceived conflict of interest any such arrangement may create.

As indicated above, clients may direct Riverbridge Partners (subject to certain conditions which may from time to time be imposed by us) to effect portfolio transactions through particular brokers or dealers. Such a direction to utilize a particular broker or dealer may be conditioned by the client on the broker or dealer being competitive as to price and execution of each transaction, or may be subject to varying degrees of "restriction".

Clients sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services (including, in some cases, referral of the client to Riverbridge Partners for investment advisory services) provided to the client by the broker or dealer. A client who chooses to designate use of a particular broker or dealer on a "restricted" basis, including a client who designates use of a broker or dealer as custodian of the client's assets, should consider whether such a designation may result in certain costs or disadvantages to the client. The client may pay higher commissions on some transactions than might otherwise be attainable by Riverbridge Partners, or may receive less favorable execution of some transactions, or both. A client who "restricts" brokerage may also be subject to the disadvantages regarding aggregation of orders and allocation of new issues. Unrestricted accounts will be aggregated together by Riverbridge Partners for order placement and may receive more favorable execution. In determining whether to instruct us to utilize a particular broker or dealer on a "restricted" basis in recognition of such services, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the custodial or other services provided.

Riverbridge Partners will initially trade all accounts not containing trade restrictions as a single block order. Thereafter, we will trade the shares subject to trade restrictions in the order dictated by the results of randomization. Trade restrictions include any restriction placed upon Riverbridge Partners in selecting the broker through whom we perform trades, including circumstances where our clients require or strongly encourage us to trade the client's account exclusively with one brokerage firm. Riverbridge Partners considers any client direction of brokerage to be a trade restriction. When

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practically possible, we will include a restricted account with the single block order when the executing broker and the restricted account broker are one in the same.

To ensure fairness and best execution for all of our Intellectual Property clients (whereby we deliver a model portfolio), it is the firm's policy to utilize a randomizer for communicating model portfolio transactions. When practically possible, model changes are communicated commensurate with those of other restricted accounts. Portfolio transaction information, including all purchases and sales of securities, shall be provided to the client as promptly as practicable after we have implemented such changes in the Model Portfolio. Portfolio changes involving thinly traded positions may possibly take several days or weeks to implement. Performance returns for restricted accounts may differ from the composite portfolio performance results delivered by us due to a variety of reasons including, but not limited to, quality of execution, trade dates, average account size, and differences in fee structures.

Riverbridge Partners prefers accounts that allow it discretion in choosing an executing broker. For those accounts that direct brokerage commissions, we are required to trade through the client's brokerage firm. That firm may not be the optimal firm to execute the order. As a result, orders may be executed above the ask price or below the bid, which is sometimes worse than can be obtained by our trading department, which can tap various pools of liquidity and multiple brokers and ECN's. Additionally, the brokerage firm is not necessarily motivated to provide best execution, as we cannot cancel the order and place it with another brokerage firm.

Trades are modeled in our trading software, and then executed simultaneously as a block. All fills are averaged into a single average price for the block, and allocated on a pro rata basis across all portfolios making the transaction. If a trade is only partially completed, the trader allocates the shares on a pro-rata basis across all accounts, rounding as necessary. Sometimes judgments must be made in the best interests of the clients. If a small amount of shares were executed out of a larger order and there were many accounts involved in the initial order, it may be unrealistic to spread the small amount of executed shares over all of the accounts. In this case, the trader should consider the following:

- Allocate so as not to unfairly favor one account.
- Many bank domiciled accounts are charged per trade no matter what the size.
- Be considerate of the broker and their cost of doing business.

For non pro rata allocation, the order management system's randomizer selects the accounts to be allocated for fills.

While no preferential treatment is given to any type or class of accounts, accounts may be executed at different times due to extenuating circumstances that include tax status, client restrictions and other portfolio management issues. Mutual funds sub-advised by Riverbridge Partners will receive the same fair allocation with no preferential treatment.

It is the policy of Riverbridge Partners that the utmost care is to be taken in making and implementing investment decisions on behalf of client accounts. If we make an error in the trading process, we will work to minimize the cost of the error with the best interests of our clients being central to the process.

In the event that the client requests that we recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct us to use a specific broker-dealer/custodian), we generally recommend that investment management accounts be maintained at Charles Schwab & Co., Inc. ("*Schwab*"). The direct cost to clients for *Schwab's* custodial services is derived from the trading commissions paid by clients. *Schwab* has paid for the one-time initial licensing

fee for trading allocation upload software that we use. Riverbridge Partners' Chief Compliance Officer, Nancy L. Archer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any perceived conflict of interest such arrangement may create.

Accounts held at *Charles Schwab & Co., Inc. (Schwab)* that hold assets of \$125,000 or more are eligible for Prime Broker privileges. Prime Broker facilities allow us to place trades for clients through registered representatives at broker/dealers (contra brokers) other than *Schwab* and deliver the securities purchased or sold, versus payment to the client's account at *Schwab*. Contra broker trades are reconciled by us. *Schwab* has a minimal charge to clear each of these transactions per account and confirms those trades directly to the client. The use of Prime Broker facilities allows us the ability to avoid the pitfalls of single sourcing client accounts of \$125,000 or more with one custodian and broker/dealer. By monitoring the distribution of commissions to various sources, we are able to insure an active, unbiased and crosschecked flow of market information at substantially equal commission rates.

Item 13 Review of Accounts

The Riverbridge Partners' Asset Management Group attempts to proactively contact all client relationships on a frequency of no less than an annual basis. We review our managed portfolios with our client relationships. Portfolio monitoring is conducted on a regular basis to ensure compliance with clients' investment guidelines.

The Riverbridge Partners' Private Client Group [a.k.a. Riverbridge Personal Wealth Advisors] Relationship Managers offer to review all client relationships on an annual basis. When requested, we work with clients to develop a mutually agreed upon Investment Policy Statement. It is understood that the clients will inform us of pertinent changes that may impact the Investment Policy Statement. All Riverbridge Partners' Private Client Group clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to comprehensively review financial planning issues (to the extent applicable), investment objectives and account performance with us on an annual basis.

The client accounts are reviewed by the officers and other employees of Riverbridge Partners. Individual accounts are divided among the Relationship Managers. All elements of client portfolios are regularly reviewed with regard to asset allocation, restructuring and rebalancing, fundamental research and individual portfolio construction in accordance with client objectives.

We offer quarterly reports to our clients that include a portfolio appraisal, a schedule of gains and losses and account performance information. We may provide this information in paper format or through an electronic delivery method. We will also provide additional information upon the client's request.

Item 14 Client Referrals and Other Compensation

If a client is introduced to Riverbridge Partners by either an unaffiliated or an affiliated solicitor, Riverbridge Partners may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from our investment management fee, and shall not result in any additional charge by us to the client. If the client is introduced to us by an unaffiliated

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solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor's relationship to Riverbridge Partners. In addition, the solicitor shall provide each prospective client with a copy of our Form ADV Part 2A (this document) and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Riverbridge Partners and the solicitor, including the compensation to be received by the solicitor from us.

Please Note: In the event that a solicitor negotiates a separate and additional fee with the referred client, this arrangement is between the solicitor and the client. We will not receive any portion of this additional fee. However, in this event, the client will pay more for our services as result of the introduction to us by the solicitor than had the client engaged our services directly, independent of the solicitor.

Riverbridge Partners is divided into two business segments: Asset Management Group (AMG) and Private Client Group (PCG) [a.k.a. Personal Wealth Advisors]. The AMG unit is generally responsible for all equity portfolio management and the servicing of institutional and indirect client relationships. PCG generally provides services to direct high net worth individuals and families. To the extent PCG clients use AMG portfolios, PCG will compensate AMG a management fee.

We have received client referrals from Charles Schwab & Co., Inc. ("*Schwab*") through our past participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with us. *Schwab* does not supervise us and has no responsibility for our management of clients' portfolios or our other advice or services. We pay *Schwab* fees for receiving client referrals through the Service.

We pay *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at *Schwab* and a *Non-Schwab* Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by us is a percentage of the fees the client owed to us or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. We pay *Schwab* the participation Fee for so long as the referred client's account remains in custody at *Schwab*. The Participation Fee is billed to us quarterly and may increase, decrease or be waived by *Schwab* from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service. Clients referred through the Service pay a minimum annual fee of the greater of \$5,000 or 1% of "household" assets under management. "Household" refers to many accounts for a single relationship.

We generally pay *Schwab* a *Non-Schwab* Custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at *Schwab*. The *Non-Schwab* Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than *Schwab*. The *Non-Schwab* Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, we have an incentive to recommend that client accounts be held in custody at *Schwab* for a referred client through the Service.

The Participation and *Non-Schwab* Custody Fees will be based on assets in accounts of our clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit our fees directly from the accounts.

Riverbridge Partners' Chief Compliance Officer, Nancy L. Archer, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any perceived conflict of interest such arrangement may create.

Item 15 Custody

The funds and securities of our clients are held at unaffiliated custodians. Deposits of client assets go directly to their respective custodian. Client assets (securities or funds) should not be sent or delivered to Riverbridge Partners, or its employees.

If the qualified custodian for a client's account sends quarterly, or more frequent, account statements directly to the client, the client should carefully review these statements. We urge our clients to compare the information provided to them in our quarterly reports to the information in the statements provided to the client by the custodian.

Item 16 Investment Discretion

When the client chooses to grant investment discretion to us, we will have authority to supervise and direct the investments of and for the client's account without prior consultation with the client. Pursuant to this discretionary authority, we will determine which securities are bought and sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be executed, and the commission rates paid to effect the transactions. We will have full discretionary authority as agent to buy, sell, exchange, convert or otherwise trade the securities and other investments in the account. Our authority may be subject to conditions imposed by the client, i.e., where the client restricts or prohibits transactions in certain types of securities or directs that transactions be effected through specific brokers or dealers.

Item 17 Voting Client Securities

Proxy Voting-It is the policy of Riverbridge Partners to vote all proxies for the exclusive benefit of the accounts whose assets are managed by Riverbridge Partners, unless otherwise specifically provided in the agreement between the client and Riverbridge Partners. In most, if not all cases, this will mean that the proposals which maximize the value of portfolio securities will be approved without regard to non-economic considerations. We utilize the services of a proxy research firm. Securities in client accounts will be voted based on recommendations received by the proxy research firm. Their recommendations will be based on our proxy voting guidelines. We retain the ultimate authority in voting the proxies in client accounts; therefore, we may override the recommendation by the proxy research firm when casting votes.

In the rare case that we may face a conflict of interest (such as voting on a security held in a company where we also manage that company's pension assets), we will vote solely in the interest of maximizing portfolio assets over the long term. If a material conflict of interest exists, we will use an independent third party to recommend how the proxy involving the conflict should be voted.

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For those clients providing guidance to us by forwarding their proxy procedure, we will incorporate those procedures into our own policy providing there is no conflict with the existing policy.

Clients may write or call us to obtain information on how proxies are voted in their account or to obtain a copy of the firm's policies and procedures on proxy voting.

Class Actions-Riverbridge Partners does not file securities class actions on the clients' behalf but will be available to assist them upon their request. We will provide copies of confirmations or custodial statements to clients wishing to file, upon their request.

The address to write for information on proxy voting or class actions is 1200 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402, and the phone number to call is 612-904-6200.

Item 18 Financial Information

Riverbridge Partners does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore, we are not required to include a balance sheet for our most recent fiscal year.

Riverbridge Partners does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our client.

Riverbridge Partners has not been the subject of a bankruptcy petition at any time during the past ten years.

Questions

Riverbridge Partners' Chief Compliance Officer, Nancy L. Archer, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.