

## RMB MENDON FINANCIAL SERVICES FUND

### Portfolio Update: First Half of 2017

For the six months ending June 30, 2017, the RMB Mendon Financial Services Fund (the “Fund”) gained +3.85%, while the Nasdaq Bank Index declined -2.51%. The outperformance was primarily due to the Fund’s current emphasis on regional economies in the U.S. that are benefitting from favorable demographic shifts.

	YTD	Quarter	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
RMBKX	3.85%	1.16%	40.25%	19.95%	21.25%	10.09%	10.77%	13.74%
NASDAQ Bank Index	-1.63%	1.04%	39.98%	15.27%	18.49%	4.14%	5.43%	6.45%
RMBKX (Load Adjusted)	-1.33%	-3.90%	33.25%	17.91%	20.01%	9.53%	10.39%	13.42%

*The performance data quoted represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so that those shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted. To obtain performance as of the most recent month end, please call 855-280-6423. The Fund’s expense ratio is 1.41%.*

To that end, the two top contributors to the Fund’s returns for the first half of 2017 were located in the Southeast - FB Financial Corp (FBK) and BNC Bancorp (BNCN). FB Financial is a high-performing bank in Nashville, Tennessee that expanded its franchise by acquiring a local competitor in a very accretive manner. BNC was recently acquired by Pinnacle Financial Partners (PNFP), creating a compelling super-community bank located in the states of North Carolina, South Carolina, Tennessee, and Virginia.

The Fund’s top detractors for the period were Opus Bank (OPB) and OceanFirst Financial Corp. (OCFC). Opus was hurt by outsized losses in a lending vertical that it ultimately exited through a restructuring. This internal review likely will result in a heightened focus by management on the true drivers of shareholder value, including a potential sale, and we continue to hold the position. OceanFirst was weak as it digested an acquisition from 2016, but further increased its franchise value by announcing the acquisition of Sun Bancorp, Inc. (SNBC) on the last day of the second quarter.

It would be impossible to discuss the first six months of 2017 without mentioning politics. The lofty expectations generated by Donald Trump’s election last fall have mostly been delayed from an inside-the-beltway perspective. Challenges, both external and self-inflicted, beset the new Administration; however, looking past the tweets, we believe the pro-business focus of many of President Trump’s appointees is gaining traction in the American economy.

We are starting to see evidence of this pro-business focus in the bank regulatory environment. Importantly, President Trump has the ability to change the heads of six of nine regulatory agencies that comprise the Federal Stability Oversight Council (FSOC). To date, he has nominated new leaders at the U.S. Treasury, Securities and Exchange Commission, Office of the Comptroller of the Currency, Commodities Futures Trading Commission, and the Federal Deposit Insurance Corporation. In addition, Federal Reserve Governor Daniel Tarullo resigned as Vice Chair of Supervision on the Federal Reserve Board, leaving that position open for a candidate who may be more constructive towards banks.

We do not expect a wholesale repeal of bank regulation, but instead a more thoughtful examination of how to regulate efficiently and effectively. In February, President Trump signed an executive order directing the U.S. Treasury to submit a report on possible financial regulation changes within 120 days. On June 12, the U.S. Treasury issued a 150-page report recommending 100-plus changes on how to streamline bank regulations to boost economic growth rather than inhibit it. Bank of America Merrill Lynch believes the deregulatory proposal would unlock \$2 trillion of lending/balance sheet capacity, of which only \$147 billion would require an act of Congress to change. To put this in

perspective, \$2 trillion is the equivalent of 11% of GDP. We believe that the U.S. banking system is as healthy as it has ever been. The focus of regulators is shifting from reactionary safety and soundness concerns to ensuring the U.S. banking system is an optimal, economic transmission system for the benefit of the U.S. and global economies.

We continue to monitor economic conditions in the U.S. and believe that the recovery is still progressing, but at varying rates in different regions of the country. Many of the Fund's investments are currently in the Southeast, which is benefiting from favorable state tax regimes and labor laws, leading to above-average job growth and in-migration. The widening of the Panama Canal has had a material impact on Southeast port traffic, which has been another driver of the regional economy. We are monitoring signs of overheating or irresponsible lending, but feel comfortable that the fundamentals support the expansion of credit in the region.

This growth in the Southeast has not escaped notice from banks looking to expand via acquisition. There have been 122 bank M&A transactions announced in the first half of the year and 36 have been in the Southeast. Quality franchises in growing markets are in high demand and scarcity value is increasing. An example of this occurred in North Carolina, where four banks were acquired in a period of two weeks, effectively consolidating the community banks in the state. We remain positioned to take advantage of bank consolidation and think that some very interesting super-community banks are in the early innings of a growth trajectory that will propel them to narrowing the size gap with many of the regional banks. We expect that this evolution will create meaningful value for shareholders as institutions combine to increase scale and profitability.

Further on the economic front, the Federal Reserve raised the fed funds rate twice thus far in 2017. Stubbornly, longer-term rates have not moved in lockstep but have decreased, compressing the spread between short-term and long-term rates to pre-election levels. Much financial press has been dedicated to this flattening of the yield curve and specifically to the 10-year U.S. Treasury note. It is important to note that less than 15% of a bank's assets reprice according to the 10-year and roughly 38% of banks' earning assets are priced off of the short end of the curve.

Macro concerns continue to influence markets as well as fund flows. Despite many domestic and international events that could affect global markets in a significantly negative way, volatility remains very low, making some types of hedging less effective. We are mindful of the distortions in valuation that can be created by low volatility and the increasing influence of passive money flows, and we have been extremely diligent in taking advantage of opportunities where fundamentals and valuation diverge.

We are always aware of the unique differences between markets and are staying focused on keeping "boots on the ground" – traveling extensively and engaging actively with various participants in the local geographies we visit. To that end, we have added a new member to the team who will help extend our reach. Sadler Stukes joined the firm in March as our Senior Advisor and Portfolio Strategist. Sadler brings over 20 years of financial services-specific expertise to us. Prior to joining Mendon, he was a Managing Director at Sandler O'Neill + Partners, a financial services "boutique" investment banking firm. Sadler has opened an office in Atlanta, GA.

We remain excited about the opportunities in front of us. We believe there is substantial value embedded in the Fund from companies that have announced M&A transactions, and we expect enhanced earnings streams created by the combinations. The potential for regulatory reform and tax adjustments is still discernable and would very likely benefit economic growth. All considered, we are continually sourcing new ideas as the banking landscape evolves. We greatly value your support and look forward to working hard for you going forward.

Sincerely,



Anton Schutz  
Portfolio Manager

**TOP 10 HOLDINGS AS OF 6/30/17**

<b>Company</b>	<b>% of Assets</b>
Pinnacle Financial Partners (PNFP)	5.49%
FB Financial Corp. (FBK)	5.31%
Pacific Premier Bancorp Inc. (PPBI)	4.61%
First Bancorp (FBNC)	4.21%
Park Sterling Corp. (PSTB)	4.04%
Seacoast Banking Corp. of Florida (SBCF)	2.92%
Atlantic Capital Bancshares Inc. (ACBI)	2.77%
Triumph Bancorp Inc. (TBK)	2.76%
OceanFirst Financial Corp. (OCFC)	2.76%
Opus Bank (OPB)	2.68%

The KBW Bank Index [BKX; PHLX/KBW Bank Index] is an unmanaged index comprised of 24 geographically diverse stocks representing national money center banks and leading regional institutions. One may not invest directly in an index.

The NASDAQ Bank Index includes securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark (ICB) Banks.

**Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For complete information about the Fund, including a free prospectus, please contact RMB Investors Trust at 855-280-6423, or visit the website at [www.rmbfunds.com](http://www.rmbfunds.com). The prospectus contains important information about the funds, including investment objectives, risks, management fees, sales charges, and other expenses, which you should consider carefully before you invest or send money.**

All investing involves risk including the possible loss of principal. The RMB Mendon Financial Services Fund and the RMB Mendon Financial Long/Short Fund are sector funds. These types of funds may be susceptible to factors affecting their industries, and the funds' net asset values may fluctuate more than a fund that invests in a wider range of industries. Because these funds concentrate their investments in one sector of the economy (financial services) and invest in derivative securities (currently RMB Mendon Financial Long/Short Fund engages in short sales of equities), investors should consider the risk that the funds may experience greater volatility than funds that invest across several sectors.

Foreside Financial Group, LLC, Principal Distributor