RMB Fund

Portfolio Update: Fourth Quarter 2020

The RMB Fund (the "Fund") increased +16.64% net of fees in the fourth quarter of 2020, ahead of the +12.15% increase in the S&P 500 Index for the same period. The Fund finished 2020 with a return of +15.93% versus a total return of +18.40% for the S&P 500. Despite the very strong relative performance in the fourth quarter, we fell a bit short of the benchmark for the full year, ending a string of outperformance for the Fund. As we mentioned in last quarter's letter, 2020 was a difficult year to keep up with a benchmark that was highly driven by a narrow slice of the market, with the largest market caps and fastest growing companies having an outsized influence on the benchmark return. This effect was even more exaggerated in the first three quarters of the year, so it was good to see some of this headwind reverse in the fourth quarter, as the strong market rally broadened out to some of the more under-loved sectors. The outperformance in the fourth quarter from a traditional attribution perspective was nearly all driven by stock selection. Our holdings in the Consumer Discretionary, Financials, and Technology sectors were notable positive contributors to performance, partially offset by negative contribution from the Real Estate, Industrials, and Health Care sectors. We will discuss individual holdings impact on fourth quarter performance below.

	Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+16.64%	+15.93%	+15.60%	+13.90%	+11.99%	+10.72%
S&P 500 Index	+12.15%	+18.40%	+14.18%	+15.22%	+13.88%	+11.56%
RMBHX (Load Adjusted)	+10.82%	+10.15%	+13.64%	+12.74%	+11.41%	+10.59%

Performance over one year is annualized. 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 1.17%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 2021 reducing the applicable Fund's operating expenses. This may be continued from year to year thereafter if agreed upon by all parties. In the absence of such waivers and/or reimbursements, the applicable Fund's total return and yield would be lower. The Funds have a maximum front-end sales charge of 5.00%. Sales charges are waived for clients of investment intermediaries, or for those who purchase shares via no-transaction-fee platforms.

2020….what a year. It's hard to say that we can write anything that hasn't already been written to describe a most unusual year, to put it mildly, but we'll use this year-end letter for retrospect as to what has transpired. The year started with a very healthy economy that was quickly upended by the global pandemic that brought economic collapse and a global health emergency. Behavioral finance bias teaches us that unexpected, outlier events like 2020 happen more often than the human mind's probability analysis comprehends. Hopefully, we'll learn lessons from the pandemic and be better prepared for future health threats. The dichotomy between what was going on in the real economy and how the stock market reacted over the course of the year is also confirmation that the economy and stock market are two separate animals, and at times aren't even positively correlated. The initial market selloff in February and March was staggering in its speed and depth from peak to trough. Bottoming on March 23rd, the rebound and subsequent rally over the course of the year was equally surprising in its speed and magnitude. None of us in March thought the market could finish the year with positive returns well into the double digits, but it did. The market was clearly rescued by the unprecedented support of monetary policy from the Fed and fiscal policy from the U.S. Government. The "whatever it takes" mantra to get the country through the pandemic, along with remarkable progress on producing a highly efficacious vaccine, supported the market's rebound and astounding full year returns. The market also found solace in the outcome of the U.S. election in November, that showed that most of the country remains quite centrist on policy issues, despite the polarization of Washington DC to the left and right extremes. Capitalism is by no means perfect, but it seems like most of the electorate doesn't want their central government to be overly controlling of their economic or personal lives. No matter your political leanings, we're hopeful the new year brings better leadership, sound economic policy and greater overall stability. Corporate leadership has been quite vocal that they just want less outside surprises as they lead their companies and plan for the future.

As we close the books on a most tumultuous year, we think there is a strong case for optimism that the economy will improve significantly in 2021, once the health crisis subsides. With COVID cases, hospitalizations, and deaths still rising at alarming rates, the distribution of the vaccine cannot come quickly enough. This was not your normal recession and the pace of the economic recovery will parallel the success in ending the health crisis. There is a strong case for optimism as the population becomes vaccinated and more reopening commences. Consumer savings rates have been high during the recession and could unleash strong spending, particularly for consumer services, once we reach the midpoint of the year. Additional stimulus programs from the government are helping bridge the gap and hopefully employment growth will be strong once spring comes.

The stock market is a powerful forward discounting mechanism and has priced in an optimistic recovery scenario. Historically, high valuations reflect this expected corporate earnings recovery in 2021 and 2022 and for interest rates to remain extremely low. The 10 year Treasury was already quite low at the beginning of the year at 1.92%, but fell even further with the onset of the pandemic and Fed rate cuts, ending the year at 0.92%. While we are not a believer that we will see negative rates in the U.S., much of the world's developed markets do, and, at 1%, we do have a negative real interest rate when adjusting for inflation. The massive government stimulus programs that have blown the Federal deficit into the trillions (yes, that's trillions plural!) and printing of dollars by the Fed do leave us with concerns about inflation in the future. While this may not be a 2021 event as the economy recovers, we are on the lookout for signs of emerging inflation. The Fed has promised to keep interest rates unchanged, even if inflation exceeds 2%, so there is a possibility that the Fed could get behind the curve at some point in the next couple of years. In our opinion, equity market valuations are pricing in low interest rates for many years into the future, so upwards pressure on rates would not be good for stocks. As bottom up equity investors, we always have some hesitation to opine on "the market" as it's one homogenous thing, as we believe in the mantra of "a market of stocks, not a stock market." Our bottom up process confirms this expensive market, as we are not finding bargains in individual companies to be abundant, particularly in our quality growth universe. Within our existing holdings, the Fund has more reward-to-risk ratios under one than it has greater than one, a full reversal from where we stood in mid-March, when we were excited about the long-term opportunities the selloff had presented us. In hindsight, this aggressive buying window was not open for very long after the quick rebound off the lows. The Fund took advantage of some dislocations during that period, although, in hindsight, we wish we would have been even more aggressive in making a few more changes. That said, we've stuck with our process and strategy and will not deviate from what we believe will serve shareholders well in the long-run. Macro market predictions are very difficult to make with any hopes of being consistently accurate, so we'll keep our efforts principally focused on bottom-up stock selection. We have built a concentrated, yet diversified, portfolio of high-quality, individual companies that we believe can grow their earnings for years into the future and earn attractive returns on invested capital. No matter what happens with the current market cycle, we strongly believe the strategy provides an opportunity to outperform over the long-run, without taking undue risk.

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Contributors and Detractors

RMB Fund FOURTH QUARTER 2020 CONTRIBUTION REPORT *Ranked by Basis Point Contribution*		
	Basis Point Contribution	Return
Top Contributors		
SVB Financial Group	+149	+61.46%
Morgan Stanley	+140	+42.77%
PTC Inc.	+127	+44.60%
Alphabet Inc.	+101	+19.59%
Vail Resorts Inc.	+84	+31.26%
Bottom Detractors		
American Tower Corp.	-24	-6.58%
Marsh & McLennan Co. Inc.	-14	-5.66%
Home Depot Inc.	-7	-3.82%
Jack Henry & Associates Inc.	-0	-0.10%
Salesforce.com Inc.	+0	+0.05%

The performance presented above is sourced through Factset Research Systems Inc. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Fund. Holdings listed might not have been held for the full period. To obtain a copy of RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

The Fund's largest contributor in the quarter was SVB Financial Group (SIVB), the holding company of Silicon Valley Bank. We first purchased our position in the summer of 2019 and further added to the name during the selloff in March this year. We felt that SIVB was a distinctive, growing bank franchise. They have an expertise in serving entrepreneurial businesses in the innovation economy, particularly technology and biotechnology companies, their venture capital partners, founders, employees, private equity funds and high net worth individuals in this ecosystem. SIVB has built its franchise with this customer base over decades, resulting in a deep and valuable network that is hard to replicate. We believe it has an attractive economic moat (high barriers to entry and competitive advantages) in an industry that generally doesn't have that much differentiation. While very few bank stocks had positive returns in 2020, SIVB responded extremely well to continued growth in its asset base and had very few issues with credit quality. We continue to like their outlook, though we trimmed back our position size near year end to more appropriately size it within the Fund and acknowledge that the valuation had become less attractive. Morgan Stanley (MS), the iconic Wall Street investment bank and wealth manager, was the second largest contributor. The company's reshaped business model in the years following the global financial crisis is proving its merit through the COVID crisis. The company has less credit risk, a lower risk trading operation, and a focus on wealth management that is leading to more stable revenues and returns. This was highly evident with its third quarter earnings report that was well ahead of expectations and showed strong year over year growth. We think its recent acquisitions of E*Trade and Eaton Vance are consistent with its playbook of lessening the importance of the more volatile investment bank and moving towards higher returning, more recurring revenue streams. Morgan Stanley has a well-capitalized balance sheet and was recently given generally favorable terms from regulators to return more capital to shareholders. A steepening yield curve is also a positive for the banking industry. We continue to like the outlook for Morgan Stanley and it is our fourth largest holding at year end.

On the negative side of the performance ledger, we had names adversely affecting the Fund's overall return, both relative and absolute. Cell tower owner American Tower Corp. (AMT) was the largest detractor in the quarter. The business continues to perform well with virtually zero impact from the pandemic and should be a long-term beneficiary of the rollout of 5G technology. American Tower is a very defensive business model and as such, the stock lagged a bit in such a strong risk-on market environment. We did take a couple of modest trims to the position size early in the quarter to fund some more opportunistic purchases and it remains about an average position size in the Fund at year end. We continue to like its long-term prospects for an attractive total return that will outperform the market, particularly if we are in a lower total return environment over the next couple of years. Insurance brokerage and consulting powerhouse Marsh & McLennan Co. Inc. (MMC) was the second largest detractor from performance. While we like the long-term prospects for this well-managed company, we exited our fairly small position mid-quarter to fund some better risk-reward opportunities. Should the stock present us with a better buying opportunity in the future, we would have no hesitation in owning the company again.

Outlook

From when we last wrote you three months ago, market and economic conditions have continued to improve. U.S. corporate earnings growth, which is the biggest long-term driver of stock prices, was impacted significantly in 2020 by the pandemic and recession. That said, earnings proved to be considerably more resilient than one might have thought nine months ago and the recovery in 2021 and 2022 looks to be very strong. It's possible that 2021 earnings recover or potentially even exceed 2019 pre-recession levels this year. It's clear the market has reacted to the bullish recovery case and priced in an optimistic scenario. 2019's +31% market return was nearly all due to P/E multiple inflation, and, with earnings declining in 2020, it's happened again, as the multiple inflated further. Today, the market is trading at 22.7x 2021 and 19.5x 2022 current earnings estimates versus a very long-term average around 16x. Even when accounting for low interest rates, which lowers discount rates and inflates P/E multiples, this is towards the top of historical valuation metrics. We also note that there are some signs of "bubble-ish" type behavior in the valuations in some of the growthiest, more speculative parts of the stock market and recent IPO's. As grizzled veterans, we can't help but recall the TMT (tech, media, telecom) fueled boom of the late 1990's, when individual investors piled into highly speculative stocks. While we don't think we're quite to "mania" levels today, we all remember how the 90's ended.

As always, while we may opine on our view of the overall market, we do not pretend to have any ability of predicting where the market is heading in the short or intermediate term. It's a very difficult, if not impossible, task to add value by timing the market. We think it's prudent to keep return expectations modest for the next few years, as longer term returns are likely to be lower than what we've enjoyed over the past several years. We continue to focus the Fund's efforts on owning companies with good secular growth prospects, strong economic moats, underleveraged balance sheets, and outstanding management teams. These are companies we believe can compound value for shareholders for years into the future. The opportunities to find high-quality growth companies selling at attractive valuations is not abundant, but we will continue to use our "bottom-up" search to optimize the Fund. If we do our jobs well by adhering to a disciplined investment process and managing portfolio risk, we aim to continue to add value to market returns in subsequent years. We'd like to wish everyone a happy new year with hope that 2021 will be a much better year and a sincere thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd M Griesbach

Todd Griesbach
Portfolio Manager

TOP 10 HOLDINGS AS OF 12/31/20	
Company	**% of Assets**
Microsoft Corp.	6.30%
Alphabet Inc.	4.76%
Visa Inc.	4.12%
Morgan Stanley	4.04%
PTC Inc.	3.52%
Apple Inc.	3.35%
IHS Markit Ltd.	3.24%
Danaher Corp.	3.08%
Avery Dennison Corp.	3.06%
Edwards Lifesciences Corp.	3.01%

Holdings are subject to change. The above is a list of all securities that composed 38.47% of holdings managed as of 12/31/2020 under the RMB Fund ("Fund") of RMB Capital Management, LLC ("RMB Capital") based on the aggregate dollar value. This list is provided for informational purposes only and may or may not represent the current securities managed. It does not represent all of the securities purchased, sold, or recommended for advisory clients (under the Fund or otherwise) during the calendar quarter ending 12/31/2020. The reader should not assume that investments in the securities identified and discussed were or will be profitable. For a complete list of historical recommendation for the Fund, please contact RMB Investors Trust at 855-280-6423.

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The opinions and analyses expressed in this letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience, and are expressed as of the date of our mailing of this letter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future performance, nor is it intended to speak to any future time periods. RMB Capital makes no warranty or representation, express or implied, nor does RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this letter. The information and data in this letter does not constitute legal, tax, accounting, investment, or other professional advice. Past performance is not indicative of future results, and there is a risk of loss of all or party of your investment. This information is confidential and may not be reproduced or redistributed to any other part without the permission of RMB Capital.

An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear fees, taxes or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account. The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.

*The price-earnings ratio (**P/E ratio**) relates a company's share price to its earnings per share. A high P/E ratio could mean that a company's stock is over-valued, or else that investors are expecting high growth rates in the future.*

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. 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 Fund invests in larger, more established companies, which may not respond as quickly to competitive challenges or have higher growth rates than smaller companies might have during periods of economic expansion. There can be no assurance that the Fund will achieve its investment objective.

Foreside Fund Services, LLC, Distributor