

# RMB Japan Fund

## Portfolio Update: Fourth Quarter 2020

For the fourth quarter of 2020, the RMB Japan Fund (the “Fund” or “RMBPX”) was up +14.90%, net of fees. During the same period, the MSCI Japan Total Return Index (dividends reinvested), which represents large capitalization companies in Japan, was up +15.26% in the U.S. Dollar. The Japanese Yen appreciated by +2.07% in the quarter.

|                  | 3 Months | YTD     | 1 Year  | 3 Years | Since Inception |
|------------------|----------|---------|---------|---------|-----------------|
| RMBPX            | +14.90%  | +13.06% | +13.06% | +4.62%  | +4.60%          |
| MSCI Japan Index | +15.26%  | +14.48% | +14.48% | +6.06%  | +5.99%          |

***Inception date: 12/27/17. 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 gross expense ratio is 1.29% and the net expense ratio is 1.31%. The net expense ratio is higher than the gross expense ratio as a result of expense reimbursements and the net expense ratio is applicable to investors.***

***RMB Capital Management, LLC (the “Adviser” or “RMB”) has contractually agreed to reduce its compensation due from and/or assume expenses of the Fund to the extent necessary to ensure that the Fund’s operating expenses (excluding interest, taxes, brokerage commissions and other transaction costs, expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, short sale dividends, and extraordinary expenses not incurred in the ordinary course of business) do not exceed 1.30% of the average daily net assets of the Class I shares (the “Expense Cap”). The Expense Cap is in effect until April 30, 2021 and cannot be terminated prior thereto without the approval of the Fund’s Board of Trustees.***

## Overview of Fourth Quarter

Japanese equities continued to rally in the fourth quarter, with large cap stocks leading the rally. The Nikkei Stock Average of large cap stocks hit a 30-year high and the TOPIX Index fully recovered from its losses during the selloff in March, ending the volatile year with a positive return. The quarter had a slow start initially in October, with a resurgence of COVID-19 cases globally and uncertainty around the upcoming U.S. presidential election continued to weigh on the market sentiment. However, with former Vice-President Joe Biden winning the election and Pfizer, Moderna, and AstraZeneca all announcing to have completed development of highly effective COVID-19 vaccines, global equity markets, including Japan, resumed their risk-on rally in November. The quarter further extended its rally in December, as investors’ sentiment continued to improve with a trade deal struck between EU and the UK, and indications from central banks and governments that fiscal expansion policies financed by monetary easing would continue. The approval rate of the four-month-old Japanese Prime Minister Suga administration dropped significantly during the quarter, driven by a resurgence of COVID-19 cases in the country, but the country’s case levels continued to remain far below those of its developed market peers, like the U.S. and EU.

## Contributors and Detractors

Murata Manufacturing Co. Ltd. (6981 JP) and Sony Corp. (6758 JP) were two major contributors during the quarter.

Murata is a leading electronic component manufacturer and the largest supplier of multilayer ceramic capacitors (MLCC) with a c.40% global market share. Throughout the year, Murata’s stock has seen a strong rally, helped by pandemic-driven demand for electronic devices. In the fourth quarter, the stock further accelerated its rally, led by sustained demand for 5G devices, including Apple’s new iPhone 12. With the market environment improving, investors have finally begun to look beyond the current device cycle and started to shift their focus to secular growth stories, such as growing demand from vehicle electrification, which has been one of the main parts of our thesis since our initial investment in the stock. As the stock has

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pushed higher, we will closely monitor and review the balance among the stock's growth potential, valuation and our exposure.

Sony is a global leader in various business domains across video game hardware, platform & software; music recording & publishing; motion pictures & TV programming; image sensors manufacturing; and the design & manufacture of consumer electronics such as mobile phones, digital cameras and TVs. Sony is also engaged in various financial service businesses such as life insurance and banking. Similar to Murata, Sony's stock has performed well through the pandemic, supported by robust gaming, music and content earnings. In the fourth quarter, the performance of the stock was particularly strong, as expectation-beating earnings and guidance revision reaffirmed the strong business trend. Moving towards the end of the year, elevated expectations around holiday sales of Play Station 5, Sony's next generation game console, and the pandemic-driven gaming sales, also supported the market sentiment for the stock.

Toei Co. Ltd. (9605 JP) and Suntory Beverage & Food Ltd. (2587 JP) were two major detractors during the quarter.

Toei is a major movie production and distribution company. The company owns various intellectual property assets that are highly valued in the entertainment industry, most notably the Dragon Ball, One Piece, Pretty Cure and Kamen Rider series. The company's stock experienced a volatile quarter in the fourth quarter, as the impact of the pandemic turned out to be deeper and lasting longer than investors had initially expected. The company's movie theater operation and theatrical video content businesses were so hammered by COVID-19 that solid earnings from video-on-demand sales were not enough to make up for the overall losses. We began to trim our position at the end of the third quarter when the market seemed to be more focused on strong on-demand sales, but the sentiment has deteriorated rapidly since then. While the quarter turned out to be more volatile than expected and we felt the impact of that during the quarter, we also note that the investment's long term contribution to our portfolio has been positive throughout our investment period. We fully exited our position in the stock during the quarter.

Suntory is a manufacturer of non-alcoholic beverages and food products globally. The company's brands include Boss coffee, Iyemon green tea, C.C. Lemon and Orangina. Suntory's stock has struggled throughout the year, as its earnings were hit by more people working from home during the pandemic. Suntory's main products, such as canned coffees and small-size bottled teas, are typically consumed at the office and people who now work from home do not necessarily buy those products to drink at home, at least not as frequently, and often explore alternative options such as coffee machines. The problem we see is that it is quite possible for many people to continue to work from home, or at least partially so, even after the pandemic is over, leaving the chance that part of pre-pandemic demand for canned coffees and bottled teas may be permanently gone. Based on the stock's current risk reward profile, we concluded that it would be beneficial to reallocate capital to more compelling opportunities elsewhere. We fully exited our position in the stock.

## RMB Japan Fund FOURTH QUARTER 2020 CONTRIBUTION REPORT (in USD)<sup>1</sup>

*Ranked by Basis Point Contribution*

|                                  | <b>Basis Point Contribution</b> | <b>Total Return</b> |
|----------------------------------|---------------------------------|---------------------|
| <b>Top Contributors</b>          |                                 |                     |
| Murata Manufacturing Co. Ltd.    | +150                            | +41.73%             |
| Sony Corp.                       | +142                            | +29.74%             |
| Shin-Etsu Chemical Co. Ltd.      | +119                            | +34.33%             |
| Digital Holdings Inc.            | +82                             | +24.82%             |
| Fast Retailing Co. Ltd.          | +75                             | +35.16%             |
| <b>Bottom Detractors</b>         |                                 |                     |
| Daiichi Sankyo Co. Ltd.          | -21                             | -16.18%             |
| Toei Co. Ltd.                    | -20                             | -8.02%              |
| Suntory Beverage & Food Ltd.     | -20                             | -4.45%              |
| Nomura Real Estate Holdings Inc. | -17                             | -6.79%              |
| Taisei Corp.                     | -14                             | -7.30%              |

<sup>1</sup> All return figures above are higher than the returns in local currency due to the 2.07% appreciation of the Japanese yen during the quarter.

*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 RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your client service team.*

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## Portfolio Activity

During the quarter, we initiated a position in Yakult Honsha Co. Ltd. (2267 JP), a major manufacturer and distributor of probiotic dairy products, soft drinks and food products; Nintendo Co. Ltd. (7974 JP), a leading video game maker with globally recognized intellectual property assets, such as the Mario and Pokemon series; Amuse Inc. (4301 JP), a major artist management company and music label; and Subaru Corp. (7270 JP), an auto OEM mainly manufacturing and distributing passenger vehicles under the Subaru brand.

We liquidated our positions in Suntory Beverage & Food Ltd. (2587 JP); Toei Co. (9605 JP); Otsuka Holdings Co. Ltd. (4578 JP), a pharmaceutical company also known for the sports drink brand Pocari Sweat; and OSG Corp. (6136 JP) a machine tool maker, because our initial investment thesis appeared unlikely to pan out in the foreseeable future. We also sold our positions in Daiichi Sankyo Co. Ltd. (4568 JP), a leading pharmaceutical company in the field of antibody drug conjugates (ADC); Toyota Motor Corp. (7203 JP), a major global auto OEM; Shimano Inc.(7309 JP), a manufacturer of bicycle parts and fishing equipment; and SMC Corp. (6273 JP) a global pneumatic equipment maker, as our targets have been met or we recycled capital for more compelling opportunities.

## Outlook

In the fourth quarter, we observed some early signs of a geographic rotation starting across global equity markets. If the trend persists, we believe that the Japanese equity market is a well-positioned market to benefit from such rotations on a relative basis, given the wide valuation gap between the country and the rest of developed market peers. The country's corporate governance metrics have been improving steadily, even through the pandemic, in an irreversible manner and we believe that more shareholder-friendly governance structure should have a meaningful impact on narrowing the country's valuation gap relative to its peers. While we feel that the market's excitement around some of the fastest-growing and thematically-driven names might have been overblown and we intend to continue to stay away from those names, we still see many attractively valued opportunities on absolute and relative bases in the under-followed part of the market. We will continue to focus on discovering unique investment opportunities that are hard to find elsewhere outside Japan and less accessible for global investors.

As always, thank you for your support and trust in the Fund. I am looking forward to updating to you in the next quarter.

Sincerely yours,



Masakazu Hosomizu, CFA  
Partner, Portfolio Manager

## TOP FIVE HOLDINGS AS OF 12/31/20

| Position            | % of Assets |
|---------------------|-------------|
| Sony Corp.          | 4.68%       |
| Shionogi & Co. Ltd. | 4.41%       |
| Nintendo Co. Ltd.   | 3.89%       |
| Subaru Corp.        | 3.80%       |
| Horiba Ltd.         | 3.67%       |

*Holdings are subject to change. The above is a list of all securities that composed 20.45% of holdings managed as of 12/31/2020 under the RMB Japan 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 newsletter 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 part of your investment. This information is confidential and may not be reproduced or redistributed to any other part without the permission of RMB Capital.*

***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 Fund invests in foreign securities which may be less liquid, subject to currency-rate fluctuations, be in areas with political and economic instability and be subject to less strict regulation of the securities markets.*

*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 the Fund. The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With approximately 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The Tokyo Price Index—commonly referred to as TOPIX—is a metric for stock prices on the Tokyo Stock Exchange (TSE). TOPIX is a capitalization-weighted index that lists all firms in the "first section" of the TSE, a section that organizes all large firms on the exchange into one group. The Nikkei is Japan's leading stock index comprised of the country's top 225 blue-chip stocks. The Nikkei is a price-weighted index, which means the index is an average of the share prices of all the companies listed.*

*Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.*

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