RMB Mendon Financial Services Fund

Portfolio Update: Fourth Quarter 2020

For the three months ended December 31, 2020, the RMB Mendon Financial Services Fund (the "Fund") returned +44.15% net of fees, while its benchmark, the Nasdaq Bank Index, returned +42.73%. For the year, the Fund returned -5.73%, besting the benchmark by 177 basis points.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (6/7/1999)
RMBKX	+44.15%	-5.73%	-5.73%	-1.33%	+6.90%	+10.84%	+11.57%
NASDAQ Bank Index	+42.73%	-7.50%	-7.50%	-1.20%	+7.01%	+9.20%	+5.54%
RMBKX (Load Adjusted)	+36.92%	-10.44%	-10.44%	-3.00%	+5.80%	+10.27%	+11.30%

Inception date: 6/7/1999. 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 1.28%.
The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through June 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.

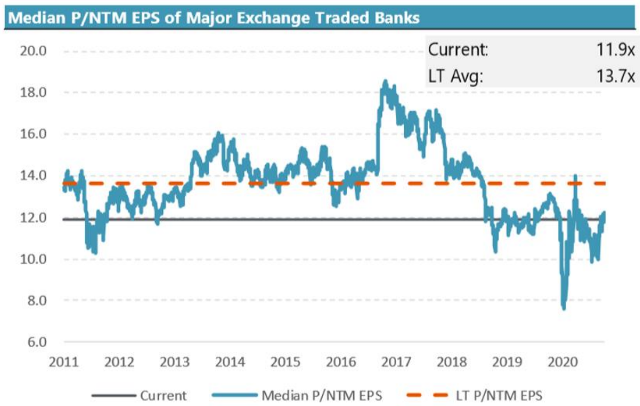
The top contributors to the Fund's quarterly returns were Live Oak Bancshares Inc. and Veritex Holdings Inc. The Fund's top two detractors were calls we sold, Synovus Financial Corp. and Ally Financial Inc.

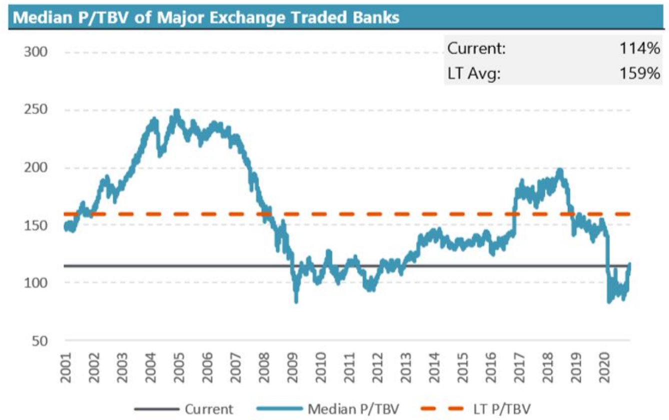
After the financial sector underperformed the broad market for the first three quarters of the year, the group's strong fourth quarter returns can be attributed to the positive economic outlook following Pfizer's November 9th COVID-19 vaccine announcement. As we stated to anyone that would listen, we believed the financial sector would be one of the biggest beneficiaries of a vaccine announcement and this proved true.

We believe the market's underappreciation of the industry's health (after passing a "real life" severe adverse stress test), as manifested in current relative and absolute valuations which can be seen in the charts below, presents a significant opportunity for outperformance from both meaningful earnings growth and multiple expansion.

Exhibit 1.

Historical Price/Next 12 Months Earnings Per Share (P/NTM EPS) and **Price/Tangible Book Value** (P/TBV)
All Major Exchange-Traded Banks

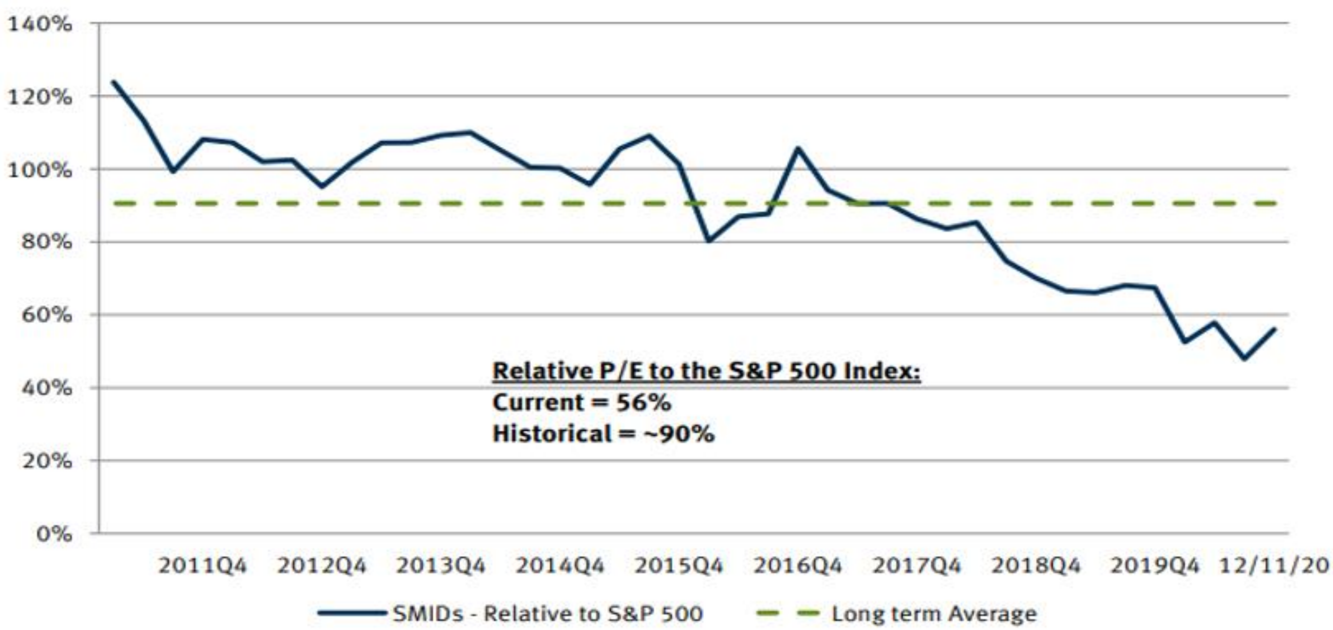




Source: S&P Global Market Intelligence & Piper Sandler

Exhibit 2.

SMID-Cap Bank Historical Relative Valuation



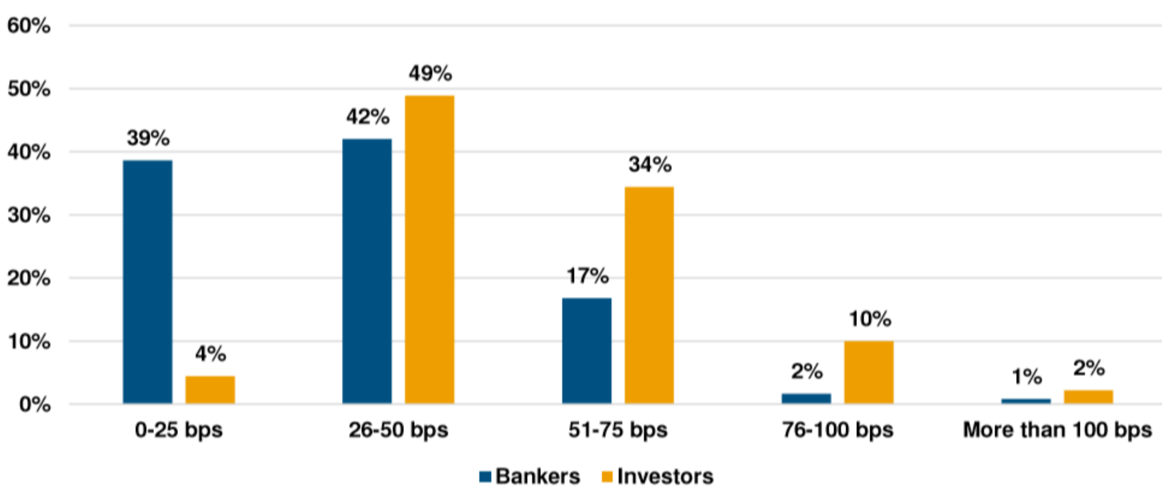
Source: KBW Research, S&P Global Market Intelligence, Bloomberg, and FactSet.
NOTE: Earnings growth is not a measure of future performance.

Why do we think this? Currently in Financials, there is a potentially powerful set-up in place, as GDP improves with the economy bouncing back. At the peak of economic uncertainty earlier in 2020, financials were perceived to be the epicenter of all things bad in a prolonged economic downturn and were thus sold and shorted as a macro trade. We think the reverse can be true during an economic expansion, not only on a perception level, but certainly on a fundamental level as well. The proverbial memo has not gone out yet, but banks passed the real life stress test as noted above and have come out the other side with credit leverage (higher than necessary loan loss reserves will be released into future earnings), robust capital levels that can be used for share repurchases or M&A and accommodative monetary policy that should help banks by keeping short rates low as longer-term rates drift higher as the economy normalizes. When the market does receive said memo, we think it is likely that the resilience of the industry and its embedded risk-adjusted returns should warrant a re-rating of the group to average long-term multiples, at the very least. This is not without risk, but we will detail below why we think the risk/reward potential is so attractive.

We'll begin with credit, as it has the most influence on returns. During the last 10 months, we continually argued that the issues facing the banks were more of an earnings issue than a capital issue, meaning that although banks were being priced as if loan defaults were going to overwhelm capital (similar to the GFC), we believed that loan loss reserves taken from current earnings as well as existing reserves and high capital levels would be sufficient to offset any losses. This was the case and was aided by policy response from the Fed and Treasury that made banks part of the solution (PPP, SBA guarantees, etc.) to the current issues. The result of this policy accommodation was as intended – it acted as a bridge from the pandemic to a more "normal" environment and thus, banks are now over-reserved for loan losses unlikely to transpire. KBW estimates that if one used the trailing five-year average provisions to loan losses for 2021 EPS, the upside to estimates for its regional bank coverage would be 30% and the upside potential for its SMID-cap coverage would be 17%. This is where most of our portfolio is currently positioned. Interestingly, bank management teams that are seeing the actual loan performance are more positive than investors following the sector, as demonstrated by the below survey of the two groups by Stephens, Inc. of 119 bankers and 98 investors.

Exhibit 3.

Bankers and Investors: What level of Net Charge-Offs (NCOs) do you expect in the banking industry in 2021?



Source: Survey Planet, Stephens Inc.

The next positive driver for returns is capital management - dividends, share repurchases and likely most importantly, mergers and acquisitions (M&A). Almost ignored, the sector's dividend yield is extremely compelling compared to other alternatives. We believe dividends can help provide a steady source of return, but less so than share buybacks at current valuation levels. While buybacks were prohibited for the CCAR banks, smaller banks still had the ability to repurchase shares, but almost all chose to husband capital instead in 2020 while the extent of economic damage was still unknown. In the fourth quarter, we saw a healthy resumption of activity and expect it to accelerate as book values continued to increase in 2020. Notably, nearly ~$10 billion of sub-debt was raised as additional insurance by the industry (banks with < $50 billion of assets) during 2020 at advantageous rates.

Focusing on M&A activity, 2020 was an understandably anemic year, but we see it as a "coiling of a spring" that will be released in 2021 as management teams become more confident in their own and others' balance sheets. For the year, there were 112 total transactions, down 57% compared to 2019. Towards the end of the year, we saw 3 bigger deals announced with a combined value of over $20bn (PNC for BBVA, FCNCA for CIT, and HBAN for TCF) that we believe are a sign of what's to come. In the first week of this year we saw another transaction at 115% of book, which seems low, but nonetheless was a 30% premium to then current market. The same drivers for M&A not only remain but are likely more acute: a challenging revenue environment, compelling cost saves, demanding technology investment, and the aging of bank management teams. Greater scale has never been more valuable, and we were pleased to see the market reward each deal.

The positive backdrop for the group is not without risk. Rates remain stubbornly low, but we are starting to see the yield curve widen albeit at very low absolute levels. Loan growth has been more difficult, but we are seeing greater resiliency among the smaller banks. Fee income will face tough comps after the strong mortgage year of 2020. The new administration is a wildcard, but we sense that bank regulation may be further down its priority list and if it happens, may well be more focused on the money center banks.

Acknowledging these risks, we believe there is an asymmetric risk return opportunity in the group. We are excited about the identifiable catalysts we see for our sector, which should result in EPS growth and hopefully an accompanying improvement in multiples. Barclays analyst, Jason Goldberg, summarized this opportunity well in his 2021 outlook stating:

"We see several catalysts including increased flexibility around capital returns (resulting in accelerating share repurchase and dividend increases), loan loss reserve releases (driving earnings and capital higher), the resumption of loan growth (more of a 2H21 event), the ultimate return of positive operating leverage (should improve during the year), and a resumption of recovering profitability metrics (after a step backward in 2020). We also believe if the industry continues to navigate the pandemic successfully, it could be accorded a higher multiple on the other side. In addition, while higher short-term interest rates are not expected near term, we believe that is another potential positive catalyst looking out."

As always, we welcome your feedback, comments, and questions.

Sincerely,

Anton Schutz
Senior Portfolio Manager

TOP 10 HOLDINGS AS OF 12/31/20

Company	% of Assets
Live Oak Bancshares Inc.	8.93%
Veritex Holdings Inc.	5.98%
The First Bancshares Inc.	5.42%
Equity Bancshares Inc.	5.41%
FB Financial Corp.	4.88%
First BanCorp/Puerto Rico	4.62%
First Horizon National Corp.	4.48%
Ameris Bancorp	4.32%
Spirit of Texas Bancshares Inc.	4.21%
CIT Group Inc.	3.96%

Holdings are subject to change. The above is a list of all securities that composed 52.22% of holdings managed as of 12/31/2020 under the RMB Mendon Financial Services 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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Price-to-Earnings Ratio *(P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings (EPS). P/E ratios are used by investors and analysts to determine the relative value of a company's shares in an apples-to-apples comparison.*

Book Value *is equal to the asset's carrying value on the balance sheet, and companies calculate it netting the asset against its accumulated depreciation. Book value can also be thought of as the net asset value of a company calculated as total assets minus intangible assets (patents, goodwill) and liabilities.*

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 Mendon Financial Services Fund is a sector fund. 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 this fund concentrates investments in one sector of the economy (financial services), investors should consider the risk that the funds may experience greater volatility than funds that invest across several sectors.

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 NASDAQ Bank Index includes securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark (ICB) Banks. The NASDAQ Bank Index performance data quoted above are total return numbers.

Foreside Fund Services, LLC, Distributor