

RMB SMID Cap Fund

Portfolio Update: Fourth Quarter 2020

During the fourth quarter, the RMB SMID Cap Fund (the “Fund” or “RMBMX”) increased +24.62%, net of fees, compared to a +27.41% increase for the Russell 2500 Index.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (12/31/2004)
RMBMX	+24.62%	+24.39%	+24.39%	+15.91%	+14.73%	+11.38%	+9.16%
Russell 2500® Index	+27.41%	+19.99%	+19.99%	+11.33%	+13.64%	+11.97%	+9.46%

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 0.90%.

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 high-quality nature of the Fund allowed us to also protect capital during the sudden and violent “risk-off” stock market experienced in the early days of the pandemic. And superior stock selection and opportunistic buying allowed the Fund to withstand the extreme “risk on” stock market environment, which has been relentless since the stock market bottom on March 23rd. From a traditional attribution perspective, stock selection drove the majority of excess return during 2020, led by holdings in the health care, industrial, real estate and communication services sectors. The largest sectors of underperformance were information technology and consumer discretionary.

The fourth quarter was the best quarter ever for small-cap companies. In our last quarterly update, we pointed out that, “Currently, our research suggest smaller companies are attractively priced relative to larger companies by a magnitude not seen since 1999.” But even we were surprised by the +31% increase in the Russell 2000 small-cap index.

Stocks were ignited by the approval of several COVID-19 vaccines during the quarter. Additionally, better than expected earnings, the passage of stimulus 2.0, and a promise by the Federal Reserve to continue QE and keep real interest rates negative for the foreseeable future provided fuel for another rally, benefitting higher risk assets from the smallest of small caps to Bitcoin.

As a high quality portfolio, the Fund tends to lag in strong, risk-on markets, given the Fund’s lower beta, greater liquidity, and lower leverage. The team offset some of these headwinds by adding to several quality cyclicals over the last several months. These actions helped the Fund capture 90% of the record upside move this quarter. The Fund performed in line with expectations, given it takes significantly less risk than the benchmark and captured 85% of the record decline in the first quarter.

In academia, one of the preferred measures to evaluate investment returns per unit of downside risk is the Sortino Ratio, where any ratio above 0 is considered “good”. The higher the ratio, the better for those who care about preserving capital in down markets. Given the record market decline in the first quarter and the record advance in the fourth quarter, the Fund was put to the test and we are happy to report it passed in a very robust manner, as noted in Table 1.

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Table 1

Sortino Ratio						
As of 12/31/2020	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception
RMB SMID Cap Fund	1.18	0.95	1.12	1.02	0.67	0.67
Morningstar U.S. Fund Mid Blend	0.73	0.58	0.88	0.98	0.66	N/A
Russell 2500 Index	0.82	0.57	0.90	0.97	0.63	0.62

Sources: FactSet SPAR, Morningstar Direct

Contributors and Detractors

Pinnacle Financial Partners Inc. (PNFP, "Pinnacle Financial", +81.64%), a financial holding company headquartered in Nashville Tennessee, qualifies as the Fund's largest contributor during the quarter. The company reported a strong third quarter, driven by strong fee income.

Management foreshadowed a repurchase program, signaling conviction in the business. Moreover, we spoke with management in March and were impressed by both the managerial skill and adaptability of the business in the face of an uncertain environment. We increased our position at an attractive entry as the year unfolded, which was rewarded during the fourth quarter.

Digimarc Corp. (DMRC, "Digimarc", +111.77%), the inventor of a revolutionary platform that enables a more efficient, reliable and economical means of automatic identification, qualifies as the Fund's third-largest contributor during the quarter. Central to our investment thesis is our belief that the company has intellectual property, allowing it to become the "Barcode of Everything" expedited by the adoption of its technology in massive markets, such as retail and recycling. So, it was bullish to see an activist investor come to the same conclusion and purchase a significant portion of the company during the quarter; a major catalyst for monetizing the intellectual property. Moreover, we spoke with management in March and concluded that the company could thrive during and beyond the pandemic, given its focus on supply chain safety. We increased our position during the depths of the bear market in March, which was rewarded during the fourth quarter.

Bluebird Bio Inc. (BLUE, -19.80%), a pioneering gene therapy clinical biotechnology company, was the Fund's second biggest detractor. The company announced a significant delay to its sickle cell disease (SCD) program due to an unexpected FDA request. While the delay is disappointing, we still currently own a small weight, given the potential upside.

Jack Henry & Associates Inc. (JKHY, "Jack Henry", -0.10%), a leading provider of core processing solutions for banks and credit unions, was another big detractor for the Fund during the quarter. Although the company delivered solid results during the quarter, fiscal year 2021 guidance was less than Wall Street analysts were expecting. Management tends to under

RMB SMID Cap Fund FOURTH QUARTER 2020 CONTRIBUTION REPORT *Ranked by Basis Point Contribution*

	Basis Point Contribution	Return
Top Contributors		
Pinnacle Financial Partners Inc.	+120	+81.64%
Visteon Corp.	+103	+81.33%
Digimarc Corp.	+93	+111.77%
Repligen Corp.	+86	+29.88%
PTC Inc.	+84	+44.60%
Bottom Detractors		
Royal Gold Inc.	-5	-5.49%
bluebird bio Inc.	-4	-19.80%
Columbia Sportswear Co.	-3	+0.46%
Jack Henry & Associates Inc.	-1	-0.10%
Watsco Inc.	-1	+0.28%

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.

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promise and over deliver. We expect the same this year, as the underlying demand environment remains strong. We have owned the company in our Small Cap and SMID strategies for over 10 years and have a regular dialog with management. In a recent conversation, CFO Kevin Williams shared the importance of maintaining the corporate philosophy, which is printed on the back of all 6,200 employee business cards: "Do the right thing, do whatever it takes, and have fun."

Portfolio Activity

We sold Teleflex Inc. (TFX), an innovative medical device company, given a compressed risk reward profile, after owning the company for over five years; the company delivered a strong 24.69% annualized return during our ownership. The cash raised from the Teleflex sale, and trims to other "growth" winners in the Fund, were re-allocated into three high conviction "value" businesses. Algonquin Power & Utilities Corp. (AQN) masquerades as a regulated utility, but the company is a leader in renewable energy through its portfolio of long-term contracted wind, solar, and hydroelectric generating facilities. Watsco Inc. (WSO) is ostensibly a boring company as the largest distributor of air conditioning, heating and refrigeration equipment and related parts and supplies in the HVAC/R industry. But the business is exciting to us, given the long-term asset reinvestment opportunity to further consolidate a fragmented industry and gain contractor efficiency with technology. Royal Gold Inc. (RGLD) provides exposure to precious metals without many of the risks of investing in traditional metal producers.

For the year, we feel great about actively taking advantage of the volatility within the market. While our Fund typically has lower turnover, the higher volatility created more opportunities to actively add value. The value-add of all trades contributed 727 basis points of excess return for the year. In other words, the portfolio return was 7.27% higher this year than it would have been if the team had done nothing and held the same portfolio for the year.

We attribute this success to our team having worked together for many years, investing in a proprietary research platform that allows us to share insights/opportunities in real time, our learning culture and disciplined investment framework that demands proof of capital allocation consistent with long term value creation.

Outlook

Two of the biggest investor uncertainties, vaccine availability and election outcomes, are now known. These two milestones potentially bode well for small caps and value stocks, which we believe have not been popular with investors. Small caps typically outperform in early cycle bull markets, particularly when the government is applying both monetary and fiscal stimulus.

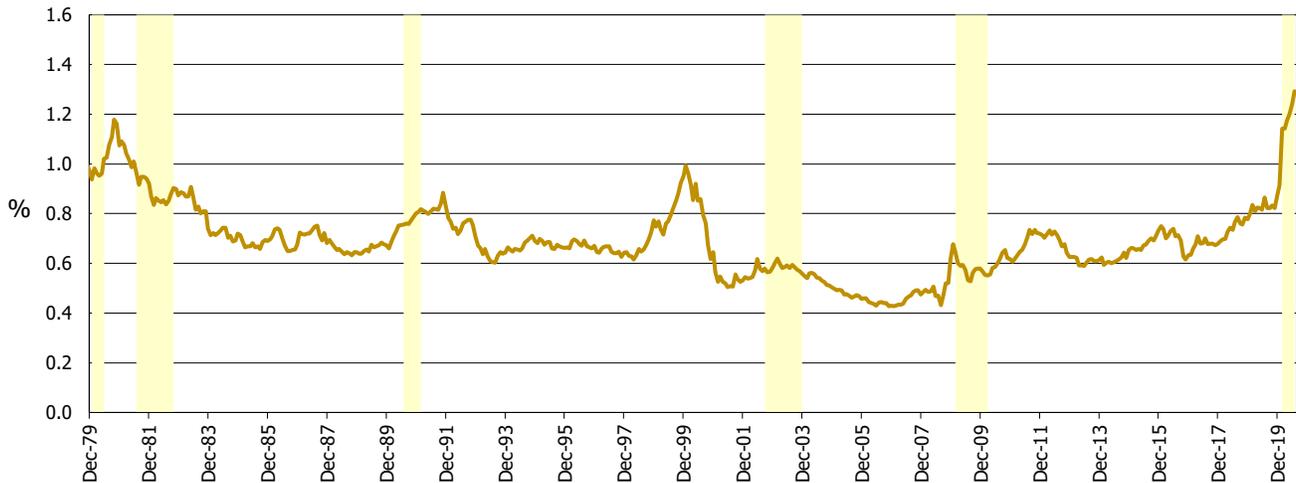
With a vaccine roll-out currently under way, the economy is pulling out of recession and returning to growth. A Democratic blue wave increases the odds of more fiscal stimulus as it relates to state bailouts, more stimulus checks, infrastructure spending, green energy spending, and other job creating government spending programs. The Federal Reserve has made it clear that they plan to continue to keep rates low even if inflation accelerates above 2%.

Today, investors remain crowded into mega cap growth strategies. At one point this year, Apple's market cap exceeded the value of the entire Russell 2000. Valuations for favored growth names have moved into the stratosphere as investors seek exposure to thematic baskets of unresearched stocks via purchases of ETF's. As investors that have been in the market for multiple cycles, we see signs of bubbles created by excess liquidity from the Federal Reserve, in the behavior of Robinhood and Bitcoin traders, the return of the SPAC's and recent IPO valuations and frequency. We see risk in the large-cap growth sector of the market, but there may be opportunity where very few are looking in terms of the smaller cap value part of the market.

As a core strategy, we try to balance the portfolio between value and growth companies. We do not prefer which category leads the market in the shorter term because we believe there are opportunities in both over the longer term. As the chart below shows, "Growth" vs. "Value" can be quite volatile, requiring exquisite skill in the timing of re-balancing. The RMB Small Cap Core portfolio structure minimized the requirement for timing and provided smoother performance over time – better Sortino Ratios. Those who allocate between growth and value will need to do some serious soul searching as to whether its

time re-allocate from a decade’s worth of winners (growth) to a decade’s worth of losers (value). We believe our approach helps our investors to own great businesses at favorable prices in both camps, lessening the requirement to make the tough decision around timing a re-allocation.

U.S. Large Cap Growth vs Value (Cumulative)



Source: RMB Research Core; Note: areas shaded in yellow denote recessions

That being said, what does keep us up at night, as we peer into 2021, is the possibility that what is good for the economy may turn out to be bad for stocks and bonds. Why? Stocks are valued at extreme levels on any measure except when compared against bond yields. Bulls justify today’s lofty valuations by pointing out that interest rates are near zero. As students and prolific users of discounted cash flow valuation, the point is well taken. Low interest rates justify higher valuations (P/E’s). It is simple math. So, the biggest risk we see to the markets, given higher growth expectations (potentially above 5% GDP), is an unforeseen increase in the 10-year treasury (currently ~1%), pressuring valuations (lower P/E’s). In other words, strong economic growth could drive higher inflation and ultimately higher interest rates, resulting in lower P/E’s and stock prices. The team has dusted off its inflation playbook and has been gradually adding to inflation beneficiaries among our Material and REIT holdings.

If a good economy turns out to be bad for stocks, downside protection/risk control (which index-linked products do not offer), will be critical and savvy investors will start to pay attention to Sortino Ratios for sure. If so, we will be prepared to take advantage of the downside volatility, as we did early this year. As always, the companies we invest in demonstrate high managerial skill in capital allocation, which creates value for customers, employees, communities, and shareholders.

Thank you for your commitment to the Fund. Should you have any questions regarding your investment, please do not hesitate to reach out to us.

Sincerely,

Chris Faber
Portfolio Manager

Jeff Madden
Portfolio Manager

RMB SMID Cap Fund

TOP 10 HOLDINGS AS OF 12/31/20

Company	% of Assets
Copart Inc.	2.81%
Fair Isaac Corp.	2.70%
Catalent Inc.	2.69%
Repligen Corp.	2.64%
STORE Capital Corp.	2.56%
Vail Resorts Inc.	2.52%
West Pharmaceutical Services Inc.	2.37%
EastGroup Properties Inc.	2.25%
PTC Inc.	2.24%
Pinnacle Financial Partners Inc.	2.20%

Holdings are subject to change. The above is a list of all securities that composed 24.97% of holdings managed as of 12/31/2020 under the RMB SMID Cap 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 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.

*Investment Terms: **Beta** is a measure of a stock's volatility in relation to the overall market. If a stock moves less than the market, the stock's beta is less than 1.0. High-beta stocks are supposed to be riskier but provide higher return potential; low-beta stocks pose less risk but also lower returns. The **Sortino Ratio** is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative portfolio returns—downside deviation—instead of the total standard deviation of portfolio returns. 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.*

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 Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities.

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. There can be no assurance that the Fund will achieve its investment objective.

Foreside Fund Services, LLC, Distributor