RMB Mendon Financial Services Fund

Portfolio Update: Third Quarter 2020

For the three months ended September 30, 2020, the RMB Mendon Financial Services Fund (the "Fund") returned +0.37%, net of fees, while its benchmark, the Nasdaq Bank Index, returned -7.35%.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (6/7/1999)
RMBKX	+0.37%	-34.60%	-27.71%	-11.93%	+1.27%	+7.71%	+9.81%
NASDAQ Bank Index	-7.35%	-35.20%	-28.62%	-11.57%	+0.35%	+6.63%	+3.86%
RMBKX (Load Adjusted)	-4.65%	-37.87%	-31.32%	-13.42%	+0.23%	+7.16%	+9.55%

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%.

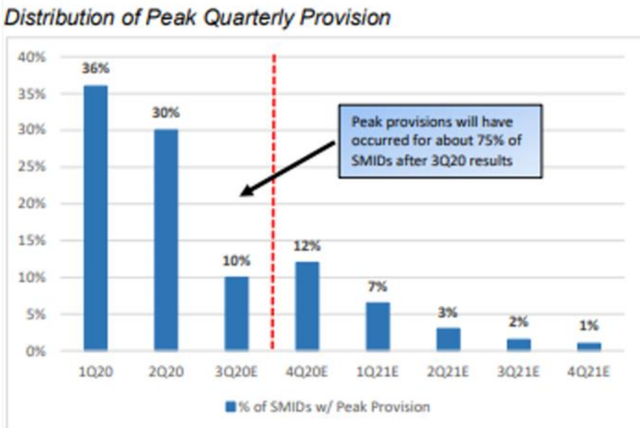
The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through June 30, 2021, reducing the applicable Fund's operating expenses. This may be continued from year to year thereafter if agreed upon by all parties. In the absence of 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.

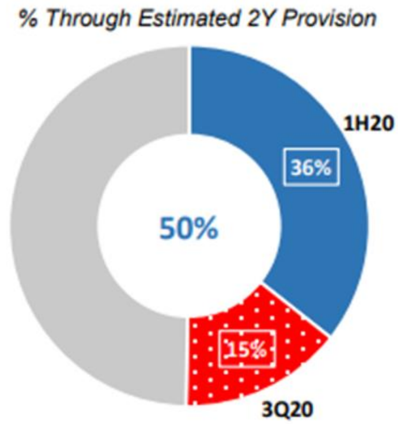
The top contributors to the Fund's quarterly returns were Live Oak Bancshares Inc. (LOB), which we have discussed often, and Triumph Bancorp Inc. (TBK), a large detractor in 2Q20. The Fund's top two detractors were Equity Bancshares Inc. (EQBK) and TCF Financial Corp. (TCF).

During the quarter, we saw several trends worth discussing. Against a backdrop of a global pandemic, declining fiscal stimulus, natural disasters, elections, and social unrest, banking fundamentals remained healthy and somewhat unexciting (which isn't a bad thing!).

The key concern for the industry remains credit – both credit quality and the ability to absorb potential losses. Credit quality is yet to inflect, adding additional uncertainty about when it will and by how much. Many banks provided intra-quarter updates on credit, which were positive about declining levels of loan deferrals from highs seen earlier in the year. Banks of all sizes have been extremely conservative, and reserved heavily in the first and second quarters, which will lead to lower reserves going forward. To this end, KBW estimates that 75% of smid-cap banks should achieve peak quarterly provisions after third quarter earnings and roughly half (51%) of those banks should have lower quarterly provisions compared to second quarter (see Exhibit 1).

Exhibit 1.





Source: KBW Research

Looking past credit, we now get a clearer picture of loan growth without the distortions of Payroll Protection Plan (PPP) loans. For the quarter, large-cap banks saw loans decrease, as commercial and industrial (C&I) balances shrank, as capital expenditures were delayed and lines of credit repaid. Small-cap banks experienced modest loan growth, as some geographies were (and are) faring better than others. A lot will depend on Washington and the path of the next fiscal support effort and its effects on the consumer and economy. Some posit that a "Blue Sweep" result in November's election may actually benefit financials, as it could lead to greater government spending, including infrastructure, which could invigorate the economy and lead to higher nominal yields, outweighing potentially higher corporate taxes.

Reviewing non-interest (fee) income and expense shows positive trends. Fees remain robust, largely driven by mortgage, yet wealth management is also doing well with the positive returns in the overall market. On the expense side, 32 banks have announced cost rationalization plans since early 2020, with 81% of those announcements including branch divestments. Management teams are working hard to control expenses, and, as digital delivery trends are accelerating, branch density is becoming less meaningful to customer engagement. We certainly are not calling an end to branch banking, but as branches are the costliest delivery channel, it makes sense for management teams to rationalize their respective footprints.

Moving from the income statement to the balance sheet, we think it important to revisit capital strength and potential capital return. Capital levels remain much stronger than during the great financial crisis, that hindered banks a decade ago. Furthermore, larger banks (money center and large regional banks) have the benefit of stress-tested balance sheets and broad asset diversification to command regulatory approval and protect earnings power. Earnings continue to bolster capital ratios and, as we enter the loan forgiveness phase of the PPP program, as fees from the program will generate increased capital levels via retained earnings plus loan forgiveness reduces the size of a banks' balance sheet, thus improving capital ratios. Stock repurchases are still prohibited for the large banks, but there are no such restrictions on smaller banks and we are beginning to see repurchase resumption announcements weekly, as management teams are comfortable with their earnings visibility, and are taking advantage of historical low valuations to increase book value and earnings per share in a prudent risk-adjusted manner.

In closing, we remain extremely constructive on the risk/reward setup for the group and are intent on maximizing return in an environment with healthy banks and historically low valuations. On a forward earning multiple basis, banks trade at approximately 10x, whereas the S&P trades at 19x. At a 55% relative P/E multiple, bank stocks are trading nearly 20% below their longer-term relative average. Furthermore, bank dividend yield is nearly 2x the S&P. Historically, this wide divergence in yield tends to be a signal that either the market is expensive, or bank stocks are inexpensive. And finally, banks, on a book value basis, trade at approximately 25% of the S&P (3.8x vs 1x), an unusually deep discount. So, in a quarter where the S&P was up 8.5%, the Nasdaq up 11%, and the Nasdaq Bank Index down roughly 7%, we believe that there can and will be opportunities to make up much of the ground lost to the larger indexes, and that the move will be quick and hard to join.

Historically, when the proverbial bell gets rung to signal a new positive phase of bank stock investing is underway, a significant percentage of the constructive move occurs early. Thus, we remain vigilant in allocating capital to strong bank franchises that we believe will be winners in the next bank stock bull market.

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

Sincerely,

Anton Schutz
Senior Portfolio Manager

TOP 10 HOLDINGS AS OF 9/30/20

Company	% of Assets
Live Oak Bancshares Inc.	8.89%
Veritex Holdings Inc.	6.65%
Ameris Bancorp	6.05%
The First Bancshares Inc.	5.05%
FB Financial Corp.	4.83%
Equity Bancshares Inc.	4.73%
First Horizon National Corp.	4.31%
Spirit of Texas Bancshares Inc.	3.87%
Origin Bancorp Inc.	3.58%
First BanCorp/Puerto Rico	3.50%

Holdings are subject to change. The above is a list of all securities that composed 51.46% of holdings managed as of 9/30/2020 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 9/30/2020. 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.

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 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.

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