RMB Japan Fund

RMB FUNDS

Portfolio Update: First Quarter 2021

For the first quarter of 2021, the RMB Japan Fund (the "Fund" or "RMBPX") was up +0.36%, net of fees. During the same period, the MSCI Japan Total Return Index (dividends reinvested), which represents large capitalization companies in Japan, was up +1.57% in USD. The Japanese Yen depreciated by -6.68% in the quarter.

	3 Months	YTD	1 Year	3 Years	Since Inception
RMBPX	+0.36%	+0.36%	+39.80%	+4.70%	+4.36%
MSCI Japan Index	+1.57%	+1.57%	+39.73%	+6.32%	+6.03%

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 First Quarter

As global equity markets were experiencing a major rotation from growth to value, Japanese equities also saw a rapid shift of investors' focus moving in the same direction. Many of the growth names with seemingly overstretched valuation multiples, including notable pandemic beneficiaries, were among the hardest hit, and those were mainly the ones we have been patiently staying away from, as we highlighted in our outlook in the previous quarterly letter. Overall, the Japanese equity market rallied +8.75%, measured by the MSCI Japan Index in local currency terms, largely driven by the strong rebound of the post-pandemic beneficiaries, highly levered and cyclical names, shrugging off concerns over the extended state of emergency in the country and global supply chain bottleneck issues along the way. Strong quarterly earnings and the continued COVID-19 vaccine rollout helped support the market's risk-on sentiment. Unlike in the U.S. and some other developed countries, however, the rotation has largely been contained within the large cap and upper-mid cap space in Japan, while only a subset of highly cyclical names has benefited from the rotation in the small cap universe so far. The weakness of the Japanese yen has eclipsed the strong performance of the equity market for the quarter, and it also helped to improve the outlook for the country's exporters and economy in general going forward.

Contributors and Detractors

TV Asahi Holdings Corp. (9409 JP +14.82%) and Takuma Co. Ltd. (6013 JP +21.01%) were two major contributors during the quarter.

TV Asahi is one of the major broadcasting companies in Japan. While the company is generally viewed as a pure play legacy broadcasting company, our focus is on its globally recognized IPs (intellectual properties) such as *Doraemon* and *Crayon Shin Chan,* as well as several show/drama franchises with high viewership ratings in Japan. We believe that TV Asahi's content-focused multiplatform strategy is well-thought through to execute its IP monetization efforts. Throughout the pandemic last year, the broadcasting industry experienced a rapid decline in revenue, as ad buyers were tightening their budgets. As economic activities started to show some signs of recovery at the beginning of this year, the industry saw pent-up ad demand come back quickly. Recovery in sales on the leaner cost structure, as the result of the pandemic response, drove the industry's profit high, and TV Asahi was no exception. Though an accelerated shift to digital viewings was perceived as negative to the general broadcasting industry in Japan, we observe TV Asahi as a front runner to upgrade its business model to adopt digital distribution, evidenced by its recent effort in streaming its original programs via the internet, while successfully launching its own internet ad platform. Our engagement with the management team last year resulted in positive outcomes in the form of share buybacks, which preceded the recent rebound in the stock prices.

Takuma is a leading engineering company that constructs, operates, and maintains a range of environmental facilities, from waste incinerators to biomass power plants to water treatment plants. We like the company's secular growth story around biomass power plants, driven by the Japanese government's long-term commitment to renewable energy sources, on top of strong replacement demand for incinerators. The company's stock performed strongly last year, supported by the elevated usage of disposables that led to higher demand for incinerators throughout the pandemic. This year, the stock's rally has been further sustained after JP Morgan's unusual initiation of coverage for this lesser-known small cap value name in Japan. Unlike many other pandemic beneficiaries, the stock's valuation remained at reasonable levels, even after last year's aggressive rally, making it more resilient during the value rotation that occurred during the quarter. We think Takuma's story is a good example of how underappreciated high-quality companies could finally break out of the value trap.

Nintendo Co. Ltd. (7974 JP -12.26%) and Nihon Kohden Corp. (6849 JP -17.38%) were two major detractors during the quarter.

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FIRST QUARTER 2021 CONTRIBUTION REPORT (in USD)[1]

Ranked by Basis Point Contribution

	Basis Point Contribution	Total Return
Top Contributors		
TV Asahi Holdings Corp.	+62	+14.82%
Hitachi Ltd.	+57	+14.90%
Recruit Holdings Co. Ltd.	+55	+16.74%
Takuma Co. Ltd.	+45	+21.01%
Itochu Corp.	+38	+13.02%
Bottom Detractors		
Nintendo Co. Ltd.	-47	-12.26%
Nihon Kohden Corp.	-42	-17.38%
Keyence Corp.	-41	-19.02%
ONO Pharmaceutical Co. Ltd.	-37	-13.12%
Murata Manufacturing Co. Ltd.	-35	-11.36%

1 All return figures above are higher than the returns in local currency due to the 6.68% depreciation 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.

Nintendo is a leading video game developer in Japan, known for its ownership of the globally recognized gaming IPs such as Super Mario, the Legend of Zelda, and Pokemon. While the company's core strength has always been in developing proprietary video game systems, it has recently been working to mitigate the business's sensitivity to console cycles by introducing more recurring revenue models, such as online fee charges for additional items. The company has also been adding more monetization options for its IP assets through such channels as animations, 3rd party developed online games, and amusement park business. The company's stock performed well towards the end of last year, supported by strong pandemic-driven holiday sales, but it gave up part of its gains this year, as the market started to sell off pandemic beneficiaries with high valuation multiples. High base effects from the company's record earnings last year have also raised the bar for the growth needed to justify the stock's valuation level. On the other hand, it is getting more and more likely that the company will introduce an upgraded version of Switch this year and we believe that is a necessary move in order not to repeat its mistake a decade ago with Wii. The progress of recurring revenue streams and the openings of the new Nintendo theme parks also warrants monitoring.

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Nihon Kohden is a global manufacturer of medical equipment, such as patient monitoring systems, electroencephalography (EEG) systems, automated external defibrillators (AED), hematology analyzers, and ventilators. The company has largely been a major victim of the pandemic, given the rapid decline in the number of general patients and hospitals' temporary cuts in capital expenditures (CapEx). The growth of ventilator sales was not enough to make up for the overall sales declines elsewhere. Towards the end of last year, the company's stock finally began to rally, boosted by the market's expectation that hospitals CapEx demand will recover soon, only to give up a big chunk of its gains in January, when the company's sales representatives were found to have bribed a physician at a major hospital in Japan. Beside the fact that this will have Japan's public hospitals put the company into the penalty box for a few months, we view this as a serious violation of code of ethics and believe that we should limit our exposure to such events. We decided to exit the position.

Portfolio Activity

During the quarter, we initiated a position in M3 Inc. (2413 JP), a provider of online platform services for physicians and other medical professionals; Sysmex Corp. (6869 JP), a manufacturer of medical equipment and reagents for diagnostic testing, such as hematology analysis; SMC Corp. (6273 JP), a manufacturer of pneumatic control equipment for various industrial applications; and Ohashi Technica Inc. (7628 JP), a manufacturer and fabless (hardware device designer while outsourcing their fabrication) wholesaler of automobile components.

We liquidated our positions in Nihon Kohden (6849 JP) and Kajima Corp. (1812 JP), a general contractor for providing engineering, design, development, and construction services, because our initial investment thesis appeared unlikely to pan out in the foreseeable future. We also sold our position in Digital Holdings Inc. (2389 JP), as our targets have been met.

TOP FIVE HOLDINGS AS OF 3/31/21

Position	% of Assets
Sony Corp.	4.78%
Shionogi & Co. Ltd.	4.63%
Mitsubishi UFJ Financial Group Inc.	4.19%
Subaru Corp.	4.03%
Recruit Holdings Co. Ltd.	3.84%

Holdings are subject to change. The above is a list of all securities that composed 21.47% of holdings managed as of 3/31/2021 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 3/31/2021. 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.

Outlook

While the impact of the major value rotation has yet to trickle down to benefit Japan's small cap value names, we are beginning to see some early signs of a trend shift within the more highly-levered and cyclical part of the market spectrum. The reason that the current rotation has so far been contained among large cap names, we believe, is that there still are many reasonably valued names even within the large cap universe in Japan, compared to the rest of the developed markets, with the exception of a few highly sought after names. The gaps between growth and value, and also between large cap and small cap, still remain at historic high levels and we believe that the gap between large cap and small cap should also begin to narrow going forward, just as the rotation from growth to value started this quarter. If that happens, we believe that those stubbornly underappreciated small cap value names we own across different strategies may also outperform the rest of the market. We would also like to reiterate that the overall valuation of Japanese equities remains cheap relative to those of its global peers, especially in the small cap space, while the country's corporate governance metrics continue to improve, with many slow-moving smaller companies working to catch up. We will continue to focus on discovering distinctive investment opportunities that are hard to find outside Japan and thus are 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

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.

Base Effect - *The distortion in a monthly inflation figure that results from abnormally high or low levels of inflation in the year-ago month. A base effect can make it difficult to accurately assess inflation levels over time. It diminishes over time if inflation levels are relatively constant.*

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 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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