RMB Fund

RMB FUNDS

Portfolio Update: Second Quarter 2021

The RMB Fund (the "Fund") increased +9.29% net of fees in the second quarter of 2021, ahead of the +8.55% total return for the S&P 500 Index for the same period. Year to date, the Fund has returned +16.06% net of fees versus +15.25% for the benchmark. Following the path of the first quarter, value stocks continued to outperform growth stocks, a headwind for the Fund's performance, which leans more towards growth. From a traditional attribution perspective, the Fund's outperformance in the quarter was driven mostly by stock selection, with a modest positive contribution from sector allocation. Our holdings in the Industrials, Healthcare, Consumer Staples and Communication Services sectors were the most notable positive contributors to performance, partially offset by negative contribution from the Consumer Discretionary and Financials sectors. We will discuss individual holdings' impact on second quarter performance in a moment.

	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception (6/16/1975)
RMBHX	+9.29%	+16.06%	+44.61%	+19.61%	+18.73%	+13.05%	+10.95%
S&P 500 Index	+8.55%	+15.25%	+40.79%	+18.67%	+17.65%	+14.84%	+11.77%
RMBHX (Load Adjusted)	+3.82%	+10.25%	+37.38%	+17.58%	+17.52%	+12.47%	+10.83%

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 expense ratio is 1.23%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through May 1, 2022, 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 theme of the second quarter of 2021 was increased optimism around the pace of the economic recovery in the U.S., as significant progress on COVID vaccinations was made. The so called "reopening" of the economy continued, as more normal activity resumed, most notably in consumers' desire to once again purchase consumer services that were derailed during the pandemic. After a substantial surge in interest rates in the first quarter (the yield on the 10-year U.S. Treasury went from 0.92% to 1.74%), the second quarter saw rate movement settle down and actually decline, ending the quarter at 1.44%. This was somewhat surprising, given the positive economic data that was also accompanied by significant increases in underlying inflation. The message from the mid-June meeting of the Fed also provided a more hawkish tone, in which the expectation of a future rate hike may be pulled forward by a couple of quarters into late 2022. The bond market has shrugged this off, implying that the recent surge in inflation will prove to be temporary and the Fed will remain accommodative for the intermediate future. The debate around tapering the Fed's bond purchase program has also resurfaced, given the positive economic data and highly functioning credit markets that don't seem to need any support from the Fed. Messaging around their plan for tapering will be highly scrutinized in the second half of the year. In our humble opinion, the Fed could get behind the curve if it doesn't start to let its foot off the gas soon. Fed policy of reducing unemployment also appears to be taking priority over managing inflation. The good news is the job market is showing a very strong recovery, as job openings have surged to record levels, although unemployment hasn't declined nearly as fast as opportunities have opened. Enhanced unemployment benefits, childcare issues, and lingering safety concerns may be hindering the pace of workers returning to work. We are hopeful that these headwinds will subside in the coming months and the economy will get closer to the full employment level it was at pre-pandemic.

Our opinion that the stock market has priced in an optimistic recovery scenario hasn't changed. Valuations remain quite high by historical measures, although the strong corporate earnings recovery in 2021 and 2022 is well underway, with significant upwards revisions for forward estimates occurring over the past couple of quarters. First quarter earnings were particularly strong, as Wall Street estimates were slow to fully reflect the inflection point that has occurred. With interest rates remaining fairly subdued, this has provided strong fuel for the market to climb higher. Underlying the overall indices, we've also seen significant outperformance in more value-oriented sectors, such as Financials, Energy, and Materials at the expense of last year's much more highly favored growth style. While it is hard to say how much more this style rotation has to go, it will remain in the headlines for investors. As bottom up equity investors, we generally aren't finding great entry points into new names to be abundant, particularly in our quality growth universe. No different from last quarter, the Fund's holdings have more reward-to-risk ratios under one than greater than one, also signaling that current valuations aren't overly compelling. Macro market predictions are very difficult to make with any hopes of being consistently accurate, so we keep our efforts principally focused on bottom-up stock selection and portfolio optimization, staying fully invested. We believe we have built a concentrated, yet diversified, portfolio of high-quality individual companies that can grow their earnings for years into the future, earn attractive returns on invested capital, and compound value for shareholders. No matter what happens with the current market cycle, we strongly believe the strategy positions us to outperform over the long run without taking undue risk.

Contributors and Detractors

Alphabet Inc. (GOOGL, +18.39%), the holding company of Google, YouTube, and Waymo, was the largest contributor in the second quarter. Alphabet's core, on-line advertising business suffered last year for a couple of quarters during the COVID recession, but is now rapidly recovering, as customer spend resumes and on-line commerce continues to take share. YouTube is also flourishing, as eyeballs and advertisers continue to migrate to this powerful on-line video platform. Alphabet's first quarter results reported in April were substantially ahead of Street expectations. Despite the run up in the stock year to date, we continue to like the long-term prospects for Alphabet and don't find the current valuation as being overly demanding, particularly when you account for substantial net cash on the balance sheet and the operating losses in their "Other Bets" segment, largely Waymo. The stock is the second largest weighting in the Fund at quarter end. Microsoft Corp. (MSFT, +15.16%) was the second largest contributor to performance, as revenue and earnings growth continues to exceed high expectations. We believe that Microsoft is a clear winner in the decade long secular tailwind of IT workloads moving to the cloud. Despite this being a well-recognized theme, we still believe the stock has not fully discounted the long-term growth potential and believe it can continue to outperform over the next few years. Microsoft is the largest position in the Fund at quarter end.

RMB Fund
SECOND QUARTER 2021 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Alphabet Inc.	100	+18.39%
Microsoft Corp.	98	+15.16%
Edwards Lifesciences Corp.	63	+23.83%
Danaher Corp.	57	+19.32%
IHS Markit Ltd.	54	+16.62%
Bottom Detractors		
Booking Holdings Inc.	-16	-6.08%
MarketAxess Holdings Inc.	-10	-6.76%
Union Pacific Corp.	0	+0.26%
Terminix Global Holdings Inc.	1	+0.08%
Becton, Dickinson and Co.	1	+0.36%

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.

On the negative side of the performance ledger, we had names adversely affecting the Fund's overall return, both relative and absolute. Booking Holdings inc. (BKNG, -6.08%), the on-line travel agency, was the largest detractor in the quarter. As the economy reopens, leisure travel is rapidly rebounding which should translate into better fundamentals for Booking. That said, Booking does have a lot of business tied to European vacation properties, which is lagging the stronger U.S. recovery. The improvement in booking patterns has been well telegraphed and the stock arguably may have gotten a little ahead of itself in the prior couple of quarters. We still like the long-term prospects for the stock and have the position sized about average in the Fund. MarketAxess Holdings Inc. (MKTX, -6.76%), the leading electronic fixed income trading platform, was the second largest detractor, as the stock struggled to keep up with a strong overall market. After a red hot 2020, trading volume growth has been more cyclically subdued lately, as corporate bond spreads remain very tight and the new issuance market is strong. However, the long-term secular opportunity for electronic trading to take market share from traditional dealers and over-the-counter methods of trading remains strong and we like the long-term prospects for MarketAxess. We would likely add to the position size, should the valuation become more attractive from here.

Outlook

From when we last wrote you three months ago, market and economic conditions have continued to improve. The impact from COVID vaccinations has allowed for more domestic economic activity and unleashed confidence that a more "normal" is upon us. Most leading economic indicators have been extremely positive, in fact demand in many parts of the U.S. economy has outstripped the ability to supply that surge in demand. This, along with an unprecedented amount of monetary and fiscal stimulus, has unleashed a bout of inflation that could persist in coming quarters. U.S. corporate earnings growth, which is the biggest long-term driver of stock prices, is rapidly recovering with 2021 earnings and is now likely to be above those of 2019. We expect more good news as the second quarter corporate earnings season is just now getting underway. As we've penned in the past, the stock market is a forward discounting mechanism and has clearly foreseen this earnings recovery as it has unfolded. P/E multiples remain high by historical standards, but not outlandish, given strong economic fundamentals, low interest rates and the government stimulus tailwind. Today, the market is trading at 22.8x 2021 and 20.5x 2022 earnings estimates versus a very long-term average around 16x. Those multiples are down slightly from the end of last quarter despite the 10% rise in the market, highlighting the strong upwards trend in forward estimates. With forward multiples being fairly full, it feels like it will take additional forward revisions to move the overall market indices higher. Underlying interest rates will have a significant impact on long-term discount rates and P/E multiples, which makes the debate around sustainability of the current bout of inflation front page news. As always, while we may opine on our view of the overall market, we do not pretend to have any ability of predicting where the market is heading in the short or intermediate term. It is a very difficult, if not impossible, task to add value by timing the market, so we aim to remain fully invested at all times. We also continue to focus the Fund's efforts on bottom up, individual company analysis, with a long-term ownership mindset. With improved economic prospects, the market has rewarded more cyclical, economically sensitive stocks year to date. While our style focuses more on "quality growth" with a valuation discipline (often referred to as "growth at a reasonable price"), this has created a bit of a performance headwind this year. While tilting the Fund on the margin, we will not change our stripes and will continue to focus on owning companies with good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound value for shareholders for years into the future. The opportunities to find high-quality growth companies selling at attractive valuations is not abundant, but we will continue to optimize the Fund. If we do our jobs well, by adhering to a disciplined investment process and managing Portfolio risk, we aim to continue to add value to market returns in subsequent years. We sincerely thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd M Griesbach

Todd Griesbach
Portfolio Manager

TOP 10 HOLDINGS AS OF 6/30/21	
Company	**% of Assets**
Microsoft Corp.	6.92%
Alphabet Inc.	5.98%
Visa Inc.	3.97%
IHS Markit Ltd.	3.54%
Danaher Corp.	3.36%
Dollar General Corp.	3.31%
American Tower Corp.	3.17%
Avery Dennison Corp.	3.14%
Apple Inc.	3.12%
Edwards Lifesciences Corp.	3.09%

Holdings are subject to change. The above is a list of all securities that composed 39.61% of holdings managed as of 6/30/2021 under the RMB 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 6/30/2020. 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 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 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.

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 S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

*The **price-to-earnings (P/E) ratio** is defined as a ratio for valuing a company that measures its current share price relative to its per-share earnings.*

High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.

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 Fund invests in larger, more established companies, which may not respond as quickly to competitive challenges or have higher growth rates than smaller companies might have during periods of economic expansion. There can be no assurance that the Fund will achieve its investment objective.

Foreside Fund Services, LLC, Distributor