

RMB Mendon Financial Services Fund

Portfolio Update: Second Quarter 2021

For the three months ended June 30, 2021, the RMB Mendon Financial Services Fund (the "Fund") returned +2.48% net of fees, while its benchmark, the Nasdaq Bank Index, returned -0.07%.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (6/7/1999)
RMBKX	+2.48%	+33.38%	+92.97%	+6.08%	+14.14%	+14.43%	+12.76%
NASDAQ Bank Index	-0.07%	+28.50%	+69.94%	+5.81%	+13.22%	+12.42%	+6.62%
RMBKX (Load Adjusted)	-2.64%	+26.70%	+83.32%	+4.28%	+12.98%	+13.84%	+12.49%

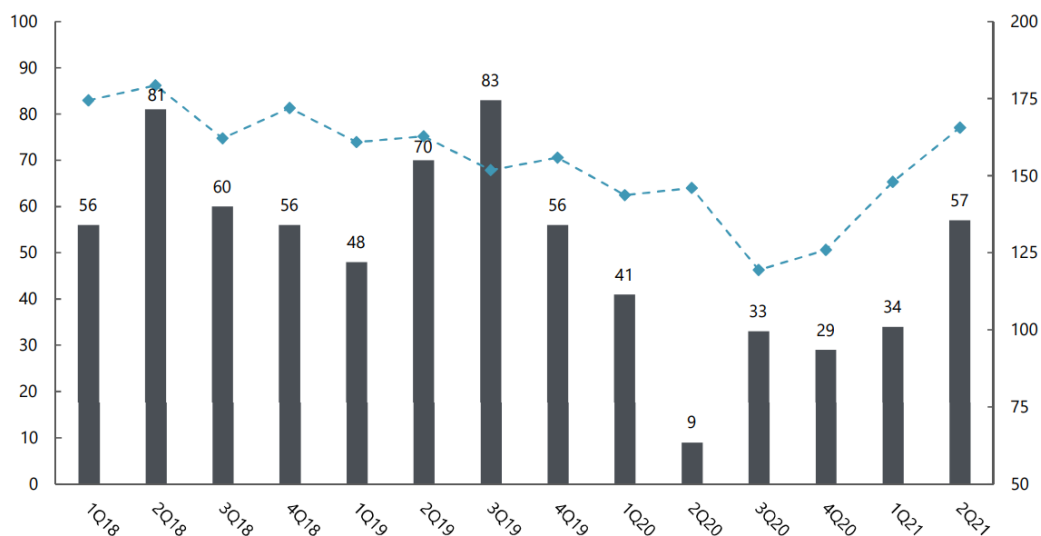
Inception date: 6/7/1999. The performance data quoted represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so that those shares, when redeemed, may be worth more or less than their original cost. Current performance 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 1.42%. The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 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 top contributors to the Fund's quarterly returns included Cowen Inc. (COWN, +18.20%), Equity Bancshares Inc. (EQBK, +11.28%), and Select Bancorp Inc. (SLCT, +45.66%). The Fund's top detractors included Live Oak Bancshares Inc. (LOB, -10.27%), FB Financial Corp. (FBK, -14.49%), and Cannae Holdings Inc. (CNNE, -14.68%).

The second quarter witnessed the resumption of whole bank mergers, with 57 deals announced – the most since the fourth quarter of 2019 (the last full quarter prior to COVID). Not only does this return the quarter to a pre-COVID run-rate, but we think it is set to accelerate from here for several reasons. First is certainly pent-up demand. Many deals were tabled during the COVID-19 crisis, as banks worried about their own books and did not want to take on any exogenous risks. Second, increasing multiples are getting potential sellers' attention. Importantly, there is a healthy gap between larger banks' multiples vs. smaller banks' multiples, with larger banks currently being awarded a premium. This means that the larger buyers have a currency advantage that could be appealing to would-be sellers. Challenges to the operating environment are also pushing some industry players that may lack scale to consider future partnerships. Some of these issues include technological investment, the potential for increased taxes and regulations, and the constant pressure to drive growth. Lastly there is still scarcity value for many franchises in specific geographies.

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Exhibit 1. Number of Announced Bank Mergers and Average Price/TBV Paid



Source: S&P Global, Piper Sandler

The Fund benefitted from one of these transactions when NC-based First Bancorp Inc. acquired NC-based Select Bancorp Inc. (SLCT) on June 1st. Select epitomizes the type of positions we seek: even at \$1.8bn in assets, it was one of the largest community banks in NC, due to all of the consolidation in the state, with a CEO and board we thought were very entrepreneurial. The Fund participated in an equity offering in 2018 that was intended to provide the company with an ample cash balance to be used to acquire other institutions. When it became apparent to the company that a target was unlikely to be found, it switched to repurchasing its own shares at levels that were extremely accretive. We always felt that the company had a 360-degree view of the competitive landscape – that is, it would generate shareholder value as efficiently as possible, either standalone, as a buyer or as a seller. So, we were not surprised when the company partnered with First Bancorp in an in-market deal and received a market premium of 26.4%, based on SLCT’s closing price pre-announcement, or nearly 52% since early-May (as SLCT’s stock meaningfully outperformed peers over the month).

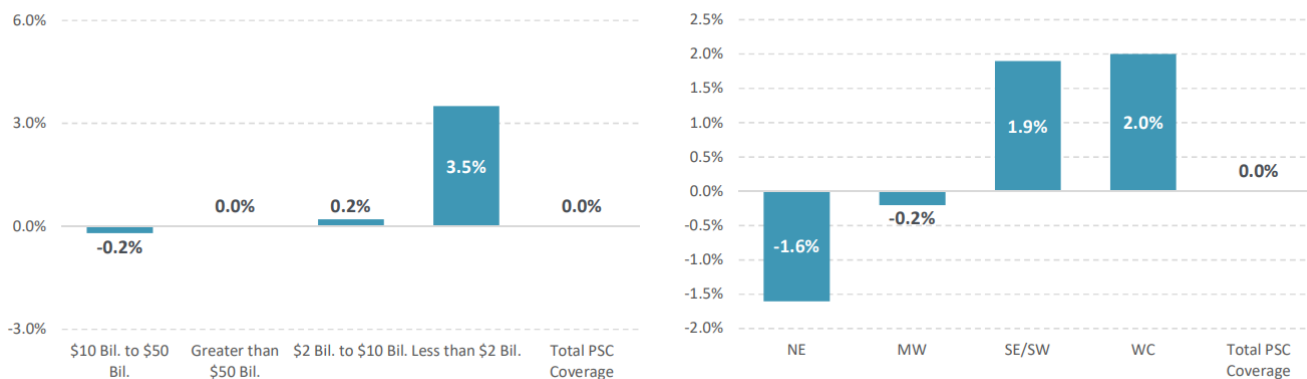
Looking past M&A, the operating environment is certainly positive, with vaccines and various forms of stimulus and economic improvement, but there are industry-wide concerns around revenue growth. With the significant amount of liquidity in the system, lackluster loan growth has been a topic for the industry. This is where we benefit from the large number of one-on-one meetings that we conduct with bank management teams weekly. Not only are we able to understand the prospects for individual companies, but we are able to triangulate trends for different regions of the country. Our focus on smaller-cap companies in more vibrant parts of the country should mean more robust loan growth overall for the Fund, compared to any broader index, as shown by the below chart displaying Piper Sandler’s expectations for its coverage universe.

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Exhibit 2.

PSC 2Q21 Loan Growth Expectations by Assets & Region

Linked Quarter Annualized



Source: Piper Sandler Estimates, Piper Sandler & Co. (PSC)

After a strong first quarter, banks underperformed in the second quarter, as long rates faded with the considerable debate on the path of future inflation and likely profit taking for those who see the group as more of a macro trade than a longer-term investment thesis. As such, we would like to highlight the following recent earnings preview from Truist Bank analyst Jennifer Demba:

"Bank sector valuations still trade at a material discount to the S&P 500; now 37% vs. the historical 20-year median discount of 12%. We believe that bank stocks still have room to advance higher, but stock selectivity is more important; our bias is towards banks that can deliver stronger than peer revenue growth."

The long-term drivers of performance remain in place with favorable economic tailwinds, the prospect for higher rates and continued consolidation, keeping us bullish on our ability to create value.

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

Sincerely,

Anton Schutz
Senior Portfolio Manager

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TOP 10 HOLDINGS AS OF 6/30/21

Company	% of Assets
Live Oak Bancshares Inc.	7.70%
Veritex Holdings Inc.	5.28%
Equity Bancshares Inc.	5.12%
The First Bancshares Inc.	4.74%
First BanCorp/Puerto Rico	4.32%
Spirit of Texas Bancshares Inc.	4.04%
Byline Bancorp Inc.	4.01%
CIT Group Inc.	3.85%
Origin Bancorp Inc.	3.56%
First Horizon National Corp.	3.22%

Holdings are subject to change. The above is a list of all securities that composed 45.84% of holdings managed as of 6/30/2021 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 6/30/2021. 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.

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 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.

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.

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