RMB Fund

RMB FUNDS

Portfolio Update: Fourth Quarter 2021

For the three months ended December 31, 2021, the RMB Fund (the "Fund") increased +10.05%, net of fees, trailing the +11.03% increase in the S&P 500 Index for the same period. The Fund finished 2021 with a return of +29.99% versus a total return of +28.71% for the S&P 500.

	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception (6/16/1975)
RMBHX	+10.05%	+29.99%	+29.99%	+27.38%	+19.72%	+14.36%	+11.10%
S&P 500 Index	+11.03%	+28.71%	+28.71%	+26.07%	+18.47%	+16.55%	+11.90%
RMBHX (Load Adjusted)	+4.54%	+23.49%	+23.49%	+25.22%	+18.51%	+13.77%	+10.98%

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, 2020, 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.

Despite a bit of underperformance in the fourth quarter relative to a very strong market, the Fund was able to finish ahead of the passive benchmark for the full year. From a traditional attribution perspective, the Fund's underperformance in the quarter was all driven by stock selection, with a modest positive impact from sector allocation. The Information Technology and Consumer Discretionary sectors were the most notable detractors from performance, partially offset by positive contribution from the Communication Services and Industrials sectors. We will discuss individual holdings impact on fourth quarter performance below.

The theme of the fourth quarter of 2021 was "risk on," as stocks surged double digits into year-end, capping a remarkable year. Despite the onset and surge of cases from the new Omicron variant, the market largely looked through this drag on the economic "reopening" as being temporary. Consumers have remained resilient and the labor markets continued their healing process, with unemployment ending just under 4% to end the year. Domestic inflation has become a huge issue, as underlying prices on many goods and services have surged in the past several months, with the December Consumer Price Index (CPI) increasing almost 7% year over year. The bond market has largely taken the inflation data in stride, with quarter over quarter the 10 year U.S. Treasury yield staying flat at 1.52%. The central debate around how transitory (to use the Fed's favorite term) inflation will be a hot topic for 2022. We think supply chain issues can further work themselves out in coming months, but labor inflation could be longer lasting, as negotiating leverage has swung in favor of labor vs. capital. As we pen this letter in early January, long interest rates have begun moving higher, creating a bit of a shock to the market.

Headline returns based on the underlying indices were extremely strong in both the fourth quarter and full year 2021, but under the surface, there was a high degree of return disparity amongst different sectors and market capitalization ranges. Large caps vastly outperformed small caps, with the Russell 1000 outperforming the Russell 2000 by nearly 1200bps in 2021, a very large spread by historical measures. The best performing sectors were Energy, Real Estate, and Financials, with Utilities, Consumer Staples, Industrials, and Communications being laggards, although all 11 sectors posted strong positive absolute returns. Some of the lower quality sub segments of the market surged early in the year, only to fade as the year progressed, ultimately producing negative returns. These include more speculative, unprofitable, and hypergrowth companies, where the future success or failure of the enterprise is much more uncertain. The Fund largely avoids these types of stocks, so a headwind turned into a tailwind as the year progressed. We are however witnessing a crowding effect in some of the mega capitalization, highly liquid, secular growth companies once again. These stocks were a big part of what worked in 2020 and they performed well as a group in 2021. Overall this gives us some concern that the reliance on the “largest of the large” to drive the overall indices higher, when many smaller stocks are well below their 52 week highs could be a signal that the bull market is nearing an end. As bottom-up equity investors, we always have some hesitation to opine on “the market” as if it’s one homogenous entity. Our bottom-up process confirms this expensive market, as we are not finding bargains in individual companies to be overly abundant, particularly in our quality growth universe. Today, the Fund has an average reward-to-risk ratio of just north of one, which shows modestly more upside to downside, but not significantly in our favor. Macro market predictions are very difficult to make with any hopes of being consistently accurate, so we remain “macro aware” but keep our efforts principally focused on bottom-up stock selection. 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 and earn attractive returns on invested capital. 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

Microsoft Corp. (MSFT +19.51%) was the Fund’s largest contributor in the fourth quarter. Third quarter earnings, reported in October, showed continued strong growth and forward estimates were revised higher. The company continues to be extremely well positioned as the long- term secular trend of moving tech workloads to the cloud continues to provide a tailwind to both Microsoft’s Azure public cloud and traditional enterprise software segments. While Microsoft’s valuation multiple on forward estimates has expanded over the past few years, we don’t find it to be overly demanding relative to what we believe this well-positioned growth franchise deserves. We think it’s a company to own for the next several years and the stock is the Fund’s largest position at quarter end. Managed care provider UnitedHealth Group Inc. (UNH +28.95%) was the second largest contributor. Despite the COVID pandemic creating a chaotic environment for the domestic health care system over the past several quarters, UnitedHealth has continued to thrive. It’s third quarter earnings and forward guidance continued to impress and the market continues to reward the shares with a higher valuation. We believe UnitedHealth’s “secret sauce” is its ownership of the Optum group of businesses (prescription benefits and pharmacy care, data, and analytics, and direct non-hospital health care). This has clearly set itself apart from other managed care competitors and has led UnitedHealth to be the best managed company in the industry. We continue to like UnitedHealth’s long-term prospects and it is one of the Fund’s larger positions.

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

	Basis Point Contribution	Return
Top Contributors		
Microsoft Corp.	135	+19.51%
UnitedHealth Group Inc.	80	+28.95%
Apple Inc.	75	+25.67%
Union Pacific Corp.	58	+29.15%
Alphabet Inc.	55	+8.36%
Bottom Detractors		
Terminix Global Holdings Inc.	-25	-11.59%
Salesforce.com Inc.	-16	-6.30%
JP Morgan Chase & Co.	-7	-2.69%
Visa Inc.	-7	-2.54%
Vail Resorts Inc.	-2	-1.33%

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. Terminix Global Holdings Inc. (TMX -11.59%), the provider of residential and commercial pest control services, was the quarter’s largest detractor. In a risk-on market environment that rewarded more cyclical and stronger growing businesses, the more defensive Terminix lagged the market, while also struggling with some internal fundamental issues surrounding elevated termite claims in the Mobile, Alabama market. We sold our position in the fourth quarter to fund higher conviction ideas. The timing proved to be terrible, as Terminix announced a deal to be acquired by

Rentokil (RTO-GB) very late in the quarter. If there's any saving grace to this unfortunate timing, the all-stock transaction wasn't well received by Rentokil shareholders and the takeout premium relative to our exit price was less than it initially appeared. Salesforce.com Inc. (CRM -6.30%) was the second largest detractor, as the enterprise software provider underperformed an otherwise strong market. The stock reacted poorly to its latest earnings report, which we felt was an overreaction to what we thought was an otherwise reasonably good set results and forward guidance. We continue to like the long-term revenue growth and upwards margin outlook for Salesforce and would look to add to our average sized position on further weakness.

Outlook

From when we last wrote you three months ago, market and economic conditions have continued to improve, albeit with a new wrinkle from the impact of the Omicron variant. U.S. corporate earnings, which is the biggest long-term driver of stock prices, were strong in the fourth quarter and recovered substantially in calendar 2021. Earnings look set to grow high single digits again in 2022 and we will be eagerly listening to this quarter's corporate earnings calls for signals about the future, particularly for how individual companies are handling inflation in their cost bases. Valuations on stocks remain on the expensive side, compared to history. Today the market is trading at 21.4x 2022 and 19.4x 2023 earnings estimates versus a very long-term average around 16x. As we pen this letter in early January, interest rates have risen quickly to start off the new year and we expect the inflation and interest rate debate to continue to impact stock prices in the coming quarters. Long-term expectations for interest rates influences the discount rate on which stocks are valued, with P/E multiples being loosely defined as the inverse of the long-term discount rate, adjusted for a 3-4% equity risk premium. It's a reasonable expectation that 2022 could unfold as a good year for corporate earnings growth, but we may experience downward pressure on multiples. 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's a very difficult, if not impossible, task to add value by timing the market so we remain fully invested at all times, focusing the Fund's efforts on bottom-up, individual company analysis with a long-term ownership mindset. Our investing style focuses on "quality growth" with a valuation discipline (often referred to as "growth at a reasonable price"), and we were pleased that the Fund was able to achieve a modest amount of outperformance in 2021. We 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 today, but we will continue to optimize the Fund. 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 Griesbach
Portfolio Manager

RMB Fund

TOP 10 HOLDINGS AS OF 12/31/21	
Company	**% of Assets**
Microsoft Corp.	7.83%
Alphabet Inc.	6.46%
Apple Inc.	3.53%
Danaher Corp.	3.52%
Visa Inc.	3.35%
Dollar General Corp.	3.29%
Edwards Lifesciences Corp.	3.20%
UnitedHealth Group Inc.	3.14%
IHS Markit Ltd.	2.89%
Keurig Dr Pepper Inc.	2.75%

Holdings are subject to change. The above is a list of all securities that composed 39.95% of holdings managed as of 12/31/2021 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 12/31/2021. 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.

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.

***Basis Point (bps)**: A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.*

***The Consumer Price Index (CPI):** A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.*

***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.*

***Russell 2000 Index**: An unmanaged index that is designed to measure the small cap segment of the U.S. equity universe.*

***Russell 1000 Index**: An unmanaged index that is designed to measure the large cap segment of the U.S. equity universe.*

***Basis Point (bps)**: A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.*

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