RMB Fund

RMB FUNDS

Portfolio Update: Second Quarter 2022

During the second quarter ending June 30, 2022, The RMB Fund (the "Fund") decreased, -13.75% net of fees, while the S&P 500 Index returned -16.10% for the for the same period. Year to date the Fund decreased -20.21%, about in-line with the -19.96% return for the benchmark.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	-13.75%	-20.21%	-10.64%	+10.05%	+11.91%	+10.80%	+10.44%
S&P 500 Index	-16.10%	-19.96%	-10.62%	+10.60%	+11.31%	+12.96%	+11.24%
RMBHX (Load Adjusted)	-18.07%	-24.21%	-15.10%	+8.19%	+10.77%	+10.24%	+10.32%

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 1.12%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 2023 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 Fund clawed back much of its first quarter underperformance, as some of our worst performing stocks from the first quarter did better on a relative basis in the second. Looking at quarterly performance from a traditional attribution perspective, the Fund's outperformance was all driven by stock selection, with a moderate negative impact from sector allocation. Our weightings and holdings in the Consumer Discretionary, Information Technology, Financials, and Real Estate sectors were notable positive contributors to performance, partially offset by negative contribution from the Health Care, Energy, Consumer Staples, and Utilities sectors. We will discuss individual holdings impact on second quarter performance in a moment. Style wise, value stocks outperformed growth stocks once again, although growth did retake leadership in the month of June. Given the Fund's strategy is geared towards a growth at a reasonable price style (often referred to as "GARP"), we were happy with the quarter's relative performance, despite the ongoing style headwind. We will continue to work hard to optimize the Fund's long-term positioning and hope to see the second quarter's relative performance momentum carry into the back half of the year. That said, as long-term investors, we tend to measure our relative performance across several years and various market cycles, not just a quarter or two. On that note we believe the 5 year and since inception returns for the Fund remain solid.

The second quarter of 2022 continued to be an environment of rapid change in financial markets, macroeconomics, and geopolitics. Interest rates surged, with the yield on the 10-year U.S. Treasury increasing from 2.32% to 3.01% and up from 1.51% at the end of 2021.[1] Sharply higher rates have been driven by stubbornly high inflation, as the Consumer Price Index (CPI) rose over 8% year over year in the quarter. Oil prices surged further from first quarter levels, although closed well off their intra quarter highs, as spot prices fell in June. Americans are very unhappy with the impact inflation is having on their purchasing power, which is reflected in all-time lows in Consumer Confidence measures. Given that it has been over 40 years since the U.S. has experienced this level of inflation, it's a first-time experience for a large part of the population. The Fed has finally acknowledged that they are well behind the curve in raising interest rates to curb inflation and have responded with a

[1] SOURCE: https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices

rare 75 basis point hike to the Fed Fund rate, with further hikes ahead in the coming months. In our humble opinion, the Fed should have been raising interest rates in early to mid-2021, when it was clear that the economy was recovering well, aggressive fiscal stimulus were stoking excess demand, and financial markets were healthy. Unfortunately, they were too late and widespread inflation has taken hold. While it's easy to criticize the Fed for a clear policy mistake in hindsight, the pandemic-induced recession was certainly an unusual one, with no obvious playbook to draw on. On a bright note, the domestic employment market remains healthy, with job openings outweighing job seekers and a historically low unemployment rate. However, it's become clear that the risk of economic recession has risen substantially, and we could see a worsening employment picture in the back half of the year. The action in the bond market has become a "tug of war" between inflation pressure causing higher interest rates and a weakening economy causing lower rates. While the economic picture in the U.S. has become much more uncertain, the Eurozone economy is clearly in or beginning a significant contraction. Europe's economy wasn't particularly healthy heading into the Ukraine conflict in February and surging energy costs are having a very negative impact. High dependence on inexpensive natural gas from Russia will be challenging to replace in the near term. Germany, Europe's largest economy with significant manufacturing exposure, is particularly vulnerable. It's likely that the Eurozone recession will be much worse than the one that may occur in the U.S. China also remains a big question mark in terms of the direction of its economy. A crash in the Chinese property market and ongoing struggles with recurring lockdowns from its "zero COVID" policy will hurt economic growth. Adding it all up, it's hard to be all that positive on global macroeconomics over the next 12-18 months. It's likely we are in for some level of economic contraction and perhaps the U.S. will be the best house on a bad block.

Global stock markets including the U.S. have not reacted well to the deteriorating macro environment. Stocks ended 2021 at relatively high valuations by historical measures, with little margin of safety priced into the factors that influence equity valuations, including discount rates, long term growth rates, tax rates, margins, and returns on invested capital. The U.S. market was at particularly higher valuation levels and continued to decline further in the second quarter, with the S&P500 down 16%. Volatility can be the friend of the long-term investor, as it can provide opportunities to buy great companies at attractive prices and also let go of names where we have less confidence or see less attractive risk-rewards embedded in valuations. Though it is difficult to forecast where the overall market is heading while striving to keep the Fund fully invested at all times, we do remain modestly in the bearish camp, with perhaps another 10% downside ahead of us if this turns out to be a typical bear market. As bottom-up equity investors, we have some hesitation to even opine on "the market" and its direction as if it's one single entity. After the year-to-date selloff, we are finding better risk-reward opportunities in our quality growth universe than we were finding just six months ago. Today the Fund has an average reward-to-risk ratio in the mid 2's, whereas it was just north of one at the end of last quarter and sub-one at year end.[2] This gives us more confidence that fresh capital allocated today, may provide attractive returns with a three to five year horizon. It's important to understand that the starting point in the price paid makes all the difference in the long-term returns generated. Of course, macro market predictions are very difficult to make with any hopes of being consistently accurate, so we'll remain "macro aware" but keep our efforts principally focused on bottom-up stock selection. 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 Fund positions us to outperform over the long run without taking undue risk.

[2] The reward to risk ratio is the % upside we see in a stock divided by the % downside. For example, if we saw a stock with 30% upside and 10% downside it would have a 3.0 (or 3 to 1) ratio.

Contributors and Detractors

Dollar General Corp. (DG +10.53%), a national retailer of general merchandise, was the Fund's largest contributor in the second quarter. The stock performed well as its first quarter earnings report surprised to the upside and the business model should prove to be relatively defensive, should the U.S. economy weaken further. Historically, Dollar General has not proven to be overly economic sensitive, as its customer base tends to be loyal and it often benefits from "trade down" from new consumers in weaker economic periods. The store base also tends to be more rural and small town based, which makes it more of a local, convenience based shopping destination. We continue to like the long-term outlook for Dollar General and its one of the Fund's larger positions at quarter end. Amazon.com Inc. (AMZN +3.23%) was the second largest contributor. Purchased for the first time late in the quarter, the stock provided a modest positive contribution in the handful of trading days that we owned it. We'll describe our high-level investment thesis on Amazon in a moment.

RMB Fund
SECOND QUARTER 2022 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Dollar General Corp.	+24	+10.53%
Amazon.com Inc.	+11	+3.23%
American Tower Corp.	+7	+2.92%
Progressive Corp.	+2	+2.09%
Embecta Corp.	+1	+25.87%
Bottom Detractors		
Alphabet Inc.	-143	-21.65%
Microsoft Corp.	-122	-16.49%
Apple Inc.	-83	-21.59%
Booking Holdings Inc.	-76	-25.53%
Cooper Companies Inc.	-65	-25.02%

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. Not surprisingly, the top three negative contributors are names from the Information Technology sector, which underperformed the broader market. These stocks are also high weightings in the Fund, which amplifies their basis point impact. Google's parent company, Alphabet Inc. (GOOG -21.65%) was the largest of the negative contributors. After a very strong run from 2019-2021, the stock has retreated, as the on-line advertising market has clearly softened from the boon that occurred during the pandemic. Given the very difficult year over year comparisons and a weakening economy, we would not be surprised to see growth struggle for Alphabet for a few quarters. That said, we think the stock has more than priced this slowdown in and is inexpensive on both an earnings and sum of the parts basis. Alphabet is the Fund's second largest position at quarter end. Microsoft Corp. (MSFT -16.49%) was the second largest basis point detractor in the Fund, due to its large weighting and decline that was about in-line with the overall market. Outside of the negative impact on revenue and earnings from a strong U.S. dollar, we still believe the fundamental outlook remains very bright for the next several years. Microsoft should benefit from the decade plus long shift of computing workloads to the cloud and has a very dominant position in its core enterprise software business. We think that earnings can compound over the next several years at a mid-teens growth rate and under CEO Satya Nadellas' strong stewardship can reallocate capital wisely. Microsoft remains the Fund's largest position at quarter end.

Portfolio Activity

The Fund bought three new names in the quarter and fully exited four names. As mentioned earlier, the Fund purchased a starter position in Amazon.com Inc. (AMZN) after the stock declined to what we believe is an attractive entry point for a long-term investor. Our thesis on Amazon is twofold. First, we expect its Azure cloud business to continue to grow substantially over the next several years, providing strong growth and cash flow for the overall company. Second, on the consumer retail

side of the business, we expect Amazon to digest the massive investments it's made over the pandemic to grow infrastructure and, over the next several quarters, believe it should improve margins, even if revenue growth isn't very high. The margin improvement will likely be a lumpy digestion period, but we believe there are no structural reasons why this business can't get improve significantly from very low to negative levels of profitability today. We believe our advantage is patience and will be rewarded over time. We also purchased a starter position in Entegris Inc. (ENTG), a supplier of materials to the semiconductor and electronics manufacturing industry. We find Entegris's business model to be very attractive, given its mission critical nature to its customer's complicated manufacturing process, which allows it to have pricing power and sticky relationships. Entegris just closed its acquisition of CMC Materials Inc., which should provide meaningful synergies and only cement its industry leadership in the long run. Intuit Inc. (INTU), a consumer and small and medium sized business software provider, was also purchased during the second quarter. We think Intuit has very strong competitive positions in both its TurboTax and Quickbooks software and has also proven to be an astute acquiror of smaller software companies that it can add to its ecosystems. The stock had declined meaningfully from its late-2021 highs to the point where we thought the risk reward was attractive to purchase the name. We think the stock can be an excellent compounder of shareholder value for many years to come. On the sale side, we fully exited four names during the quarter: Walt Disney Co. (DIS), Jack Henry & Associates Inc. (JKHY), Fortune Brands Home & Security Inc. (FBHS), and Embecta Corp. (EMBC). Given the large decline in the overall market, we looked to harvest some tax losses during the quarter. Disney and Fortune Brands were two names that had losses that were worthwhile to harvest, and we can revisit for ownership 30 days after our sale date. Jack Henry was a name that had performed very well, but we felt wasn't as undervalued, i.e. had a poorer risk-reward than other opportunities that were presenting themselves, so we reallocated proceeds. Embecta was a spin-off that came out of our holding of Becton Dickinson and Co. (BDX). Given its relatively small size and our low conviction, we exited the name.

Outlook

From when we last wrote you three months ago, market and macro conditions have deteriorated, and the level of forward-looking uncertainty has risen further. The stock market hates uncertainty and thus we find ourselves in the middle of a bear market of unknown duration. U.S. corporate earnings, the biggest long-term driver of stock prices, were once again fairly strong in the first quarter (reported in Q2) and forward estimates have been revised higher. That said, we may be approaching a tipping point where corporate earnings have peaked and could plateau or start deteriorating in the second half of the year and on into 2023. Companies are clearly facing inflationary pressures in their cost structures and may also be seeing end market demand deteriorating both in the U.S. and key overseas markets. We fear that forward estimates are too high and will need to be revised downwards to more achievable levels. Street estimates are notorious for missing inflection points, so we will be eagerly listening to this quarter's corporate earnings calls for signals about the future. U.S. corporate profit margins are at all-time highs, which only raises the probability that they could come down over the next one to two years, impacting earnings power. Negative revisions to earnings estimates are rarely good for stocks and the potential for forward corporate earnings to be peaking has grown this quarter. Management teams that are able to adapt to changing environments without sacrificing necessary long-term investment should be rewarded.

After the significant sell-off in the second quarter, valuations on stocks appear more reasonable, but are by no means cheap compared to history. Today, the market is trading at 16.5x 2022 and 15.1x 2023 earnings estimates versus a very long-term average around 16x, but as we mentioned given deteriorating macroeconomics, forward estimates are likely too high. The first half of the year was really a story of falling P/E multiples, as discount rates increased to reflect rising interest rates and growing macro uncertainty. The second half of the year could be more about where forward estimates are heading and it's certainly possible there could be a second leg down in the market, if forward earnings estimates are revised down and the multiple stays steady or falls a bit more. The Fed's messaging remains quite hawkish as it fights inflation, so it seems unlikely that a more dovish Fed is going to come to the rescue. A modest recession that isn't all that long lasting or severely damaging to the labor market wouldn't necessarily be the worst outcome. The stock market is a forward discounting mechanism, so it seems that a much of the bad news (but perhaps not all) has been already discounted in. As always, while we may opine on our view of the overall market, we do not pretend to have any magic crystal ball to predict 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. With the substantial pullback in the market and more attractive valuations, now may be the time to consider easing into additional equity exposure, as the probability of better forward returns often goes up after a substantial drawdown. While no one can ever pick a bottom, the starting point for fresh capital makes a big difference to long-term returns.

We will continue to focus our efforts on owning companies we believe to provide good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. If we are right more than we are wrong with these assessments, these companies can compound value for shareholders for years into the future. The opportunities to find high-quality growth companies selling at attractive valuations has become a bit more achievable than just three months ago, but in general, valuations are still not screamingly inexpensive relative to our appraisals of fair value. 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

TOP 10 HOLDINGS AS OF 6/30/22

Company	% of Assets
Microsoft Corp.	8.17%
Alphabet Inc.	6.65%
Visa Inc.	4.16%
Apple Inc.	3.71%
Danaher Corp.	3.71%
Dollar General Corp.	3.64%
Keurig Dr Pepper Inc.	3.61%
UnitedHealth Group Inc.	3.44%
Amazon.com Inc.	3.31%
Synopsys Inc.	2.87%

Holdings are subject to change. The above is a list of all securities that composed 43.27% of holdings managed as of 6/30/2022 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 6/30/2022. 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 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.

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.

***Basis Point (bps)** is 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)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.*

*The **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.*

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