

RMB Small Cap Fund

Portfolio Update: Second Quarter 2022

During the second quarter ending June 30, 2022, the RMB Small Cap Fund (the “Fund” or “RMBBX”) returned -14.19%, net of fees, compared to a -17.20% return for the Russell 2000 Index.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (8/30/2002)
RMBBX	-14.19%	-24.68%	-19.15%	+5.41%	+7.50%	+9.34%	+9.79%
Russell 2000® Index	-17.20%	-23.43%	-25.20%	+4.21%	+5.17%	+9.35%	+9.15%

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 1.06%.

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.

As a quick review, the quarter witnessed the economy weaken while inflation remained persistently high. The Federal Reserve pivoted towards a more “hawkish” tone in its determination to bring down inflation from 8.9% towards its goal of 2%. In fact, it raised the Fed Funds rate by 75 basis points, even after previously suggesting an increase of that magnitude was “off the table.” Given currently low unemployment, the Fed has shifted its mandate somewhat, indicating it is willing to risk a recession to meet its 2% inflation goal.

For the second quarter in a row, portfolio holdings reported great fundamental quarters and outlooks, but positive fundamentals for many companies were not rewarded as the market shifted its focus to anticipating deteriorating fundamentals due to higher interest rates, tighter liquidity conditions, slower economic growth, and increased odds of a recession over the next 12 months.

Credit spreads have finally started to crack, increasing from 3.77% to 6.52%, which compares to 5.36% on a 20-year average¹. In our last quarterly letter, we expected several of our quality cyclical names to come roaring back if the Federal Reserve successfully threads the needle between restraining inflation while avoiding a recession. This does not appear to be happening. We also said if the Fed causes a recession, we expect credit spreads to widen and reward the Fund’s inherent quality bias. We believe this appears to be happening.

¹ Source: RMB Capital.

RMB Small Cap Fund

Contributors and Detractors

Contributors were mostly driven by positive fundamental information and/or a higher quality bias.

Two higher quality banks, TriCo Bancshares (TCBK +14.66%) and Stock Yards Bancorp Inc. (SYBT +13.63%), topped the list of contributors. Our experience is that banks correlate until they don't. And they don't when there are credit issues creeping into the economy -- that's when higher credit quality banks outperform lower credit quality banks. Both banks reported stellar results, no credit issues this quarter and are both higher credit quality banks.

Allogene Therapeutics Inc. (ALLO +25.14%), a biotech holding, also made the list. ALLO received a positive regulatory designation for ALLO-501A, its lead drug for large B cell lymphoma. ALLO has assembled one of the top management teams in biotech, including the co-founder of Kite Pharma (KITE), the Chief Medical Officer from KITE and other senior managers from Pfizer Inc. (PFE) and Amgen Inc. (AMGN); and a strong Board, including the ex-CEO of Roche Holding AG (RHHBY), Chairman of the Scientific Board at KITE and the co-founder of TPG Inc. (TPG).

West Pharmaceutical Services Inc. (WST -26.34%) detracted this quarter, as one-time labor issues negatively impacted margin. Margin improvement from new, higher value products as well as better operating efficiencies is key to our positive thesis, so the market did not like the margin hit. We are confident this is a one quarter issue and expect the margin and the stock to recover. The rest of the detractors were quality cyclicals negatively impacted by the slowing economy and increasing recession expectations.

Portfolio Activity

As mentioned in our last quarterly letter, overall, we feel good about the companies we own. Having said that we sold some holdings that were not tracking to their positive thesis including Helen of Troy Ltd. (HELE), EnerSys (ENS), 2seventy Bio Inc. (TSVT), TriState Capital Holdings Inc. (TSC), and NeoGenomics Inc. (NEO). We reallocated proceeds to higher conviction names including Curtiss-Wright Corp. (CW), Valmont Industries Inc. (VMI), Synaptics Inc. (SYNA), and Community Healthcare Trust Inc. (CHCT).

Outlook

We estimate that we are at least halfway through the current bear market. The average bear market is approximately 16 months accompanied by a 41% decline. The current bear market for the Russell 2000 is 8 months, with a 30% decline. Further downside can't be ruled out given the Fed is just getting started on interest rate increases and quantitative tightening. Inflation remains above target; consumer confidence is plummeting and the economy is slowing.

The key to the ultimate duration and depth of the current bear market is inflation. How low will it go, and how fast can it get there? We estimate that current market prices imply a mild recession, with long-term inflation at 2-3%. If the recession is deeper, and/or inflation persists higher, there may be as much as 20% more downside to come. However, if the Fed threads

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

	Basis Point Contribution	Return
Top Contributors		
TriCo Bancshares	+51	+14.66%
Stock Yards Bancorp Inc.	+31	+13.63%
Allogene Therapeutics Inc.	+4	+25.14%
American Financial Group, Inc.	+3	+1.44%
PTC Inc.	0	-1.28%
Bottom Detractors		
EastGroup Properties Inc.	-94	-24.16%
West Pharmaceutical Services Inc.	-85	-26.34%
MKS Instruments Inc.	-79	-31.45%
PacWest Bancorp	-69	-37.68%
Carpenter Technology Corp.	-62	-33.16%

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.

RMB Small Cap Fund

the needle by avoiding a recession, or engineers a shallow, short recession, downside can be more modest with large upside when the Fed pivots to less hawkishness. We are watching credit spreads to help us get a read on which scenario is most likely. Given our quality bias, we believe the Fund is positioned well on a relative basis if credit spreads continue to widen and the economy continues to slow. If credit spreads do blow out on a deeper recession, our plan is to intentionally add portfolio risk by increasing exposure to the tails of the corporate Life Cycle (Rockets on the left and Fallen Angels on the right) like we did during the COVID bear market in March 2020. Regardless of which scenario plays out from here, investors should be preparing to upgrade their equity allocations over the next 6-12 months. Note, small cap stocks may lead the way out of bear markets because as they are often more sensitive to changes in liquidity and credit spreads.

As always, the companies we aim to invest in demonstrate high managerial skill in capital allocation, which we believe can create value for customers, employees, communities, and shareholders.

Thank you for your commitment to the Fund. Should you have any questions regarding your investment, please do not hesitate to contact us.

Sincerely,



Chris Faber
Portfolio Manager

RMB Small Cap Fund

TOP 10 HOLDINGS AS OF 6/30/22

Company	% of Assets
Devon Energy Corp.	5.45%
TriCo Bancshares	4.10%
Seacoast Banking Corp. of Florida	3.49%
EastGroup Properties Inc.	3.30%
Catalent Inc.	3.06%
Kadant Inc.	3.06%
American Financial Group Inc.	3.03%
West Pharmaceutical Services Inc.	2.95%
Stock Yards Bancorp Inc.	2.85%
Pool Corp.	2.73%

Holdings are subject to change. The above is a list of all securities that composed 34.01% of holdings managed as of 6/30/2022 under the RMB Small Cap 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.

RMB Small Cap Fund

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 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.

Diversification does not assure a profit or protect against a loss in a declining market.

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 Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities.

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

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. There can be no assurance that the Fund will achieve its investment objective. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility.

Foreside Fund Services, LLC, Distributor