RMB Japan Fund

Portfolio Update: Fourth Quarter 2022

During the fourth quarter ending December 31, 2022, the RMB Japan Fund (the "Fund" or "RMBPX") was up, +12.57%, net of fees. During the same period, the MSCI Japan Total Return Index (dividends reinvested), which represents large capitalization companies in Japan, was also up, +13.23% in USD. Year-to-date, the Fund was down -14.52%, outperforming the benchmark which was down -16.65%.

	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception (12/27/2017)
RMBPX	+12.57%	-14.52%	-14.52%	-1.98%	-0.94%	-0.94%
MSCI Japan Index	+13.23%	-16.65%	-16.65%	-0.99%	+0.23%	+0.20%

Performance listed is as of December 31, 2022. 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 1.38% and the net expense ratio is 1.30%.

RMB Capital Management, LLC (the ''Adviser'' or ''RMB'') has contractually agreed to reduce its compensation due from and/or assume expenses of the Fund to the extent necessary to ensure that the Fund's operating expenses (excluding interest, taxes, brokerage commissions and other transaction costs, expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, short sale dividends, and extraordinary expenses not incurred in the ordinary course of business) do not exceed 1.30% of the average daily net assets of the Class I shares (the ''Expense Cap''). The Expense Cap is in effect until April 30, 2023 and cannot be terminated prior thereto without the approval of the Fund's Board of Trustees.

In the fourth quarter, Japanese equities rebounded strongly from last quarter's lows, meaningfully outperforming their U.S. counterpart on a dollar basis. The country's equity market started the quarter on strong footing, following risk-on moves across global equity markets to reverse last quarter's selloffs. Through the mid-quarter, the rally was further supported by better-than-expected inflation readings in the U.S., as investors started to price-in peaking policy rate expectations. Towards the end of the quarter, however, concerns regarding an economic slowdown in the U.S. reemerged, especially as the Fed raised its terminal target rates, triggering risk-off trading once again across global markets. In Japan, the Bank of Japan (BOJ)'s policy pivot to revise its yield curve control (YCC) policy added fuel to market selloffs among Yen-denominated investors, but for U.S.-dollar-based investors, the market impact was largely neutralized by the appreciation of the Yen.

Contributors and Detractors

Mitsubishi UFJ Financial Group Inc. (8306 JP +49.69%) and Sanyo Shokai Ltd. (8011 JP +62.40%) were two major contributors during the quarter.

Mitsubishi UFJ Financial Group is Japan's largest financial group. The group provides comprehensive financial services across commercial banking, trust banking, securities brokerage, consumer financing, leasing, and asset management among others. The group also is the largest shareholder of Morgan Stanley (MS US) with an approximately 22% stake. The stock had a slow start to the quarter amidst the market's recession concern, as investors started to price-in the possibility of the Fed's early pivot once again. In the meantime, however, we also started noticing that Japan's core inflation finally began to rise. Our view was that the BOJ will have to make some incremental adjustments to its extremely accommodative monetary policy in the near future. Further, Japan's banking sector overall has long been significantly underrepresented in light of the sector's historical presence and current importance, another justification for our overweight to the sector within the context of a full economic cycle. Towards the end of the year, the BOJ announced their plan to widen the target range of its yield curve control (YCC) policy, as we expected (though happened much sooner), and the stock rallied aggressively. After being a constant performance dragger for active managers, the banking sector in Japan has been left under-owned, igniting a strong comeback as investors are scrambling to hedge their interest risks in the changing market environment. It was our conscious decision to maintain our overweight to the Japanese bank, based on the abovementioned reasons, and the quarter's strong performance of Mitsubishi UFJ highlights how our disciplined value approach can pay off.

Sanyo Shokai is a manufacturer and retailer of luxury apparel and fashion accessories, such as coats, suits, dresses, and bags. The company's brand portfolio includes its original brands as well as third-party licensed brands, such as Mackintosh and Paul Stewart. It was a particularly strong quarter for Sanyo Shokai, filled with two strong earnings updates, coupled with three shareholder return enhancements (one per month) within one quarter. At the beginning of October, Sanyo Shokai reported strong earnings guidance for the rest of the year together with a dividend hike, citing that the impact of the country's belated reopening was better than expected. The discrepancy between the improved cash flow outlook of the business and the extremely low valuation of the stock triggered a strong market reaction. The stock's rally was further supported by management's follow-on decision to buy back shares worth more than 4% of the total shares outstanding in November. Towards the end of the year, management entertained the market with another round of strong earnings, guidance upward revision, and a dividend hike, which reaffirmed that the business will fully turn a profit this year for the first time since 2015. We expect this year to be a major turning point for Sanyo Shokai because, once the business fully turns a profit, investors will likely reevaluate the value of the company's business operation and its cash-rich balance sheet. Despite the recent rally, the stock is still trading only 20% above its net cash value. The valuation of the stock remains attractive.

Mitsui Fudosan Co. Ltd. (8011 JP -3.74%) and Nikon Corp. (7731 JP -5.63%) were two major detractors during the quarter.

Mitsui Fudosan is the largest real estate conglomerate in Japan. The company generates most of its earnings from leasing and property sales for both commercial and residential properties and also engages in property and asset management. The stock's performance was generally weak throughout the quarter, reflecting the business's slower-than-expected progress on filling up its newly opened office buildings and Tokyo Dome's weaker-than-expected recovery. Towards the end of the year, the stock price experienced another step down, as the country's long-term interest rates began to climb up after the BOJ's announcement to widen its long-term rate target range. Overall, we are cautious about rising interest rates and compressed cap rates in the country's metropolitan areas, and this quarter's results reaffirmed our view. That said, on a relative basis within the real estate sector universe, we are still positive on Mitsui Fudosan. Office demand for class S and A office buildings (highest grade office buildings in the heart of Tokyo) should be relatively stable, driven by upgrade demand from companies looking for a smaller space at a better location, while the stock's deep discount to its net asset value should also provide some protection against a correction in the property market. We will continue to monitor our exposure in this space to reflect our view on its risk and reward balance, as well as Mitsui Fudosan's idiosyncratic fundamentals.

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FOURTH QUARTER 2022 CONTRIBUTION REPORT (in USD[1])

Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Mitsubishi UFJ Financial Group Inc.	+279	+49.69%
Sanyo Shokai Ltd.	+176	+62.40%
Itochu Corp.	+150	+29.91%
Stanley Electric Co. Ltd.	+91	+22.54%
Hitachi Ltd.	+74	+20.05%
Bottom Detractors		
Mitsui Fudosan Co. Ltd.	-15	-3.74%
Nikon Corp.	-15	-5.63%
Nidec Corp.	-8	-7.72%
Kao Corp.	-0	-0.89%
ONO Pharmaceutical Co. Ltd.	+3	+0.03%

[1] All return figures above are lower than the returns in local currency due to the 10.39% appreciation of the Japanese Yen during the quarter.

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.

Nikon is best known as one of the leading manufacturers of mid- to high-end digital cameras and lenses, but it also manufactures various other products, including semiconductor equipment, flat panel display (FPD) equipment, healthcare devices, optical components, and inspection devices. During the quarter, the company reported weaker-than-expected earnings, primarily reflecting the negative impact of the FPD equipment business entering a down cycle. The quarter's earnings and guidance both fell short of street consensus despite some profit boosts from the weak currency. The camera business also struggled to meet the market's elevated expectations from last year's pent-up demand. Trading below 10 times on this year's expected earnings, the stock is not particularly expensive on balance, but we still remain cautious, given the company's business mix of combining two highly cyclical businesses (i.e. the precision equipment business and the camera business).

Portfolio Activity

During the quarter, we reentered Shionogi & Co. Ltd. (4507 JP), a pharmaceutical company specializing in infectious diseases. We fully liquidated our position in COMSYS Holdings Corp. (1721 JP), a telecommunication infrastructure construction company, as our initial investment thesis appeared unlikely to pan out in the foreseeable future.

Outlook

The outlook of the global macroeconomy continues to be highly uncertain, and we expect market volatility to remain high for some time. That said, the situation in Japan looks relatively favorable compared to the rest of the developed economies. We believe that the country is getting close to an inflection point to start a multi-generational regime shift away from the 30-year-long deflation. The BOJ's historic pivot in December signifies all the new developments happening in Japan's economic structure. To start, the country's core inflation is stably rising, supported by strong service inflation, with inflation expectations also moving up accordingly. The labor market remains tight, and even part-time wages started to inch up higher. Many Japanese corporations, who have long absorbed costs and provided a deflationary cushion to the system, are now proactively passing on costs by raising prices for the first time in decades. Consumers are willing to open their wallets to buy goods and services even at higher prices, first by tapping into their excessive savings and then with higher wages. This leads back to higher prices for goods and services, and hopefully the cycle repeats itself. Considering all these data points, rather than an economy suffering from structural deflationary pressure, Japan's economy might be shaping up to be very different from the one we have been used to for the past 30+ years.

We are increasingly hopeful that all these changes should help put an end to the vicious circle of deflation in Japan. An economy recovering from a liquidity trap in a rising inflation environment typically experiences an expansionary credit cycle, where both output and inflation rates are rising together. If that were to be the case in Japan, Japanese corporations would no longer be incentivized to hoard cash. Instead, they would be more willing to deploy capital, triggering higher business activity levels. The normalization of the private sector then should help mitigate the tremendous level of burden that the public sector had to bear to keep the balance of the economy during the era of deflation.

Inflationary Japan only exists in our distant memory but perhaps the country has not changed as much as we might think it has. Japan's unparalleled craftsmanship and quality-over-efficiency mindset, after all, are all partly the legacy of inflationary Japan and have survived through the decades-long deflation. The Japanese clearly have struggled to readjust themselves during the recent decades, but that soon might change. Japan's old inflation playbook might still prove to be relevant today.

We observe further encouraging changes among leadership executives in Japan. Traditionally, Japanese executives tend to avoid decisive actions to improve return on investment (ROI) for shareholders, such as proactively reorganizing operations. The leadership culture has been noticeably changing over the past few years however, partly because of global competition and partly because of improved corporate governance systems (e.g. more appointment of independent board members) and executive incentive structures (e.g. higher ratio of stock-based compensation) that are aligned with the interest of shareholders. Japanese executives are finally starting to speak the same language as the shareholders.

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While the macroeconomic environment remains uncertain, we believe that Japan is an exciting place to be, as the country is about to hit the final milestone in its long journey to move back to normal from deflation, and that is especially the case if we were to look beyond the current downcycle. Further, the country's equity market clearly remains undervalued relative to its developed market peers, as well as its own history, despite the economic momentum that is building up in the country, providing attractive risk-reward asymmetricity. We are committed to identifying and investing in attractively valued stocks that could outperform over a full market cycle.

As always, thank you for your support and trust in the Fund. We look forward to updating you in the next quarter.

Sincerely yours,

Masakazu Hosomizu, CFA
Partner, Portfolio Manager

Ilhwa Lee, CFA
Portfolio Manager

TOP FIVE HOLDINGS AS OF 12/31/22	
Position	**% of Assets**
Mitsubishi UFJ Financial Group Inc.	7.58%
ITOCHU Corp.	4.92%
TV Asahi Holdings Corp.	4.83%
Ono Pharmaceutical Co. Ltd.	4.50%
Sanyo Shokai Ltd.	4.07%

Holdings are subject to change. The above is a list of all securities that composed 25.90% of holdings managed as of 12/31/2022 under the RMB Japan 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 12/31/2022. 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, 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 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 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.

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 Fund invests in foreign securities which may be less liquid, subject to currency-rate fluctuations, be in areas with political and economic instability and be subject to less strict regulation of the securities markets.

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 the Fund. The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With approximately 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

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