RMB SMID Cap Fund

Portfolio Update: First Quarter 2023

During the first quarter ending March 31, 2023, the RMB SMID Cap Fund (the "Fund" or "RMBMX") returned +5.15%, net of fees, compared to a +3.39% return for the Russell 2500® Index.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (12/31/2004)
RMBMX (net of fees)	+5.15%	+5.15%	-8.68%	+21.06%	+10.30%	+9.78%	+8.36%
Russell 2500® Index	+3.39%	+3.39%	-10.39%	+19.42%	+6.65%	+9.07%	+8.23%

Performance listed is as of March 31, 2023. 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 0.84%.

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 Russell 2500® Index got off to a great start, advancing 12% during January. Optimism about lower inflation, lower mortgage rates, and better than expected economic data had investors believing that the Federal Reserve was nearly done tightening and a soft landing/no landing seemed more probable.

However, volatility persisted, as investors reacted to Fed Chairman Powell's hawkish testimony to Congress on February 6, 2023. Powell's testimony tempered the bulls interest rate optimism, and investors started to question the soft-landing scenario.

Then, out of nowhere, another banking crisis! Those of us who managed money before the age of quantitative easing and "easy money," remember the adage that "the Fed raises rates until something breaks", such as the savings and loan crisis in the early 1980's, the portfolio "insurance" failure in October 1987, long term capital management in 1998, the tech bubble in the early 2000's, and the housing bubble in 2008. We were wondering what would break if rates continued to rise so rapidly. The answer was regional banks with above average deposit and duration risk.

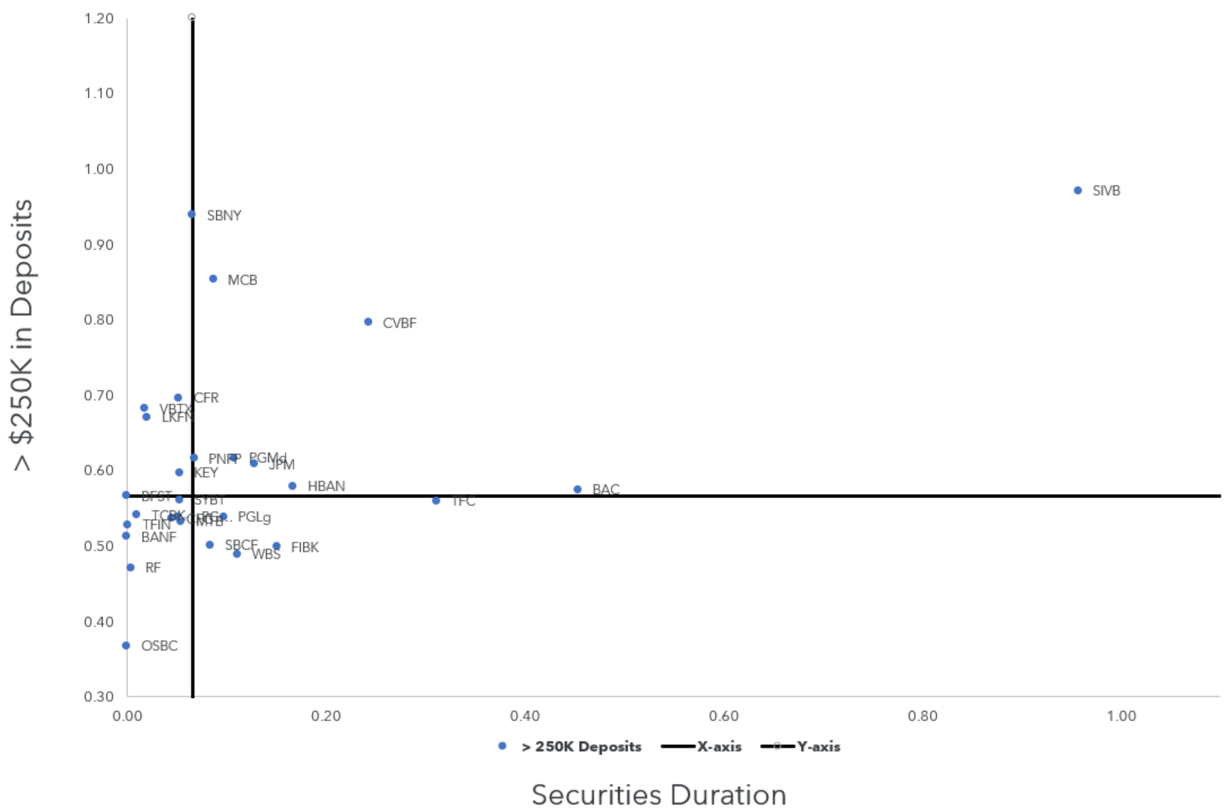
At the risk of oversimplification, the root of the banking crisis this quarter can be attributed to two risks that woke up in the new monetary policy regime of rate normalization but had been sleeping since the age of the post GFC central bank easy money. Most investors and regulators had forgotten about deposit risk and duration risk. Deposit risk is the percentage of bank deposits that exceed the federally insured $250,000 level. Duration risk is the risk that assets on the balance sheet of the bank decrease in value in an increasing interest rate environment. AAA credit rated SVB Financial (SIVB) had excessive deposit and duration risk.

SIVB was worth $16B on March 8 and $0 on March 10. Earlier that week, SIVB sold $21B of longer duration assets at a $1.8B loss to help meet deposit withdrawals and to shorten the duration on part of its securities portfolio. Along with the balance sheet restructuring, the bank and its advisor Goldman Sachs proposed an equity capital raise to offset the loss on the securities sales. Instead of shoring up confidence in the balance sheet, the deal put a spotlight on the rest of SIVBs long duration securities that were sitting on significantly bigger losses than the securities they sold. While SIVB had among the most liquid balance sheets in terms of the classic loan to deposit ratio, most of the deposits were greater than the 250,000 FDIC insurance threshold and controlled by a small number of venture capital firms.

Other large depositors, mainly venture capital-controlled start-up companies got spooked, given their average deposits significantly exceeded the federally insured level of $250,000. Social media spread the word and mobile banking enabled the most rapid bank 'run' in history, but the process was quite like the movie we watch every Christmas "It's a Wonderful Life."

It wasn't so wonderful for equity and debt holders who were immediately wiped out, but depositors (even those with deposits above the FDIC cap of $250,000) were fully reimbursed by the FDIC who used their special powers to minimize systematic risk.

Exhibit 1. Bank Deposit Risk/Duration Risk



Source: FactSet (Data Date: December 31, 2022)

Fortunately, the Fund did not hold SVIB during the quarter, but the Fund still owned several regional banks as part of our portfolio diversification risk controls. Quite honestly, it was not easy to see into these newly awakened risks, but our Financial Sector head, Charlie Henness, did a great job getting the data and helping us understand how we were positioned and to minimize exposure to these new risks to regional bank stocks. As for the rest of the portfolio, it performed as one might expect as a higher quality portfolio in times of financial stress.

We are encouraged that the Fund significantly outperformed during a quarter marked by such high volatility and believe our portfolio risk controls have helped us deliver for our clients this quarter.

RMB SMID Cap Fund

Contributors and Detractors

All five top contributors can be described as “quality” companies. We define quality companies as companies that allocate capital in a way that create value for customers, employees, communities, and shareholders. Quality companies also have more stable business models, with stronger competitive positions, low debt to total capital and reliable/clean accounting data.

West Pharmaceutical Services Inc. (WST) has been in the “contributors” section of these letters many times over the years as one of the portfolio’s enablers of the biotech revolution. As expected, the shares of WST recovered strongly to reflect fundamentals more accurately, after it had become oversold by short term momentum investors that grew impatient about difficult post-covid comps last year.

Copart Inc. (CPRT) is a company that specializes in online sales of salvaged vehicles through its patented auction platform. No one does it better, cheaper, faster, or easier which has led to a dominant market position and a durable business model. Investors had been too impatient last year as CPRT experienced short term margin pressure associated with inflation and labor, but this quarter demonstrated CPRTs adaptability and investors returned attracted to the margin improvement.

Monolithic Power Systems Inc. (MPWR) provides solutions that improve the power efficiency of semi-conductors. MPWR smashed quarterly and annual sales and earnings expectations. Its 4,000 diversified product portfolio serves rapidly growing end markets in computing, consumer, automotive, communications, enterprise data and industrials and are in high demand.

RMB SMID Cap Fund
FIRST QUARTER 2023 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Monolithic Power Systems Inc.	+102	+42.08%
West Pharmaceutical Services Inc.	+99	+47.32%
Copart Inc.	+74	+23.52%
Watsco Inc.	+64	+28.70%
Catalent Inc.	+54	+45.99%
Bottom Detractors		
First Republic Bank	-110	-62.67%
Pinnacle Financial Partners Inc.	-72	-24.65%
Devon Energy Corp.	-42	-16.23%
Webster Financial Corp.	-39	-16.13%
ServisFirst Bancshares Inc.	-25	-15.78%

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.

Portfolio detractors were concentrated in the regional bank and energy sectors. First Republic Bancorp (FRC) was drawn into the bank crisis as it became clear their high-end client base average deposits significantly exceeded the $250K federal insurance level and it experienced a run like the one that occurred at SIVB. When the news hit, the shares immediately collapsed from $80 to $31 and were halted. When the shares re-opened, we sold on a bounce to $44, 70% above the current $13 prices. Pinnacle Financial Partners Inc. (PNFP) reported a solid quarter but fell in sympathy with the Regional Bank Index (KRE -24%) Devon Energy Corp. (DVN), is a low-cost oil & gas producer and fell in sympathy with falling oil prices.

Portfolio Activity

Over the last year, we have been reducing portfolio bank exposure because of the headwinds associated with the flattening yield curve and increased recession risks. These sells have added 141 basis points to excess return over that period. This quarter new risks to the banking sector “woke up” including the deposit and duration risks. We reduced ServisFirst Bancshares Inc. (SFBS) and exited First Republic Bank (FRC) as we determined they had the most exposure to deposit, duration and credit risk. We reduced Fair Isaac Corp. (FICO) due to position size relative to fair value.

We topped off holdings that were below our portfolio model weight including Monolithic Power Systems Inc. (MPWR), Curtis Wright Corp. (CW), BJ’s Wholesale Club Holdings Inc. (BJ), and Carlisle Companies Inc. (CSL).

We initiated a position in Applied Industrial Technologies Inc. (AIT). AIT is a value-added distributor benefitting from the manufacturing trends in automation, the Internet of Things, and reshoring. AIT's value added comes from technical support, shop services, assembly, and consulting.

Outlook

Volatility is an expression of uncertainty around perceived risks. The biggest change in perceived risk since last quarter is the deposit and duration risks to the regional banking sector. We suspect the next potential risk to wake up could be credit risk.

In our last quarterly letter, we posed both a bullish and bearish thesis for the market, believing each to be equally probable. Given the recent banking crisis, the likely tightening of credit availability, the increasing potential credit stress associated with record debt levels, and the Federal Reserve's determination to get inflation down to 2% with higher interest rates, it feels like the bullish thesis is less probable and the odds may be tilting toward the bears.

The bulls still win if inflation trends toward 2% faster than the Fed expects, Fed Chairman Powell turns more dovish in his commentary and actions, and the economy avoids a hard landing. Thus, the potential credit issues do not emerge. If so, the bulls may be correct that the bear market bottomed in June 2022 and we have entered a new bull market. We just can't know for sure.

As we frequently remind ourselves and our investors, more things can happen than will happen. Our portfolio construction process recognizes this fact, and we believe it is one of the key differences in our approach that has helped us deliver attractive risk adjusted returns over the last twenty years.

In this period of elevated uncertainty associated with how the recent banking crisis might impact inflation, the economy and earnings, we are comforted by a few facts. The Fund is significantly less exposed to credit issues that might emerge if we are not fully out of the woods and the bears are correct. The Fund outperformed during the "risk on" period of January where we typically underperform. We believe smaller companies remain significantly more attractively valued relative to larger cap companies on multiple dimensions. We believe we own great companies that can create value over the long-term with a portfolio constructed in a way that can perform well even when factor volatility increases.

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 SMID Cap Fund

TOP 10 HOLDINGS AS OF 3/31/23	
Company	**% of Assets**
Copart Inc.	3.62%
Teledyne Technologies Inc.	3.59%
Monolithic Power Systems Inc.	3.38%
West Pharmaceutical Services Inc.	3.01%
Fair Isaac Corp.	2.99%
Avery Dennison Corp.	2.87%
EastGroup Properties Inc.	2.85%
Eagle Materials Inc.	2.76%
PTC Inc.	2.72%
Watsco Inc.	2.72%

Holdings are subject to change. The above is a list of all securities that composed 30.50% of holdings managed as of 3/31/2023 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 3/31/2023. 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.

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 2500 Index measures the performance of the 2,500 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. The Russell 2500 Value Index tracks the performance of companies with lower price-to-book ratios, which shows a company's market price relative to its balance sheet. The Russell 2500 Growth Index is a subset of companies with higher price-to-book ratios, or those expected to have higher growth values in the future.

***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 **duration** of a stock is the average of the times until its cash flows are received, weighted by their present values.*

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. Incorporation of Environmental, Social, and Governance (ESG) factors into the Fund's investment process may cause the Fund to make different investments and have different investment performance and exposures to different issuers and industries than funds that do not incorporate ESG considerations.

Foreside Fund Services, LLC, Distributor