RMB Small Cap Fund

Portfolio Update: Second Quarter 2023

During the second quarter ending June 30, 2023, the RMB Small Cap Fund (the "Fund" or "RMBBX") returned +3.11%, net of fees, compared to a +5.21% return for the Russell 2000® Index.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (8/30/2002)
RMBBX (net of fees)	+3.11%	+9.55%	+9.38%	+10.83%	+5.90%	+8.41%	+9.77%
Russell 2000® Index	+5.21%	+8.09%	+12.31%	+10.82%	+4.21%	+8.26%	+9.30%

Performance listed is as of June 30, 2023. Performance over one year is annualized. Past performance is not a guarantee of future results. 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 1.14%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 2024, 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 Economy through the Looking Glass

Stocks marched higher amid conflicting data around inflation, economic growth, and corporate profits:

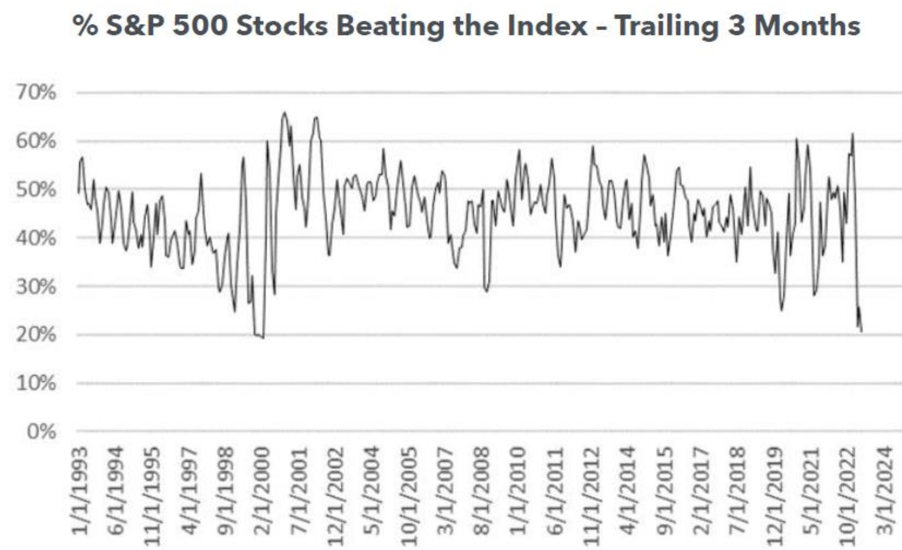
- Inflation is falling but is expected to remain higher than the Fed's 2% target;
- Economic data such as Leading Economic Indicators, Purchasing Managers' Index (PMI), Durable goods, tightening lending standards, etc., are crashing, but jobs remain plentiful, and consumers continue to spend;
- The yield curve is deeply inverted which suggests a recession is eminent, but stock market strength indicates we have exited a bear market and recession risk is low.

Given such conflicting data, the Federal Reserve paused its interest rate hiking campaign and left interest rates unchanged at their last meeting. Then indicated they expect to raise rates two more times before the end of the year. Corporate profits fell 6% year over year, but generally continued to beat expectations. Believe it or not, this makes sense to us. Markets are responding rationally, but in a way that appears somewhat bizarre and reminiscent of Alice in Wonderland when she proclaimed "Nothing would be what it is because everything would be what it isn't."

One example of unexpected outcomes is the year-to-date performance of homebuilders. Normally when mortgage rates shoot up over 400 basis points to a 6.75% (as they have since the COVID stimulus lows) "it is" a disaster for homebuilding stocks, *but "it isn't*!" Homebuilding stocks are hitting new highs. And it makes perfect sense, because when the Fed dropped interest rates to 0% during the COVID crisis, mortgage rates collapsed to 2-3%, driving people to re-finance at once-in-a-lifetime low rates. This distorted the housing market because now homeowners are trapped in ultra-low mortgage rates. Even though their home value is significantly higher, they can't afford to sell because if they buy a different home, their monthly payments may double for essentially the same home. Housing affordability is at an all-time low. Therefore, existing homeowners are much better off staying in their home vs. buying a different one. This is just one example of how markets have been distorted by monetary and fiscal policies meant to prop up consumers and businesses to help them survive the demand shock associated with COVID lockdowns.

The global economy is a complex dynamic system, not a light switch. As governments re-opened their economies, pent up demand exceeded supply. Producers and supply chains require time to reach productive efficiency. This timing mismatch contributed to the inflation the Federal Reserve is trying to tame. As markets respond to economic imbalances, it can appear as if some industries are broken and "what is" has become "what isn't." Eventually, we believe markets will adjust and "what would be" will be "what is" again. In the meantime, conflicting data appears to investors as rolling recessions, booms (Consumer Services/Housing/Infrastructure/Auto/Reshoring) and busts (Banking/Commodities/Life Sciences/Commercial Real Estate) making it difficult to see what is really going on underneath the surface. Underneath the surface, stocks are weaker than the headlines suggest.

The Majority of S&P 500 Companies are Underperforming Index



Source: Piper Sandler

The narrowness of the market leadership suggests the Federal Reserve's record pace of rate hikes is starting to have an effect on corporate profitability. Widening breadth and a steepening yield curve may provide greater confidence to investors that we have started a new secular bull market.

Given our portfolio construction discipline, the Fund benefitted from the booms and was hurt by the busts. Our dual diversification portfolio risk controls generally helped us in the long term, but it was a headwind during the extreme narrowness in the market leadership this quarter.

Contributors and Detractors

Contributors benefited from strong business execution as well as tailwinds from the "booms" in housing, infrastructure, and artificial intelligence.

Eagle Materials Inc. (EXP) is a cement manufacturer benefiting from strong demand in housing and infrastructure. We purchased EXP in 2018 as a "Turnaround" that we anticipated would benefit from consolidation, reduced supply due to higher regulation, its Southern location as a beneficiary of demographic shifts and a management focused on allocating capital to higher return projects. So far, EXP is tracking our positive thesis as economic returns have improved from 0% to 15%. Our thesis has shifted toward believing it can sustain these higher returns and growth rates for longer than the market is currently pricing in. We expect EXP to "beat the fade" due to the secular need for more housing, barriers to entry for new supply, the federal infrastructure program, the demographic population shift to the South, and its savvy positioning as a regional monopoly.

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Carpenter Technology Corp. (CRS) is another Turnaround, earlier in its transition to higher economic returns. New CEO Tony Thene has been working on the turnaround for several years as the management team allocated capital away from "commodity" steel toward producing specialty alloy and performance engineered steel used in Aerospace and medical technology. CRS delivered a very strong quarter and Tony sees "a path to significantly increase earnings for several years".

Omnicell Inc. (OMCL) manufactures automated pharmaceutical dispensing machines reducing mis dosing and theft at hospitals. During Covid the company was hurt by plummeting hospital utilization rates as elected surgeries ground to a halt and staffing shortages that negatively impacted hospital capital expenditures. The OMCL systems were always superior and positioned to take share, but volumes declined. Now that utilization is increasing again and hospital's financial conditions have improved, OMCL is recovering to pre-covid levels of profitability and growth.

RMB Small Cap Fund
SECOND QUARTER 2023 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Eagle Materials Inc.	+78	27.22%
Carpenter Technology Corp.	+61	25.89%
Omnicell Inc.	+50	25.57%
Trex Company Inc.	+45	34.70%
MKS Instruments Inc.	+43	22.33%
Bottom Detractors		
Catalent Inc.	-82	-34.01%
TriCo Bancshares	-71	-19.55%
Repligen Corp.	-50	-15.98%
Fox Factory Holding Corp.	-41	-10.60%
Valmont Industries Inc.	-31	-8.58%

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 Life Sciences and Regional Bank sectors. Catalant Inc. (CTLT), a contract manufacturer for pharmaceuticals and biologics declined 34% for the quarter on several negative headlines. First, CTLT announced that productivity issues and higher-than-expected costs experienced at three of its facilities, including two of its largest manufacturing facilities, would negatively impact financial results. Second, Bloomberg published an article indicating that Danaher has stopped its alleged takeover pursuit of Catalent. Finally, CTLT quantified the operational and productivity issues with the impact greater than expected and also subsequently delayed the earnings release and 10-Q filing. New CEO Allesandro Maselli is in the process of bringing in new management and addressing operational issues. While we have not had a chance to speak with Mr. Maselli directly yet, we are encouraged that they have filed their 10-Q with no issues and have articulated a path back to pre-covid profitability, no clients have cancelled orders (in fact they are continuing to win new business), and management is committed to lowering cap ex with a focus on debt reduction.

TriCo Bancshares (TCBK) is our largest bank holding and reported a disappointing quarter as investors overestimated TCBK's ability to sustain an above average net interest margin in the face of rising short-term rates. TCBK modestly underperformed the bank sector. The Fund remains underweight banks due to industry wide pressures on net interest margins and lower loan growth. The Fund continues to own what we believe to be higher quality banks like TCBK because a lot negative information is in the price. What may not be reflected in broader bank share prices is increased credit risk, which has yet to appear. Recent bank stress tests confirm credit is not an issue for the sector at this point. However, if credit risk does appear, we are confident that TCBK's conservative credit culture will drive outperformance relative to the bank sector.

Portfolio Activity

During the quarter the team made three sales and three purchases. We reduced the position size of semi-conductor capital equipment provider MKS Instruments Inc. (MKSI) as it approached our fair value on excitement around the Nvidia quarter and AI. We reduced Valmont Industries Inc. (VMI) as it approached our fair value and we noticed a deterioration in some of its end markets. We sold Synaptics Inc. (SYNA), a semi-conductor company, to zero as it became clear our positive thesis for long-term value creation was not playing out as expected and the negative thesis was becoming more probable.

We added to Applied Industrial Technologies Inc. (AIT), a value-added distributor. We continue to gain conviction in this name and results support our long-term value creation thesis that economic return and growth will improve as AIT continues to shift capital allocation toward higher return niche markets associated with IoT, and factory automation. We increased Neogen Corp. (NEOG), which has essentially become a monopoly in animal and food safety after its transformational acquisition of 3M's food safety business. After a rough start, and investor concerns that the company bit off more than it can chew, it appears to be turning the corner in terms of integration and new product adoption. We initiated a small position in PTC Therapeutics, Inc. (PTCT), a commercialized biotech, with many shots on goal targeting rare diseases.

Outlook

The Alice in Wonderland analogy is a good one for thinking about our near-term outlook. The rabbit hole investors find themselves operating in is an environment where markets have been distorted by ten years quantitative easing (QE), which distorted the price of risk. We believe this led to:

- An overallocation of capital to unicorns (unprofitable businesses valued > $1b),
- An unnaturally low number of bankruptcies,
- Generally higher asset prices across most asset classes,
- Risky capital structures for some businesses dependent on short term rather than longer term interest rates,
- Potential bubbles in parts of private equity and private credit where allocators actually believe they can get higher returns with lower volatility.

Add to that the adjustment process associated with a post-COVID world seeking to re-balance supply and demand, we suspect more of the same in the near term. Lots of conflicting data that, at first glance, may look like broken markets but are merely temporary distortions in the process of returning to a more normal economic reality.

The task of returning markets to economic reality is in the hands of Federal Reserve Chairman Jerome Powell. Exiting the era of free money is not easy or predictable. Things can break. For example, in 2022, the standard 60/40 balanced portfolio asset mix convention failed to protect investors when the model produced record declines. Diversification failed to work because "what is" - normally uncorrelated assets became correlated – became "what wasn't" because of a non-diversifiable systematic discount rate adjustment associated with unwinding QE and ZIRP (zero interest rate policy). UK pensions almost went bankrupt due to over reliance on short term 0% interest rates. This year, unicorns and over-levered businesses are starting to go bankrupt. AAA rated Regional Banks SIVB/FRC went bankrupt. Commercial Real Estate is showing signs of stress as well. These cracks in the system caused us to skew our outlook slightly more to the side of caution.

However, financial stress can also create new opportunities, so we are keeping an open mind and looking for potential babies thrown out with the bathwater. Bank and REIT valuations have not been this attractive since the mid-1990s. Opportunities to add value through stock selection may be increasing as the end of free money should separate the good stewards of capital from the financial engineers. The economic system should grow stronger as capital exits those sectors overly reliant on the carry trade associated with 0% interest rates and flows toward true innovation like Artificial Intelligence, cleaner energy, more efficient manufacturing processes, infrastructure and innovative cash flowing new businesses. Exiting the world of free money will be a bumpy ride but good for the long-term health of the markets and the economy.

The near-term outlook is full of contradictions that we feel will likely be resolved over the coming quarters. The biggest contradiction to resolve is one between the bond and stock market. The bond market is signaling an imminent recession. The equity market is signaling no recession or at least a very soft landing. Which market is right? We honestly do not know, but we believe that our portfolio risk control discipline will keep factor risk manageable.

Our long-term outlook never wavers. By owning the best allocators of capital with skilled management teams that demonstrate knowledge building cultures, adaptability, and capital allocation consistent with long-term value creation, we believe we can own a portfolio of smaller companies that will grow to become larger companies thereby providing our investors attractive long-term risk adjusted returns.

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

TOP 10 HOLDINGS AS OF 6/30/23

Company	% of Assets
West Pharmaceutical Services Inc.	4.14%
Monolithic Power Systems Inc.	3.46%
PTC Inc.	3.39%
Eagle Materials Inc.	3.27%
EastGroup Properties Inc.	3.26%
Pool Corp.	3.23%
Curtiss-Wright Corp.	3.02%
ITT Inc.	2.97%
Kadant Inc.	2.92%
Valmont Industries Inc.	2.78%

Holdings are subject to change. The above is a list of all securities that composed 32.44% of holdings managed as of 6/30/2023 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 6/30/2023. 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 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.*

***The Purchasing Managers' Index™ (PMI™)** is* based on monthly surveys of carefully selected companies representing major and developing economies worldwide.

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.

***Small-Capitalization Companies Risk** — Historically, stocks of small-capitalization companies and recently organized companies have been more volatile in price than those of the larger market capitalization companies. Among the reasons for the greater price volatility is the lower degree of liquidity in the markets for such securities, which may make these securities difficult to value and to sell. As a result, some of the Fund's small cap holdings may be considered or become illiquid. Such companies also may have limited product lines and financial resources and may depend upon a limited or less experienced management group.*

Foreside Fund Services, LLC, Distributor