RMB SMID Cap Fund

Portfolio Update: Third Quarter 2023

During the third quarter ending September 30, 2023, the RMB SMID Cap Fund (the "Fund" or "RMBMX") returned -2.59%, net of fees, compared to a -4.78% 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)	-2.59%	+6.75%	+13.05%	+10.48%	+7.98%	+9.08%	+8.22%
Russell 2500® Index	-4.78%	+3.59%	+11.28%	+8.39%	+4.55%	+7.90%	+8.01%

Performance listed is as of September 30, 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 0.92%.

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.

Stocks wobbled amid greater competition from higher real interest rates. During the quarter bond investors embraced the idea that the economy is exiting the era of free money circa 2007-2022. The 10-year Treasury yield increased to 4.57% from 3.81%, even though inflation continued to decline to 3.67% (YoY Core CPI). Real yields turned positive for the first time in 15 years to 1.6% from -2%. The catalyst for the historic spike in yields was the Federal Reserve's hawkish position that rates must remain higher for longer than investors anticipated.

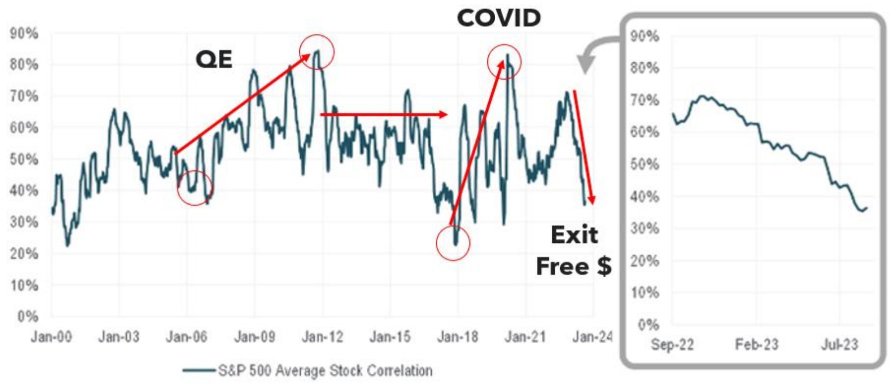
GDP growth continued to defy recession fears coming in at 2.1%. Analysts increased earnings expectations for the first time in five quarters (since Q2 2022).

The thesis that the economy is exiting the era of free money has important implications for investors, which we will address in the outlook, but one implication concerning stock correlation and dispersion should be addressed in this section.

Free money meant a "free ride" for investors because the primary risk driving returns was the decline in the cost of capital combined with the constant addition of liquidity into the financial system. Excess liquidity increases the correlation among all assets and individual stocks. Warren Buffet communicated the idea by famously reminding investors that "a rising tide lifts all boats." That meant most assets provided attractive returns, stocks, bonds, real estate, private equity, private credit (doesn't matter which companies) all "rising."

The chart below shows that stock correlations rose from 40% in 2006 to 80% by 2012 and remained elevated until 2016. In 2017, the Federal Reserve attempted to slowly exit "free money," and stock correlations started to fall again, but the process was interrupted by the COVID crisis, when the Fed dropped interest rates to zero and the flooded the financial system with liquidity. So, correlations spiked again.

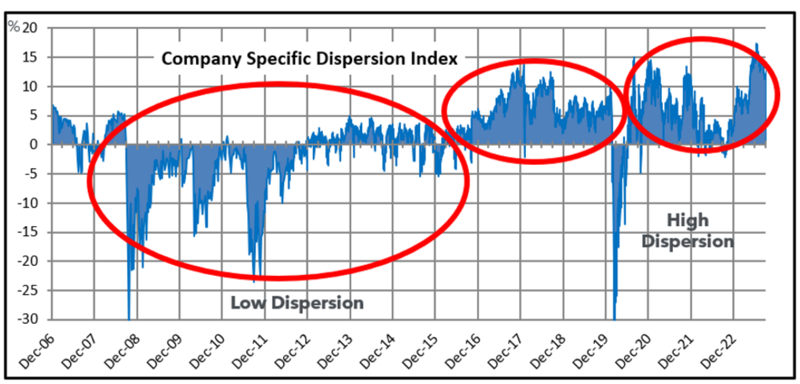
Exhibit 1. S&P Stock Correlations



Source: Bespoke Investment Group.

If we are exiting the era of free money, the tide is going out which may be a headwind for financial assets as well as drive down asset and company correlations. Lower correlations result in greater company specific dispersion which creates greater opportunity for active managers to add value over benchmarks.

Exhibit 2: Company Specific Dispersion



Source: CBOE / RMB Research Core.; Company specific dispersion within the S&P 500 Index; Data as of 9/30/23.

Of course, for active managers to add value, they must be on the right side of dispersion. Fortunately for our investors, we were on the right side of dispersion this quarter.

RMB SMID Cap Fund

Contributors and Detractors

Contributors benefited from better than expected company specific execution.

Pinnacle Financial Partners Inc. (PNFP) is a Nashville based bank with a footprint focused on the broader U.S. Southeast. The stock came under pressure earlier in the year on account of the deposit and asset duration driven bank panic. The bank reported a stronger second quarter, with deposit growth driving net interest income upside and expense discipline driving overall better than expected operating leverage. Given diminished expectations going into the quarter and a strong result and outlook, the stock outperformed.

Repligen Corp. (RGEN) is a pick and shovel supplier to the bioprocessing industry led by a skilled management team that focuses on bolt-on M&A and innovation to expand its addressable market and take market share. The entire bioprocessing space has been facing multiple headwinds including inventory de-stocking coming off of COVID-related demand, emerging biotechs conserving cash and prioritizing pipelines and uncertainty about demand in China. Management provided optimistic commentary that these headwinds are closer to the bottom and expects a return to more normal conditions in 4Q driving strong growth in 2024.

Old Dominion Freight Line Inc. (ODFL) is the best-in-class less-than-truckload (LTL) carrier in the U.S. It has a long track record of investing in capacity and providing the highest quality service (on-time delivery and free of cargo claims) to its clients for a premium price. Despite missing revenues this quarter, ODFL outperformed on the prospect of the changing competitive landscape. The bankruptcy of competitor YRCW will provide the company with opportunities to gain market share in the next cycle.

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

	Basis Point Contribution	Return
Top Contributors		
Pinnacle Financial Partners Inc.	+36	+18.69%
Diamondback Energy Inc.	+31	+18.63%
Repligen Corp.	+27	+12.34%
Old Dominion Freight Line Inc.	+26	+10.70%
Fair Isaac Corp.	+24	+7.41%
Bottom Detractors		
Monolithic Power Systems Inc.	-42	-14.19%
Bio-Techne Corp.	-39	-16.31%
BioLife Solutions Inc.	-33	-37.51%
PotlatchDeltic Corp.	-32	-13.27%
Vail Resorts Inc.	-32	-11.12%

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.

Detractors were on the wrong side of dispersion as company specific execution disappointed.

Monolithic Power Systems (MPWR) is a semiconductor company that specializes in providing small, highly energy efficient, easy to use power management solutions for electronic systems found everywhere, especially in the key end markets like EV (electric vehicles), AI (artificial intelligence), and industrial automation. The stock's underperformance during the quarter came after the stock's massive run YTD, which was driven by the stabilization of semi-industry fundamentals, AI hype, and MPWR's consistent beat and raise. Q3's underperformance was not idiosyncratic-driven, but more of profit taking, the cooldown of AI hype, and the general underperformance of expensive valuation stocks due to rising interest rate. We remain have high convictions that MPWR will continue to maintain the secular growth profile and beat the fade, despite the short-term factor risks that make the stock volatile.

Bio-Techne Corp. (TECH) has been weak due to similar headwinds facing bioprocessing peers including customer inventory de-stocking, slowing biotech funding and a slow-down in China. However, as highlighted at the recent Investor Day, we expect mid-teens revenue growth over the next five years that is not reflected in the current share price.

Portfolio Activity

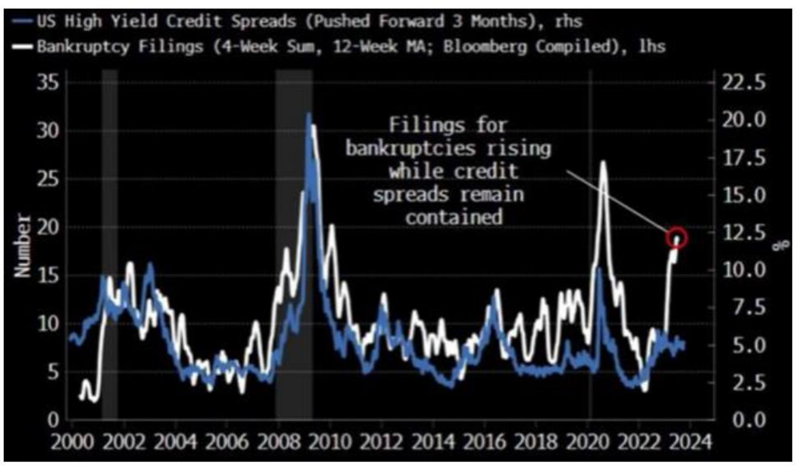
We are long-term owners of businesses. Therefore, turnover is typically low, but driven by opportunistic adds or trims. During the quarter the team made one add. We added to a bank because we believe there are some "babies thrown out with the bathwater" where investors may have mis-priced risk. We added to Stock Yards Bancorp Inc. (SYBT) where we believe the deposit risk fears are overblown since it is a relationship-based bank with solid and sticky banking relationships and has above average fee income. Therefore, SYBT is less dependent on net interest margin for cash flow.

Outlook

In last quarter's outlook, we discussed the potential mispricing of risk associated with years of free money, which has important potential implications for investors as we exit this period.

<u>Quality Counts more now:</u>
The corollary to Warren Buffet's "rising tide" is "when the tide goes out, it is easy to see who is naked." The tide is going out with tightening credit conditions and access to capital. Companies that maintain a conservative capital structure and disciplined capital allocation can continue to create value since their business models were never dependent on access to free money. However, the "naked" (low quality) companies with poorly developed business models, weaker competitive positions, poor balance sheets are starting to fall. The chart below shows the rising number of bankruptcies.

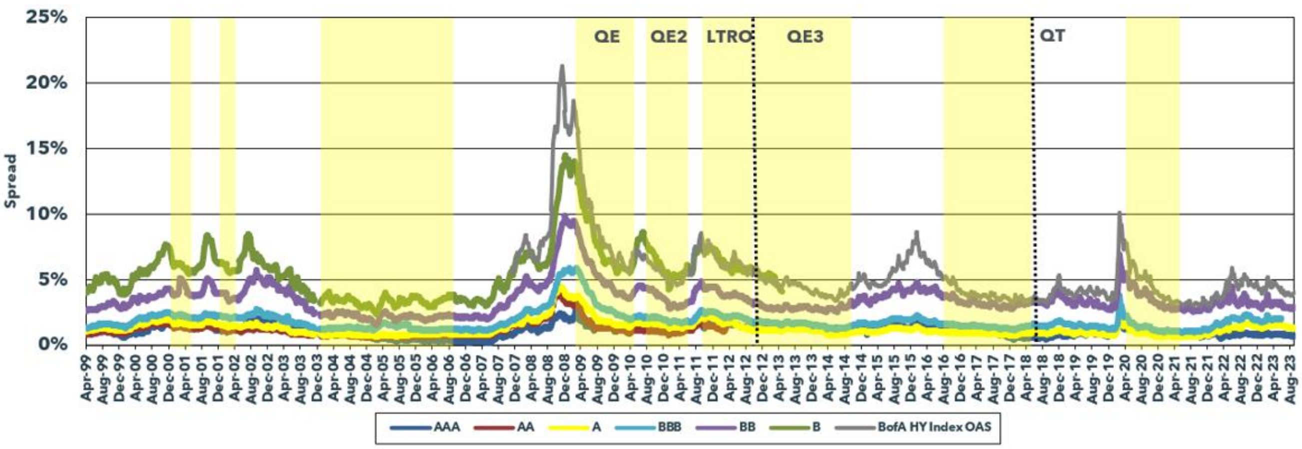
Exhibit 3. Credit Spreads are not Reflecting Real Economy



Source: Bloomberg.

It is interesting that credit spreads have yet to reflect this, which infers many lower quality companies are still mispriced with significant downside.

Exhibit 4. U.S. Corporate Bond Spreads Over Treasuries



Source: RMB Capital. Data as of September 30, 2023. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. Yellow shaded areas indicate time periods when credit spreads were falling.

We recently spoke to a credit expert, who believes that 20% of the Russell 2000® companies may go bankrupt in the next credit cycle. The credit risk factor has not woken up yet, but it is significant in the Russell 2000® passive ETF (IWM).

Risk Control more important now:
Excess liquidity and negative real interest rates suppressed volatility increasing the risk of a Minsky moment as liquidity becomes scarcer and rates rise. A Minsky moment refers to how stability can sow the seeds of instability. We experienced a Minsky moment in the first quarter for the banking industry, with the sudden collapse of First Republic Bank (FRC) and SVB Financial Group (SIVB) where risk officers became too complacent about the duration and deposit risk in their portfolios. Duration risk slept during the era of free money, and when it woke up the industry was not prepared and needed emergency help from the Federal Reserve to stave off a massive run on U.S. banks. What risks are lurking in passive benchmarks? Interest rate risk woke up in the bond market where investors have experienced a negative total return over the last seven years.

The Bloomberg 20-year U.S. Treasury Index experienced a 49% decline since July 2020[1]. The historically low volatility "safe" investment in bonds was considered safe because it lacked credit risk. However, it ALWAYs has inflation risk, and because inflation was a non-issue for the past 20 years, investors who ignored that risk believing the investment was safe suffered the consequences of accepting unintended risk. Risk control is not backward-looking volatility, but rather it is clarity about forward looking risk you believe is mispriced in the valuation of the asset you own. Credit and liquidity risk are lurking within the Russell 2000®. Idiosyncratic risks (bubble risks) in the S&P 500 index, where 8 companies account for 87% of the benchmark's +13.07% YTD return. Without those 8 stocks the benchmark would be up only +1.67% for the year.

Investor clarity around intended risk is crucial as we exit a period of high correlation where everybody wins and enter a period of higher dispersion where there is a wider spread between winners and losers for both asset classes and individual companies. Winners will be intended risks that work out. Losers will be intended risks that don't work out, but what investors can't tolerate is UNINTENDED risks that don't work out where volatility goes from low to high. Good risk control is about making sure investors are positioned for clarity around intended risks and minimize unintended risks.

The intended risks in the Fund are primarily company specific. We own what we believe to be the best stewards of capital skewed toward high management skill with a proven track record of capital allocation consistent with long term value

[1] Source: FactSet, as of 9/30/23.

creation, low credit risk, relatively stable business models and greater liquidity. To control unintended risk the portfolio is diversified by sector and lifecycle within a +/- 5% risk tolerance. We cannot control systematic risk associated with a potential liquidity crisis from the Federal Reserve potentially "breaking something", but we will exploit opportunities that arise if that happens.

In last quarter's outlook we highlighted mispriced risks, contradictory signals in markets and skewed toward more caution. The process of re-pricing risk (specifically inflation risk) is starting to play out in the bond market. We believe credit risk is likely next. Time will tell whether inflation can fall to the Fed's target of 2%, whether the economy will have a soft, hard or no landing. Our portfolio construction risk control process is built for that uncertainty. We are comfortable with our current skew toward more caution (intended risk) but have a long list of buy candidates if a change in that view is warranted.

Our long-term outlook never wavers. By owning what we believe to be 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 9/30/23

Company	% of Assets
Copart Inc.	4.71%
Fair Isaac Corp.	3.94%
Watsco Inc.	3.70%
West Pharmaceutical Services Inc.	3.37%
PTC Inc.	3.34%
Avery Dennison Corp.	3.10%
Teledyne Technologies Inc.	3.08%
Markel Corp.	3.07%
Pinnacle Financial Partners Inc.	3.04%
EastGroup Properties Inc.	2.96%

Holdings are subject to change. The above is a list of all securities that composed 34.31% of holdings managed as of 9/30/2023 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 9/30/2023. 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 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.*

***Dispersion** refers to the range of potential outcomes of investments based on historical volatility or returns.*

***Correlation** is a statistic that measures the degree to which two securities move in relation to each other.*

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