RMB Fund

Portfolio Update: Second Quarter 2024

During the quarter ending June 30, 2024, the RMB Fund (the "Fund") increased, +1.84% net of fees, trailing the +4.28% increase in the S&P 500 Index (the "Benchmark") return for the for the same period, while the broad market Russell 3000® Index returned +3.22%.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+1.84%	+7.86%	+16.86%	+4.88%	+11.46%	+10.36%	+10.57%
S&P 500 Index	+4.28%	+15.29%	+24.56%	+10.01%	+15.05%	+12.86%	+11.66%
Russell 3000® Index	+3.22%	+13.56%	+23.13%	+8.05%	+14.14%	+12.15%	--
RMBHX (Load Adjusted)	-3.25%	+2.46%	+11.01%	+3.10%	+10.33%	+9.79%	+10.46%

Performance listed is as of June 30, 2024. 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 expense ratio is 1.24%.

The Fund's investment advisor, Curi RMB Capital, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 2025 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 Funds have a maximum front-end sales charge of 5.00%. Sales charges are waived for clients of investment intermediaries, or for those who purchase shares via no-transaction-fee platforms.

Second quarter absolute returns for domestic markets followed up a strong first quarter and a very strong 2023 as the momentum continued with large cap market indices hitting all-time highs. That said, if all you looked at was the S&P 500 index, you may come to the conclusion that "the market" is booming. Below the surface, and similar to recent quarters, the concentration of a small handful of names contributing an outsized percentage to the overall index return continued in the second quarter. The average stock in the S&P 500 as defined by an equal weighted version of the same index returned-3% in the quarter and +5% year to date, drastically behind the market capitalization weighted index returns. The ten largest companies in the S&P 500 increased an average of 14.10% in the quarter and 40.40% year to date. If you didn't have a high concentration of the largest of the large cap names, it was virtually impossible to outperform. The other 490 names in the index almost didn't matter. Enhancing the concentration effect was the much-publicized effect of NVIDIA Corp. (NVDA) which crossed the $3 trillion dollar market cap level and was up +37% in the quarter and +145% year to date. As we have noted in past letters, we have not owned this key index contributor. Given NVDA is within our high-quality growth equity universe, the stock has been an error of omission. While the stock always appeared to have an expensive valuation, we failed to foresee the absolute explosion in revenue and earnings growth over the past couple of years that have driven the stock parabolically, riding the Artificial Intelligence (AI) boom. Today we have skepticism around the long-term sustainability of fundamentals for NVDA but will continue to keep an open mind as it remains a focus of internal research efforts and a very material non-ownership bet.

Breaking down performance from a traditional attribution perspective, the Fund's under performance in the second quarter relative to the S&P 500 was all driven by negative stock selection, with a small positive impact from sector allocation. The Information Technology, Health Care, and the Consumer Staples sectors were notable detractors to the Fund's relative performance, partially offset by positive contribution in the Communication Services, Consumer Discretionary, and Energy sectors. Within Technology, non-ownership of NVDA caused a -165 basis point headwind to relative performance, well over half of the quarter's relative underperformance. Year-to-date that headwind stands at -457 basis points, an incredibly painful number. While we haven't directly owned NVDA, we have owned other names that benefit to varying degrees from the AI theme including Microsoft Corp. (MSFT), Synopsis Inc. (SNPS), Amazon.com Inc. (AMZN), Alphabet Inc. (GOOG and GOOGL) and Entegris Inc. (ENTG).

Macroeconomics continued to play an important factor in the backdrop of the second quarter of 2024. Interest rates continue to be moved by short-term economic data and the forecast of future Fed interest rate cuts. The domestic economy has remained resilient with the odds of a so-called economic "soft landing" or "no landing" having risen as a significant economic slowdown has yet to arrive. It certainly is possible that growth could slow further in the next few quarters or even contract, but for now, the economy has survived the Fed's interest rate hiking cycle of 2022/2023 quite well. Historically, it's rare for the economy to not falter after significant Fed tightening and this past tightening cycle was one of the fastest and most dramatic in the past several decades. On a positive note, the year-over-year impact of inflation has been steadily decreasing over the past several months to more manageable levels around 3%, but not yet sustainably at the Fed's long-term 2% target. We wouldn't be surprised to see the "last mile" of getting inflation to 2% being the most difficult. The labor market has also remained quite strong, with sub 4% unemployment and solidly positive monthly net job creation, although employment is showing signs of cooling and can be somewhat of a lagging economic indicator. The stock market has benefited from a "goldilocks" backdrop (not too hot, not too cold) with a resilient economy and corporate earnings combined with a near term pullback in rates, although the concentration of returns driving the indices higher remains a big concern to us. We would view a sustained broader market with less concentration in returns as a better environment for stock selection in the Fund. We will continue to look for opportunities in new names within our high quality, GARP (growth at a reasonable price) universe while adhering to our long-term investment philosophy.

Contributors and Detractors

Alphabet Inc. (GOOG) was the quarter's largest positive contributor to performance. The stock performed well as its core on-line advertising business continued to grow faster than recent Wall Street forecasts. Alphabet's cloud business also continues to grow at healthy rates and in conjunction with the first quarter earnings release, they also announced an expanded share repurchase program and the initiation of a dividend. While time will tell, Alphabet is also seen as being a net beneficiary of the emergence of AI technology, which they've been investing heavily in for many years. AI remains both a threat and an opportunity to Google's core search business, so despite the strong move in the stock, this will remain an active debate that we will continue to have around our investment.

After being one of the largest detractors from performance in the first quarter, Apple Inc. (AAPL) rebounded in the second quarter to be the second largest contributor. The stock responded positively to its June World Wide Developers Conference, where it unveiled its strategy to add AI capability into its devices. Apple will be using a combination of some of its internally developed AI models as well as ChatGPT and potentially other outside models. The idea is that if consumers find these new capabilities to be compelling, they will have to upgrade their devices, as AI will only be backwards-compatible in a small percentage of existing devices. Apple has been struggling to grow for a couple of years now and needs something new and exciting to reinvigorate its user base to buy new hardware, particularly the iPhone. We have a certain degree of skepticism as to how meaningful this could be but given Apple's history of innovation as a "fast follower" we wouldn't want to bet against it. Apple is the fourth largest position in the Fund at the end of the quarter but is moderately underweight the benchmark.

On the negative side of the performance ledger, we had names adversely affecting the Fund's overall return. Contact lens manufacturer Cooper Companies Inc. (COO) was the largest detractor to performance in the quarter. Cooper has been a frustrating holding as the company continues to execute well and report solid growth, but the results have been masked by foreign exchange translation to its results reported in U.S. dollars. In the long run, this should even out, but the strong dollar has been a persistent problem for the past few years. Cooper is exploring some hedging strategies to help mitigate the impact, but, in our opinion, these are difficult to get right. What's important is that Cooper continues to take market share and outgrow its peers and we continue to like the stock for the long run.

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Ski resort owner Vail Resorts Inc. (MTN) declined after a disappointing fiscal third quarter earnings report that showed a weaker than expected end to the ski season and a slight decline in next season's pass sales. Vail has tested our patience as it has an unparalleled base of assets and the best season pass product in the industry yet has not been optimally managed the past couple of seasons. Our confidence in Vail has been declining and we would welcome a change in leadership at this point. The stock is sized as one of our smaller positions and we consider it to be a potential upgrade candidate in the Consumer space.

RMB Fund
SECOND QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Alphabet Inc.	+156	+20.79%
Apple Inc.	+86	+22.99%
Microsoft Corp.	+63	+6.42%
Amazon.com Inc.	+38	+7.13%
Tyler Technologies Inc.	+38	+18.30%
Bottom Detractors		
Cooper Companies Inc.	-38	-13.96%
Vail Resorts Inc.	-34	-18.15%
Walt Disney Co.	-34	-18.85%
Kenvue Inc.	-33	-14.43%
Nordson Corp.	-29	-15.10%

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 our 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 Activity

During the second quarter we added two new names to the Fund. Enterprise software provider Salesforce Inc. (CRM) was added after a severe sell-off in the stock after its fiscal first quarter earnings report. We thought the stock grossly overreacted to a small miss in bookings growth relative to Street expectations and viewed the valuation as attractive. Salesforce is a name that we are quite familiar with having owned it in other strategies. Thus far our entry price has proven to be fortuitous, as the stock rose after our purchase. While we believe the next few quarters could be choppy for the enterprise software group, longer-term we like Salesforce's growth opportunities and applaud the restructuring efforts the company took over the past several quarters to attempt to permanently improve its margin and free cash flow profile.

IDEX Corp. (IEX) is a name we have followed for over a decade and is currently owned in the RMB SMID Cap Fund. IDEX is a diversified, decentralized, short-cycle, high-quality industrial company. It sells critical components where the cost of failure for a customer is high. Patents aren't necessarily a major factor in its product line, but trademarks and established brands matter. IDEX's niche products are a low cost as percentage of the customer's total system but have high criticality. We believe the company will continue to earn strong margins, return on capital, and generate growing levels of free cash flow that will increasingly be redeployed into acquisitions with similar "IDEX-like" characteristics. These acquired businesses have an opportunity to benefit from IDEX's strong operating skill, value-based pricing, and strong culture. The cyclical nature of its business creates opportunities to buy the stock on weakness from time to time, but it will be able to outperform through a market cycle. We believe organic growth targets of Industrial Production +2-3%, high incremental margins and value-added M&A will allow IDEX's history of compounding to continue under the current CEO Eric Ashleman, who has a stronger focus on M&A than previous management. We are currently buying the stock when it is trading at or near its five-year low historical valuation and believe it complements our other holdings in the Industrials sector.

Outlook

U.S. corporate earnings, which is the biggest long-term driver of stock prices, returned to positive year-over-year growth rates over the last two quarters of 2023 and into the first quarter of 2024. Earnings are expected to continue their positive growth in the second quarter this year, which will be reported later this month and into August. Earnings expectations for the balance of 2024 and into 2025 are baking in that the domestic economy continues to grow moderately and inflationary pressure on margins subsides. As we've noted in the past, due to their size and above average growth rate, the "Mag 7" stocks[1] have an outsized influence on the total earnings power for the index. Given NVDA's exceptional recent growth, this one company has an outsized influence on the benchmark. Current expectations for S&P 500 earnings are for 10.3% growth in 2024 and 14.2% in 2025. Similar to last quarter, we still believe that these expected growth rates remain on the optimistic side and a high single digit growth rate might be more realistic. During the second quarter, 2024's and 2025's estimates didn't move materially in either direction.

Equity valuations remain on the expensive side at 22.4x 2024 and 19.6x 2025 earnings estimates versus a very long-term average around 16x. Any future downward revision would only make these multiples even higher. So, what is "the market pricing in"? We believe current valuations are clearly pricing in a soft or no landing scenario for the economy, interest rates that at a minimum don't go any higher from current levels and eventually come down and maybe even a little upside to current earnings estimates. In other words, a fairly optimistic macro-outcome. While this might be what ends up playing out in coming quarters, it doesn't feel like there is a big margin of safety built into stock prices. As always, while we may opine our view of the overall market, we do not pretend to have any ability to predict where the market is heading in the short or intermediate term. It's a very difficult, if not impossible, task to add value by timing the market and using valuation as a tool to predict where market indices are heading. After a big rebound in 2023 and a strong first half of 2024, we believe it remains prudent to keep return expectations modest, not just for the balance of 2024, but for the next few years. When we say prudent, we believe mid-single digit types of returns for domestic equities are more realistic over the next 3-5 years, not double digit. Hopefully we'll be surprised higher but given the starting point of an expensive market we'd temper investor return expectations. We also once again want to highlight the concentration risk that exists in the Russell 3000. The top 10 stocks represent 31% of the Index with the Mag 7 stocks representing 26%. This level of concentration from the top holdings makes the index much less diverse than it has ever been in the past. We're not opining whether this is a good or bad thing but want to make sure it is understood and the level of risk it may bring to passive investors. Historically over long periods of time, equal weighted indexes outperformed the same capitalization weighted index as smaller, less discovered companies tended to outperform the largest established companies. This has clearly not been the case over the past few years as the mega tech companies have beaten back the "law of large numbers" and continued to grow at scale.

We continue to focus the Fund's efforts on owning companies with what we believe to be good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound value for shareholders for years into the future. The opportunity to find what we believe to be high-quality growth companies selling at attractive valuations is not overly abundant, but we will continue to use our "bottom-up" search to optimize the Fund while keeping turnover low. If we adhere our disciplined investment process and manage risk, we aim to add value to market returns in subsequent years.

We'd like to thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd Griesbach

Todd Griesbach
Portfolio Manager

[1] The "Magnificent 7" refers to the following stocks: Apple Inc. (AAPL), Microsoft Corp. (MSFT), Alphabet Inc. (GOOG), Amazon.com Inc. (AMZN), Tesla Inc. (TSLA), Meta Platforms Inc. (META), and NVIDIA Corp. (NVDA).

TOP 10 HOLDINGS AS OF 6/30/24	
Company	**% of Assets**
Microsoft Corp.	10.89%
Alphabet Inc.	8.38%
Amazon.com Inc.	5.62%
Apple Inc.	4.38%
Visa Inc.	3.85%
Keurig Dr Pepper Inc.	2.50%
The TJX Companies Inc.	2.50%
S&P Global Inc.	2.41%
Tyler Technologies Inc.	2.28%
Synopsys Inc.	2.25%

Holdings are subject to change. The above is a list of all securities that composed 45.07% of holdings managed as of 6/30/2024 under the RMB Fund ("Fund") of Curi RMB Capital, LLC's ("Curi 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 6/30/2024. 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 newsletter are based on Curi RMB Capital, LLC's ("Curi RMB Capital") research and professional experience are expressed as of the date of our mailing of this newsletter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future results, nor is it intended to speak to any future time periods. Curi RMB Capital makes no warranty or representation, express or implied, nor does Curi RMB Capital accept any liability, with respect to the information and data set forth herein, and Curi RMB Capital specifically disclaims any duty to update any of the information and data contained in this newsletter. The information and data in this newsletter does not constitute legal, tax, accounting, investment or other professional advice. Returns are presented net of fees. 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. RMB Asset Management is a division of Curi RMB Capital.

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High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.

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

The **price-earnings ratio** (**P/E ratio**) relates a company's share price to its earnings per share. A high P/E ratio could mean that a company's stock is over-valued, or else that investors are expecting high growth rates in the future.

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 RMB Fund invests in larger, more established companies, which may not respond as quickly to competitive challenges or have higher growth rates than smaller companies might have during periods of economic expansion. There can be no assurance that the Fund will achieve its investment objective.

Foreside Fund Services, LLC, Distributor