RMB Fund

Portfolio Update: Third Quarter 2024

During the third quarter ending September 30, 2024, the RMB Fund (the "Fund") increased +4.15% net of fees, trailing the +5.89% return for the S&P 500 Index (the "Benchmark") return for the same period, while the broad market Russell 3000 Index returned +6.23%.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+4.15%	+12.33%	+26.39%	+5.69%	+12.06%	+10.66%	+10.61%
S&P 500 Index	+5.89%	+22.08%	+36.35%	+11.91%	+15.98%	+13.38%	+11.73%
Russell 3000® Index	+6.23%	+20.63%	+35.19%	+10.29%	+15.26%	+12.83%	--
RMBHX (Load Adjusted)	-1.05%	+6.71%	+20.07%	+3.89%	+10.91%	+10.09%	+10.49%

Performance listed is as of September 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 1.20%.

The Fund's investment advisor, Curi RMB Capital, 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 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.

Domestic markets again posted solid results in the third quarter, pushing most mid- and large-cap indices further into all-time high territory. The S&P 500's +22.08% year-to-date return represents the strongest first three quarters the market has seen since the late 1990s. Amid overall market returns that looked quite similar to recent quarters, we did see a significant reversal of leadership. Large growth stocks went from being the best performing group in the first half of 2024 to the worst in the third quarter. There was also a reversal in leadership at the sector level as the Information Technology and Communication Services went from top performers to bottom performers during Q3. Continued solid overall performance combined with a shift in leadership away from the largest companies means that market performance must be broadening out, and indeed this was an important trend. Nearly 70% of S&P 500 companies outperformed the index this quarter, compared to around 25% in the first half of the year. The equal-weight version of the S&P 500 - a proxy for the average index stock - gained 9% in the quarter, outperforming the S&P 500, which is more influenced by the heavily weighted shares of mega caps such as NVIDIA Corp. (NVDA) and Apple Inc. (AAPL). Anticipation of Federal Reserve rate cuts pushed investors into shares of regional banks, industrial companies and other beneficiaries of a strong economy and lower rates, as opposed to the tech-focused stocks that have already seen massive gains this year.

While it turned to a modest tailwind this quarter, our lack of direct exposure to NVIDIA Corp. (NVDA) and the artificial intelligence (AI) semiconductor theme has been an area of intensive research in recent months. This analysis resulted in the initiation of a position in Advanced Micro Devices Inc. (AMD), a company we believe is well-positioned to benefit from unfolding AI trends across both servers and PCs. This direct exposure complements our ownership of indirect beneficiaries like Microsoft Corp. (MSFT), Synopsys Inc. (SNPS), Amazon.com Inc. (AMZN), Alphabet Inc. (GOOG and GOOGL), and Entegris Inc. (ENTG). We will additionally continue to vet potential ownership of NVDA as the market leader in server graphics processing units (GPUs). NVDA presents both a stock-specific opportunity as well as a risk control consideration given its highly material weight in the benchmark and significant expected return volatility.

Macroeconomic events continued to play a role in market volatility. In early August, the combination of weaker U.S. employment data and a more hawkish Bank of Japan (BOJ) led to a rapid strengthening of the Japanese yen which in turn set off an unwinding of the yen "carry trade" where investors fund higher yielding investments with lower interest rate borrowings in Japan. Problems arose when the yen began to strengthen in earnest, effectively increasing the cost for borrowers to pay back Japanese loans. The result was a vicious feedback loop of global asset sales used to repay yen-based loans, further driving up the value of the yen. The MSCI EAFE international index dropped about 7% from its high in July, while the MSCI Japan was down nearly 9% and U.S. Large Cap Growth was down nearly 11%. The BOJ blinked by quickly communicating no more interest rate hikes while market volatility was elevated. Equity markets recovered almost immediately in response, applauding the latest example of a central bank reversing course in the face of market volatility and adversity.

As anticipated following a weak employment report in July, the Fed cut the benchmark policy rate 50basis points (bps) from 5.25%-5.50% to 4.75%-5.00%, an important milestone for the markets this quarter after 14 months of holding rates at the peak. Recall that in response to the disruptions from the COVID-19 pandemic, the Fed dropped interest rates to zero. Beginning March 2022, the Fed began moving away from the COVID-era zero interest rate policy to fight the stubborn inflation that it had famously described as “transitory". Now, with the Fed’s preferred measure of inflation (the Core PCE) up only 2.7% in August and the unemployment rate starting to tick up from lows of 3.4% in 2023 to 4.3% in July, the Fed has shifted its focus within its dual mandate from price stability to maximum employment. The strong September employment report, which arrived shortly after quarter-end, appeared to lend credence to the “soft landing” thesis.

It would be remiss not to mention the incredible political events of the quarter. Former U.S. President Donald Trump survived two assassination attempts, one by mere inches on a stage in Pennsylvania and the other not quite as close on a golf course in Florida. Meanwhile, President Joe Biden stepped out of the election ring following a tough outing in the first presidential debate. This cleared the way for his current Vice President Kamala Harris to take the Democratic nomination. At this juncture the race looks tight, with a few swing states likely to skew the outcome one way or another. While the visions of each candidate and their parties are quite different in detail, a continuation in excessive deficit spending appears to be one key area of common ground.

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Contributors and Detractors

The Cooper Companies Inc. (COO) was the quarter's largest positive contributor to performance. Cooper is a medical device company with two divisions: CooperVision which manufactures and markets contact lenses, and CooperSurgical, which offers products focused on fertility and women's health. COO's stock was a notable outperformer during the quarter, largely due to a positive response to their 3Q earnings report. COO reported a very strong beat and raise. Growth continues to be very strong at CooperVision and its innovative new products like daily and multifocal continue to gain market share. The underlying demand is very strong, and management has ramped up investments to meet this demand. In CooperSurgical, fertility returned to double-digit growth and is supported by long, secular growth behind it. Margins, which had been a source of concern previously, were better than expected as the company is gaining increased productivity and efficiency from prior investments. Early 2025 guidance was strong with double-digit operating income and EPS growth. We continue to own COO as its growth looks sustainable in both segments and now margins and free cash flow are improving.

Kenvue Inc. (KVUE) was a positive contributor to performance this quarter, which was very welcomed after a challenging start as a standalone company following its split-off from parent Johnson & Johnson Corp. (JNJ) last year. Kenvue is a global consumer health company that has a strong portfolio of trusted brands like Tylenol, Motrin, Band-Aid, and Listerine. In May, the leadership team outlined the "Our Vue forward" strategy designed to position KVUE to be more efficient standalone and to drive $350 million of annual savings, part of which will be allocated to incremental brand investments. This quarter, only a few months into the initiative, Kenvue delivered strong gross margin execution, which it attributed largely to the incremental brand investments. These early signs of success, as well as a market backdrop favoring defensive staples companies, drove the strong performance in KVUE shares.

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THIRD QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Cooper Companies Inc.	+60	+26.39%
Kenvue Inc.	+53	+28.12%
Apple Inc.	+48	+10.75%
Progressive Corp.	+42	+22.23%
American Tower Corp.	+41	+20.56%
Bottom Detractors		
Alphabet Inc.	-82	-8.83%
Edwards Lifesciences Corp.	-45	-29.03%
Microsoft Corp.	-39	-3.55%
Synopsys Inc.	-34	-14.90%
Entegris Inc.	-24	-16.72%

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.

Alphabet Inc. (GOOGL) was the quarter's largest detractor during the quarter. As the parent company of Google, Alphabet still drives most of its revenues from digital advertising services, headlined by search advertising. Its Google Cloud segment provides various cloud computing services and is one of the fastest growing parts of the business. On its earnings report in late July, rising expectations evidenced by 30%+ year-to-date appreciation in the stock intersected with a less-than-clean report featuring growth in YouTube revenue that fell short of expectations. This was followed soon after by a U.S. District judge ruling that Alphabet was in violation of antitrust law for illegally exploiting its search engine dominance to stifle innovation. While the ruling suggests increased risk that its default search engine position on mobile devices could be in jeopardy, a drawn-out appeal process is likely to follow. As of now, nothing has changed yet for advertisers or consumers. The fundamental impact will be hard to assess until remedies are named, likely in mid-2025, and Alphabet may then also contest the remedies themselves. Ultimately, the legal timelines involved in such a complex and high-stakes case are likely to allow Google to put off any impact on its business for years. While this presents some overhang to the stock, we remain positive on its demand drivers for the foreseeable future. The advertising spending environment is solid with room to improve on stable macro conditions and the catalysts of the Paris Olympics and the U.S. presidential election. Even with the antitrust uncertainty, Alphabet's pace of AI monetization and capital expenditure return realization will be the key issues for the stock. These points remain early but promising with positives such as the AI Overviews search feature introduced this quarter.

Edwards Lifesciences Corp. (EW) was a portfolio detractor during the quarter. Edwards provides products for structural heart disease and critical care monitoring. The stock reacted negatively to a reduction in annual growth guidance from +8 - 10% to +5-7% for its largest product, transcatheter aortic valve replacement (TAVR). TAVR's growth rate had been in the process of recovering to a more normalized growth level after a slow post-pandemic recovery. Th +8-10% guidance seemed reasonably conservative and achievable. On the earnings call, management placed most of the blame for the weakness on lack of capacity at treatment centers where the procedure is performed. The full extent of the root causes for the slowdown are unclear to us. As with all our holdings, we continuously challenge our investment thesis, and in this case determined that Edwards was not delivering results consistent with our investment thesis. After allowing some time for the oversold conditions to pass, we exited the position.

Portfolio Activity

During the quarter, the Fund added two new names to the strategy: EOG Resources Inc. (EOG) and Advanced Micro Devices Inc. (AMD). These investments were financed with the sale of three securities: Diageo PLC (DEO), Kenvue Inc. (KVUE), and Edwards Lifesciences Corp. (EW).

We believe EOG Resources (EOG) is a best-in-class pure play exploration and production company focused primarily in the Permian Basin. Since 2016, EOG has implemented a premium drilling, returns-focused approach that has lowered the breakeven oil price from the $80s to the $40s. Weaker oil prices due to recession concerns (both domestically and China) and fears that OPEC may raise production created an opportunity for us to initiate a position in this best-in-class company. Its diversified and low-cost acreage, clean balance sheet and strong management team make it a high quality holding that we believe can be owned even during periods of weak commodity prices.

Advanced Micro Devices (AMD) is a leading global semiconductor company supplying x86-based microprocessors used in personal computing, datacenter servers, gaming consoles and IoT devices. The company had a remarkable business turnaround in early 2010s when Dr. Lisa Su became the CEO and successfully transformed AMD into a pure chip design and fabless company that focuses on innovation and technology advancement. AMD created a strong competitive advantage that has been driving its share gains from Intel (INTC) in the PC and Datacenter CPU market. In recent years, AMD accelerated its technology roadmap to expand into the datacenter GPU market that has been dominated by the incumbent player NVIDIA Corp. (NVDA). This not only earned AMD a meaningful spot in the AI infrastructure gold rush, but also opened the door for a structurally faster growth profile in the next few years. Our investment thesis includes 1) Continued share gain from Intel in the non-GPU end markets, which will help offset the competitive threat from ARM-based products; 2) Gradual penetration in the AI GPU market, especially as AI workloads start to transition to the Inferencing phase of the AI rollout; 3) An upcoming AI PC refresh cycle. Additionally, we are impressed by AMD’s strong wealth creation track record under the leadership of highly regarded CEO Dr. Lisa Su. We are confident that she will lead AMD to further benefit from the “once-in-50-years AI computing super cycle.”

Diageo (DEO) is a global beverage alcohol company with recognizable brands like Johnnie Walker, Guinness, and Ketel One among its portfolio of over 200 brands. Our investment in Diageo was based on its strong track record of above industry-average sales growth and its ability to grow earnings well above peers. After an unfortunate and unexpected change in leadership (prior CEO Ivan Menezes passed away) and subsequent slowdown in organic growth, we reduced the position size to de-risk the impact on the portfolio, but believed the company could work through these issues. Unfortunately, excess inventory held by distributors and retailers, combined with lack of newness and missed industry trends has caused Diageo to cut guidance this year. The company has been slow to adapt to changing market conditions and our confidence in the new CEO has been waning. We thus sold the remainder of the position during the quarter.

The previously mentioned, early signs of progress at Kenvue combined with a favorable market backdrop drove the shares up sharply following its earnings report. We took the opportunity to exit this small position size once we judged the stock to be fairly valued.

As also discussed above, we sold our remaining position in Edwards Lifesciences due to our concerns about the likelihood of returning to sustainable double-digit gains in its most important product line: TAVR. The proceeds from the sale were used to fund the AMD purchase.

Outlook

The election and interest rates have been front and center on investors' minds for most of this year. It is notable that control of the White House, the Senate, and the House of Representatives are all up in the air. This can lead to a lot of uncertainty and volatility that impacts not only the markets, but also consumer and business behaviors. There have been signs that people are taking a "wait and see" attitude towards big projects and purchases, and we wouldn't be surprised to hear more of that on Q3 earnings conference calls. When it comes to interest rates, with a 50bps Fed Funds rate cut now behind us and a strong September jobs report, the market is now anticipating a more modest path for future rate cuts, consistent with the "soft landing" scenario. Absent an exogenous shock, our best guess is that the Fed progresses towards the "neutral" rate where its policies are neither stimulative nor restrictive. The most recent Federal Reserve Summary of Economic Projections implies that the federal funds rate will decline from the current 4.75-5.00% down to somewhere around 3.25–3.50% by the end of 2025. There is no doubt that this is an uncommon environment for rate cuts. Typically, the Fed cuts rates in response to weak economic conditions or to react to a shock. The normalization of rates with the backdrop of a soft landing would be unusual. If this is indeed the path, we believe it should lead to a continuation of the improved breadth experienced this quarter (a market where the other 493 stocks matter, not just the Magnificent 7 stocks[1]). Nearer term, we are watching to see if the most interest rate sensitive parts of the economy like housing, commercial real estate and capital goods, will hold up to the weight of still relatively high interest rates, which have long and lagged effects on the economy.

We focus on identifying companies that we believe can beat market expectations for growth and returns on capital. Economic cycles, interest rates, and investor preferences all influence short-term absolute and relative performance. Over the long-term, we believe that investing in high quality companies that create value for shareholders can result in long-term shareholder returns that beat the overall market.

Thank you for your confidence in the team and the Strategy. If you have any questions, please do not hesitate to contact us.

Sincerely,

Tom Fanter
Portfolio Manager

John O'Connor, CFA
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 9/30/24	
Company	**% of Assets**
Microsoft Corp.	10.14%
Alphabet Inc.	7.37%
Amazon.com Inc.	5.23%
Apple Inc.	4.69%
Visa Inc.	3.90%
The Cooper Companies Inc.	2.74%
Keurig Dr Pepper Inc.	2.72%
The TJX Companies Inc.	2.57%
Tyler Technologies Inc.	2.56%
UnitedHealth Group Inc.	2.42%

Holdings are subject to change. The above is a list of all securities that composed 44.34% of holdings managed as of 9/30/2024 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 9/30/2024. 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.

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 S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. The Russell 3000® Index is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S. stock market. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities.

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.*

***Earnings per share (EPS)** is a company's net income subtracted by preferred dividends and then divided by the number of common shares it has outstanding.*

***MSCI EAFE Index:** (EAFE: Europe, Australasia, Far East) a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.*

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