

RMB Japan Fund

Portfolio Update: Fourth Quarter 2018

For the fourth quarter of 2018, the RMB Japan Fund (the "Fund") was down -14.76% net of fees. During the same period, the MSCI Japan Index was down -14.23% in the U.S. dollar, and the Japanese yen appreciated +3.72%. For the full year, the Fund was down -13.91% net of fees, while the MSCI Japan was down -12.88%

	3 Months	YTD	Since Inception
RMBPX	-14.76%	-13.91%	-13.77%
MSCI Japan Index	-14.23%	-12.88%	-12.86%

Inception date: 12/27/17. 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 1.30%.

RMB Capital Management, LLC (the "Adviser" or "RMB") has contractually agreed to reduce its compensation due from and/or assume expenses of the Fund to the extent necessary to ensure that the Fund's operating expenses (excluding interest, taxes, brokerage commissions and other transaction costs, expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, short sale dividends, and extraordinary expenses not incurred in the ordinary course of business) do not exceed 1.55% and 1.30% of the average daily net assets of the Fund's Investor Class and Class I shares, respectively (the "Expense Cap"). The Expense Cap is in effect until May 1, 2019 and cannot be terminated prior thereto without the approval of the Fund's Board of Trustees.

Overview of Fourth Quarter

Japan's stock market experienced major sell-offs throughout the fourth quarter of 2018. The country's stock market had a weak start in October amid a risk-off mood in global stock markets led by concerns around higher U.S. rates and increasing geopolitical uncertainties, such as the worsening relationship between the U.S. and Saudi Arabia. The market sank deeper in December as a series of unfavorable news flows deteriorated investment sentiment in global stock markets—e.g., the arrest of a Huawei Technologies executive, President Donald Trump discussing firing the Fed Chairman, and the government shutdown.

Contributors and Detractors

The largest contributors during the quarter were Nippon Gas Co. Ltd. (8174 JP) and H.I.S. Co. Ltd. (9603 JP).

Nippon Gas is one of Japan's largest retail suppliers of liquefied petroleum gas (LPG) with a strong presence in the Kanto (Greater Tokyo) region of Japan. The company also distributes natural gas through a pipeline to residential areas in the region under its City Gas business. The company was heavily sold after disappointing 2Q earnings, coupled with full-year guidance and mid-term management plan target cuts in late October. Although the company's progress to grow its City Gas customer base has been slow and the competitive landscape looked unfavorable, we still liked the company's solid fundamentals and positioning to benefit from deregulation of the industry, which should allow it to take market share in the Kanto region. We believed the stock was unfairly oversold in the short term, and the stock price sank below its long-term fair value; therefore, we initiated a position in the stock.

H.I.S is a major travel agency in Japan that also operates the theme park Huis Ten Bosch and hotels in Japan. The company's stock held up well during the quarter, supported by favorable tourism statistics and guidance-beating earnings, despite the tough market environment. The company's travel business saw strong growth, coupled with a margin expansion, with the main driver being a sharp rise in overseas visitors to Japan. Huis Ten Bosch saw weaker park attendance, but it was largely due to repercussions from a series of natural disasters that hit Japan during the year, including typhoons, torrential rains, and a heat wave.

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Systemx Corp. (6869 JP) and SoftBank Group Corp. (9984 JP) were the largest detractors during the quarter.

Systemx is an integrated supplier of instruments, reagents, and software that are essential to testing processes performed during health checkups, treatment, and ongoing disease management. The majority of Systemx's revenue is generated by the company's IVD (in vitro diagnostics) business, of which the hematology analyzer line is the key series. The company's stock performed poorly during the quarter after disappointing 2Q earnings. Management explained that the lagging machine sales were largely due to temporary delays in shipment to address internal quality issues in immunology and hematology. On the other hand, a slowdown in China sales appeared to be more structural given the Chinese government's policy to redirect patient traffic from Class III hospitals to Class II hospitals, who are strictly subject to buy China-made devices. A Texas ruling on the Affordable Care Act, which found the individual mandate unconstitutional and the entire law invalid, also negatively impacted the stock as this uncertainty is likely to lead to delayed investment in U.S. hospitals.

SoftBank Group is a major IT conglomerate in Japan, providing various internet and telecommunication services, such as a mobile carrier, high-speed internet, e-commerce, and internet-based advertising services. The company holds a diversified portfolio of investments, primarily in the IT and telecommunication spaces, using its own balance sheet and through the SoftBank Vision Fund and Delta Fund. Most notable holdings include Alibaba, Yahoo Japan, ARM, and Sprint. We view that the stock's poor performance during the quarter was driven by a combination of several unfavorable macroeconomic factors, but it primarily followed the broad global technology sector's poor performance during the period due to the company's sizable exposure to the sector through its investments. Saudi Arabia's scandal over the death of a journalist negatively affected the stock's performance, given the company's close ties to the country's sovereign wealth fund. NTT Docomo Inc.'s plan to cut its mobile phone subscription pricing also generated concerns around a tougher competitive landscape in Japan's telecom industry.

Portfolio Activity

During the quarter, we initiated positions in Hoya Corp. (7741 JP), a manufacturer of semiconductor mask blanks, hard disk drive glass substrates, and eyeglass lenses; JXTG Holdings Inc. (5020 JP), the largest integrated oil refinery and petrochemical company in Japan; Keyence Corp. (6861 JP), a manufacturer of sensors and a consulting service provider in factory automation; Kubota Corp. (6326 JP), a manufacturer of global agriculture equipment, such as tractors; Nippon Gas Co. Ltd. (8174 JP), a major LPG and city gas provider based in Japan's Kanto region; Nishimoto Co. Ltd. (9260 JP), a wholesale distributor of Japanese food to grocery stores and restaurants in major U.S. cities; Oracle Corp. Japan (4716 JP), a provider of enterprise software and related support services as the Japanese subsidiary of Oracle Corp. (ORCL); Otsuka Holdings Co. Ltd. (4578 JP), a pharmaceutical and functional food & beverage company; Sumitomo Bakelite Co. Ltd. (4203 JP), a leading maker of phenolic resin and plastic products for various applications, including semiconductor materials and auto components; and Toyota Motor Corp. (7203 JP), the largest auto original equipment manufacturer (OEM) in Japan.

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FOURTH QUARTER 2018 CONTRIBUTION REPORT (in USD)*

Ranked by Basis Point Contribution

	Basis Point Contribution	Total Return
Top Contributors		
Nippon Gas Co. Ltd. (8174 JP)	+33	+17.62%
H.I.S. Co. Ltd. (9603 JP)	+28	+8.57%
Hoya Corp. (7741 JP)	+23	+11.79%
Ajinomoto Co. Inc. (2802 JP)	+10	+4.52%
Toyota Motor Corp. (7203 JP)	+2	+1.78%
Bottom Detractors		
Systemx Corp. (6869 JP)	-130	-43.94%
SoftBank Group Corp. (9984 JP)	-111	-33.87%
Recruit Holdings Co. Ltd. (6098 JP)	-85	-27.10%
Alps Alpine Co. Ltd. (6770 JP)	-74	-22.93%
Mitsubishi UFJ Financial Group Inc. (8306 JP)	-65	-20.55%

* All return figures above are higher than the returns in local currency due to the +3.72% appreciation of the Japanese yen during the quarter. *The performance presented above is sourced through the Factset. 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. To obtain a copy RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your client service team.*

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We sold Daicel Corp. (4202 JP), a global manufacturer of cellulose acetate tow for cigarette filters, organic chemicals, poly plastics, and airbag inflators; Fukuoka REIT Corp. (8968 JP), a real estate investment trust with a geographic focus around the Kyushu region of Japan; and Opt Holding Inc. (2389 JP), an internet advertisement agency that also actively invests in technology, as their stock prices reached our targets. We liquidated our positions in KYB Corp. (7242 JP), a global, hydraulic component manufacturer; Maxell Holdings Ltd. (6810 JP), a manufacturer of batteries, adhesive tapes, and display equipment, among others; Mitsui Mining & Smelting Co. Ltd. (5706 JP), a manufacturer of non-ferrous metal products and electronic materials; Toppan Printing Co. Ltd. (7911 JP), a printing company providing commercial and publication printing services; Toyo Tire Corp. (5105 JP), a manufacturer of rubber and chemical goods, such as motor vehicle tires and bumpers, because our initial investment theses appeared unlikely to pan out in the foreseeable future.

TOP FIVE HOLDINGS AS OF 12/31/18

Position	% of Assets
Toyota Motor Corp. (7203 JP)	3.30%
H.I.S. Co. Ltd. (9603 JP)	3.21%
OSG Corp. (6136 JP)	3.08%
Oracle Corp. Japan (4716 JP)	3.07%
Sushiro Global Holdings Ltd. (3563 JP)	2.96%

Holdings are subject to change. Past performance is not indicative of future results, and there is a risk of loss on all or part of your investment.

Outlook

After the market sell-off in the quarter, we believe the Japanese stock market is unfairly discounted compared to other markets on the back of improving fundamentals, presenting a great buying opportunity in the long term. The TOPIX TR Index is currently trading approximately at one times its book value, a low valuation level only seen twice in the past 10 years—the first in 2008 when the global financial crisis hit the equity market, and the second in 2011 when Japan suffered the Great East Japan Earthquake and the subsequent nuclear power plant disaster. Although the outlook of global macroeconomic and geopolitical issues may remain uncertain, we think the fundamentals of the Japanese stock market are solid and have room for further improvement. Five years in, Abenomics—the economic reform initiatives put in place by Prime Minister Abe—is bearing fruit under strong and stable political leadership. Japanese companies have been improving their capital efficiencies along with ongoing corporate governance reform. Unlike their peers in the U.S. and Europe, Japanese firms are less leveraged and have enough capital to return to shareholders if needed. We believe these strong and healthy fundamentals will help provide downside protection, while also providing attractive upside potential once the volatility in the financial market recedes.

As always, thank you for your support and trust in the Fund. I look forward to updating you next quarter.

Sincerely yours,



Masakazu Hosomizu, CFA
Partner, Portfolio Manager

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The opinions and analyses expressed in this letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience, and 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 newsletter 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 part of your investment. This information is confidential and may not be reproduced or redistributed to any other part without the permission of RMB Capital.

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.

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 the Fund. The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

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