

# RMB Japan Fund

## Portfolio Update: First Quarter 2018

For the first quarter of 2018, the RMB Japan Fund (the "Fund") was up +0.10%, net of fees. During the same period, the MSCI Japan Total Return Index was up +0.98%.

	Q1	YTD	Since Inception (Annualized)
RMBPX	+0.10%	+0.10%	+0.10%
MSCI Japan Index	+0.98%	+0.98%	+0.85%

**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 investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 2019, 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.*

## Overview of First Quarter

Despite a strong January driven by heightened expectations of continued global economic growth, Japan's stock market turned negative and saw considerable selloffs in the beginning of February, sparked by concerns around higher U.S. interest rates and a stronger yen. Globally, the elevated market volatility continued towards the end of the quarter amidst fear of an escalating trade war between the U.S. and China.

## Contributors and Detractors

### 2018 First Quarter Contributors (in USD)\*

Ranked by Basis Point Contribution

#### Top 5

Company	Basis Point Contribution	Total Return
Opt Holding Inc. (2389 JP)	+71	+36.7%
Daiichi Sankyo Co. Ltd. (4568 JP)	+56	+35.9%
DIP Corp. (2379 JP)	+45	+23.4%
Mitsui Fudosan Co. Ltd. (8801 JP)	+44	+9.0%
Toei Co. Ltd. (9605 JP)	+34	+8.0%

### 2018 First Quarter Detractors (in USD)\*

Ranked by Basis Point Contribution

#### Bottom 5

Company	Basis Point Contribution	Total Return
Takuma Co. Ltd. (6013 JP)	-86	-21.4%
Toyo Tire & Rubber Co. Ltd. (5105 JP)	-50	-19.8%
Gree Inc. (3632 JP)	-40	-9.5%
Mitsui Mining & Smelting Co. Ltd. (5706 JP)	-35	-21.4%
Alps Electric Co. Ltd. (6770 JP)	-29	-16.2%

(1) All return figures above are higher than the returns in local currency due to the 5.69% appreciation of the Japanese yen during the quarter.

\* Past performance is not indicative of future performance, and there is a possibility of loss. The above does not represent all holdings in the Portfolio. To obtain a copy RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your client service team.

The largest contributors during the quarter were Opt Holding (2389 JP) and Daiichi Sankyo (4568 JP). Opt Holding is one of the largest internet advertisement agencies in Japan. The company also owns a portfolio of early-stage tech companies across various tech spaces such as ad technologies and artificial intelligence (AI). The stock saw a strong rally in the latter part of the quarter as management released their bullish business plan for the next three years, including the expansion of its venture capital business. Though interesting, we have a more conservative view as a significant portion of the company's future value described in management's plan is now driven by its non-core venture investment business.

Daiichi Sankyo is one of the leading pharmaceutical companies in Japan that has focused on cardiovascular-metabolic diseases and the primary care physician. It is looking to transform itself into a company with a competitive advantage in oncology

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based on its antibody drug conjugation (ADC) franchise. The stock saw a strong rally during the quarter on the back of solid quarterly earnings driven by expanding sales of existing drugs as well as revenue that beat U.S. consensus. The development of the company's lead oncology ADC, DS-8201, was also progressing well, supported by strong Phase 1 trial results on treatment of a particular type of breast cancer. As the stock price reached our target, we sold our position in the company.

Takuma (6013 JP) and Toyo Tire & Rubber (5105 JP) were the largest detractors during the quarter. Takuma is a manufacturer of waste incinerators and waste treatment plants. Although the company raised its profit guidance slightly and increased dividend payouts during the quarter, its somewhat-regressive quarterly earnings results disappointed investors, whose expectations were elevated by the company's trend-beating earnings in recent quarters. Despite the near-term volatility, we continue to like the company's long-term secular growth potential and increased our position in the stock during the quarter.

Toyo Tire & Rubber is a manufacturer and distributor of motor vehicle tires and other auto components, such as anti-vibration rubber products and air suspension. The company reported lower-than-expected earnings primarily due to lower domestic sales of winter tires and earnings deterioration in the North American auto components business. A rising yen combined with an expected increase in technology, research and development, and advertising expenses is also suppressing the business' outlook. That said, its growth in core SUV tire sales remains robust and we continue to view the company's business fundamentals as solid. We increased our position size during the quarter as the stock's valuation became more attractive.

## Portfolio Activity

During the quarter, we initiated positions in Alps Electric Co. Ltd. (6770 JP), a manufacturer and distributor of electronic parts, including switches, sensors, and transceivers; Daicel Corp. (4202 JP), a global manufacturer of cellulose acetate tow for cigarette filters, organic chemicals, poly plastics, and airbag inflators; KYB Corp. (7242 JP), a global, top-tier hydraulic component manufacturer; Mazda Motors Corp. (7261 JP), a Japanese original equipment manufacturer (OEM) of passenger cars, trucks, and SUVs; and Toyo Tire & Rubber Co. Ltd. (5105 JP), a manufacturer of rubber and chemical goods, such as motor vehicle tires and bumpers. We sold Daiichi Sankyo as its stock price reached our target. We liquidated our position in Koei Tecmo Holdings Co. Ltd. (3635 JP), a developer of video game software; and Mitsubishi Heavy Industries Ltd. (7011 JP), a major heavy machinery maker in Japan because our initial investment thesis appeared unlikely to pan out in the foreseeable future.

### TOP FIVE HOLDINGS AS OF 3/31/18

Position	% of Assets
Nippon Suisan Kaisha Ltd. (1332 JP)	4.0%
Takuma Co. Ltd. (6013 JP)	4.0%
SoftBank Group Corp. (9984 JP)	3.8%
Mitsui Mining & Smelting Co. Ltd. (5706 JP)	3.5%
TV Asahi Holdings Corp. (9409 JP)	3.5%

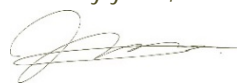
*Past performance is not indicative of future performance, and there is a possibility of loss.*

## Outlook

Although global macroeconomic factors may cause volatility in the financial markets, we are confident in our investments on the back of Japan's ongoing economic and corporate governance reform initiatives. The Corporate Governance Code will be revised this June to improve management transparency and boost foreign investment, and we expect the new Code will likely encourage corporate executives to further enhance shareholder value. With these developments in the backdrop, we believe the capital efficiency of Japanese companies – represented by financial measures, such as return on equity (ROE) – will continuously improve and result in an upward shift of valuations going forward.

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 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.*

***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](http://www.rmbfunds.com). The prospectus contains important information about the Fund, 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.*

*Foreside Fund Services, LLC, Distributor*