RMB Mendon Financial Services Fund

Portfolio Update: Second Quarter 2018

For the three months ending June 30, 2018, the RMB Mendon Financial Services Fund (the "Fund") gained +3.70%, outperforming the Nasdaq Bank Index's return of +2.40%. We continue to believe outperformance was primarily due to the Fund's current emphasis on regional economies in the U.S. that are benefiting from favorable demographic shifts.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
RMBKX	+3.70%	+7.33%	+15.74%	+20.45%	+19.88%	+14.55%	+10.51%	+13.84%
NASDAQ Bank Index	+2.40%	+4.62%	+12.16%	+15.03%	+15.62%	+9.63%	+5.92%	+6.78%
RMBKX (Load Adjusted)	-1.48%	+1.97%	+9.95%	+18.41%	+18.66%	+13.97%	+10.13%	+13.54%

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 1.33%.

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.

In assessing what has changed thus far in 2018 versus 2017, the first item that comes to mind is the return of volatility to the overall market. In all of 2017, there were eight trading days where the S&P 500 Index (SPX) had +/- 1% moves. Whereas, in the first six months of 2018, there have been 36 days of +/- 1% moves in the SPX. We have seen this in banks, as the largest banks (as represented by the BKX) were up +9% for the year as of February 1, only to be down almost -3% on June 30. Returning to a normal volatility regime should argue for active management and certainly benefits Mendon's opportunistic style. Daily, we have a front-row seat to see how money flows, headline obsession and sentiment (all of which are related) can cause rapid short-term disconnects in valuations for steady-state, mature businesses. Our long tenure, sector expertise, and scale allow us to be critical thinkers, looking beyond the sound bite to objectively understand the intrinsic value of companies in the financial services sector and take advantage of these disruptions as often as possible.

Another change from 2017 to 2018 is the early manifestation of many of the group's catalysts, the first being tax reform. Prior to the corporate tax rate changes, banks paid the highest tax rate of any S&P industry, paying close to statutory rates because of the lack of offsets available in other industries (research and development, depreciation, exploration, overseas, etc.). Now subject to a 21% federal rate, the industry's profitability has increased materially with the signing of the bill. We grant that some of this benefit will be competed away, but it remains a powerful driver for the group. Most importantly, domestic banks now have a pathway to return to historical return on equity on higher (safer) capital bases, which cannot be overstated enough.

Most of the banks experiencing higher returns can also point to the effect of higher rates. The Federal Open Market Committee moved its targeted federal funds rate twice thus far in 2018, with the first hike bringing it to a range of 1.25-1.50% and the second to 1.75-2.00%. These banks are asset sensitive, meaning their balance sheets are set up such that their loans reprice faster than their deposits, increasing net interest margins or spread revenues. A dynamic we are closely watching is the effect of higher short rates on deposit costs for individual banks. One of the main reasons we favor banks in this environment is that their stable, low-cost deposit bases gain in value as rates go up. Wall Street funding can be fleeting (as we saw during the financial crisis when the commercial paper market dried up overnight) and extremely sensitive to rates. Banks, on the other hand, provide additional services besides rates, which are valued differently depending on the type of customer. After such a protracted period of ultra-low rates, depositors generally are becoming less indifferent to higher rates, but varying by degree and pace. A depositor whose deposit is a source of income will have a different rate elasticity than one who is using the deposit as an operating account tied to other services, which provide value. Deposits are the input that fund loan growth and as with economic activity differences in regions of the U.S., some regions will have loan growth outstripping deposit growth while other, slower-growing regions will have ample deposit growth without the ability to deploy the funds. Some banks are solving this conundrum by increasing deposits via whole bank acquisitions. An example of this in the second quarter was Triumph Bancshares, Inc.'s (TBK) simultaneous acquisition of two rural banks in Colorado and one factoring company. What makes the transaction of interest is that, as referenced above, buying mature, stable deposit franchises provides the raw material for TBK's continued asset generation. This asset generation was further expanded by the acquisition of a competing transportation factoring business. Essentially, the acquired banks' deposit costs of 0.21% are funding transportation receivables yields approaching 26%. These are the opportunities we seek, instead of worrying about a narrow 2-10 year Treasury spread.

Further contributing to mergers and acquisitions (M&A) in the second quarter was the passage and signing of the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155 or the "Crapo bill"). Prior to the bill's passage, any U.S. bank at or above $50 billion in assets was considered a Systemically Important Financial Institution (SIFI) and subject to the same regulations and examination standards as the largest banks in the world. This regulatory framework dissuaded banks from considering crossing that particular threshold, either organically or via acquisition. Since the passage of Dodd Frank, only two banks crossed $50 billion, while the number of banks between $20 billion and $50 billion doubled. May and June supplied us with what we believe is a preview of things to come as four $1 billion-plus transactions hit the tape, including the first regional bank buyer re-entering the M&A arena. What has been interesting to watch is the evolution of scarcity value in sought-after markets. We have seen M&A accelerate in markets such as North Carolina in 2017 (three deals in 11 days), Atlanta (four deals in four months), and Denver (two deals in one month) in 2018, and we expect the past to be prologue in other markets with similarly favorable demographics.

In closing, we remain excited about the opportunities in front of us. Increased profitability from tax reform, higher rates, and deregulation coupled with accelerating M&A should provide a powerful investment backdrop for the group. We continually source new ideas as the banking landscape evolves. We greatly value your support and look forward to working hard for you going forward.

Sincerely,

Anton Schutz
Senior Portfolio Manager

TOP 10 HOLDINGS AS OF 6/30/18

Company	% of Assets
FB Financial Corp. (FBK)	8.80%
Triumph Bancorp Inc. (TBK)	5.81%
First Bancorp (FBNC)	5.35%
Independent Bank Group Inc. (IBTX)	3.76%
Live Oak Bancshares Inc. (LOB)	3.31%
Equity Bancshares Inc. Class A (EQBK)	3.08%
Fidelity Southern Co. (LION)	3.04%
Old Line Bancshares Inc. (OLBK)	2.55%
Carolina Financial Corp. (CARO)	2.52%
South State Corp. (SSB)	2.47%

Holdings are subject to change.

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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 Mendon Financial Services Fund and the RMB Mendon Financial Long/Short Fund are sector funds. These types of funds may be susceptible to factors affecting their industries, and the funds' net asset values may fluctuate more than a fund that invests in a wider range of industries. Because these funds concentrate their investments in one sector of the economy (financial services) and invest in derivative securities (currently RMB Mendon Financial Long/Short Fund engages in short sales of equities), investors should consider the risk that the funds may experience greater volatility than funds that invest across several sectors.

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 NASDAQ Bank Index includes securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark (ICB) Banks. The NASDAQ Bank Index performance data quoted above are total return numbers.

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