

# RMB Japan Fund

## Portfolio Update: Second Quarter 2018

For the second quarter of 2018, the RMB Japan Fund (the "Fund") fell -2.90% net of fees. During the same period, the MSCI Japan Total Return Index declined -2.84% in the U.S. dollar and the Japanese yen depreciated -3.99%.

	3 Months	YTD	Since Inception (Annualized)
RMBPX	-2.90%	-2.80%	-2.80%
MSCI Japan Index	-2.84%	-2.03%	-2.15%

**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%.**

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 Second Quarter

Japan's stock market started the quarter with a strong recovery from massive selloffs observed in the first quarter, but all of its gains were quickly wiped out toward the end of the quarter. The strong market performance through early June was largely driven by a stable global economic outlook, investors' healthy appetite for companies with good earnings, and easing tensions on the Korean Peninsula after the historic U.S.-North Korea summit in June. However, the market sentiment deteriorated rapidly during the latter part of the quarter as investors grew increasingly concerned that tensions between the U.S. and China could escalate into a full-blown trade war, increasing uncertainty around the global economic outlook while hitting Japan's largest exporters, such as automakers, the hardest.

## Contributors and Detractors

The largest contributors during the quarter were Takuma Co. Ltd. (6013 JP) and Opt Holding Inc. (2389 JP).

Takuma is a manufacturer of waste incinerators and waste treatment plants. The stock rebounded during the quarter after sharp selloffs in Q1, thanks to guidance beating earnings, a solid business outlook for FY19, and a dividend increase announcement. Although the stock price has not yet fully recovered since its recent high, we maintain our positive view of the stock based on the company's long-term secular growth potential.

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 maintained strong

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#### SECOND QUARTER 2018 CONTRIBUTION REPORT (in USD)\*

Ranked by Basis Point Contribution

	Basis Point Contribution	Total Return
<b>Top Contributors</b>		
Takuma Co. Ltd. (6013 JP)	+39	+11.55%
Opt Holding Inc. (2389 JP)	+35	+37.41%
Sony Corp. (6758 JP)	+19	+5.91%
Recruit Holdings Co. Ltd. (6098 JP)	+18	+11.27%
Tokyu Corp. (9005 JP)	+14	+10.73%
<b>Bottom Detractors</b>		
Goldcrest Co. Ltd. (8871 JP)	-77	-24.42%
Rakuten Inc. (4755 JP)	-57	-19.97%
Shin-Etsu Chemical Co. Ltd. (4063 JP)	-38	-14.07%
Toyo Tire & Rubber Co. Ltd. (5105 JP)	-36	-15.01%
Mitsubishi Electric Corp. (6503 JP)	-35	-17.07%

\*All return figures above are higher than the returns in local currency due to the 3.99% depreciation of the Japanese yen during the quarter.

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 Portfolio. 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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momentum during the quarter, primarily driven by the market’s recent excitement around the IPO of Raksul Inc. (4384 JP). Investors also seemed more confident in management’s ability to achieve their mid-term target. While we appreciate management’s commitment to deliver what they promised, our approach on the stock remains conservative as more and more of the company’s future value will be driven by its non-core venture investment business as well as its expansion into the general IT consulting business.

Goldcrest Co. Ltd. (8871 JP) and Rakuten Inc. (4755 JP) were the largest detractors during the quarter.

Goldcrest is a mid-sized condominium developer based in Tokyo. The stock performed well until the first half of 2017, largely supported by sales of high-profit resort condominiums; however, investors’ sentiment turned negative in light of the absence of comparable properties scheduled for completion in the near future. Although we like the company’s conservative management and value of its property portfolio, we acknowledge it might take some time for our initial investment thesis to fully materialize. We are adjusting our position in the stock accordingly.

Rakuten (4755 JP) is the largest online e-commerce company in Japan. Leveraging its competitive position in the e-commerce space, the company also provides internet finance services such as banking and brokerage services. Investors’ sentiment around the stock turned skeptical since the company announced its plan to enter the mobile network operator business, adding to ongoing concerns around increasing competition in the e-commerce space. Although we agree there are significant execution risks associated with the company’s ambition, we also like the asymmetric risk-return profile this opportunity provides at the current stock price level. We remain constructive and increased our position in the stock during the quarter.

## Portfolio Activity

During the quarter, we initiated positions in Mitsubishi Gas Chemical Co. Inc. (4182 JP), a producer of basic chemical products and engineering plastics; and Shionogi & Co. Ltd. (4507 JP), a discovery-based pharmaceutical company focused on the core therapeutic areas of infectious diseases and pain/central nervous system (CNS) disorders.

We sold KH Neochem Co. Ltd. (4189 JP), a manufacturer of petroleum-based chemical products and electronic materials; Tokio Marine Holdings Inc. (8766 JP), a major casualty insurer; and Tokyo Tatemono Co. Ltd. (8804 JP), a property developer of commercial buildings and condos as their stock prices reached our targets. We liquidated our position in Fujitsu Ltd. (6702 JP), a major IT services company; and Gree Inc. (3632 JP), a developer of mobile games, as our confidence in our initial investment theses declined.

## Outlook

While global macroeconomic issues and geopolitical dynamics continue to be major factors driving volatility in the financial markets, we remain confident in our long-term view of Japan considering the country’s ongoing economic and corporate governance reform initiatives. As discussed in our previous letters, the Corporate Governance Code is steadily improving the overall transparency of corporate Japan and encouraging corporate executives to further enhance shareholder value. We maintain our view that the stock market does not yet fully appreciate the positive changes in Japan and believe a temporary market correction presents a good buying opportunity in the long term.

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

Sincerely yours,



Masakazu Hosomizu, CFA  
Partner, Portfolio Manager

### TOP FIVE HOLDINGS AS OF 06/30/18

Position	% of Assets
SoftBank Group Corp. (9984 JP)	4.10%
TV Asahi Holdings Corp. (9409 JP)	3.76%
Nippon Suisan Kaisha Ltd. (1332 JP)	3.72%
Mitsui Fudosan Co. Ltd. (8801 JP)	3.56%
Daicel Corp. (4202 JP)	3.56%

*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.*

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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](http://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.*

*Foreside Fund Services, LLC, Distributor*

