RMB International Fund

RMB FUNDS

Portfolio Update: Second Quarter 2018

During the second quarter, the RMB International Fund (the "Fund") declined -1.50%, while the MSCI EAFE Index and MSCI EAFE Small Cap Index fell -1.24% and -1.57%, respectively. Through the first six months of 2018, the Fund returned -1.50%, and the MSCI EAFE Index and MSCI EAFE Small Cap Index lost -2.75% and -1.33%, respectively.

	Q2	YTD	Since Inception
RMBTX	-1.50%	-1.50%	-1.50%
MSCI EAFE Index	-1.24%	-2.75%	-2.27%

Inception date: 12/27/17. 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 1.15%.

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.

Our investment process started to uncover more mid-cap investment candidates following two quarters of market volatility. We also added to the actionable list of smaller foreign companies with defensive business models and attractive valuations. Mispriced quality remained a rare find within the large-cap market spectrum. At the end of June 2018, approximately 34.7% of the Fund was invested in foreign companies with a market cap in excess of $10 billion USD, 29.9% was allocated to franchises sized between $3.5 billion and $10 billion USD, and 29.5% to companies with a market cap of less than $3.5 billion USD. The Fund held 38 positions with a 36.8% concentration in the top 10 names. Our bottom-up company selection process resulted in a higher allocation to the industrials, technology, consumer discretionary, and health care sectors. The Fund continued to maintain relatively low exposure in financials and real estate, as well as had no holdings in the utilities and telecommunications sectors. Japan remained the Fund's largest country of domicile by weight with nearly 27% concentration. At the end of June, we estimated a 29.4% and 5.2% weighted average discount to intrinsic value and earnings power value (EPV), respectively, for the Fund. The discount to intrinsic value is an all-encompassing measure of the margin of safety. EPV is the estimate of value derived from no-growth, steady-state, normalized cash flows. We derive our estimates of intrinsic value using a required rate of return between 8% and 12%.

Local currency returns of U.S. and international developed equities contributed to quarterly gains in global indexes, while emerging markets suffered from a strong U.S. dollar and finished the second quarter in negative territory. The rise in value of the U.S. dollar against major foreign currencies also turned local currency gains of foreign equities into losses when measured in U.S. dollars. Small caps underperformed large caps, and value lagged growth with an almost 400 basis point performance spread between the MSCI World Value and MSCI World Growth equity indexes.

The quarter was dominated by rising trade tensions between the U.S., China, and the European Union (EU). The Trump administration moved forward with imposing a 25% tariff on roughly $34 billion worth of Chinese imports and threatened tariffs on auto imports from other countries, which rattled European and Japanese policymakers. The rise of political risk coincided with U.S. withdrawal from the Iran nuclear treaty, lingering anti-EU sentiments in Italy following the formation of a coalition government by two populist parties, and an escalation of immigration-related strains across Europe. Risks related to trade sanctions created headwinds for global financials, automobile manufacturers, and other cyclical sectors, including shipping and industrials, which posted negative returns. The energy and defensive sectors outperformed. A near-10% gain in the FTSE All-Share Index was driven by foreign investors starting to reduce their underweight of U.K. equities as Brexit talks continued to progress in a positive direction.

Politics aside, the Federal Reserve increased its full-year forecast for growth and inflation on the back of an 18-year low unemployment rate of 3.8%, a rise in earnings, and strong consumer confidence. Following a 0.25% increase in June, the Fed has signaled two more raises this year and a few more in 2019. On the contrary, the European Central Bank now anticipates maintaining interest rates at current levels through the first half of 2019, and the Bank of England also chose to keep rates untouched for the time being. The Japanese economy provided further evidence of benign recovery with a rise in industrial production and a decline in the unemployment rate to 2.2%. Finally, global trade wars weighed heavily on performance of South Korean and Thai equities, while a truck driver strike and political uncertainty ahead of the October presidential election led to a double-digit fall in the Brazilian Ibovespa Index.

Contributors and Detractors

Two of the Fund's largest contributors for the quarter were Elekta AB ("Elekta") and Ingenico Group SA ("Ingenico").

Swedish Elekta is the world's second-largest manufacturer of radiation therapy equipment and software. The market is an oligopoly with roughly a 40/60 split between Elekta and Varian Medical Systems. Elekta's asset-light business model is characterized by high return on capital, high barriers to entry, and low financial leverage. Software and services account for approximately 50% of revenue. Following an extended period of accelerated growth, Elekta has suffered from a large and inefficient manufacturing and sales organization when growth has moderated. Over the past two years, under leadership of the new CEO Richard Hausmann, Elekta transformed into a leaner operation with a flat management structure, build-to-order production, and tighter working capital controls. In addition to improved profitability and cash-flow generation, the company successfully addressed some software-related issues affecting performance of its linear accelerators. Elekta remained out of favor for a long time, and only recently, its management's transformation efforts started to gain recognition. During the first quarter, Elekta reported high-digit growth in orders and revenue with a sustained emphasis on margin expansion and cash-flow generation. Positive operating momentum continued into the second quarter, which was reflected in the strong performance of Elekta's shares.

RMB International Fund

SECOND QUARTER 2018 CONTRIBUTION REPORT

Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Elekta AB Class B (EKTA.B-SE)	+60	+24.04%
Ingenico Group SA (ING-FR)	+53	+13.55%
NGK Spark Plug Co. Ltd (5334-JP)	+49	+18.38%
Glanbia PLC (GL9-IE)	+34	+7.82%
Qiagen N.V. (QGEN-US)	+27	+11.92%
Bottom Detractors		
Yahoo Japan Corp. (4689-JP)	-65	-28.48%
Johnson Electric Holdings Ltd. (179-HK)	-63	-22.38%
Axactor AB (AXA-NO)	-38	-9.55%
Orix Corp. (8591-JP)	-31	-10.36%
On The Beach Group PLC (OTB-GB)	-30	-11.50%

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 of RMB's 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.

Paris, France-domiciled Ingenico provides global electronic payment solutions to merchants across multiple sales channels and payment methods. Within payment terminals, which are utilized at brick-and-mortar retail locations, the dominant market share is controlled by Ingenico and U.S.-based VeriFone Systems. Ingenico controls market share in Europe, Latin America, and Asia-Pacific (excluding Japan and China), while VeriFone maintains a dominate share in North America. Ingenico also manages secure online payments with a focus on omnichannel and cross-border electronic payment transactions. We like Ingenico due to its wide and durable competitive moats, high and expanding margin, attractive return on invested capital (ROIC), cash-flow generative business model, clean balance sheet, and management team whose interests align with the interests of minority shareholders. We further believe Ingenico is intrinsically undervalued and offers an attractive margin of safety. Ingenico's shares were under pressure over the last year and a half primarily due to perceived deceleration of its growth, which caused an exodus of growth-oriented investors that were among the largest shareholders. In early April, an investor group led by Francisco Partners agreed to acquire VeriFone, which led to speculation of Ingenico being the next takeover target. Recovery in Ingenico's shares continued through the remainder of the quarter.

The Fund's largest detractors from quarterly performance were Yahoo Japan Corp. ("Yahoo Japan") and Johnson Electric Holdings ("Johnson Electric").

Yahoo Japan operates an internet portal service in Japan and is one of the largest online advertising service providers in the

the country. Yahoo Japan shares posted losses after the company announced plans to spend 30 billion yen during the current fiscal year on content and new service development, such as mobile payments. Management provided limited specifics about its strategy, the expected return on investments, as well as the timing of such spending. Further price pressure came from continued uncertainty about the timing and structure of Altaba's sale of its 35.6% stake in Yahoo Japan. As we write this commentary, Yahoo Japan announced on July 10 an offer to acquire 10.73% of Altaba's shares, which was well received by investors.

Hong Kong-based Johnson Electric is the world's leading supplier of micro motors, pumps, and motion systems. Almost 75% of revenue is generated from various automotive applications, including engine and transmission modules, electric parking brake motors, electronic power steering and suspension, headlamp levelers, and many others. The remaining revenue is originated through various industrial applications, including power tool components. Johnson Electric's sales are almost equally split among Europe, North America, and Asia and benefit from rising electrification of vehicles as conventional mechanical controls such as wires or hydraulics are being replaced by electronic controls. Our Johnson Electric investment thesis is built around a combination of profitability and returns improvement from product portfolio and manufacturing site rationalization, low-cost China-based manufacturing capacity, attractive structural growth, and undemanding valuation. An escalation in U.S.-China trade tensions, combined with pressures from rising raw material costs, contributed to the decline in Johnson Electric's shares during the second quarter. Roughly 9% of Johnson Electric's revenues are directly linked to exports from China to the U.S., of which less than 5% are exposed to the latest U.S.-imposed sanctions on Chinese exports. We continue to monitor the situation and see significant value in Johnson Electric's shares at the current level.

Portfolio Activity

Other than minor trading activity in existing positions, the Fund sold one holding during the second quarter. CyberAgent Inc., a leading Japanese online advertising, gaming, and media business, was sold after its shares reached our estimate of its full intrinsic value, hence the margin of safety was no longer present. One of our existing holdings, Autoliv, announced a spin-off of its active safety and electronics business, Veoneer. Veoneer shares were deposited in the Fund close to the end of the second quarter.

Outlook

We remain opportunistic and look forward to taking advantage of the return in market volatility. Combative trade posturing and rising political risks are likely to continue to contribute to global uncertainty, which should periodically present us with quality bargains. During the second quarter, our team visited companies in eight foreign countries, including the U.K., Germany, Austria, the Netherlands, Finland, Norway, Sweden, and Japan; attended an international investment conference on the East Coast; and conducted multiple company meetings in our California and Chicago offices. Our investment process is rooted in in-depth, fundamental analysis combined with conservative valuations and patience in order to realize an appreciable margin of safety. The current market environment is favorable for our approach and we continue to exercise patience in search of the most attractive risk-reward.

The Fund's holdings offer a healthy level of normalized ROIC and return on equity (ROE), low financial leverage, and superior implied earnings and cash-flow growth when compared to both the large- and small-cap international equity universe. We own a broad range of franchises of different sizes across various geographies, ranging from a global dialysis center operator to a Japanese facilities maintenance service provider to an Irish bank, providing the Fund with a respectable diversification by type of business, company size, regional source of cash flows, and types of catalysts. The Fund remains well positioned from a quality and valuation standpoint and offers an appreciable margin of safety.

Thank you for your continued interest in RMB and the RMB International Fund.

Cordially,

Egor N. Rybakov

Egor N. Rybakov, CFA & the RMB International Fund team
Portfolio Manager

RMB International Fund

TOP 10 HOLDINGS AS OF 6/30/18	
Company	**% of Assets**
Glanbia PLC (GL9-IE)	4.91%
Ingenico Group SA (ING-FR)	4.55%
Fresenius SE & Co. KGaA (FRE-DE)	4.21%
Elis SA (ELIS-FR)	3.56%
On The Beach Group PLC (OTB-GB)	3.49%
LEG Immobilien AG (LEG-DE)	3.45%
Luxoft Holding Inc. Class A (LXFT-US)	3.42%
Axactor AB (AXA-NO)	3.33%
NGK Spark Plug Co. Ltd. (5334-JP)	3.30%
Ryanair Holdings PLC (RYAAY-US)	3.06%

Holdings are subject to change.