

# RMB Japan Fund

## Portfolio Update: Third Quarter 2018

For the third quarter of 2018, the RMB Japan Fund (the "Fund") was up +3.91% in U. S. Dollars net of fees. During the same period, the MSCI Japan Total Return Index was up +3.68% in U.S. Dollars, and the Japanese yen depreciated -2.63%. Year to date, the Portfolio was up +1.00% net of fees, while the MSCI Japan Total Return Index was up +1.58%.

	3 Months	YTD	Since Inception
RMBPX	+3.91%	+1.00%	+1.00%
MSCI Japan Index	+3.68%	+1.58%	+1.45%

**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 Third Quarter

In the third quarter, Japanese stocks overall rebounded from their losses during the first half of the year as trade disputes between the U.S. and China and concerns over emerging markets somewhat eased. Domestically, Prime Minister Shinzo Abe won his third term as president of the ruling Liberal Democratic Party (LDP) in September and secured his political position to serve as the nation's leader for up to three more years, which reassured the investment community.

## Contributors and Detractors

The largest contributors during the quarter were SoftBank Group Corp. (4295 JP) and Shionogi & Co. (6013 JP).

SoftBank is a major IT conglomerate in Japan, providing various internet and telecommunication services – such as a mobile carrier service, high-speed internet, e-commerce, and internet-based advertising businesses. The company holds a diversified portfolio of investments, primarily in the IT and telecommunication space, using its own balance sheet and through the SoftBank Vision Fund and Delta Fund. Most notable holdings include Alibaba, Yahoo Japan, ARM, and Sprint. The stock had a strong rally during the quarter as more and more investors began to recognize the massive valuation discrepancy between the sum of the company's investment holdings and the stock's trading valuation.

Shionogi is a discovery-based pharmaceutical company seeking to develop First-in-Class or Last-in-Class (unrivaled medicines with clear superiority over others that have the same mechanism of action) therapies in the core therapeutic areas of infectious diseases and pain/central nervous system (CNS) disorders. We entered the position in Q2 when the stock performed poorly due to investors' concerns around the launch of a competing anti-HIV drug, Biktarvy by Gilead. Biktarvy's launch has not had a noticeable impact; however, the market sentiment for Shionogi's anti-HIV drugs, which we believe have the potential to be blockbusters, recovered rapidly. Recently launched Xofluza has also shown a more than two-fold improvement in efficacy over the standard therapy Tamiflu, and we think it could become a multi-blockbuster drug over the next decade.

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Mitsui Mining & Smelting Co. Ltd. (5706 JP) and TV Asahi Holdings Corp. (9409 JP) were the largest detractors during the quarter.

Mitsui Mining & Smelting smelts, refines, and fabricates non-ferrous metals, such as copper, zinc, and lead. The stock's weak performance for the quarter was mainly attributable to disappointing earnings in recent quarters as well as management cutting guidance due to the weaker-than-expected demand outlook of MicroThin, an ultra-thin copper foil used in chip packages of smart phones. However, we anticipate the demand for MicroThin will grow in coming quarters with the ramp up of new smartphone models and believe the pessimistic sentiment among investors is excessive. We added to our position in the stock during the quarter.

TV Asahi is one of the major television broadcasters based in Tokyo. The company's stock is trading at the value of its net cash and the real estate it holds in the middle of Tokyo, effectively giving no value to the firm's cash-generative broadcasting operations. Despite the general perception that the traditional broadcasting industry is decaying, we believe TV Asahi is well positioned to explore new frontiers, such as online streaming with a wide range of entertainment content. We believe TV Asahi's weak performance during the quarter was largely related to short-term issues – e.g., costs paid for broadcasting rights to major sporting events, including the FIFA World Cup that temporarily pressed the firm's profit margin. We believe the long-term outlook at TV Asahi is resilient, evidenced by the steady market share gains from its key competitors.

## Portfolio Activity

During the quarter, we initiated positions in Isuzu Motors Ltd. (7202 JP), a manufacturer of trucks and SUVs with a strong presence in the ASEAN market; Nidec Corp. (6594 JP), a global leading manufacturer of electric precision motors; OSG Corp. (6136 JP), a manufacturer of machine tool equipment; SMC Corp. (6273 JP), a manufacturer of industrial pneumatic control devices; Sushiro Global Holdings Ltd. (3563 JP), a leading conveyor belt sushi restaurant chain; and Sysmex Corp. (6869 JP), a manufacturer of medical equipment and reagents for clinical tests (e.g., blood and immune tests).

We exited DIC Corp. (4631 JP), a manufacturer of printing ink, organic pigments, and thermosetting resins; Goldcrest Co. Ltd. (8871 JP), a mid-sized condominium developer in Tokyo; JFE Holdings Inc. (5411 JP), a major integrated steel maker; Mazda Motor Corp. (7261 JP), a Japanese auto original equipment manufacturer (OEM); Mitsubishi Gas Chemical Co. Inc. (4182 JP), a producer of basic chemical products and engineering plastics; and Nippon Suisan Kaisha Ltd. (1332 JP), a manufacturer and distributor of seafood products because our initial investment theses appeared unlikely to pan out in the foreseeable future.

## Outlook

Though global macroeconomic issues and geopolitical dynamics, such as trade tensions, may continue to trigger short-term market volatility, we remain confident in our long-term view that the Japanese stock market will receive higher valuation

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#### THIRD QUARTER 2018 CONTRIBUTION REPORT (in USD)\* *Ranked by Basis Point Contribution*

	Basis Point Contribution	Total Return
<b>Top Contributors</b>		
SoftBank Group Corp. (9984 JP)	+142	+39.85%
Shionogi & Co. Ltd. (4507 JP)	+79	+27.26%
Recruit Holdings Co. Ltd. (6098 JP)	+66	+22.05%
Sony Corp. (6758 JP)	+47	+19.68%
Toei Co. Ltd. (9605 JP)	+46	+16.32%
<b>Bottom Detractors</b>		
Mitsui Mining & Smelting Co. Ltd. (5706 JP)	-132	-32.31%
TV Asahi Holdings Corp. (9409 JP)	-46	-12.62%
KYB Corp. (7242 JP)	-30	-1.78%
Nippon Suisan Kaisha Ltd. (1332JP)	-22	-5.63%
Maxell Holdings Ltd. (6810 JP)	-21	-7.14%

\*All return figures above are higher than the returns in local currency due to the 2.63% depreciation 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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multiples resulting from improved capital efficiency under the ongoing corporate governance reform initiatives. We believe our bottom-up fundamental approach to investing in what we consider are rare, undervalued companies will outperform over a full market cycle.

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

## TOP FIVE HOLDINGS AS OF 09/30/18

Position	% of Assets
SoftBank Group Corp. (9984 JP)	3.52%
Mitsui Mining & Smelting Co. Ltd. (5706 JP)	3.37%
Daicel Corp. (4202 JP)	3.35%
TV Asahi Holdings Corp. (9409 JP)	3.34%
Mitsui Fudosan Co. Ltd. (8801 JP)	3.30%

*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.*

*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](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*