RMB FUNDS

RMB Mendon Financial Long/Short Fund

Portfolio Update: Third Quarter 2018

For the three months ending September 30, 2018, the RMB Mendon Financial Long/Short Fund (the "Fund") declined -6.79%, while the long-only KBW Bank Index returned +1.56%.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBFX	-6.79%	-4.47%	-5.65%	+2.43%	+6.97%	+7.80%	+8.02%
KBW Bank Index	+1.56%	-0.13%	+7.92%	+17.00%	+13.34%	+6.57%	+3.19%
RMBFX (Load Adjusted)	-11.44%	-9.25%	-10.36%	+0.69%	+5.88%	+7.24%	+7.63%

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 2.01%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through May 1, 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.

The third quarter saw the broader market meaningfully outperform both the KBW Bank Index and Nasdaq Bank Index with a crescendo of selling pressure evident in banks throughout September, culminating in the late September Fed meeting. Large-cap banks meaningfully outperformed small-cap banks by almost 500 bps for the quarter (intra-quarter, this margin was as great as 800 bps). Over time, small-cap banks generally outperform their large-cap peers, but this was certainly not the case in Q3. From a portfolio perspective, our hedges did not offer enough protection for this move as multiple factors aligned, constraining their effectiveness to levels lower than we would anticipate with a downward move in the sector. The underperformance of small cap relative to large cap in September (and recently July) runs directly counter to our portfolio construction, which tilts to small caps given their more favorable long-term dynamics (consolidation, opportunistic growth, etc.). In addition to the basis differential present in our portfolio, the recent sell-off in September was not accompanied by broader market increases in risk aversion/volatility, which have historically helped us monetize the protection from our options strategy. These two factors have occurred over time separately or in conjunction, but often not for long. We remain overweight well-run banks in specific geographies where they are benefiting from strong local economies and are less affected by global trade wars and emerging market flare-ups than universal banks. We find it hard to believe that U.S. banks are underperforming the overall market with very low unemployment, historically high small-business optimism, an improving GDP, and four rate hikes by the Federal Reserve due to U.S. economic strength.

So, what caused small-cap banks to behave so poorly with such a positive backdrop? In essence, we think the whole group is being painted with the same brush based on the theory that the correlation between economic fundamentals and bank revenue growth is dramatically weakening. We believe this static narrative has been gaining acceptance since Q2 earnings announced in July, which caused some investors to focus intently on the industry's increasing deposit costs while downplaying the beneficial effects of higher rates on loans. We are not sure why the market found this phenomenon surprising as we have paid close attention to deposit costs since before the start of the rate hikes. Also of note in the quarter were various bank management teams discussing muted loan growth expectations. The reasons most often cited for this somber outlook are 1.) High levels of cash on customers' balance sheets; and, 2. Early pay-downs of existing loans either from the sale of businesses/projects or aggressive refinancing of loans by non-bank lenders. According to Bank of America/Merrill Lynch (BAML), non-bank lenders now account for 45% of commercial and industrial loans outstanding, increasing 118% since the cycle compared to 43% for bank loans.

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As long-tenured investors, students of history, and skeptics of "shadow banking," we find it ironic that banks are being penalized for being disciplined risk managers in "the good times." This is very important to the overall systemic health of the financial system. We would further like to make clear that all banks cannot be painted with one brush. There are favorable, healthy growth dynamics in many U.S. markets, and not all depositors will behave in a like fashion. For example, any modeling for loan and deposit growth for the Carolina banks has to be thrown out the window following Hurricane Florence. The rebuilding will follow the same pattern as Houston post-storm last year: Insurance proceeds get immediately deposited into banks, which are then utilized/lent to support rebuilding efforts, resulting in local areas often coming back much stronger than prior to the storms.

In terms of mergers and acquisition (M&A) activity, through the first nine months of 2018, there were 202 whole bank transactions announced with an aggregate value of $25.05 billion and a median price/tangible book value (TBV) of 171.47%. This compares to the same period in 2017 where there were 183 transactions announced with an aggregate value of $22.18 billion and a median price/TBV of 162.17%. Two larger, controversial deals announced earlier in the year may have cooled the M&A market temporarily, but the secular story is unchanged, and we anticipate the announcement of many additional deals that may benefit both the buyer and seller's currencies.

To close, it seems appropriate to refer back to the closing from our first-quarter letter as the backdrop has remained unchanged, or even improved, since:

> *…robust tailwinds in the financial services sector persist, despite the amount of "noise" evident in daily trading. Nowhere are these tailwinds more prevalent, in our opinion, than in the banking sector. A strengthening economy is pushing the credit cycle out, regulation is moving away from a one-size-fits-all mentality, interest rates are behaving in a manageable fashion, consolidation is ongoing, and the reduction in corporate tax rates will add meaningful profitability to the group. Importantly, banks now have a path to return to historical returns on equity on higher (safer) capital bases.*

What has changed since we wrote the above is that instead of valuations reflecting this above-average outlook for the group, the average price-to-earnings (P/E) multiple for SMID-cap banks is now lower than it was prior to the presidential election in 2016. While we are disappointed with our near-term returns, we firmly believe the banks are extremely cheap at these levels and capable of meaningful long-term returns.

Sincerely,

Anton Schutz
Senior Portfolio Manager

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TOP 10 HOLDINGS AS OF 9/30/18	
Company	**% of Assets**
FB Financial Corp. (FBK)	9.24%
Triumph Bancorp Inc. (TBK)	7.07%
Opus Bank (OPB)	7.01%
Pinnacle Financial Partners Inc. (PNFP)	5.68%
Atlantic Capital Bancshares Inc. (ACBI)	4.95%
Independent Bank Group Inc. (IBTX)	4.73%
Ameris Bancorp (ABCB)	4.34%
South State Corp. (SSB)	4.10%
E*Trade Financial Corp. (ETFC)	3.93%
First Foundation Inc. (FFWM)	3.62%

Holdings are subject to change.

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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 party 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. 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 KBW Bank Index [BKX; PHLX/KBW Bank Index] is an unmanaged index comprised of 24 geographically diverse stocks representing national money center banks and leading regional institutions. One may not invest directly in an index. The KBW Bank Index performance data quoted above are total return numbers.

Foreside Fund Services, LLC, Distributor