RMB Fund

RMB FUNDS

Portfolio Update: First Quarter 2019

The RMB Fund (the "Fund") gained +17.61% net of fees in the first quarter of 2019, ahead of the +13.65% increase in the S&P 500 Index for the same period. From a traditional attribution perspective, the outperformance in the quarter was primarily driven by stock selection with a very modest contribution from sector allocation. Health care, information technology, and financials were the most noteworthy contributors to the outperformance relative to the benchmark. We will discuss individual holdings impact on performance in a moment.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+17.61%	+17.61%	+14.08%	+15.08%	+9.31%	+14.07%	+10.41%
S&P 500 Index	+13.65%	+13.65%	+9.50%	+13.51%	+10.91%	+15.92%	+11.24%
RMBHX (Load Adjusted)	+11.73%	+11.73%	+8.38%	+13.13%	+8.19%	+14.11%	+10.27%

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 1.29%.

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 first-quarter market environment was a drastic reversal from what we experienced in the fourth quarter as the market rebounded dramatically. Continuing the storyline from the second half of 2018, domestic headlines were dominated by the trade war between the U.S. and China, with optimism around the likelihood of an eventual deal growing significantly. This increased probability of an agreement between the world's two largest economies comes at a time that economic data has shown more signs of slowing global growth. While the U.S. remains one of the strongest and most resilient economies in the world, there have also been recent domestic data points showing the U.S. is starting to slow from a very strong 2018. This slowing growth is reflected in interest rates that continued to fall, with the 10-year Treasury yield falling from 2.69% to 2.41% in the quarter and down from 3.05% two quarters ago. For a brief period in late March, the yield curve became inverted with the 2-year yield greater than the 10-year. This flat-to-inverted curve implies that the bond market views the probability of an economic recession over the next one to two years as being fairly high. A change in Fed policy has been impactful in the decline in rates as well. The Fed has done a complete reversal in its messaging to the markets over the past six months from three 25-basis-point rate hikes in 2019 to an increased likelihood of actual rate *cuts*. This comes at a time where near-term U.S. economic indicators have clearly slowed in the past few months but still remain quite strong by historical standards. Post quarter-end, the March jobs report released in early April remained healthy, helping allay near-term fears that growth was slowing more significantly. The dichotomy between the direction of the stock market and bond market on the future of the economy is remarkable.

Fourth-quarter earnings reports released in the first quarter remained relatively strong overall and helped revert the negative sentiment that had overtaken the market during the fourth quarter, particularly in December. Revenues and earnings continue to surprise positively, although there are concerns under the surface about the sustainability of revenue growth as well as profit margins, which are at or near historical peak levels. We believe first-quarter earnings, which are about to be reported as we write this letter, could be somewhat of a wakeup call as year-over-year revenue and earnings growth has decelerated dramatically even when adjusting for end of the benefit lower corporate tax rates on earnings growth. Current consensus is for only 4% growth in operating earnings for the S&P 500 in calendar 2019. Given high levels of uncertainty around global growth, we'd expect management teams to remain on the conservative side when setting forward expectations, and we will watch closely for any change in management's tone toward demand for their products and services.

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Our message about overall equity valuations is much less constructive than we were just three months ago after the quick snapback in the market. While not overly expensive, especially given the lower interest rate backdrop, we are not finding bargains to be abundant by any means. From a bottom-up, individual company perspective, the Fund has more reward-to-risk ratios under one than it has greater than one. This was much different from where we stood at the end of December, which reflects the significant rebound in valuations in just one quarter. In fact, all of the market return in the first quarter came from multiple expansion, not increases in earnings estimates. When talking about market valuations, we also have to be cognizant of the fact that we are more likely than not in the late innings (if not extra innings) of a long positive economic cycle. While we don't necessarily see a recession as imminent, the probability has certainly grown. As we've discussed recently, the concept of "peak earnings" remains a debate these days that even if the U.S. doesn't roll into a meaningful economic recession, we could be close to the peak in corporate profitability given outside pressures on margins (particularly wage inflation) and weakening economies outside the U.S. As always, macro market predictions are very difficult to make with any hopes of being consistently accurate. We remain focused on bottom-up stock selection within a concentrated, yet diversified portfolio of high-quality, individual companies that can grow their earnings for years into the future and earn attractive returns on invested capital. No matter what happens with the current market cycle, we strongly believe the strategy positions us to outperform over the long run without taking undue risk.

RMB Fund
FIRST QUARTER 2019 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
SS&C Technologies Holdings Inc. (SSNC)	+122	+41.42%
American Tower Corp. (AMT)	+115	+25.22%
Kinder Morgan Inc. (KMI)	+90	+31.49%
Edwards Lifesciences Corp. (EW)	+82	+24.91%
Microsoft Corp. (MSFT)	+75	+16.58%
Bottom Detractors		
Amgen Inc. (AMGN)	-5	-1.63%
E*Trade Financial Corp. (ETFC)	-3	-2.21%
Booking Holdings Inc. (BKNG)	+0	+1.68%
Watsco Inc. (WSO)	+3	+1.17%
Frontdoor Inc. (FTDR)	+16	+13.57%

The performance presented above is sourced through Factset Research Systems Inc. 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. Holdings listed might not have been held for the full period. 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.

Contributors and Detractors

The Fund's largest contributor in the quarter was SS&C Technologies Holdings Inc. (SSNC), a software provider to financial services firms. After a rough fourth quarter for the stock, the shares rebounded on a strong quarterly earnings report where margins surprised to the upside, and it raised its guidance for cost synergies from its large acquisition of DST Systems. We continue to like the prospects for SS&C, and it remains one of our larger holdings at quarter-end. American Tower Corp. (AMT), a Real Estate Investment Trust (REIT) that owns communications infrastructure assets, most notably cellular towers, was the second-biggest contributor. The stock continued its momentum after another solid earnings report and a decline in market interest rates, which tend to benefit REIT valuations. AMT is a defensive and predictable business model given it has long-term contracts with telecom carriers and steady demand for cellular connectivity from consumers. This gives it very little exposure to the business cycle and produces consistent and predictable cash flows. We like AMT's long-term slow-and-steady secular growth opportunity as well as its ability to consistently grow its dividend. The stock remains the largest position in the Fund at quarter-end.

On the negative side of the performance ledger, we had a few names whose prices underperformed, adversely affecting the Fund's overall return. Amgen Inc. (AMGN), a large biotechnology drug manufacturer, was the largest detractor, although the stock was only down slightly in the quarter. The stock is a fairly defensive name and didn't participate much in the rebounding market. We continue to like Amgen as a long-term holding and have about an average-sized position in the name at quarter-end. E*Trade Financial Corp. (ETFC), an online equity brokerage firm, was the second-largest detractor despite only being down -2%. We own E*Trade as we think there are multiple ways for the company to improve shareholder value. Management

has set an aggressive growth and profitability improvement program for the next few years. We think we have some downside protection if they fail to deliver on their goals given the stock is inexpensive and could be a coveted asset should the board look to sell the company. Given the higher-risk nature of the name, we have the position sized on the smaller end of the Fund.

Outlook

From when we last wrote you just three months ago, market conditions have spun a complete 180 degrees. We've gone from hyper volatility with high levels of fear to one of lower volatility and renewed optimism. The reversal of the Fed's messaging of future interest rate hikes to one where they may actually cut rates at some point in the next several quarters is a massive change. The upcoming corporate earnings report season that is about to kick off will once again refocus the market back on individual company fundamentals, which we think are decent for U.S. companies, but we have some areas of concern. Inflationary pressures from a tighter labor market, overseas demand levels, and the shorter-term impact from tariffs and rising energy prices will be areas of focus. Given a fair amount of macro uncertainty, we think management teams will continue to have an extra level of conservatism embedded in their 2019 guidance. Near-term U.S. economic data points have stayed reasonably positive although have decelerated from fourth-quarter levels. U.S. employment remains healthy with improving labor participation rates (however, with unemployment so low, increasing scarcity for skilled labor in various industries is a real problem as many job openings are going unfilled). Real wage growth should be positive for consumer spending, although winter weather, delayed tax refunds, and the government shutdown could have skewed short-term spending patterns. Consumers in the lower half of income levels should be healthier than they have been in recent years given rising wages and lower unemployment. These rising wages do present a challenge for corporate margins, which are already operating at peak levels. Business and consumer confidence remain at high levels, and we've seen capital investment increasing after several years of stagnant spending. If the trade war with China comes to some type of resolution, which has become current consensus thinking, the near-to-intermediate U.S. economic outlook may end up being better than what the bond market seems to be implying.

Overall, we have some reservations about the momentum in U.S. corporate earnings growth, which is the biggest long-term driver of stock prices. We all know 2019 earnings growth slows dramatically as the lower corporate tax rate anniversaries, but as mentioned earlier, there are other sources of risk to revenue growth and margins. Over the past two quarters, market earnings estimates for 2019 have fallen from 10% growth to around 8% to about 4% currently. The cycle of Wall Street earnings estimates being too optimistic and having to be ratcheted back is a recurring pattern the market typically sees through, but this is still a major reduction in growth expectations. With the overall market multiple reflating significantly after contracting in the fourth quarter, it now sits slightly under 17x, almost two points higher from a quarter ago. The long-term average for the market is around 16x, but given we could be nearing peak earnings, there may not be a whole lot of value implied in current market expectations. As always, while we may opine on our view of the market, we do not pretend to have any true skill in predicting where the market is heading in the short or intermediate term. Market timing is a very difficult, if not impossible task to add value with. We continue to focus the Fund's efforts on owning companies with good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound value for shareholders for years into the future. While the opportunities to find high-quality growth companies selling at attractive valuations are not abundant, we continue our bottom-up search to optimize the Fund. Our disciplined investment process focuses more on individual company fundamentals and less on the overall market. We also believe that a strategy focused on high-quality companies can distinguish itself in a more volatile market environment.

Thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd Griesbach
Portfolio Manager

TOP 10 HOLDINGS AS OF 3/31/19	
Company	**% of Assets**
American Tower Corp. (AMT)	5.02%
Microsoft Corp. (MSFT)	4.65%
Alphabet Inc. Class A (GOOGL)	3.87%
Edwards Lifesciences Corp. (EW)	3.70%
SS&C Technologies Holdings Inc. (SSNC)	3.57%
Visa Inc. (V)	3.56%
Cooper Companies Inc. (COO)	3.50%
Morgan Stanley (MS)	3.10%
IHS Markit Ltd. (INFO)	3.05%
Apple Inc. (AAPL)	3.04%

Holdings are subject to change. The above is a list of all securities that composed 37.06% of holdings managed as of 3/31/2019 under the RMB Fund ("Fund") of RMB Capital Management, LLC ("RMB Capital") based on the aggregate dollar value. This list is provided for informational purposes only and may or may not represent the current securities managed. It does not represent all of the securities purchased, sold, or recommended for advisory clients (under the Fund or otherwise) during the calendar quarter ending 3/31/2019. The reader should not assume that investments in the securities identified and discussed were or will be profitable. For a complete list of historical recommendation for the Fund, please contact RMB Investors Trust at 855-280-6423.

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 letter 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.

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 S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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 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.

Foreside Fund Services, LLC, Distributor