RMB International Fund

RMB FUNDS

Portfolio Update: First Quarter 2019

For the first quarter of 2019, the RMB International Fund (the "Fund") appreciated +12.68% net of fees, compared to its benchmarks, the MSCI EAFE Index and MSCI EAFE Small Cap Index, which gained +9.98% and +10.65%, respectively.

	Quarter	YTD	1 Year	Since Inception
RMBTX	+12.68%	+12.68%	-11.81%	-9.51%
MSCI EAFE Index	+9.98%	+9.98%	-3.71%	-3.78%
MSCI EAFE Small Cap Index	+10.65%	+10.65%	-9.36%	-6.80%

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 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.

Global equities posted a steep rebound following a weak Q4 2018, and the fears of an extended market correction have not materialized. Accommodative actions of the Federal Reserve ("the Fed") and European Central Bank, which have chosen to deviate from the course of tighter monetary policy communicated through 2018, helped restore investors' confidence. De-escalation of the U.S.-China trade dispute and a delay of Brexit beyond March 2019 have further contributed to recovered optimism. Almost all segments of the global equity market posted strong gains through the quarter, with the information technology and industrial sectors, which suffered a particularly challenging Q4 2018, in the lead.

Eurozone and U.K. equities rebounded despite the major economic reports compiled in January through March of 2019 that signaled a deceleration in growth momentum: the Eurozone economy expanded only 0.2% through Q4 2018, growth of German GDP was flat, and the Italian economy fell into recession with Q4 2018 marking the second consecutive quarter of GDP contraction over the previous period. Particularly soft economic activity has been observed within the industrial and agricultural sectors. The U.K. economy also decelerated during Q4 2018 as business investments suffered from Brexit uncertainty.

Japanese equities were among the worst performing developed stock markets during the first quarter as local corporate earnings have suffered from deflating Chinese demand, primarily for automotive and technology products. The rest of the Asia-Pacific equities posted double-digit quarterly advances. Equities of emerging markets have also rebounded from a poor Q4 2018, with China leading the gains. The yields of longer-duration U.S. Treasurys and most European government bonds fell. Commodities have also recovered following the Q4 2018 sell-off with particular strength in crude oil price after OPEC cut oil production, the U.S. enforced sanctions on Venezuela, and Iranian oil exports began to diminish.

Despite its strong quarterly performance, based on our analysis, the Fund's holdings remain substantially undervalued. At the end of Q1 2019, we estimated a 31.4% and 6.6% weighted average discount to intrinsic value and earnings power value (EPV), respectively, for the Fund's holdings. The discount to intrinsic value is an all-encompassing measure of the margin of safety. We derive our estimates of intrinsic value by applying a required rate of return between 8% and 12% and utilizing conservative assumptions of normalized profit and growth. At March-end, the Fund held 35 positions with a 33.79% concentration in the top 10 names. Our bottom-up, research-driven preference for fundamentally sound, undervalued businesses run by management teams with an objective to increase enterprise value has led to a higher concentration in industrials and information technology. The Fund has entered the second quarter with a relatively low exposure to financials, consumer staples, and communication services. The Fund remains underinvested in energy. Geographically, the Fund maintained the highest exposure to Japan with a 21.2% concentration, followed by Germany and Ireland with 14.1% and 12.1% respective weights.

Contributors and Detractors

The Fund's overweight in information technology, industrials, and health care made the most prominent contribution to quarterly return. Holdings within consumer staples, materials, and utilities were the largest detractors from the Fund's Q1 2019 performance.

Two of the Fund's largest contributors for the quarter were Luxoft Holding Inc. ("Luxoft") and Olympus Corp. ("Olympus").

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FIRST QUARTER 2019 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Luxoft Holding Inc. Class A (LXFT US)	+344	+92.97%
Olympus Corp. (7733 JP)	+122	+41.21%
On The Beach Group PLC (OTB LN)	+99	+34.05%
Fresenius Medical Care AG & Co. KGaA (FME GR)	+89	+24.77%
Mitie Group PLC (MTO LN)	+88	+38.05%
Bottom Detractors		
Seven & I Holdings Co. Ltd. (3382 JP)	-33	-13.45%
Smurfit Kappa Group PLC (SKG ID)	-28	-9.37%
Ingenico Group SA (ING FP)	-25	-8.14%
Mandom Corp. (4917 JP)	-20	-13.08%
NGK Spark Plug Co. Ltd. (5334 JP)	-20	-7.29%

The performance presented above is sourced through the 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 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.

Swiss-domiciled Luxoft is a custom software developer and IT consultant for mission-critical applications with industry-leading solutions within the financial services, automotive, and telecommunications verticals. One of Luxoft's core advantages is its global delivery model, which allows the company to deploy highly skilled program engineering talent located primarily in Eastern and Central-Eastern Europe to complex projects performed for North American and Western European clients. The Fund has held Luxoft since inception, and its shares remained volatile and traded places between the Fund's top quarterly contributors and detractors of performance over the last five quarters. The stock-price volatility was primarily rooted in bipolar shifts of investors' attention from the company's fast-growing and durable underlying business model in the long to near term, temporary margin pressures, and deceleration in the growth rate caused by the wind-down in IT spending at Deutsche Bank and UBS—two of Luxoft's historically largest and most profitable customers. Luxoft was a classic time arbitrage opportunity: as the market's myopic bias prevailed through 2018 and escalated toward the fourth quarter of the year, we continued to increase our investment position in the company. On January 7, 2019, Luxoft was acquired by the Palo Alto, California IT services company DXC Technology, and the shares have risen almost 90% from their year-end close. At that time, Luxoft was the Fund's largest position. DXC's rational for the Luxoft takeover closely resembles our long-term investment thesis: ownership of unique IP and digital transformation expertise, structural double-digit growth, and structurally higher margin potential in the long term that has been distorted by the near-term unfavorable developments at UBS and Deutsche Bank.

Japan-based Olympus is a global manufacturer of precision instruments for medical and scientific markets, including flexible endoscopes, surgical devices, microscopes, and testing equipment for research and manufacturing activities. It is an undisputed leader in the area of gastrointestinal endoscopy with a 70% global market share and maintains strong positions within other areas of operations with 20–40% shares of individual niches. Olympus has a compelling business model with deep competitive moats, high margins, and return on invested capital, and it has superior free cash-flow generation. Following the 2011 accounting scandal, the quality of the management team and corporate governance have improved significantly, and management is now closer aligned with the interests of minority shareholders. Olympus shares have posted strong performance during the first quarter of 2019 following the January announcement of new leadership and change in composition of the board of directors under pressure from ValueAct Capital Management, a U.S.-based activist hedge fund. Olympus will add three foreign board members and reshape its organizational structure for better alignment with its global operations. We believe that further improvement of corporate governance at Olympus will unlock the incremental value of its underlying operations.

The Fund's largest detractors from quarterly performance were Seven & I Holdings Co ("Seven & I") and Smurfit Kappa Group ("Smurfit Kappa").

Seven & I, headquartered in Japan, is a holding company for convenience store operations in Japan and overseas and a department store business in Japan. Its business is predominantly a franchisor model in Japan and a combination of franchisor and ownership models in North America. The company is profitable and cash-flow generative, with a healthy balance sheet and favorable positioning within the retail value chain. Negative performance of Seven & I shares during the first quarter was driven by fears of escalating labor shortages in Japan, which put pressure on margins of convenience store owners and, in some cases, precluded operators from keeping stores open 24 hours a day. This is likely to negatively affect the same-store sales (SSS) of Seven & I as well as the SSS of the entire convenience store industry in Japan, which will be detrimental for medium- and long-term topline growth. We continue to assess the impact from the labor shortages on the convenience store operating model and remain shareholders of Seven & I.

Irish-domiciled Smurfit Kappa is Europe's largest corrugated box manufacturer with approximately 20% market share, and it is a leading Latin American and a growing North American producer of corrugated packages. Smurfit is vertically integrated and owns paper mills that produce containerboard from both virgin and recycled pulp as well as a network of local manufacturing facilities that convert containerboard into boxes. Global demand for corrugated cardboard packaging is structurally growing due to the expansion of e-commerce, continued penetration of corrugated box packaging on supermarket shelves, and the rising substitution of plastic and foam with more environmentally friendly pulp-based packaging. We believe Smurfit Kappa is in a good position to gain share from smaller box makers and improve its operating margins as well as deliver mid-single-digit growth over the long term. We started to accumulate a position in Smurfit Kappa during Q1 2019, and our small unrealized loss in its shares was related to the timing of our purchases. The Smurfit's shares gained 7% from December 31, 2018 through the end of March 2019.

Portfolio Activity

During the first quarter, we divested three existing holdings and initiated four new positions. French electronic payment solutions provider Ingenico and global advertising agency Publicis Groupe were sold as their structural competitive moats have deteriorated. We used Mandom, the Japanese manufacturer of cosmetic products, as a source of funds after identifying a more attractive risk-reward proposition elsewhere. The recent quarterly purchases included Smurfit Kappa, Japanese IT services provider Nomura Research Institute, French IT services provider Atos SE, and German multinational software company SAP SE. All four of the Fund's additions met internal requirements for underlying operating quality and structural long-term growth as well as an appreciable intrinsic undervaluation.

Outlook

In light of global markets once again approaching all-time highs despite mounting evidence of global macroeconomic deceleration, we continue to expect intermittent periods of elevated volatility and risk aversion. Yet, as liquidity injection through accommodative fiscal policies by the Fed and central banks becomes the driving force behind the assent in asset values, the relevance of underlying fundamentals diminishes in the eyes of the investment crowd. Under such a scenario, we may witness an extended period of multiple expansion. Concurrently, the corrections may also become more violent as the valuations continue to swell into unreasonable territory. Lower valuations found in equity markets outside the U.S. provide some comfort for foreign equity investors. Yet it is essential to maintain discipline and seek the widest possible margin of safety in current markets in order to mitigate some of the valuation-related risks. We believe our philosophy and process, which are tuned to discover undervalued quality cash flows and take advantage of the market's myopic behaviors, are well suited for present market conditions.

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We continue to find opportunities in the global equity space with particularly attractive risk-reward offered by Japanese and European small- and mid-cap stocks. During the first quarter, we visited the U.K., France, and Norway and have conducted numerous foreign management meetings in our California and Chicago offices. The Fund remains invested in foreign franchises with a healthy level of normalized return on invested capital (ROIC) and return on equity (ROE), low financial leverage, and attractive implied earnings and cash-flow growth. We believe our investors gain exposure to a wide variety of profitable, growing, and intrinsically undervalued companies across various geographies, ranging from a Chinese social media giant, to a global operator of dialysis centers, to a Japanese industrial waste treatment company and a distributor of gas and petroleum products in France, Haiti, and Madagascar. Such business mix provides the Fund with a respectable diversification by type of business, regional origin of cash flows, and catalysts. The Fund continues to maintain a historically attractive level of margin of safety.

Thank you for your continued confidence and support for RMB and the RMB International Fund.

Cordially,

Egor N. Rybakov

Egor N. Rybakov, CFA
Portfolio Manager

TOP 10 HOLDINGS AS OF 3/31/19

Company	% of Assets
Glanbia PLC (GLB ID)	4.31%
Fresenius Medical Care AG & Co. KGaA (FME GR)	4.04%
SAP SE (SAP GR)	3.63%
Ryanair Holdings PLC (RYAAY US)	3.41%
Olympus Corp. (7733 JP)	3.28%
Rubis SCA (RUI FP)	3.19%
Autoliv Inc. (ALV US)	3.05%
AXA SA (CS FP)	2.97%
Atos SE (ATO FR)	2.96%
Mitie Group (MTO LN)	2.94%

Holdings are subject to change. The above is a list of all securities that composed 33.79% of holdings managed as of 3/31/2019 under the RMB International 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.