

# RMB Japan Fund

## Portfolio Update: Second Quarter 2019

For the second quarter of 2019, the RMB Japan Fund (the "Fund") was up +0.44% net of fees. During the same period, the MSCI Japan Index was up +1.02% in the U.S. dollar, and the Japanese yen appreciated +2.73%.

	3 Months	YTD	1 Year	Since Inception
RMBPX	+0.44%	+6.64%	-5.55%	-5.51%
MSCI Japan Index	+1.02%	+7.75%	-4.19%	-4.19%

*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 1.31%.*

*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, 2020 and cannot be terminated prior thereto without the approval of the Fund's Board of Trustees.*

## Overview of Second Quarter

Japanese stocks experienced major selloffs during the quarter triggered by risk-off moves in the global stock market, giving up some early gains in the beginning of the year. The negative market sentiment was largely driven by concerns around the intensified U.S.–China trade dispute, as the U.S. raised tariffs on Chinese imports and implemented sanctions against Huawei, which also led to China increasing tariffs on U.S. imports. Investor sentiment further deteriorated by disappointing earnings and guidance released during the quarter, although those were generally expected given weak economic activity previously observed in the first quarter. Toward the end of the quarter, the market partially recovered the quarter's earlier loss as the Fed signaled potential rate cuts and President Trump implied that trade talks were progressing well.

## Contributors and Detractors

The largest contributors during the quarter were Sony Corp. (6758 JP) and Recruit Holdings Co. Ltd. (6098 JP).

Sony is a large-Japanese conglomerate that primarily manufactures consumer electronic devices, such as gaming consoles, TVs, video cameras, audio equipment, and mobile phones. The company's other business units include semiconductor manufacturing, music labels, film, digital networks, and insurance. The stock's rally started in the beginning of the quarter on news that U.S. activist Third Point would initiate another campaign for change at Sony and rebuild its position in the company. We generally agree with the fund's suggestion that Sony should spin-off the semiconductors division and Sony Financial and position itself as a global entertainment company. The stock regained its momentum when management unveiled another record share buyback to repurchase up to 4.8% of its shares. The company's announcement to partner with its archival Microsoft to build new cloud-based game-streaming platforms was also positively received by investors.

Recruit Holdings provides integrated human resource services through its HR Technology, Media & Solutions, and Staffing businesses: HR Technology deals with overseas HR recruitment through job search engine sites, such as Indeed and Glassdoor; Media & Solutions includes sales promotion and HR-related media; and Staffing handles both domestic and overseas dispatch of personnel. During the quarter, the stock continued its year-to-date recovery from a major selloff at the end of 2018 on the back of slower but stable growth and earnings coupled with a reasonable guidance, shrugging off some

# RMB Japan Fund

investors' concerns about the company's operation. Investors' growth expectation for the HR Technology business seems to have adjusted down since last year, while the business segment is still growing at a double-digit rate.

Ryohin Keikaku Co. Ltd. (7453 JP) and H.I.S Co. Ltd. (9603 JP) were the largest detractors during the quarter.

Ryohin Keikaku is a lifestyle-oriented specialty retailer offering homewares, apparel, cosmetics, and furniture under the MUJI brand. The company's stock performed poorly during the quarter on the back of growing market concerns around the brand's position amidst China's weakening market environment and deteriorating profitability due to cost increases following aggressive investments in the domestic business. As we did not see a resolution in the near future to the abovementioned issues, we exited our position in the stock during the quarter.

H.I.S is a major travel agency in Japan that also operates the theme park Huis Ten Bosch and hotels in Japan. The stock continued its slide during the quarter over investors' concerns about a downturn for the travel business past the 10-day Golden Week period. The number of visitors to Huis Ten Bosch continued to decline even without any major natural disasters and the inbound tourism business also struggled. Meanwhile, we believe the market consensus expectation for the operation has not adjusted enough, and we do not see a meaningful upside for the stock at its current valuation compared to expected earnings and upcoming investment plans. We fully exited from the stock during the quarter.

## Portfolio Activity

During the quarter, we initiated positions in Suntory Beverage & Food Ltd. (2587 JP), a major non-alcoholic beverage manufacturer and distributor; Shimano (7309 JP), a high-quality bicycle parts manufacturer; Nippon Telegraph and Telephone Corp. (9432 JP), a major telecommunication conglomerate providing a range of services from mobile communication to landline telecommunication to data center and system integration services via various subsidiaries; Murata Manufacturing Co. Ltd. (6981 JP), an electronic component manufacturer with the largest global market share among the Multilayer Ceramic Capacitors (MLCC) manufacturers; and Kao Corp. (4452 JP), one of the major cosmetics and household goods manufacturers in Japan.

We liquidated our positions in Ryohin Keikaku (7453 JP); H.I.S Co. Ltd. (9603 JP); Japan Post Holdings (6178 JP), a government-owned postal service and insurance service provider; Dai-ichi Life Holdings Inc. (8750 JP), a life insurance service provider; Seven & I Holdings Co. Ltd. (3382 JP), the largest convenience store network in Japan; DIP Corp. (2379 JP), an online recruiting service provider; Mitsubishi Corp. (8058 JP), the largest trading company in Japan; and Alps Alpine Co. Ltd. (6770 JP), an auto component manufacturer, because our initial investment theses appeared unlikely to pan out in the foreseeable future.

### RMB Japan Fund SECOND QUARTER 2019 CONTRIBUTION REPORT (in USD)\* Ranked by Basis Point Contribution

	Basis Point Contribution	Total Return
<b>Top Contributors</b>		
Sony Corp. (6758 JP)	+72	+25.25%
Recruit Holdings Co. Ltd. (6098 JP)	+51	+17.26%
Toyota Motor Corp. (7203 JP)	+41	+9.29%
Hoya Corp. (7741 JP)	+37	+16.36%
Shin-Etsu Chemical Co. Ltd. (4063 JP)	+36	+12.04%
<b>Bottom Detractors</b>		
Ryohin Keikaku Co. Ltd. (7453 JP)	-56	-26.98%
H.I.S. Co. Ltd. (9603 JP)	-50	-28.99%
Otsuka Holdings Co. Ltd. (4578 JP)	-37	-16.93%
Isuzu Motors Ltd. (7202 JP)	-35	-12.18%
Sushiro Global Holdings Ltd. (3563 JP)	-35	-13.34%

\* All return figures above are lower than the returns in local currency due to the 2.73% appreciation of the Japanese yen during the quarter.  
*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 RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your client service team.*

# RMB Japan Fund

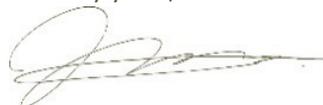
We also sold Mitsubishi Electric Corp. (6503 JP), a manufacturer of various electronic equipment and machineries ranging from industrial machinery to data communication systems to household electronics; Nomura Research Institute Ltd. (4307 JP), a major IT consulting firm in Japan; and Rakuten Inc. (4755 JP), the largest marketplace e-commerce service provider in Japan that is in the process of expanding its business domain into the mobile carrier service area, as their stock prices reached our target.

## Outlook

At around 1.1x its book value, Japanese stocks are trading at a deep discount historically and relative to stocks in other developed countries as investors are more focused on near-term macro issues, such as trade disputes or the domestic consumption tax hike. We maintain our view that the current market valuation is not fully appreciating the dynamic changes of Japanese companies on the back of corporate governance improvement in the years since the Abe administration took office. With the improving capital efficiency and shareholder returns, we believe that today's valuation gap will prove to be an attractive investment opportunity.

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 6/30/19

Position	% of Assets
Toyota Motor Corp. (7203 JP)	4.48%
Keyence Corp. (6861 JP)	4.38%
SMC Corp. (6273 JP)	3.68%
Nidec Corp. (6594 JP)	3.57%
Suntory Beverage & Food Ltd. (2587 JP)	3.54%

*Holdings are subject to change. The above is a list of all securities that composed 19.65% of holdings managed as of 6/30/2019 under the RMB Japan 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 6/30/2019. 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 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 approximately 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.*

*Foreside Fund Services, LLC, Distributor*