

RMB SMID Cap Fund

Portfolio Update: Third Quarter 2019

During the third quarter, the RMB SMID Cap Fund (the “Fund”) increased +1.22%, outperforming the Russell 2500 Index’s decline of -1.28%. Equity markets have gone sideways since the first week in March as headline noise related to China trade talks, Federal Reserve interest-rate policy, Middle East tensions, and slowing global growth has driven an increase in market volatility. We are pleased that the higher-quality stocks we invest in have performed well in this environment as the portfolio is up +23.30%, compared to +17.72% for the Russell 2500 for the year.

Although the market was flat for the quarter, violent rotations between growth and value and large- and small-cap stocks lurked below the surface. The core portfolio’s construction, which owns both growth and value stocks, aims to smooth out the ride for investors when these significant rotations within the market occur.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (12/31/2004)
RMBMX	+1.22%	+23.30%	+2.17%	+11.33%	+9.05%	+11.13%	+7.88%
Russell 2500® Index	-1.28%	+17.72%	-4.04%	+9.51%	+8.57%	+12.22%	+8.34%

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 net expense ratio is 0.96%.

The Fund’s investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through June 24, 2020 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.

Contributors and Detractors

Two of the biggest contributors to performance were Visteon Corp. (+40.90%; “Visteon”) and West Pharmaceutical Services Inc. (+13.45%; “West Pharmaceutical”). Visteon is a “value stock,” and West Pharmaceutical is a “growth stock.” The fact that two of the top contributors came from two different styles is an example of how core portfolios offer a wider opportunity set for us to add value.

Visteon is a quality cyclical that designs and manufactures cockpit electronics for cars. Its new CEO, Sachin Lawande, came from Harmon International, which we owned many years ago before it was taken private. Mr. Lawande is transforming the auto cockpit business to an “all-digital cockpit” and likely to lead the technology required for its connected car solution. He started by improving credit worthiness, and then they won \$5.4 billion in new business. We believe Visteon is positioned to compete with Mobile Eye in the self-driving car space, and while there are still elements of cyclical to the business, the market may be underappreciating the longer-term secular opportunity.

West Pharmaceutical manufactures and sells packaging and delivery systems for injectable drugs and healthcare products. It is a natural monopoly as its products are designed into FDA approvals. After sitting down with management, we learned a lot about their innovative new products, which should be benefiting from growth in biologics. All new biologic approvals in 2017 included West Pharmaceutical products. West Pharmaceutical continues to execute its long-term strategy consistent with our positive thesis for the stock.

Two of the biggest detractors were PTC Inc. (-24.04%; “PTC”) and Exact Sciences Corp. (-23.44%; “Exact Sciences”). PTC is an enterprise software company transforming into a leading Internet of Things software provider. The digital and physical worlds are converging to transform how we design, manufacture, operate, service, and experience “things,” and PTC is a leader. The last couple of quarters have been a bit sloppy, so momentum players bailed on the stock, driving it down. We still

RMB SMID Cap Fund

believe the shares will outperform longer term but may struggle to regain investor confidence near term until they start executing better.

Exact Sciences, a molecular diagnostics company currently focused on the early detection and prevention of colorectal cancer using its flagship test, Cologuard (a noninvasive, stool-based screening test for colon cancer), was one of the Fund's largest detractors. Even though the company delivered a strong quarter and meaningfully raised guidance, the stock sold off during an indiscriminate sell off of growth stocks with significant appreciation during the year (Exact Sciences is now up +43.22% year to date). For the second quarter in a row, 14,000 first-time clinicians ordered Cologuard (well above the trend line of closer to 10,000, and not far off the fourth-quarter total of 15,000) as the new 100 reps hired by the company last year became more effective; operational improvements from the sales force (better targeting and more calls per rep), market access improvements, better messaging on coverage, and some initial benefits from a new Pfizer relationship. Also, the company submitted its application for an FDA label expansion to include ages 45–49 (~19,000 average-risk Americans in this age group today; expected to grow to ~20,000 by 2030). Since the American Cancer Society updated its guidelines last year, several payers have expanded their coverage to include ages 45–49, including Aetna, CareFirst, and Anthem FEP (Federal Employee Program). Exact Sciences expects a potential approval in 1H20. For all these reasons and a very attractive risk/reward profile, we are bullish on the company.

Portfolio Activity

Portfolio turnover was higher than usual this quarter as Medidata Solutions Inc. and Cypress Semiconductor Corp. were acquired earlier in the year, and we reluctantly sold our shares despite receiving substantial premiums—our preference is to own great businesses at attractive risk/reward profiles indefinitely. Rather than chasing stocks, our goal is to patiently wait for the stock market to provide an opportunity to buy at a discount to our estimated warranted value. The stock market volatility in the quarter gave us the opportunity to purchase both Bio-Techne Corp. ("Techne") and ServiceMaster Global Holdings Inc. ("ServiceMaster").

Techne is a leading producer of specialized proteins (cytokines, growth factors, etc.), antibodies, other biotechnology reagents, and related immunoassays. We are impressed by the track record of the relatively new CEO, Chuck Kummeth, and his refresh of the business strategy to expand from its core protein business to now include gene and cell therapy, tissue biopsy, and liquid biopsy. Techne is now 90% recurring revenue and serves all aspects of life sciences from basic, applied, and clinical research, to diagnostics, to biopharma development and production. But what we believe is most misunderstood by the stock market is the long-term asset reinvestment opportunity for immuno-oncology (IO)—arguably one of the biggest breakthroughs in cancer research history. By way of background, cytokines are molecular messengers that allow the cells of the immune system to communicate with one another to generate a coordinated, robust, but self-limited response to a target antigen (virus, bacteria, parasites, etc.). In general, IO maps out cytokines and exploits their vast signaling networks to develop treatments for the immune system as opposed to medieval standards of care, including surgery, radiotherapy, and chemotherapy. Techne literally created the cytokine reagent market, and Kummeth is in the enviable position to create

RMB SMID Cap Fund THIRD QUARTER 2019 CONTRIBUTION REPORT *Ranked by Basis Point Contribution*

	Basis Point Contribution	Return
Top Contributors		
CyrusOne Inc.	+57	+37.93%
West Pharmaceutical Services Inc.	+36	+13.46%
Teledyne Technologies Inc.	+30	+17.57%
Visteon Corp.	+28	+40.90%
Tyler Technologies Inc.	+28	+21.52%
Bottom Detractors		
PTC Inc.	-46	-24.04%
Abiomed Inc.	-36	-31.71%
Diamondback Energy Inc.	-29	-17.33%
Exact Sciences Corp.	-21	-23.44%
Trimble Inc.	-19	-13.97%

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.

RMB SMID Cap Fund

significant wealth by reinvesting into organic growth opportunities, such as GMP manufacturing capabilities and Asia expansion, as well as continued strategic acquisitions, which are synergistic to current intellectual property and leverage distribution capabilities.

ServiceMaster provides residential and commercial services primarily in the U.S., including pest control, termite control, home restoration, and cleaning services. Terminix is their largest brand, accounting for 93% of sales, and is the largest pest control brand in the industry. Central to our investment thesis, ServiceMaster has new management led by CEO, Nikhil Varty, who has an impressive wealth creation track record. Varty immediately unlocked value by spinning out Frontdoor Inc. (legacy home service business) and making changes to Terminix, including a better effort to improve retention rates and customer service levels and better empowering their technicians to serve the customer. The new management team is now focused on reinvigorating organic growth at Terminix. Prior to Varty, Terminix lost market share, resulting in anemic organic growth despite the pest industry growing at roughly 3%. The company delivered 4.1% organic growth on its most recent quarter (after our purchase), supporting our belief that the company can now grow at industry levels and beyond with renewed focus on the commercial business. The focus on long-term asset reinvestment is the right capital allocation decision given that the firm's economic returns are significantly higher than its equity discount rate. And we do not believe the market fully appreciates the runway on further operating margin improvement and long-term asset reinvestment opportunity.

In further portfolio activity during the quarter, we sold Nordstrom Inc. due to investment thesis violations and HealthEquity Inc. because the risk/reward profile became compressed.

Outlook

Our outlook has not changed since our last letter: "We think the most likely outlook, based on what we know today, is higher volatility and lower (but positive) returns." We expect downward volatility to be driven by what appears to be a slowing U.S. and global economy and uncertainty around trade, Brexit, the Middle East, and the 2020 election. We expect upward volatility to be driven by progress on trade, better-than-feared corporate results, and an accommodative Federal Reserve.

We will stay focused on company-specific signals of wealth creation, driven by high management skill and savvy capital allocation. Further, we will look to exploit bouts of volatility to own these businesses when they are selling at attractive upside potential compared to downside risk.

Thank you for your commitment to the Fund. Should you have any questions regarding your investment, please do not hesitate to reach out to us.

Sincerely,



Chris Faber
Portfolio Manager



Jeff Madden
Portfolio Manager

RMB SMID Cap Fund

TOP 10 HOLDINGS AS OF 9/30/19

Company	% of Assets
West Pharmaceutical Services Inc.	3.08%
Bright Horizons Family Solutions Inc.	3.02%
American Financial Group Inc.	2.89%
Copart Inc.	2.72%
Equity Commonwealth	2.51%
Markel Corp.	2.48%
Jack Henry & Associates Inc.	2.08%
Vail Resorts Inc.	2.07%
CyrusOne Inc.	2.02%
Teledyne Technologies Inc.	1.98%

Holdings are subject to change. The above is a list of all securities that composed 24.86% of holdings managed as of 9/30/2019 under the RMB SMID Cap 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 9/30/2019. 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 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 Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities.

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. There can be no assurance that the Fund will achieve its investment objective.

Foreside Fund Services, LLC, Distributor