RMB Fund

Portfolio Update: Third Quarter 2019

The RMB Fund (the "Fund") gained +1.43% net of fees in the third quarter of 2019, modestly behind the +1.70% increase in the S&P 500 Index for the same period. Year to date, the Fund gained +25.50%, ahead of the +20.55% increase in the S&P 500. From a traditional attribution perspective, the modest underperformance in the third quarter was driven mostly by sector allocation given stock selection was a positive contributor. We will discuss individual holdings impact on performance in a moment.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+1.43%	+25.50%	+8.78%	+14.47%	+9.28%	+12.54%	+10.44%
S&P 500 Index	+1.70%	+20.55%	+4.25%	+13.39%	+10.84%	+13.24%	+11.26%
RMBHX (Load Adjusted)	-3.64%	+19.23%	+3.34%	+12.53%	+8.16%	+11.96%	+10.32%

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 1.25%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through May 1, 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. 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 market environment saw a significant increase in volatility, bolstered by the ongoing trade war between the U.S. and China, monthly economic data, falling interest rates, and a proposed impeachment inquiry of the president near quarter-end. Chalking it all up, a more turbulent economic and political environment seems to be the "new normal" that could frame our investing backdrop for the next few quarters. The U.S. has remained one of the strongest and most resilient economies in the world over the past couple of years, although recent domestic data points have pointed toward further deceleration in growth. In particular, the manufacturing sector of the U.S. economy has really weakened, while the larger consumer-focused sector has remained fairly strong. Fears of a recession on the intermediate horizon have clearly grown, with the 10-year Treasury yield falling 34 basis points from 2.01% to 1.67% in the quarter, and down from 3.06% a year ago. The Fed followed through with its more dovish positioning with another 25 basis-point cut to rates in September, which they are billing as a "mid-cycle correction" in policy rather than an extended easing cycle. Lower rates and an accommodative Fed are typically good for the stock market; however, if it's foreshadowing more economic weakness, then it could be viewed as a leading indicator that we are nearing the end of a 10-year economic expansionary cycle.

Second-quarter earnings reports released in the third quarter saw revenues and earnings continue to surprise positively vs. very low expectations, although year-over-year earnings growth for the market as a whole was up less than 1%. The concerns about the sustainability of revenue growth and historically high profit margins have only grown, and it's likely that 2020 earnings estimates remain too high. Current consensus, according to Yardeni Research, is for 11% earnings growth in 2020, which seems far too optimistic vs. a deteriorating economic environment hurting top-line growth and ongoing margin pressures. The negative forward revisions we've seen over the past few months could continue with the next round of earnings reports coming this month and into November. Given high levels of uncertainty around global growth and the lingering trade impacts, we would expect management teams to remain on the conservative side when setting forward expectations and will watch closely for any change in management's tone toward demand for their products and services.

Our message about overall equity valuations is nearly identical with how we felt at the end of last quarter. While not overly expensive, especially given an even lower interest-rate backdrop, we are not finding bargains to be abundant by any means, particularly in our quality growth universe. As we'll discuss in a bit, the Fund is seeking a couple of strong new ideas, but attractively priced entry points in individual names with good fundamentals are hard to find. 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 2018 after the big fourth-quarter selloff, which reflects the significant rebound in prices year to date without any upward revisions in earnings estimates or growth expectations. Said another way, the market return this year has come entirely from multiple expansion. From a longer-term perspective, we also must be cognizant of the fact that we are, more likely than not, in the late innings of a historically long positive economic cycle. While we do not necessarily see a recession as imminent, the probability continues to get larger, particularly as the trade war with China deepens and extends in duration. The U.S. consumer has been quite resilient as low unemployment and wage gains have helped offset weaker parts of the economy. As we have penned recently, the concept of "peak earnings" has remained a debate these days that, even if the U.S. does not 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 deteriorating economies outside the U.S. As always, macro market predictions are very difficult to make, and we remain focused on opportunistic, bottom-up stock selection, continuing to manage a concentrated, yet diversified, portfolio of high-quality individual companies that can grow their earnings and dividends for years into the future. No matter what happens with the current market cycle, we strongly believe the strategy positions us to outperform over the long run without taking undo risk.

Contributors and Detractors

The accompanying chart shows the Fund's largest contributors and detractors to performance during the third quarter. The largest contributor was Edwards Lifesciences Corp., a market leading provider of transcatheter heart valves and other cardio devices. The stock responded well to its second-quarter earnings report that showed accelerating revenue growth that was ahead of Street expectations. We continue to like both the intermediate- and longer-term growth prospects for Edwards given recent approval to expand the targeted patient population for its devices as well as its innovation pipeline. While much of this good news has been priced into the stock, we continue to believe that it can outperform over the long run and have maintained our larger position size. Cell phone tower company American Tower Corp. was the second largest contributor in the quarter. The stock rose on a solid second-quarter earnings report and declining interest rates, which tends to benefit the REIT sector. We also believe American Tower is benefiting from increasing activity around deployment of 5G networks in the U.S., which should generate additional leasing activity and deployments on their infrastructure. We continue to like the long-term prospects for American Tower and the highly defensive nature of the business. It remains the Fund's largest position 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. PTC Inc., a provider of computer-aided design and product lifecycle management software, was the largest basis point detractor. The stock declined after a weaker-than-expected second-quarter earnings report and forward outlook. We continue to believe that most of PTC's recent issues are temporary and fixable, and the long-term growth outlook for PTC remains bright, particularly for its fast-growing "internet of things" software segment. We are also attracted

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

	Basis Point Contribution	Return
Top Contributors		
Edwards Lifesciences Corp.	+65	+19.12%
American Tower Corp.	+46	+9.10%
Alphabet Inc.	+43	+12.78%
Apple Inc.	+41	+13.60%
Raytheon Co.	+32	+13.44%
Bottom Detractors		
PTC Inc.	-55	-24.18%
Cooper Companies Inc.	-46	-11.83%
Middleby Corp.	-34	-13.88%
Royal Caribbean Cruises Ltd.	-30	-10.09%
UnitedHealth Group Inc.	-22	-10.41%

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.

to the significant upside to operating margins that PTC should achieve as it progresses through its transition to a software as a service (SaaS) business model. We used the weakness in the stock to add to our position and like its long-term upside potential. The Cooper Companies Inc., a manufacturer of contact lenses and surgical equipment, was the second-largest detractor. The stock declined after a moderately disappointing second-quarter earnings report that saw some slowing in Cooper's organic growth rate. Looking through the details, we didn't find much that would impact our outlook on the long-term growth potential. Cooper continues to be the industry leader in moving consumers toward daily silicone hydrogel lenses, away from monthlies or weeklies, a long-term positive secular trend. In addition, Cooper has a strong competitive position in many international markets where adoption is behind the U.S. We continue to like the long-term outlook for the company and have maintained a larger-sized position.

Outlook

From when we last wrote you three months ago, market volatility has picked up somewhat with the backdrop of further declines in long-term interest rates, increased economic uncertainty, and more political upheaval. For the most part, the market has taken it in stride, although, as we pen this letter in early October, volatility has increased. The upcoming corporate earnings report season that is about to kick off will once again refocus the market back on individual company fundamentals, where we have some areas of concern. Inflationary pressures from a tighter labor market, overseas demand levels, and the impact from tariffs 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, and any early thoughts toward 2020 could temper optimism for better growth. Near-term U.S. economic data points have generally been quite mixed, with a bias toward decelerating growth and lower business confidence. We are also approaching the one-year mark until the presidential election, which, along with an impeachment inquiry, is going to dominate the news cycle from here forward.

Overall, we have some reservations about the momentum in U.S. corporate earnings growth, which is the biggest long-term driver of stock prices. As we've discussed, risks to revenue growth and margins are abundant, which could lead to "peak earnings" or "plateauing earnings" in 2019 or 2020. With the overall market multiple having re-inflated from 2018 year-end levels, it now sits about 18x 2019 and 16.2x 2020, with next year's estimates likely being too high. The long-term average for the market is around 16x, but given we may be nearing peak earnings, there might not be a whole lot of value implied in current market expectations. As always, we may opine on our view of the market, but 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 McGriesbach

Todd Griesbach
Portfolio Manager

RMB Fund

TOP 10 HOLDINGS AS OF 9/30/19	
Company	**% of Assets**
American Tower Corp.	5.38%
Microsoft Corp.	5.23%
Alphabet Inc.	3.84%
Visa Inc.	3.75%
Edwards Lifesciences Corp.	3.64%
IHS Markit Ltd.	3.58%
Apple Inc.	3.43%
The Cooper Companies Inc.	3.35%
Booking Holdings Inc.	3.00%
Morgan Stanley	3.00%

Holdings are subject to change. The above is a list of all securities that composed 38.18% of holdings managed as of 9/30/2019 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 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 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.

High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.

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