RMB Fund

Portfolio Update: Fourth Quarter 2019

The RMB Fund (the "Fund") gained +9.29% net of fees in the fourth quarter of 2019, ahead of the +9.07% increase in the S&P 500 Index for the same period. For the full year the Fund gained +37.16%, ahead of the +31.49% increase in the S&P 500. From a traditional attribution perspective, the modest outperformance in the fourth quarter was balanced between stock selection and sector allocation. We will discuss individual holdings impact on performance in a moment.

	Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+9.29%	+37.16%	+17.74%	+10.92%	+12.60%	+10.60%
S&P 500 Index	+9.07%	+31.49%	+15.27%	+11.70%	+13.56%	+11.41%
RMBHX (Load Adjusted)	+3.82%	+30.30%	+15.75%	+9.79%	+12.02%	+10.47%

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 fourth-quarter market environment saw a significant decrease in volatility as optimism around a trade truce between the U.S. and China culminated with a preliminary agreement for a "phase one" deal in December. The market also responded positively to better monthly economic data and the ongoing tailwind of an accommodative Fed. Much of the recessionary and "late cycle" fears that were emerging mid-year were dampened down in the fourth quarter. The U.S. has remained one of the strongest and most resilient economies in the world over the past few years and consensus is for stable to potentially accelerating growth in 2020. The manufacturing sector of the U.S. economy, which was hard hit by impact of tariffs, could see some relief in coming quarters, and growth comparisons should be relatively easy. The larger consumer-focused sector of our economy has remained strong, with near full employment and some moderate real wage growth, particularly for the lower income consumer. The 10-year Treasury yield rose 24 basis points from 1.68% to 1.92% in the quarter. The Fed has signaled that it is done with its three 25 basis point rate cuts that it made in 2019, and is most likely to leave rates unchanged for the intermediate future, obviously dependent on any material changes in economic data. The impeachment inquiry of the president certainly has dominated the political headlines of late, but the stock market has largely shrugged it off as noise. That said, the highly charged political environment in DC, and the potential for major tax and policy changes, will remain part of the investment backdrop during this election year.

Third quarter earnings reports released in the fourth quarter saw revenues and earnings continue to surprise positively versus very low expectations, although there was minimal year-over-year earnings growth for the market as a whole. While the fourth quarter has yet to be reported, 2019 is likely to finish with very little earnings growth, likely 1-2% based on current expectations. Our message about overall equity valuations is similar with how we felt at the end of last quarter and has only gotten worse, given the further market run up. While not outlandishly expensive, we are not finding bargains to be abundant by any means, particularly in our quality growth universe. As mentioned in last quarter's letter, the Fund is seeking a couple of strong new ideas, and we did add one new name during the quarter, 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 without any upward revisions in earnings estimates or growth expectations. The market return in 2019 came entirely from multiple expansion. From a longer-term perspective, even though the risk of a recession in the near term has likely diminished, we must be cognizant of the fact that we are likely in the late innings of a historically long positive economic cycle. With trade concerns diminishing and an accommodative interest rate environment, it's certainly possible that the macro-economic ballgame could easily continue into extra innings. 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, Fund 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 Fund positions us to outperform over the long run without taking undo risk.

Contributors and Detractors

The table to the right shows the Fund's largest contributors and detractors to performance ranked by basis-point contribution. Apple Inc., a company that needs no introduction, had a blistering quarter and full year for that matter. The stock has performed exceptionally well as iPhone sales have proven to be more resilient than expected, and the stock is increasingly looking forward to the potential for a substantial replacement cycle when the 5G enabled iPhone becomes available later this year. Services and wearables also continue to show excellent growth for Apple, helping lower their reliance on traditional hardware. While we remain positive on Apple's long term fundamentals and business model, we think the valuation on the stock has gotten a bit extended, and may lower the position size a bit on further strength. UnitedHealth Group Inc., a leading health care insurance and prescription benefits manager, was the second largest contributor to performance in the quarter. The stock rebounded substantially after underperforming in the first three quarters of the year, as the market began to discount a lower probability of "Medicare for All" ever becoming law. United was also buoyed by strong third quarter earnings report and solid outlook for 2020. We continue to like United's long-term prospects and have the position sized towards the top end of the Fund.

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

	Basis Point Contribution	Return
Top Contributors		
Apple Inc.	+109	+31.50%
UnitedHealth Group Inc.	+95	+35.80%
Microsoft Corp.	+73	+13.82%
Amgen Inc.	+67	+25.27%
Morgan Stanley	+63	+20.71%
Bottom Detractors		
ServiceMaster Global Holdings Inc.	-65	-30.84%
Alliance Data Systems Corp.	-29	-17.81%
Middleby Corp.	-18	-6.31%
Home Depot Inc.	-10	-5.28%
TE Connectivity Ltd.	-9	-4.09%

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.

On the negative side of the performance ledger, we had a few names whose prices underperformed, adversely affecting the Fund's overall return. ServiceMaster Global Holdings Inc. declined significantly after warning its third quarter and full year results would fall short of forecasts. The shortfall largely stemmed from higher than anticipated claims costs for termite services performed with a particularly bad infestation in the Mobile, Alabama area. We think the ultimate costs for this particular issue are quite manageable in the context of cash flow, and they will be paid over a series of years. While we felt that the stock has overreacted, our conviction in the management team has waned somewhat, and have kept a smaller sized position for the near term. We continue to gather more information on the name and consider it one that will likely "up or out" in the intermediate future. Alliance Data Systems Corp. was our second largest detractor and we sold the stock after losing confidence in the management team and failed to see a line of sight that fundamentals could truly inflect positively in the intermediate future. Quite honestly, owning Alliance was our biggest mistake over the past couple of years, as it proved to be a value trap. If there is any solace in this losing position, it was the fact that it was on the smaller end of position sizes for the Fund and our taxable client base was able to harvest a loss in an otherwise strong return year.

Outlook

U.S. corporate earnings growth, which is the biggest long-term driver of stock prices, was quite anemic in 2019. Once earnings are tallied up with the fourth quarter reports, the S&P is likely to have only grown earnings 1-2% in 2019. The outlook appears better for this year, with current Wall Street consensus for 10% earnings growth in 2020, although bottoms-up estimates are likely too high, with mid-single digit growth a more realistic number, in our opinion. It's not uncommon to see forward estimates be revised lower as individual companies give their annual outlooks with their year-end reports, an annual phenomenon that has occurred for the last several years. Given relatively easy comparisons, increased confidence in improving global economic growth and lower probability of recession, 2020 could be a much better year for underlying earnings growth. That said, we expect management teams to remain on the conservative side when setting forward expectations. The 31% market return this year was nearly all due to P/E multiple inflation, not from solid underlying earnings growth. With the market trading at 18.3x 2020 and 16.5x 2021 earnings estimates (which are probably still too high) versus a very long-term average around 16x, we still don't see a whole lot of margin of safety in valuations, considering we're likely late cycle, particularly if earnings growth doesn't pick up this year. This view is consistent with our bottoms-up view on individual companies, both within the Fund and potential new ideas. It's difficult to find a lot of high-quality growth businesses selling at reasonable valuations today. As always, while we may opine on our view of the overall market, we do not pretend to have any ability to predict where the market is heading in the short or intermediate term. It is a very difficult, if not impossible, task to add value with Market timing, and we certainly didn't foresee how strong the market would be in the fourth quarter. We continue to focus the Fund's efforts on owning companies with good growth prospects, strong economic moats, underleveraged balance sheets, superior management teams, and an ability to grow dividends. These are companies we believe can compound value for shareholders for years into the future. The opportunities to find high-quality dividend growth companies selling at attractive valuations are becoming more abundant after the recent sell off, and 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.

Given this letter brings us not only to the end of the year, but also the end of the decade, we thought it might be worthwhile to reflect on what has transpired over the past ten years. From the depths of despair in the Global Financial Crisis in 2008-2009, the U.S. has had an amazing run of improving prosperity over the last decade. This decade-long run isn't just seen in the historically long economic expansion (first post war decade without a recession) and stock market returns (13.5% annualized) which, as wealth managers, tends to be our focus. There was an excellent short article in the December 17th edition of the Wall Street Journal entitled "The 2010's Have Been Amazing" that really put global accomplishments of the last decade in perspective. It's easy to get drawn into the daily media headlines that seem to be nothing but negative, but step back and take a longer point of view, and there is actually a lot of good news around the world to be reported that largely goes unnoticed because it changes so slowly. Worldwide declines in extreme poverty, improvements in human health and life expectancy, and progress on improving our environment were statistically global success stories in the last decade. There is reason to be optimistic that human ingenuity can continue to solve the major problems that it faces and life can get better from here. Heck, if the Chicago Cubs were able to win a World Series this decade, anything can happen! On this more optimistic note, we'd like to wish everyone a happy new year and a sincere 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 12/31/19	
Company	**% of Assets**
Microsoft Corp.	5.48%
American Tower Corp.	5.16%
Apple Inc.	4.15%
Alphabet Inc.	3.89%
Visa Inc.	3.78%
IHS Markit Ltd.	3.72%
Morgan Stanley	3.31%
UnitedHealth Group Inc.	3.19%
Diageo PLC	3.18%
Royal Caribbean Cruises Ltd.	2.94%

Holdings are subject to change. The above is a list of all securities that composed 38.79% of holdings managed as of 12/31/2019 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 12/31/2019. 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.

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