

# RMB International Fund

## Portfolio Update: First Quarter 2020

During the first quarter of 2020, the RMB International Fund (the “Fund” or “RMBTX”) was down -21.52% net of fees. During the same period, the MSCI EAFE Index decreased -22.83% as measured in USD.

	Quarter	YTD	1 Year	Since Inception
RMBTX	-21.52%	-21.52%	-16.98%	-12.90%
MSCI EAFE Index	-22.83%	-22.83%	-14.38%	-8.63%

***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 1.16%.***

***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.***

While Global equities rallied in the fourth quarter of 2019 on optimism around diminishing trade disputes and on global central bank policy easing, the first quarter of 2020 was one for the record books as a global pandemic unfolded rapidly. Markets began on the year as they left off from 2019, but as the coronavirus turned from a seemingly regional epidemic to a global pandemic equities fell sharply. International equities (MSCI EAFE) were down -22.8% in the quarter, nearly in line with the U.S. (S&P 500) which was down -20.00%. From intra quarter highs, the U.S. suffered the fastest bear market in history. Japanese equities (MSCI Japan) and Asia ex-Japan (MSCI AC Asia Ex Japan) were both down less than the broad EAFE, -16.63% and -18.38% respectively. Regions and countries are dealing with the pandemic in varying ways, but one commonality is general disruption to both supply chains and to end demand. National measures range from strong recommendations to socially distance (Sweden) to strict shelter at home lockdowns (Italy). As governments essentially shut down entire parts of their economies, they are attempting to bridge a severe economic divide through aggressive fiscal and monetary policy. Monetary policy alone is relatively ineffective in this situation. Cash needs to find its way to smaller businesses and those having lost jobs, rather than simply injecting cash into the financial system. There is potential that many societal and economic norms evolve in the aftermath of the crisis. However the degree of change and the degree of government support will be heavily influenced by the ultimate depth, breadth, and duration of the pandemic and global economic downturn.

## Contributors and Detractors

Lonza and Kao were two major contributors during the quarter.

Lonza Group (LONN VX) develops and manufactures drugs, with a focus on biologics and next generation therapeutics. Customers range in size from emerging biotechs to major pharmaceutical players. Lonza’s offering covers the majority of the pharmaceutical manufacturing value chain including services in drug discovery, development, clinical trial supply, commercial scale manufacturing and fill and finish. Lonza is poised to capitalize on numerous megatrends as a leader across the healthcare continuum. The management team has restructured the business and implemented operational efficiency programs that have driven the overall ROI towards the mid-teen level. With the acquisition of Capsugel and the sale of the Water Care businesses, the overall mix of business is shifting towards the company’s Pharma & Biotech segment which should allow the company to continue to drive its ROI even higher. This is a strong business model with high barriers to entry (included in regulatory submissions, high cap ex requirements, 5-10 year contracts) and strong secular growth driven by biologics, cell

# RMB International Fund

therapy, ADCs. Lonza reported better than expected 4Q results in January and the business model should be resilient given the current volatility related to COVID-19. As a result, Lonza remains a core holding and an attractive long-term investment.

Kao Corp. (4452 JP) is a major consumer product manufacturer in Japan. The company manufactures and distributes various consumer goods including cosmetics; skin & hair care products; fabric & home care products such as detergents and bleaches; personal sanitary products; and diapers. As a fully integrated consumer product manufacturer, the company also develops basic materials and ingredients for consumer products in-house through its chemical business. When COVID-19 was spreading across China and the Asia region earlier in the year, the stock performed poorly as investors were concerned about the company's geographic focus in the region including sizable exposure to China, in particular, through cosmetics and diapers. The stock has recovered quickly since mid-March, however, as the market began to focus on growing demand for personal sanitary products and other staples on top of a more controlled spread of the virus in Japan that helped limit the damage to domestic demand in the country. As the stock recovered our initial target price, we trimmed the stock's position size in our portfolio

Royal Dutch Shell and Rentokil were two major detractors during the quarter.

Royal Dutch Shell Plc Class B (RDSB LN) is one of the largest integrated oil / gas companies in the world. Similar to energy peers, the stock price has declined significantly due to lower oil prices following both demand destruction related to COVID-19 and the Saudi Arabia / Russia price war. The price of Brent oil has declined -50% YTD (and was down as much as -65%). We have consistently been underweight the energy sector even before the significant decline in oil prices. We recently sold Royal Dutch Shell and bought Total S.A. (FP FP) in order to harvest tax losses while also providing some exposure to a potential recovery in the sector.

Rentokil is the world's largest commercial pest control company and a leading hygiene services company. It has historically had a very resilient business model during recessions, but the extreme measures governments are taking to limit the spread of the Coronavirus will impact its commercial customers, despite pest control being classified as an "essential service" by many governments. RTO shares declined 20% in Q1 in response to these near-term risks and the aggressive actions the company has taken to preserve liquidity in the face of potential Coronavirus impacts. On March 25th, the company suspended its dividend and M&A programs, reduced capital spending and employment costs, which could save 500M GBP of cash. We believe it has ample liquidity to get to the other side of this pandemic and this could create new opportunities for its hygiene and disinfection services.

## Portfolio Activity

Portfolio turnover was slightly higher than normal this quarter as the COVID-19 shock created significant market volatility as well as new opportunities. We exited three names; Solvay SA, Royal Dutch Shell, and Japan Hotel REIT and bought three new names; Total SA, Invincible Investment Corp, and Sartorius Stadium Biotech. While we like Solvay's cash generation from its soda ash business which supports its growth initiatives, the company's leverage was a concern of ours in a global recession scenario. We took advantage of a temporary ban on short selling in Belgium to exit our position in Solvay after the stock

### RMB International Fund FIRST QUARTER 2020 CONTRIBUTION REPORT *Ranked by Basis Point Contribution*

	Basis Point Contribution	Return
<b>Top Contributors</b>		
Total SA	+76	+31.23%
Lonza Group AG	+46	+13.70%
Kao Corp.	+15	-0.72%
Daiichi Sankyo Co. Ltd.	+13	+4.71%
Grifols, SA	+7	-3.48%
<b>Bottom Detractors</b>		
Royal Dutch Shell PLC	-154	-52.54%
Hiscox Ltd	-142	-39.20%
Compass Group PLC	-139	-36.51%
Bankinter SA	-135	-48.71%
Rentokil Initial PLC	-126	-19.87%

*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 Fund. 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 International Fund

moved up 25% from its lows. We sold Royal Dutch Shell (RDSB LN) and bought Total S.A. (FP FP) in order to harvest tax losses while also providing some exposure to a potential recovery in the energy sector. We took similar action in Japan by selling Japan Hotel REIT (8985 JP) and buying Invincible Investment Corp (8963 JP); another hotel REIT trading at a very attractive valuation. We initiated a starter position in Sartorius (DIM FP) this quarter as the market volatility provided an entry point that we had been patiently waiting for. Sartorius has a strong competitive position with a leading position in single-use technology for the biopharma industry. We like the company's high recurring consumable revenue base and believe barriers to entry are very high as the company is included in regulatory filings.

## Outlook

Despite a significant increase in market volatility, we are not looking to make wholesale changes to the portfolio. As a reminder, the strategy transitioned to the new team last year and focused on improving the overall quality of portfolio holdings while reducing capital structure risk across the names. We believe the portfolio was well positioned going into the COVID-19 shock and outperformed as we would have anticipated. We will continue to optimize the portfolio with the team adding to our highest conviction names while reducing names that have either seen risk reward payoffs compress, or critical milestones deteriorating and may be slow to recover in a post COVID-19 world.

As always, thank you for your support and trust in the Fund. I am looking forward to updating to you in the next quarter.

### TOP 10 HOLDINGS AS OF 3/31/20

Company	% of Assets
Rentokil Initial PLC	3.97%
Kerry Group PLC	3.96%
Kao Corp.	3.85%
Novartis AG	3.79%
Lonza Group AG	3.67%
Grifols SA	3.51%
TV Asahi Holdings Corp.	3.12%
Takuma Co. Ltd.	3.08%
Toyota Motor Corp.	2.99%
BASF SE	2.92%

*Holdings are subject to change. The above is a list of all securities that composed 34.86% of holdings managed as of 3/31/2020 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 3/31/2020. 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.*

# RMB International Fund

*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 International 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. Investments in foreign markets involve risks, such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks.*

*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. MSCI Europe, Australasia, and Far East (EAFE®) Index is an equity index, which captures large- and mid-cap representation across Developed Markets<sup>1</sup> countries around the world, excluding the U.S. and Canada. With 924 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI EAFE Small Cap Index is an equity index which captures small-cap representation across Developed Markets countries<sup>1</sup> around the world, excluding the U.S. and Canada. With 2,301 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. 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. The S&P 500 focuses on the large-cap segment of the market and covers approximately 75% of U.S. equities. FTSE 100 is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. The MSCI AC Asia ex Japan Index captures large- and mid-cap representation across 2 of 3 Developed Markets countries<sup>2</sup> (excluding Japan) and 9 Emerging Markets (EM) countries<sup>3</sup> in Asia. With 984 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.*

<sup>1</sup> Developed Markets countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the U.K.

<sup>2</sup> Developed Markets countries include: Hong Kong and Singapore.

<sup>3</sup> Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Taiwan, and Thailand.

Foreside Fund Services, LLC, Distributor