Dividend Growth

Portfolio Update: First Quarter 2024

For the first quarter ending March 31, 2024, the Dividend Growth Strategy (the "Strategy") increased +4.43% net of fees, compared to the +7.88% return for the Morningstar U.S. Dividend Growth Index (MSDGI) and the broader market's +10.56% total return for the S&P 500 Index.

Performance	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (4/1/2005)
Dividend Growth (net of IM fees)	+4.43%	+4.43%	+17.87%	+9.52%	+14.65%	+11.63%	+8.69%
Dividend Growth (net of IM & WM fees)	+4.18%	+4.18%	+16.74%	+8.45%	+13.53%	+10.54%	+7.61%
Morningstar U.S. Dividend Growth Index	+7.88%	+7.88%	+16.12%	+6.35%	+9.55%	+9.03%	+7.49%
S&P 500 Index	+10.56%	+10.56%	+29.88%	+11.49%	+15.05%	+12.96%	+10.38%

Inception date: April 1, 2005. Performance is presented net of RMB Asset Management's maximum management fee and transaction costs. Performance is annualized for periods greater than one year. Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. All data is as of March 31, 2024.

First quarter absolute returns for domestic markets followed a very strong 2023 as the momentum continued with market indices hitting all-time highs. From a traditional attribution perspective, the Strategy's under performance in the first quarter relative to the Morningstar Index was nearly all driven by negative stock selection with a small negative impact from sector allocation. We had several names that underperformed a strong market despite no significant change in fundamentals or meaningful news. Our companies within the Health Care, Information Technology, Consumer Staples, and Real Estate sectors were notable detractors to the Strategy's relative performance, partially offset by positive contribution in the Utilities and Consumer Discretionary sectors. There's no doubt that 2024 has gotten off to a difficult start for relative performance, but, as long-term investors, we try not to lose much sleep over three months of relative performance. As Warren Buffett one so eloquently stated, "In the short run, the market is a voting machine, but in the long run it is a weighing machine." Short-term market votes haven't been in our favor this quarter, but over the past several years, we believe the weighing machine of our results have been solid.

Macroeconomics continued to play an important factor in the backdrop of the first quarter of 2024. Interest rates began to rise again as the odds of future Fed interest rate cuts declined, or at least got pushed out into 2025. The domestic economy continues to be quite resilient and the odds of a so called economic "soft landing" or "no landing" continue to increase. We have to admit that a year ago we were in the camp that believed a recession was more likely than not, but a significant economic slowdown has yet to arrive. Perhaps it will come later this year or in 2025, but for now the economy has taken the gut punch from the Fed's interest rate hiking cycle of 2022/2023 extremely well. Historically it's rare for the economy to not falter after significant Fed tightening, but there are exceptions to every rule and economic forecasting is a precarious profession. On a positive note, the year-over-year impact of inflation has been steadily decreasing over the past several months to more manageable levels under 3%, but not yet sustainably at the Fed's long term 2% target. The labor market has also remained quite strong, with sub 4% unemployment and significantly positive monthly net job creation, although we note that job statistics can be somewhat of a lagging economic indicator and these statistics can be revised in subsequent months. The performance of the stock market has been somewhat of a push and pull between the benefits of a resilient economy and corporate earnings versus the negative impact of higher rates. While the concentration of returns driving the indices higher remains a concern to us, a 10% move up in just three months is quite remarkable. Clearly the market vote has been to shrug off "higher for longer" interest rates in favor of more optimism around the economy and future corporate earnings growth. We would view a sustained broader market with less concentration in returns and lower correlations between individual securities as a better environment for stock selection in the Strategy. We will continue to look for opportunities in new names within our universe of what we believe to be high-quality companies that grow their dividends while adhering to our long-term investment philosophy.

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Contributors and Detractors

Microsoft Corp. (MSFT) was again this quarter's largest positive basis point contributor due to its moderately above market return and large position size. Fundamentals for Microsoft remained strong, with a solid fiscal second quarter earnings report and increasing evidence that it will be a meaningful beneficiary of artificial intelligence (AI) in coming years. The company's Azure cloud services business continues to grow, as corporate workloads move to the cloud and increasingly AI models are being run off Azure infrastructure. We continue to watch competitive behavior amongst the hyperscale players, which has been rational and enjoys the benefits of having a sticky customer base due to switching costs. Microsoft is one of the few companies that can afford the capital expenditures that it will take to run AI effectively, given its compute intensity and interaction with vast amounts of data. The capital requirements alone are a significant barrier to entry for incumbents. Microsoft is also using AI within its existing enterprise software business with the high-profile launch of CoPilot within its Office software suite. Microsoft is the Strategy's largest position at quarter end, and we continue to like its multi-year outlook, but will manage portfolio risk by not letting the position size get too large.

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FIRST QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Microsoft Corp.	+103	8.48%
Stryker Corp.	+83	4.43%
JPMorgan Chase & Co.	+77	4.39%
Chubb Ltd.	+63	4.31%
Lowe's Companies Inc.	+56	3.91%
Bottom Detractors		
Zoetis Inc.	-44	2.94%
American Tower Corp.	-39	3.89%
Apple Inc.	-32	3.08%
Keurig Dr Pepper Inc.	-27	3.58%
UnitedHealth Group Inc.	-24	4.13%

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 Strategy. Holdings listed might not have been held for the full period. To obtain a copy of RMB Asset Management'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.

Medical technology provider Stryker Corp. (SYK) was the Strategy's second largest contributor. The stock responded positively to a very strong fourth quarter earnings report and financial guidance for 2024. Led by CEO Kevin Lobo, Stryker continues to execute on all cylinders, as most of its product portfolio is outgrowing their end markets and competitors. Stryker is also benefiting from increased utilization of the domestic healthcare system, as some of its procedures are deferrable and the system has worked out the post COVID bottlenecks that hampered procedure volumes. We continue to like the long-term upside for Stryker, although we did take a modest trim in the name to manage position size and reallocate some proceeds into names with what we believe to be better risk-rewards.

On the negative side of the performance ledger, we had names adversely affecting the Strategy's overall return. Animal heath care provider Zoetis Inc. (ZTS) led the list this quarter, as the stock pulled back after a very strong fourth quarter. The downdraft was not necessarily driven by any significant news flow but, given that Zoetis is a more defensive name within healthcare, may have suffered from short-term investors gravitating towards stocks with better chances of upwards earnings revisions. There has also been some speculation around how well one of Zoetis' new product launches is doing. As long-term investors, we viewed the pullback opportunistically to add to our relatively small position shortly after quarter end. We have strong conviction that Zoetis will benefit from long-term secular growth in companion animal health and believe the stock can be a long-term compounder with double digit dividend growth in coming years.

American Tower Corp. (AMT), a real estate investment trust (REIT) that owns cellular towers and data centers, was the Strategy's second largest detractor. Real Estate was one of the worst performing sectors during the first quarter, as rising rates are a headwind to this highly rate sensitive group. REITs also generally tend to underperform during a "risk on" market environment. AMT underperformed the group as its 2024 guidance from its most recent earnings report was moderately disappointing and, similar to Zoetis, the stock entered the year after a big fourth quarter rally. As long-term investors, we do not read much into one quarter's underperformance as we believe AMT is very much a "slow and steady" long-term compounder with a growing dividend and a 3.5% yield attached to its total return. The stock is about a median sized position at quarter end.

Portfolio Activity

The Strategy had no full sales of any of our holdings during the first quarter but initiated a starter position in EOG Resources Inc. (EOG, $67b market cap). EOG is a best-in-class, pure-play E&P energy company and aims to be the highest return on capital, lowest cost, and lowest carbon emission producer. Since 2016, EOG has implemented a premium drilling/returns focused approach that has lowered the break-even oil price (at 10% ROCE) from the $80 range to $42 by focusing on innovation and efficiencies. Over the last several years, EOG has been recognized as the domestic leader in improving the efficiency and technology around shale drilling with much of the industry trying to emulate what they do. EOG has also expanded its premium drilling inventory and now has 10+ years of what it calls "double premium" inventory that can generate 60% after-tax-rate of returns at $40 oil along with over 30 years of inventory if they held production flat. This has largely been accomplished through organic exploration, as management continues to unveil new premium locations at very low finding and development costs, including the Utica (oil window) and Dorado (gas basin) while continuing to mainly focus on the Delaware Basin (with efficient production of the Eagle Ford). As a result, EOG has a solid complement of oil (39% reserves), NGL (27%), and natural gas (34%) that can be developed based on the macro view of each commodity. This focus on the highest rates of return and lowest costs has enabled EOG to have very little financial leverage and return 70% of free cash flow back to shareholders in the form of a regular dividend (21% CAGR since 1999 and 10% growth last year), special (variable) dividends and opportunistic share repurchases. At the time of purchase the current yield on the stock was 3.3% from the regular dividend and 5.6% if they pay a variable dividend at a level similar to last year. With the Energy sector and EOG's stock underperforming significantly in 2023 and the start of 2024, we felt like the current price of both the commodity and stock were opportunistic for purchase in Dividend Growth. The purchase was funded through the trimming of a handful of our technology holdings along with some cash. While the Strategy is still underweight Energy relative to the benchmark, the addition of EOG will help narrow this gap along with reducing our Technology overweight. We view EOG as a long-term core holding but acknowledge that this may be a name we trade around a core position, depending on the trajectory of underlying commodity movements. We also like that the domestic energy industry has become more rational in the past couple of years, being more return on capital focused and less driven by production growth.

Outlook

U.S. corporate earnings, which is the biggest long-term driver of stock prices have returned to positive year-over-year growth rates over the last two quarters of 2023 after declines in the first half. Earnings are expected to continue their positive growth in the first quarter this year, which will be reported later this month and into May. Earnings proved to be quite resilient in 2023 largely due to the domestic economy holding up much better than the consensus recession call that never arrived. The same is being baked into 2024 and 2025 expectations: a moderately growing economy and less pressure on margins from inflation. It also should be pointed out that when we talk about earnings expectations for the S&P 500, the Mag 7 stocks[1] have an outsized influence on the total for the index given their sheer size in dollars and the fact that as a group they are growing faster than the combination of the other 493 companies. Current expectations for S&P 500 earnings are for 11.1% growth in 2024 and 13.5% in 2025. We believe that these expected growth rates are overly optimistic, but it's not at all that unusual for Wall Street to be too high coming into a year and have downward revisions follow through the year.

Equity valuations look to be on the expensive side at 21.5x 2024 and 18.9x 2025 earnings estimates versus a very long-term average around 16x. Downward revisions would only make these multiples even higher. So what is "the market

[1] The "Magnificent 7" refers to the following stocks: Apple Inc. (AAPL), Microsoft Corp. (MSFT), Alphabet Inc. (GOOG), Amazon.com Inc. (AMZN), Tesla Inc. (TSLA), Meta Platforms Inc. (META), and NVIDIA Corp. (NVDA).

pricing in"? We believe current valuations are clearly pricing in a soft or no landing scenario for the economy, interest rates that at a minimum don't go any higher from current levels and eventually come down and maybe even a little upside to current earnings estimates. In other words, a pretty optimistic macro-outcome. While this might be what ends up playing out in coming quarters, it doesn't feel like there is a big margin of safety built into stock prices. As always, while we may opine 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's a very difficult, if not impossible, task to add value by timing the market and using valuation as a tool to predict where market indices are heading. After a big rebound in 2023 and a fantastic first quarter for absolute returns, we believe it remains prudent to keep return expectations modest, not just for the balance of 2024, but for the next few years. When we say prudent, we think mid-single digit types of returns for domestic equities are more realistic over the next 3-5 years, not double digit. Hopefully we'll be surprised higher but given the starting point of an expensive market, we'd temper investor return expectations. We continue to focus the Strategy's efforts on owning companies with what we believe to be 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 and continue to return excess cash to shareholders. The opportunities to find high-quality dividend growth companies selling at attractive valuations is not overly abundant, but we will continue to use our "bottom-up" search to optimize the Strategy while keeping turnover low. If we adhere our disciplined investment process and manage portfolio risk, we aim to continue to add value to market returns in subsequent years.

We'd like to 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 TEN HOLDINGS AS OF 3/31/24

Company	% of Assets
Microsoft Corp.	8.35%
JPMorgan Chase & Co.	4.59%
UnitedHealth Group Inc.	4.52%
Chubb Ltd.	4.39%
CDW Corp.	4.32%
Stryker Corp.	4.24%
Lowe's Companies Inc.	4.18%
Union Pacific Corp.	4.14%
Morgan Stanley	4.13%
CME Group Inc.	4.08%

Holdings are subject to change. Past performance is not indicative of future results, and there is risk of loss of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.

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Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The opinions and analyses expressed in this newsletter are based on Curi RMB Capital, LLC's ("Curi RMB Capital") research and professional experience are expressed as of the date of our mailing of this newsletter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future results, nor is it intended to speak to any future time periods. Curi RMB Capital makes no warranty or representation, express or implied, nor does Curi RMB Capital accept any liability, with respect to the information and data set forth herein, and Curi RMB Capital specifically disclaims any duty to update any of the information and data contained in this newsletter. The information and data in this newsletter does not constitute legal, tax, accounting, investment or other professional advice. The information provided in this letter should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the Portfolio at the time you receive this letter or that securities sold have not been repurchased. The securities discussed do not represent the entire Portfolio and, in the aggregate, may represent only a small percentage of their holdings. It should not be assumed that any securities transaction or holding discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of security recommendations made during the past 12 months is available upon request. An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not account for 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 Morningstar U.S. Dividend Growth Index is designed to provide exposure to securities in the Morningstar U.S. Markets Index with a history of uninterrupted dividend growth and the capacity to sustain that growth. The S&P 500 includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large-cap segment of the market and covers approximately 75% of U.S. equities. 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. RMB Asset Management is a division of Curi RMB Capital.

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RMB Asset Management

Dividend Growth Strategy // GIPS Report

Organization | Curi RMB Capital, LLC ("Curi RMB Capital") is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and established in 2005. The GIPS firm is defined as RMB Asset Management ("RMB AM"), a division of Curi RMB Capital. Previously, the firm was defined as RMB Capital and was redefined on January 1, 2016 to only include the asset management business due to the difference in how its investment strategies and services are offered. RMB AM claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. RMB AM has been independently verified for the periods April 1, 2005 through December 31, 2022. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Description | The Dividend Growth Strategy reflects the performance of fully discretionary equity accounts, which have an investment objective of long-term growth using a portfolio of primarily large-cap stocks and, for comparison purposes, is measured against the S&P 500 index. Effective 1/1/2023, the Morningstar U.S. Dividend Growth Index was added as secondary benchmark for the strategy retroactively in order to provide an income-oriented benchmark alongside the primary benchmark. The inception date of the Dividend Growth Composite is April 1, 2005 and the Composite was created on April 1, 2005. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

Year End	Total Firm Assets as of 12/31 ($M)	Composite Assets USD ($M)	Composite Assets # of Accounts Managed	Annual Performance Results Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	MS Div Growth (%)	S&P 500 (%)	Composite 3-YR ST DEV (%)	MS Div Growth 3-YR ST DEV (%)	S&P 500 3-YR ST DEV (%)	Composite Dispersion (%)
2023	6,235.5	265.7	225	18.2	17.63	7.58	26.29	15.78	15.51	17.29	0.33
2022	5,228.7	242.7	208	-12.27	-12.72	-9.98	-18.11	20.36	19.54	20.87	0.35
2021	6,277.6	307.8	221	31.58	30.97	23.89	28.71	17.69	16.96	17.17	0.27
2020	5240.6	168.9	154	16.14	15.58	6.48	18.40	18.58	17.76	18.53	0.92
2019	4,947.9	243.7	460	37.62	37.00	26.74	31.49	11.39	11.28	11.93	0.45
2018	4,196.9	204.2	474	-2.11	-2.61	-4.56	-4.38	10.89	10.2	10.80	0.36
2017	3,610.6	219.4	507	19.21	18.64	19.90	21.83	10.11	9.42	9.92	0.40
2016	3,047.5	204.6	516	14.77	14.23	12.21	11.96	10.95	10.03	10.59	0.41
2015	3,706.0	215.8	571	-6.54	-7.01	-3.20	1.38	10.47	10.49	10.47	0.40
2014	3,312.9	260.4	640	12.48	11.95	10.80	13.69	9.68	8.41	8.97	0.38

Fees | *Effective January 1, 2011, Curi RMB Capital's asset management fee schedule for this Composite is as follows: 0.50% on the first $3.0 million, 0.475% on the next $2.0 million, 0.450% on the next $5.0 million, 0.425% on the next $15.0 million, and 0.400% over $25.0 million. Net returns are computed by subtracting the highest applicable fee (0.50% on an annual basis) on a quarterly basis from the gross composite quarterly return, and the resulting quarterly net figures are compounded to calculate the annual net return. Actual asset management fees charged by Curi RMB Capital may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees and custodian fees. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The composite includes accounts that pay asset-based pricing for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. Returns for those accounts prior to 3/1/19 do not reflect the deduction of asset-based pricing and are therefore gross of trading expenses. These accounts represent approximately 81% of composite assets. In addition to an asset management fee, some accounts pay a wealth management fee based on the percentage of assets under management to Curi RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Risk measures presented are calculated using gross-of-fees performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.*

Minimum Value Threshold | *The account minimum in the Dividend Growth composite is currently $500 thousand. Prior to July 2020, the composite did not have a minimum.*

Comparison with Market Indices | *Curi RMB Capital compares its Composite returns to a variety of market indices such as the S&P 500. The index represents unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. The S&P 500 Index is widely regarded as the best single gauge of the U.S. equity market. It includes 500 leading companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market and covers approximately 75% of the U.S. The index includes dividends reinvested. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management fees, or other 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 in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.*

Other | *Past performance is no guarantee of future performance. Historical rates of return may not be indicative of future rates of return. Individual client performance returns may be different than the composite returns listed. Total Firm Assets as of 12/31 for the years 2011 and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A list of Composite Descriptions and a list of Broad Distribution Pooled Funds are available upon request.*