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Portfolio Update: First Quarter 2024

For the quarter ended March 31, 2024, the International composite (the "Strategy") returned +6.27%, net of fees. During the same period, the MSCI EAFE Total Return Index (dividends reinvested) returned +5.78%.

Performance	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception (12/31/2017)
International Composite (net of IM fees)	+6.27%	+6.27%	+12.75%	+2.31%	+4.31%	+0.96%
International Composite (net of IM & WM fees)	+6.03%	+6.03%	+11.69%	+1.31%	+3.28%	-0.04%
MSCI EAFE Index	+5.78%	+5.78%	+15.32%	+4.78%	+7.33%	+4.92%

Inception date: December 31, 2017. 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.

We are pleased to report that the Strategy outperformed this quarter even as the strong cyclical rally continued into the first quarter of 2024. During most of 2023, the Strategy was holding excess cash and in hindsight was probably overly defensively positioned. While this typically would be a headwind in this market environment, we made the decision to fully invest cash while balancing our exposure to both defensive and quality cyclicals. From an absolute perspective, performance was strongest in the Consumer Discretionary, Financials, and Technology sectors. On a relative basis, the Strategy outperformed in the Real Estate, Utilities, Financials, and Health Care sectors. By region, our overweight in Japan was value-add but partially offset by the UK and limited exposure to southern Europe where economic activity has been the strongest in the Eurozone.

Overview of Quarter

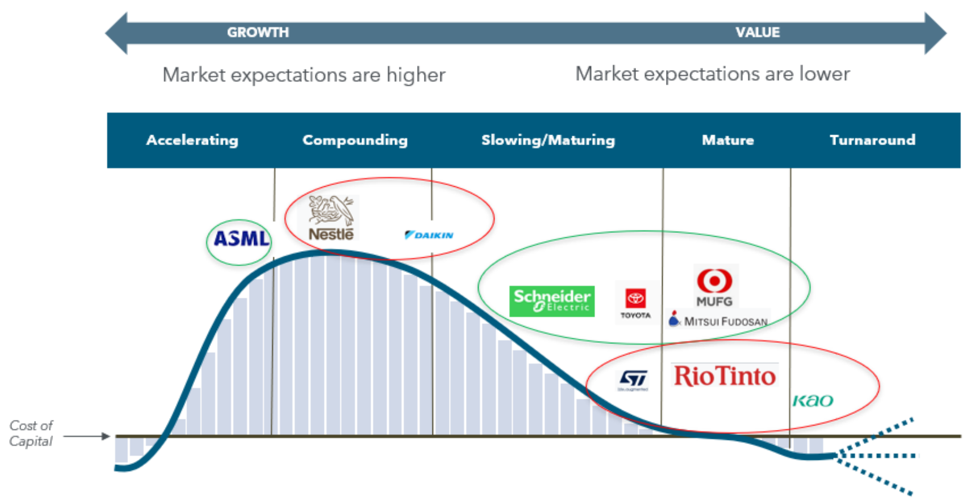
Global equity markets started where they left off last year, ripping to the upside. They powered through rising bonds yields and continued wars in the Middle East and Ukraine. Over the last year, sentiment (according to Bank of America's global fund manager poll ~ Financial Times) has shifted from seeing an imminent recession to a view of a soft or even no landing. While the factors driving better than expected growth are debatable (excessive fiscal spending, excess pandemic stimulus still burning off, labor scarcity, process of onshoring, AI related investments, etc.), economic resilience has likely fed into moderately stickier inflation. Economic resilience and stickier inflation were likely behind the U.S. Treasury Bond repricing, with U.S. rate cut expectations now matching the Fed's 'dot plot' of three cuts versus as many as seven cuts expected just last year. The European Central Bank (ECB), Fed, and Bank of Japan (BOJ) all pushed out expectations for the timing of the first rate cut. Rising confidence that the multidecade deflation is behind them, Japan ended negative rates in the first quarter after residing in negative territory since 2015.

U.S. Large Growth was a familiar leader in the first quarter, with AI driven NVIDIA Corp. (NVDA) a new poster child. However, Japanese stocks were similarly strong and made news for reclaiming a peak last hit 35 years ago as measured by the Nikkei 225 Index. In December of 1989 (bubble top), Japanese stocks made up some 45% of global stock market capitalization as compared to about 6% today. In contrast, the U.S. made up about 33% of global equity market cap in 1989 and today the U.S. makes up about 64% (MSCI ACWI).

As discussed in previous letters, Japan's equity markets appear to be at a turning point, with deflation ebbing and corporate governance on the upswing. Following World War II, Japanese vertically integrated monopolies (known as zaibatsu) were forced to break up. However, the leftover smaller companies formed horizontal allegiances (known as keiretsu) which were solidified through cross holding investments. This had been the norm until recently, when corporate governance reform and improved company performance have become a national priority. The Tokyo Stock Exchange has recently begun publishing listed companies with valuations that trade below book value, a market signal that the companies should prioritize capital efficiency and returns. In the event they do not improve their valuations, they could suffer delisting. The result has been a reprioritization around returns and capital efficiency. In many cases, this is selling cross holdings and buying back stock. A strong first quarter performance in Japanese equities followed a strong full year 2023.

Contributors and Detractors

Exhibit 1.



Source: RMB Asset Management Research.

ASML Holding NV (ASML NA) and Toyota Motor Corp (7203 JP) were among the top contributors in the third quarter.

ASML was a large contributor to performance this quarter. We first made purchases of the stock in 2020 with our thesis that the company had a near monopoly market position in one of the most critical components for building and advancing semiconductor technology. While the company has continued to report record demand and backlog, the emergence of AI is fueling even greater demand for the most advanced chips that can only be made using ASML's lithography equipment. Certainly, NVIDIA gets most of the attention from U.S. investors when thinking about where to invest in "AI"; we believe ASML offers similar exposure with lower market implied expectations.

Toyota was another top performing stock in the Strategy this quarter. While the strengthening Japanese economy and strong recovery in the stock market certainly contributed to performance given its large benchmark weight, we are more excited about the fundamental prospects for the business. Toyota has clearly been a global auto OEM leader for decades but its reluctance to go "all in" on EVs caused most investors to shy away from the stock. Our view is that the auto industry will need hybrids, ICE, and EVs well into the future and a more pragmatic approach to powertrain technology is better suited to compete in this environment. When Toyota reported fourth quarter sales, record demand for hybrid vehicles drove significant upside in both sales and profitability.

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Daikin Industries Ltd. (6367 JP) and Nestle SA (SESN SW) were among the top detractors in the third quarter.

While Daikin was one of the worst performers during the quarter, it had relatively limited impact to the portfolio (-19bps), thanks to a position size that was appropriate for the risk we were taking. Daikin primary sells HVAC and over the past decade has expanded beyond its core Japanese market into the U.S. and China (big growth opportunities). While historically this has been viewed as good capital allocation, both of these markets are experiencing difficult macro and housing industries, putting significant pressure on demand for its products. It also appears that Daikin is losing market share when viewed vs peers and we do not have confidence at this point in a full recovery. As a result, we exited the stock during the quarter.

Nestle has become a bit of a "battleground" stock the past 12 months and we are certainly frustrated with performance. While the negative return wasn't significant, our large position size resulted in the stock having the greatest negative impact to the portfolio. On the one hand, we do not believe Nestle's competitive position has been challenged and view the company as a dominate player in the food and beverage category globally. Having #1 brands in many categories has allowed the company to enjoy pricing power and manage through inflation relatively well. However, with the emergence of GLP-1 weight loss drugs, the market has taken a grim view on any company that is perceived to be at risk of a reversing trend in global obesity. Global volumes have been in decline after several years of very strong growth and it is not clear yet if in fact this new class of drugs is having an impact on total food consumption. We are keeping a close eye on this development but believe most of the downside risks have been priced into the stock at this point. We are not urgently looking to sell but if a compelling upgrade opportunity presents itself, we will certainly consider it.

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FIRST QUARTER 2024 CONTRIBUTION REPORT

Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Mitsui Fudosan Co. Ltd.	+91	2.94%
ASML Holding NV	+90	3.43%
Toyota Motor Corp.	+67	2.03%
Mitsubishi UFJ Financial Group Inc.	+62	3.18%
Schneider Electric SE	+61	4.75%
Bottom Detractors		
Nestle S.A.	-35	3.76%
Rio Tinto Ltd.	-31	2.48%
STMicroelectronics N.V.	-28	1.80%
Daikin Industries Ltd.	-19	0.66%
Kao Corp.	-19	1.78%

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.

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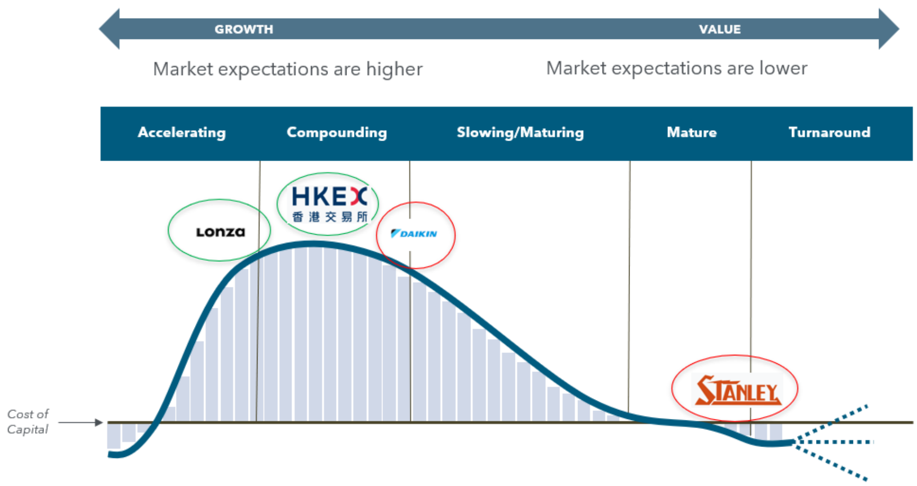
Portfolio Activity

Exhibit 2.



Source: RMB Asset Management Research.

Turnover was a little lower than average this quarter as we bought two new positions while exiting two. While the Strategy does not target a specific turnover level, we will look to reduce turnover going forward to try and limit unnecessary trading costs.

The two new buys were Hong Kong Exchanges & Clearing (388 HK) and Lonza Group AG (LONN SW). Interestingly, both of these companies are former holdings that we have been paying close attention to after exiting for both macro and company specific reasons. We like the business model of capital market exchanges given their network benefits barriers to entry. Hong Kong Exchange fits this definition, but its high exposure to Chinese listed equities is a major reason for the stock's underperformance over the past several years. We initiated a small starter position towards the end of the quarter as the stock's valuation had reached a point where we felt most of the bad economic news coming out of China was priced in. In addition, a new CEO has been put in place that we believe is a better fit that the previous CEO. In Heath Care, our preferred way to play the explosive growth in biopharma is through "picks and shovels" where there is much less commercialization risk. Lonza is leading CDMO (Contract Development and Manufacturing Organization) helping hundreds of biotech customers develop and manufacture drugs and next generation therapeutics. We sold the stock a year ago mostly due to macro-related concerns around the overall funding to the biopharma industry. When we revisited the stock this quarter, it became evident that Lonza was gaining market share while macro headwinds were fading, yet the shares had not fully recovered from previous levels, making for an attractive entry point.

We sold both Daikin Industries Ltd. (6367 JP) and Stanley Electric Co. Ltd. (6923 JP) this quarter. Stanley Electric is a supplier of automotive parts to major OEMs with Honda as its key customer. We decided to exit Stanley for portfolio construction reasons and reallocate into our existing auto OEM, Toyota Motors Corp. Daikin, on the other hand, was more of a thesis violation and was sold less than a year after our initial purchase on concerns around the competitive landscape and evidence that the company was losing share. While the company has a very strong competitive position in its home market of Japan, we were surprised to learn that the U.S. was much more difficult place to compete, especially as the U.S. residential market has been soft. Fortunately, the position size was never to the point where it had a material impact on performance.

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Outlook

The Fed, BOJ, and ECB have signaled policy easing sometime in 2024 as the overall inflation picture has improved, but the pace and extent may be more benign, given some choppiness in recent inflation and better than expected economic resilience.

There is an ongoing tug of war between deflationary innovation (Schumpeter's creative destruction), most evident in recent AI advancements and inflationary conditions. Inflationary conditions include supply constraints (Malthus - energy transition, EV, AI/Data Center demand, multiple wars, etc.) and a shift toward a multi-polar world that reduces the comparative advantage (Ricardo) impact on prices from globalization.

We aim for a reasonably balanced portfolio across the corporate Life Cycle, innovation on one side and productivity on the other. We invest in what we believe to be high quality companies that we believe can deliver ahead of market expectations over a full market cycle.

As always, thank you for your support and trust in the Strategy.

Sincerely yours,

James D. Plumb
Portfolio Manager

Masakazu Hosomizu, CFA
Portfolio Manager

TOP TEN HOLDINGS AS OF 3/31/24

Company	% of Assets
Schneider Electric SE	4.84%
Shell PLC	4.58%
AstraZeneca	4.38%
Compass Group PLC	4.35%
Novartis AG	4.27%
BAE Systems PLC	3.68%
ASML Holding NV	3.61%
Nestle S.A.	3.46%
Mitsui Fudosan Co. Ltd.	3.43%
Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft	3.38%

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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[1] 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.

[2] Developed Markets countries include: Hong Kong and Singapore.

[3] Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Taiwan, and Thailand.

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RMB Asset Management
International All Cap Composite // 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 International All Cap product reflects the performance of fully discretionary equity accounts, which have an investment objective of long-term growth using a portfolio of primarily small-, mid-, and large-cap international stocks and for comparison purposes is measured against the MSCI EAFE index. The inception date of the International Equity Composite is December 31, 2017 and the Composite was created on December 31, 2017. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

		Composite Assets		Annual Performance Results					
Year End	Total Firm Assets as of 12/31 ($M)	USD ($M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	MSCI EAFE (%)	Composite 3-YR ST DEV (%)	MSCI EAFE 3-YR ST DEV (%)	Composite Dispersion (%)
2023	6,235.5	378.4	123	13.45	12.36	18.24	14.88	16.61	0.25
2022	5,228.7	389.1	133	-15.99	-16.86	-14.45	18.75	19.96	1.29
2021	6,277.6	508.9	142	10.18	9.12	11.26	16.91	16.92	0.38
2020	5,240.6	426.6	142	8.13	7.07	7.81	18.62	17.89	0.76
2019	4,947.9	370.6	153	19.77	18.62	22.02	N/A	N/A	2.17
2018	4,196.9	169.6	74	-23.11	-23.92	-13.79	N/A	N/A	N/A*

** Composite dispersion is reported as N/A when the information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year*

Fees | *The standard management fee is 1.0% up to $1 million of assets annually, 0.975% from $1 million to $3 million, 0.950% from $3 million to $5 million, 0.90% from $5 million to $10 million, 0.825% from $10 million to $25 million, and 0.75% above $25 million. Net returns are computed by subtracting the highest applicable fee (1.00% 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. 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 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. The returns are net of withholding taxes. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.*

Minimum Value Threshold | *There is currently no account minimum in the International All Cap Composite.*

Comparison with Market Indices | *Curi RMB Capital compares its Composite returns to a variety of market indices. These indices represent unmanaged portfolios whose characteristics differ from the Composite portfolios; however, they tend to represent the investment environment existing during the time period shown. The returns of the indices do not include any transaction costs, management fees, or other costs. Benchmark returns presented are not covered by the report of independent verifiers. The benchmark for the International All Cap Composite is the MSCI EAFE Index, which for comparison purposes is fully invested and includes the reinvestment of income. The index data assumes reinvestment of all income and does not account for fees, taxes, or transaction costs. The performance of the MSCI EAFE® Index assumes the reinvestment of all distributions but does not assume any transaction costs, taxes, management fees or other expenses. It is not possible to invest directly in an index. MSCI Europe, Australasia, and Far East (EAFE®) Index is an equity index which captures large- and mid-cap representation across Developed Markets 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. Developed Markets countries in the MSCI EAFE Index 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. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities. You cannot invest directly in an index. The returns are net of withholding taxes. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.*

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