Core Equity

Portfolio Update: Second Quarter 2024

During the quarter ending June 30, 2024, the Core Equity Strategy (the "Strategy") increased +0.61% net of fees, trailing the +3.22% return for the Russell 3000® Index.

Performance	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (4/1/2005)
Core Equity Strategy (net of IM fees)	+0.61%	+8.87%	+18.61%	+4.77%	+10.57%	+10.45%	+8.77%
Core Equity Strategy (net of IM & WM fees)	+0.37%	+8.37%	+17.51%	+3.74%	+9.48%	+9.36%	+7.69%
Russell 3000® Index	+3.22%	+13.56%	+23.13%	+8.05%	+14.14%	+12.15%	+10.31%
S&P 500 Index	+4.28%	+15.29%	+24.56%	+10.01%	+15.05%	+12.86%	+10.48%

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 June 30, 2024.

Second quarter absolute returns for domestic markets followed up a strong first quarter and a very strong 2023 as the momentum continued with large cap market indices hitting all-time highs. That said, if all you looked at was the Russell 3000® or the S&P 500 indices, you'd come to the conclusion that "the market" is booming. Below the surface and similar to recent quarters, the concentration of a small handful of names contributing an outsized percentage to the overall index return continued in the second quarter. The average stock in the Russell 3000®, as defined by an equal weighted version of the same index, returned -4.3% in the quarter and -0.6% year to date, significantly behind the market capitalization weighted index returns. The ten largest companies in the Russell 3000 increased an average of +14.1% in the quarter and +40.4% year to date. In other words, they have more than accounted for all of the quarters and year to date returns in the capitalization weighted index. If you didn't have a high concentration of the largest of the large cap names, it was virtually impossible to outperform. The other 2,990 names in the index almost didn't matter. Enhancing the concentration effect was the much-publicized effect of NVIDIA Corp. (NVDA), which crossed the $3 trillion dollar market cap level and was up +37% in the quarter and +145% year to date. As we have noted in past letters, we have not owned this key index contributor. Given NVDA is within our high-quality growth equity universe, the stock has been an error of omission. While the stock always appeared to have an expensive valuation, we failed to foresee the absolute explosion in revenue and earnings growth over the past couple of years that have driven the stock parabolically, riding the Artificial Intelligence (AI) boom. Today, we have skepticism around the long-term sustainability of fundamentals for NVDA but will continue to keep an open mind as it remains a focus of internal research efforts and a very material non-ownership bet.

Breaking down performance from a traditional attribution perspective, the Strategy's under performance in the second quarter relative to the Russell 3000® was all driven by negative stock selection, with a small positive impact from sector allocation. The Information Technology, Health Care, and the Industrials sectors were notable detractors to the Strategy's relative performance, partially offset by positive contribution in the Consumer Discretionary sector. Within Technology, non-ownership of NVDA caused a -141 basis point headwind to relative performance, more than half of the quarter's relative underperformance. Year-to-date, that headwind stands at -380 basis points, an incredibly painful number. While we haven't directly owned NVDA, we have owned other names that benefit to varying degrees from the AI theme, including Synopsis Inc. (SNPS), Amazon.com Inc. (AMZN), Alphabet Inc. (GOOG and GOOGL), Entegris Inc. (ENTG), and now Microsoft Corp. (MSFT), which we will discuss in a moment.

Macroeconomics continued to play an important factor in the backdrop of the second quarter of 2024. Interest rates continue to be moved by short-term economic data and the forecast of future Fed interest rate cuts. The domestic economy has remained resilient with the odds of a so-called economic “soft landing” or “no landing” having risen as a significant economic slowdown has yet to arrive. It certainly is possible that growth could slow further in the next few quarters or even contract, but for now, the economy has survived the Fed’s interest rate hiking cycle of 2022/2023 quite well. Historically, it’s rare for the economy to not falter after significant Fed tightening and this past tightening cycle was one of the fastest and most dramatic in the past several decades. On a positive note, the year-over-year impact of inflation has been steadily decreasing over the past several months to more manageable levels around 3%, but not yet sustainably at the Fed’s long-term 2% target. We wouldn’t be surprised to see the “last mile” of getting inflation to 2% being the most difficult. The labor market has also remained quite strong, with sub 4% unemployment and solidly positive monthly net job creation, although employment is showing signs of cooling and can be somewhat of a lagging economic indicator. The stock market has benefited from a “goldilocks” backdrop (not too hot, not too cold) with a resilient economy and corporate earnings combined with a near term pullback in rates, although the concentration of returns driving the indices higher remains a big concern to us. 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 high quality, GARP (growth at a reasonable price) universe, while adhering to our long-term investment philosophy.

Contributors and Detractors

Alphabet Inc. (GOOG and GOOGL) was the quarter’s largest positive contributor to performance. The stock performed well as its core on-line advertising business continued to grow faster than recent Wall Street forecasts. Alphabet’s cloud business also continues to grow at healthy rates and, in conjunction with the first quarter earnings release, they also announced an expanded share repurchase program and the initiation of a dividend. While time will tell, Alphabet is also seen as being a net beneficiary of the emergence of AI technology, which they’ve been investing heavily in for many years. AI remains both a threat and an opportunity to Google’s core search business, so despite the strong move in the stock, this will remain an active debate that we will continue to have around our investment. As of quarter end, the stock was the largest absolute position size in the strategy.

Government software provider Tyler Technologies Inc. (TYL) was the second largest basis point contributor. Tyler continues to grow very consistently, as its management team has done what we believe is an outstanding job building a dominant position in software that is sold to state and local governments. The business model has been largely transitioned from a license and maintenance model to a recurring revenue subscription model. We like the economic moat they have developed over the years as Tyler faces relatively limited competition in its niche. We believe expanding margins can become an additional tailwind and we believe this is a core holding to own for years to come.

On the negative side of the performance ledger, we had names adversely affecting the Strategy’s overall return. Enterprise software provider Salesforce Inc. (CRM) was the largest detractor in the quarter. After a very strong 2023 when the stock nearly

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SECOND QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Alphabet Inc. Class C	+82	4.22%
Alphabet Inc. Class A	+81	4.00%
Tyler Technologies Inc.	+76	4.22%
Palo Alto Networks Inc.	+64	3.44%
Verisk Analytics Inc.	+54	1.97%
Bottom Detractors		
Salesforce Inc.	-82	4.81%
Walt Disney Co.	-69	3.18%
Nordson Corp.	-60	3.70%
Cooper Companies Inc.	-60	3.90%
Fortune Brands Innovations Inc.	-40	0.76%

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.

doubled, it suffered a significant pullback after its first quarter earnings report that showed moderately slowing growth from what it had been reporting in recent quarters. Salesforce was not alone in this regard, as other enterprise software companies had mixed reports of a weakening growth environment. One theory as to why this is happening is that AI spending is crowding out some companies' IT budgets from spending on enterprise software. Whether this is true and to what magnitude is debatable. In the case of Salesforce, they are prepared for a weaker selling environment, but don't see it as being a sea change in end-market demand. We believe the stock significantly overreacted and is reasonably inexpensive at 18X forward free cash flow. We used the pullback to add modestly to client positions that were below our target model weight for the position. While the stock may be rangebound for the intermediate term, we believe it offers substantial upside over the next couple of years. As with all our holdings, we will continue to challenge our investment thesis.

The Walt Disney Co. (DIS) was the second largest detractor for the Strategy. After a very strong run higher in the first quarter, the stock gave up much of its year-to-date gains after the high-profile proxy battle with activist Nelson Peltz resulted in a defeat for his firm Trian Partners. Disney also reported a mixed first quarter earnings report, which was not well-received by the market. We had the opportunity to meet with Mr. Peltz in person and listen to his argument for changing Disney's corporate governance, much of which we found to be reasonable. We await to see some of the changes that Disney is likely to make, including a more well-defined succession plan for CEO Bob Iger. At around the $100 level, we believe Disney stock remains undervalued, but also has one of the wider cones of potential outcomes to the upside and downside. Given this, we believe it's appropriate to have the position sized to be one of the smaller in the Strategy.

Portfolio Activity

The Strategy added two new names during the quarter, Verisk Analytics Inc. (VRSK) and Microsoft Corp. (MSFT) and exited one, Fortune Brands Innovations Inc. (FBIN). We have long-owned Microsoft in the Strategy's sister product, Dividend Growth. By design, historically we had no overlap in holdings between the two strategies over the past decade. While keeping the two products distinct, this had the negative impact of one of the products potentially missing out on owning a company that we liked that could fit within the investment mandates of both products. Microsoft was the quintessential example of a company that could fit both and we decided to make a change to allow a modest amount of name overlap between the two strategies. We used the intra quarter pullback in Microsoft to establish a starter position in the name, using some cash on hand and some trims in Strategy's largest position, Alphabet Inc. (GOOG and GOOGL). We continue to believe Microsoft remains a classic compounder to be owned for years to come. We exited our position in Fortune Brands to fund our starter position in Verisk Analytics. We viewed the swap as an opportunity to upgrade in quality to a higher return on capital business, while reducing some economic cyclicality amongst our holdings in the Industrial sector. Our timing proved to be fortuitous, as we bought into Verisk prior to a sizeable move higher after its first quarter earnings report.

Verisk is the leading data analytics and technology solutions partner to the global insurance industry. The company helps clients accurately price risk, detect fraud, and improve operating efficiency. Verisk manages one of the largest private databases in the world, operating a "give-to-get" contributory database where insurance companies are required to submit claims information that Verisk aggregates, validates, and redistributes back to insurance companies. This gives rise to significant network effects where the more firms that contribute data, the more attractive the blended composite data becomes, which is why 100 of the top 100 P&C companies in the U.S. are customers. This mission-critical data helps insurers manage their loss cost (key operating cost), which is reflected in the ~99% retention rate. Last year, customers submitted over 2.3 billion detailed records of individual insurance transitions, such as insurance premiums and losses. Verisk runs the data through 2,900+ separate checks to increase the reliability and accuracy of the data set, which has more than 32.4 billion statistical records, including 8.7 billion commercial records and 23.7 billion personal lines records with more than 50 years of history. The company also has a claims database with more than 1.6 billion records and is the world's largest database of P&C claims information, used for claims processing and investigations. Verisk only accounts for about 40bps of their customer's total operating budget, limiting the risk of potential disruption but, given the data is mission critical for customers, comes with a high cost of failure.

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In a world where data and analytics is only increasing in value, Verisk is a high return on capital asset within the global P&C insurance value chain. Verisk has a strong and defensible economic moat that we believe will continue to provide mission critical insights and tools for its customer base. This should allow for consistent mid to upper single digit organic growth in coming years, which we believe should also come with strong incremental margins and be inelastic to the overall macro-economic environment. Verisk has rightfully earned its "compounder" status with steady organic growth, rising margins, and a high return on invested capital (ROIC) over the past several years. The bull case for the stock is that none of this really changes over the next few years and it continues to produce steady results. This may lead to outperformance, particularly if we are in a lower absolute return, less growth-oriented market environment. The multiple had contracted off its recent highs, providing us with a decent entry price for a starter position. Given Verisk's ultra-high quality business model, we believe it's unlikely to ever get deeply discounted and deserves to trade at a premium multiple. While Verisk is still classified as an Industrial, it is a non-cyclical business and could easily be classified as a Financial or even Technology. From a portfolio perspective, Verisk complements the Strategy's Industrial holdings in Nordson Corp. (NDSN) and Ametek Inc. (AME,) which aren't necessarily deep cyclicals but do have economic sensitivity.

Outlook

U.S. corporate earnings, which is the biggest long-term driver of stock prices, returned to positive year-over-year growth rates over the last two quarters of 2023 and into the first quarter of 2024. Earnings are expected to continue their positive growth in the second quarter this year, which will be reported later this month and into August. Earnings expectations for the balance of 2024 and into 2025 are baking-in that the domestic economy continues to grow moderately and inflationary pressure on margins subsides. As we've noted in the past, due to their size and above average growth rate, the "Mag 7" stocks[1] have an outsized influence on the total earnings power for the index. Given NVDA's exceptional recent growth, this one company has an outsized influence on the benchmark. Current expectations for S&P 500 earnings are for 10.3% growth in 2024 and 14.2% in 2025. Similar to last quarter, we still believe that these expected growth rates remain on the optimistic side and a high single digit growth rate might be more realistic. During the second quarter, 2024's and 2025's estimates didn't move materially in either direction.

TOP TEN HOLDINGS AS OF 6/30/24

Company	% of Assets
Alphabet Inc. (Class A & C)	8.32%
Amazon.com Inc.	6.31%
Visa Inc.	5.53%
Synopsys Inc.	4.91%
Salesforce Inc.	4.62%
Booking Holdings Inc.	4.60%
S&P Global Inc.	4.50%
TJX Companies Inc.	4.48%
Tyler Technologies Inc.	4.46%
PTC Inc.	4.35%

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.

Equity valuations remain on the expensive side at 22.4x 2024 and 19.6x 2025 earnings estimates, versus a very long-term average around 16x. Any future downward revision would only make these multiples even higher. So, what is "the market 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 fairly 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 strong first half of 2024, 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 believe mid-

[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).

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 also once again want to highlight the concentration risk that exists in the Russell 3000. The top 10 stocks represent 31% of the Index with the Mag 7 representing 26%. This level of concentration from the top holdings makes the index much less diverse than it has ever been in the past. We're not opining whether this is a good or bad thing but want to make sure it is understood and the level of risk it may bring to passive investors. Historically over long periods of time, equal weighted indexes outperformed the same capitalization weighted index as smaller, less discovered companies tended to outperform the largest established companies. This has clearly not been the case over the past few years as the mega tech companies have beaten back the "law of large numbers" and continued to grow at scale.

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. The opportunities to find high-quality 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 to our disciplined investment process and manage portfolio risk, we aim 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 M Griesbach

Todd Griesbach
Portfolio Manager

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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 Russell 3000® measures the performance of the largest 3000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually. 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.

Core Equity

RMB Asset Management

Core Equity 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 Core Equity Strategy 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 stocks and for comparison purposes is measured against the Russell 3000® and S&P 500 indices. The inception date of the Core Equity 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.

		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 (%)	Russell 3000® (%)	S&P 500 (%)	Composite 3-YR ST DEV (%)	Russell 3000® 3-YR ST DEV (%)	S&P 500 3-YR ST DEV (%)	Composite Dispersion (%)
2023	6,235.5	507.9	387	25.83	25.23	25.96	26.29	18.96	17.46	17.29	0.64
2022	5,228.7	421.5	357	-22.82	-23.24	-19.21	-18.11	21.58	21.48	20.87	0.43
2021	6,277.6	574.4	417	23.95	23.36	25.66	28.71	18.24	17.94	17.17	0.37
2020	5,240.6	463.4	361	22.22	21.63	20.89	18.40	19.57	19.41	18.53	1.31
2019	4,947.9	487.6	737	32.14	31.53	31.02	31.49	13.43	12.21	11.93	0.92
2018	4,196.9	382.9	697	-1.81	-2.30	-5.24	-4.38	13.01	11.18	10.80	0.46
2017	3,610.6	356.8	625	23.48	22.89	21.13	21.83	12.41	10.09	9.92	0.37
2016	3,047.5	307.5	621	13.88	13.34	12.74	11.96	13.56	10.88	10.59	1.02
2015	3,706.0	298.2	666	-4.60	-5.08	0.48	1.38	12.77	10.56	10.47	0.54
2014	3,312.9	368.3	748	6.44	5.91	12.56	13.69	10.96	9.29	8.97	0.44

Fees | *Effective January 1, 2011, Curi RMB Capital's 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 (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. Actual 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 are therefore gross of trading expenses. These accounts represent approximately 84% of composite assets. In addition to a 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 Core Equity 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 Russell 3000 and the S&P 500. The indices represent unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. The Russell 3000® Index consists of the 3000 largest publicly listed U.S. companies, representing about 98% of the U.S. equity market. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities. 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.*