Dividend Growth

Portfolio Update: Second Quarter 2024

For the quarter ending June 30, 2024, the Dividend Growth Strategy (the "Strategy") returned -1.69% net of fees, compared to the -0.87% return for the Morningstar U.S. Dividend Growth Index (MSDGI) benchmark index and the broader market's +4.28% total return for the S&P 500 Index. Year-to-date the Strategy has returned +2.66% versus the +6.94% total return of the benchmark.

Performance	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (4/1/2005)
Dividend Growth (net of IM fees)	-1.69%	+2.66%	+11.93%	+6.36%	+13.16%	+11.03%	+8.47%
Dividend Growth (net of IM & WM fees)	-1.92%	+2.18%	+10.87%	+5.33%	+12.05%	+9.94%	+7.40%
Morningstar U.S. Dividend Growth Index	-0.87%	+6.94%	+11.85%	+4.52%	+8.51%	+8.55%	+7.34%
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.

Dividend paying stocks underperformed non-dividend paying names with second quarter absolute returns for large cap stocks remaining strong, as the S&P 500 hit all-time highs. Below the surface of the S&P, 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 mega capitalization technology stocks boomed in the quarter and year to date as the Artificial Intelligence (AI) mania continued to reign. Many, but not all, of these stocks don't pay dividends or have extremely low yields. That said, very recently a few of the high-profile technology companies have initiated dividend programs, including Alphabet Inc. (GOOG), Meta Platforms Inc. (META) and Salesforce Inc. (CRM). This may be a sign that these companies are maturing and the stigma around technology stocks paying out dividends has diminished. We'd note that Apple Inc. (AAPL) first started paying a dividend in 2012 and received some criticism at the time, but, as we all know now, it had zero impact on its long-term growth.

From a traditional attribution perspective, the Strategy's under performance in the second quarter relative to the Morningstar Index was all driven by negative stock selection with a moderately positive impact from sector allocation. Similar to last quarter, we had several names that underperformed despite no significant change in fundamentals or meaningful news. While we can't prove this, it "feels" like the boom in the mega capitalization technology stocks, including poster child NVIDIA Corp. (NVDA), has sucked the life out of our more "boring" steady earnings and dividend growing holdings. Our companies within the Information Technology, Consumer Discretionary, and Consumer Staples sectors were notable detractors to the Strategy's relative performance, partially offset by positive contribution in the Health Care sector. 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 get overly worked up short-term. In fact, as tough as the first half of the year was, the second half of 2023 was exceptionally strong, allowing trailing one-year relative performance to remain positive. Longer-term, the 3-, 5- and 10-year performance remains strong for the Strategy. We will continue to work hard to maximize returns for our investors. As an aside, we'd also like to point out a recent book that we read, "The Case For Dividend Growth" by David Bahnsen. If you'd like a detailed explanation as to why the style of Dividend Growth investing for long-term compounding works, we recommend you pick up a copy. David makes a compelling argument in language that is easily digestible for readers.

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 universe of high-quality companies that we believe grow their dividends while adhering to our long-term investment philosophy.

Contributors and Detractors

Apple Inc. (AAPL) was this quarter's largest positive basis point contributor. The stock responded very positively to its June World Wide Developers Conference, where it unveiled its strategy to add AI capability into its devices. Apple will be using a combination of some of its internally developed AI models as well as ChatGPT and potentially other outside models. The idea is that if consumers find these new capabilities to be compelling, they will have to upgrade their devices, as AI will only be backwards-compatible in a small percentage of existing devices. Apple has been struggling to grow for a couple of years now and needs something new and exciting to reinvigorate its user base to buy new hardware, particularly the iPhone. We have a certain degree of skepticism as to how meaningful this could be but given Apple's history of innovation as a "fast follower" we wouldn't want to bet against it. Our position in Apple is on the smaller size of the Strategy at quarter end.

Dividend Growth
SECOND QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Apple Inc.	+63	2.91%
Analog Devices Inc.	+56	3.93%
Microsoft Corp.	+51	8.61%
Amgen Inc.	+37	3.28%
Keurig Dr Pepper Inc.	+36	3.86%
Bottom Detractors		
Vail Resorts Inc.	-64	3.04%
CDW Corp.	-58	4.04%
Lowe's Companies Inc.	-54	3.81%
Kenvue Inc.	-48	3.17%
Illinois Tool Works Inc.	-47	3.84%

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.

Analog semiconductor designer and manufacturer Analog Devices Inc. (ADI) was the second biggest contributor this quarter as the stock responded positively to the first quarter "beat and raise" earnings report after four consecutive quarters of declining estimates. It appears that the worst of the analog semiconductor downcycle is now behind the company and the next upcycle may have begun. Semiconductor stocks are notoriously early to price in new cycles and Analog Devices is no different, as the market has been anticipating a change in fundamentals. We continue to like ADI as a long-term compounder to be owned in various degrees through cycles but did use the strong appreciation in the stock to trim back our position size late in the quarter to fund a new purchase. At quarter-end, Analog Devices is in the middle of the pack for position sizing.

On the negative side of the performance ledger, we had names adversely affecting the Strategy's overall return. Ski resort owner Vail Resorts Inc. (MTN) declined after a disappointing fiscal third quarter earnings report that showed a weaker than expected end to the ski season and a slight decline in next season's pass sales. Vail has been a frustrating holding for us as it has an unparalleled base of assets and the best season pass product in the industry yet has not been optimally managed the past couple of seasons. Our confidence in Vail has been declining and we would welcome a change in leadership at this point. The stock is sized as one of our smaller positions and we consider it to be a potential upgrade candidate in the Consumer space.

CDW Corp. (CDW), a distributor of value-added technology was the second largest detractor. The stock declined after a subpar second quarter earnings report driven by a more cautious customer spending environment, particularly in its higher margin Solutions segment. Similar to other data points from enterprise software companies, it's possible that some AI spend is impacting other parts of customer's IT budgets. On a positive note, CDW seems set up to benefit from a PC refresh cycle in coming quarters. Historically, management has done a great job in managing the business through different parts of the spending cycle and dampening margin volatility. We continue to like the stock for its long-term compounding potential and double-digit growth in the dividend.

Portfolio Activity

The Strategy purchased one new position at the end of the quarter, IDEX Corp. (IEX), and had no full sales. IDEX is a name we have followed for over a decade and is currently owned in the RMB SMID mutual fund. IDEX is a diversified, decentralized, short-cycle, high-quality industrial company. It sells critical components where the cost of failure for a customer is high. Patents aren't necessarily a major factor in its product line, but trademarks and established brands matter. IDEX's niche products are a low cost as percentage of the customer's total system but have high criticality. We believe the company will continue to earn strong margins, returns on capital, and generate growing levels of free cash flow that will increasingly be redeployed into acquisitions with similar "IDEX-like" characteristics. These acquired businesses have an opportunity to benefit from IDEX's strong operating skill, value-based pricing, and strong culture. The cyclical nature of its business creates opportunities to buy the stock on weakness from time to time, but it will be able to outperform through a market cycle. Organic growth targets of Industrial Production +2-3%, high incremental margins and value-added M&A will allow IDEX's history of compounding to continue under the current CEO Eric Ashleman, who has a stronger focus on M&A than previous management. We are currently buying the stock when it is trading at or near its five year low historical valuation. We believe that the dividend will continue to grow in-line or modestly better than earnings growth. We believe the addition of IDEX to the Strategy complements our two other holdings in the Industrials sector, Union Pacific Corp. (UNP) and Illinois Tool Works Inc. (ITW).

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 NVIDIA Corp. (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.

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

[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).

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-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 Portfolio 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 6/30/24

Company	% of Assets
Microsoft Corp.	9.01%
UnitedHealth Group Inc.	4.74%
Stryker Corp.	4.14%
Intuit Inc.	4.08%
Union Pacific Corp.	3.89%
CDW Corp.	3.88%
Keurig Dr Pepper Inc.	3.88%
JPMorgan Chase & Co.	3.83%
American Tower Corp.	3.82%
CME Group Inc.	3.79%

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.

Dividend Growth

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.

Dividend Growth

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.*