Core Equity

Portfolio Update: Third Quarter 2024

During the third quarter ending September 30, 2024, the Core Equity Strategy (the "Strategy") increased +3.46% net of fees, trailing the +6.23% return for the Russell 3000® Index (the "benchmark") and the broader market's +5.89% 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)
Core Equity Strategy (net of IM fees)	+3.46%	+12.64%	+28.88%	+5.45%	+11.49%	+11.01%	+8.84%
Core Equity Strategy (net of IM & WM fees)	+3.21%	+11.85%	+27.69%	+4.42%	+10.40%	+9.92%	+7.76%
Russell 3000® Index	+6.23%	+20.63%	+35.19	+10.29%	+15.26%	+12.83%	+10.51%
S&P 500 Index	+5.89%	+22.08%	+36.35%	+11.91%	+15.98%	+13.38%	+10.66%

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 September 30, 2024.

Domestic markets again posted solid results in the third quarter, pushing most mid- and large-cap indices further into all-time high territory. The S&P 500's +22.08% year-to-date return represents the strongest first three quarters the market has seen since the late 1990s. Amid overall market returns that looked quite similar to recent quarters, we did see a significant reversal of leadership. Large growth stocks went from being the best performing group in the first half of 2024 to the worst in the third quarter. There was also a reversal in leadership at the sector level as the Information Technology and Communication Services went from top performers to bottom performers during Q3. Continued solid overall performance combined with a shift in leadership away from the largest companies means that market performance must be broadening out, and indeed this was an important trend. Nearly 70% of S&P 500 companies outperformed the index this quarter, compared to around 25% in the first half of the year. The equal-weight version of the S&P 500 - a proxy for the average index stock - gained 9% in the quarter, outperforming the S&P 500, which is more influenced by the heavily weighted shares of mega caps such as NVIDIA Corp. (NVDA) and Apple Inc. (AAPL). Anticipation of Federal Reserve rate cuts pushed investors into shares of regional banks, industrial companies and other beneficiaries of a strong economy and lower rates, as opposed to the tech-focused stocks that have already seen massive gains this year.

While it turned to a modest tailwind this quarter, our lack of direct exposure to NVIDIA Corp. (NVDA) and the artificial intelligence (AI) semiconductor theme has been an area of intensive research in recent months. This analysis resulted in the initiation of a position in Advanced Micro Devices Inc. (AMD), a company we believe is well-positioned to benefit from unfolding AI trends across both servers and PCs. This direct exposure complements our ownership of indirect beneficiaries like Microsoft Corp. (MSFT), Synopsys Inc. (SNPS), Amazon.com Inc. (AMZN), Alphabet Inc. (GOOG and GOOGL), and Entegris Inc. (ENTG). We will additionally continue to vet potential ownership of NVDA as the market leader in server graphics processing units (GPUs). NVDA presents both a stock-specific opportunity as well as a risk control consideration given its highly material weight in the benchmark and significant expected return volatility.

Macroeconomic events continued to play a role in market volatility. In early August, the combination of weaker U.S. employment data and a more hawkish Bank of Japan (BOJ) led to a rapid strengthening of the Japanese yen which in turn set off an unwinding of the yen "carry trade" where investors fund higher yielding investments with lower interest rate borrowings in Japan. Problems arose when the yen began to strengthen in earnest, effectively increasing the cost for borrowers to pay back Japanese loans. The result was a vicious feedback loop of global asset sales used to repay yen-based loans, further driving up the value of the yen. The MSCI EAFE international index dropped about 7% from its high in

Core Equity

July, while the MSCI Japan was down nearly 9% and U.S. Large Cap Growth was down nearly 11%. The BOJ blinked by quickly communicating no more interest rate hikes while market volatility was elevated. Equity markets recovered almost immediately in response, applauding the latest example of a central bank reversing course in the face of market volatility and adversity.

As anticipated following a weak employment report in July, the Fed cut the benchmark policy rate 50 basis points (bps)bps from 5.25%-5.50% to 4.75%-5.00%, an important milestone for the markets this quarter after 14 months of holding rates at the peak. Recall that in response to the disruptions from the COVID-19 pandemic, the Fed dropped interest rates to zero. Beginning March 2022, the Fed began moving away from the COVID-era zero interest rate policy to fight the stubborn inflation that it had famously described as "transitory". Now, with the Fed's preferred measure of inflation (the Core PCE) up only 2.7% in August and the unemployment rate starting to tick up from lows of 3.4% in 2023 to 4.3% in July, the Fed has shifted its focus within its dual mandate from price stability to maximum employment. The strong September employment report, which arrived shortly after quarter-end, appeared to lend credence to the "soft landing" thesis.

It would be remiss not to mention the incredible political events of the quarter. Former U.S. President Donald Trump survived two assassination attempts, one by mere inches on a stage in Pennsylvania and the other not quite as close on a golf course in Florida. Meanwhile, President Joe Biden stepped out of the election ring following a tough outing in the first presidential debate. This cleared the way for his current Vice President Kamala Harris to take the Democratic nomination. At this juncture the race looks tight, with a few swing states likely to skew the outcome one way or another. While the visions of each candidate and their parties are quite different in detail, a continuation in excessive deficit spending appears to be one key area of common ground.

Core Equity
THIRD QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Cooper Companies Inc.	+96	3.96%
Progressive Corp.	+90	4.27%
Tyler Technologies Inc..	+77	4.92%
S&P Global Inc.	+74	4.95%
Equinix Inc.	+65	3.80%
Bottom Detractors		
Edwards Lifesciences Corp.	-99	2.56%
Synopsys Inc.	-74	4.47%
Entegris Inc.	-57	2.95%
Alphabet Inc. Class C	-42	3.97%
Alphabet Inc. Class A	-39	3.70%

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.

Contributors and Detractors

Cooper Companies Inc. (COO) was the quarter's largest positive contributor to performance. Cooper is a medical device company with two divisions: CooperVision which manufactures and markets contact lenses, and CooperSurgical, which offers products focused on fertility and women's health. COO's stock was a notable outperformer during the quarter, largely due to a positive response to their 3Q earnings report. COO reported a very strong beat and raise. Growth continues to be very strong at CooperVision and its innovative new products like daily and multifocal continue to gain market share. The underlying demand is very strong, and management has ramped up investments to meet this demand. In CooperSurgical, fertility returned to double-digit growth and is supported by long, secular growth behind it. Margins, which had been a source of concern previously, were better than expected as the company is gaining increased productivity and efficiency from prior investments. Early 2025 guidance was strong with double-digit operating income and EPS growth. We continue to own COO as its growth looks sustainable in both segments and now margins and free cash flow are improving.

The Progressive Corp. (PGR) was a positive contributor in the third quarter. The company is a property and casualty insurer that is probably best known for its successful home and auto insurance advertisements featuring "Flo" and more recently "Dr. Rick," who can't keep you from becoming your parents, but can help you save on your home and auto insurance. This quarter's performance was the result of much better-than-expected underwriting results, which the company reports monthly. Furthermore, with underwriting margins materially better than they target, the company has ramped back up their advertising expense and premium growth has accelerated accordingly. We view PGR as a high-quality insurance company, with superior data and analytics allowing for more targeted underwriting segmentation as well as a low cost direct to consumer channel which has been a structural share gainer over the years.

Edwards Lifesciences Corp. (EW) was a portfolio detractor during the quarter. Edwards provides products for structural heart disease and critical care monitoring. The stock reacted negatively to a reduction in annual growth guidance from +8 - 10% to +5-7% for its largest product, transcatheter aortic valve replacement (TAVR). TAVR's growth rate had been in the process of recovering to a more normalized growth level after a slow post-pandemic recovery. Th +8-10% guidance seemed reasonably conservative and achievable. On the earnings call, management placed most of the blame for the weakness on lack of capacity at treatment centers where the procedure is performed. The full extent of the root causes for the slowdown are unclear to us. As with all our holdings, we continuously challenge our investment thesis, and in this case determined that Edwards was not delivering results consistent with our investment thesis. After allowing some time for the oversold conditions to pass, we exited the position.

Alphabet Inc. (GOOGL) was a portfolio detractor during the quarter. As the parent company of Google, Alphabet still drives most of its revenues from digital advertising services, headlined by search advertising. Its Google Cloud segment provides various cloud computing services and is one of the fastest growing parts of the business. On its earnings report in late July, rising expectations evidenced by 30%+ year-to-date appreciation in the stock intersected with a less-than-clean report featuring growth in YouTube revenue that fell short of expectations. This was followed soon after by a U.S. District judge ruling that Alphabet was in violation of antitrust law for illegally exploiting its search engine dominance to stifle innovation. While the ruling suggests increased risk that its default search engine position on mobile devices could be in jeopardy, a drawn-out appeal process is likely to follow. As of now, nothing has changed yet for advertisers or consumers. The fundamental impact will be hard to assess until remedies are named, likely in mid-2025, and Alphabet may then also contest the remedies themselves. Ultimately, the legal timelines involved in such a complex and high-stakes case are likely to allow Google to put off any impact on its business for years. While this presents some overhang to the stock, we remain positive on its demand drivers for the foreseeable future. The advertising spending environment is solid with room to improve on stable macro conditions and the catalysts of the Paris Olympics and the U.S. presidential election. Even with the antitrust uncertainty, Alphabet's pace of AI monetization and capital expenditure return realization will be the key issues for the stock. These points remain early but promising with positives such as the AI Overviews search feature introduced this quarter.

Portfolio Activity

The Strategy added one new company to the portfolio, Advanced Micro Devices Inc. (AMD), and sold the position in Edwards Lifesciences Corp. (EW).

Advanced Micro Devices (AMD) is a leading global semiconductor company supplying x86-based microprocessors used in personal computing, datacenter servers, gaming consoles and IoT devices. The company had a remarkable business turnaround in early 2010s when Dr. Lisa Su became the CEO and successfully transformed AMD into a pure chip design and fabless company that focuses on innovation and technology advancement. AMD created a strong competitive advantage that has been driving its share gains from Intel (INTC) in the PC and Datacenter CPU market. In recent years, AMD accelerated its technology roadmap to expand into the datacenter GPU market that has been dominated by the incumbent player NVIDIA Corp. (NVDA). This not only earned AMD a meaningful spot in the AI infrastructure gold rush, but also opened the door for a structurally faster growth profile in the next few years. Our investment thesis includes 1) Continued share gain from Intel in the non-GPU end markets, which will help offset the competitive threat from ARM-based products; 2) Gradual penetration in the AI GPU market, especially as AI workloads start to transition to the Inferencing phase of the AI rollout; 3) An upcoming AI PC refresh cycle. Additionally, we are impressed by AMD's strong wealth creation track record under the leadership of highly regarded CEO Dr. Lisa Su. We are confident that she will lead AMD to further benefit from the "once-in-50-years AI computing super cycle."

Core Equity

As discussed above, we sold our remaining position in Edwards Lifesciences due to our concerns about the likelihood of returning to sustainable double-digit gains in its most important product line: TAVR. The proceeds from the sale were used to fund the AMD purchase.

Outlook

The election and interest rates have been front and center on investors' minds for most of this year. It is notable that control of the White House, the Senate, and the House of Representatives are all up in the air. This can lead to a lot of uncertainty and volatility that impacts not only the markets, but also consumer and business behaviors. There have been signs that people are taking a "wait and see" attitude towards big projects and purchases, and we wouldn't be surprised to hear more of that on Q3 earnings conference calls. When it comes to interest rates, with a 50bps Fed Funds rate cut now behind us and a strong September jobs report, the market is now anticipating a more modest path for future rate cuts, consistent with the "soft landing" scenario. Absent an exogenous shock, our best guess is that the Fed progresses towards the "neutral" rate where its policies are neither stimulative nor restrictive. The most recent Federal Reserve Summary of Economic Projections implies that the federal funds rate will decline from the current 4.75-5.00% down to somewhere around 3.25–3.50% by the end of 2025. There is no doubt that this is an uncommon environment for rate cuts. Typically, the Fed cuts rates in response to weak economic conditions or to react to a shock. The normalization of rates with the backdrop of a soft landing would be unusual. If this is indeed the path, we believe it should lead to a continuation of the improved breadth experienced this quarter (a market where the other 493 stocks matter, not just the Magnificent 7 stocks[1]). Nearer term, we are watching to see if the most interest rate sensitive parts of the economy like housing, commercial real estate and capital goods, will hold up to the weight of still relatively high interest rates, which have long and lagged effects on the economy.

We focus on identifying companies that we believe can beat market expectations for growth and returns on capital. Economic cycles, interest rates, and investor preferences all influence short-term absolute and relative performance. Over the long-term, we believe that investing in high quality companies that create value for shareholders can result in long-term shareholder returns that beat the overall market.

Thank you for your confidence in the team and the Strategy. If you have any questions, please do not hesitate to contact us.

Sincerely,

Tom Fanter
Portfolio Manager

John O'Connor, CFA
Portfolio Manager

[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).

Core Equity

TOP TEN HOLDINGS AS OF 9/30/24

Company	% of Assets
Alphabet Inc. (Class A & C)	7.37%
Amazon.com Inc.	5.96%
Visa Inc.	5.66%
S&P Global Inc.	4.99%
Tyler Technologies Inc.	4.89%
Booking Holdings Inc.	4.73%
Salesforce Inc.	4.71%
TJX Companies Inc.	4.57%
Progressive Corp.	4.49%
Cooper Companies Inc.	4.36%

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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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.*