

Innovators

Portfolio Update: Third Quarter 2024

During the third quarter ending September 30, 2024, the RMB Innovators strategy returned -5.74%, gross of fees (-5.99% net of fees), compared to a +6.61% return for the Russell 2500® Software and Computer Services Index.

	3 Months	YTD	1 Year	Since Inception
Innovators (Gross)	-5.74%	-6.97%	+13.46%	+9.99%
Innovators (Net of IM fees)*	-5.99%	-7.69%	+12.30%	+8.94%
Innovators (Net of IM & WM Fees)	-6.23%	-8.37%	+11.22%	+7.87%
Russell 2500® Software and Computer Services Index	+6.61%	+4.96%	+20.66%	+8.39%

Inception date: July 31, 2022. Performance for periods of greater than one year is annualized. 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. Data as of 9/30/2024. Investment management (IM) fees are charged for managed investment accounts, is intended to compensate the portfolio managers for their time and expertise for selecting investments and managing the specific strategy as well as other items, such as investor relations expenses and the administration costs. Wealth management (WM) fees are charged to cover the construction and management of a portfolio and the holistic wealth management services that a client has chosen beyond their investments including, but are not limited to, estate planning, tax strategies (and related services), risk management, financial planning, retirement planning, investment advice, and insurance/banking oversight services. These fees vary by client and for this presentation the highest possible wealth management fees has been applied in these calculations. Curi RMB Capital makes no warranty or representation, expressed or implied, nor does Curi RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this strategy overview. RMB Asset Management is a division of Curi RMB Capital, LLC.

Equity markets again posted solid results in the third quarter, pushing most mid- and large-cap indices further into all-time high territory. The S&P500's +20.8% 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 broadening in market performance and a reversal in the stocks and sectors leading the overall market. 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 sectors went from top performers to bottom performers during Q3. The 10-year treasury yield declined by 74 basis points to 3.74%, falling further from its recent April peak, as the Fed's highly anticipated initial rate reduction of this cutting cycle finally came into view. Indeed, in mid-September, the Fed cut the benchmark policy rate by an aggressive 50 basis points, an important milestone for markets after 14 months of holding rates at the peak.

The cloud software group, from which the Innovators holdings are selected, rose 1% for the quarter, stabilizing from its -10% decline in the first half of 2024. The group has trailed more cyclical parts of the market like Financials and Industrials which are perceived to benefit from the Fed's efforts to stimulate the economy. Within the Information Technology landscape in 2024, mega-cap providers of Artificial Intelligence (AI) hardware infrastructure and the AI cloud services enabled by that infrastructure have outperformed the cloud software companies that utilize that infrastructure and services. We believe estimates for future sales growth of the cloud software group remain sound and continue a low trajectory path of improvement following the post-COVID demand consolidation period of 2022-2023. This was approximately offset during the quarter by rate cut timing, which remained ambiguous until close to quarter-end.

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Contributors and Detractors

Contributors were those benefitting from successful efforts to broaden their addressable markets and favorable competitive developments.

monday.com Ltd. (MNDY) operates a cloud-based visual Work Operating System (Work OS) that consists of modular building blocks that can be easily used and assembled to create software applications and work management tools and serves as a connective layer to integrate with various digital tools across an organization. During the quarter, MNDY reported very strong Q2 earnings and a solid Q3 outlook as the company continued to penetrate the SMB (small-to-medium size business) market and move up to the enterprise market. The company also reached an important milestone of \$1 billion of Annual Recurring Revenue (ARR) during the quarter, driven by strong momentum in upmarket selling and cross-selling of existing and newly introduced products, consistent with our bullish thesis. One illustration of this success is MNDY's CRM (Customer Relationship Management) product offering, which has seen market share expand to 8% from just 2% a year ago. We continue to view MNDY as one of the highest conviction names in the portfolio as the company pushes further upmarket through its efficient growth strategy.

Dynatrace Inc. (DT) provides a software platform which helps enterprises monitor and improve the uptime of their IT infrastructure. Many of the world's largest enterprises use Dynatrace to modernize and automate cloud operations and to deliver software faster and more securely. During the quarter, the company benefited from continued stabilization in customer cloud consumption trends, delivered a second consecutive quarter of strong net new ARR growth and Net Revenue Retention (NRR) improvement, both of which are strong leading indicators for future growth acceleration. In addition, the company also reported very strong new customer acquisition, likely a result of more favorable competitive dynamics after a key competitor, Splunk, was acquired by Cisco Systems. While these favorable developments bode well for Dynatrace, we continue to closely monitor the impact of recent changes made to its sales force organizational model.

Detractors were impacted by cautious company-specific developments or company-specific execution issues.

CrowdStrike Holdings Inc. (CRWD) is a leading cybersecurity software vendor. Its cloud-based endpoint security software is highly regarded for its reliability and accuracy. However, during the quarter a massive and widely reported technology outage stemmed from a mid-July update CrowdStrike deployed for its Falcon cybersecurity platform on Windows computers. This event triggered a nearly 40% decline in the stock price over just a few days due to the uncertainty raised around both the near and long-term financial impact to the company. Sentiment on the stock began to stabilize in mid-August and was followed by a series of reassuring updates, including quarter-end distribution channel demand checks, a better-than-feared earnings release, and a well-received company Investor Day. Following this tumultuous period, our long-term opinion remains intact of CRWD as a best-of-breed cybersecurity vendor positioned to benefit from security vendor consolidation and a strong demand environment for years to come.

Procore Technologies Inc. (PCOR) makes construction management software which helps construction professionals to streamline their projects, improve collaboration, and drive efficiency in the industry. The company continues to face a

Innovators THIRD QUARTER 2024 CONTRIBUTION REPORT *Ranked by Basis Point Contribution*

	Basis Point Contribution	Average Weight
Top Contributors		
monday.com Ltd.	+243	12.87%
Dynatrace Inc.	+95	4.25%
MongoDB Inc.	+73	9.80%
Bottom Detractors		
CrowdStrike Holdings Inc.	-399	13.90%
Procore Technologies Inc.	-129	9.88%
Atlassian Corp.	-116	7.39%

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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temporarily challenging industry demand backdrop as described in its Q2 earnings results. In response, Procore announced a strategic update of its sales organization aimed at moving from a matrix structure, where all decisions are made and run through corporate headquarters, to a regional general manager structure supported by product specialists. Its goals here include better supporting the needs of the firm's largest customers and adding product sophistication that should help to drive more strategic sales. The announcement was cautiously received by the market as it delays an anticipated reacceleration of sales growth while the changes are implemented and leaves questions about how PCOR's financial framework will be reset. After assessing the proposed changes and listening to a management-hosted investor call, we feel confident that these changes will indeed improve PCOR's sales effectiveness in the long-term.

Portfolio Activity

During the quarter we made a modest reduction to Atlassian Corp. (TEAM) as our conviction fell amid changes to its sales leadership and the departure of its co-founder and co-CEO Scott Farquhar. He will remain as a board member and special advisor.

We also made another risk control reduction in the CrowdStrike position. As outlined in detail last quarter, CrowdStrike and the near-tripling of its stock price since the initial position was taken in 2020 has been the prototype of what we seek to accomplish for our investors over time. As also described last quarter, we are committed to thoughtfully managing the influence of any single position in the portfolio. Just weeks after this risk control trim, our third in the past nine months, the previously described IT outage event and immediate sharp pullback in CRWD shares occurred. Importantly, the harvesting of our profits not only preserved gains, but also put us in a position to act opportunistically as our close analysis determined that what was being priced into the shares was overdone. In early September, we acted on this conviction by adding to the position, in advance of the stock promptly recovering nearly half of its losses around the outage event. These are a demonstration of how our proactive awareness and limitation around the size of this bet is a key to managing client outcomes in the realm of uncertainty. We remain quite positive on CrowdStrike's long-term prospects from here and continue to position our clients accordingly.

Outlook

Looking to the end of 2024 and into early 2025, we continue to monitor how cloud software fundamentals trend within a software spending environment that remains healthy but not overly robust. We enter this period having just received important confirmation about an interest rate reduction cycle that will play out over the next few years.

We continue to maintain awareness of the cloud software group's collective fundamentals, valuation, and sentiment. Fundamentals remain slightly above average, with expectations for 2024 growth and profitability continuing steady. Key cloud software areas like AI, cybersecurity, and digital transformation remain in secular ascent and continue as top IT budget priorities. The AI rollout is gradually progressing from its early stages, focused on large language model training and initial deployment, to its next phase focused on software applications and end users accessing and interrogating these models. This presents an important potential fundamental inflection for the software application providers that populate our cloud software opportunity set. Meanwhile, cloud consumption trends as indicated by results from Microsoft Azure, Amazon Web Services, and Google Cloud platform continue to gradually reaccelerate from the 2022-2023 period of consumption optimization.

Despite its price action stabilizing this quarter, the cloud software group remains comparatively out of favor so far this year versus the largest technology hardware companies like Nvidia Corp. (NVDA). This keeps our assessment of the mean-reverting factor of sentiment at a moderately favorable level.

With the cloud software group down year-to-date and fundamental estimates solid, cloud software valuations have improved and are less elevated from 5-year, pre-COVID averages. The U.S. Fed recently made a strong statement about its commitment to keeping interest rates low, with its initial 50 basis point cut in September. Cloud software valuations have historically benefited, in some cases substantially, while interest rates are in decline. These developments step up our assessment of valuation to a positive and still-improving state.

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With further improvement in our assessments of valuation and a positively skewed fundamental and sentiment picture, our overall assessment of the group progresses to further above neutral, its most attractive level in the past year. Key points looking ahead will be 1) whether software spending retains its priority within corporate budgets or is crowded out by AI-related hardware spending, 2) how much the AI rollout progresses towards its next phase (model inference) in 2025, and 3) how demand for riskier assets responds as rate cuts by the Fed and other central banks progress.

We continue to see the cloud software group as an important future beneficiary of the later stages of AI adoption and proliferation. Major corporate trends like cloud computing and digital transformation also remain important and will continue to power the group's fundamentals for years to come. Beyond this optimism for the broader group, our excitement about the innovative companies that constitute the Strategy remains firmly in place.

Thank you for your commitment to the Strategy. If you have questions, please do not hesitate to contact us.

Sincerely,



Tom Fanter
Partner, Portfolio Manager

TOP FIVE HOLDINGS AS OF 9/30/24

Company	% of Assets
CrowdStrike Holdings Inc. (CRWD)	15.33%
monday.com Ltd. (MNDY)	13.95%
Cloudflare Inc. (NET)	12.20%
MongoDB Inc. (MDB)	9.92%
Procore Technologies Inc. (PCOR)	9.89%

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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An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear 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 the strategies. The benchmarks are shown for comparison purposes and are fully invested and include the reinvestment of income. The Russell 2500® Software and Computer Services Index measures the performance of the Software and Computer Services segment of the 2,500 smallest companies in the Russell 3000® Index in the U.S. equity universe. An investment cannot be made directly in an index.

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RMB Asset Management

Innovators 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 Innovators Strategy reflects the performance of fully discretionary equity accounts, highly concentrated of 8-15 publicly-traded enterprise software companies which we believe are particularly well-positioned to capitalize on long duration growth opportunities and for comparison purposes is measured against the Russell 2500® Software and Computer Services Index. The inception date of the Innovators Composite is July 31, 2022 and the Composite was created on July 31, 2022. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

Year End	Composite Assets			Annual Performance Results					
	Total Firm Assets as of 12/31 (\$M)	USD (\$M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Russell 2500® Software and Computer Services (%)	Composite 3-YR ST DEV (%)	Russell 2500® Software and Computer Services 3-YR ST DEV (%)	Composite Dispersion (%)
2023	6,235.5	\$35.20	72	70.71	69.22	27.05	N.A	N.A	1.23

Fees | Effective January 1, 2011, Curi RMB Capital’s management fee schedule for this Composite is as follows: 1.00% on the first \$10.0 million, 0.85% on the next \$10.0 million, and 0.70% over \$20.0 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. 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 | There is no account minimum for the Equity Income composite.

Comparison with Market Indices | Curi RMB Capital compares its Composite returns to a variety of market indices such as the Russell 2500® Software and Computer Services Index. 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 Russell 2500® Software and Computer Services Index measures the performance of the Software and Computer Services segment of the 2,500 smallest companies in the Russell 3000® Index in the U.S. equity universe. 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 your account in the Composite 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.

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