

# Innovators

## Portfolio Update: Fourth Quarter 2024

During the quarter ending December 31, 2024, the RMB Innovators strategy (the "Strategy") returned +15.52%, gross of fees (+15.13% net of fees), compared to a +7.83% return for the Russell 2500<sup>®</sup> Software and Computer Services Index (the "Benchmark").

	3 Months	YTD	1 Year	Since Inception
Innovators (Gross)	+15.52%	+7.46%	+7.46%	+15.60%
Innovators (Net of IM fees)*	+15.13%	+6.27%	+6.27%	+14.45%
Innovators (Net of IM & WM Fees)	+14.86%	+5.24%	+5.24%	+13.34%
Russell 2500 <sup>®</sup> Software and Computer Services Index	+7.83%	+13.18%	+13.18%	+10.90%

*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 12/31/2024. 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.*

U.S. markets ultimately achieved modest gains in a quarter that saw the recent trend of broadening market leadership revert to a market driven by larger, growthier stocks as has been the pattern for much of the past two years. Volatility during the quarter was tied to two unsurprising factors: the U.S. Presidential election outcome and the Fed. The election of President Trump initially triggered a rise in the Russell 3000<sup>®</sup> broad market index, increasing +6.3% from the election until the end of November. However, by December 18<sup>th</sup>, the market took back nearly half of the gains, punctuated by the Fed's "hawkish cut" to its policy to a range of 4.25% - 4.50%. The committee introduced a new qualifier on the "extent and timing" of future rate cuts and the median rate projection on the "dot plot" within the summary of economic projections implied just two rate cuts in 2025 (down from the prior dot plot, which implied four cuts in 2025). This subdued monetary policy twist may have also contributed to the lack of a "Santa Claus" rally in late December.

The cloud software group, a subset of the greater software industry and the area from which the Innovators holdings are selected, rose 17.4% for the quarter. In keeping with its "high beta" nature, the group sharply outstripped the broad market's positive reaction to the election, increasing by more than 23% from the election until its early December peak. As expectations for further Fed stimulus moderated, the group retreated to about the same extent as the broad market. This could be considered a positive given the earlier stage nature of these companies makes their valuations especially sensitive to changes in the rate outlook. In total, the solid fourth quarter performance left the group up 8.4% for 2024, a solid result which built upon its 39% return in 2023.

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## Contributors and Detractors

Contributors were those executing particularly well company-specific factors such as sales force organizational improvements, leadership upgrades, and strong execution to the demand opportunity.

Cloudflare Inc. (NET) is a cloud-based internet infrastructure and cybersecurity company providing content delivery network services, network security, and developer services. The company has successfully evolved into a multi-platform vendor which is disrupting the legacy network infrastructure market. NET was the greatest contributor to performance in the quarter as its recent sales force reorganization reached a positive inflection point and it began to see greater demand driven by Generative AI inference workloads. In addition, the company continued to upgrade its management team with the hiring of Chirantan "CJ" Desai, a highly regarded software executive, as the President of Products and Engineering.

CrowdStrike Holdings Inc. (CRWD) is a leading cybersecurity software vendor. Its cloud-based endpoint security software is highly regarded for its reliability and accuracy. CRWD was one of the best performing stocks in the quarter, completing a nearly full recovery from the global IT outage that occurred in mid-July and rewarding our steady conviction in this name. Since the outage, CRWD has executed seamlessly to quickly regain investor confidence as reflected by 1) better-than-expected trends in customer churn and competitive losses, 2) well-controlled legal liabilities, 3) accurate transparency about near-term growth impact (~3% on revenue and Annual Recurring Revenue), and 4) its re-commitment to a long-term growth target (\$10B ARR by 2031, pushed out 1 year further than its prior goal). The first quarterly results since the outage reinforced it as a temporary setback for this best-in-class security consolidator.

Detractors were impacted by cyclical factors specific to certain end markets or company-specific execution issues.

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 a less emphatic beat-and-raise earnings result against market expectations which has risen significantly throughout the year. These results owed to a more gradual ramp up in its Monday Dev new product as well as demand weakness in Europe triggered by political uncertainties in its key markets of France and Germany. We see these headwinds as short-term in nature and not impactful to our long-term thesis on the stock.

MongoDB Inc. (MDB) provides next-generation, non-relational database to companies of all sizes around the world in a cloud-based, on-premise, or hybrid environment. The stock has enjoyed a strong recovery since the first quarter driven by stabilizing cloud services consumption trends and its own sales force reorganization. The stock sold off on a soft earnings result for its marquee Atlas cloud database product and the unexpected announcement of its CFO's departure. We see the reacceleration in Atlas as the key to get the stock working in 2025. This looks achievable given easier year-over-year comparisons, ongoing improvements to the sales organization, and an expected demand boost from GenAI inference workloads.

### Innovators FOURTH QUARTER 2024 CONTRIBUTION REPORT Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
<b>Top Contributors</b>		
Cloudflare Inc.	+352	12.76%
CrowdStrike Holdings Inc.	+350	15.49%
Atlassian Corp.	+298	6.98%
<b>Bottom Detractors</b>		
monday.com Ltd.	-149	12.33%
MongoDB Inc.	-109	9.47%

*Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Strategy. Holdings listed might not have been held for the full period. To obtain a copy of RMB Asset Management's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.*

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## Portfolio Activity

During the quarter we made small opportunistic additions to holdings MongoDB and monday.com where our long-term conviction remains strong despite recent pullbacks in the stocks.

We also moved to make a modest reduction to the position in CrowdStrike as the position size moved above 15% after the recovery from the July outage incident. This trim doesn't reflect our lower conviction in the company, but rather the enforcement of risk controls that increase scrutiny on position sizes in the 15-20% range. CrowdStrike continues to be the highest conviction name in the portfolio. We also made modest trims in Procore Technologies Inc. (PCOR) and Snowflake Inc. (SNOW) to provide liquidity for the MongoDB and Monday.com additions.

As described in previous letters, we maintain a long-term investment horizon and anticipate annual turnover of 30% or less. As always, we continue to carefully monitor each of the portfolio holdings and to regularly review the investable universe for any newly public companies or companies experiencing a positive inflection that might present an even more attractive investment opportunity.

## Outlook

As 2025 opens, the overall software spending environment remains on firm footing with the pro-growth policies and deregulation emphasis expected of the incoming administration likely to maintain or improve the spending mood among enterprises.

We continue to carefully track the cloud software group's collective fundamentals, valuation, and sentiment. Fundamentals are holding steady at a slightly above average level as companies execute well amid a stable macroeconomic backdrop. Enterprise consumption of cloud-based computing services from large providers such as Microsoft Corp. (MSFT), Amazon.com Inc. (AMZN), and Alphabet Inc. (GOOGL) remains on a path of gradual acceleration with the 2022-2023 period of demand "optimization", or moderation increasingly in the rearview mirror. Cloud services consumption by enterprises is an important demand driver for many companies in the cloud software group, including Innovators holdings such as Datadog Inc. (DDOG), Snowflake, and MongoDB that provide data infrastructure management software to the cloud services providers (CSPs). Meanwhile, technology investments by small-to-medium sized (SMB) businesses have potential to ramp up due to the potential for a cyclically stronger economy this year.

While the cloud software group's full year 2024 return ultimately trailed broad market indices, its strong rally in the fourth quarter brought the group modestly back into favor. In response, our assessment of the mean-reverting factor of sentiment sits at a neutral level.

Following the election, valuations of the cloud software group increased along with many other risk assets and remained elevated from pre-election levels at the end of the year. This brought valuation multiples to nearly two-year post-COVID highs. Meanwhile, the Fed maintains a bias toward cutting rates further in 2025 but at a less aggressive pace. These factors move our overall valuation assessment from positively inclined at the end of last quarter to a more neutral level.

With the fundamental picture still positively skewed but both valuation and sentiment easing toward neutral following this quarter's sharp positive price performance, our overall assessment of the group eases back to neutral. Heading into a new year we are monitoring key factors such as 1) how the U.S. economy, and the software spending environment, responds to the Fed rate cuts which have already occurred, 2) the impacts to both company fundamentals and investor sentiment as the model inference stage of the AI rollout comes into view, and 3) how investor risk appetite trends against a future Fed policy path that has suddenly become less dovish.

We continue to see the cloud software group as an important future beneficiary of the later stages of AI adoption and proliferation. The next AI phase of model inference figures to feature more prominently in the 2025 demand picture. Major corporate trends like cloud computing and digital transformation also remain important and will continue to drive the group's fundamentals for years to come. We believe the innovative companies held in the Strategy to be as well-positioned to benefit from these trends as ever.

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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 12/31/24

Company	% of Assets
Cloudflare Inc. (NET)	14.04%
CrowdStrike Holdings Inc. (CRWD)	13.67%
monday.com Ltd. (MNDY)	11.69%
MongoDB Inc. (MDB)	10.65%
Datadog Inc. (DDOG)	10.18%

*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.

### 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

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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<sup>®</sup> 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 <sup>®</sup> Software and Computer Services (%)	Composite 3-YR ST DEV (%)	Russell 2500 <sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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 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.

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