Small Cap Focus

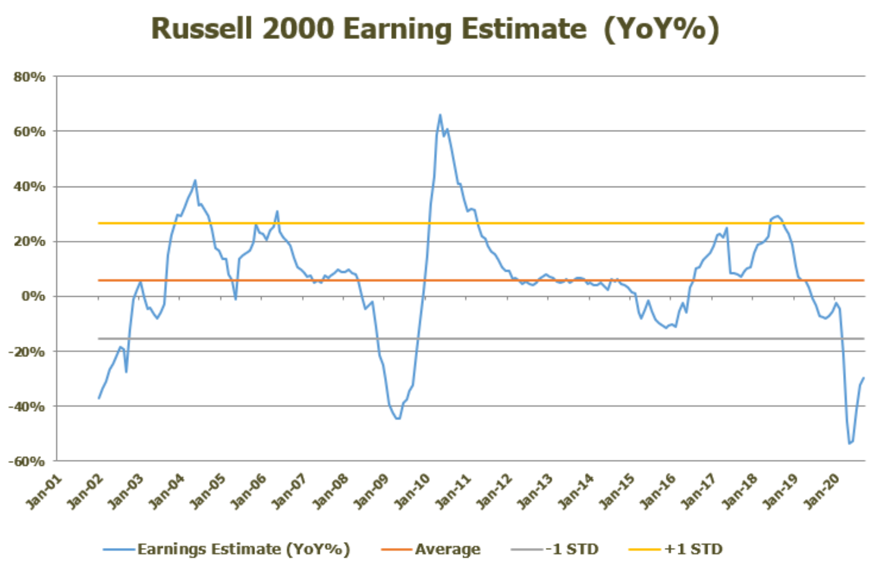
Portfolio Update: Third Quarter 2020

During the third quarter, the Small Cap Focus Composite (the "Strategy") increased +4.39%, net of fees, compared to a +4.93% increase for the Russell 2000 Index.

	3 Months	YTD	1 Year	Since Inception
Small Cap Focus (Gross)	+4.56%	-4.81%	+0.48%	+14.06%
Small Cap Focus (Net)	+4.39%	-5.21%	-0.06%	+13.46%
Russell 2000 Index	+4.93%	-8.69%	+0.39%	+8.12%

Inception date: December 31, 2018. Performance for periods of greater than one year is annualized. Data as of September 30, 2020.

Companies reported an unprecedented collapse in earnings posting a year over year decline of more than 50%.



Source: FactSet

Third quarter earnings were generally better than feared and have started to recover.

The Federal Reserve and international central banks continued to support financial markets with record purchases of financial assets (QE - $6 trillion and counting YTD). In addition, the Federal Reserve committed to keep rates low for several more years, even if inflation accelerates above its target 2%.

This policy shift assures debt investors negative real returns on their capital if inflation accelerates. While negative real interest rates would be bad for government debt investors, it could be good for equity investors of highly leveraged companies, since, theoretically, inflation would make it easier to pay back debt in cheaper dollars. This policy shift favors the most highly leveraged companies in the Russell 2000, which may be why the most highly leveraged companies led performance for the quarter.

Table 1 below shows the performance of the Russell 2000 index broken down by debt to capital, where those with the highest debt to capital ratios were up 13.88% compared to those with the lowest debt to capital which were only up 1.62%.

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Our portfolio holdings skew toward higher quality, lower debt/capital and away from higher debt/capital which was a headwind for the quarter, particularly for credit sensitive sectors like consumer and financials.

Table 1.

Russell 2000 Index	**3Q2020**
Total Debt as % Total Cap	Total Return
80 - 100%	13.88%
60 - 80%	10.78%
40 - 60%	3.39%
20 - 40%	2.82%
0 - 20%	1.62%

Source: FactSet

Our "zombie company apocalypse thesis" for highly leveraged companies is being tested by current Fed and market action. However, we do not believe the performance leadership of highly leveraged companies this quarter is sustainable for the following reasons:

1) Credit spreads have narrowed to desired levels and not likely to narrow much further,

2) The Fed's liquidity fix (QE) is not a solvency fix,

3) Solvency problems are likely to re-emerge as the stimulus from the CARE's Act winds down and certain sectors may experience a structural decline in demand. According to the *Financial Times* (8/21/20), a record 45 corporate bankruptcies have occurred this year despite the $9 trillion dollars in government aid so far.

For these reasons, we believe higher quality, lower debt to capital companies will likely regain market leadership within the benchmark Russell 2000 over the next several years. Even with the headwinds associated with "zombie company" leadership among companies with higher leverage, the Strategy remains ahead of the R2000 by 300 basis points year to date.

Contributors and Detractors

Like last quarter, the biggest contributors to performance were mostly companies that will likely continue to benefit from faster adoption curves as a result of the COVID Pandemic. New to the list of contributors was Chart Industries Inc. (GTLS, +45%). Chart Industries is in a unique position to benefit from the world's shift to natural gas as a cleaner burning, preferred fossil fuel. Chart's virtual pipeline to move natural gas from places where it is abundant to places where it is needed should drive economic returns and growth higher. The board fired the old CEO and has an entirely new C-Suite that is implementing operational improvements and better capital allocation decisions.

The rest of the major contributors should be familiar to readers of these letters. West Pharmaceutical Services Inc. (WST, +21%) manufactures packaging and delivery systems for biologics and is a natural monopoly designed into FDA approvals. Repligen Corp. (RGEN, +19%) is a biopharma pure-play focused on the provision of advanced bioprocessing solutions to the biologic drug development industry. The company is a key provider of protein products central to the monoclonal antibody development process, as well as hardware for upstream and downstream workflows.

Pool Corp. (POOL, +23%) is a skilled consolidator of pool distributorships and had another very strong quarter. It continues to benefit from what is expected to be sustained record low interest rates and therefore low mortgage rates. Consumers are shifting leisure dollars from travel to the home.

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THIRD QUARTER 2020 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	**Return**
Top Contributors		
West Pharmaceutical Services Inc.	+85	+21.04%
Chart Industries Inc.	+85	+44.62%
Pool Corp.	+84	+23.27%
Repligen Corp.	+69	+19.36%
Monolithic Power Systems Inc.	+62	+18.19%
Bottom Detractors		
Carpenter Technology Corp.	-62	-24.51%
WPX Energy Inc.	-46	-23.20%
TriCo Bancshares	-43	-18.91%
Seacoast Banking Corp. of Florida	-38	-11.75%
Exponent Inc.	-31	-10.78%

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'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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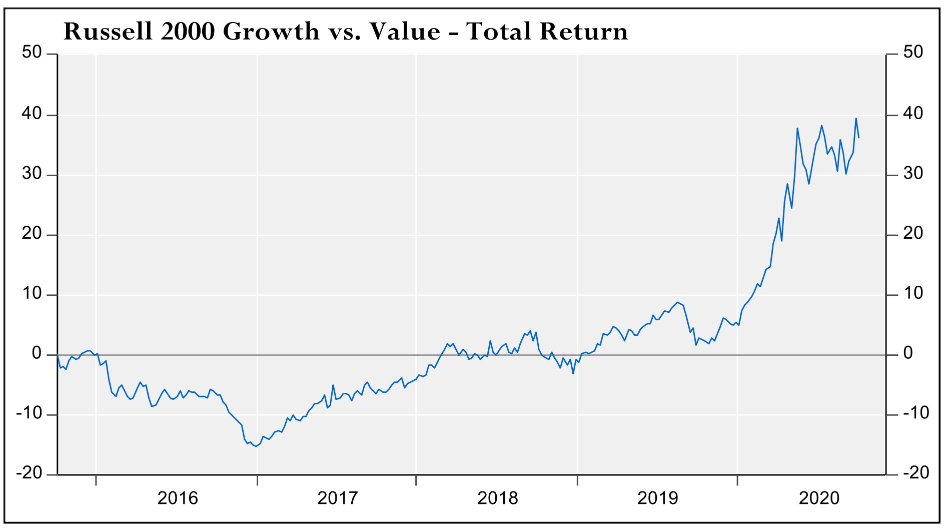
Detractors were mostly concentrated in the low dispersion sectors like banks, steel, and energy. Banks remained weak due to a flat yield curve and slow loan growth, while steel and oil companies continue to experience deflationary pressures. Seacoast Banking Corp. of Florida (SBCF, -12%) and TriCo Bancshares (TCBK, -19%) were two of the biggest detractors. We have been wrong so far in our belief that banks are a great way to play the eventual cyclical recovery and rotation out of growth stocks into value. Our thesis that banks would outperform in a "V" recovery because they are as cheap as they were in the financial crisis, but with a fraction of the credit risk, has not been recognized by the market - yet. It might seem odd that we are bullish on banks given our belief in the "zombie company apocalypse", but to be clear, we believe the credit risk referenced earlier in this letter resides in structured credit funds, ETF's, CLO's and other shadow banking forms of credit. The more highly regulated bank credit risk is manageable, especially among the banks we own. Time will tell whether we were wrong or just early, but for now, we believe banks offer some of the best values in an otherwise frothy market. Earlier this year, we reduced the bank portfolio weight from overweight to equal weight, given our concerns regarding the flat yield curve and loan growth, but may increase our weighting again when we see improvement in both. Carpenter Technology Corp. (CRS, -25%) declined with concerns about one of its larger customers, Boeing, but is a quality cyclical that we believe will recover strongly when the current "K" shaped recovery broadens to include more cyclicals that are not in secular decline.

Portfolio Activity

Most of our portfolio activity occurred earlier in the year in the throes of the market sell off. Given the massive outperformance of growth vs. value over the last several years, we continued to trim fairly valued, larger weighted growthy names and added to value names.



Source: RMB Research

We trimmed West Pharmaceutical Services Inc. (WST), Guidewire Software Inc. (GWRE), Kadant Inc. (KAI), and Chart Industries Inc. (GTLS) and added to Seacoast Banking Corp. of Florida (SBCF), Columbia Sportswear Co. (COLM), and Argo Group International Holdings Ltd. (ARGO). A new "value" buy in the portfolio is PotlatchDeltic Corp. (PCH). PCH is a vertically integrated Timber REIT and Wood product manufacturer. PCH is correlated to housing and the economy and has conservative leverage, a solid capital allocation track record. We believe PCH will exceed market expectations as single-family housing demand is just ramping and aging existing housing stock requires more investment. It is trading closer to NAV than peers and would likely act as an inflationary hedge if the Federal Reserve gets what it wants in terms of inflation greater than 2%.

We reinvested much of the sale proceeds into more "value" names such as cyclical businesses that we believe have a chance to recover quickly, including Visteon Corp. (VC), Eagle Materials Inc. (EXP), Brink's Co. (BCO), and Argo Group International Holdings Ltd. (ARGO). We also re-allocated proceeds to companies that we believe are well positioned to benefit from faster adoption curves, including Five9 Inc. (FIVN) and Monolithic Power Systems Inc. (MPWR). We sold more than we bought, and our cash position increased to around 5%, which detracted from performance, but we believe markets will remain volatile and we want to have some dry powder to continue to take advantage of potential market sell-offs related to COVID, economic, and election uncertainties.

Outlook

Long-term, we remain bullish on owning higher quality smaller companies. Currently, our research suggest smaller companies are attractively priced relative to larger companies by a magnitude not seen since 1999. The near-term is highly uncertain, as it relates to the timeliness and availability of a COVID vaccine, which will impact how quickly and broadly the economy recovers, which may impact how sustainable the market recovery is or indeed how high it can go from current levels through year end. At times like this, it is important to remember that time in the market is more important than timing the market to long-term investors' returns.

Current market expectations reflect confidence in a rapid economic and earnings recovery. Expectations also reflect increased enthusiasm for healthcare and technology companies that are experiencing faster adoption curves due to how COVID has changed the way we work, play, and live. Expectations also reflect a high degree of pessimism as it relates to energy, banking, and travel.

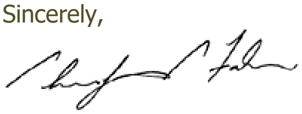
We suspect if a vaccine is available sooner rather than later, investors may take profits from their "COVID stocks" (technology & healthcare) and reallocate to "value stocks" (financials and cyclicals). Alternatively, if there is a major second COVID wave that proves as deadly, and a vaccine is still far off from approval, we suspect the market could test the March 2020 lows, but hold on to their "COVID" stocks. Unfortunately, we do not have an edge on how this will all play out, which is why we believe a core portfolio of higher quality companies diversified by industry and lifecycle is the best way to manage uncertainty and deliver great long-term risk adjusted returns.

Adding to investor uncertainty is the election. It may turn out to be one of the most contested in U.S. history, as both sides have lawyered up ahead of election day. While we do not believe the market should be surprised by a delayed outcome, one never knows. If the market sells off, we will be ready. We will leverage insights from our research team and proprietary research platform to add value for our clients like we did in March.

Uncertainty and risks are constantly changing in ways that are difficult to forecast. Our north star is to think long-term, own great businesses, managed by great business managers who allocate capital in ways that create value for clients, employees, communities, and ultimately shareholders. We are grateful to be part of the capital allocation process and are excited about the continued opportunities to add value for our clients.

Thank you for your commitment to the Strategy. Should you have any questions regarding your investment, please do not hesitate to reach out to us.

Sincerely,



Chris Faber
Portfolio Manager

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TOP FIVE HOLDINGS AS OF 9/30/20	
Company	**% of Assets**
Repligen Corp.	4.24%
West Pharmaceutical Services Inc.	4.15%
EastGroup Properties Inc.	3.99%
Pool Corp.	3.95%
Monolithic Power Systems Inc.	3.90%

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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RMB Asset Management

Small Cap Focus Composite // Annual Disclosure Presentation

Organization | RMB Capital Management, LLC ("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 RMB Capital Management, LLC. 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 period April 1, 2005 through December 31, 2018. Verification assesses whether: (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis; and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Description | The Small Cap Focus Strategy reflects the performance of fully discretionary fee-paying equity accounts, which have an investment objective of long-term growth using a portfolio of primarily small-cap stocks and for comparison purposes is measured against the Russell 2000 index. The inception date of the Small Cap Focus Composite is December 31, 2018. The composite includes small cap equity portfolios invested in undervalued companies as suggested by RMB Capital's proprietary economic return framework, with relatively small market capitalizations (generally under $2.5 billion at the time of initial purchase) and with both growth and value attributes. The composite excludes portfolios that have client-driven restrictions that hinder the investment strategy. An account is included in the Composite on the first day of the first full month following becoming fully invested. An account is removed from the Composite as of the last day of its last full month. Account performance is based on total assets in the account, including cash and cash equivalents. Results are based on fully discretionary accounts under management, including those accounts no longer managed by RMB. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

		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 2000 (%)	Composite 3-YR ST DEV (%)	Russell 2000 3-YR ST DEV (%)	Composite Dispersion (%)
2019	4,947.9	97.96	253	32.23	31.57	25.52	N/A	N/A	1.21
2018	4,196.9	--	--	--	--	-11.01	N/A	N/A	N/A

Fees *| The standard management fee is 0.500% of assets on the first $1.0 million, 0.500% on the next $2.0 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. 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 are reduced by the portion of bundled fee that includes trading costs and all fees other than portfolio management. The net returns are reduced by all actual fees and transactions costs incurred. The percent of non-fee paying assets in the composite as of December 31, 2018 was 0%. 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 portfolios, calculating performance, and preparing compliant presentations are available upon request.*

Minimum Value Threshold *| There is no account minimum in the Small Cap Focus Composite.*

Comparison with Market Indices *| RMB compares its Composite returns to a variety of market indices such as the Russell 3000 and the S&P 500. These indices represent unmanaged portfolios whose characteristics differ from the Composite portfolios; however, they tend to represent the investment environment existing during the time period shown. The returns of the indices do not include any transaction costs, management fees, or other costs. Benchmark returns presented are not covered by the report of independent verifiers. The benchmark for the Small Cap Core Equity composite is the Russell 2000 Index, which for comparison purposes is fully invested and includes the reinvestment of income. The Russell 2000 is a subset of the Russell 3000 Index, representing about 8% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 index is an unmanaged index that is designed to measure the small cap segment of the U.S. equity universe. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities. You cannot invest directly in an index.*

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 that the composite returns listed.*

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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 letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience, and are expressed as of the date of our mailing of this letter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future performance, nor is it intended to speak to any future time periods. RMB Capital makes no warranty or representation, express or implied, nor does 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 letter. The information and data in this letter 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 Strategy at the time you receive this letter or that securities sold have not been repurchased. The securities discussed do not represent the entire Strategy 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 Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest U.S. equity securities in the Russell 3000 Index, based on a combination of market capitalization and current index membership. The Russell 2000 Index represents approximately 10% of the total market capitalization of the Russell 3000 Index. 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.