SMID Cap Core Equity

Portfolio Update: Fourth Quarter 2018

During the fourth quarter, the SMID Cap Core Equity Composite (the "Portfolio") fell -16.93% (-17.09% net of fees), compared to a -18.49% drop for the Russell 2500 Index. The dramatic sell off coincides with risks identified in last quarter's outlook, which included "relatively high valuations; geopolitical and economic uncertainty around tariffs; Middle East tensions; emerging market meltdown contagion; North Korea's denuclearization breakdown; China's debt levels; rising fed funds rates; quantitative tightening; and the flattening yield curve." On top of that, there is evidence of a slowing global economy. Both Germany and Japan's economies contracted this quarter, and the U.S. yield curve briefly inverted in early December with the 5-year Treasury yield trading below the 2-year yield, which is thought to be a leading indicator of slowing economic growth. Further, the Russell 2000 officially entered bear-market territory on December 17.

Consistent with our thesis that high dispersion favors active management, and in particular, high-quality active management, the Strategy outperformed the Russell 2500 by over 500 basis points for the year, declining -4.19% (-4.97% net of fees).

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
SMID Cap Core Equity (Gross)	-16.93%	-4.19%	-4.19%	+7.59%	+5.47%	+12.11%	+8.13%
SMID Cap Core Equity (Net)	-17.09%	-4.97%	-4.97%	+6.66%	+4.55%	+11.12%	+7.17%
Russell 2500 Index	-18.49%	-10.00%	-10.00%	+7.32%	+5.15%	+13.15%	+7.95%

Inception date: March 31, 2004. 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.

Contributors and Detractors

The biggest contributors to performance were MarketAxess Holdings Inc. (MKTX +18.63%) and Ionis Pharmaceuticals Inc. (IONS +4.81%). MKTX has established itself as the leader in the fixed-income electronic trading business. Initially focused on investment-grade trading, they've successfully planted seeds that are now growing in high-yield, European debt, and emerging-market debt. Next layers of growth will include municipal bonds and leveraged loans that will complement their existing high-yield business. They are benefiting from the significant shrinkage of global bond trading desks that occurred after the global financial crisis. IONS is the leader in antisense drug development with a broad pipeline of drugs that are applicable to many different disease targets. Antisense technology involves synthesizing a strand of nucleic acid that binds to the messenger RNA to inactivate the defective gene. IONS antisense technology platform and business strategy provides multiple ways to win as owners. First, it has a diverse pipeline, including 25 drugs in development across five main therapeutic areas (Cardio, Severe & Rare Diseases, Metabolic, Cancer, and Inflammation/Other). Second, its combination of orphan drugs and large markets balances the pipeline risk and opportunities. Third, IONS has the ability to focus on drug development and discovery and then form partnerships prior to Phase 3 development and marketing, which minimizes business model risk and generates upfront license fees, milestone payments,

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FOURTH QUARTER 2018 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
MarketAxess Holdings Inc. (MKTX)	+10	+18.63%
Ionis Pharmaceuticals Inc. (IONS)	+03	+4.81%
Pinnacle Foods Inc. (PF)	+02	+2.85%
Conagra Brands Inc. (CAG)	+01	-39.70%
Equity Commonwealth (EQC)	+00	+1.51%
Bottom Detractors		
SVB Financial Group (SIVB)	-59	-38.90%
Vail Resorts Inc. (MTN)	-59	-22.18%
West Pharmaceutical Services Inc. (WST)	-51	-20.50%
Jack Henry & Associates Inc. (JKHY)	-50	-20.76%
Abiomed Inc. (ABMD)	-49	-27.73%

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 Portfolio. 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.

and royalties. Finally, IONS provides outsourced research and development (R&D) for major pharma and biotech companies.

Two of the bigger detractors were SVB Financial Group (SIVB -38.90%) and Vail Resorts Inc. (MTN -22.18%). Both companies were affected by fears associated with changing macroeconomic conditions. SIVB is one of the most rate-sensitive banks in the Portfolio, which means because of its loan mix, it tends to perform better when the Federal Reserve raises rates. As the markets started to price in a higher probability of recession, they started to price in a lower probability of further rate hikes and sold SIVB shares. Fortunately, the team reduced the position size in July near all-time highs. We believe the market has significantly overreacted, and the shares should recover strongly this earnings season. Through its subsidiaries, Vail is the leading global mountain resort operator. Even though Epic season pass sales were strong, there was slight deceleration year over year in two of Vail's smaller markets, which we believe is transitory. We remain bullish on the company as we think it has a very long runway for opportunistic acquisitions in the U.S., Europe, and Japan.

Portfolio Activity

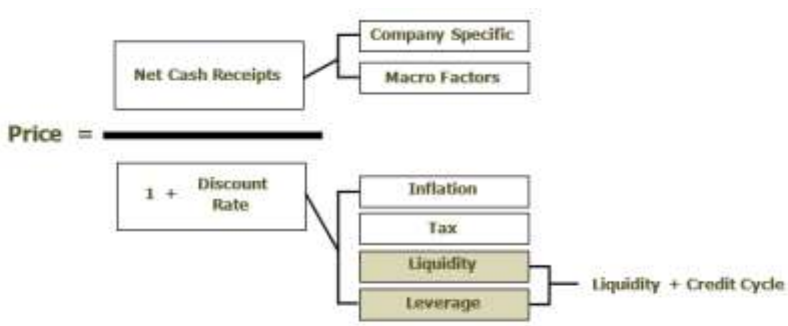
Portfolio turnover is typically low. We engaged in more sells than buys as we continue to reduce the number of names in the portfolio and increase the portfolio's concentration in higher-conviction names. We also looked to tax-loss harvest in the fourth quarter. We had two take-outs this quarter, which resulted in sales—Pinnacle Foods Inc. (PF) was taken out by ConAgra Foods Inc. (CAG), and LaSalle Hotel Properties (LHO) was taken out by Pebblebrook Hotel Trust (PEB). We sold some lower conviction energy names where we could tax-loss harvest, including Superior Energy Services Inc. (SPN) and Carrizo Oil & Gas Inc. (CRZO). Finally, we sold NewMarket Corp. (NEU), which has not been able to pass on higher raw material costs to its customers.

Volatility allowed us to buy EXACT Sciences Corp. (EXAS), which has developed an accurate, non-invasive, patient-friendly screening test to meet the goal of becoming the market leader for a diagnostic screening product for the early detection of colorectal pre-cancer and cancer. We also bought WPX Energy Inc. (WPX), an oil-focused, low-cost operator that has strategically transformed its portfolio to focus on two basins while reducing leverage. With acreage in the low-cost Delaware and Williston basins, WPX's break-even price is lower than peers, which we believe will enable the company to be profitable even in lower-price environments. In addition, WPX has a clean balance sheet that can fund production growth going forward. Finally, WPX's investments in midstream and marketing assets insulate the company from widening price differentials.

Outlook

The last time we reported to investors, we were a little less bullish. We listed a growing number of risks to the market, and the Portfolio was up about +15%. Today, many of those risks have been expressed in the current bear market for small caps. While not ready to bet the farm on an all-out bullish call, we lean to the upside of risk from here.

But first, let's hit the risks to the downside. The two biggest known risks are 1) The Fed goes too far with monetary tightening, and 2) President Trump goes too far with tariffs and trade wars. Both risks negatively impact the pricing equation and therefore valuations.



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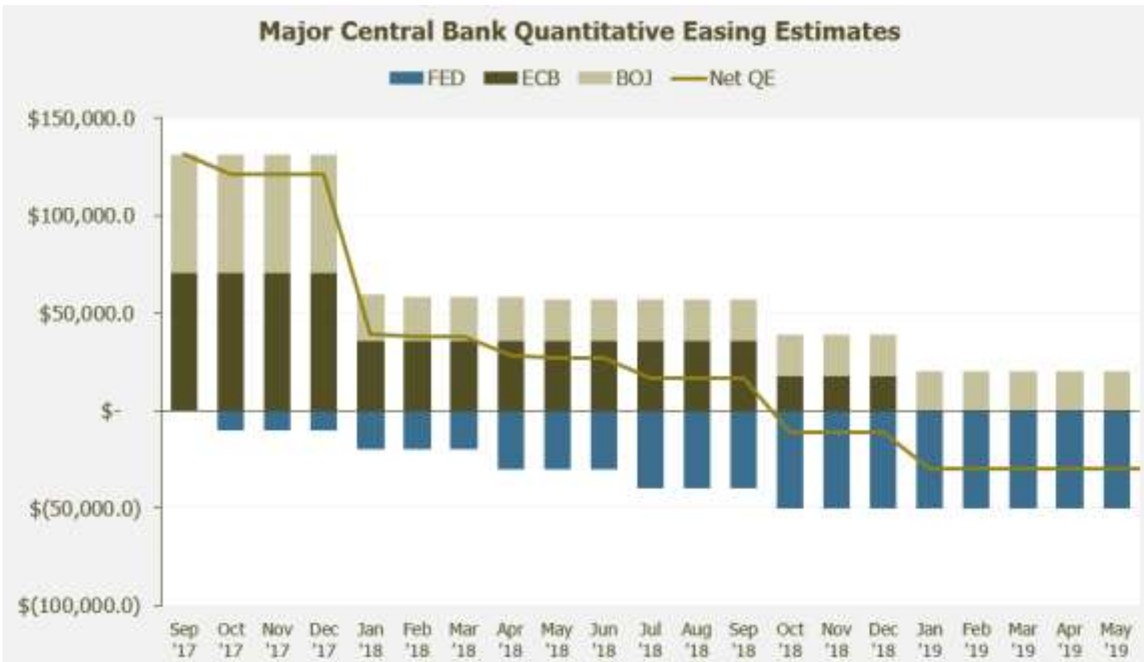
In the equation above, as it relates to the discount rate—where the Federal Reserve is in the driver's seat—the Fed is raising rates while squeezing liquidity through quantitative tightening. We anticipated market volatility in October as our liquidity monitor showed that markets would shift from positive-to-neutral liquidity conditions during the month.



Source: RMB Asset Management Research Core. Data as of December 31, 2018.

The markets are telling the Fed they are tightening too quickly. If they do not slow down, we believe the risks to the downside are pretty significant but would likely be short lived. Today's market may reflect the 1987 bear market, where liquidity rather than the economy drove a rapid downward adjustment to stock prices. The 1987 bear market only lasted 46 days, compared to the average bear market, which lasts about 500 days. The current small-cap bear market is around 100 days.

As it relates to the numerator—where the economy is in the driver's seat—a positive resolution to the China trade war is critical. With the European and Asian economies already weakening, a trade war is the last thing the world economy needs and could put those economies into recession, dragging down the U.S. economy with them.

If both of these risks play out, the downside is significant, and the bear market has probably already started for large caps as well.

While possible, we do not believe these risks are probable. Instead, we believe self-interest may prevail. A more likely scenario is that the recent weakness in global markets is signaling to the Fed and President Trump that the current policies are dangerous and need to be modified. We think Jerome Powell is smart and may adapt to a more dovish wait-and-see, take-it-slow stance, perhaps even pause policy approach vs. the current pace of rapidly unwinding nine years of quantitative easing on autopilot and possibly overshooting on rates.

President Trump is more of a wildcard, but at the end of the day, we think he knows the harm a trade war would bring, which includes an increased risk of recession and a longer/deeper bear market, where the blame would fall on him—particularly if the Fed accommodates markets.

Small caps have fallen over 20% from their peak, so we are more bullish today given valuations, and we see significant upside, especially if Mr. Powell and Mr. Trump act in ways that serve their own best interests. As this drama plays out, we are prepared to actively manage the Portfolio in order to provide great long-term risk adjusted returns for our investors.

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TOP TEN HOLDINGS AS OF 12/31/2018	
Company	**% of Assets**
Bright Horizons Family Solutions Inc. (BFAM)	3.02%
American Financial Group Inc. (AFG)	2.71%
Vail Resorts Inc. (MTN)	2.49%
IDEX Corp. (IEX)	2.47%
Copart Inc. (CPRT)	2.46%
Markel Corp. (MKL)	2.45%
Fair Isaac Corp. (FICO)	2.41%
West Pharmaceutical Services Inc. (WST)	2.37%
Jack Henry & Associates Inc. (JKHY)	2.33%
Teleflex Inc.(TFX)	2.25%

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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IronBridge SMID Cap Core Equity Composite GIPS-Compliant Presentation

Returns Presented: Dec. 31, 2006 to Dec. 31, 2017 Assets & Returns in USD

Year	IronBridge Gross Return %	IronBridge Net Return %	Russell 2500® Return %	Number of Portfolios at End of Year	Internal Composite Dispersion	Composite 3-Year Standard Deviation	Benchmark 3-Year Standard Deviation	Total Firm End of Period $ Millions	Total Assets in Composite $ Millions
2007	11.43	10.44	1.38	12	0.19	10.55	11.52	$4,587.61	$922.67
2008	-33.17	-33.79	-36.79	21	0.12	18.11	19.37	$3,903.59	$893.21
2009	28.09	26.89	34.39	24	0.40	21.71	24.25	$7,415.09	$1,626.00
2010	26.69	25.57	26.71	26	0.25	24.01	26.80	$9,151.98	$1,528.88
2011	-1.75	-2.64	-2.50	30	0.13	20.98	23.40	$6,080.24	$1,427.15
2012	13.84	12.83	17.88	26	0.09	17.78	18.97	$6,022.19	$1,612.27
2013	32.46	31.30	36.80	16	0.15	15.06	15.63	$6,201.31	$1,712.59
2014	4.74	3.81	7.07	8	0.28	11.03	11.67	$4,796.43	$994.30
2015	0.07	-0.82	-2.90	9	0.21	11.47	12.42	$3,230.87	$775.77
2016	13.33	12.33	17.59	9	0.23	12.04	13.67	$2,833.76	$448.67
2017	14.68	13.67	16.81	5	0.28	10.64	12.14	$3,965.40	$310.59

Rolling Annualized Performance as of Dec. 31, 2017
Inception Date: Mar. 31, 2004

	IronBridge Gross Return %	IronBridge Net Return %	Russell 2500® Return %
3 Years	9.15	8.18	10.08
5 Years	12.53	11.53	14.33
10 Years	8.14	7.17	9.22
Since Inception	9.08	8.11	9.39

RMB Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. RMB Capital Management, LLC has been independently verified for the periods April 1, 2005 – December 31, 2015. The verification reports are available upon request. 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.

RMB Capital Management, LLC is an independent investment management firm that is not affiliated with any parent organization. RMB Capital is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. RMB Capital manages assets for institutional investors and high-net-worth individuals and families in the U.S. and abroad. Effective June 24, 2017 RMB Capital combined with IronBridge Capital Management. Firm AUM prior to that date includes only IronBridge assets. Going forward firm AUM includes the combined assets of RMB Capital and IronBridge Capital. Prior to the combination, IronBridge Capital Management had been independently verified for the periods December 31, 2003 – December 31, 2016.

The benchmark is the Russell 2500 Index, which for comparison purposes is fully invested and includes the reinvestment of income. The Russell 2500 is a subset of the Russell 3000, including approximately 2500 of the smallest securities based on their market cap and current index membership.

The composite includes small- to mid-cap equity portfolios. The strategy targets investments in companies with relatively small market capitalizations (generally between $500 million and $10 billion at the time of initial purchase), that are undervalued as suggested by RMB Capital's proprietary economic return framework. The composite excludes portfolios that have client-driven restrictions that hinder the investment strategy. Beginning January 1, 2015, the composite excludes portfolios under $2 million. Prior to that date, the composite excluded portfolios under $5 million.

The inception date and creation date of the composite was March 31, 2004.

Portfolios are valued daily on a trade date basis. Accrued dividends were included beginning in 2008. Returns are calculated using the Time Weighted Return method. Gross of fees returns are presented after trading expenses, but before all other fees.

The standard management fee is 0.90% of assets annually, which is also the highest applicable fee. Net returns are computed by subtracting the highest applicable fee (0.90% on an annual basis, or 0.075% monthly) on a monthly basis from the gross composite monthly return, and the resulting monthly net figures are compounded to calculate the annual net return. In 2009, one account paid a performance fee that exceeded the usual highest applicable fee, at 0.96%. That fee level is used to compute the 2009 net figure, which is 26.89%.

For the IronBridge composites, RMB Capital uses equal-weighted standard deviation as the dispersion measure.

Beginning January 1, 2015, this composite has no significant cash flow policy. Until December 31, 2014, accounts were removed from the composite when significant cash flows occur, for the month of the flow and the month after. Significant cash flows were defined as 50% or more of the account value. Exceptions were made for flows that take the form of in-kind transfers, when the transfers are balanced according to our own investment model. In those instances, there is no material difference to the Portfolio's weights after the flow, and thus no hindrance to the implementation of the investment strategy. This cash flow policy went into effect January 1, 2008. Prior to that date, significant cash flows were defined as 50% of the account value or $15 million.

The composite portfolios calculate foreign withholding taxes using the rate applicable to each portfolio's country of domicile, and returns are net of those taxes.

Derivative use within the composite is minimal and deemed immaterial.

A complete list and description of all RMB Capital composites is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Assets and returns are presented in USD. Past performance is not indicative of future results.