

Small Cap Core

Portfolio Update: Third Quarter 2019

During the third quarter, the Small Cap Core Composite (the "Strategy") increased +0.11% net of fees, outperforming the Russell 2000 Index's decline of -2.40%. Equity markets have gone sideways since the first week in March as headline noise related to China trade talks, Federal Reserve interest-rate policy, Middle East tensions, and slowing global growth has driven an increase in market volatility. We are pleased that the higher-quality stocks we invest in have performed well in this environment as the portfolio is up +19.98% net of fees, compared to +14.18% for the Russell 2000 for the year.

Although the market was flat for the quarter, violent rotations between growth and value and large- and small-cap stocks lurked below the surface. The core portfolio's construction, which owns both growth and value stocks, aims to smooth out the ride for investors when these significant rotations within the market occur.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
Small Cap Core (Gross)	+0.36%	+20.90%	+0.49%	+10.82%	+9.61%	+11.83%	+11.26%
Small Cap Core (Net)	+0.11%	+19.98%	-0.55%	+9.75%	+8.53%	+10.73%	+10.15%
Russell 2000 Index	-2.40%	+14.18%	-8.89%	+8.23%	+8.19%	+11.19%	+7.79%

Inception date: April 30, 1999. 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 Visteon Corp. (+40.90%; "Visteon") and West Pharmaceutical Services Inc. (+13.45%; "West Pharmaceutical"). Visteon is a "value stock," and West Pharmaceutical is a "growth stock." The fact that the top two contributors came from two different styles is an example of how core portfolios offer a wider opportunity set for us to add value.

Visteon is a quality cyclical that designs and manufactures cockpit electronics for cars. Its new CEO, Sachin Lawande, came from Harmon International, which we owned many years ago before it was taken private. Mr. Lawande is transforming the auto cockpit business to an "all-digital cockpit" and likely to lead the technology required for its connected car solution. He started by improving credit worthiness, and then they won \$5.4 billion in new business. We believe Visteon is positioned to compete with Mobile Eye in the self-driving car space, and while there are still elements of cyclical to the business, the market may be underappreciating the longer-term secular opportunity.

West Pharmaceutical manufactures and sells packaging and delivery systems for injectable drugs and healthcare products. It is a natural monopoly as its products are designed into FDA approvals. After sitting down with management, we learned a lot about their innovative new products, which should be benefiting from growth in biologics. All new biologic approvals in 2017 included West Pharmaceutical products. West Pharmaceutical continues to execute its long-term strategy consistent with our positive thesis for the stock.

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THIRD QUARTER 2019 CONTRIBUTION REPORT

Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Visteon Corp.	+48	+40.90%
West Pharmaceutical Services Inc.	+41	+13.45%
Tyler Technologies Inc.	+31	+21.52%
Teledyne Technologies Inc.	+27	+17.57%
J & J Snack Foods Corp.	+23	+19.60%
Bottom Detractors		
PTC Inc.	-51	-24.04%
Centennial Resource Development Inc.	-37	-40.39%
Omniceil, Inc.	-25	-15.99%
Catalent Inc.	-22	-12.08%
Grand Canyon Education Inc.	-21	-16.08%

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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The two biggest detractors were PTC Inc. (-24.04%; "PTC") and Centennial Resource Development Inc. (-40.39%; "Centennial"). PTC was an enterprise software company transforming into a leading Internet of Things software provider. The digital and physical worlds are converging to transform how we design, manufacture, operate, service, and experience "things," and PTC is a leader. The last couple of quarters have been a bit sloppy, so momentum players bailed on the stock, driving it down. We still believe the shares will outperform longer term but may struggle to regain investor confidence near term until they start executing better.

Centennial is an oil-focused, low-cost operator with a clean balance sheet (and leverage will remain low according to management). With acreage in the low-cost Delaware basins, Centennial's breakeven price is lower than peers and will enable the company to be profitable even in lower-price environments. Led by the long-time CEO of EOG Resources Inc., Centennial is well-positioned to achieve its goal of being the best technical operator. Centennial continues to execute its long-term plan and increase its capital expenditures despite falling oil prices. This has significantly spooked investors, especially since they have started to take on more debt. For now, we are willing to stick with this name but will monitor the debt situation closely with the expectation that it improves from here.

Portfolio Activity

During the quarter, we sold HealthEquity Inc., Amneal Pharmaceuticals Inc., Ionis Pharmaceuticals Inc., Medidata Solutions Inc., Vail Resorts Inc., Cypress Semiconductor Corp., and Cullen/Frost Bankers Inc. We initiated a new position in Iovance Biotherapeutics Inc.

Outlook

Our outlook has not changed since our last letter: "We think the most likely outlook, based on what we know today, is higher volatility and lower (but positive) returns." We expect downward volatility to be driven by what appears to be a slowing U.S. and global economy and uncertainty around trade, Brexit, the Middle East, and the 2020 election. We expect upward volatility to be driven by progress on trade, better-than-feared corporate results, and an accommodative Federal Reserve.

We will stay focused on company-specific signals of wealth creation, driven by our determination of high management skill and savvy capital allocation. Further, we will look to exploit bouts of volatility to own these businesses when they are selling at attractive upside potential compared to downside risk.

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



Jeff Madden
Portfolio Manager



RMB
Asset Management

Small Cap Core

TOP TEN HOLDINGS AS OF 9/30/19

Company	% of Assets
West Pharmaceutical Services Inc.	3.48%
American Financial Group Inc.	3.05%
Bright Horizons Family Solutions Inc.	3.01%
EastGroup Properties Inc.	2.44%
Argo Group International Holdings Ltd.	2.40%
TriCo Bancshares	2.40%
Equity Commonwealth	2.39%
Carpenter Technology Corp.	2.23%
Pool Corp.	2.22%
Investors Bancorp Inc.	2.02%

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.

RMB Asset Management, LLC

Small Cap Core Composite // Annual Disclosure Presentation

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.



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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, 2017. 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 Strategy (formerly named IronBridge Small Cap Core Equity Composite) product 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 Composite is April 30, 1999, and the Composite was created on March 31, 2002. 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. Beginning January 1, 2015, the composite excludes portfolios under \$2 million. Prior to that date, the composite excluded portfolios under \$5 million. Beginning on January 1, 2018, accounts are included in the composite on the first day of the first full month the account is under management. Prior to 2018, an account was included in the Composite on the first day of the first full month following becoming fully invested and an account was 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

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 2000 (%)	Composite 3-YR ST DEV (%)	Russell 2000 3-YR ST DEV (%)	Composite Dispersion (%)
2018	4,196.90	117.54	3	-4.54	-5.40	-11.01	13.52	15.79	0.28
2017	3,610.61	453.90	6	11.70	10.59	14.65	11.58	13.91	0.30
2016	2,833.76	723.21	7	15.06	13.93	21.31	13.20	15.76	0.16
2015	3,230.87	684.92	10	-0.98	-1.97	-4.41	12.61	13.96	0.17
2014	4,796.43	714.83	5	7.46	6.39	4.89	12.01	16.59	0.25
2013	6,201.31	868.35	8	34.58	33.27	38.82	15.56	16.45	0.22
2012	6,022.19	1,077.20	14	14.24	13.12	16.35	18.67	20.20	0.23
2011	6,080.24	1,012.15	17	-2.65	-3.62	-4.16	23.42	24.99	0.17
2010	9,151.98	1,205.67	19	24.47	23.25	26.85	26.19	27.69	0.23
2009	7,415.09	1,106.92	20	25.70	24.27	27.18	23.71	24.84	1.06
2008	3,903.59	946.99	26	-30.64	-31.35	-33.79	18.82	19.85	0.34
2007	4,587.61	1,169.63	24	10.78	9.68	-1.57	13.07	13.16	0.42

* Effective June 24, 2017 RMB Capital combined with IronBridge Capital Management. Firm AUM prior to 2017 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.

Fees | The standard management fee is 1% of assets annually, which is also our highest applicable fee. Net returns are computed by subtracting the highest applicable fee (1% on an annual basis, or 0.083% 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 in the composite paid a fee higher than the usual highest applicable fee, at 1.16%. That fee level is used to compute the 2009 net figure, which is 24.27%.

Minimum Value Threshold | The account minimum in the Small Cap Core product is currently \$2 million. Prior to January 1, 2015, the composite excluded portfolios under \$5 million.

Comparison with Market Indices | RMB compares its Composite returns to a variety of market indices. 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 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 than the composite returns listed.



RMB
Asset Management

115 South LaSalle Street, 34th Floor, Chicago, Illinois 60603 P 312.993.5800 rmbassetmanagement.com