

# Strategy Overview – Second Quarter 2020

## Special Situations Equity Strategy

### Investment Philosophy

The Special Situations strategy is designed to capitalize on stock market inefficiencies. We define “special situations” as opportunities that have uncommonly favorable risk/reward characteristics, including spinoffs, turnarounds, deep value, reorganizations, transformative acquisitions, overreactions, underfollowed securities, event driven, and capital structure changes. These situations can arise for a variety of reasons and can create confusion about the true value of a particular stock.

### Investment Approach

Utilizing a bottom-up, fundamental approach, we search for catalyst or event-driven investments trading at attractive valuation levels. We believe we are distinguished by three key attributes:

#### Strategy Profile

As of June 30, 2020

<b>Assets</b>	\$33.1 million
<b>Strategy Inception</b>	01/01/2010
<b>Number of Positions*</b>	20
<b>Annual Turnover Rate</b>	107.54%
<b>Active Share<sup>1</sup></b>	98.43%

Source: Factset.

<sup>1</sup>Active Share is measured against the Russell 2000 Index.

\*Number of positions only includes holdings with a weight greater than 1%.

### Opportunistic Approach

- Seek to exploit pockets of inefficiency that generally occur where limited information is available
- Catalyst and/or event driven
- Variable time horizons

### Strong Contrarian View

- Generally underfollowed given their idiosyncratic profiles
- Out-of-favor and/or misunderstood businesses where our fundamental research gives us confidence to invest
- Undervalued companies with significant upside potential that is being overlooked

### Concentrated Portfolio

- Reflects our deep conviction in holdings
- Assures our clients’ assets are focused in our best ideas while still being adequately diversified
- Enables us to conduct rigorous, fundamental research on every holding

Performance as of June 30, 2020	Q2	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (1/1/2010)
<b>Special Situations</b>	+31.55%	-0.08%	+0.41%	+0.40%	+6.89%	+10.60%	+10.78%
<b>Russell 2000 Index</b>	+25.42%	-12.98%	-6.63%	+2.01%	+4.29%	+10.50%	+9.77%
<b>S&amp;P 500 Index</b>	+20.54%	-3.08%	+7.51%	+10.73%	+10.73%	+13.99%	+12.54%

Source: RMB Capital Management, FactSet. Performance presented is net of RMB Asset Management’s maximum management fee and transaction costs. Performance presented is not net of RMB’s Wealth Management advisory fee (if applicable). Performance is net of the RMB Asset Management’s management fee charged to client accounts and transaction costs. Performance for periods longer than one year is annualized. Data is as of June 30, 2020. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment.

Statistics	Wtd. Avg. Market Cap (\$M)	Largest Market Cap (\$M)	Smallest Market Cap (\$M)	P/E <sup>1</sup>	EV/EBITDA <sup>1</sup>	Net Debt/EBITDA <sup>1</sup>
<b>RMB Special Situations</b>	29,674	204,574	202	23.24	13.28	5.96
<b>Russell 2000 Index</b>	2,077	5,943	46	14.13	11.28	2.07
<b>S&amp;P 500 Index<sup>2</sup></b>	365,820	1,581,165	1,836	23.54	14.85	-3.46

Source: Factset. Statistics shown above were calculated for a weighted median. Data as of June 30, 2020.

<sup>1</sup> Based on trailing 12-month data.

<sup>2</sup> S&P 500 ETF data is used as a proxy for the S&P 500 Index.

#### Krista Rivers

S.V.P., Director of Institutional Client Service  
P 312 870 5694 [krivers@rmbcap.com](mailto:krivers@rmbcap.com)



# Special Situations Strategy

## RMB Asset Management

Special Situations Strategy // 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 was 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. The Special Situations composite has been examined for the period of April 1, 2005 through December 31, 2015. The verification report and performance examination are available upon request. RMB AM maintains a complete list and description of composites, which are also available upon request.

**Description** | The Special Situations Strategy reflects the performance of fully discretionary equity accounts and is designed to capitalize on stock market inefficiencies in addition to conventional buy-and-hold strategies. "Special Situations" are defined as those that have extraordinarily favorable risk/reward characteristics and, for comparison purposes, are measured against the Russell 2000 and S&P 500 indices. The Special Situations Strategy Composite was created on January 1, 2010 and includes all accounts that are managed in accordance with the Special Situations investment strategy. The strategy evolved from a Small-Cap Investment Strategy which began January 1, 2008 and became the Special Situations Strategy on January 1, 2010. An account is included in the Composite on the first day of the first full month the account is under management. 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

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 (%)	S&P 500 (%)	Composite 3-YR ST DEV*	Russell 2000 3-YR ST DEV (%)	S&P 500 3-YR ST DEV (%)	% Non-Fee Paying Assets	Composite Dispersion (%)
2019	4,947.9	37.2	88	31.95	30.52	25.52	31.49	16.66	15.71	11.93	0.27	1.13
2018	4,196.9	43.3	143	-24.29	-25.14	-11.01	-4.38	16.39	15.79	10.80	1.45	0.57
2017	3,610.6	90.0	214	18.66	17.33	14.65	21.83	13.46	13.91	9.92	1.45	1.01
2016	3,047.5	76.5	206	15.44	14.07	21.31	11.96	15.84	15.76	10.59	0.15	0.87
2015	3,706.0	56.4	192	8.87	7.65	-4.41	1.38	13.74	13.96	10.47	0.17	0.62
2014	3,312.9	76.5	237	-4.95	-6.00	4.89	13.69	14.09	13.12	8.97	0.12	0.96
2013	3,248.5	89.8	259	21.77	20.40	38.82	32.39	15.74	16.45	11.94	0.20	0.81
2012	2,585.9	42.2	141	20.95	19.61	16.35	16.00	19.45	20.20	15.09	0.19	1.17
2011	2,218.0	27.5	80	6.05	5.60	-4.18	2.11	N/A	N/A	N/A	0	N/A
2010	1,881.9	0.2	2**	47.16	45.71	26.86	15.06	N/A	N/A	N/A	0	N/A

**Fees** | Effective January 1, 2011, RMB Capital's asset management fee schedule for this Composite is as follows: 1.25% on the first \$250,000 in assets; 1.125% on next \$750,000; 1.00% on next \$2.0 million; 0.9% on next \$2.0 million; 0.8% on next \$5.0 million; 0.75% on next \$15 million. Actual asset management fees charged by RMB 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, custodian fees and withholding taxes. 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 net returns are reduced by all actual fees and transactions costs incurred. 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. Returns for those accounts prior to 3/1/19 do not reflect the deduction of asset-based pricing, and are therefore gross of trading expenses. These accounts represent approximately 72% of composite assets. In addition to an asset management fee, some accounts pay a wealth management fee based on the percentage of assets under management to 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 portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Minimum Value Threshold** | There is no account minimum in the Special Situations Strategy.

**Comparison with Market Indices** | RMB compares its Composite returns to a variety of market indices such as the Russell 2000 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. An investment cannot be made directly in an index. The returns of the indices 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.

**Other** | Past performance is not indicative of further results, and there is a risk of loss of all or part of your investment. 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. Total Firm Assets as of 12/31 for the years 2010, 2011, and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures.

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 strategy overview 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 strategy overview. 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 strategy overview. The information and data in this strategy overview does not constitute legal, tax, accounting, investment, or other professional advice. The information provided in this strategy overview 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 Portfolio at the time you receive this strategy overview or that securities sold have not been repurchased. The securities discussed do not represent the entire Portfolio 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. The S&P 500 includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large-cap segment of the market and covers approximately 75% of U.S. equities.



**RMB**  
Asset Management

115 South LaSalle Street, 34<sup>th</sup> floor, Chicago, Illinois 60603 P 312.993.5800 [rmbcapital.com/asset-management](http://rmbcapital.com/asset-management)