SMID Cap Core

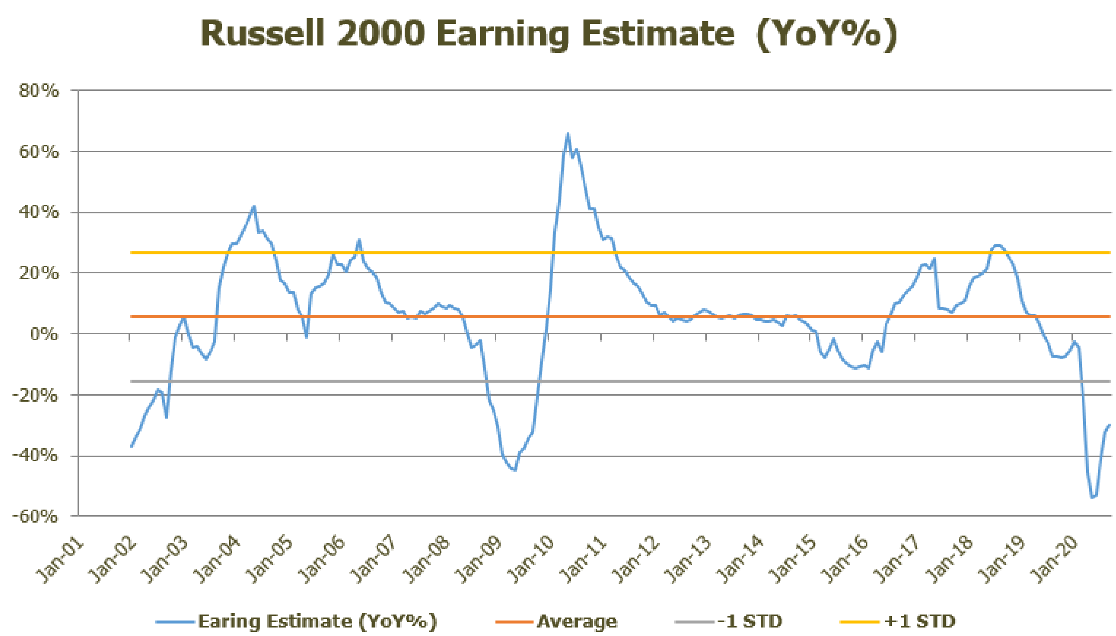
Portfolio Update: Third Quarter 2020

During the third quarter, the SMID Cap Core Equity Composite (the "Strategy") increased +6.53%, net of fees, compared to a +5.88% increase for the Russell 2500 Index.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
SMID Cap Core (Gross)	+6.71%	+0.70%	+7.70%	+10.09%	+11.31%	+11.35%	+9.14%
SMID Cap Core (Net)	+6.53%	+0.11%	+6.84%	+9.19%	+10.37%	+10.38%	+8.18%
Russell 2500 Index	+5.88%	-5.82%	+2.22%	+4.45%	+8.97%	+10.81%	+8.29%

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.

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.

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Table 1 shows the performance of the R2500 broken down by debt to capital, where those with the highest debt to capital ratios were up 10.60% compared to those with the lowest debt to capital which were only up 4.24%.

Table 1.

Russell 2500 Index - 3Q2020

Total Debt as % Total Cap	Total Return
80 - 100%	10.60%
60 - 80%	7.01%
40 - 60%	5.08%
20 - 40%	5.58%
0 - 20%	4.24%

Source: FactSet

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. Even though this headwind made it difficult to outperform, strong stock selection in Healthcare and Materials was more than enough to offset it. And we expect to benefit from non-ownership of "low quality credit" when this headwind abates.

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. 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.

The top three detractors were concentrated in the low dispersion sectors including energy and financials. Banks remained weak due to a flat yield curve and slow loan growth, while oil companies continue to experience deflationary pressures. 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

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THIRD QUARTER 2020 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
West Pharmaceutical Services Inc.	+72	+21.08%
Copart Inc.	+64	+26.29%
Catalent Inc.	+46	+16.86%
Repligen Corp.	+46	+19.36%
Vail Resorts Inc.	+46	+17.53%
Bottom Detractors		
Pinnacle Financial Partners Inc.	-27	-14.88%
WPX Energy Inc.	-21	-23.13%
Diamondback Energy Inc.	-20	-27.31%
Jack Henry & Associates Inc.	-19	-11.41%
FLIR Systems Inc.	-15	-11.20%

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.

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.

Portfolio Activity

Most of our portfolio activity occurred earlier in the year in the throes of the market sell off. This quarter, we trimmed the following "growth" holdings, which outpaced the stock market recovery, making their risk-reward profiles less attractive: Heico Corp. (HEI), Vail Resorts Inc. (MTN), First Republic Bank (FRC), Guidewire Software Inc. (GWRE), and Trex Co. Inc. (TREX).

We re-allocated to smaller names within the "SMID value" universe. We invested in STORE Capital Corp. (STOR). We join good company, as Berkshire Hathaway recently increased its sizeable ownership in STOR. The company is a net-lease REIT that is the leader in the acquisition, investment and management of single tenant operational real estate (+400 tenants across +100 industries). We also invested in PotlatchDeltic Corp. (PCH). PCH is a vertically integrated Timber REIT and Wood product manufacturer. After extensive conversations with management, we have conviction that PCH is a highly skilled Timber REIT defined by a wealth creation track record and knowledge-building culture. Finally, we invested in Terminix Global Holdings Inc. (TMX). The business shows bullish "turn around" signals: new management team with operational acumen (CEO, Brett Ponton from Monro Inc. – a previous holding in Small Cap); the divestiture of the Brands segment for $1.1B (net tax), which makes the company a pure-play pest business; and proceeds of the Brands sale used for debt repayment.

While our turnover is typically low, it has been a little higher this year and trades have added 403 basis points of excess return year to date.

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,

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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

Jeff Madden
Portfolio Manager

TOP TEN HOLDINGS AS OF 9/30/20

Company	% of Assets
West Pharmaceutical Services Inc.	3.72%
Copart Inc.	2.98%
Fair Isaac Corp.	2.84%
Catalent Inc.	2.80%
EastGroup Properties Inc.	2.74%
Repligen Corp.	2.64%
Vail Resorts Inc.	2.41%
Markel Corp.	2.26%
Alexandria Real Estate Equities Inc.	2.23%
Bio-Techne Corp.	2.18%

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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RMB Asset Management

SMID Cap Core 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 SMID Cap Strategy (formerly named IronBridge SMID Cap Core Equity Composite) product reflects the performance of fully discretionary fee-paying equity accounts, which have an investment objective of long-term growth that target 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. For comparison purposes is measured against the Russell 2500 index. The inception date of the SMID Cap Composite is March 31, 2004 and the Composite was created on March 31, 2004. 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.

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 2500 (%)	Composite 3-YR ST DEV (%)	Russell 2500 3-YR ST DEV (%)	Composite Dispersion (%)
2019	4,947.90	178.96	<5	32.61	31.50	27.77	13.52	14.58	0.98
2018	4,196.90	175.89	<5	-4.12	-4.91	-10.00	13.24	14.10	0.14
2017	3,610.61	310.59	5	14.68	13.67	16.81	10.64	12.14	0.28
2016	2,833.76	448.67	9	13.33	12.33	17.59	12.04	13.67	0.23
2015	3,230.87	775.77	9	0.07	-0.82	-2.90	11.47	12.42	0.21
2014	4,796.43	994.30	8	4.74	3.81	7.07	11.03	11.67	0.28
2013	6,201.31	1,712.59	16	32.46	31.30	36.80	15.06	15.63	0.15
2012	6,022.19	1,612.27	26	13.84	12.83	17.88	17.78	18.97	0.09
2011	6,080.24	1,427.15	30	-1.75	-2.64	-2.50	20.98	23.40	0.13
2010	9,151.98	1,528.88	26	26.69	25.57	26.71	24.01	26.80	0.25
2009	7,415.09	1,626.00	24	28.09	26.89	34.39	21.71	24.25	0.40
2008	3,903.59	893.21	21	-33.17	-33.79	-36.79	18.11	19.37	0.12
2007	4,587.61	922.67	12	11.43	10.44	1.38	10.55	11.52	0.19

** 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 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%. Actual investment advisory fees incurred by clients may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. The net returns are reduced by all actual fees and transactions costs incurred. The percent of non-fee paying assets in the composite is 0%. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Prior to 2018, internal dispersion was calculated using the equal weighted standard deviation 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** | The account minimum in the SMID Cap Core Composite is currently $2.0 million. Prior to January 1, 2015, the composite excluded portfolios under $5.0 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 SMID Cap Core composite 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 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.*