SMID Cap Core

Portfolio Update: Second Quarter 2021

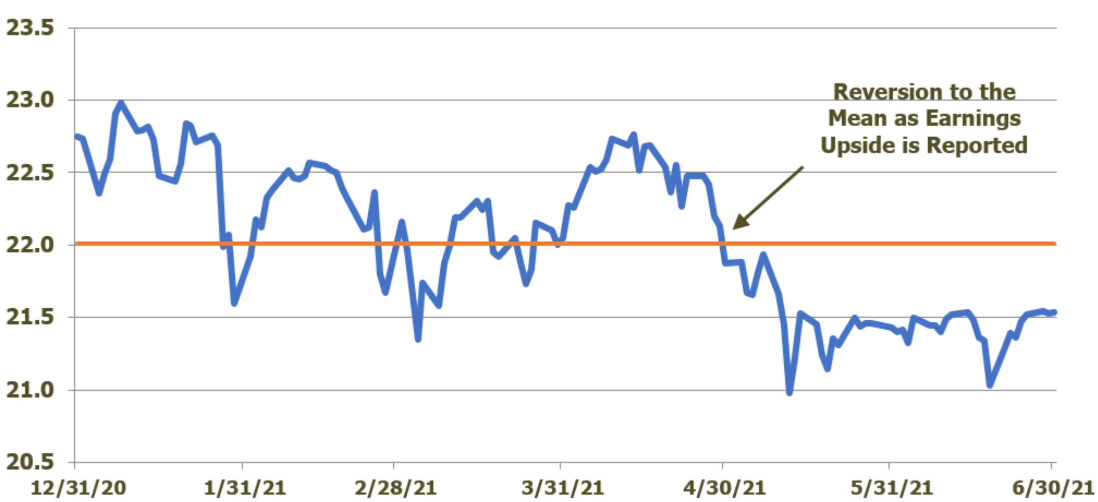
During the second quarter, the SMID Cap Core Equity Composite (the "Strategy") increased +8.97%, gross of fees (+8.79%, net of fees), outperforming the +5.44% increase for the Russell 2500 Index.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
SMID Cap Core (Gross)	+8.97%	+18.49%	+57.94%	+19.92%	+18.19%	+13.35%	+11.22%
SMID Cap Core (Net)	+8.79%	+18.10%	+56.93%	+19.00%	+17.24%	+12.39%	+10.26%
Russell 2500 Index	+5.44%	+16.97%	+57.79%	+15.24%	+16.35%	+12.86%	+10.44%

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.

The quarter was defined by a robust economic recovery and 40% corporate earnings growth. Such a powerful earnings recovery is helping companies grow into elevated valuations.

Exhibit 1. S&P 500 2021 P/E YTD



Source: RMB Capital; Data as of 6/30/21.

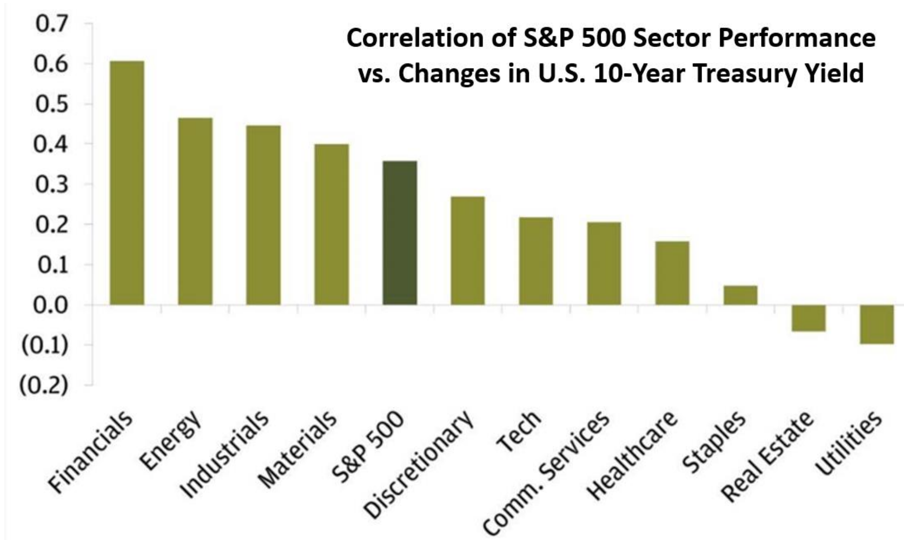
The excessive risk taking observed in the first quarter dissipated to some degree in the second quarter, as highly speculative stocks, SPAC'[1]s, and cryptocurrencies came back to earth, while broader equity and credit markets delivered more "normal" returns. However, underneath the apparent tranquility of the equity market's new highs lies much greater volatility than meets the eye. The primary issues driving intra-market volatility beneath the surface include: inflation vs. deflation, growth vs. value, meme stocks vs. short sellers, and resulting higher dispersion. Our thoughts on these topics and what it means for the strategy are below:

Inflation vs. deflation: Inflation is running hot at 5% of the Consumer Price Index (CPI), well above the Federal Reserve's target 2%. The Fed assures us this is transitory, but many investors believe the Fed is behind the curve. Further complicating

[1] A special purpose acquisition company (SPAC) is a company with no commercial operations, formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company.

matters is the varying definition of "transitory" between market participants. Industries and companies that are sensitive to changes in real interest rates and inflation are experiencing greater volatility.

Exhibit 2. S&P 500 Sector Sensitivity to Changes in Rate



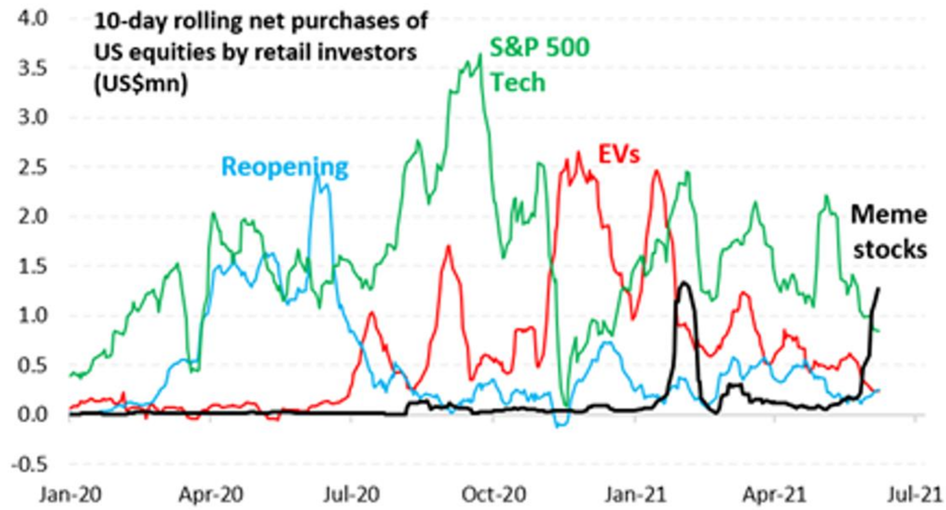
Source: Bloomberg Financial L.P. Data is as of April 29, 2021. Correlation analysis based on changes in S&P 500.

Growth vs. value: Value stocks (+22.68%) continued to outperform growth stocks (+8.67%) for 2021.[2] Value tends to perform better in a robust economic and rising inflation environment, whereas growth tends to perform better in a slower economic and disinflationary environment.

Meme stocks vs. short sellers: The meme stock phenomena is still with us. Our internal risk software, Alphacuity, indicates that the difference between the performance of the Russell 2000 and the Russell 3000 was largely due to company specific risk from the following meme stocks:[3]: AMC Entertainment Holdings, Inc. (AMC), GameStop Corp. (GME), Plug Power Inc. (PLUG), Novavax, Inc. (NVAX), and Caesars Entertainment, Inc. (CZR). MEME stocks have now become their own "risk" category and GME was one of the largest market caps in the Russell 2000. We find this simply incredible.

[2] Russell 2500 Value Index and Russell 2500 Growth index, respectfully, year to date returns as of 6/30/21.
[3] As defined by Reddit.

Exhibit 3. Meme Stock Inflows Exceed Other Sectors/Industries, including S&P Tech Sector

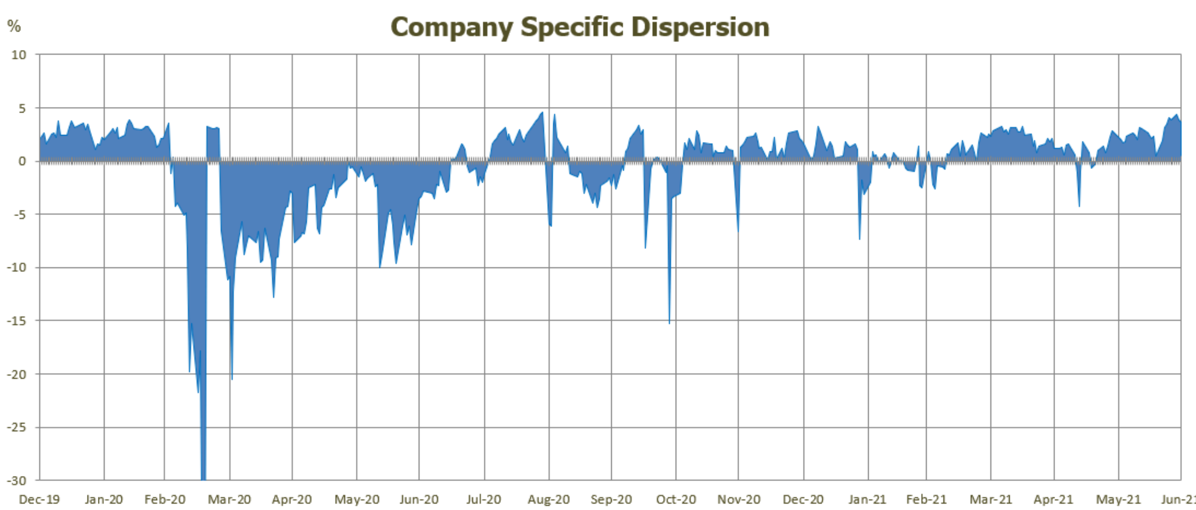


Source: Vanda Track, via the Irrelevant Investor Blog

We have noticed that during early Q1 and late Q2, periods where retail investors were buying meme stocks, our performance lagged because our bias for quality prevents us from owning these stocks, but excess performance returns when investors stop buying these high-flyers.

Higher dispersion: Dispersion measures how closely stocks move together vs. apart. Low dispersion (together) occurs when excess liquidity created by the Fed balance sheet expansion dominates stock prices. The concept is captured eloquently by Warren Buffett's financial take on JFK's quip "a rising tide lifts all boats." Higher dispersion occurs when the liquidity cycle shifts from excess to neutral. We are starting to see this occur now as the Fed contemplates reducing the number of mortgage purchases as well as other financial assets.

Exhibit 4.



Source: FactSet. Company Specific Dispersion derived from the S&P 500 Index.

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So, what does all of this mean for strategy performance? Our dual diversification portfolio construction process (by lifecycle and sector) helps deal with the uncertainty and volatility associated with growth vs. value and/or inflation/deflation. While the meme phenomena can temporarily create headwinds/tailwinds, it does not present a longer-term challenge. Finally, given portfolio construction risk controls, factors out of our control are intentionally minimized, isolating idiosyncratic risk, which is in our control. Thus, higher dispersion creates more opportunity for our process to add value from company specific stock selection.

Contributors and Detractors

Last quarter, contributors and detractors were clearly divided between value and growth stocks. This quarter, contributors and detractors were more company specific, which is consistent with our observation of higher dispersion. West Pharmaceutical Services Inc. (WST +27.51%) is a long time holding, selling "picks and shovels" to the companies driving the biotech revolution. WST reported a very strong quarter, confirming rapid adoption of higher margin new products. Strong contributions from companies represented by different factors (growth, value, quality, inflation, interest rates) demonstrates how efficiently diversified portfolios can add value when volatility and dispersion increase within the market. Copart Inc. (CPRT, "Copart", +21.38%), a leader in vehicle remarketing services, focusing primarily on vehicles deemed a "total loss" by insurance companies, also delivered a bullish quarter. Damaged vehicles are increasingly being totaled, as the cost of repairing vehicles continues to increase. The company has an owner-operator mindset with a knowledge-building culture that we believe will continue to deliver high economic returns and long-term asset reinvestment, distinctly greater than current stock market expectations.

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SECOND QUARTER 2021 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
West Pharmaceutical Services Inc.	+59	+27.51%
American Financial Group Inc.	+51	+22.60%
Copart Inc.	+48	+21.38%
Steel Dynamics Inc.	+47	+18.71%
Bio-Techne Corp..	+43	+17.98%
Bottom Detractors		
Bright Horizons Family Solutions Inc.	-12	-14.20%
PotlatchDeltic Corp	-11	+0.66%
Columbia Sportswear Co.	-9	-6.41%
Algonquin Power & Utilities Corp.	-9	-5.02%
MKS Instruments Inc.	-7	-3.92%

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.

Detractors were also more company specific and diversified across multiple factors. Bright Horizons Family Solutions Inc (BFAM, "Bright Horizons", -14.20%) provides childcare and early education services to more than 1,000 employers, including Fortune 500 companies, which helps improve business productivity and employee retention. The company had a lukewarm quarter given UK lockdowns caused temporary re-closure of several centers. We believe the issue is transitory and expect the company to improve EBITDA margins 50–100 bps annually and grow high-single to low-double digits. Importantly, their number one market position has helped develop a strong competitive moat, and there are over 15,000 future potential employers and 120,000 childcare centers that will support organic and acquisitive growth over the next 5–10 years.

Portfolio Activity

In previous letters, we have indicated that the team feels great about the companies we own and the portfolio structure in terms of the balance between growth and value. Most activity during the second quarter involved minor adds or trims to keep idiosyncratic risk aligned with our conviction. To that end, we added to BioLife Solutions Inc. (BLFS), CRISPR Therapeutics AG (CRSP), Editas Medicine Inc. (EDIT), Columbia Sportswear Co. (COLM), and PotlatchDeltic Corp. (PCH) after reviewing the quarterly results, gaining greater conviction in the companies, and the stock prices hitting attractive purchase levels.

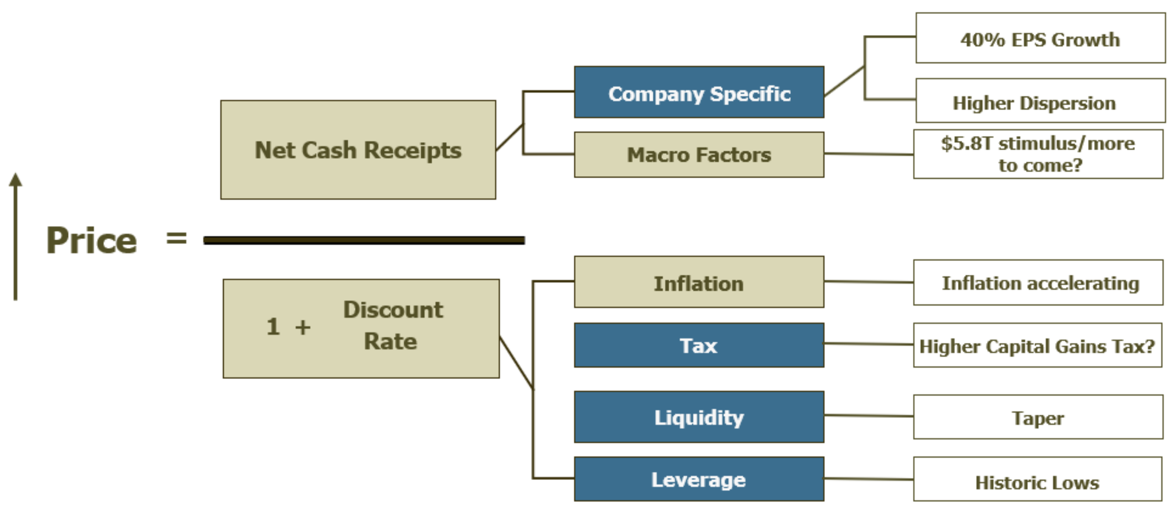
Sonos Inc. (SONO) was a new purchase. We have been following SONO since its IPO and have been trying to evaluate whether it is just a hardware company or potentially a software platform with scalable intangible capital. After several conversations with management, and following it for several quarters, we believe Sonos is building a platform, dominating streaming music and will leverage that brand into other platform-based streaming services like E-sports/ Gaming/ Virtual reality and will gain important technological knowledge into blockchain/ AI and IoT. The market underappreciates the upside and, like ROKU, when the market understands the value of the platform and intangible capital, we believe the shares will break out significantly higher. Also, mechanistic selling of growth stocks in the quarter gave us the opportunity to leverage our knowledge inventory and establish new positions in Five9 Inc. (FIVN), NeoGenomics Inc. (NEO), and Helen of Troy Ltd. (HELE).

To fund the above purchases and adds, we exited our entire Ultragenyx Pharmaceutical Inc. (RARE) position, after the company successfully met its value creation milestones and reached our estimate of full valuation. Also, we sold FLIR Systems Inc. (FLIR) and Proofpoint Inc. (PFPT) as both were acquired at significant premiums. Also, we took advantage of the flight to safety trade during the quarter to sell Equity Commonwealth (EQC) given a compressed risk-reward profile. In addition, we took trims in the following holdings given less attractive pay-off structures: First Republic Bank (FRC), Visteon Corp. (VC), Martin Marietta Materials Inc. (MLM), Steel Dynamics Inc. (STLD), Stifel Financial Corp. (SF), SVB Financial Group (SIVB), Brink's Co. (BCO), Old Dominion Freight Line Inc. (ODFL), Eagle Materials Inc. (EXP), and American Financial Group Inc. (AFG).

Outlook

We remain cautiously optimistic. The pricing equation is helpful to understand how our outlook has shifted:

Exhibit 5.



Source: RMB Capital
EPS growth based on the annual percent change in the 12 month forward EPS expectations of the S&P 500 Index, 9/29/2000 – 7/9/2021.

We suspect the heavy lifting in terms of higher market valuations is shifting from the denominator (Federal Reserve excess liquidity) to the numerator (company specific capital allocation). As the impact from excess liquidity moderates from excessive to neutral, dispersion should continue to increase. Higher dispersion is good for active managers who invest in the right businesses.

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As always, the companies we invest in demonstrate high managerial skill in capital allocation, which creates value for customers, employees, communities, and shareholders.

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 6/30/21

Company	% of Assets
Bio-Techne Corp.	2.62%
West Pharmaceutical Services Inc.	2.56%
Pinnacle Financial Partners Inc.	2.56%
Copart Inc.	2.47%
Teledyne Technologies Inc.	2.40%
ServisFirst Bancshares Inc.	2.39%
American Financial Group Inc.	2.36%
Vail Resorts Inc.	2.36%
Repligen Corp.	2.35%
Catalent Inc.	2.32%

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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An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear 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 the strategies. The benchmarks are shown for comparison purposes and are fully invested and include 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 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 strategies include small- to mid-cap equity portfolios. The strategies may 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 S&P 500 is widely regarded as the best single gauge of the United States equity market. It includes 500 leading companies in leading industries of the US economy. The S&P 500 focuses on the large cap segment of the market and covers approximately 75% of US equities. The Russell 2500 Value Index tracks the performance of companies with lower price-to-book ratios, which shows a company's market price relative to its balance sheet. The Russell 2500 Growth Index is a subset of companies with higher price-to-book ratios, or those expected to have higher growth values in the future.

The **price-to-earnings (P/E) ratio** is defined as a ratio for valuing a company that measures its current share price relative to its per-share earnings.

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

Correlation is a statistic that measures the degree to which two securities or indices move in relation to each other.

While "high-quality" has no single, strict industry definition, we define high-quality stocks as those that we believe offer more reliability and less risk based on a set of clearly defined fundamental criteria including hard criteria (e.g., balance sheet stability, operating efficiency, enterprise life cycle) and soft criteria (e.g., management credibility). We define well-managed companies as those that intentionally grow assets when their economic return on capital is above the cost of capital, are willing to shrink assets when economic return is below the cost of capital, and actively seek to improve economic return when it is approximately equal to the cost of capital.

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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 has been independently verified for the periods April 1, 2005 through December 31, 2019. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Description | The SMID Cap Strategy 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. 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 (%)
2020	5,240.59	269.42	<5	25.78	24.88	19.99	21.75	24.21	0.00
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 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*

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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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.*