

Small Cap Core

Portfolio Update: Third Quarter 2021

During the third quarter, the Small Cap Core Equity Composite (the "Strategy") increased +1.32%, gross of fees (+1.11%, net of fees), compared to a -4.36% decrease for the Russell 2000 Index.

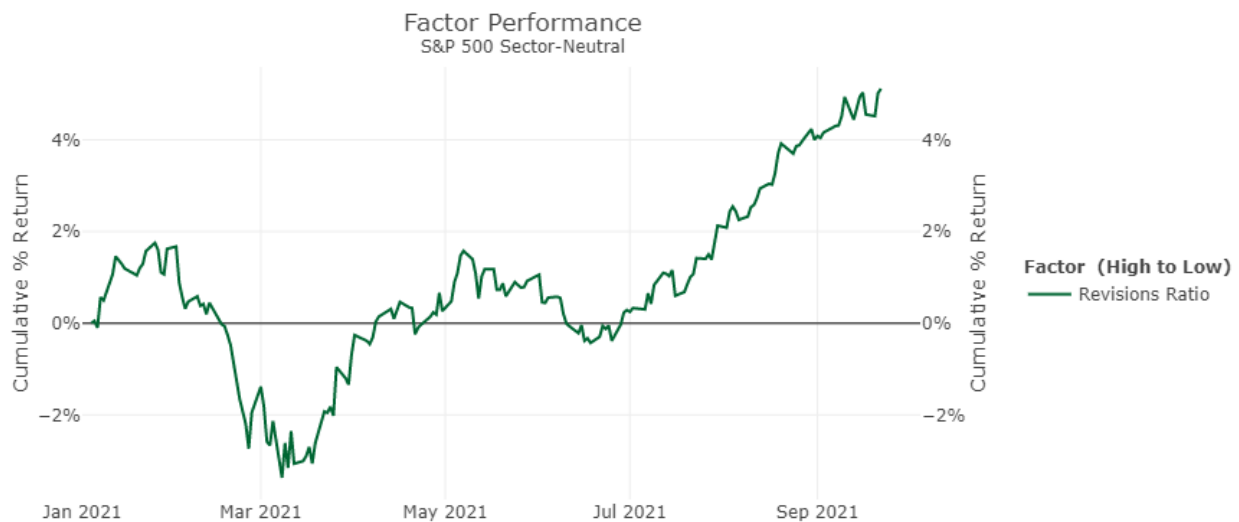
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
Small Cap Core (Gross)	+1.32%	+18.03%	+52.56%	+14.72%	+15.38%	+15.14%	+12.23%
Small Cap Core (Net)	+1.11%	+17.30%	+51.30%	+13.63%	+14.29%	+14.03%	+11.12%
Russell 2000 Index	-4.36%	+12.41%	+47.68%	+10.54%	+13.45%	+14.63%	+8.97%

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.

We are pleased to have provided significant excess return for our investors for the third quarter as well as year-to-date. In last quarter's note to investors, we wrote that we were cautiously optimistic. Cautious because stimulus from quantitative easing, zero interest rate policies and government stimulus checks were likely coming to an end. Optimistic because corporations have shown remarkable adaptability to massive economic distortions caused by the COVID virus. Additionally, we were optimistic about the Strategy's chances to add value given higher dispersion observed in the market. Higher dispersion offers active managers greater opportunity to outperform the market.

Higher-risk, smaller companies underperformed larger companies this quarter for several reasons. First, the small cap discount rate increased as tapering talk from the Federal Reserve signaled its intention to transition from excess to more balanced liquidity. Second, investors are asking whether we have seen "peak earnings" after a spectacular earnings season where 60% of the Russell 2000 companies exceeded earnings expectations and 67% exceeded sales estimates. Third, investors appear to be positioning portfolios toward higher quality names given recent underwhelming economic data regarding inflation, GDP, and employment. The Russell 2000 tends to have lower quality names - as defined by liquidity, credit worthiness, and sensitivity to GDP growth - and lagged larger companies in the S&P 500. The Small Cap core strategy selects "higher quality" names within the small cap universe, which helped relative performance, as 87% of the companies in the portfolio exceeded earnings expectations and 81% exceeded sales expectations.

Exhibit 1. Relative Performance of Positive EPS Revisions



Source: Cornerstone Macro; Relative performance of positive EPS revisions of the S&P 500 Index, YTD as of 9/20/2021.



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Fundamentals appear to matter again! According to Cornerstone Macro's chart above, the most important factor this quarter was positive EPS revision. While this chart's emphasis is on large cap, the same holds true across the market cap spectrum regardless of size.

No doubt, strong quarterly results from the Strategy's holdings provided significant alpha this quarter. Note, the Strategy also tends to significantly outperform when credit spreads widen. At the time of this writing, credit spreads remain near historic lows. Based on historical patterns, at some point we believe we may see an additional tailwind to performance from widening credit spreads.

Contributors and Detractors

Consistent with the "fundamentals matter again" tone of the market, winners and losers were separated mostly by company specific positive and negative quarterly results.

Repligen Corp. (RGEN +44.77%) is a unique "pick and shovel" player within the ecosystem of the biotech revolution. As the number of biologic drugs on the market and in development continues to increase, biopharmaceutical manufacturers are tasked with reducing the time and cost associated with production while improving yield and retaining the highest levels of product quality. These market dynamics are driving process intensification and adoption of disposable technologies and other products that offer convenience, flexibility and the ability to improve capacity utilization. The bioprocessing products manufactured by Repligen are designed to address these important needs of biopharmaceutical manufacturers. RGEN reported an absolutely blow out quarter for sales, earnings, and guidance.

Monolithic Power Systems Inc. (MPWR +29.95%) is a "system on a chip" fabless semi-conductor company enabling cloud, robotics, self-driving cars, 5G, artificial intelligence, clean energy, and the internet of things. MPWR beat quarterly expectations and raised guidance. MPWR is positioning itself well for next generation computing extending its value from a chip company to an integrated solution or module supplier.

Detractors fared poorly due mostly to disappointing fundamentals, or investor concerns about future fundamentals. Fair Isaac Corp. (FICO -20.84%) developed the "FICO score" and is a natural monopoly for fintech related to instant credit. It reported results that exceed expectations, but the stock has been weak ever since a WSJ article suggested its monopoly position is eroding, citing loss of customer Synchrony, due to new competition and new-comers like VantageScore and Upstart. After a long conversation with management, we are comfortable that new "competition" is more complimentary than competitive since they subscribe to FICO data. The current market vote is that the best fundamental performance days are in the past and the future will be more difficult. For now, we are inclined to believe management, which has a strong track record of delivering more than communicated expectations.

Energys (ENS -23.66%) is a global leader in stored energy focused on telecom and forklift markets leveraged to global GDP growth. While quarterly results were in line, the outlook was hampered by labor shortages, rising input costs and supply chain challenges.

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THIRD QUARTER 2021 CONTRIBUTION REPORT

Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Repligen Corp.	+108	+44.77%
Monolithic Power Systems Inc.	+61	+29.95%
Chart Industries Inc.	+59	+30.55%
Catalent Inc.	+55	+23.08%
West Pharmaceutical Services Inc.	+50	+18.28%
Bottom Detractors		
Fair Isaac Corp.	-49	-20.84%
CareDx Inc.	-42	-30.76%
EnerSys	-41	-23.66%
MKS Instruments Inc.	-38	-15.07%
Visteon Corp.	-36	-21.95%

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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Portfolio Activity

In previous letters, we have indicated that the team feels great about the portfolio positioning and the companies we own so there was not much to do. In fact, our only trade during this quarter was a Chart Industries Inc. (GTLS) trim given it had become the number one contributor to idiosyncratic risk in the portfolio. We would classify the trade as a risk control trim. Overall, we have only made 21 trades so far this year, with 57% adding value of approximately 43bps.

Outlook

We remain bullish on corporate America. It is easy to forget the fragility of life and how dependent we are on others to sustain it. But COVID-19 revealed a lot about ourselves. A typical vaccine takes over five years to develop, yet the pharmaceutical industry collaborated globally in unprecedented ways to accelerate the development of mRNA-based vaccines resulting in approval within a year, saving hundreds of thousands, potentially millions, of lives. Additionally, Zoom enabled workers to stay employed by empowering work from home. Without Zoom, unemployment would have been significantly worse. Business managers accelerated digitalization of their business models and adapted in creative ways to survive one of the most challenging periods modern humanity has ever seen.

COVID-19 revealed both our strengths – innovation and adaptability – as well as our weaknesses – pandemic readiness, overly fragile supply chains and overreliance on China for certain critical goods. For example, 90% of our drugs are produced in China, which will certainly change. Our supply chains are perhaps too dependent on one region which will likely change as well, resulting in a reshuffling of the global supply chain and a more resilient global economy longer term. Many other revelations will be corrected as businesses evaluate lessons learned from their responses to the Covid crisis.

In the near term, these weaknesses are showing up in the economy today in the form of higher commodity prices, chip shortages, distorted labor markets, supply chain challenges and overall rising input costs. We suspect the next few quarterly earnings seasons may reveal additional weaknesses. Both Federal Express and Nike recently reported disappointing earnings related to labor shortages, supply chain disruptions, and rising input costs. The headlines may seem negative, but what we have learned from the COVID challenge is that skilled business entrepreneurs will respond to price signals and allocate capital in ways that deliver goods and services we need to survive in the most efficient way.

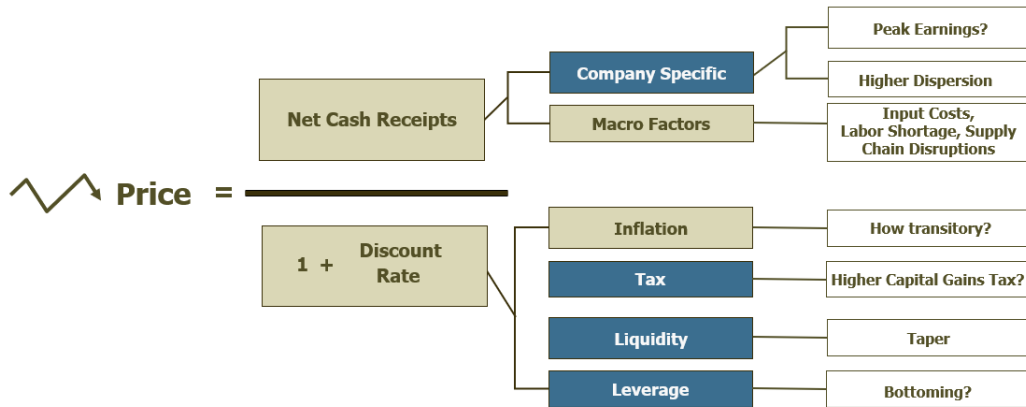
It appears that the worst of the COVID crisis is behind us, and we are now entering the next phase. People and institutions will likely have to learn to live with a COVID endemic rather than pandemic. The economy is on a path to fully re-open, but the engine is a little gummed up. The Federal Reserve will have to manage the withdrawal of excess monetary stimulus without setting off a liquidity crisis. Against this backdrop, Congress is negotiating additional fiscal stimulus which might result in something between \$0 and \$4.5 trillion, while trying to raise the debt ceiling to avoid default.

The market will have a lot to digest over the next few quarters. From a pricing equation perspective, challenges related to rising input costs, labor shortages, and supply chain disruptions have the potential to negatively impact the numerator for a few quarters. The silver lining is that these challenges will also reveal to us those management teams most able to adapt, which is a qualitative attribute of companies we want to own for the long term.



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Exhibit 2.



Source: RMB Capital

From a denominator perspective, the Federal Reserve is trying to transition from providing excess liquidity to a more neutral liquidity state. This fact should be currently priced into the market by investors. Other drivers are less well understood now. Inflation is likely transitory but has remained stubbornly persistent. Investor tax rates are being negotiated as part of the Biden “Build Back Better” \$3.5 trillion additional stimulus bill. Credit risk appears tame for the moment. However, the impending bankruptcy of China’s Evergrande is a reminder of the “fingers of instability” associated with highly leveraged systems. While its potential bankruptcy seems well contained within China’s borders it is an important reminder that for highly leveraged entities there is no risk until there is risk, and losses come quickly without much warning – which is exactly why we prefer to own companies that carry minimal debt.

In summary, both the numerator and denominator are more vulnerable to negative shocks today than they were last quarter. Earnings comparisons, inflation, tax rates, tapering and credit risk bear watching closely for signs of deterioration. Our view is the market should look through the negative effects on earnings and inflation as transitory. So far it has. Additionally, the Federal Reserve has promised to keep rates low. If credit spreads stay low, we see systematic risk as low. This means the numerator should continue to drive the market going forward, dispersion should stay elevated, and investors who own companies that are winning the competition for capital by adapting best to this crazy environment should continue to outperform.

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.

As I close out this letter, I wanted to share some bittersweet news. Jeff Madden, who has worked with me on the Small Cap and SMID Cap strategies since 2004, will be leaving RMB to pursue a very different, very personal career. Jeff is a great investor and has been a terrific teammate, and we will miss him. I understand and fully support his decision and am excited for him as he embarks on this next chapter. Below is a personal note from Jeff.

It feels like just yesterday I walked into the Chicago Mercantile Exchange building to join Chris Faber and begin a wonderful investment management journey. After 20 years of working with Chris and the talented Research Team, I am leaving the industry to pursue a calling in biotechnology to lead an early-stage company focused on Alzheimer’s Disease, which ravaged my late Grandmother and others. Although I am



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excited about this opportunity, it has been a tough decision to leave RMB and the industry for obvious reasons including my high respect for leadership and the entire team and what has been accomplished with the RMB Small Cap and SMID Cap Strategies. I am proud of what the team has delivered for our clients over two decades, especially during the recent unprecedented stock market environment. The investment process has proven durable and is powered by a team of veteran investors who are united by a knowledge-building culture. I am most grateful for the vote of confidence of our clients to be stewards of their capital, and I am confident that the best days of performance lie ahead. The future is bright.

- Jeff Madden

Sincerely,



Chris Faber
Portfolio Manager

TOP TEN HOLDINGS AS OF 9/30/21

Company	% of Assets
Repligen Corp.	3.53%
West Pharmaceutical Services Inc.	3.28%
EastGroup Properties Inc.	3.10%
Catalent Inc	3.00%
TriCo Bancshares	2.92%
Devon Energy Corp.	2.78%
Pool Corp.	2.67%
Monolithic Power Systems Inc.	2.63%
Essential Properties Realty Trust Inc.	2.57%
Seacoast Banking Corp. of Florida	2.55%

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 2000 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 2000 Growth Index is a subset of companies with higher price-to-book ratios, or those expected to have higher growth values in the future.

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. EPS growth is not a measure of the fund's future performance.

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

Small 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 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 Small Cap Strategy 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. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

Year End	Total Firm Assets* as of 12/31 (\$M)	Composite Assets			Annual Performance Results				
		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 (%)
2020	5,240.59	116.94	<5	19.38	18.28	19.96	22.02	25.27	0.00
2019	4,947.90	118.03	<5	28.91	27.57	25.52	13.97	15.71	0.34
2018	4,196.90	117.54	<5	-4.54	-5.40	-11.01	13.52	15.79	0.29
2017	3,610.61	453.90	6	11.70	10.59	14.65	11.58	13.91	0.30
2016	NA	723.21	7	15.06	13.93	21.31	13.20	15.76	0.16
2015	NA	684.92	10	-0.98	-1.97	-4.41	12.61	13.96	0.17
2014	NA	714.83	5	7.46	6.39	4.89	12.01	16.59	0.25
2013	NA	868.35	8	34.58	33.27	38.82	15.56	16.45	0.22
2012	NA	1,077.20	14	14.24	13.12	16.35	18.67	20.20	0.23
2011	NA	1,012.15	17	-2.65	-3.62	-4.16	23.42	24.99	0.17

*RMB Capital acquired the composite by combining with IronBridge Capital Management on June 24, 2017. Firm assets prior to 2017 are not presented as the composite was not part of the firm.

Fees | The standard management fee is 1% of assets annually, which is also our highest applicable fee. 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. For periods prior to 2018, 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. Beginning in 2018, net returns are reduced by actual management 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 investments, calculating performance, and preparing GIPS Reports are available upon request.

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



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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. 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. A list of Composite Descriptions and a list of Broad Distribution Pooled Funds are available upon request.*

