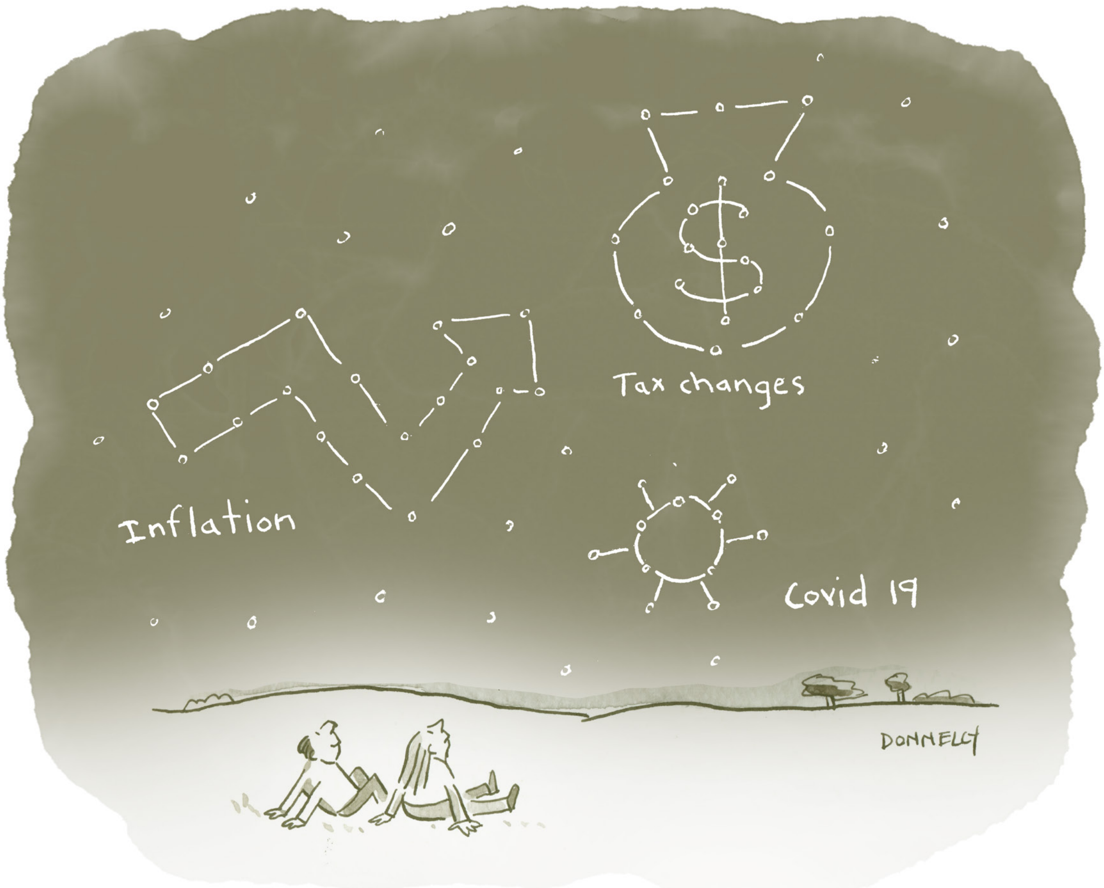
INVESTED

SEMIANNUAL FINANCIAL PERSPECTIVE FROM RMB CAPITAL / WINTER 2022



CHANGING HORIZON

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While the Market Continues to Recover, Inflation and Uncertainty Loom

It has been 18 months since we were introduced to COVID-19 in the U.S. Since then, we began to see cases decrease as vaccination distribution took hold over the first five months of the year. But this summer, we saw the resurgence of COVID-19 due to the delta variant, and with that came a slowdown in the economic recovery, creating some choppiness in growth across industries. However, there continues to be hope of a full economic recovery as the pace of vaccination distributions continues to increase. As of September 30, nearly 55% of the total U.S. population was fully vaccinated. Worldwide, roughly 34% of the population is fully vaccinated.

Within the stock market, recent events have slowed the gains in higher-risk stocks, such as emerging markets, while safer stocks, such as U.S. large-cap stocks, have continued to rise consistently. Looking within the broad U.S. stock market, these recent events have shifted the performance of value and growth stocks. Since the announcement of the Pfizer vaccine last year in November, value has outperformed growth. However, more recently, with the news of the delta variant, that dynamic shifted and growth stocks have been outperforming value stocks. If the economic recovery continues to be choppy, market conditions may continue to favor growth stocks. Overall, stock market gains have been well above average this year, and with limited volatility, seen here with only a 4% drawdown year-to-date in comparison to last year's drawdown of 34%.

A major topic of concern continues to be the spike in inflation and whether that is a long-term worry or something that will balance out. The Federal Reserve still believes this inflation spike to be transitory and that it will taper toward the end of this year. Investors are not so confident in that outlook, as they fear inflation to be a long-term issue as prices continue to trend up. In the meantime, the House passed a nearly $2 trillion bipartisan infrastructure bill that will put $550 billion in new federal spending. This bill will provide funding to expand high-speed internet access, and make vital transportation and infrastructure updates to bridges and other projects. There is some concern over the need for the government to borrow heavily in order to fulfill the bill and with the pressure already substantial on the growing deficit, action will have to be taken to control the rising total. For now, interest rates remain low but will be closely monitored as we progress through this year and next. While there remains uncertainty as far as risk goes for the rest of this year, we can expect the economic recovery to continue.

With the current economic backdrop in mind, we continue to recommend maintaining diversified portfolios of investments that have the potential to perform well in a broad range of market outcomes. Stock market valuations remain near peak levels. Interest rates are still near historical lows but have been trending higher more recently. Investors have viewed the trend in interest rates as a function of rising economic growth expectations and as having the potential for higher levels of inflation. The uncertainty around global economic events could increase volatility in coming months. While volatility has been relatively low so far, it seems likely to pick up in the near term, and corrections in equity markets are possible.

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Earnings

Corporate earnings have been impressive, with record highs in year-over-year earnings growth. Even with inflation concerns growing, companies continue to beat earnings expectations, signaling they have the pricing power to offset it.

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Valuations

U.S. stock prices remain at high levels. With the market growth continuing to reach new highs, stocks do not appear cheap, with forward twelve-month P/E ratios well above the five-year and ten-year averages. »

Consumer Confidence

Overall, consumer confidence levels recovered slightly as the economy began to reopen but have dropped more recently due to the delta variant dampening consumer optimism.

Monetary Policy

The Federal Reserve has kept rates near zero to continue to add support to the economy during the pandemic and plans to keep this rate low until the labor market conditions improve. In response to the COVID-19 pandemic, the Fed released a series of sizable programs to support financial markets and maintain the flow of credit. As the economy has continued to progress from the slowdown experienced last year, the Federal Reserve has signaled it is considering tapering its purchases of securities in the coming months. The Fed has been clear that tapering will precede any increase in the Federal Funds rate.

Credit Conditions

Recently, corporations have had sufficient access to financing. The flow of credit to consumers is in much better condition. This is reflected in the incredibly low level of credit spreads in the investment-grade and high yield bond markets.

Business Confidence

Business confidence levels grew this summer, reaching pre-pandemic levels, due mainly to the reopening of many businesses; however, the third quarter of this year brought concerns for business confidence, as the labor shortage has become an issue for many firms.

Fiscal Policy

Fiscal policy is aimed at providing trillions of dollars to support the U.S. economy during this time of economic instability, with talk of more to come, like the $1.9 trillion plan proposed by the Biden administration. Legislators and government officials have responded quickly in a bipartisan fashion to support businesses and consumers, but repeated stimulus has longer-term economic consequences, like increased federal deficits and potential for higher tax rates.

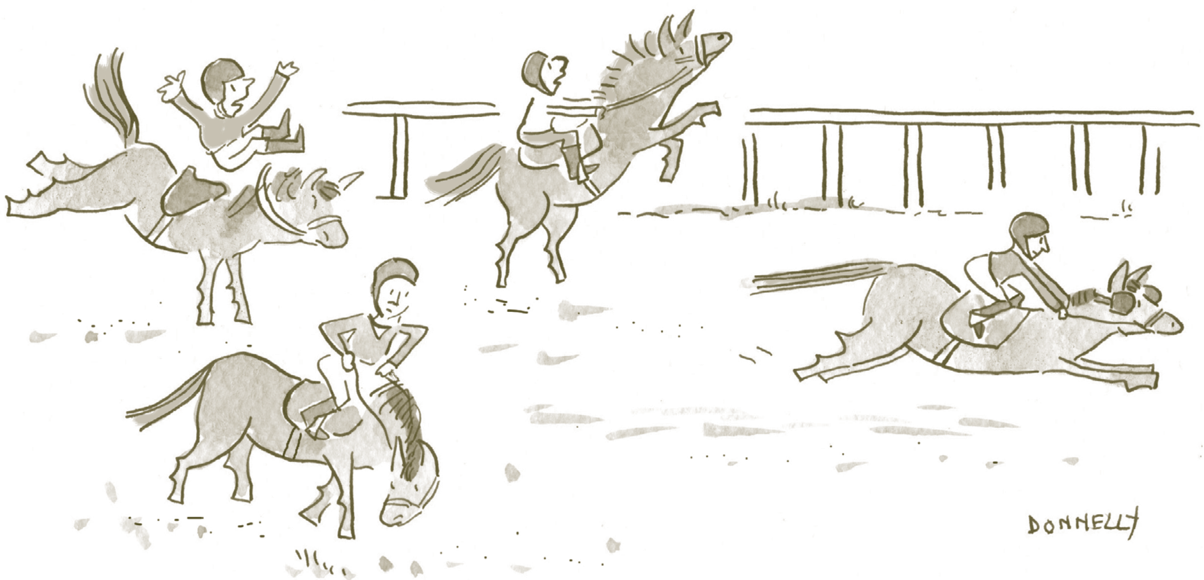
Volatility

In recent months, we have seen an uptick in volatility given uncertainty regarding the wave of the delta variant and new concerns surrounding inflation. We expect volatility to pick up through the end of the year and possibly into 2022, creating choppiness in the economic recovery. ■

BY **Michele Francisco, CFP®**
Partner, Chief Client Officer

BEHAVIORAL FINANCE

Navigating Uncertainty and Doubt



It is often said that stock markets climb a wall of worry. This makes sense, since historically the market has gone up over time and there always seems to be something to worry about. 2021 is no exception. Year-to-date (through October), the S&P 500 is up about 19%. The S&P 500 Index is widely regarded as the best single gauge of the U.S. equity market. It includes 500 leading companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market and covers approximately 75% of the U.S. The index includes dividends reinvested. An investment cannot be made directly in an index.

There has been strong equity performance despite the delta variant, extreme political partisanship, and debt and inflation concerns, just to name a few of the current headlines.

Investors worry about volatility. We even worry when there isn't volatility! In fact, absence of volatility may make us concerned about complacency or what we might be missing. In other words, there is always a reason for investors to worry about something.[1] »

Emotions and Investing

It is no surprise that investing can generate a lot of emotions—after all, investors are putting their nest egg at risk while at the same time contending with market uncertainty and doubt. The only thing we can say with any certainty is that most short-term market forecasts will be wrong. The lack of accurate predictions combined with headlines of day and short-term market movements will inevitably make people feel either fearful or greedy. However, it's when these emotions influence behavior that most investors, on their own, can end up with poor outcomes.

The first rule of investing is to buy low, sell high. However, when markets grow volatile, investors driven by emotions tend not to buy more and will often sell. When markets are calm and moving steadily upward, they grow more confident, and it's at those times they invest more. Dalbar, a company that studies investor behavior and analyzes investor market returns, conducts a famous study tracking the returns of the average equity fund investor versus the market, and for the twenty-year period ending December 31, 2020, the average investor underperformed the market by 1.5% per year. On a cumulative basis, this ends up being 35% underperformance.[2] So what is an investor to do?

Establish a Plan

"If you fail to plan, you are planning to fail." —Benjamin Franklin. The upfront financial planning process is an invaluable tool to not only gather and document specific information about you as an investor—your goals, time horizon, tax sensitivity, risk tolerance (or intolerance), etc.—but it's also an opportunity to connect the emotional and practical aspects of what will ultimately be the investment strategy. The planning process is also an opportune time to talk about the circumstances that would drive rebalancing considerations or a change to the portfolio/plan.[3] Establishing, documenting, and, most importantly, revisiting the plan is an effective way to make grounded decisions rather than ones influenced by emotions.

Stick to the Plan

In one of his annual letters to shareholders, Warren Buffett wrote that it only takes two things to invest successfully: "having a sound plan and sticking to it." It sounds so easy, but sticking to the plan is the much harder part. While some changes to the portfolio strategy over time are warranted, too often, clients are influenced by the headlines of the day, which make them think required changes to the investment strategy should be more frequent than they are. It should be the headlines of a client's life—a pending retirement, unexpected cash needs, inheritance, marriage or divorce, the birth of a child, etc.—that drive the investment strategy, not today's news.

Similar to the importance of an effective coach in sports, at RMB, we firmly believe an advisor plays a crucial role as the coach for our clients. Your advisor not only helps you to establish, document, and stick to a plan, but as they get to know you and your family on a deeper level, they can help you navigate uncertainty and doubt, take advantage of opportunities, make changes to your plan when necessary, and ultimately help you stay on the path to reaching your goals. ■

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1 *©2021 The Behavioral Finance Network. Used with permission.*
2 *Dalbar 2021 QAIB Report for the period ending 12/31/20.*
3 *The Vanguard Advisor's Alpha guide to proactive behavioral coaching, 11/2018.*

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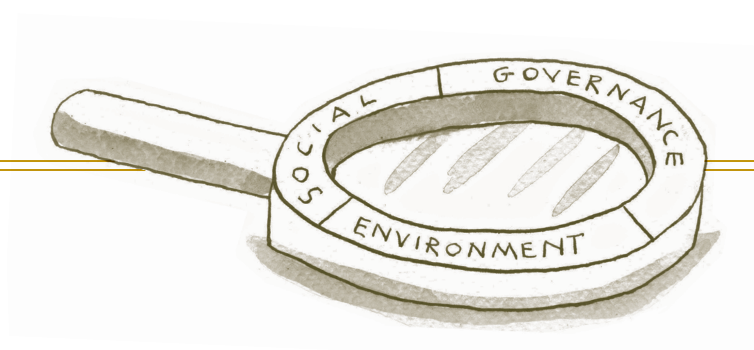
BY **Tom Fanter,** S.V.P., Partner, Director of Research
Andy Baker, CFA, Partner, Portfolio Manager
Chris Graff, CFA, Partner, Co-Chief Investment Officer, Managing Director of Asset Management

THE HISTORY & EVOLUTION OF ESG



As with any industry, the investment management industry has its abiding truths. One is that investors constantly seek new ways to generate superior performance; another is that portfolio managers will latch on to any narrative if they believe it will help them raise assets. As it pertains to ESG, it seems we have hit an inflection point at which ESG is no longer just something that people talk about but rather is now becoming a source of competitive advantage and may soon be a requirement to survive. »

In this first article of a two-part series, we provide an overview of the history and evolution of ESG, explain why it is becoming an integral part of any investment organization, and give a preview of RMB's approach. Our second article will delve deeper into the steps RMB has taken to further integrate ESG into our investment process and what our clients can expect going forward.

The term ESG refers to investors' evaluation of environmental, social, and governance factors—i.e., factors beyond traditional financial metrics—when evaluating investments. Its roots date back to the 1960s, when socially responsible investing (SRI) was originally introduced as a result of those who were opposed to the Vietnam War, as well as from the civil rights movement, and it was heightened in the 1970s and 1980s by strong opposition to apartheid in South Africa.[1] Since that time, the industry has evolved and branched out, incorporating such concepts as impact investing (an investment strategy that seeks to generate financial returns while also creating a positive social or environmental impact) and corporate social responsibility (a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public). These terms can all be interrelated, and there are not precise nor common definitions, but the industry is coalescing around the concept of ESG as a means of expressing, measuring, and implementing the notion of investment considerations beyond traditional financial metrics.

The advancement of ESG in recent years can be attributed to a number of factors. Increasing attention paid to climate change and social inclusivity, particularly by younger generations, is apparent. Importantly, transparency and access to data has been crucial in providing the industry the means to measure how companies stack up on ESG issues, and also to analyze to what extent they affect stock price performance. For example, according to JPMorgan, in 2011, just 20% of S&P 500 index companies reported on sustainability; today, 85% do. »

ENVIRONMENTAL

Factors relating to the quality and functioning of the natural environment and natural systems—e.g. carbon emissions, environmental regulation, water stresss, and waste.

- Carbon emissions
- Waste management
- Water management
- Biodiversity
- Climate change
- Material sourcing

SOCIAL

Factors relating to the rights, well-being, and interests of people and communities—e.g., labor management, health and safety, and product safety.

- Human rights
- Diversity
- Communities
- Health and safety
- Labor management
- Employee well-being

GOVERNANCE

Factors relating to the management and oversight of companies and other investee entities—e.g., board, ownership, and pay.

- Board
- Ownership
- Remuneration
- Pay
- Accounting

Note: Examples are illustrative and not comprehensive

If ESG was historically confined to the fringes, today it cannot be ignored. Company boards, shareholders, and regulators are increasingly taking aim, making ESG considerations central to company operations. Nearly 80% of directors now report that their boards are focused on aspects of ESG.[3] Recent SEC proxy filings indicate that ESG considerations are becoming a major part of shareholder proposals. And the SEC has increased its focus on ESG reporting, indicating that it eventually intends to create and enforce a comprehensive ESG disclosure framework for public companies. From the investor's perspective, the ESG phenomenon may not just be about complying with the desires of shareholders and regulators. According to JPMorgan, "a growing body of evidence finds that equity funds, for example, that overweight companies with good ESG metrics outperform their benchmarks, and this effect has become more pronounced in recent years. Taken together, this body of research suggests not only that ESG factors affect future profitability but that these future benefits are not fully priced in by equity markets."[4] While there is fierce debate within the academic and practitioner community as to how an ESG focus can affect investment results, there is an undeniable logic that long-term thinking about issues beyond traditional financial metrics should lead to more healthy and sustainable businesses.

At RMB, we do not think ESG is a fad and thus are following a thoughtful and methodical process to building out our approach. This will be expounded on in a future article, but we will share a preview here. We believe that an ESG focus can be incorporated into portfolios for two objectives. First, financially material ESG factors can be systematically included in investment analysis and decisions, with the goal of enhancing long-term risk-adjusted returns. JPMorgan calls this approach "ESG Integrated." Second, some clients may desire "sustainable investment strategies," strategies that go beyond ESG integration. These seek to achieve specific sustainability-related outcomes in addition to financial returns and are typically constructed by screening or tilting portfolios based on sustainability-related criteria. Our goal is to bring an ESG Integrated approach to managing our strategies. A central tenet to our thinking is authenticity. If done well, integrating ESG considerations more deeply into our investment decision-making is a natural extension of what we have always sought to do: consider the future, factor in potential risks and opportunities around companies' financial growth trajectories, assess valuation, and invest accordingly, based on the sustainability of those business models.

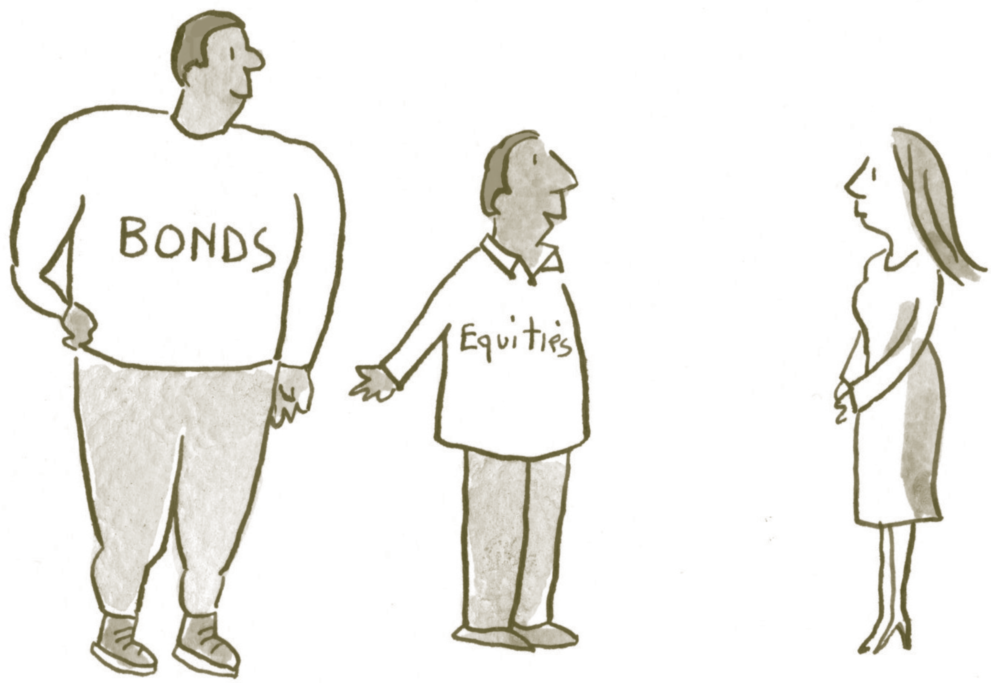
In more explicitly defining what ESG means to us at RMB, we will stay grounded in our roots of investing in high-quality companies with strong management teams and a long-term orientation. These types of businesses fit naturally into an ESG framework, and we are excited about the prospect of further refinement. And should a client have specific goals beyond our ESG Integrated approach, we can assist them in identifying a solution that meets their needs.

Our fundamental investment process and long-term philosophy has always naturally led us to invest in companies with favorable ESG characteristics. Smart investors are constantly balancing the desire to evolve and improve with maintaining discipline and not chasing fads. We believe our further focus on ESG-related factors will only result in better portfolios for our clients, while also supporting better-managed businesses in the long-term. ■

1 *William Blair—ESG Spotlight: IDEXX Laboratories. ESG: Change the World (for the Better) One Company at a Time. July 27, 2021*
2 *July 2020 JPMorgan report. Building Stronger Portfolios: ESG Integration. Investment-Led, Expert Driven.*
3 *William Blair—ESG Spotlight: IDEXX Laboratories. ESG: Change the World (for the Better) One Company at a Time. July 27, 2021.*
4 *July 2020 JPMorgan report. Building Stronger Portfolios: ESG Integration. Investment-Led, Expert Driven.*

BY **Jonathan Rigano, CFA,** S.V.P., Portfolio Manager
& **Jeff Bryden, CFA,** S.V.P., Portfolio Manager

Understanding the Dynamics of The Municipal Bond Market



"My little brother is a big deal."

The municipal bond market serves a great purpose, as these securities are critical to building and maintaining the infrastructure of our nation. Two-thirds of infrastructure projects in the U.S. are financed by municipal bonds. In the U.S., there are over 80,000 state and local governments, about 50,000 of which have issued municipal securities. There are approximately one million different issues outstanding, totaling $3.9 trillion. American households hold over 80% of these issues, either directly through individual securities or indirectly through mutual funds and exchange-traded funds. »

No other capital market encompasses so many issuers and so many securities. The differences among issuers are broad, as are the purpose of the offerings. Municipal bonds are a necessary instrument to fund basic governmental functions, including a variety of state, county, and city needs for infrastructure, such as schools, public facilities, transportation, utilities, health care, and housing, as well as some private purposes, such as to enhance economic development.

Why invest in municipal bonds?

Individuals and institutions find value in investing in the debt of important national infrastructure needs and, in most cases, receive considerable tax benefits.

Our clients that invest in municipal bonds have built wealth over time, and their objective for this allocation turns to preserving the purchasing power of these assets. This is accomplished by generating a consistent tax-advantaged income stream based on available market interest rates.

Despite the appeal, municipal bonds are not without risks, nor is acquiring the appropriate exposures without challenges.

The size and scope of the municipal market are broad. However, the pool of available securities is never the same or constant. Issuance, supply, and demand ebb and flow. As such, we are selective and diligent in our portfolio construction.

What segments of the municipal market does RMB gravitate toward?

Municipal issuers need to source income to support the cash flow requirements of their debt issues. Issuer funding sources generally fall into two categories, tax-backed and revenue-backed, each having their own subsectors, caveats, and underwriting standards regionally and by public need. Both tax-backed and revenue-backed sources have their strengths and weaknesses. Historically, certain structures have fared better than others. All are susceptible to a variety of market risks to varying degrees.

For tax-backed securities, we typically invest in state and local general obligation bonds supported by ad valorem property taxes.[1] Cash flows are supported by the taxing authority of the issuer. We usually avoid dedicated tax, special tax, and tax allocation bonds, as well as tax appropriated bonds. The value lies in the taxing authority's ability to apply tax collections to the entire universe of households rather than being limited to the tax revenue generated by a single project.

For revenue-backed securities, we generally invest in utility sources such as electric, water, and sewer. Cash flows are supported by the revenues generated from the underlying necessary business operations. We tend to avoid issues with nonessential service revenue sources in most circumstances. These include parking structures, sports venues and convention centers, and industrial development revenue bonds, to name a few.

The securities we favor tend to have more reliable and consistent cash flows. We make considerable efforts to avoid municipal issues whose funding structures can rapidly deteriorate in weaker periods of an economic cycle and during periods of extreme market stress.

What are some major selection considerations?

With preservation of capital as a primary consideration, we examine the leading associated risk in the municipal bond universe, default risk. Taking into account the historical record of defaults, RMB gravitates to a much narrower subset and less volatile universe of securities for our portfolios.

Since 1970, three-quarters of municipal defaults have been in "competitive enterprises." »

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This group includes not-for-profit enterprises such as housing, higher education, and health care. It also includes project financings that have high enterprise risk, such as sports venues or convention centers. Avoiding competitive enterprises minimizes default risk significantly.

Additionally, state and local governments' liabilities and leverage have grown substantially in the last decade, primarily because of pension liabilities. Unfunded pension liabilities for state and local governments barely existed fifteen to twenty years ago but now total approximately $5 trillion. Current pension liability funding ratios are a major concern. We are vigilant when examining municipalities with below-average pension liability funding ratios.

What are some of the evaluation metrics we use for investment?

In addition to avoiding higher-risk subsets of the municipal market, credit ratings have served as and remain the most consistent gauge of overall risk. In the last fifty years, 90% of all municipal defaults had speculative-grade (junk) ratings at the time of default, and 70% had speculative-grade ratings one year before default. The median rating one year before default was Ba3, while the median rating five years before was Baa3, one notch above speculative grade. By continuously monitoring credit ratings and credit risk and restricting our purchases and holdings to the upper spectrum of the investment grade universe, we can do much to insulate the portfolio risk exposure.

Audited financial statements are also key to assessing future default risk. Financial statements for municipal issuers are neither timely nor subject to the same level of regulation as other sectors of the U.S. capital markets. In fact, audited financial statement submissions average around 200 days after the end of the applicable fiscal year. We examine what is most current as well as the historical record. We examine and have tolerance thresholds for levels of indebtedness, coverage ratios, general fund balances, and other relevant economic and demographic data.

How do we identify relative value, and how do we trade municipal bonds in the marketplace?

Municipal bond market information and price transparency is improving but is still opaque. Our portfolio management team constantly monitors daily credit curves, dialogues with our network of broker-dealers, reviews new issuance, scans dealer inventories, and assesses real-time trades to identify value, reduce risks, and capitalize on opportunities.

Because of the large number of outstanding municipal securities and the infrequent trading of specific securities in this market, there is no centralized exchange marketplace. Instead, municipal securities trade "over the counter." Trading requires knowledge and experience of the marketplace and the understanding and ability to negotiate for the best price. We engage with many national and regional broker dealers as well as several electronic platforms and trading systems to optimize our coverage, liquidity, and pricing leverage. We utilize all our resources to obtain the best execution.

Performance measurement.

RMB municipal bond portfolios are high quality, short to intermediate duration, regionally and compositionally diversified, and structured in accordance with diligent criteria. We use performance benchmarks that are similar in these aspects. However, no benchmark exists that perfectly aligns with our philosophy and approach. Benchmarks contain thousands of securities and are a broad market-weighted representation of issuance in the marketplace. They are skewed to the largest issuers and states of the greatest issuance.

Our portfolios will always differ in composition, quality, region, and structure based on the parameters of our philosophy and approach. For our municipal bond strategies, our objective is to preserve capital, provide reliable tax-efficient income, and maintain a quality portfolio through disciplined and conscientious » portfolio management. Benchmarks are an informative piece of data that add value to our process but are secondary to our true goal, which is to build quality, tax-advantaged portfolios that protect principal and provide future purchasing power.

Impact of changing interest rates on bonds.

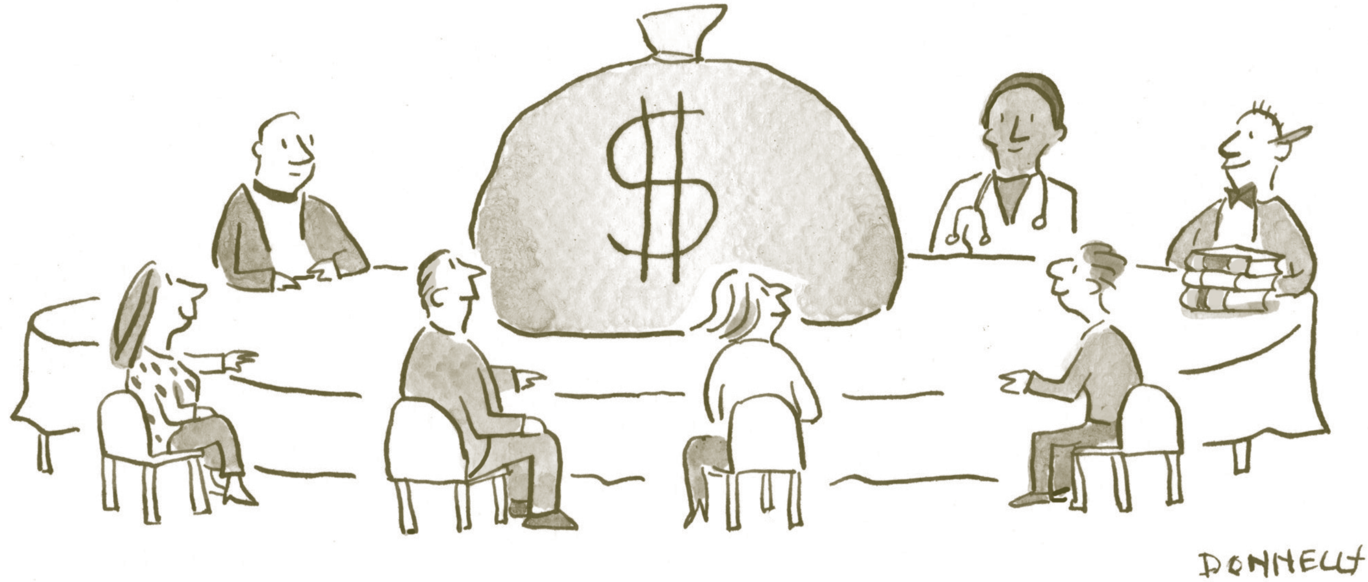
Interest rate changes can and will affect the price of a municipal bond. Interest rate changes are inversely related to the price of a bond. Rising rate discussions have increased the anxiety and created undue fear around the propensity for losses in the fixed income market. Interest rate changes are nothing to fear, particularly in a separately managed bond strategy. There is nothing to fear outside of default risk for losses on individual bonds if held to maturity. We have discussed at length the steps we take to minimize that risk. Although the price of a bond may fluctuate with changes in interest rates, it will earn the yield to maturity from the original investment date to the maturity date at par value. That said, in the current environment, an investor should favor yields to rise quickly. This allows cash flows and maturities to be invested at higher yields, and higher yields equate to higher income, higher expected returns, and a more productive tax-advantaged income stream. ■

1 An ad valorem tax is a tax based on the assessed value of an item, such as real estate or personal property. The most common ad valorem taxes are property taxes levied on real estate.

Excerpts from:

» *Moody's Investors Service. US Municipal Bond Defaults and Recoveries, 1970-2016, June 27, 2017*
» *Municipal Securities Rulemaking Board. Trends in Municipal Bond Ownership, 2017*
» *Municipal Securities Rulemaking Board. Self-Regulation and the Municipal Securities Market, January 2018*
» *Municipal Securities Rulemaking Board. Timing of Annual Financial Disclosures by Issuers of Municipal Securities, February 2017*
» *U.S. Securities and Exchange Commission. Report on the Municipal Securities Market, July 31, 2012*

BY **Margot Bunn, CFP®**
V.P., Relationship Manager, Family Office Services



Considerations When Choosing a Donor-Advised Fund

Over the past twenty years, donor-advised funds (DAFs) have rapidly become the most popular charitable giving vehicle in the United States. DAFs have become prevalent because they are simple to establish and administer. The latest DAF data shows there are nearly 900,000 individual DAF accounts in the United States with over $141 billion in charitable assets.[1]

Donors can establish DAF accounts quickly by establishing a fund with a qualified charitable sponsor. The sponsor legally controls the fund and handles all legal compliance. However, the donor retains the ability to make investment and grant recommendations.

Before establishing a DAF account, a donor should complete due diligence on potential charitable sponsors, since each will have its own administration rules and policies. As there are nearly 1,000 charitable sponsors in the United States, it is important that donors select one that is aligned with personal charitable intentions. »

Although community foundations have been administering DAFs for nearly a century, most DAFs are now managed by the national charities, which emerged in the 1990s and focus on administering DAF accounts. Community foundations are found throughout the United States and provide support to local charities. Single-issue sponsoring charities are aligned with a specific institution or cause, such as a university or faith-based organization.

Charitable sponsors fall into three main categories, each with its own advantages and disadvantages:

National Charities
e.g., Fidelity Charitable and Schwab Charitable

Community Foundations
e.g., Chicago Community Trust

Single-Issue Charities
e.g., the Jewish Federation

Questions to consider when selecting a DAF sponsor:

1. What do you want to name your account?
Charitable sponsors may set naming limitations for their DAF accounts. For instance, some sponsors require "fund" to be in the name and prohibit "foundation" or "trust" to be included. Other DAF sponsors are comfortable with any name as long as it is unique to their program.

2. How much do you want to contribute initially and on an ongoing basis?
Generally, charitable sponsors set an initial minimum account balance, often ranging from $5,000 to $250,000. Recently, some of the national charities have begun waiving their minimum balances, and an account can be initially funded with any value. Ongoing contributions to a DAF account may also need to be at a certain level.

Sponsoring organizations may also set contribution minimums depending on the assets contributed. Often, illiquid assets, such as real estate, require the sponsoring organization to complete due diligence, so a larger gift may be required.

It is also important to know if the sponsoring organization requires a certain account balance to be maintained and whether a DAF will incur fees if the entire account balance is granted out in the first year of funding.

3. What type of assets do you want to contribute?
All DAFs should accept cash and marketable securities contributions. If a donor is interested in gifting more complex assets, such as privately held stock, real estate, or cryptocurrency, check ahead of time to see whether the sponsoring organization can accept these. They may have rules and procedures for holding and monetizing these contributions. Each sponsoring organization will have its own due diligence process for accepting complex assets and may charge additional fees for this service.

4. How do you want your assets managed and invested?
The charitable sponsors are responsible for creating the investment options for their DAF accounts. Some use a single investment pool, whereas others allow an outside investment advisor, such as RMB Capital, to manage accounts.

For smaller DAF accounts, sponsors typically provide a variety of preselected investment options for donors. These investments could include one diversified investment fund or a variety of investment pools composed of active and passive managers with different allocation choices. There is also a growing trend to provide for sustainable and impact investing strategies.

Sponsoring organizations may also allow DAF accounts to utilize an outside investment manager. National charities, such as Fidelity Charitable, offer this option for »

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accounts over $250,000, whereas community foundations, such as Chicago Community Trust, require an account balance of $1 million.

5. What size grants are you planning to make? Are you planning to make complex grants?

Charitable sponsors will approve grants from DAF donors as long as they are going to qualified charities for qualified purposes. However, sponsoring organizations may require minimum grants, which could range from $50 at a national charity to $500 or higher with other DAF sponsors.

For donors who are interested in more complicated grants, such as to international charities or with naming rights, it is important to understand the DAF sponsor's abilities. Some sponsoring charities are unable to fulfill direct grant requests to international charities.

Single-issue DAFs may also have requirements that a certain percentage of grants each year support a particular issue or institution. Others may also require donors make a certain number of grants during a given time period.

6. What is your legacy plan for the DAF?

The duration of DAF accounts may be limited depending on the sponsoring charity. National charities allow DAF accounts to exist forever, whereas some community foundations and single-issue DAFs limit the duration of the account to one or more family generations.

7. What type of client service support do you need?

Donors should also consider the level of client service they will require. Some DAF sponsors may only provide a toll-free number for donors. Other programs may assign a philanthropic advisor to each DAF account to provide a higher level of service.

For donors who support local giving, community foundations are experts in their communities and can provide donors with resources and assistance to make an impact. Similarly, single-issue charities excel at focused giving.

Additionally, donors should review the sponsoring charity's website to ensure that it is easy to navigate and use. Many DAFs allow donors to establish, fund, and make investment and grant recommendations online.

8. What are you going to pay to administer the DAF?

DAF sponsors typically charge two types of fees: annual administrative fees, which include the cost of maintaining the account and grant-making, and investment fees.

Many DAF sponsors charge an administrative fee based on the size of the DAF account and provide a tiered schedule. National charities are often cheaper than community foundations and single-issue charities.

Investment fees will depend on either the investment options of the sponsoring organization or whether the donor hires an outside advisor.

It's also important to understand any additional fees that may be incurred by the DAF for additional work, including due diligence on complex assets and grant-making.

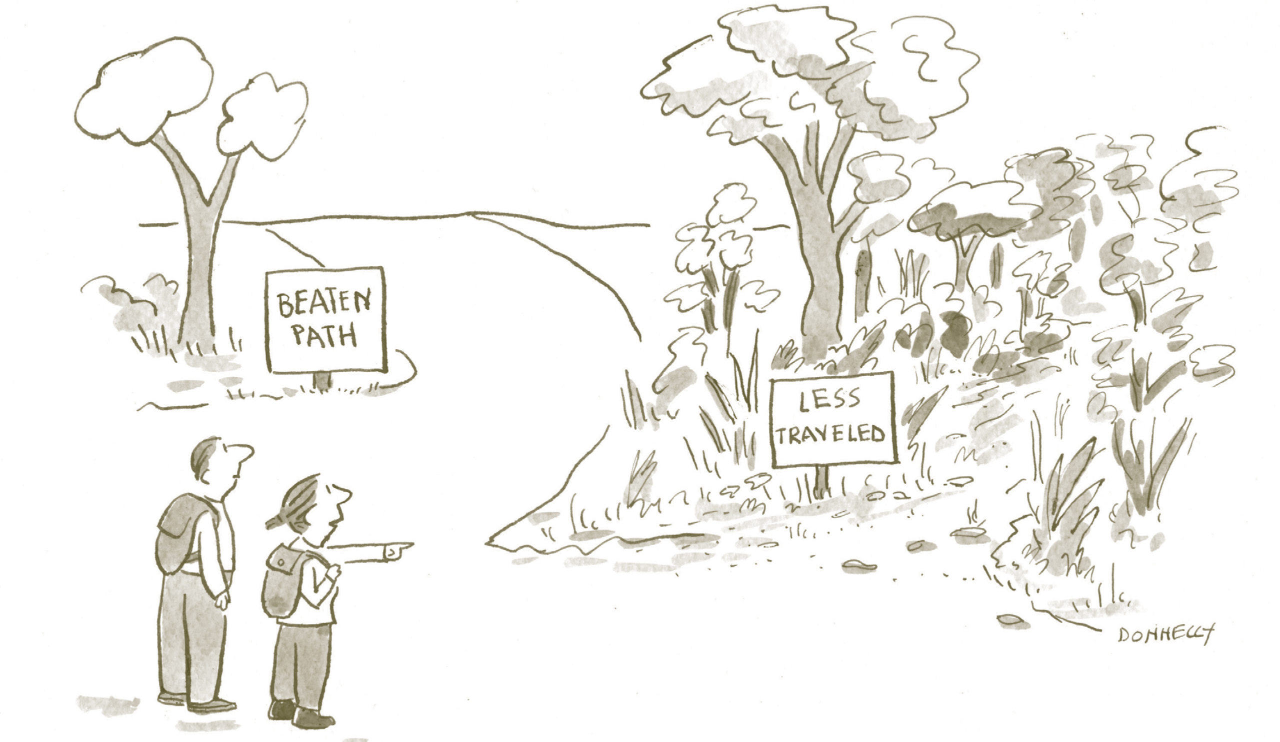
Conclusion

Your RMB advisor is well versed in the many different DAF options and can help you achieve your philanthropic goals. ■

1 *National Philanthropic Trust 2021 DAF Report:* https://www.nptrust.org/reports/daf-report/

BY **James Rosselle, CPFA, QPA, QKA**
S.V.P., Director of Retirement Plan Solutions

Retirement Plans for Small Businesses



"This way is worth our while."

As a small business owner, you may want to offer your employees (and yourself) a vehicle for retirement savings but don't know where to start. You may have heard that retirement plans are too expensive for small businesses; perhaps you don't have the HR team you feel is necessary to handle it, and if you do start one, you worry that you will be a small fish in a big sea. These are common concerns shared by many small business owners.

Luckily, there are several options available to you and your company. RMB Capital has a Retirement Plan Solutions (RPS) team that is made up of experts in corporate retirement plans and can help you identify the benefits of a retirement plan and evaluate the different types of options.

A small business retirement plan has benefits for you, your employees (if you have any), and your business.

Start Saving for Retirement—Many small business owners either delay or entirely avoid saving for retirement due to their focus on the business. By starting to save earlier, you have more time to accumulate investment earnings and take advantage of the stock market. »

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Defer Taxes—Retirement plans offer tax-deferred growth on earnings, and any employer contributions will be treated as tax-deductible business expenses. Many plans also allow you to defer taxes on your contributions, which provides additional tax benefits.

Investment Growth—Your plan contributions will grow on a tax-deferred basis, and any interest, dividends, or capital gains will be reinvested in your account. This allows you to generate earnings on top of earnings (compound growth).

Attract and Retain Employees—Offering a retirement plan for your employees can ensure you offer a competitive benefits package and help your business flourish.

What plan types should small businesses be evaluating?

For small businesses with only partners/owners and no employees, the best options are a solo 401(k) or solo defined benefit plan. The 401(k) can allow you to save as much as $58,000 annually, or $64,500 if you're over age 50. If you would like to save more than this, it often makes sense to consider a solo defined benefit plan, as it will allow you to save above and beyond the 401(k) limits (defined benefit limits are based on annual earnings, age, and other factors).

For small businesses with employees, there are many other options to consider, and some of the most popular options are outlined below.

401(k) Plan—This is the most popular plan offered by employers today. 401(k) plans allow participants to save money from their own pay on a pre-tax or Roth basis. They also have the option to allow the employer to make matching or profit-sharing contributions on behalf of employees.

Cash Balance Pension Plan—Cash Balance Plans are pension plans, so all contributions and investment decisions are made by the employer. These plans can be designed to provide large benefits to owners or key employees, all while minimizing benefits to other employees to help control costs. This is a great way to help a small business owner who has delayed saving for retirement make larger contributions so they can quickly accumulate assets for retirement. All the contributions to this type of plan are tax-deductible business expenses, so we often find the tax savings can help cover some of the contribution costs for other employees.

Nonqualified Plan—Nonqualified plans are not subject to the same nondiscrimination requirements as 401(k) plans, so there is much more flexibility in designing the plan to determine who receives benefits. In most cases, these plans are used to only provide benefits to owners or key employees. These plans are sometimes referred to as "golden handcuffs," as they can be used to help retain key employees until benefits become vested.

Retirement plans are complicated and can create risk for plan fiduciaries, so it's important to work with a co-fiduciary advisor. They will help design a plan to best meet your specific needs and to manage risk. A co-fiduciary advisor is required by law to put your participants' best interests first when making recommendations. They will also monitor investments, implement a governance process to help you fulfill your fiduciary requirements, provide professional advice to plan participants, and renegotiate fees with providers as your plans grow. Many retirement plan advisors don't take on any fiduciary liability, so make sure you understand the role your advisor plays and what liability they assume.

If you need help evaluating the best plan for your situation, or if you want to review your current plan, the Retirement Plan Solutions team at RMB is here to help. This whole process requires very little time and can lead to meaningful improvements for your plan and its participants. ■

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Contribution Limits

	2021	2022	Deadline
Traditional or Roth IRA	$6,000	$6,000	April 15 of the following calendar year
Traditional & Roth IRA Catch-Up*	$1,000	$1,000	
SEP IRA	Lesser of 25% of income or $58,000	Lesser of 25% of income or **$61,000**	Tax filing deadline plus any extensions
Simple IRA	$13,500	$14,000	January 30 of the following calendar year
Simple Catch-Up*	$3,000	$3,000	
401(k), 403(b), & 457 Salary Deferrals	$19,500	$20,500	Generally December 31 of the current calendar year
401(k), 403(b), & 457 Catch-Up*	$6,500	$6,500	

*To be eligible for the catch-up contribution, you must be at least 50 years old by December 31 of the year for which you are contributing.
Amounts listed in **bold** represent a change in the contribution limit.
Source: Internal Revenue Service

Reminders

Compliance

Please advise us promptly in writing of any significant change in your financial situation or investment objectives. In addition, please notify us if you want to modify any existing investment restrictions or impose new restrictions on your accounts.

Please note that RMB Capital is not a custodian and generally cannot accept or forward deposits for client accounts. Any cash or securities must be sent directly to the custodian of your assets and must reference your account number. Please contact your advisory service team if you have any questions about this.

You may have noticed additional disclosures and mailings, which are the result of new regulations. These documents include the Form CRS (Client Relationship Summary), a two-page document summarizing the Uniform Application for Investment Advisor Registration (ADV), as well as Sub-Advisor ADVs. These documents do not require a client signature, as they are informational only. Please contact your advisory service team if you have additional questions.

DocuSign

We utilize DocuSign software, an electronic signature technology, which enables you to sign forms electronically from your laptop, smartphone, or tablet. We believe this eases the administrative burden for our clients, while keeping your personal and private information secure from cybersecurity threats. Please note that, for security purposes, money movement forms (such as journal requests, wire requests, etc.) still require a signature (via hard copy, e-signature, or DocuSign) and verbal authorization.

Money Movement

Fraudsters have become more adept at finding ways to obtain vital information about others in order to use their identity. In an effort to stay ahead of these potential threats, we continue to enhance our protective measures against them. We receive daily alerts of money movement for our clients in order to monitor activity in the accounts. Additionally, for distributions of funds, we require both a client signature and, as an added precaution, verbal confirmation. Your Social Security number will not be requested as part of this verification process. We ask for your understanding and support related to these extra precautions, as we believe they can help protect your assets from landing in the wrong hands. If you have any questions, please contact your advisory service team. »

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Reminders

RMB Client Portal

Our Client Portal includes a variety of helpful features. You can access the Client Portal via a web browser or through our mobile app (available at both the App Store and Google Play Store). Via the homepage, you can view your accounts as an aggregate total or grouped by category, examine detailed information about the holdings in your portfolio, and see how your portfolio aligns with your investment goals. Also, you can see who's on your team under "My Financial Team" and obtain contact information for each team member. Finally, you can access tax and other documents through the Vault and grant Vault access to other trusted advisors like your accountant or estate planning attorney. To learn more about the Client Portal, reach out to your advisory service team.

Phishing

Phishing is the act of trying to trick you into revealing confidential information; it usually takes the form of a spam email or link to a fake website that asks for personal or financial information. If you receive a suspicious email, double-check the sender's name and email address to confirm whether they are familiar to you. Check the address carefully, as fraudsters will sometimes use a variation on a common spelling to deceive unsuspecting users. Hover your mouse over the link to verify that the web address in the balloon pop-up matches the web address shown in the email. If you are unsure whether the email is authentic, do not open it or click on any links. Instead, call the sender directly to verify it. Keep in mind that Fidelity Investments, TD Ameritrade, and Charles Schwab will never request Social Security numbers or login information via email. If you receive such a request from a custodian, please do not respond to the message; contact your advisory service team instead.

Chicago Clearing Corporation (CCC)

RMB has a relationship with CCC, a provider that handles securities and antitrust class action claims on behalf of our clients who have opted to use this service. CCC files claims as they arise, occasionally from securities held in accounts years ago. Generally, it takes eighteen months from the filing due date to receive payment amounts. The settlement checks are then mailed directly to client addresses, along with a corresponding cover letter. Please contact your advisory service team if you have additional questions.

Emails from RMB

We regularly send emails to our contacts from RMB Capital via info@rmbcap.com. Topics include investment and advisory commentaries, monthly e-newsletters, event invitations, surveys, and company news. To ensure you don't miss emails from RMB, we suggest adding the address info@rmbcap.com to the safe senders list in your email program. Also, if you see any emails of this nature in your spam, junk, or clutter folders, we suggest moving those emails to your inbox. These actions will help your email system recognize our emails going forward and route them directly to your inbox. To find out whether you are subscribed to receive our emails, contact your advisory service team. You can also visit here to subscribe. ■

BY **Olivia Thoelke**
Marketing Associate

Employee Profile

Dan Matola

Our Employee Profile series continues with this installment, featuring Dan Matola, CFA, Partner and Senior Relationship Manager of Family Office Services (FOS) in our Milwaukee office. We met for a virtual interview to talk about his personal story, including being a Milwaukee native and longtime sports fan, his twenty-year career in client relationship management, and how building trust and problem-solving are key components of his role.

Olivia Thoelke: Olivia: Let's start by discussing your life outside of work. I know you're a fan of golf. Is that something you have gotten to do lately?

Dan Matola: I really enjoy golfing. I never have as much time to do it as I would like. More recently, I've been coaching various sports for my children, which has kept me busy above and beyond work. At the end of the day, I'm a bit of a sports junkie, so I enjoy going to games or watching the Packers, Brewers, or Bucks when I can get some free time. With that trifecta of work, family, and sports, there is just not enough time in the week. Let's put it that way.

OT: What sports do your kids play that you're coaching?

DM: Right now, I'm coaching basketball. I was coaching soccer. This summer, I was helping out with baseball. Those sports just rotate throughout the year, so there's usually some practice that I need to be at. Otherwise, I'm a shuttle to and from practice.

OT: Yes. How old are your kids?

DM: Nine, seven, and five.

OT: Those are fun ages.

DM: They are. It keeps us busy. Lots of sports activities and other things that, between work and the home front, there's never a lot of quiet time for us.

OT: Are you originally from Milwaukee? Or did you move from somewhere else?

DM: No, I'm a lifer.

OT: Do you want to walk me through your role as a Senior Relationship Manager with RMB?

DM: Sure. My day-to-day title is Senior Relationship Manager, but what does that really mean? My responsibility with clients is to act as a quarterback for all of the moving parts of their financial situation. That encompasses investment advisory, wealth planning, accounting and reporting, and more. Our group offers a broad suite of Family Office Services that work well for complex situations. I would say on FOS, it's more of a coordinated approach because we need to bring in different team members depending on what the current issue is and then also incorporate outside providers like CPAs, estate planning attorneys, and insurance providers. My role is to navigate through all of that on a » regular basis. It's a full-time job, as I like to tell people.

OT: You've been in this role for some time, right?

DM: Correct. I've basically had one career. I started in 2002 with Jacobus Wealth Management, Inc., a multi-client family office, working my way up to President and Chief Investment Officer. My main responsibility was serving as lead relationship manager for the largest clients of the firm. When we joined RMB Capital in 2017, I took a very similar role dedicated to the Family Office group and helped build out the service offering at RMB. It's the industry niche that I have focused on. I've enjoyed it. Twenty years is a long time to do something. You develop a unique skill set. Also, with some of the nuances of dealing with large, complex families, it's learning by doing. I have a lot of experience running into different, unique situations. We can then leverage that for other clients. I think that helps out, given the type of families we're working with.

OT: Did you take your first job expecting that this would be something you would stay with?

DM: I tell the story that I knew, from a pretty early age, that I wanted to get into the investment management side of the business. That's where my real passion was. When I went to UW–Whitewater for business school, I knew I wanted to be a finance major. Along the way, I became interested in real estate, estate planning, insurance, and other areas. When I joined a Family Office, I thought that it would be nice because I would be able to get my hands into some different areas and then ultimately pick a career track that I wanted to be on.

The benefit of working in a Family Office is you get to be involved in a lot of those things all the time, so it's the best of both worlds. A big reason why I've never left is that I get a little taste of everything all the time. It keeps our team on our toes, and it keeps things interesting because every day is a little bit different, just depending on what's going on with clients or what's happening in the capital markets.

OT: Have you had a strategy or any overall principles that you've learned over the past two decades?

DM: I think for the role that I'm in, we have to be very customer service-oriented. That's an expectation that the families we're working with have. Solving problems and simplifying clients' lives are key objectives of ours. We try to be incredibly responsive. We try to problem-solve and bring forward best practices. We try to help alleviate pain points. Really, that's a big part of what the Family Office is all about.

OT: Do you think that's a benefit of working with an office like RMB that has a focus on strong personal relationships?

DM: I think that's absolutely right. There's a big peace of mind for the clients we're working with that we're just one call away and can help them in almost any given situation. ■

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